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Agenda

1. **Summary of Financial Results**
2. **Progress Updates by Division**
   - IoT Related Business (Image Sensor Inspection Business)
   - Laser Business
   - AI Image Processing Equipment Business
   - Vibration Solutions Business
   - Strengthening the Organizational Structure

-Appendix-

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- Presidential Administration Office Head Yoshizawa (Executive Officer, Management Operations Division, Corporate Management Department) will speak on the first point – 'Summary of Financial Results'.
- Our CEO and President, Nobuo Kiji, will speak on the second point – 'Progress Updates by Division'.

Summary of Financial Results

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

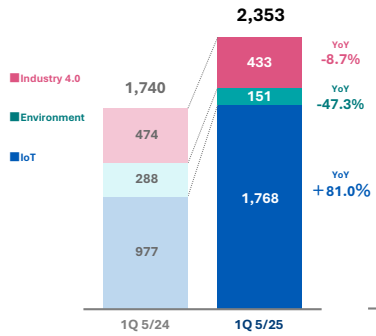
1Q Results

KEY POINTS

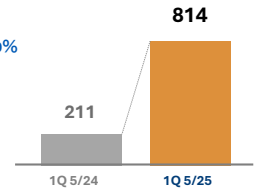
- Consolidated 1Q sales and OP increased YoY, mainly due to strength in the IoT Related Business.
- **IoT related business:** Domestic sales of our new illuminator model and Pupil Lens Module® were strong.
- **Environmental Energy related business:** Sales of drying deodorizer equipment and maintenance for exhaust gas treatment systems were weak.
- **Promotion of Industry 4.0 business:** Precision vibration isolation system and gear testing equipment sales were weak.

Sales

(Million Yen)



Operating Profit



Changes in Major Management Indicators

(Million Yen)	1Q 5/24	1Q 5/25	YoY Growth (%)
Sales	1,740	**2,353**	35.3
OP	211	**814**	285.7
OPM	12.1%	**34.6%**	–
RP	239	**779**	224.7
NP	150	**529**	251.6
EPS	¥13.90	**¥48.62**	–

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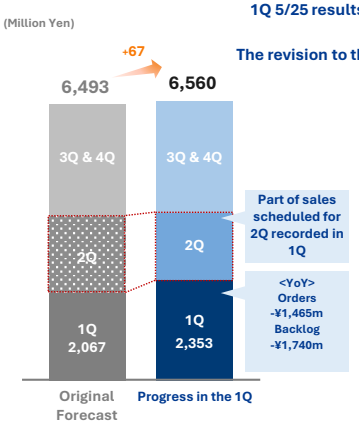
- In the 1Q, we recorded ¥2.35bn sales, ¥814m OP, ¥779m RP, ¥529m NP, ¥48.62 EPS.
- Sales increased 35.3%YoY and OP increased 285.7%YoY.
- In the IoT related business, domestic sales of our new illuminator model and Pupil Lens Module® were strong.
- In the Environmental Energy related business, sales of drying deodorizer equipment and maintenance for exhaust gas treatment systems were weak.
- In the Promotion of Industry 4.0 business, precision vibration isolation system and gear testing equipment sales were weak.

FY Forecast Progress

KEY POINTS

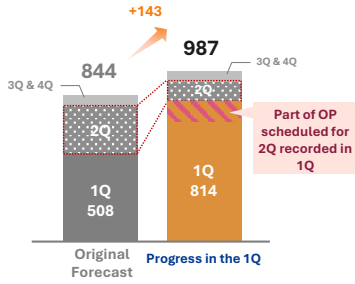
- We expect FY 5/25 sales to be skewed towards the 1H.
- 1Q results included some IoT related projects that were originally scheduled to be delivered in the 2Q.
- We raised our forecast due to the reversal of provisions for doubtful receivables in the 1Q 5/25, and ahead of plan deliveries in the IoT related business. However, it is only a slight revision in light of the significant YoY decline in orders and order backlog, particularly in the IoT related business.
- The decline in orders and backlog was assumed in the original forecast.

Sales



Operating Profit

1Q 5/25 results include the portion of sales brought forward from the 2Q.
The revision to the FY forecast is only minor given the decline in orders and backlog.



Changes in Major Management Indicators

(Million Yen)	Original FY 5/2025 Consolidated Earnings Forecast	Revised FY 5/2025 Consolidated Earnings Forecast	1Q 5/25 Results	Progress Rate (%)
Sales	6,493	**6,560**	**2,353**	35.9
OP	844	**987**	**814**	82.5
OPM	13.0%	**15.0%**	**34.6%**	_
RP	867	**965**	**779**	80.7
NP	559	**652**	**529**	81.2
EPS	¥51.36	**¥59.88**	**¥48.62**	_

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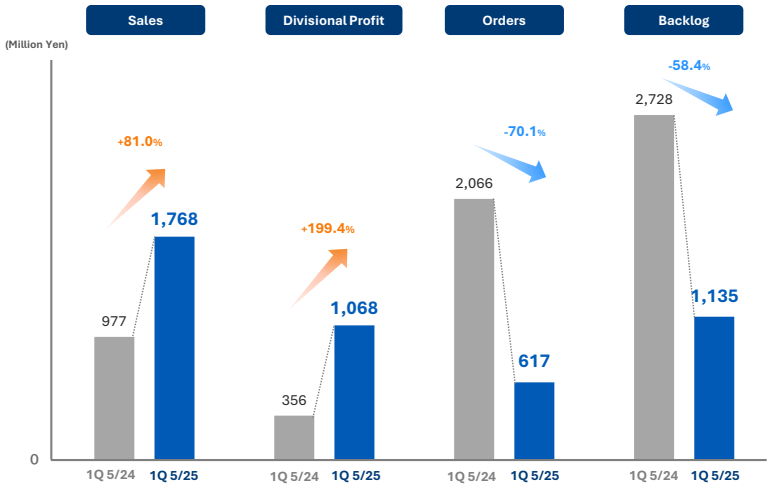
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- Based on 1Q strength, we raised our FY 5/25 forecast.
- However, it is only a slight revision, in light of the significant YoY decline in orders and order backlog, particularly in the IoT related business.
- In our revised forecast, we are projecting ¥6.56bn sales, ¥987m OP, ¥965m RP, ¥652m NP, and ¥59.88 EPS.

IoT Related Business

Both **sales and OP increased,** primarily due to strong sales to our main domestic customer.

However, **orders and order backlog declined** due to FY 5/24 strength.



➢ Domestic illuminator and Pupil Lens Module® sales were particularly strong.
➢ In the 1Q 5/24, sales were mainly of existing low-margin models. In the 1Q 5/25, profitability improved as sales shifted to new models.

➢ Orders and the order backlog decreased significantly due to a temporary decline in customer capex demand, following strong domestic capex demand in the 1Q 5/24, as well as large-scale FY 5/24 domestic capex.
➢ Visibility remains low regarding the capex situation at our major overseas customer.

Additionally

➢ We reviewed our organizational structure and established the **'VG Strategy Office'*.**
Its goal is to create new value beyond our existing products.
We also aim to establish businesses that do not rely on customer capex trends.

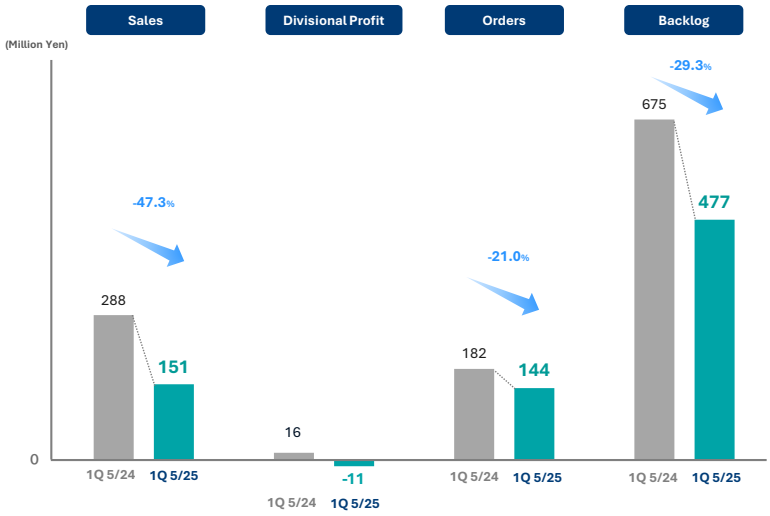
***VG=Value Generation**

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- In the IoT related business (which primarily consists of image sensor inspection use illuminators and Pupil Lens Modules®), sales to our main domestic customer were strong.
- As a result, both sales and divisional profit increased YoY.
- However, there was a reactionary YoY decline in orders and order backlog.
- In the 1Q 5/24, illuminator sales were mainly for our existing low-margin models. In the 1Q 5/25, profitability improved as sales shifted to new models.
- Following strong domestic capex demand last year, we anticipate a slowdown, and expect visibility to remain limited regarding the capex situation at our main overseas customer.
- In response to this situation, we have reviewed our organizational structure and established the 'VG Strategy Office'. Our goal is to create new value beyond our existing products and establish businesses that do not rely on customer capex trends.

Environmental Energy Related Business

Sales and OP declined mainly due to weak exhaust gas treatment system maintenance sales



➢ Maintenance sales for drying deodorizer equipment were strong.

➢ Drying deodorizer equipment sales were weak.
➢ High-margin maintenance sales for exhaust gas treatment systems were weak. In addition, we expect FY 5/25 capex demand to stabilise YoY due to several large projects falling in the previous year.

Additionally

➢ Work to improve our AE sensors (failure prediction sensors) is in progress.

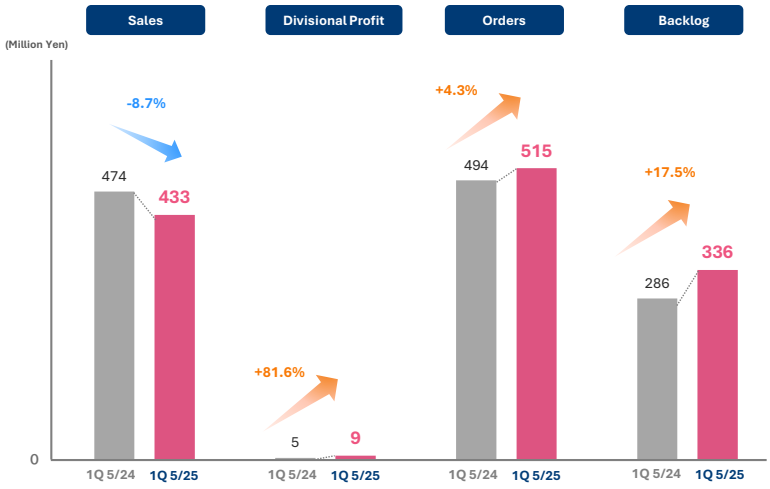
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➢ In the Environmental Energy related business (which primarily consists of drying deodorizer equipment and exhaust gas treatment systems), both drying deodorizer equipment sales and high-margin maintenance sales for exhaust gas treatment systems were weak, causing sales and OP to decline YoY.

Promotion of Industry 4.0 Business

Promotion of Industry 4.0 Business

Sales decreased due to weak precision vibration isolation system and gear testing system sales.
However, **OP increased** due to sales mix improvement in precision vibration isolation systems.



➢ For precision vibration isolation systems, high-margin product sales to overseas customers were strong.

➢ Precision vibration isolation system sales to domestic customers were weak.
➢ Overseas gear testing system sales were particularly sluggish.

Additionally

➢ We made proposals for our vibration monitoring app to Chinese & South Korean customers & installed demo equipment, aiming to add value to existing equipment. Based on the testing of the demo units, we have received dozens of inquiries about the actual equipment.
➢ For gear testing systems, we received orders for new gear roughness testing equipment. We also plan to participate in the JIMTOF 2024 exhibition, using it as an opportunity to expand sales of our new products including roughness testing equipment.

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- In the Promotion of Industry 4.0 business (which primarily consists of precision vibration isolation systems and gear testing systems, & a portion of the Laser business), sales declined YoY. This was due to weak precision vibration isolation system sales to domestic customers and particularly sluggish overseas gear testing system sales.

- However, for precision vibration isolation systems, the proportion of high-margin product sales improved YoY, resulting in Promotion of Industry 4.0 business OP increasing.

- We aim to add value to our existing precision vibration isolation system equipment, and have made proposals for our vibration monitoring app to Chinese & South Korean customers and installed demo equipment. Following positive feedback for the demo equipment, we have received dozens of additional inquiries.

- For gear testing systems, we have received orders for new gear roughness testing equipment and plan to participate in an exhibition this autumn.

Progress Updates by Division

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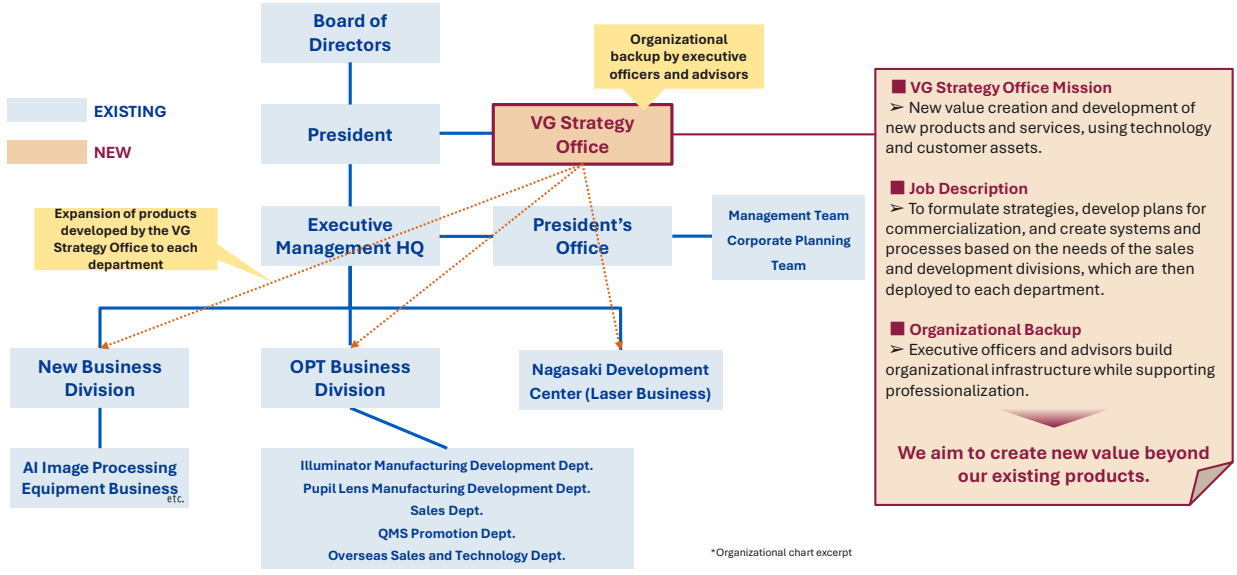
- We will now explain how each of our businesses is progressing.



- Guided by our corporate slogans, 'Client First' and 'EXCELSIOR, LABORAMUS!' ('Let's work to reach new heights!'), we strive to be a creative and innovative company that consistently develops groundbreaking systems each year that transform society.

Strengthening the Organizational Structure

We established the new **'VG (Value Generation) Strategy Office'**, creating an internal structure to develop products each year that foster the prosperity of customers and society.
Leveraging customer assets, we aim to create new, high value-added products that meet the true needs of customers.

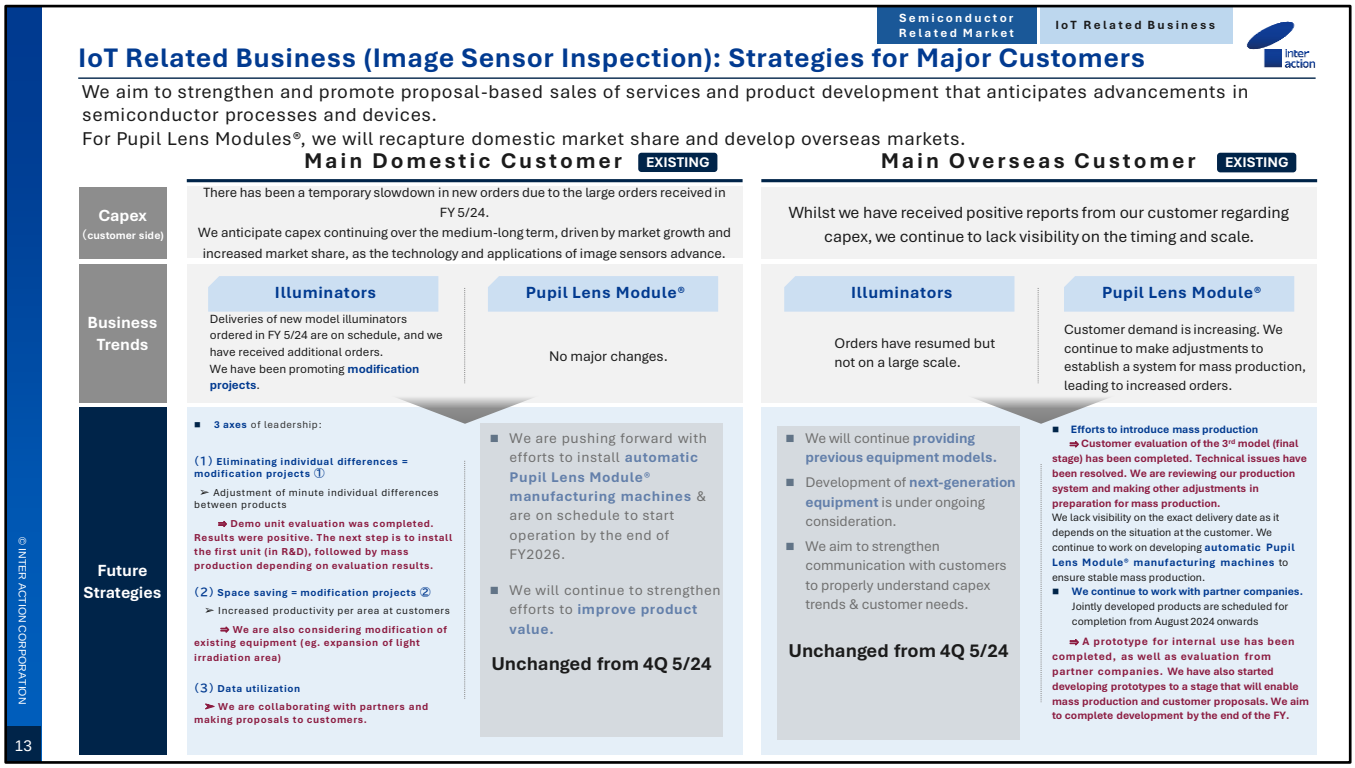


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- In our efforts to strengthen our organizational structure, we established the new 'VG Strategy Office'.
- The mission of the VG Strategy Office is to create an internal structure allowing us to continuously develop products that foster the prosperity of customers and society.
- Leveraging customer assets, we aim to create high value-added products and services that meet the true needs of customers. We aim to build a framework that allows us to generate new value beyond our existing products and supports continuous growth.



- We aim to create new products and services as well as innovate existing products.
- The picture here shows the evolution of image sensors used in smartphone cameras and advancements in the related manufacturing processes.
- The performance of smartphone cameras will continue to advance, driving continual evolution in device manufacturing processes.
- We aim to develop products that align with this evolution.

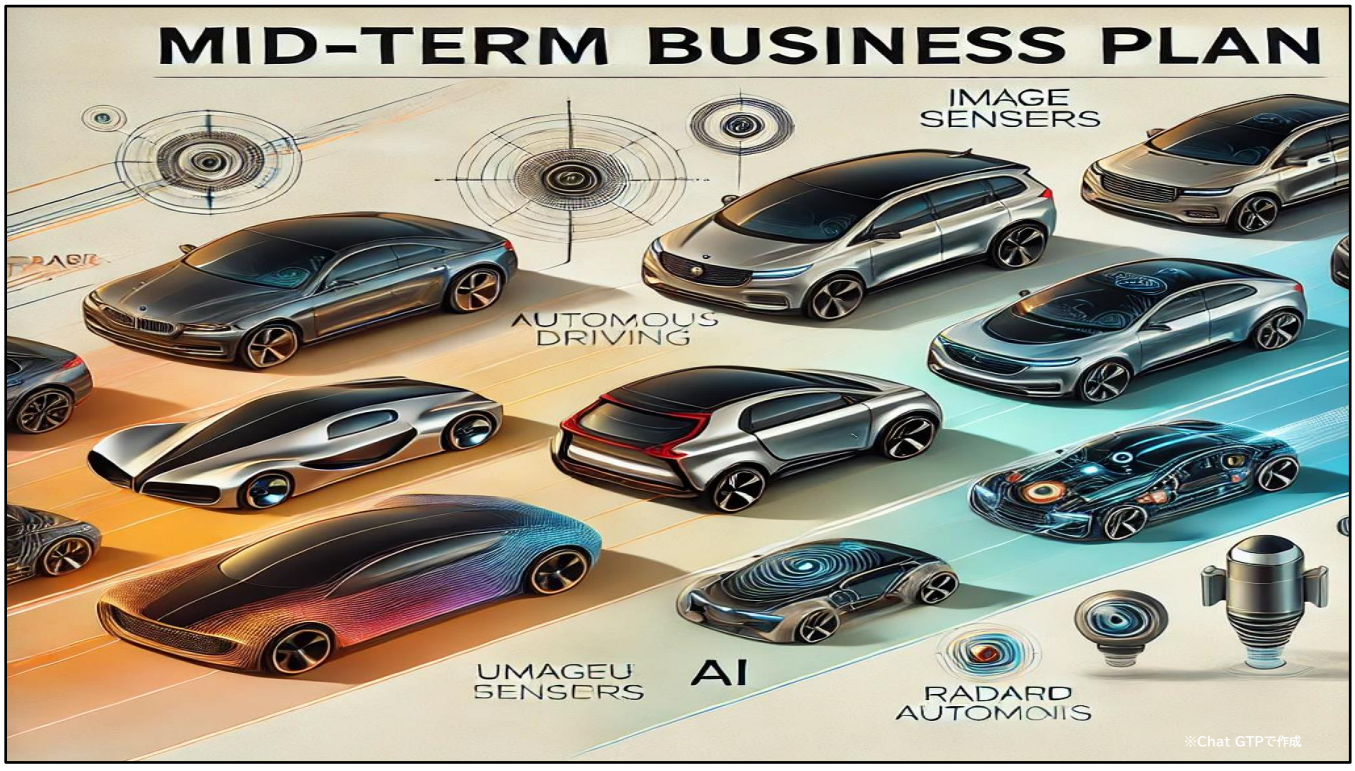


- In the IoT-related business, we will continue to strengthen and promote proposal-based sales efforts for product development and services that keep pace with advancing semiconductor devices and manufacturing processes.

- For Pupil Lens Modules®, we plan to both recapture domestic market share and expand into overseas markets. A key strategy will be joint development with partner companies. We aim to reach the stage where we are able to make proposals to customers within FY 5/25, enabling sales to be recorded in the following fiscal year. We will begin by making proposals to our overseas customers, followed by domestic customers as appropriate, to recapture Pupil Lens Module® market share.

- For illuminators, we are advancing three strategies to support the semiconductor manufacturing process: first, eliminating individual differences between illuminators; second, space saving; and third, utilizing data.

- We aim to create a revenue model that does not depend on capex by incorporating these features into existing products through modifications.



- Beyond smartphones, a key market in the image sensor field is the auto-use (automotive) market.

- Looking ahead, we anticipate the technology advancing to a level where people of all generations can drive safely. Image sensors and sensing devices, such as LiDAR, will play a crucial role in supporting this progress.

Semiconductor Related Market | IoT Related Business

Strategies for Other Customers

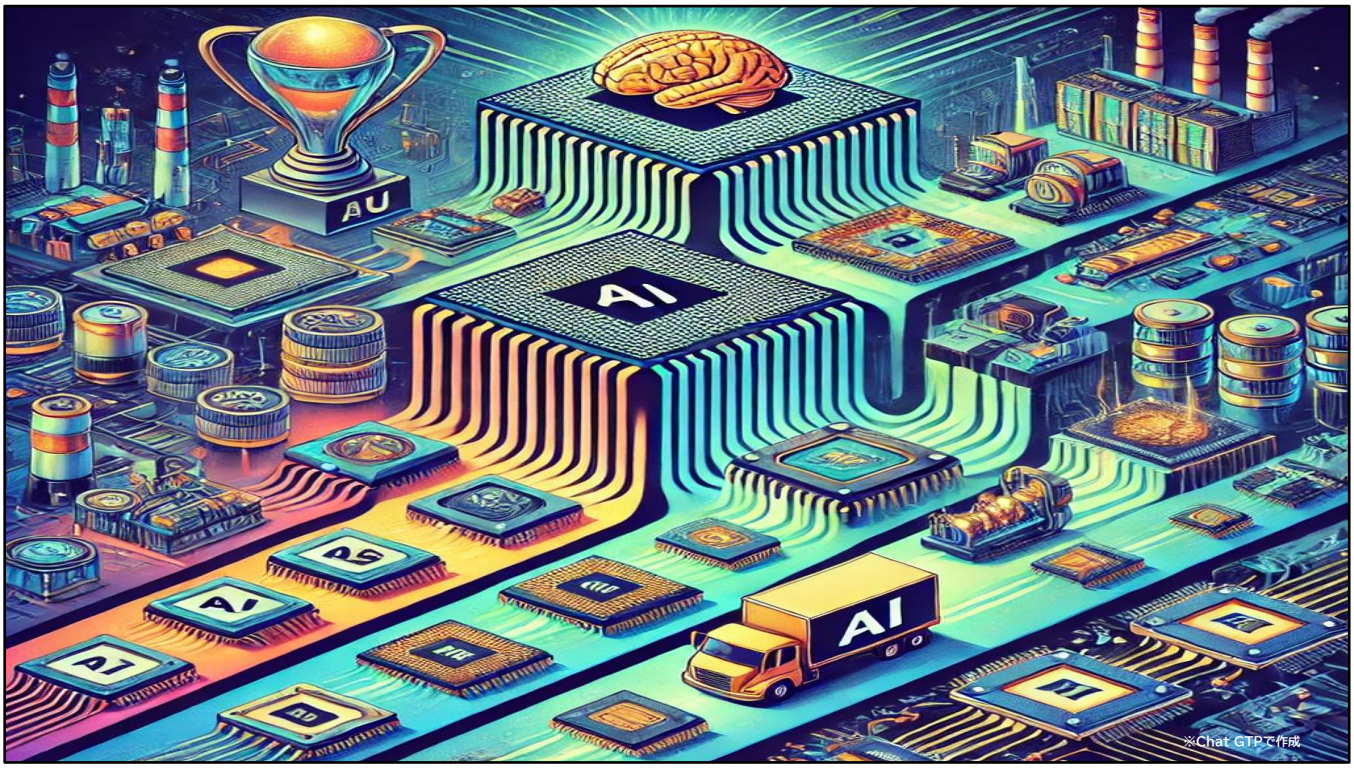
We are striving to develop products that anticipate advancements in vehicle-mounted devices. Installation of demo equipment has been successful.
We aim to expand our customer base through a new revenue model leveraging our brand reputation and confidence.

	American Customer (1) NEW	American Customer (2) NEW	European Customers EXISTING	Chinese Customers EXISTING
Capex (customer side)	Ongoing active capex, particularly for vehicle-mounted (sensing) devices. Currently evaluating demo equipment introduced through our partner company.	Capex is mainly focused on mobile and vehicle-mounted devices. Whilst we have received inquiries, there have been no sales from this customer.	There is a capex shift towards vehicle-mounted (sensing application) illuminators.	In the early stages of producing high-end image sensors, so we expect this to take time.
Business Trends	**Demo units have already been installed at our partner company. There is demand for our high-end illuminator model.**	We are gathering data to better understand customer issues. **We plan to propose a low-end illuminator model.**	No major changes. **Unchanged from 4Q 5/240**	No major changes. **Unchanged from 4Q 5/24**
Future Strategies	■ We aim to continue to work with partner companies to promote vehicle-mounted illuminators. ■ **We will repeatedly make suggestions for improvement based on evaluation results, leading to adoption at customers.**	■ We will continue to gather data. ■ **We aim to develop the low-end model.** ■ **Proposals for Pupil Lens Modules® are under consideration.**	■ In the low-end market, we aim to continue our approach with illuminators and leverage our **technological superiority** to gain orders. ■ We will continue to respond to inquiries (vehicle-mounted illuminators, late production stage illuminators, modification projects etc.).	■ We aim to continue **offering our existing equipment.** ■ **Development of next generation equipment** is under consideration.

High ← Priority level → Low

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- US, European, and Chinese customers will play an important role in contributing to auto-use market growth.
- For US customer ①, we are developing products that anticipate advancements in vehicle-mounted devices and have installed demo equipment. We are currently gathering customer feedback and making active sales efforts. As for US customer ②, we plan to offer demo equipment in the near future.
- With opportunities to expand our sales channels beyond our US customers, we aim to grow our customer base, whilst developing new revenue models, leveraging our brand value and reputation for reliability.



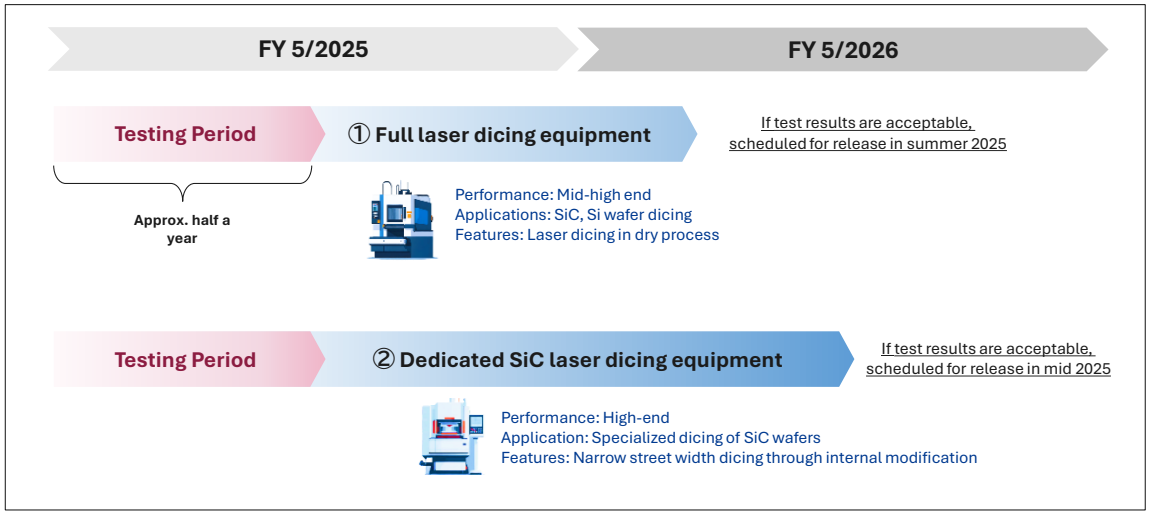
- Nowadays, numerous innovations are emerging from AI technologies, with semiconductors playing a critical role in driving this innovation.
- For semiconductors to deliver improved performance, increased speed, and enhanced data processing capabilities, both the semiconductor devices and their manufacturing processes must evolve.
- In particular, we expect a transition in semiconductor materials driven by advancements in three-dimensional stacking technology, along with the reduction of device circuit widths. In anticipation of this transition, we are exploring opportunities within the laser business.

New Business | Semiconductor Related Market | Promotion of Industry 4.0 Business

Laser business (Observing Market Trends)

Given the rapidly changing competitive environment, we are meticulously designing our products to cater to next-generation semiconductors.

Laser Dicing Equipment Schedule



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- Given the rapidly changing competitive environment of the laser processing market, we believe it is essential to meticulously design our products.
- We anticipate SiC and glass being used as semiconductor interposers in the future, and we aim to release competitive products compatible with these materials and explore related opportunities.

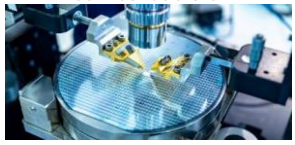
New Business | Semiconductor Related Market | Next Generation Factory Market | Promotion of Industry 4.0 Business

AI Image Processing Equipment Business

We are developing and testing solutions for the semiconductor market, utilizing **customer assets**. We differentiate ourselves through our advanced technology.
We are promoting system **platforming** and preparing to **expand our sales channels from FY 5/26**.
In the future, we aim to develop **system solutions** that utilize image data.

Semiconductor market

Development of equipment for semiconductors



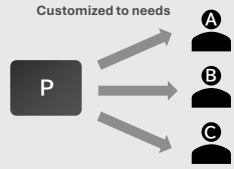
- We have begun to receive inquiries from semiconductor equipment manufacturers & begun development.
- R&D underway in collaboration with customers.
- Demo equipment installed in January 2024.

Schedule

- September-October 2024: Evaluation to be completed. To receive orders for mass production equipment.
  ⇒ Changed to end of 2024 (due to additional evaluation samples and items)
- September 2025: Full-scale introduction of mass-production equipment. Operation to start at customers.
  ⇒ Changed to end of 2025 (due to additional evaluation samples and items)

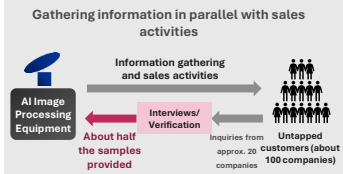
Next-gen factory market

Promotion of Platforming



- ✓ Development of platform system and customizable features.
- ✓ Aiming for completion by the end of the FY

Sales Activities



- ✓ Outbound sales to about 100 untapped customers
- ✓ Approx. 20 companies have moved to the negotiation phase, and about half of them have provided samples.

Schedule

- April to July 2024: Expect to receive orders from musical instrument, gear, home appliance etc. manufacturers.
  ⇒ Readjusting with customers
- End of May 2025: Completion of equipment platforming

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- With advancements in semiconductors, AI is becoming easier to use. We aim to drive the implementation of AI in society by leveraging our strengths in the field of AI and image processing technology.
- We are developing solutions for the semiconductor market, utilizing customer assets. We are confident in our technical differentiation and committed to the challenge of full-scale implementation.
- As AI image processing equipment has numerous applications beyond the semiconductor industry, we are developing platforming for our equipment and making preparations to efficiently scale our business.
- Currently, the hardware aspect of platforming is taking shape and we are actively working on the software side. We are preparing to expand sales channels from next fiscal year.
- In the future, we aim to develop system solutions that utilize image data.



- In the age of AI, data is indispensable. Our group has developed various measuring instruments, including illuminators, Pupil Lens Modules®, gear testing systems, gear roughness testing equipment, precision vibration isolation systems, and a precision vibration monitoring app, that allow us to gather unique data.

- We aim to utilize this data to develop products and services that address the true needs of our customers.

New Business | Next Generation Factory Market | Promotion of Industry 4.0 Business

Vibration Solutions Business

Through our **vibration monitoring app,** we aim to enhance the competitiveness of our existing **precision vibration isolation systems,** driving business growth.
We will improve **customer productivity** through visualization of **precision vibration data.**
Utilizing **precision vibration data,** we aim to understand the true needs of customers and develop **system solutions.**

Vibration Monitoring App NEW

Capex (customer side)	We are currently preparing the monitoring apps installed at domestic customers for full-scale operation. As for our overseas clients, we have received dozens of inquiries for actual equipment from Korean customers. Chinese customers are still trialing demo equipment.
Business Trends	We continue to collect measurement data from demo equipment installed at each customer.
Future Strategies	■ We will continue gathering measurement data, making repeated improvements and proposals based on customer feedback, and promote system sales. ■ We are considering adding new functions using the acquired data. We aim to continue to improve the added value of our products.

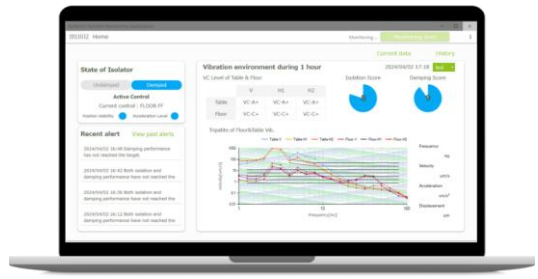


Image of Vibration Monitoring App

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- As a first step, we are offering a precision vibration monitoring application to our customers.
- The introduction of the vibration monitoring application aims to enhance the competitiveness of existing precision vibration isolation systems and drive business growth. We have already sold a precision vibration system equipped with the application to a domestic customer and received numerous inquiries from Korean customers due to the positive feedback on the demo equipment we installed. For our Chinese customers, we are continuing the verification process using the demo equipment.
- In the future, we aim to leverage precision vibration data to better understand the true needs of our customers and enhance our system solutions.
- We aim to utilize the diverse data held by the Group to add value to existing products, develop new products and solution services, and establish a sustainable revenue model that does not rely on customer capex.

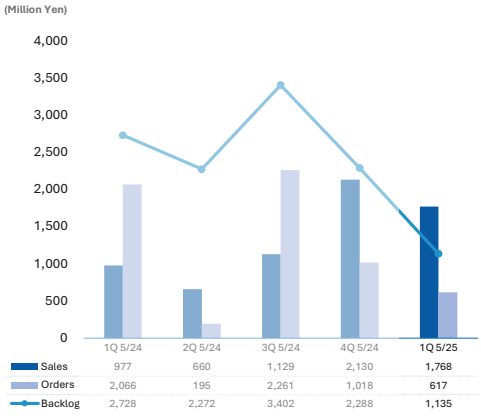
Appendix ①

Sales, Order Value, and Order Backlog

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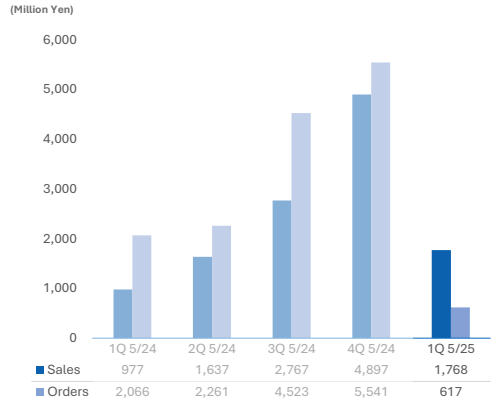
IoT Related Business

Sales/Orders/Order Backlog (by quarter)



	1Q 5/24	2Q 5/24	3Q 5/24	4Q 5/24	1Q 5/25
Sales	977	660	1,129	2,130	1,768
Orders	2,066	195	2,261	1,018	617
Backlog	2,728	2,272	3,402	2,288	1,135

Sales/Orders (cumulative)

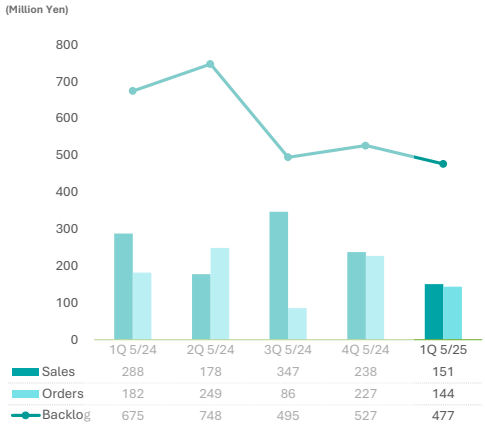


	1Q 5/24	2Q 5/24	3Q 5/24	4Q 5/24	1Q 5/25
Sales	977	1,637	2,767	4,897	1,768
Orders	2,066	2,261	4,523	5,541	617

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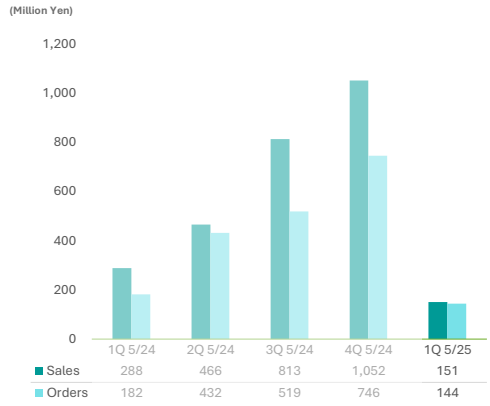
Environmental Energy Related Business

Sales/Orders/Order Backlog (by quarter)



	1Q 5/24	2Q 5/24	3Q 5/24	4Q 5/24	1Q 5/25
Sales	288	178	347	238	151
Orders	182	249	86	227	144
Backlog	675	748	495	527	477

Sales/Orders (cumulative)

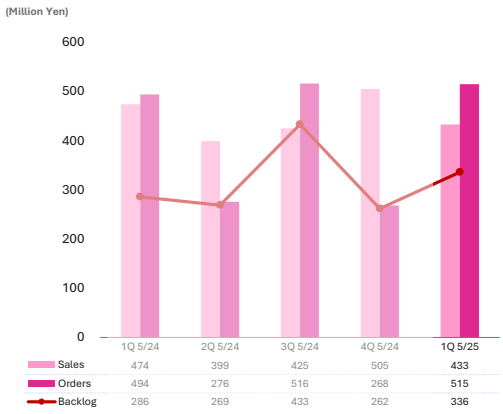


	1Q 5/24	2Q 5/24	3Q 5/24	4Q 5/24	1Q 5/25
Sales	288	466	813	1,052	151
Orders	182	432	519	746	144

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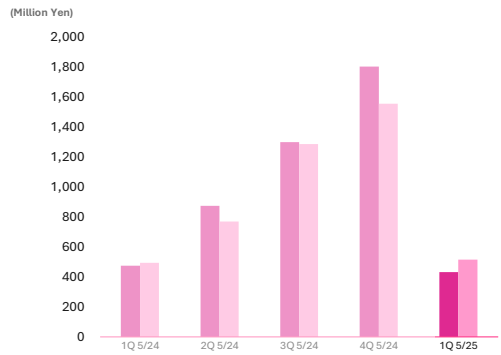
Promotion of Industry 4.0 Business

Sales/Orders/Order Backlog (by quarter)



	1Q 5/24	2Q 5/24	3Q 5/24	4Q 5/24	1Q 5/25
Sales	474	399	425	505	433
Orders	494	276	516	268	515
Backlog	286	269	433	262	336

Sales/Orders (cumulative)



	1Q 5/24	2Q 5/24	3Q 5/24	4Q 5/24	1Q 5/25
Sales	474	874	1,299	1,804	433
Orders	494	770	1,286	1,555	515

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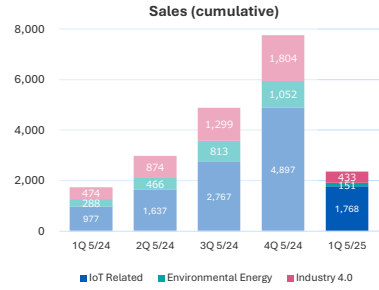
IoT Related Business | Environmental Energy Related Business | Promotion of Industry 4.0 Business

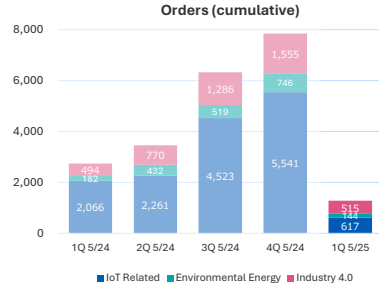
Entire Group

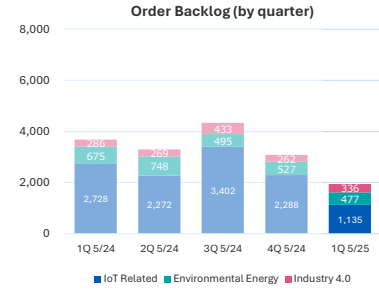
1Q 5/25 Results

(Million Yen)

Division	Sales		Order Value		Order Backlog	
	Results	YoY Growth	Results	YoY Growth	Results	YoY Growth
IoT Related Business	1,768	81.0%	617	-70.1%	1,135	-58.4%
Environmental Energy Related Business	151	-47.3%	144	-21.0%	477	-29.3%
Promotion of Industry 4.0 Business	433	-8.7%	515	4.3%	336	17.5%
Total	2,353	35.3%	1,277	-53.4%	1,950	-47.1%







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Appendix ②

Company Information

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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	14th 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	June 1 to May 31
URL	https://www.inter-action.co.jp
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.

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Company Information

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

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Company Information

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/

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/

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