



FY 5/2023 (31<sup>st</sup> Period)

# Full Year Financial Results

July 12<sup>th</sup>, 2023

INTER ACTION Corporation

**Code: 7725**

Note: We kindly request that participants refrain from recording the audio or images in this presentation of financial results.

# Agenda

---

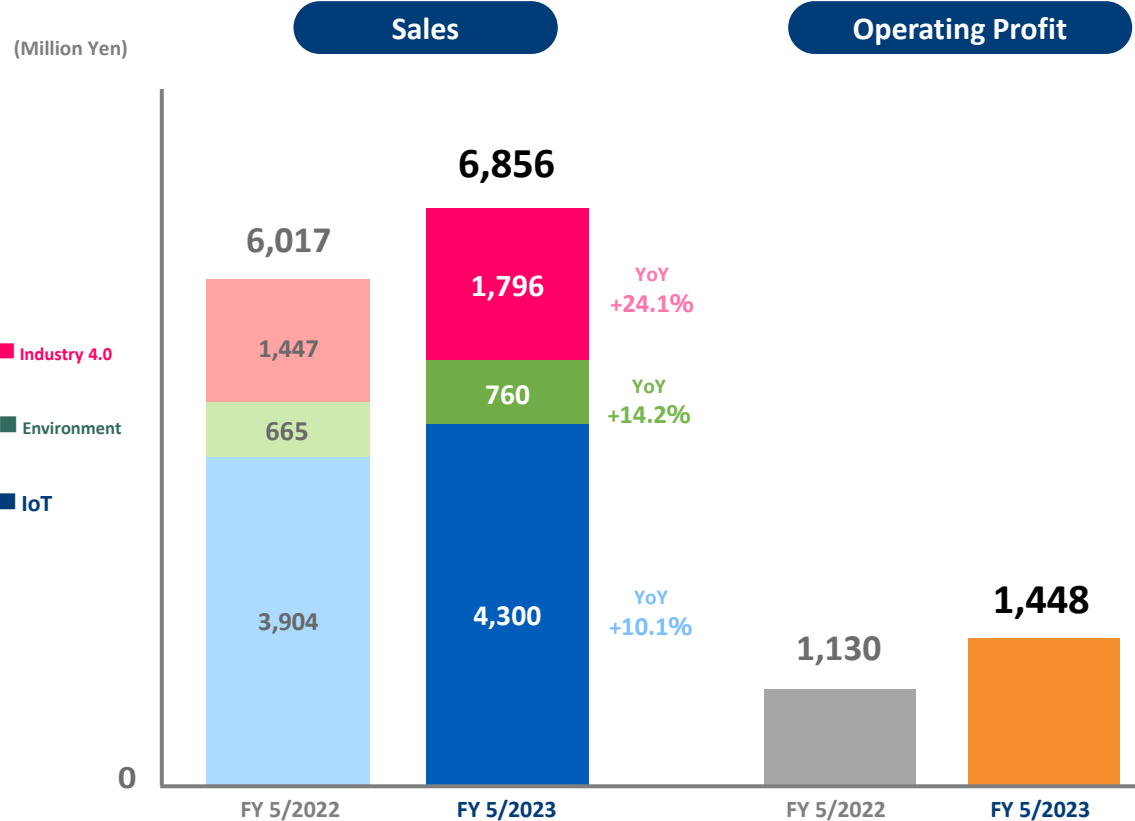
- ① **Summary of Financial Results**
- ② **Forecasts for the Fiscal Year Ending May 2024 and Future Outlook**

-Appendix-

# Summary of Financial Results

## Key Points

- The main points were strong growth in the IoT related and Promotion of Industry 4.0 businesses: consolidated sales and OP both grew YoY.
- **IoT related business:** Strong sales of image sensor inspection use illuminators to our major overseas customer.
- **Environmental energy related business:** Strong sales of drying deodorizers and exhaust gas treatment systems.
- **Promotion of Industry 4.0 business:** Strong sales of vibration isolation and gear testing systems.



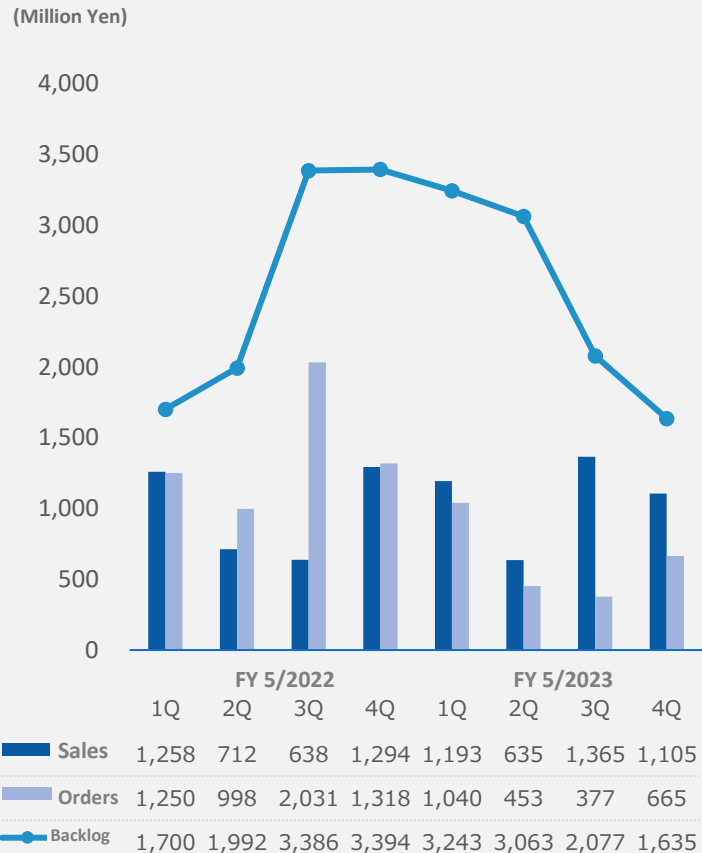
## Changes in Major Management Indicators

| (Million JPY) | FY 5/2022 | FY 5/2023 | YoY Growth (%) |
|---------------|-----------|-----------|----------------|
| Sales         | 6,017     | 6,856     | 14.0           |
| OP            | 1,130     | 1,448     | 28.2           |
| RP            | 1,196     | 1,503     | 25.6           |
| NP            | 761       | 981       | 28.9           |
| EPS           | Y69.58    | Y90.12    | -              |

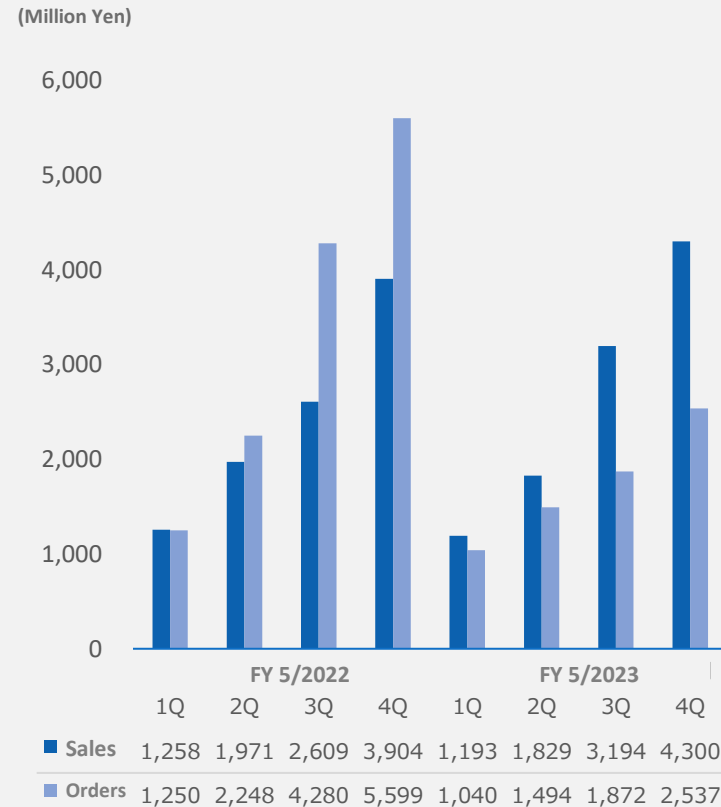
## Key Points

- Sales of overseas illuminators were strong, so segmental sales and OP as a whole grew YoY.
- Orders declined YoY because of a concentration of orders from our main overseas customer in the previous period and, this year, temporary caution regarding capex among our image sensor manufacturer customers in light of declining demand for final products such as smartphones.

### Sales/Order Value/Backlog (by quarter)



### Sales/Order Value (cumulative)



### Major External Changes

#### (1) Market

(+) We estimate the image sensor market will continue growing medium term as the usage and application of high-end and auto sensors increase.



#### (2) Society

(-) Impact from societal uncertainties  
Demand for final applications such as smartphones continues to stagnate. Geopolitical risks such as new COVID strands continue.



#### (3) Customer trends

(+) Domestic: robust demand, to continue next year.  
(-) New overseas customer capex: conservative.



### Major Internal Changes

#### (1) R&D

(+) Development of new illuminators  
Planning to sell new illuminators with higher inspection efficiency to a major customer.  
(Installation scheduled for FY 5/2024 - FY 5/2025)

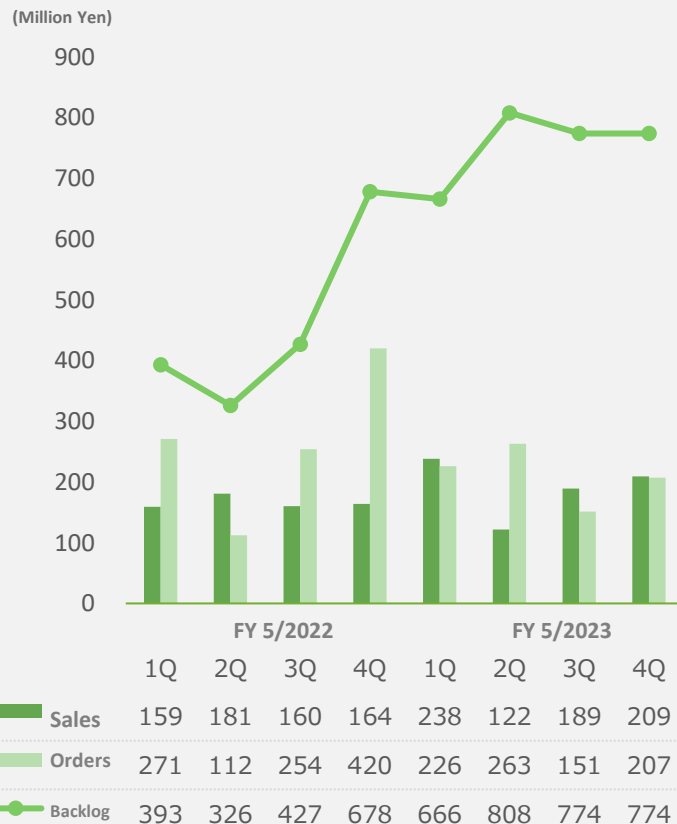


(±) Development of our new PLM™  
Strengthening R&D to further sharpen our competitive edge. Using the Nagasaki Development Centre effectively.

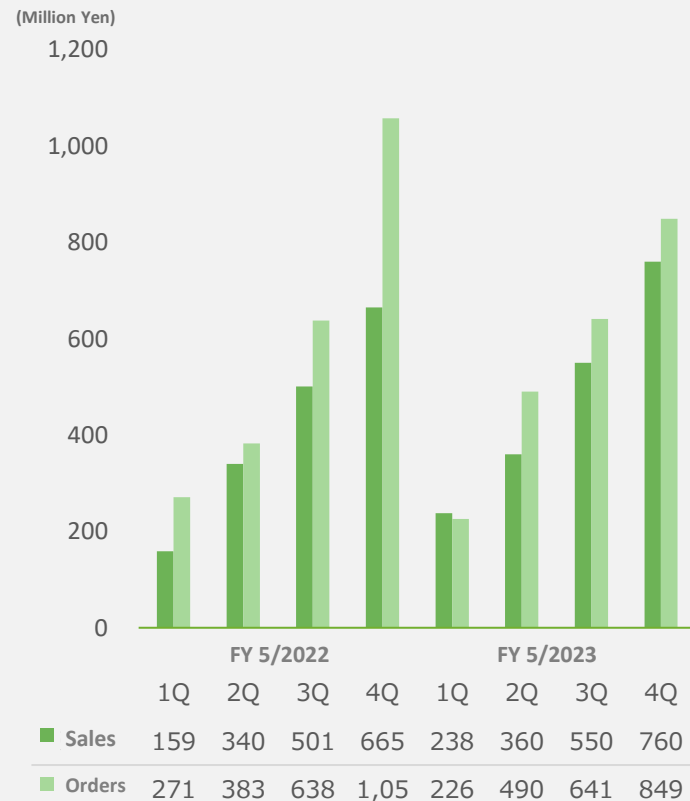
## Key Points

- Drying deodorizer unit sales were strong, so sales grew YoY.
- On the other hand, soaring material prices and low margin spot orders meant OP declined YoY.
- We continue to focus on growth by developing new AE sensor products (failure prediction, maintenance systems) and planning next-generation energy products.

### Sales/Order Value/Backlog (by quarter)



### Sales/Order Value (cumulative)



### Major External Changes

#### (1) Market

(-) Trending to digital media  
Large printing companies in particular switching capex from paper media to digital.



(-) Rise in energy, raw material costs  
Price hikes on electricity, fuel, paper, ink etc. mean printing costs are trending up, limiting customer capex.

#### (2) Society

(-) Global parts shortages  
Delivery times for units and maintenance continue to be pushed back. Part deliveries are delayed, with some parts delayed over a year.



#### (3) Customer trends

(+) Post-COVID rebound demand  
Recovered demand for ad fliers; unit inquiries continue to increase due to post-COVID rebound demand.



### Major Internal Changes

#### (1) Working on new businesses

(+) AE sensors: prototypes under evaluation  
Also planning other new businesses.

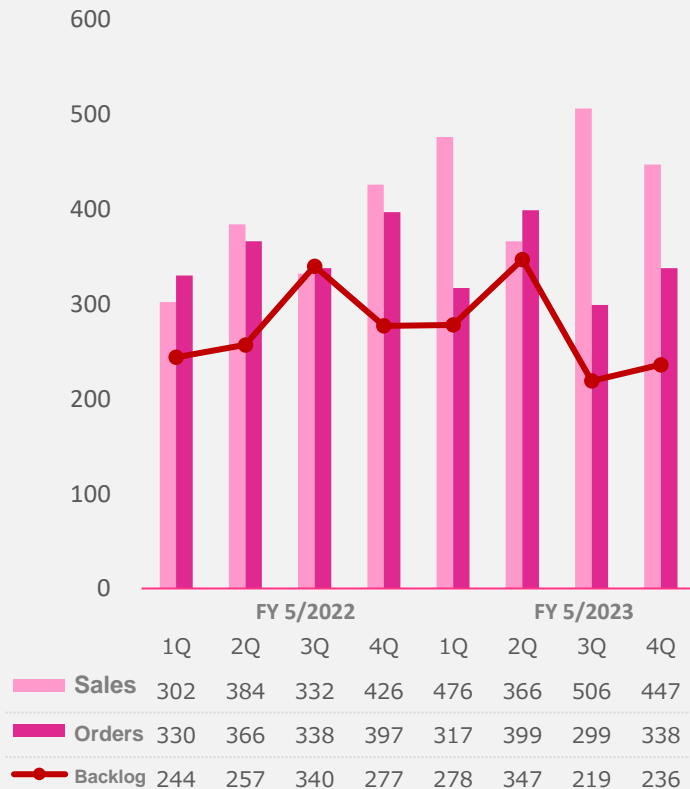


## Key Points

- Sales and OP grew YoY for the segment as a whole.
- Precision vibration isolation systems: Strong sales domestically and overseas: sales and OP grew YoY. Monitoring app orders obtained.
- Gear testing systems: Strong sales domestically and overseas: sales and OP grew YoY. Demand growing for FA image processing equipment business even outside the gear sector.

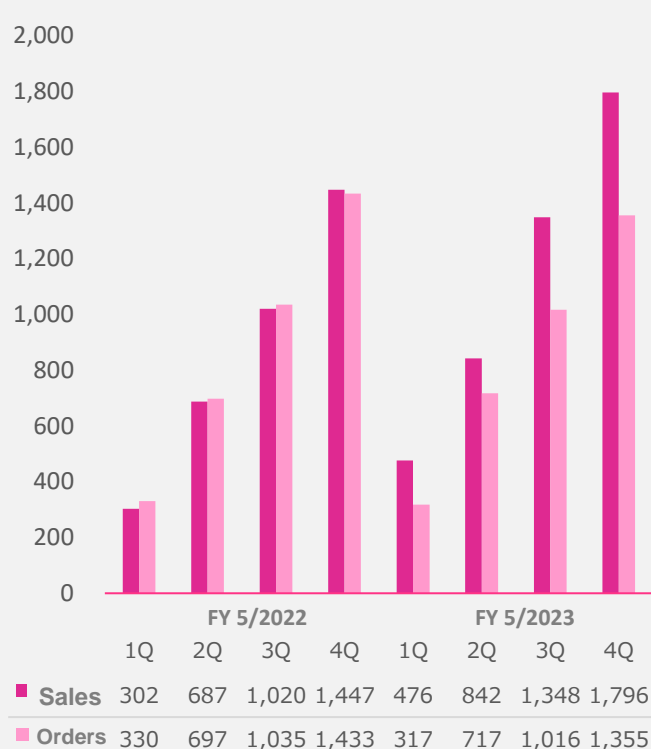
### Sales/Order Value/Backlog (by quarter)

(Million Yen)



### Sales/Order Value (cumulative)

(Million Yen)



### Major External Changes

#### (1) Market

(±) Conditions in the machine tool market  
Automobile production continues to trend weak.  
Conversely, demand for industrial robots and construction machinery is strong. Also spreading to the gear manufacturing industry.



#### (2) Society

(-) Supply chain uncertainty  
Continued price hikes and part delivery delays.  
Semiconductor shortage negatively impacting the auto industry.



#### (3) Customer trends

(+) Overseas gear testing systems  
Demand for factory automation robots still strong.  
Increase in inquiries from China, India.



### Major Internal Changes

#### (1) Growth in inquiries for new products

(+) FA image processing equipment  
Inquiries also in fields unrelated to gear testing.  
Aiming to break into new markets.



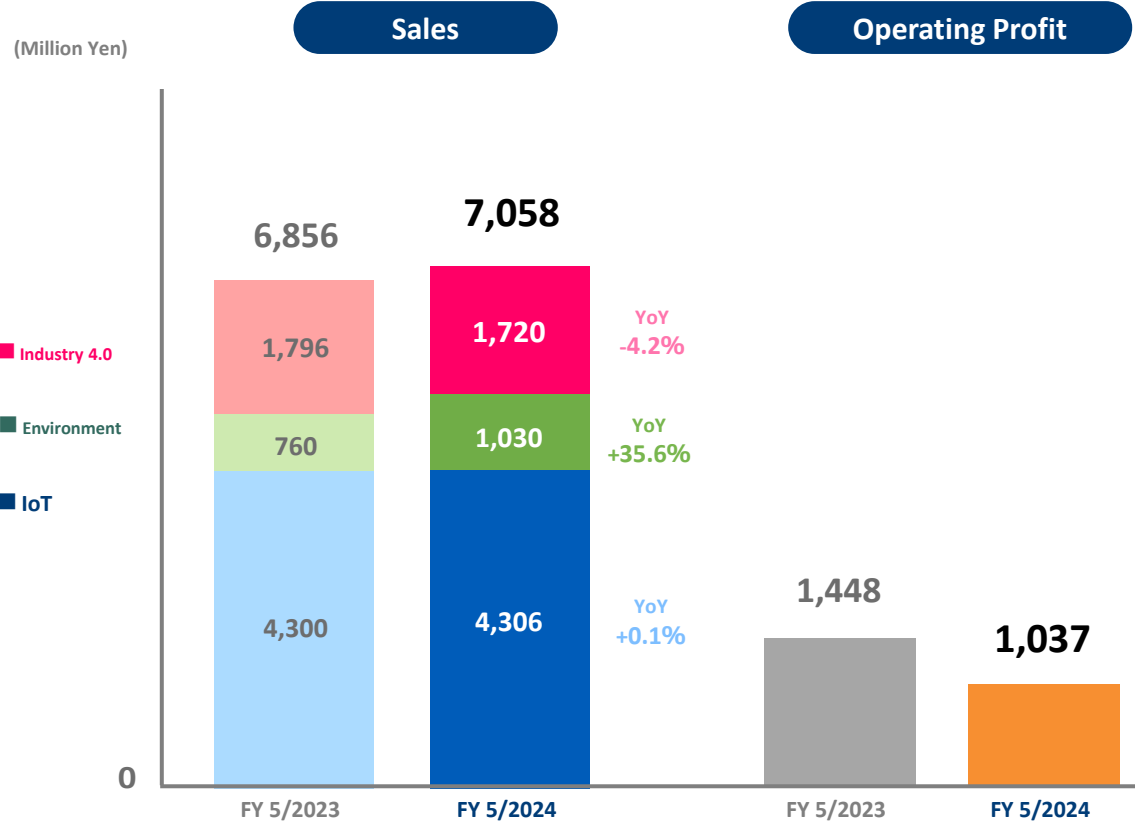
(+) Taking orders for vibration isolation equipment with monitoring app.

# Forecasts for the Fiscal Year Ending May 2024 and Future Outlook



## Key Points

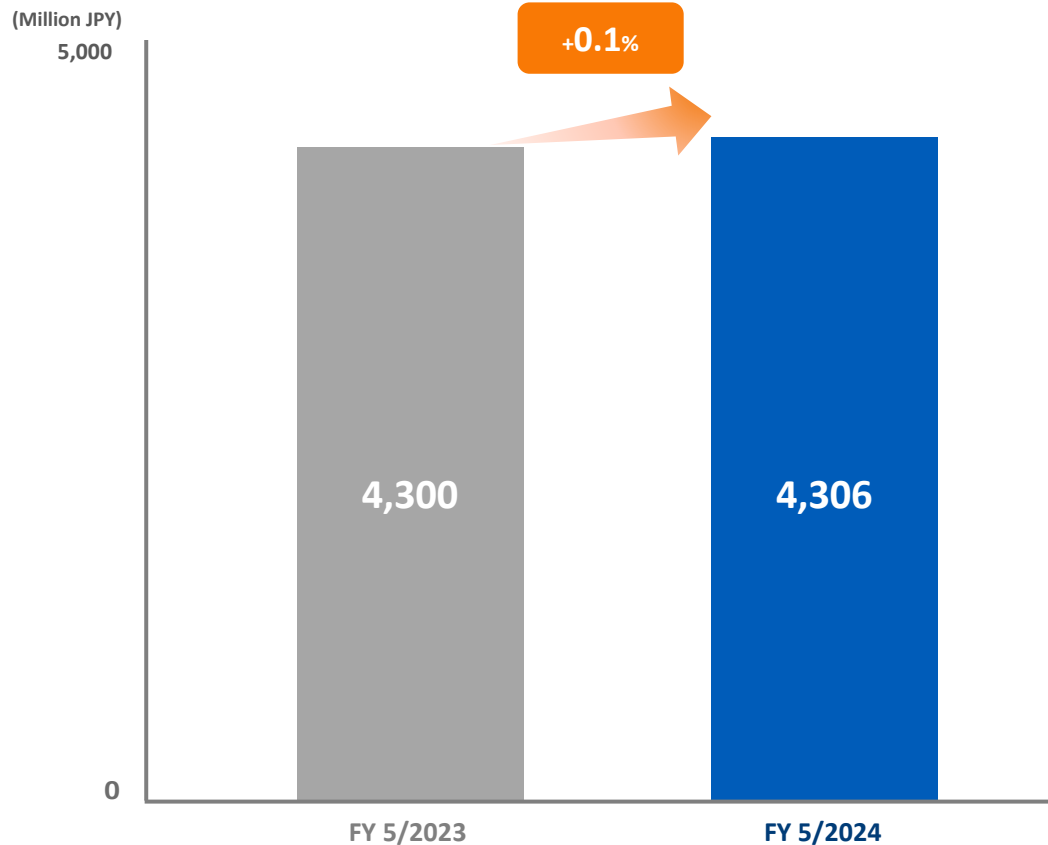
- We expect sales to grow YoY. Conversely, we expect sales mix deterioration in the IoT related and Promotion of Industry 4.0 businesses to lead to OP YoY decline.



## Changes in Major Management Indicators

| (Million JPY) | FY 5/2023 | FY 5/2024     | YoY Growth (%) |
|---------------|-----------|---------------|----------------|
| Sales         | 6,856     | <b>7,058</b>  | 2.9            |
| OP            | 1,448     | <b>1,037</b>  | △28.4          |
| RP            | 1,503     | <b>1,025</b>  | △31.8          |
| NP            | 981       | <b>655</b>    | △33.2          |
| EPS           | Y90.12    | <b>Y60.49</b> | -              |

## IoT Related Sales



We expect robust capex from our main domestic customer as it strengthens production capacity.



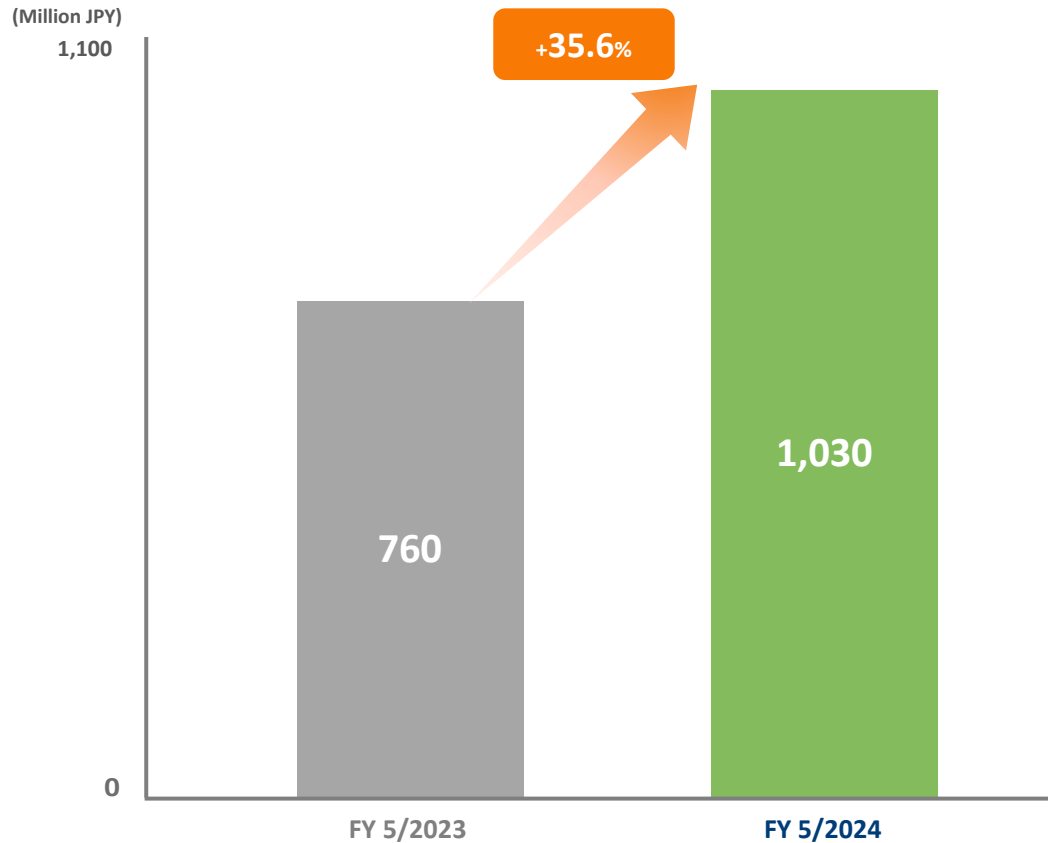
We expect continuing limited capex from our main overseas customer due to caution regarding stagnating smartphone sales demand and production in some regions.

Future undertakings

We plan to sell new, more efficient illuminators, mainly to our main domestic customer.

We believe the image sensor market will expand medium- to long-term as technology progresses, such as with sensors for self-driving vehicles. We foresee no change in our customers' gradual equipment expansion and enhancement.

## Environmental Energy Related Sales



We expect post-COVID rebound demand to drive strong drying deodorizer and exhaust gas treatment system orders.



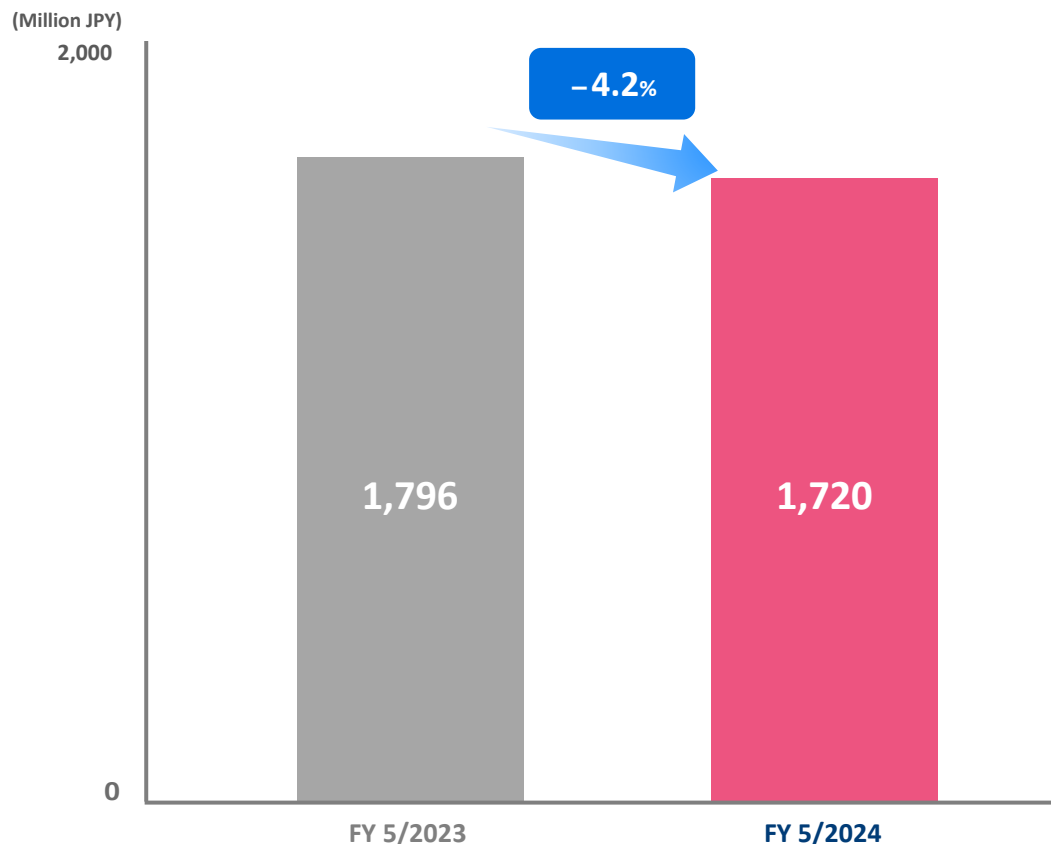
We expect global parts shortages to continue lengthening maintenance and installation order lead-times, making active sales difficult.

Future undertakings

We must pay close attention to parts deliveries and customer capex trends.

We will progress development on new products such as AE sensor products (failure prediction, maintenance systems).

## Promotion of Industry 4.0 Sales



We expect solid conditions in the machine tool industry to drive robust capex appetite from our gear testing equipment customers.



We lack visibility on capex trends among our precision vibration isolation system customers, and expect product sales to decline.

Future undertakings

We will focus on expanding sales of our new products – AI image processing equipment and a vibration monitoring app – aiming to break into new markets.

We aim to establish Laser Processing as a new business field, and continue developing laser processing equipment products.

# Appendix

# Company Information

|                |  |
|----------------|--|
| Name           | INTER ACTION Corporation   |
| Established    | June 25, 1992  |
| Representative | Nobuo Kiji CEO & President   |
| Capital        | 1,760 million yen  |
| Employees      | 126 (entire group; as of May 2022)   |
| HQ Address     | 14 <sup>th</sup> Fl. Yokohama Kanazawa High-Tech Centre<br>1-1 Fukuura, Kanazawa Ward, Yokohama City<br>Kanagawa Prefecture 236-000<br>TEL: 045-788-8373 FAX: 045-788-8371 |
| Offices        | Naka Ward, Yokohama City<br>Koshi City, Kumamoto Prefecture<br>Nagasaki City, Nagasaki Prefecture  |

|                 |  |
|-----------------|--|
| Exchange        | Tokyo Stock Exchange<br>Prime Market   |
| Code            | 7725   |
| Fiscal Year     | June 1 to May 31   |
| URL             | <a href="https://www.inter-action.co.jp">https://www.inter-action.co.jp</a>  |
| Group Companies | AIR GASES TECHNOS CO., LTD.<br>MEIRITZ SEIKI CO., LTD.<br>Tokyo Technical Instruments Inc.<br>Xian INTER ACTION Solar Technology Corporation<br>Shaanxi Chaoyangyitong Precision Device Co., Ltd.<br>MEIRITZ KOREA CO.,LTD<br>Taiwan Tokyo Technical Instruments Corp.<br>TOKYO TECHNICAL INSTRUMENTS (SHANGHAI) CO.,LTD<br>Lastec Co., Ltd. |

KPIs

Equity Spread  
ROE

---

Dividend Policy

Total payout ratio 30%

---

M&A Policy

- Growing fields, or fields with growth potential
- Fields in which our accumulated technological expertise and business know-how can be used to develop the business
- NPV positive when estimated cash flow is discounted by the WACC for the next 5 years

## Mailing List

---

We send information relating to INTER ACTION Group to our mailing list.

Mailing list information on our website:

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

Registered information will be used solely for our mailing list.

Details on how we handle personal information is available on our website. Please see our privacy policy here:

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

## Contact

---

INTER ACTION Corporation

Investor Relations Division, Business Administration Group

10th Floor of Industry & Trade Center Building, 2 Yamashita Town, Naka Ward, Yokohama City, Kanagawa Prefecture 231-0023

TEL : 045-263-9220

Or please contact us through our online inquiry form:

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





---

## Disclaimer

The information contained in this presentation includes forecasts of future business performance. These forward-looking statements were determined by the Group based on information available at the time of publication, and contain a number of potential risks and uncertainties. Please be aware that actual results will be subject to future economic conditions on the business, market trends, etc., and could differ significantly from the forecasts in this presentation.

We have made every effort to ensure that the information provided in this presentation is correct, but we do not guarantee the accuracy or completeness of the information. Please also note that the contents may be changed or deleted without notice.

It is prohibited to duplicate or repurpose the contents published in this presentation without prior consent.

---