



**First Half of the Fiscal Year Ending May 31, 2023  
(31st Period)**

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# **Financial Results Briefing Session**

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**January 12, 2023**

**INTER ACTION Corporation**

**Securities code: 7725**

\* We kindly ask all participants to refrain from video or audio recording of this presentation.

# Agenda

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- ① **Summary of Financial Results**
- ② **Topic by Segment**
- ③ **Future Trends in Existing Businesses**
- ④ **Future Measures to Create New Businesses**

-Appendix-

# Summary of Financial Results

# Summary of Financial Results

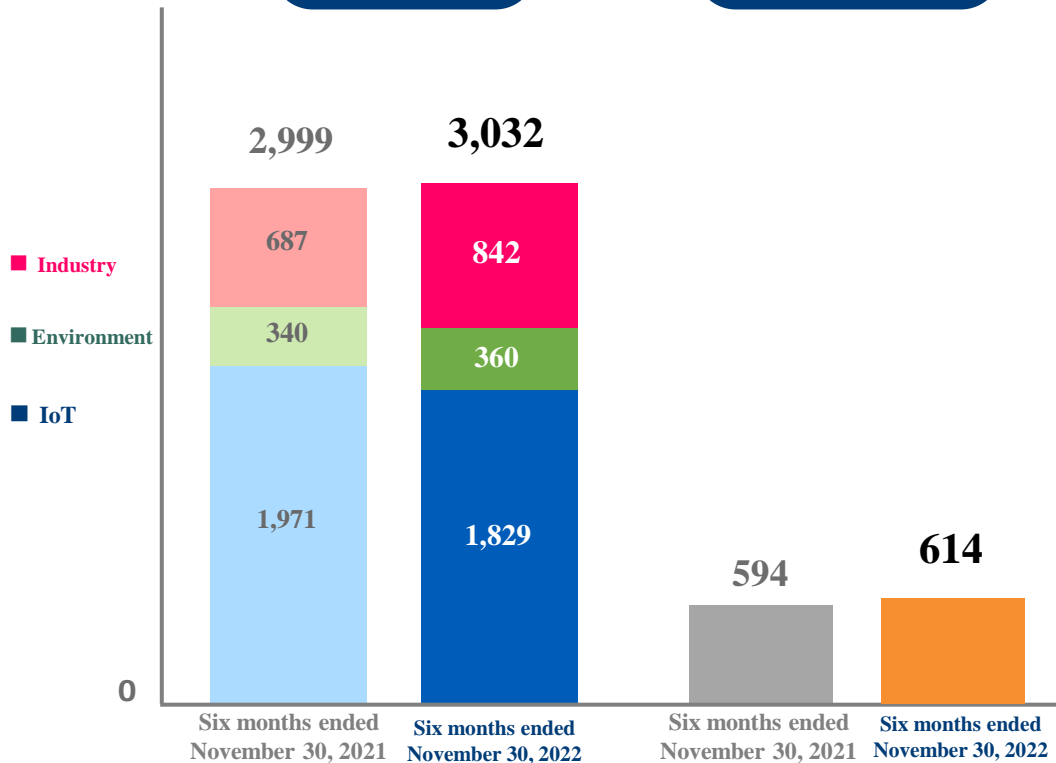
## Key points

- Consolidated financial results show year-on-year increases in both net sales and profits due largely to a profit increase in the internet of things related works segment and net sales and profit increases in the promotion business of the industry 4.0 segment.
- **Internet of things related works segment:** Solid sales of high-profit illuminators for overseas customers
- **Environmental energy related works segment:** Solid sales of main units
- **Promotion business of industry 4.0 segment:** Solid sales of precision vibration isolation systems and gear testing systems

(Millions of yen)

### Net sales

### Operating profit

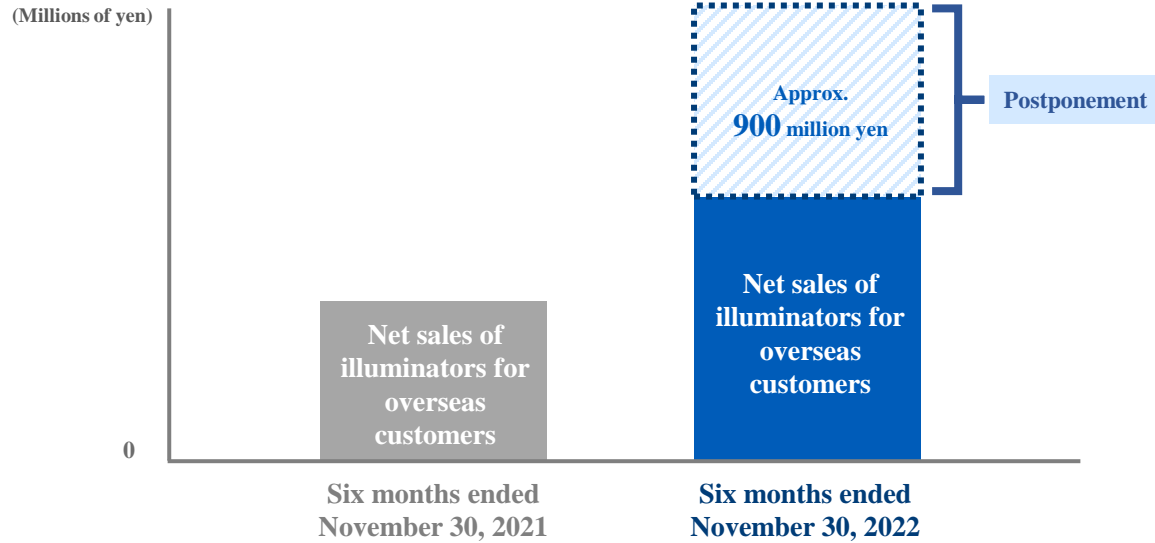


### Key management indices

(Millions of yen)	Six months ended November 30, 2021	Six months ended November 30, 2022	Change YoY (%)
Net sales	2,999	3,032	1.1
Operating profit	594	614	3.4
Ordinary profit	611	660	8.0
Profit attributable to owners of parent	386	429	11.1
Profit per share	35.19 yen	39.42 yen	-

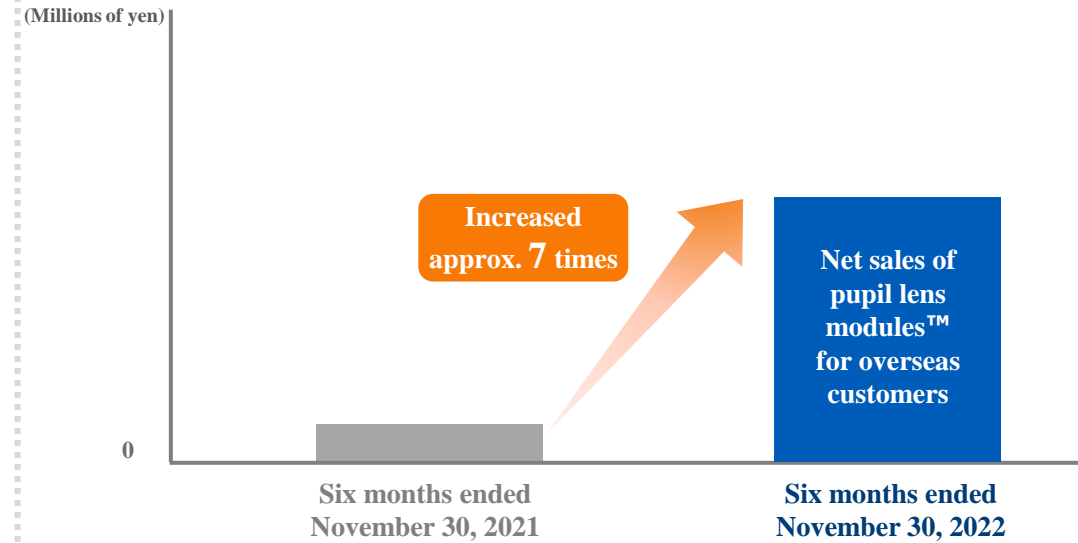
# Topic by Segment

## Postponement of revenue recognition of illuminators for overseas customers



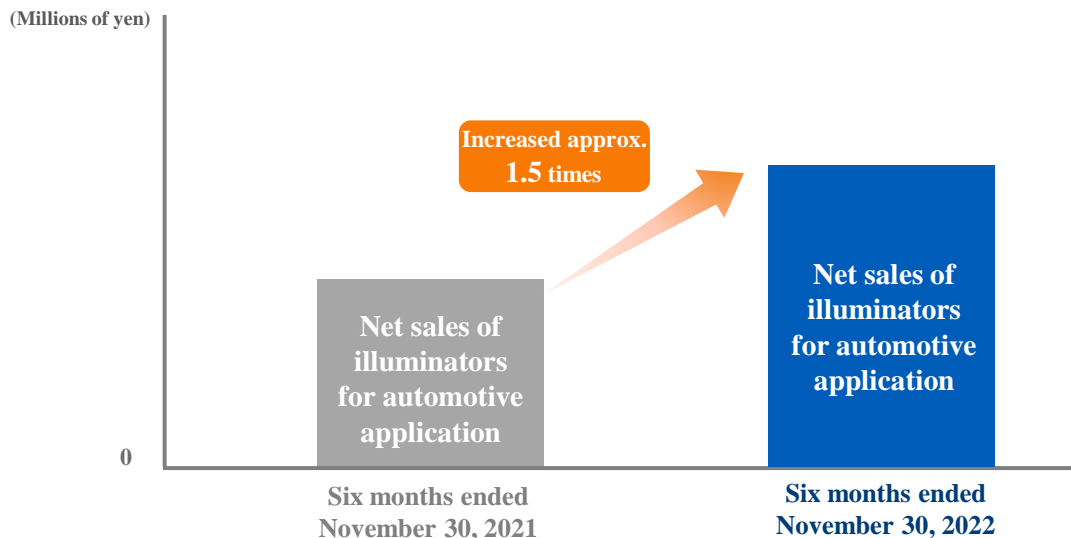
**Approx. 900 million yen** postponed due to customers' capital investment schedule adjustment and other factors

## Net sales increase of pupil lens modules™ for overseas customers



**Approx. 7 times increase** ↑  
YoY reflecting decision to introduce mass-produced items to customers

## Net sales increase of illuminators for automotive application

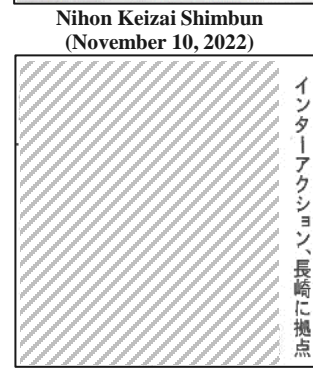
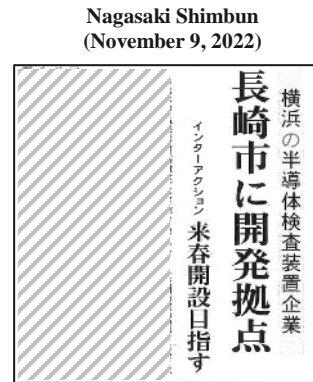
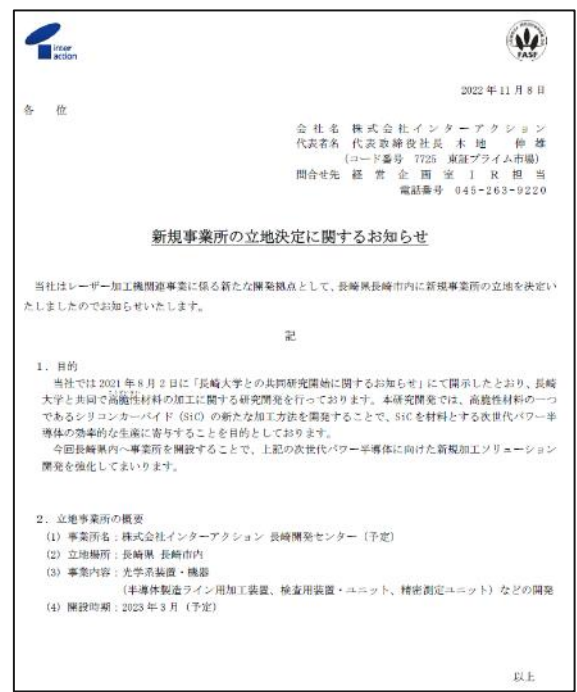


**Increasing inquiries about illuminators for automotive application**  
 Year-on-year, net sales increased by **approx. 1.5 times** ↑

**Inquiries from overseas customers also on a recovery trend reflecting their investment in next-generation sensors not only for mobile application but also for automotive and other applications**

## Strengthening of relationships with customers

Inter Action's press release  
 "Notice regarding decision on the location of a new office"  
 (November 8, 2022)



**The main purpose of setting up Nagasaki Office is to strengthen research and development related to laser processing machine business**

**+ α Strengthen relationships with existing customers**

## New customer needs in ammonia exhaust gas treatment systems

Ammonia  
exhaust gas  
treatment  
system



 **AIR GASES TECHNOS**  
株式会社エア・ガズ・テクノス

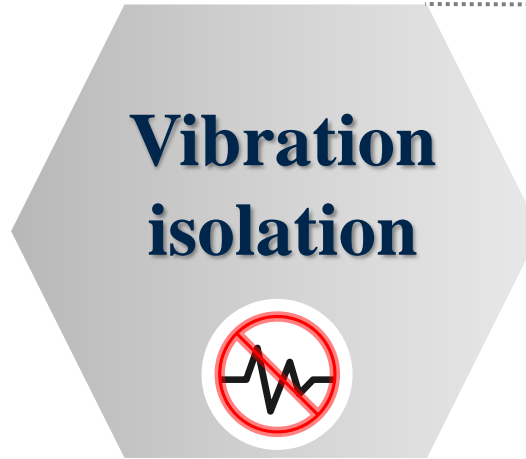
**Hydrogen and ammonia** are drawing attention as next-generation energy resource to promote decarbonization

There is a growing need for technologies for treating **ammonia**, a hazardous substance, to extract and utilize **hydrogen**

Interest is growing in **ammonia exhaust gas treatment system**



- Existing technology field
- New technology field



Increasing inquiries from display manufacturers

➤ Inquiries increasing due to improvement of vibration isolation technology

MEIRITZ  
Total Noise Solution

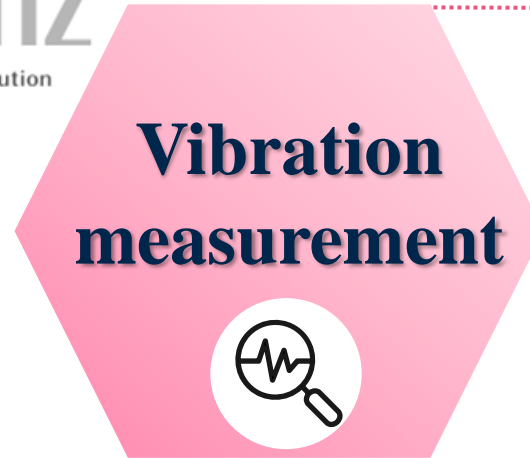
Display manufacturer

Development of vibration generators

➤ Vibration generator, that generates high-precision vibration, in the development stage



MEIRITZ  
Total Noise Solution



Development of application for monitoring vibrations

➤ Monitoring application that can visualize and monitor vibrations, in the development stage

## FA image processing system (gear-defect detection system)



- Exhibited at JIMTOF.
- Strong response with over 20 inquiries

## Gear roughness measuring system

Nikkan Kogyo Shimbun (April 7, 2022)



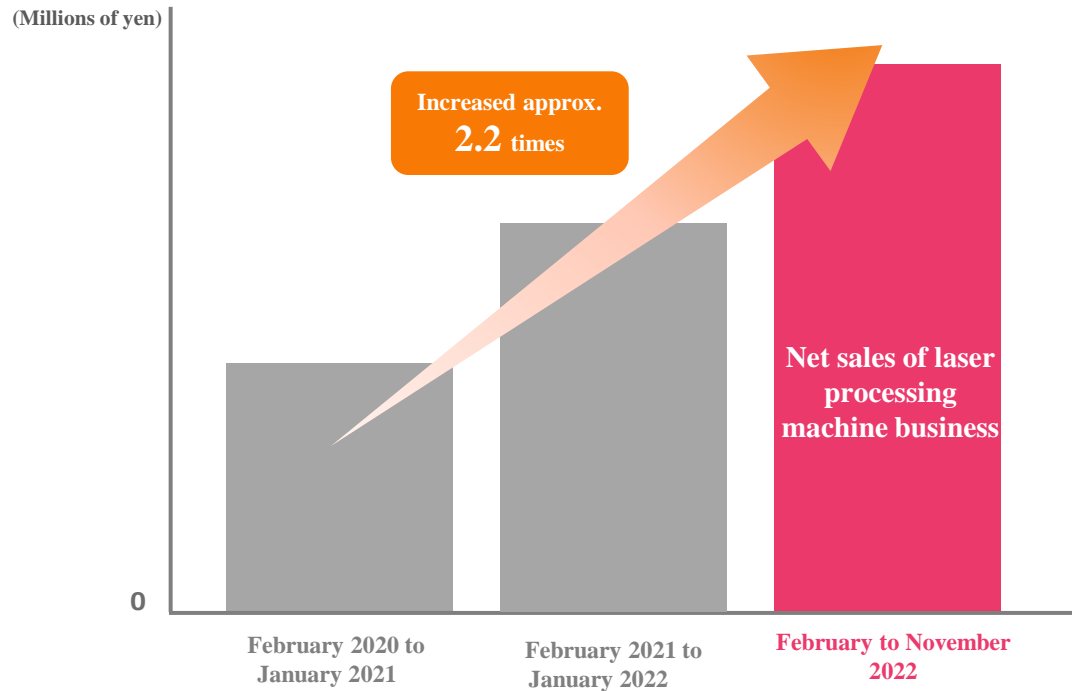
- Inspection items are slightly different from the conventional gear testing systems
- A major automobile manufacturer visited the plant of Tokyo Technical Instruments to see the equipment (for the first time in 18 years)

\* For details of the gear roughness measuring equipment, please refer to the following sites.

• Inter Action's press release on March 1, 2022: [https://ssl4.eir-parts.net/doc/7725/ir\\_material8/174721/00.pdf](https://ssl4.eir-parts.net/doc/7725/ir_material8/174721/00.pdf)

• Tokyo Technical Instruments' website: <http://www.tti-geartec.jp/jp/product/productDetail.php?id=53>

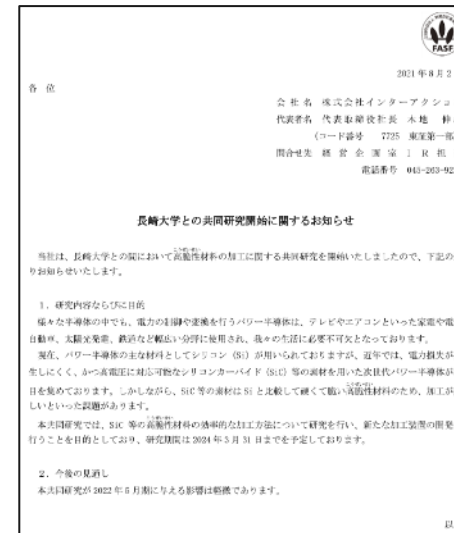
## Net sales of laser processing machine business



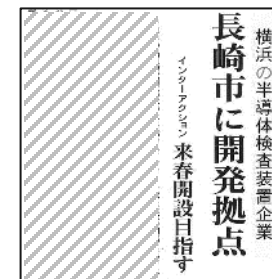
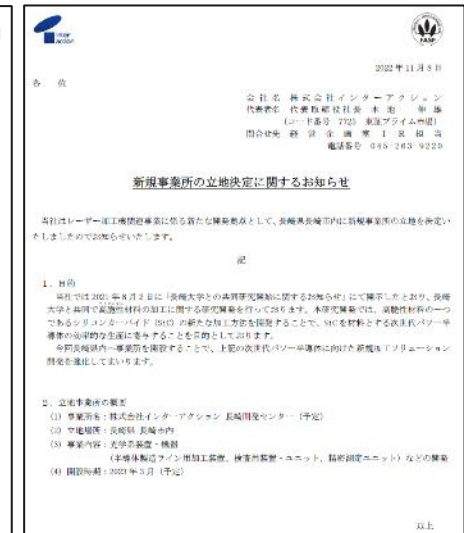
➤ Several development projects in progress. Net sales gradually increasing. (non-consolidated)

## Establishment of Nagasaki Office

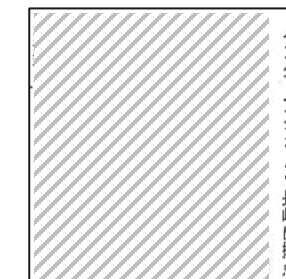
Inter Action's press release  
 "Notice regarding start of a joint research with Nagasaki University" (August 2, 2021)



Inter Action's press release  
 "Notice regarding decision on the location of a new office" (November 8, 2022)



Nagasaki Shimbun (November 9, 2022)



Nihon Keizai Shimbun (November 10, 2022)

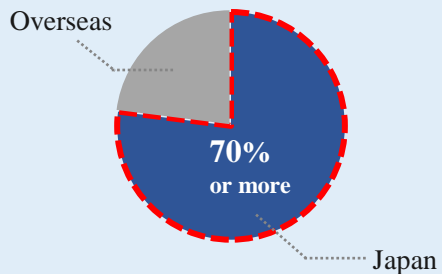
➤ Further strengthen collaboration with Nagasaki University. Seek to accelerate research and development.  
 ➤ Plan to start full-scale recruitment in April 2023.

# **Future Trends in Existing Businesses**

## Japan

### Order intake to gain momentum

#### Orders received in the Internet of things related works



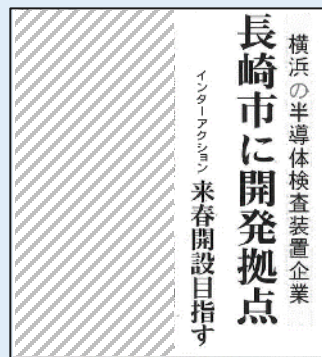
Percentage of orders received in Japan:

**70% or higher**

(in the first half of the fiscal year ending May 2023)

Assuming further expansion of order size from Q4 to the next fiscal year

### Strengthening of development structure with customers



### Establishment of the Nagasaki Office

Promotion of research and development + Strengthening of relationships with customers

### Accelerated adoption of illuminators for automotive application



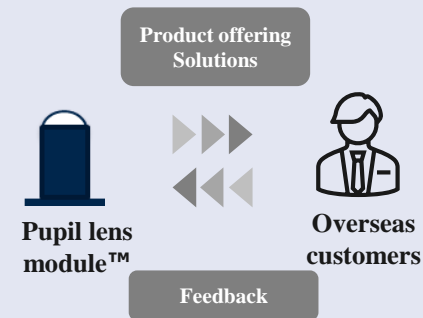
Approx. 1.5 times increase YoY in net sales of illuminators for automotive application

### Accelerated adoption of illuminators for automotive application

Demand to increase along with improvement of autonomous driving technology  
Full-scale adoption to begin in the next fiscal year or thereafter

## Overseas

### Deployment of pupil lens modules™



### Full-scale adoption of pupil lens modules™ for overseas customers

After adoption of mass-produced items, aim to win more orders through repeated efforts in resolving new issues as they arise

### Recovery in inquiries from overseas customers



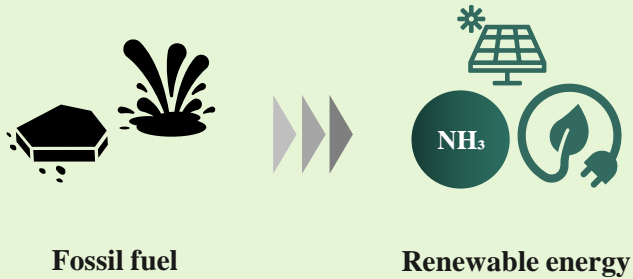
### Recovery in inquiries from overseas customers

Postponed portion + Recovery expected in supply and demand for final applications

Prospect for medium- to long-term growth of the image sensor market

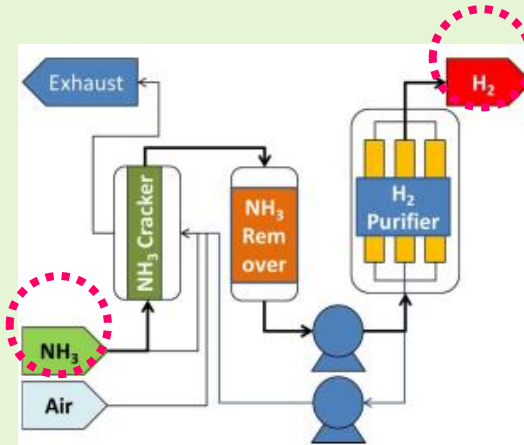
## Ammonia exhaust gas treatment system

### Decarbonization



Shift from fossil fuel that generates CO<sub>2</sub> to **renewable energy** that does not generate CO<sub>2</sub> along with the movement toward **carbon neutrality**

### Application of ammonia treatment technology



Demand for **hydrogen and ammonia** as **renewable energy** is expected to increase  
In particular, a system that extracts **hydrogen** from **ammonia** and uses it as energy is attracting attention

### Entry in the hydrogen market



**Ammonia** being a hazardous substance, aim to **provide a system to extract hydrogen** by applying **ammonia exhaust gas treatment technology**



Enhancement of ammonia exhaust gas treatment systems lineup





## Precision vibration isolation systems

Development promotion of new product areas



Vibration generator



Application for monitoring vibrations

Promote development of **vibration generator** and **application for monitoring vibrations** by applying existing vibration isolation technology, and aim for commercialization



Transformation into a vibration solution company



## Gear testing systems

Sales promotion of FA image processing system



FA image processing system (gear-defect detection system)

Full-fledged sales activities for **FA image processing system**



New business that will develop into a new pillar



## Laser processing machine

Development acceleration of SiC processing system



Continue promotion of research and development, and aim for commercialization of **SiC dicing system**

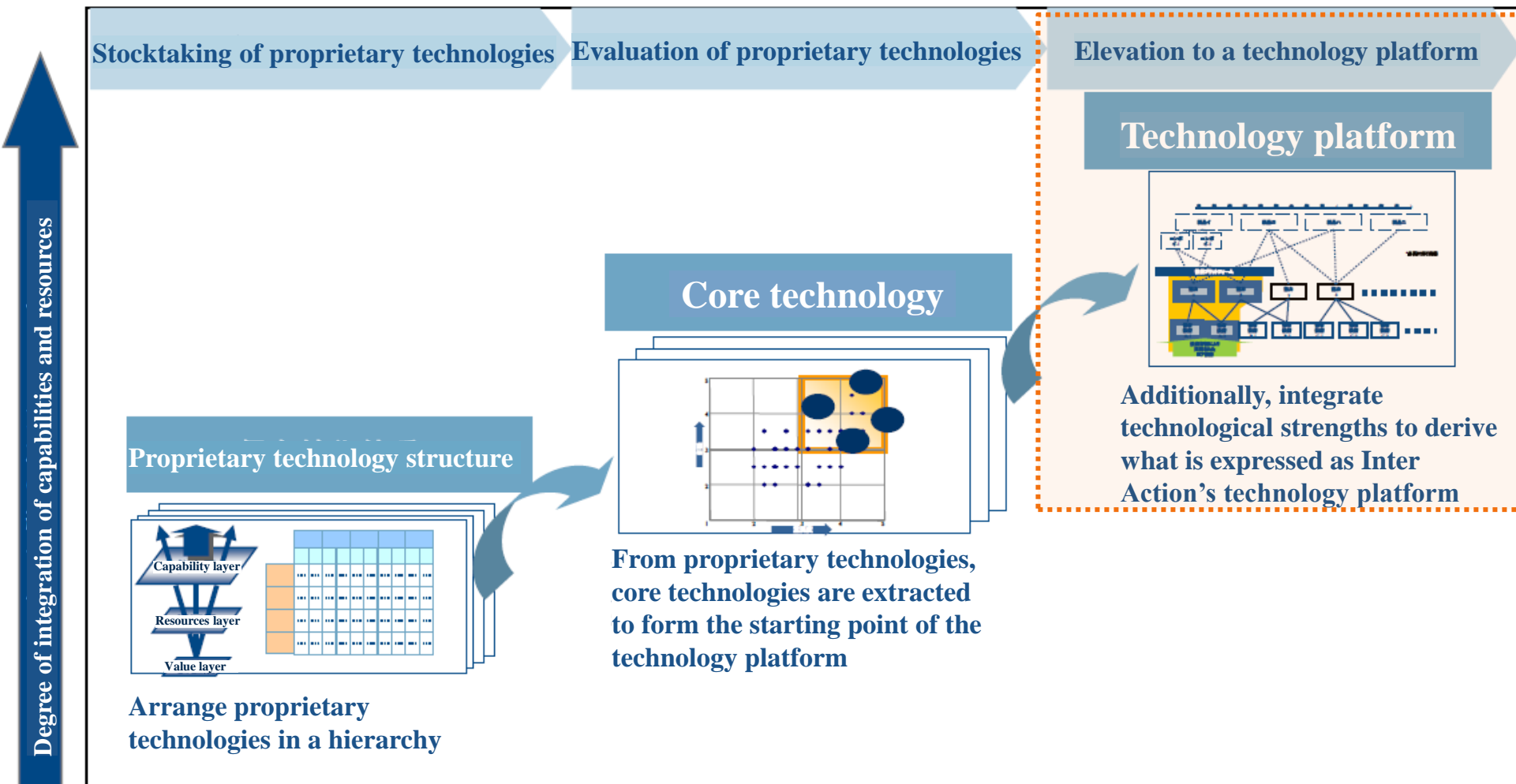


Aim for system completion by 2024

# **Future Measures to Create New Businesses**



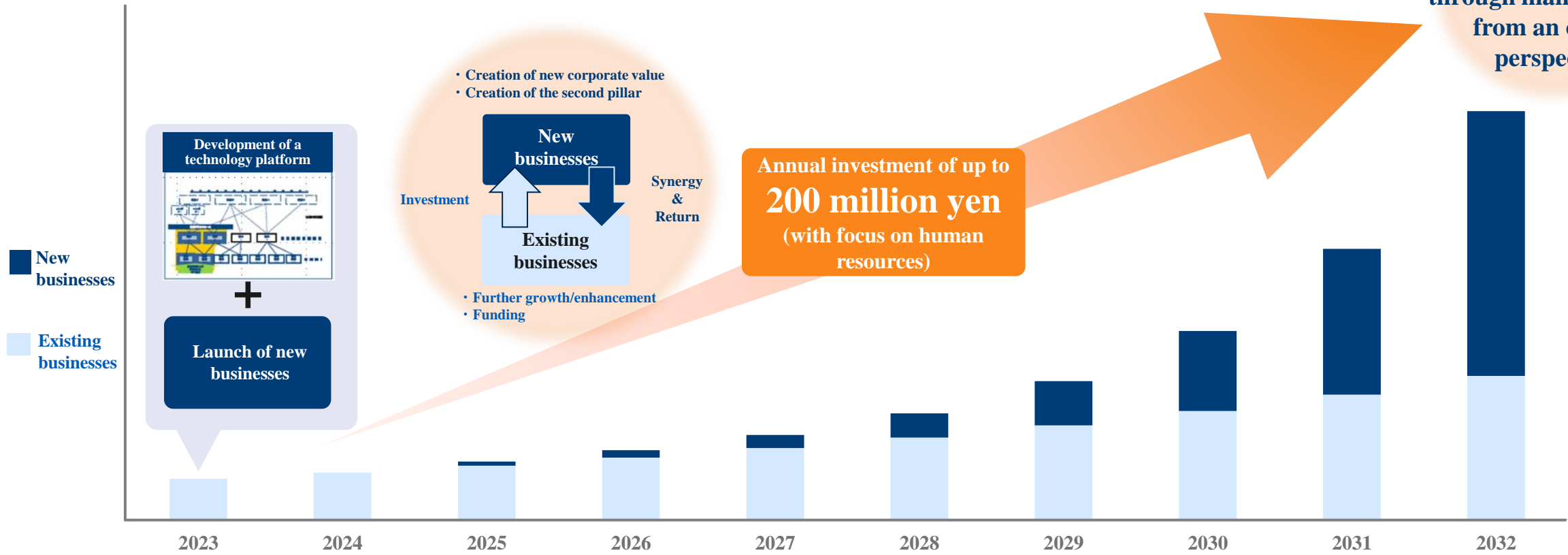
The core technologies are narrowed down through inventory and evaluation of proprietary technologies, based on which “integration” and “re-interpretation” processes are performed to derive a **“Technology platform.”**



# Images of New Business Creation and Growth

By **launching more new businesses**, seek to **generate businesses that will become the second pillar of operation** and aim to **create new corporate value**.

(Net sales)



# Appendix ①

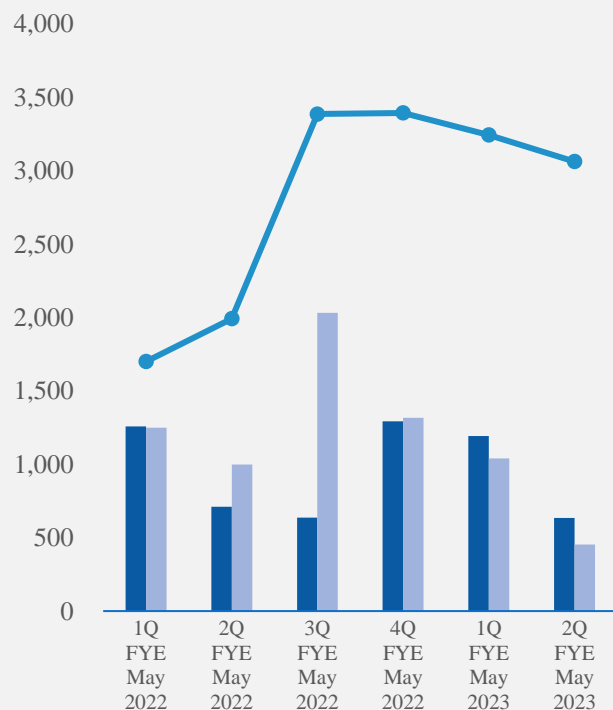
## Summary by Sector

## Key points

- For the segment as a whole, net sales decreased and profits increased year on year reflecting sluggish sales of products for customers in Japan in contrast with year-on-year increase in sales of illuminators for overseas customers.
- Demand for next-generation sensors for automotive and other applications is increasing from customers both in Japan and overseas. Along with the demand growth, sales volume of illuminators and other products for next-generation sensors is expected to increase.
- Launched sales of pupil lens module™ for new customers. Sales volume is expected to increase gradually in the future.

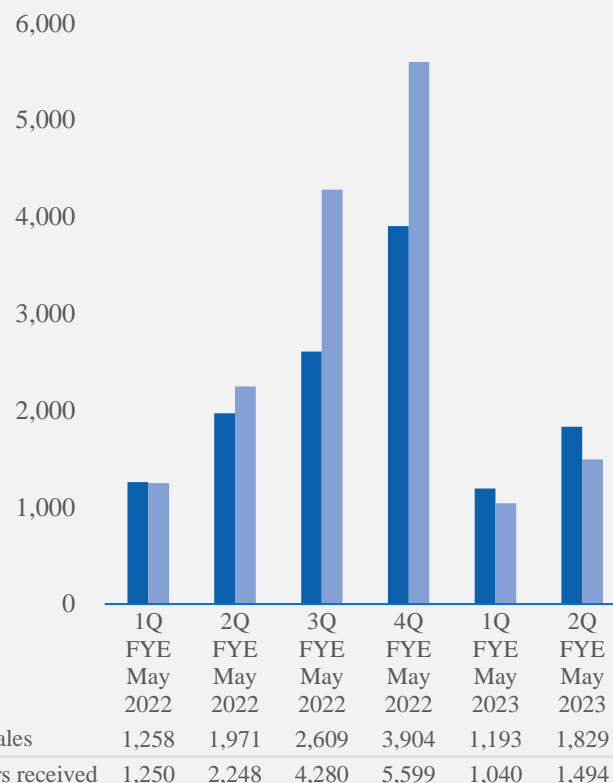
### Amount of net sales, orders received, and backlog of orders (by quarter)

(Millions of yen)



### Amount of net sales and orders received (accumulated)

(Millions of yen)



### Main changes in the external environment

#### (1) Market environment

- (+) Demand increased in the sensing field, such as for automotive application.  
Image sensor market expected to continue to expand in the medium to long term.



#### (2) Social situations

- (-) Impact of uncertainty in social situations
  - Demand for final applications, such as smartphones, remained sluggish.
- (+) Invigoration of semiconductor industry in Japan
  - Attracting semiconductor foundries to Japan.
  - Establishment of a new company aiming for domestic production of advanced semiconductors.



#### (3) Customer trends

- (-) Products for Japanese customers:  
Temporarily stagnant demand
- (±) Illuminators for overseas customers:  
Postponement of capital investment



### Main changes in the internal environment

#### (1) Research and development

- (+) Strengthening of relationships with customers
  - Promoted research and development with establishment of Nagasaki Office
- (+) Pupil lens modules™ for new customers
  - After adoption of mass-produced items, aimed to win more orders by making repeated efforts in solving new issues as they rise.

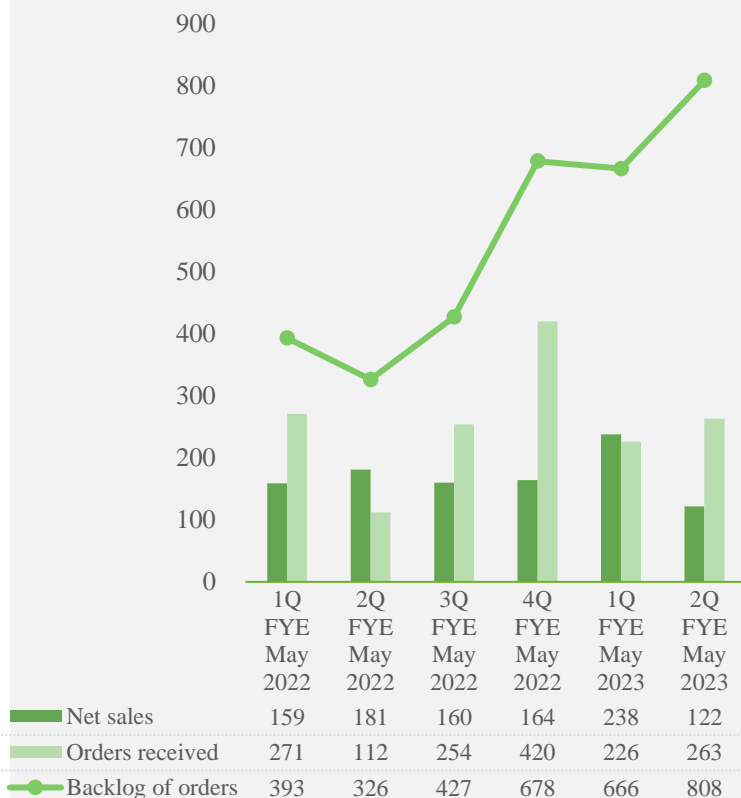


## Key points

- Net sales increased year on year reflecting strong sales of drying deodorizers and exhaust gas treatment systems.
- On the other hand, profits decreased year on year due to continued sluggish sales of high-profit maintenance projects caused in part by a shortage of parts and other materials.
- Revision of internal processes continued as an initiative for business growth. Development of new products is underway, including acoustic emission sensors (failure prediction and maintenance systems) and ammonia treatment systems to promote decarbonization.

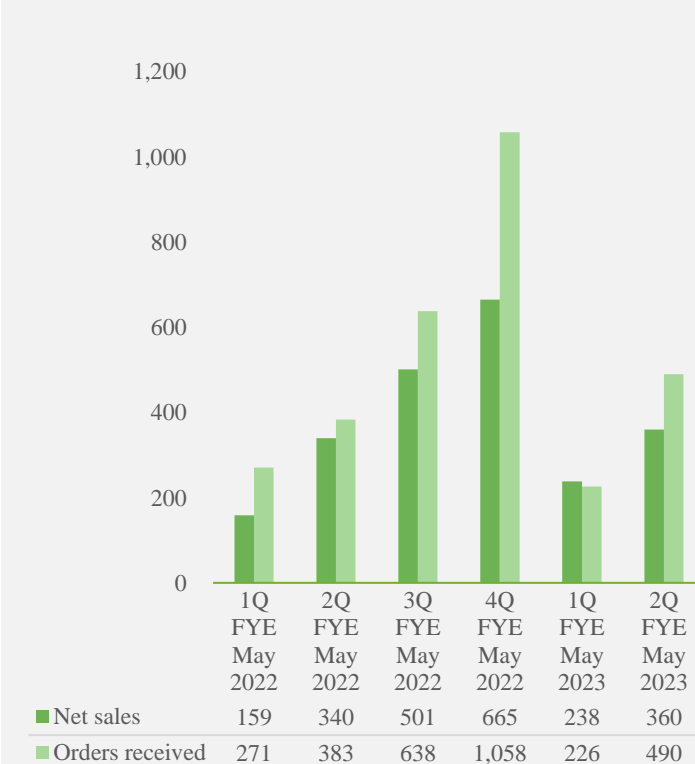
### Amount of net sales, orders received, and backlog of orders (by quarter)

(Millions of yen)



### Amount of net sales and orders received (accumulated)

(Millions of yen)



### Main changes in the external environment

#### (1) Market environment

- (+) Demand generated from companies' moves to address environmental problems
- Increased inquiries on drying deodorizers and exhaust gas treatment systems.



#### (2) Social situations

- (-) Global shortage of parts and other materials
- Delivery continued to be delayed for both main units and maintenance. With some parts, delivery is taking one year or longer resulting in delay in procurement.



#### (3) Customer trends

- (+) Increased orders for main units
- Capital investment continued to resume gradually in anticipation of a post-pandemic future. Increase in demand spurred by government subsidies.



### Main changes in the internal environment

#### (1) Initiatives in new businesses

- (+) Good progress made in development of acoustic emission sensor
- (+) Strengthened research and development of ammonia deodorizer to support decarbonization

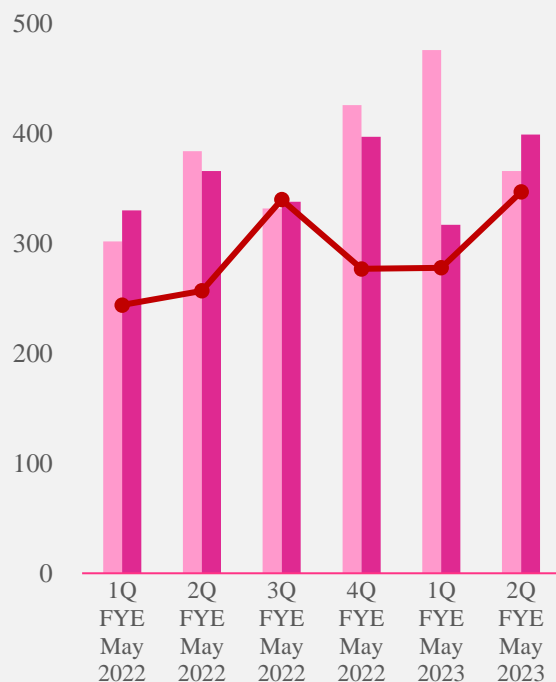


## Key points

- The segment as a whole recorded a year-on-year increases in both net sales and profits.
- Precision vibration isolation systems: Net sales recorded year-on-year increases due to solid sales of products for both domestic and overseas customers. Profits, however, decreased due in part to an increase in research and development expenditures.
- Gear testing systems: The robust market trend continued in the machine tool industry, which led to strong product sales and resulted in year-on-year increase in both net sales and profits.

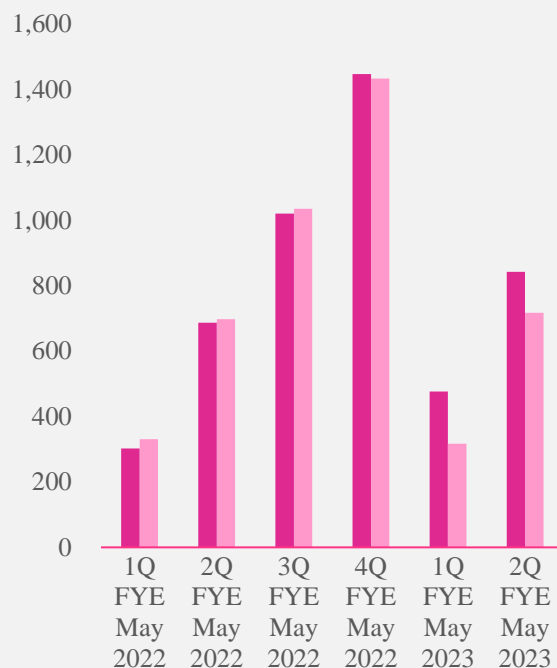
### Amount of net sales, orders received, and backlog of orders (by quarter)

(Millions of yen)



### Amount of net sales and orders received (accumulated)

(Millions of yen)



### Main changes in the external environment

#### (1) Market environment

- (+) Market conditions for machine tool industry
  - Demand for machine tools remained strong. In particular, demand for application in EVs and robot industry is increasing, with impact also on gear manufacturing industry.



#### (2) Social situations

- (-) Supply chain disruption
  - No improvement seen in delivery delays of parts and other materials or in price increases.



#### (3) Customer trends

- (+) Gear testing systems for overseas customers
  - Increase in demand for gear testing systems notably from customers in China. Rise of new needs associated with shift to EVs.



### Main changes in the internal environment

#### (1) New product development

- (+) Displayed products such as FA image processing system and gear roughness measuring equipment at JIMTOF Exhibition. Substantial increase in inquiries.
- (+) Continued to promote development of an application for monitoring vibrations as well as vibration generators that can generate vibrations and reproduce the real environment. Multiple inquiries were received.



# Appendix ②

## Company Profile

**Trade name:** INTER ACTION Corporation

**Listed on:** Tokyo Stock Exchange,  
Prime Section

**Established:** June 25, 1992

**Securities code:** 7725

**Representative:** Nobuo Kiji, CEO & President

**Fiscal year:** June 1 to May 31

**Capital stock:** 1,760 million yen

**URL:** <https://www.inter-action.co.jp/en>

**Employees:** 126 (Group-wide as of May 31, 2022)

**Group companies:** Air Gases Technos Co., Ltd.

**Head office:** Yokohama Kanazawa High-Tech Center 14F  
1-1 Fukuura, Kanazawa-ku  
Yokohama-shi, Kanagawa  
Phone: +81-45-788-8373 Fax: +81-45-788-8371

Meiritz Seiki Co., Ltd.

Tokyo Technical Instruments Inc.

Xian INTER ACTION Solar Technology Corporation

Shaanxi Chaoyangyitong Precision Device Co., Ltd.

MEIRITZ KOREA CO.,LTD.

Taiwan Tokyo Technical Instruments Corp.

TOKYO TECHNICAL INSTRUMENTS (SHANGHAI) CO., LTD.

Lastech Co., Ltd.

**Offices:** Naka-ku, Yokohama-shi; Koshi-shi, Kumamoto



Key benchmarks

Equity Spread  
ROE

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Dividend policy

Total return ratio of 30%

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M&A strategy

Focus on fields of growth and potential growth.

Focus on fields where we can pursue business development by leveraging technologies and expertise built up thus far.

Achieve positive net present value calculated on the basis of estimated cash flows for five years using WACC as the discount rate.

## E-mail Alert Service

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Receive various forms of information about the Inter Action Group via e-mail.

Link to the Inter Action website “E-mail alert service” page (in Japanese)

[https://www.inter-action.co.jp/ir/ir\\_mail/](https://www.inter-action.co.jp/ir/ir_mail/)

Information you provide to us will be used solely for operating the IR e-mail alert service.

Refer to the “Privacy Policy” posted to the Inter Action website for further information on our handling of personal information.

<https://www.inter-action.co.jp/en/privacy/>

## Contact Information

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<https://www.inter-action.co.jp/en/inquiry/>

Please contact us through the Inquiries page of the Inter Action website.



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## Notes

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