

# 1-3Q 5/2025

## Financial Results Presentation

11<sup>th</sup> April 2025

Code: 7725

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

- This document is the script for the 1-3Q 5/2025 Financial Results Presentation held on the 11<sup>th</sup> April 2025.
- The information contained in this document includes forecasts of future business performance etc. These forecasts were determined by the Group based on information available at the time of publication, & contain a number of potential risks & uncertainties.
- Please be aware that actual results will be subject to future market trends & economic conditions, & 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 its accuracy or completeness. 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.

# Agenda

---

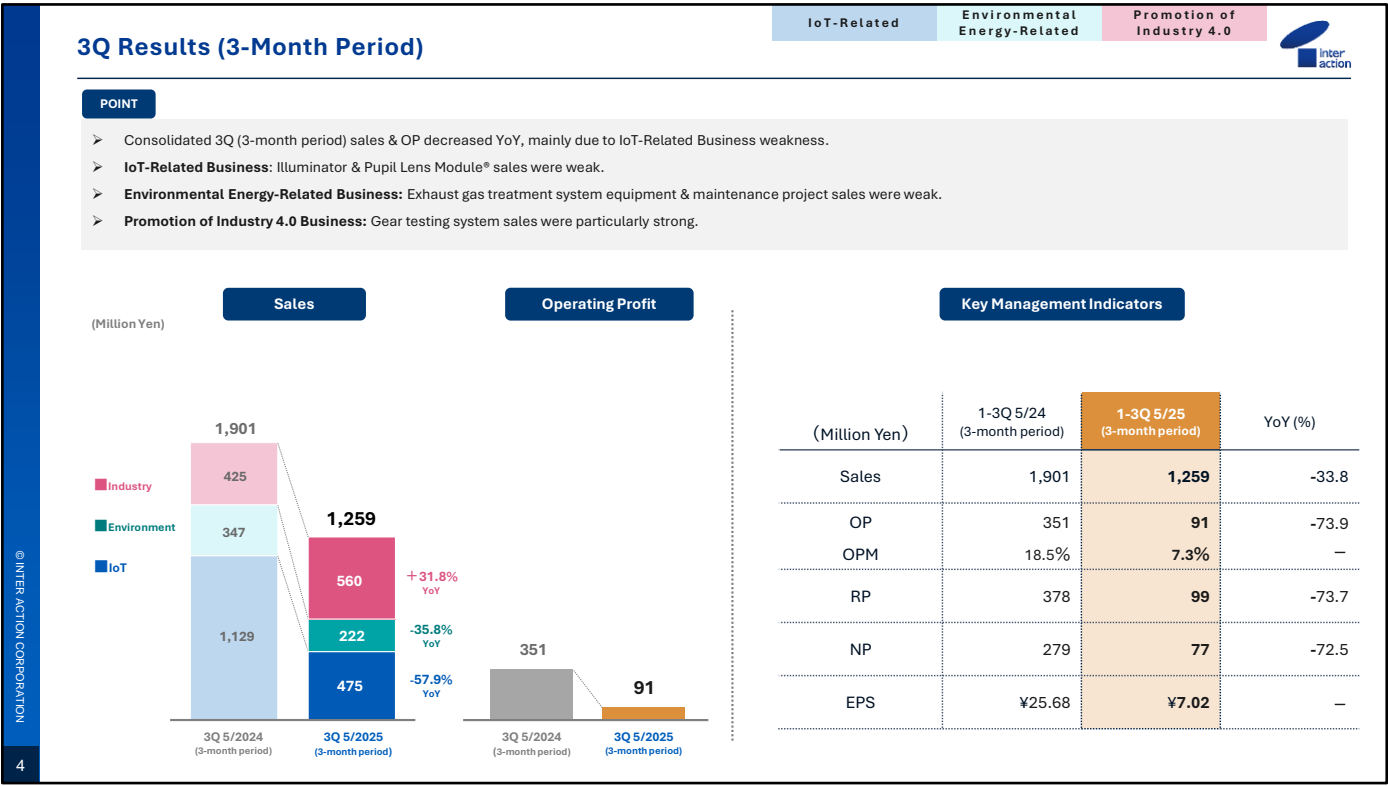
1. **Summary of Financial Results**
2. **Progress Updates by Division** — Current Status & Next Steps for Sustainable Growth —
  - IoT-Related Business (Image Sensor Inspection Business)
  - VG Strategy Office
  - Changes to Shareholder Returns
  - Cash Allocation

**-Appendix-**

- Executive Officer & Presidential Administration Office Head, Mr. Yoshizawa, will speak on the first point – ‘Summary of Financial Results’.
- Our CEO & President, Mr. Kiji, will speak on the second point – ‘Progress Updates by Division’.

## Summary of Financial Results

- To begin, we will outline the Group's 1-3Q results.



- In the 3Q (three-month period), sales & OP declined YoY, primarily due to IoT-Related business weakness.
- In the IoT-Related business, illuminator & Pupil Lens Module® sales were weak.
- In the Environmental Energy-Related business, exhaust gas treatment system equipment & maintenance project sales were also sluggish.
- The Promotion of Industry 4.0 business recorded strong sales, particularly of gear testing machines.

# 1-3Q Results

IoT-Related

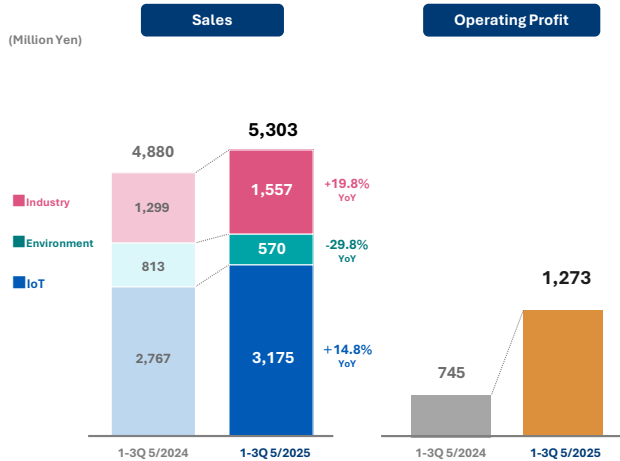
Environmental  
Energy-Related

Promotion of  
Industry 4.0



## POINT

- Consolidated 1-3Q sales & OP increased YoY due to IoT-Related & Promotion of Industry 4.0 business strength.
- **IoT-Related Business:** In the 1H, illuminator sales, primarily to our main domestic customer, were strong.
- **Environmental Energy-Related Business:** Exhaust gas treatment system equipment & maintenance project sales were weak.
- **Promotion of Industry 4.0 Business:** In the 1H, precision vibration isolation system sales were particularly robust, with gear testing system sales strength from the 3Q.



## Key Management Indicators

(Million Yen)	1-3Q 5/24	1-3Q 5/25	YoY (%)
Sales	4,880	5,303	8.7
OP	745	1,273	71.0
OPM	15.3%	24.0%	—
RP	817	1,275	56.0
NP	549	902	64.2
EPS	¥50.54	¥82.48	—

- In the 1-3Q, we recorded a YoY increase in both sales & OP, driven by strong IoT-Related & Promotion of Industry 4.0 performance.
- The IoT-Related business recorded robust 1H illuminator sales, primarily to our main domestic customer.
- In the Environmental Energy-Related business, exhaust gas treatment system & maintenance project sales were weak.
- In the Promotion of Industry 4.0 Business, 1H precision vibration isolation system sales were particularly robust, followed by gear testing machine sales strength from the 3Q.

# FY Forecast Progress

IoT-Related

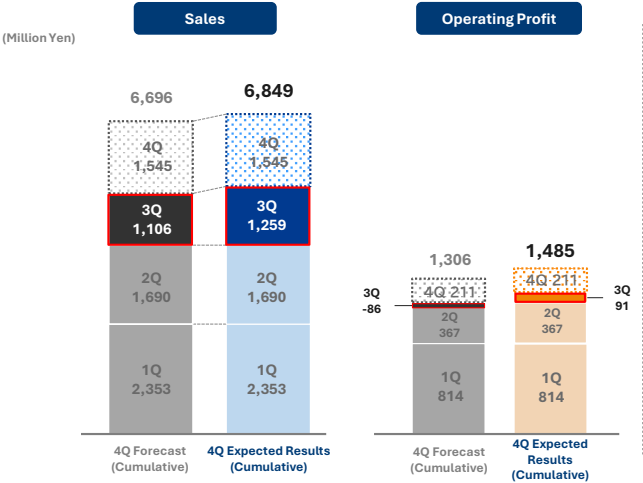
Environmental  
Energy-Related

Promotion of  
Industry 4.0



## POINT

- Both the isolated 3Q & 1-3Q were slightly above forecast.
- If the 4Q progresses as projected, we expect FY results to be roughly in line with plan, with sales exceeding the target by approximately ¥153 million & OP by ¥178 million.

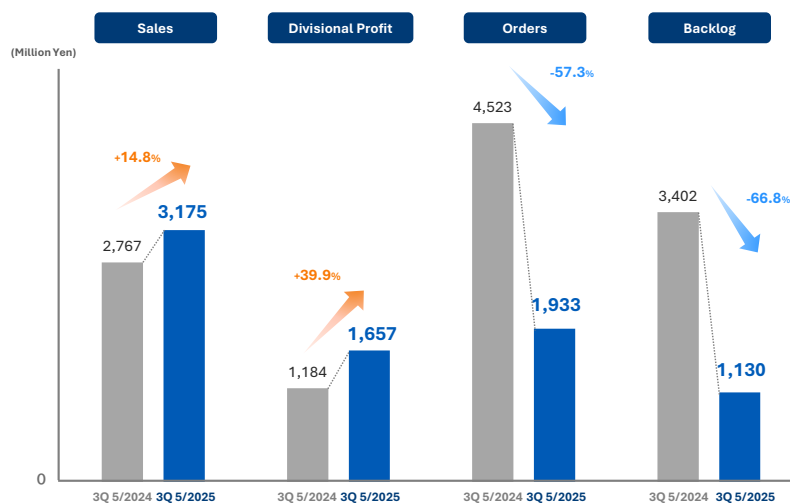


## Key Management Indicators

(Million Yen)	FY 5/25 Consolidated Earnings Forecast	FY 5/25 Expected Results	Progress Rate (%)
Sales	6,696	6,849	102.3
OP	1,306	1,485	113.7
OPM	19.5%	21.7%	—
RP	1,319	1,487	112.8
NP	906	1,027	113.3
EPS	¥82.84	¥93.83	—

- Both the isolated 3Q and 1-3Q were slightly above forecast.
- If the 4Q proceeds as anticipated, we expect FY results to be roughly in line with plan, with sales exceeding the target by approximately ¥153 million & OP by ¥178 million.

In the 1H, **sales & OP** increased due to strong illuminator sales to our main domestic customer.



➤ In the 1H, inspection-use illuminator sales primarily to our main domestic customer were strong.

➤ In the 2Q, we continued to receive inquiries from overseas customers (mainly European) for inspection-use illuminators.

➤ We also continued to receive additional inquiries for Pupil Lens Modules® from our main overseas customer in the 2Q.

➤ Orders & order backlog remained weak due to large-scale capex at our main domestic customer in the previous FY.

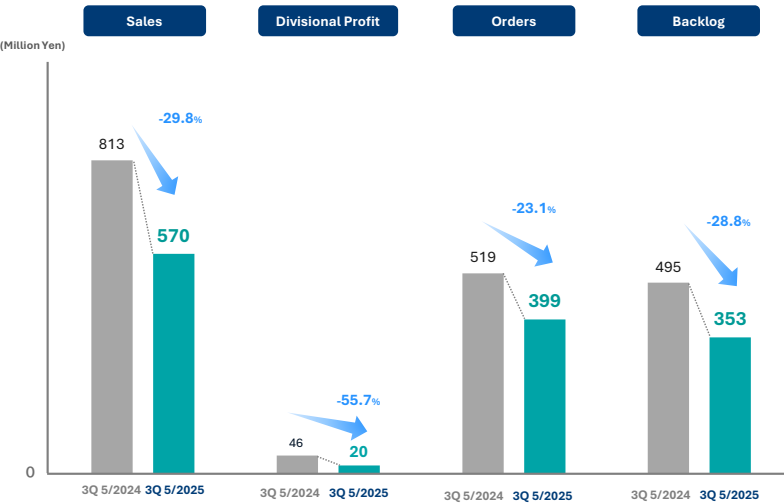
#### In addition

➤ To support the development of the Pupil Lens Module® automated production line, we have started installing essential automation equipment at the Kumamoto facility. Operational testing & evaluations will be conducted as needed.

- The IoT-Related business (which primarily consists of inspection-use illuminators & Pupil Lens Modules®), sales & OP increased due to strong domestic illuminator sales in the 1H.
- In the 2Q, we continued to receive inquiries from overseas customers (mainly European) for inspection-use illuminators.
- Due to large-scale capex at our main domestic customers in the previous FY, orders & backlog have remained weak.
- To prepare for the construction of the Pupil Lens Module® automated production line, we are installing essential automation equipment at the Kumamoto facility, where we are conducting operational checks & evaluations as needed.

Environmental Energy-Related Business

Exhaust gas treatment system sales were weak, resulting in **declining sales & OP.**



+

➤ Drying deodorizer equipment unit & maintenance sales were strong.

-

➤ Exhaust gas treatment system equipment & maintenance sales were weak.

In addition

➤ Internal verification of the AE sensor (failure prediction sensor) has been completed. Test units have been delivered to the customer.

➤ In the Environmental Energy-Related Business (which primarily consists of drying deodorizer equipment & exhaust gas treatment systems), sales & OP declined YoY due to weak sales in the exhaust gas treatment area of both equipment units & maintenance projects.

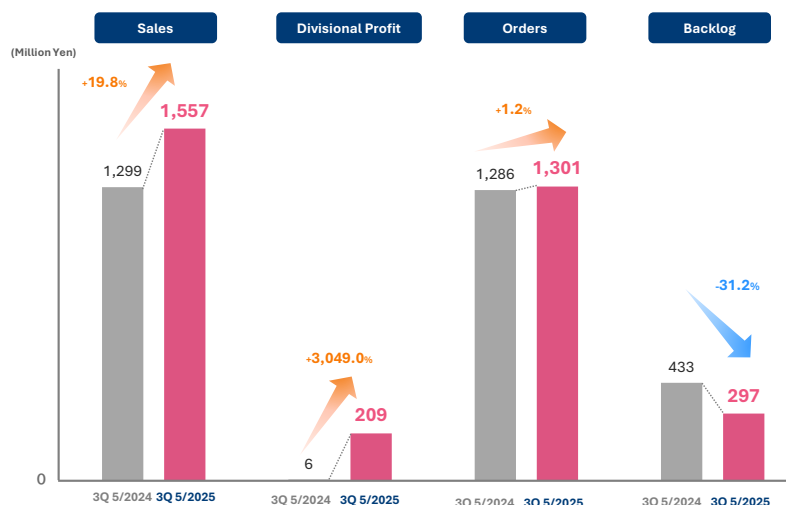


## Promotion of Industry 4.0 Business

Promotion of  
Industry 4.0



Product sales of precision vibration isolation & gear testing systems were strong,  
resulting in **increased sales & OP**.



➤ In the 1H, precision vibration isolation system sales were particularly strong.  
➤ From the 3Q, gear testing system sales were especially robust.

➤ Developing a medium- to long-term growth strategy remains a key concern. Led by the VG Strategy Office, efforts are underway to create new growth-oriented businesses.

### In addition

➤ We have received new inquiries from domestic automobile manufacturers for our recently developed roughness testing equipment.  
➤ We have delivered 5 units of our vibration monitoring app, & efforts to secure additional orders are ongoing.  
➤ We expect sales of a general-purpose platform version for our AI image processing equipment to begin within the current FY. The product is targeted at customers whose previous inquiries did not progress due to cost-related concerns.

- The Promotion of Industry 4.0 business (which primarily consists of precision vibration isolation systems & gear inspection equipment) recorded YoY sales & OP growth, driven by strong 1H precision vibration isolation systems sales, followed by robust gear testing machine sales from the 3Q.
- In the gear testing equipment segment, we have received new inquiries from domestic auto manufacturers for our recently developed roughness testing equipment.
- We have delivered 5 units of our vibration monitoring app & we are continuing efforts to secure additional orders.
- As for our AI image processing system, we expect to launch a more versatile platform-type product within the current FY, targeted at customers whose previous inquiries did not progress due to cost-related concerns.

Progress Updates by Division

## Current Status & Next Steps for Sustainable Growth

- We will now explain how each of our businesses is progressing.

# IoT-Related Business (Image Sensor Inspection Business): Current Status of Core Markets & Progress in Key Focus Areas

IoT-Related



New orders for illuminators have temporarily slowed. With technological advancements in AI, mobiles, & autonomous driving, we anticipate a medium- to long-term recovery in investment demand. Pupil Lens Module® demand continues to grow steadily among both domestic & overseas customers. In preparation for future mass production, an automated manufacturing line is currently under construction at the Kumamoto facility.

## Main Domestic Customer

## Main Overseas Customer

Business & Customer Trends

Future Strategies

### Illuminators

### Pupil Lens Modules\*

Following a large order received in the 2Q, new orders have temporarily slowed.

We continue to propose modification projects aimed at improving customer productivity.

New orders have temporarily slowed.

- We aim to demonstrate leadership across 3 strategic initiatives:
- (1) Eliminating product variation: Modification Project ①
  - Adjusting subtle differences between individual units.
  - ➔ Currently under consideration for adoption by customers.
- (2) Space optimization: Modification Project ②
  - Enhancing productivity per unit area at customer sites.
  - ➔ Continuing 2Q efforts to make proposals for retrofitting existing equipment (e.g. expanding light irradiation area). Customers are currently reviewing adoption plans, taking into account the performance of new illuminators.
- (3) Data Utilization
  - ➔ Collaborating with partner companies. Currently being proposed to customers.

- Efforts to introduce the Pupil Lens Module® automated manufacturing system are well underway, with operations on track to begin in FY 2026 as scheduled.
- ➔ Renovations at the Kumamoto facility are progressing smoothly, & equipment is now being installed across each stage of the production line. Full operations will be phased in gradually.

### Illuminators

### Pupil Lens Modules\*

While capex is ongoing, it remains modest in scale.

While adoption of the mass-production model is underway, we expect full-scale implementation from the next FY.

For the jointly developed product with our partner company, improvement measures are currently being implemented in preparation for customer proposals.

- We continue to provide existing equipment.
- We are continuing to explore the development of next-generation systems.
- ➔ In preparation for a rebound in customer capex, we are advancing development efforts to anticipate future needs.

- Efforts Toward Mass Production
  - ➔ Full-scale implementation is expected in the next FY.
  - Ongoing efforts are underway to ensure stable mass production of Pupil Lens Modules\*.
- Joint Development with Partner Company
  - ➔ Improvement efforts are in progress ahead of customer proposals, with completion targeted for next FY.

- Capex at image sensor manufacturers, our core customers, has recently shown signs of pausing, but, in the medium to long term, we expect it to recover, supported by mobile, automotive, & AI-related demand.
- In particular, inquiries for the Pupil Lens Module® have been increasing from both domestic & overseas customers. To prepare for this growing demand, we are moving forward with the development of an automated production line at our Kumamoto facility.
- This initiative will enhance production efficiency while ensuring consistent quality, allowing us to continue reliably meeting our customers' demands.

## IoT-Related Business: Current Status of Core Markets & Progress in Key Focus Areas

- Illuminator sales to our European customer have been steady, with demand expected to continue.
- There has been an increase in inquiries for high-precision products, & both the US & European markets are recognizing the superiority of our technology.

	US Customer①	US Customer②	European Customer
Business & Customer Trends	<p>Approach is focused on vehicle-mounted (sensing) equipment.</p> <p><b>Currently evaluating a demo unit of the high-end illuminator model.</b></p> <p><b>Due to the customer's project delay, the evaluation is expected to be completed from next FY.</b></p>	<p>Capex is primarily focused on mobile &amp; vehicle-mounted equipment.</p> <p>We have received inquiries but have not yet made any sales.</p>	<p><b>We have received large orders for sensing-use illuminators (including mobile &amp; vehicle-mounted).</b></p>
Future Strategies	<ul style="list-style-type: none"> <li>■ We will continue collaborating with our partner companies to introduce vehicle-mounted illuminators.</li> <li>■ We are targeting the introduction of the <b>high-end model</b>.</li> <li>■ We will advance the development of the <b>middle-end model</b>.</li> </ul>	<ul style="list-style-type: none"> <li>■ We will continue to gather data.</li> <li>■ We will continue development of the low-end model.</li> <li>■ We are also considering proposals for the Pupil Lens Module®.</li> <li>■ <b>We will advance development with the goal of approaching customers by the next to following FY.</b></li> </ul>	<ul style="list-style-type: none"> <li>■ We will continue to respond to inquiries (for sensing-use illuminators, post-processing illuminators, modification projects etc.)</li> <li>■ At present, inquiries for illuminators are primarily for <b>high-end, sensing-oriented models</b>.</li> </ul>

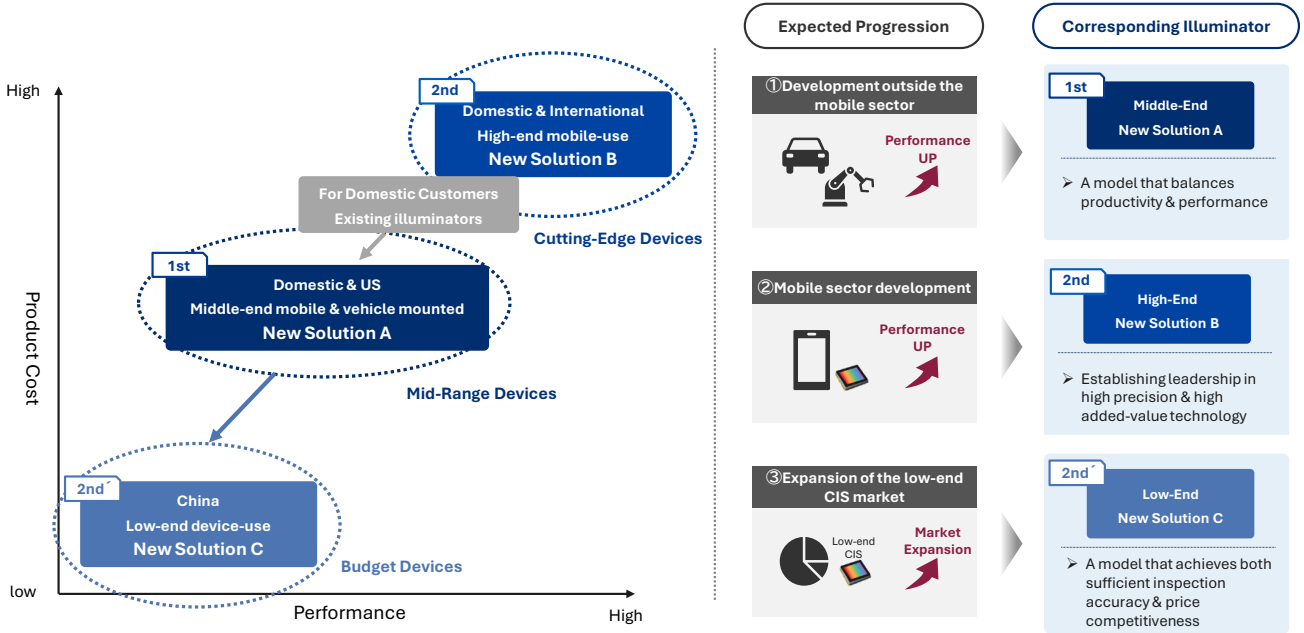
- Illuminator sales to the European market have been stable this FY.
- In particular, we have seen an increase in adoption in sectors with high-quality requirements & specialized applications. We are pleased to see our technology gaining recognition.
- Moving forward, we will continue to focus on developing products that meet the needs of our customers & strengthening our comprehensive support systems to drive sustainable growth.

## IoT-Related Business: Addressing Diversifying Needs & Product Development Strategy

IoT-Related



- By placing 'the improvement of customer productivity' at the core of our business strategy, we aim to develop products tailored to 3 key markets. This will allow us to address a wide range of customer needs & fully leverage our technological capabilities & ability to make proposals.



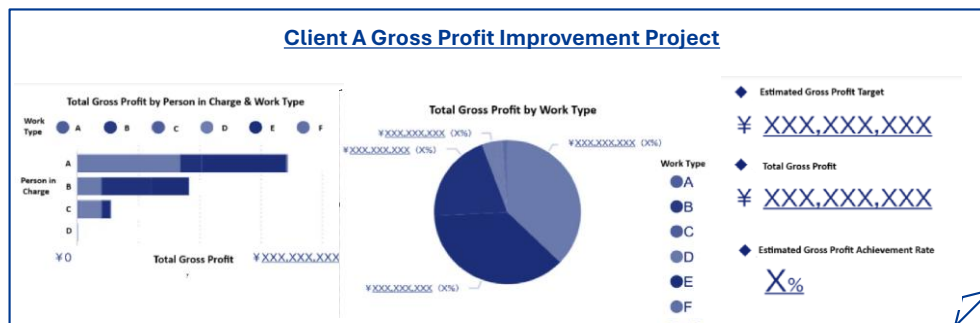
- In response to the dynamic trends in the mobile industry & auto market, we are advancing product development in three distinct markets.
- First, for the mid-range market, we will offer models that balance productivity & performance, targeting vehicle-mounted & mid-priced mobile devices. In this sector, ease of use & stability in mass production environments are key, so we will focus on design & development that is aligned with onsite conditions.
- Next, for the high-end market, we will introduce flagship models that are high-precision & value-added, aimed at advanced domestic & overseas customers (our core customers), delivering solutions that support the quality assurance of cutting-edge devices.
- Finally, for the low-end market, we will primarily target cost-conscious Chinese customers, offering models that provide the minimum required performance while ensuring sufficient inspection accuracy & price competitiveness.
- By developing products tailored to these three markets, we aim to meet a wide range of customer needs, fully leveraging our technological capabilities & expertise in proposing solutions.

## VG Strategy Office: Sales Transformation & Profitability Improvement through 4DX

- The VG Strategy Office is leading initiatives to strengthen operational execution capabilities, improving profitability.
- To further enhance the profitability of existing businesses, we have introduced the '4 Disciplines of Execution' or '4DX' framework into our sales structure.
- By focusing on the specific actions each individual must take, the aim is to maximize both sales performance & operational efficiency.



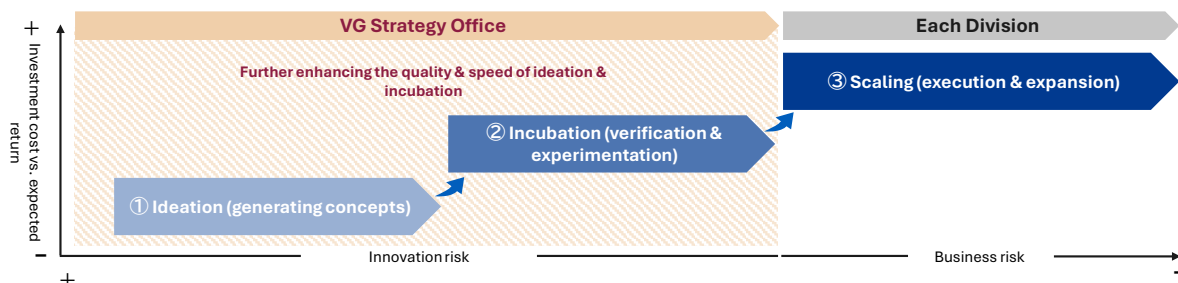
### Example Initiative: Gross Profit Improvement Project



- To further improve the profitability of our existing businesses, we have introduced '4DX' (the 4 rules of execution) in our sales department. This framework not only focuses on setting goals but also on developing a system to actually achieve them.
- First, as well as clearly defining the most important objectives, such as sales & profit margins, we share specific leading indicators, such as the number of negotiations & proposals, within the team. We then visualize each member's actions on a dashboard & conduct weekly reviews to make small, incremental improvements.
- Through these daily efforts, we aim to steadily enhance our sales execution capabilities, improving the profitability & productivity in our existing businesses.

## VG Strategy Office: Advancing Product Strategy & Marketing Activities

- At the VG Strategy Office, the core hub for product planning & marketing, we are not only advancing existing product lines but also proactively tackling new markets & applications. We aim to identify areas that may become key pillars of future growth & carefully develop the products & businesses that will support our vision.

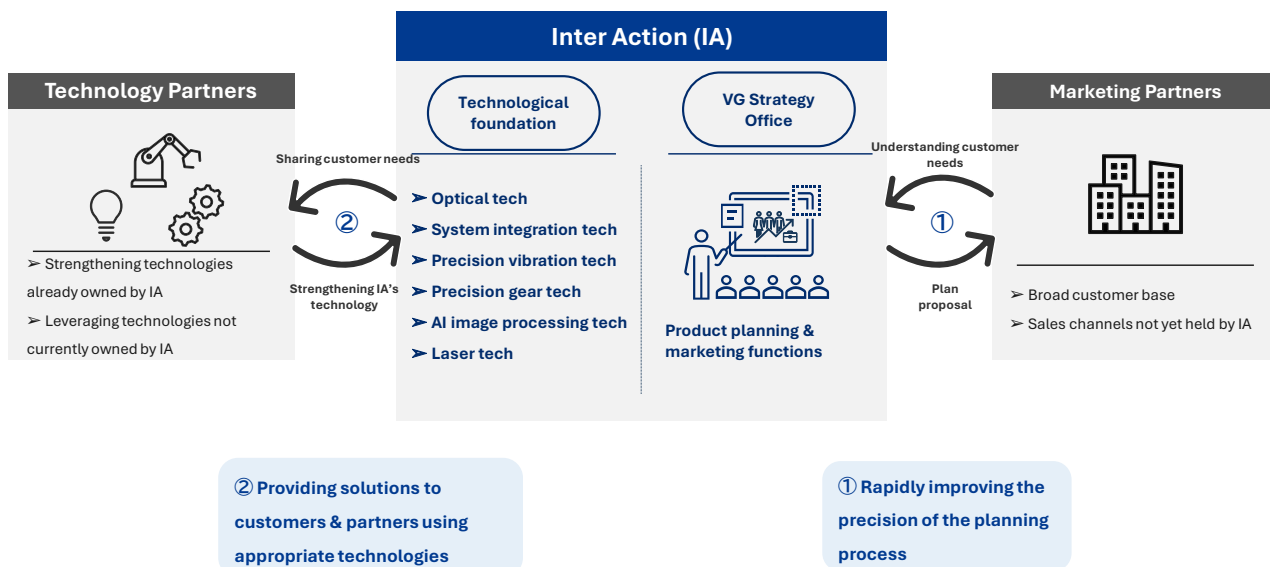


### Schedule

Schedule		2025		2026		2027	
		1H (Jan-June)	2H (July-Dec)	1H	2H	1H	2H
1. Newly launched businesses (AI image processing equipment, vibration monitoring applications etc.)	② Incubation	<div></div>		Ongoing			
	③ Scaling		<div></div>	Ongoing			
2. New business creation	① Ideation		<div></div>				
	② Incubation			<div></div>			
	③ Scaling					<div></div>	
3. Establishing sales channels		<div></div>					

- Currently, we have established the VG Strategy Office as the core organization responsible for product planning & marketing, & it is intensifying its activities.
- This organization is involved in conducting research, planning, & strategy formulation focusing on how to create new product value while accurately capturing market changes & customer needs.
- In addition to the development of existing products, we are also exploring the potential for entirely new markets & applications. Through close collaboration with manufacturing, development, & sales, we aim to identify areas that will become future growth pillars.
- As for our new business creation, we aim to achieve concrete results by 2027, & plan to continue to carefully develop products & businesses that will support our future, starting from the VG Strategy Office.

Partnerships can accelerate the timeline to achieve our goals.

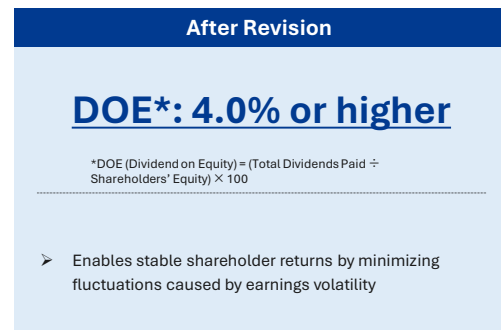
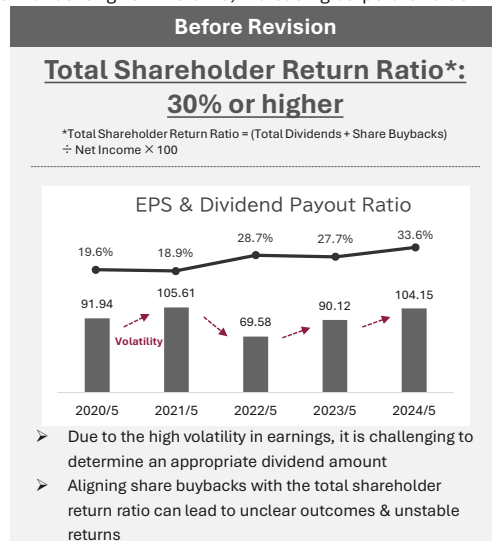


- To accelerate our business growth, we plan to build strategic partnerships moving forward. While no specific partners have been decided as yet, we aim to form alliances that will strengthen our capabilities & speed in product planning & marketing.
- First, we aim to establish partnerships that will allow us to access a broader customer base. Our business is focused on specific markets & customers, & we do not possess a wide-ranging customer network. As we expand into new areas, understanding customer needs will be crucial. Partnering with companies that have an extensive customer base will enable us to quickly enhance the precision of our planning & gain access to distribution channels we currently do not have.
- Furthermore, even if we understand customer needs, we cannot drive sales & profit growth without the ability to realize those needs. Therefore, we plan to strengthen our existing technological capabilities while also forming partnerships with companies that possess technologies we currently do not, allowing us to provide our customers & partners with solutions that leverage the most appropriate technologies.
- We believe partnerships are a powerful means to accelerate the timeline to reach our goals, & we are committed to making them a reality.



## Revision of Shareholder Return Policy

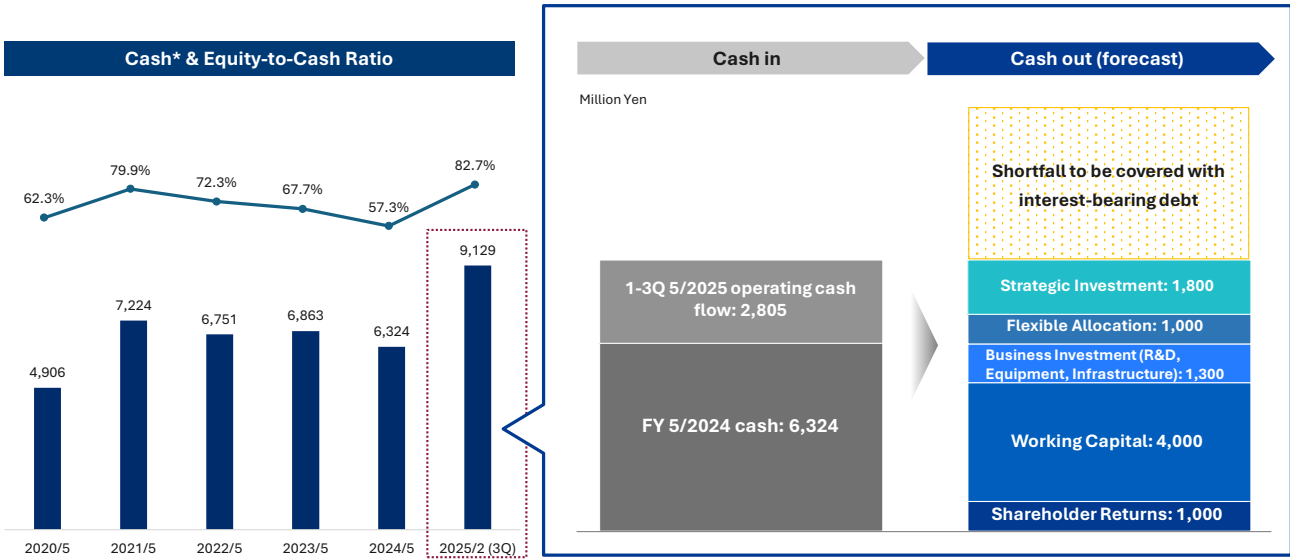
- We have set a **DOE target of 4.0% or higher**. We are able to maintain a stable dividend, which is less susceptible to short-term performance fluctuations.
- Through the appropriate use of shareholders' equity, which underpins dividend distributions, we aim to improve capital efficiency.
- Moving forward, the company will continue to pursue a balance between financial soundness & growth investment, while seeking ways to enhance long-term returns, increasing corporate value.



- Until now, our shareholder returns were based on a target total return ratio of 30% but, in pursuit of a more stable & sustainable return policy, we have decided to shift to a new standard targeting a DOE (Dividend on Equity) of 4.0%.
- This change will enable us to maintain stable dividends that are less susceptible to short-term fluctuations in business performance.
- In addition, by effectively utilizing shareholder equity, which underpins dividend distributions, we believe this approach will also lead to improved capital efficiency.
- Moving forward, we aim to continue to strike a balance between financial soundness & growth investment, while striving to enhance corporate value over the medium to long term through shareholder returns.

# Cash Allocation

- Our equity-to-cash ratio is strong. To make effective use of available cash, we have established a cash allocation strategy.
- Balancing financial stability in our operations, business growth, & shareholder returns, we remain committed to driving corporate value.
- For initiatives such as alliances or M&A, we will consider leveraging interest-bearing debt when appropriate.



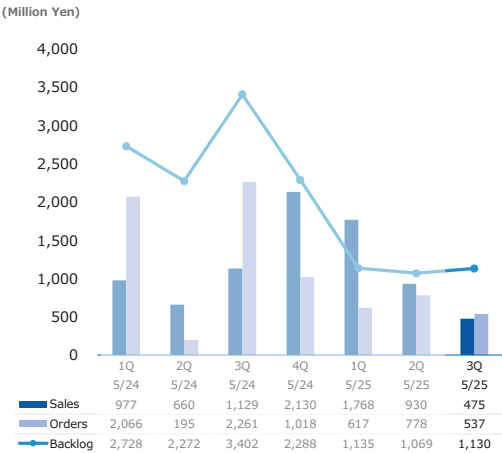
- Our company currently maintains a sound financial foundation with a net cash position of ¥9.129 billion. To achieve both sustainable growth & optimized capital efficiency going forward, we are developing a cash allocation policy built on 6 pillars.
- Firstly, we will maintain & strengthen shareholder returns through stable dividends based on our DOE target, with an allocation of ¥1.0 billion.
- In parallel, we plan to secure working capital (¥4.0 billion) & expand business investments (¥1.3 billion) in both existing operations & new business initiatives.
- To maintain financial stability, we will also set aside ¥1.0 billion for flexible allocation to address earnings volatility, allow for agile responses.
- Based on these priorities, the remaining funds will be allocated toward strategic investments (¥1.8 billion), with the goal of capturing business opportunities that enhance future corporate value.
- Additionally, we are considering the use of external financing to ensure we maintain flexibility in executing growth & strategic investment initiatives, such as M&A & strategic alliances.

**Appendix ①**

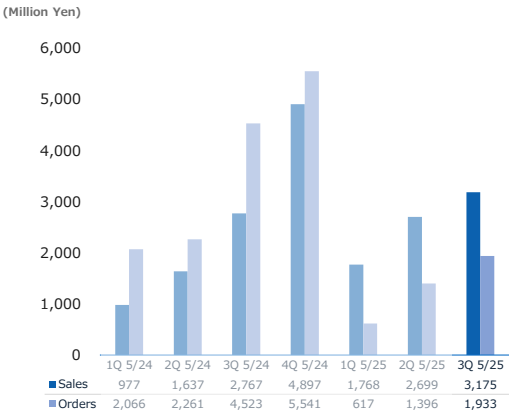
**Sales, Orders & Order Backlog**



Sales/Orders/Order Backlog (by quarter)

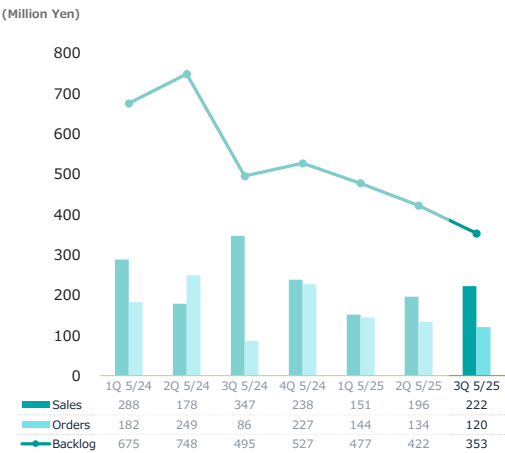


Sales/Orders (cumulative)

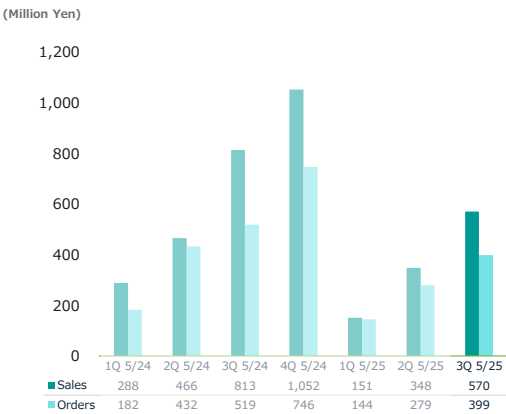




Sales/Orders/Order Backlog (by quarter)

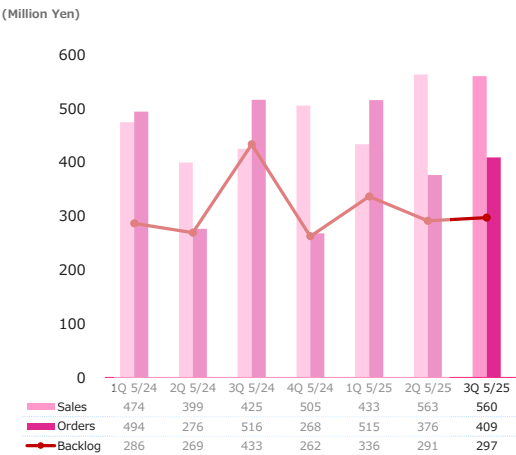


Sales/Orders (cumulative)

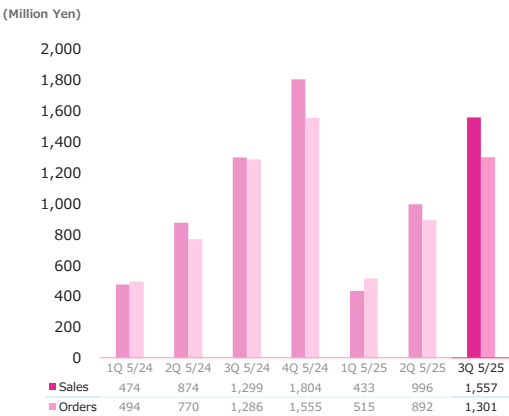




Sales/Orders/Order Backlog (by quarter)



Sales/Orders (cumulative)



Entire Group

IoT-Related

Environmental  
Energy-Related

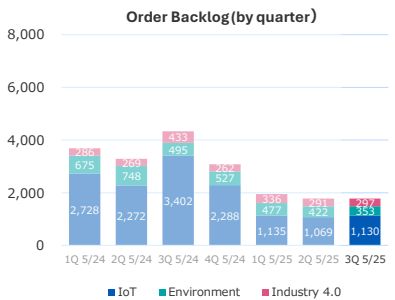
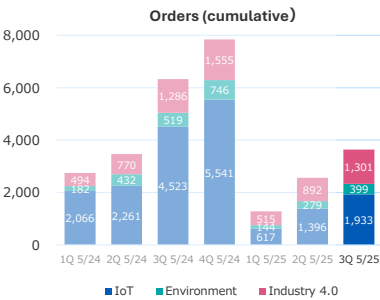
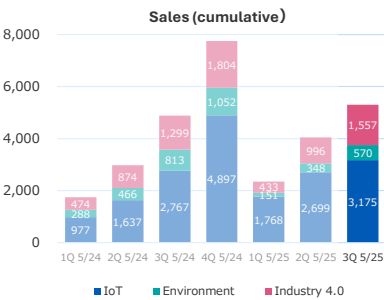
Promotion of  
Industry 4.0



3Q 5/2025

(Million Yen)

Businesses	Sales		Orders		Order Backlog	
	Results	YoY Growth	Results	YoY Growth	Results	YoY Growth
IoT-Related Business	3,175	14.8%	1,933	-57.3%	1,130	-66.8%
Environmental Energy-Related Business	570	-29.8%	399	-23.1%	353	-28.8%
Promotion of Industry 4.0 Business	1,557	19.8%	1,301	1.2%	297	-31.2%
Total	5,303	8.7%	3,634	-42.6%	1,781	-58.9%



**Appendix ②**  
**Company Information**



## Company Information



Name	INTER ACTION Corporation
Established	June 25, 1992
Representative	Nobuo Kiji CEO & President
Capital	1,760 million yen
Employees	128 (entire group as of May 2024)
HQ Address	14 <sup>th</sup> Fl. Yokohama Kanazawa High-Tech Centre 1-1 Fukuura, Kanazawa Ward, Yokohama City Kanagawa Prefecture 236-000 TEL: 045-788-8373 FAX: 045-788-8371
Offices	Naka Ward, Yokohama City Koshi City, Kumamoto Prefecture Nagasaki City, Nagasaki Prefecture

Exchange	Tokyo Stock Exchange Prime Market
Code	7725
Fiscal Year	1 <sup>st</sup> June to 31 <sup>st</sup> May
URL	<a href="https://www.inter-action.co.jp">https://www.inter-action.co.jp</a>
Group Companies	AIR GASES TECHNOS CO., LTD. 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 Lastec Co., Ltd.

## Company Information



KPIs	Equity Spread ROE
Dividend Policy	Over 4.0% DOE
M&A Policy	<ul style="list-style-type: none"><li>- Growing fields, or fields with growth potential</li><li>- Fields in which our accumulated technological expertise &amp; business know-how can be used to develop the business</li><li>- NPV positive when estimated cash flow is discounted by the WACC for the next 5 years</li></ul>

### 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 IR 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 Team

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.