INTER ACTION Corporation

1Q 5/2026

Financial Results Presentation

October 10, 2025

Code: 7725

- This document is the speech manuscript for the "1Q Financial Results Briefing for the Fiscal Year Ending May 2026," held on October 10, 2025.
- This document contains forward-looking statements regarding future performance and other matters. These statements are based on judgments made by our Group at the time of publication using available information and involve various potential risks and uncertainties.
- Actual results may differ significantly from these projections due to the impact of future economic conditions and market trends surrounding our business areas.
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Agenda

1. Summary of Financial Results
2. Progress of the Mid-Term Management Plan

-Appendix-

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- “1. Summary of Financial Results” will be presented by Mr. Yoshizawa, Executive Officer and Head of Management Control, President’s Office.
- “2. Progress of the Mid-Term Management Plan” ,will be explained by Mr. Kiji, President & CEO.

Summary of Financial Results

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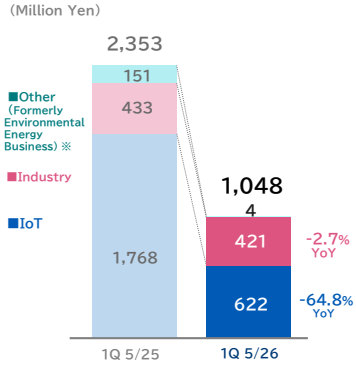
- First, I will explain the Group's performance for the current period.

1Q Results

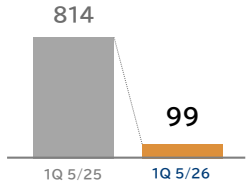
POINT

- Regarding the consolidated results for the first quarter, both revenue and profit declined year on year, primarily due to sluggish performance in the IoT related business.
- **IoT related Business:** Sales of Illuminators and pupil lens modules® for domestic customers were sluggish.
- **Industry 4.0 Promotion Business:** Sales of vibration isolation systems and Gear testing system sales remained at the same level as the previous year.

Sales



Operating Profit



Trends in Key Management Indicators

(Million yen)	1Q 5/25	1Q 5/26	YoY Growth (%)
Sales	2,353	1,048	△55.5
OP	814	99	△87.7
OPM	34.6%	9.5%	–
RP	779	136	△82.5
NP	529	47	△91.1
EPS	48.62yen	4.44yen	–

*Effective from the first quarter of the current fiscal year, **Air Gases Technos Co., Ltd.**, previously a consolidated subsidiary, has been excluded from the scope of consolidation.
As a result, the **Environmental Energy Business** reporting segment no longer meets the threshold for separate disclosure and is now presented under **"Other"** starting from this first quarter.

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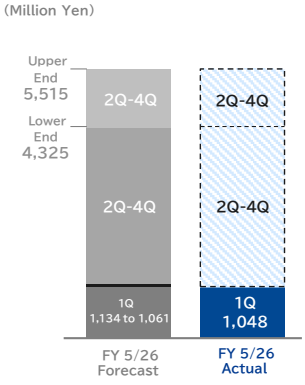
- For 1Q of the current fiscal year, the Group's performance was as follows: net sales of ¥1,048 million, operating income of ¥99 million, ordinary income of ¥136 million, net income attributable to owners.
- Compared to the same period last year, net sales decreased by 55.5% and operating income decreased by 87.7%, resulting in declines in both sales and profit.

FY Forecast Progress

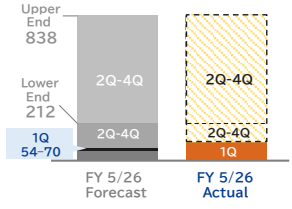
POINT

- First-quarter sales were largely in line with the budget, and as a result, the full-year outlook remains unchanged from the initial forecast.
- Although first-quarter operating profit exceeded the upper end of the budget, the full-year earnings forecast remains unchanged due to ongoing uncertainty surrounding customer capital investment.

Sales



Operating Profit



Trends in Key Management Indicators

(Million yen)	Fiscal Year Ending May 2026 Consolidated Forecast	Fiscal Year Ending May 2026 First Quarter Actual	Progress Rate (%)
Sales	4,325 – 5,515	1,048	24.2 – 19.0
OP	212 – 838	99	46.7 – 11.8
OPM	4.9% – 15.2%	9.5%	–
RP	238 – 863	136	57.1 – 15.8
NP	42 – 485	47	111.9 – 9.7
EPS	4.18 – 47.47 yen	4.44 yen	–

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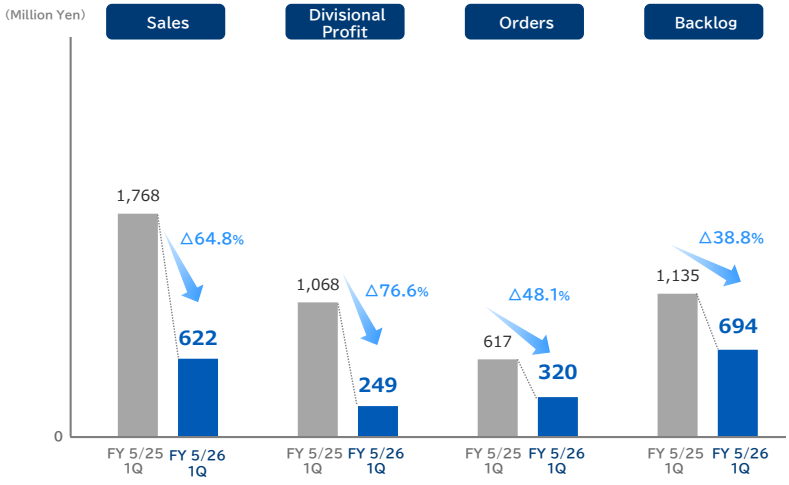
- Regarding 1Q in comparison with the full-year consolidated earnings forecast, sales were largely in line with expectations, while operating profit exceeded the upper end of the projected range.
- However, due to continued uncertainty surrounding customer capital investment, the full-year consolidated earnings forecast remains unchanged.

IoT Related

IoT Related Business

Sales of Illuminators and pupil lens modules® for domestic customers remained sluggish, resulting in a decline in both revenue and profit.



➢Received a large order of JPY 529 million from a major overseas customer in September. **Revenue recognition** is scheduled for the **second quarter** of the fiscal year ending May 2026, while **sales recognition** is scheduled for the **third quarter**.

➢Sales of Illuminators and pupil lens modules® for domestic customers remained sluggish.
➢ In the fiscal year before last, major domestic customers implemented large-scale capital investments. As a result, both order intake and order backlog have continued to remain sluggish through the current fiscal year, following the trend seen in the previous period.

Additionally

➢In September, key overseas customers conducted inspections of automated production lines for pupil lens modules®.

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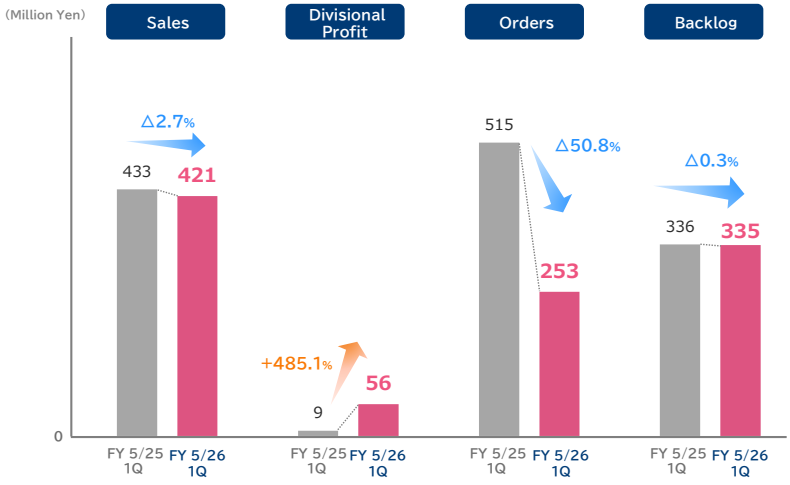
- In the IoT Related Business segment (primarily selling inspection illuminators and pupil lens modules®), sales of these products to domestic customers remained sluggish due to weak capital investment trends.
- As a result, both net sales and segment profit declined year-on-year.
- Order intake and backlog also remained sluggish, continuing the trend from the previous fiscal year, due to the impact of large-scale capital investment by a major domestic customer in the fiscal year before last.
- On the other hand, although not included in orders received or backlog for the first quarter, a large order worth ¥529 million was received from a major overseas customer in September and is expected to be reflected in orders received and backlog for the second quarter.

Industry 4.0 Promotion Business

Industry 4.0 Promotion

Sales of vibration isolation systems and Gear testing system sales remained at the same level as the previous year.



➢Profitability of vibration isolation systems improved.

➢Due to the impact of the Trump-era tariffs, the automotive industry became more cautious about capital investment, resulting in sluggish order intake in the Gear testing system sales segment.

Additionally

➢In the vibration isolation systems field, a product related to a vibration monitoring app is scheduled for completion in February 2026.
➢For AI image processing devices, we have received inquiries from major musical instrument manufacturers, and leading gear manufacturers have also expressed interest.

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- In the Industry 4.0 Promotion Business (primarily the segment selling precision vibration isolation systems and gear testing systems), sales in both the precision vibration isolation systems and gear testing systems fields remained at the previous year's level.
- However, overall profitability in the Industry 4.0 Promotion Business improved due to enhanced product margins, primarily in the precision vibration isolation systems segment.
- The decline in orders received was mainly attributable to sluggish demand for gear testing systems, reflecting the automotive industry's cautious stance toward capital investment amid factors such as the Trump tariffs.

Progress of the Mid-Term Management Plan

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- Next, I will explain the progress of our medium-term management plan.

Purpose	Innovation born from the interaction of people, technology, and organization Shining a light on ”invisible value”
Vision	Combining ”Our Competitive Edge” with Become a company that combines “In-house strengths” and “Diverse technologies” to “Implement change” globally.
Value	Interaction Value

- Our company has launched a new medium-term management plan (2026–2030) centered on our “Purpose,” “Vision,” and “Values.”
- We aim to create Interaction Value by driving innovation through the interplay of people, technology, and organization—illuminating “invisible value” and combining our “competitive strengths” with “diverse technologies” to become a company that “implements change” on a global scale.

Mid-Term Management Plan: Progress Status

IoT Related | Industry 4.0 Promotion | New Business

- Increasing capital investment demand from major overseas customers in the IoT-related business
- Strategic partnerships being established
- Review of "Board of Directors Operations" and "Nomination and Compensation Advisory Committee Operations" implemented

Present Situation

- ✓ Market Capitalization: JPY 15 billion
- ✓ High exposure to the image sensor market
- ✓ Revenue sensitivity to customers' capital investment cycles
- ✓ High customer concentration: Two key customers account for a significant portion of revenue
- ✓ Limited product portfolio
- ✓ Niche Market Leader with High Profitability
- ✓ Advanced Optical Technology as a Core Competency

IoT Related Business
Leveraging technological capabilities and customer proposal strength to accelerate new market development

Financial Targets
Base RevenueGross Profit MarginOperating Profit per EmployeeOperating Profit Growth Rate (CAGR)ROE (Consolidated)

Strategic Partnerships
Establishing five strategic partnerships by 2030

Corporate Governance
Strengthening internal investor functionReview of the Board of Directors and the Nomination and Compensation Advisory CommitteeReviewing management operations

Enhancing Corporate Value

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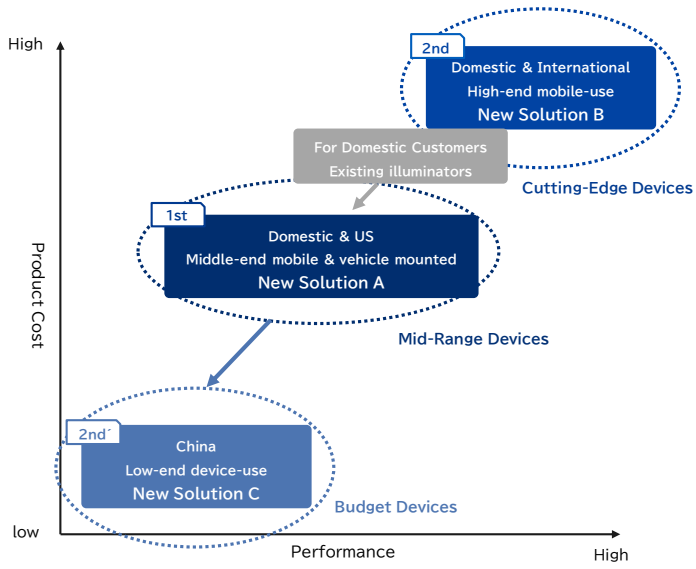
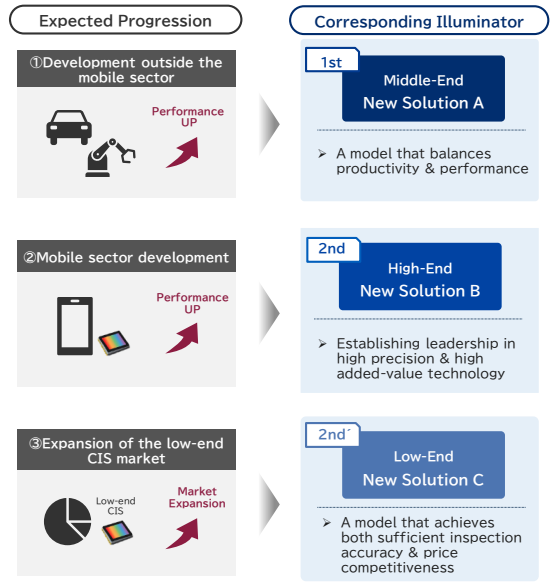
- Regarding the progress of our medium-term management plan, we have three main points to report at this time.
- First, I will explain changes in customer capital expenditure trends within the IoT-Related Business.
- Second, I will outline the progress of our strategic partnerships.
- Third, I will describe our initiatives to strengthen governance.

(Reference)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.
- The global image sensor market is projected to grow at a CAGR of ~9% from 2024 to 2030 (by revenue).
- The robotics sensor market—including automotive applications—is projected to grow nearly 7× between 2019 and 2030.





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- Through our IoT Related Business, we will drive growth in the mobile segment of the image sensor market while also capturing demand in the robotics market. In addition, centered around the VG Strategy Office, we will launch new businesses and products, aiming to become a company that continuously enhances corporate value.

- To further expand our IoT Related Business, we will first strengthen our high-end solutions positioned in the upper-right quadrant of the graph.

- In the medium to long term, with a focus on robotics—including automotive applications—we will advance preparations for products targeting the area spanning the middle to lower-left of the graph.

- The image sensor market is expected to continue expanding, and we will contribute to its development by steadily addressing increasingly diverse customer needs. We aspire to be a "light in the corner," making a sustainable contribution to society.

IoT Related

IoT Related Business: Major Customer Trends

- For major overseas customers, demand for equipment investment is increasing not only for Pupil Lens Modules® but also for illuminators.
- There has been no significant change in the trends of major domestic customers.

5/2026

Domestic Customer Trends

Potential CapEx Increase
(Including Schedule Advancements)

- Customers' capital expenditure plans indicate earlier-than-expected introduction of advanced processes to increase image sensor density, potentially leading to increased investment in H2—though the timing remains uncertain.

Overseas Customer Trends

Increased demand for final applications is driving the promotion of pupil lens modules®

- Rising demand for smartphones and automotive cameras is prompting interest in capital investment, though customer caution keeps the outlook uncertain.

At this point

No change

- In addition to Pupil Lens Modules®, demand for illuminator devices is also increasing.Customer capital investment demand is trending upward.
- A large-scale order was received in September.

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- Regarding major customer trends, we observed notable changes particularly among overseas customers, including the receipt of a large order from one such customer in September. The following explains the background behind this development.

- We secured orders from a major overseas customer not only for our existing pupil lens modules® but also for illuminators. We believe this reflects shifts in the competitive landscape of the image sensor market from the customer's perspective. While future trends remain uncertain, making it difficult to specify exact timing or scale at this stage, we are receiving numerous inquiries and will continue steadily converting them into orders.

- For the pupil lens modules®, our major overseas customer has shown strong interest, including a visit to our Kumamoto facility to inspect the "pupil lens modules® automated production line" currently under development. This underscores our established position as a key player in the image sensor inspection market and is expected to directly contribute to future order growth.

- The pupil lens modules® serve as a major driver for strengthening our core sales base. This large-scale order and the inspection at the Kumamoto Plant mark the full-scale start of new market development. We regard this as the first tangible achievement of our long-term efforts. Going forward, we will continue to steadily expand the business and achieve stable overseas sales of the pupil lens modules®.

IoT Related

IoT Related Business: Change in Disclosure Criteria for Large Orders

- Effective August 22, 2025, the disclosure threshold for large-scale orders will be revised to "¥500 million or more per day."
- The previous threshold was established before the expansion of our business scale, and this revision raises the standard to ensure appropriate disclosure in line with current business realities and market significance.

Before Change	After Change
Order value: ¥100 million or more per day	Order value: ¥500 million or more per day
When orders totaling ¥100 million or more are received in a single day: disclose a "Notice Regarding Large-Scale Orders."	When orders totaling ¥500 million or more are received in a single day: disclose a "Notice Regarding Large-Scale Orders."

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- Regarding supplementary information on large-scale orders, we revised the disclosure criteria following the shareholders' meeting.
- Previously, large-scale orders were disclosed when "a single order of ¥100 million or more was received on a single day." Considering the frequency of disclosures and the scale of our business, we have raised the threshold to "a single order of ¥500 million or more received on a single day" to ensure more appropriate information disclosure.
- Under this new standard, a large-scale order was promptly received in September, confirming the appropriateness of this change.

Financial Targets: Progress Status (Base Sales Revenue※)

IoT Related | Industry 4.0 Promotion | New Business

- Base Sales for the First Quarter of the Fiscal Year Ending May 2026: ¥164 million

[Reference: Financial Targets (from May 2025 Fiscal Year Results Briefing Materials)]

	Indicator	Five-Year Average (May 2021 – May 2025)	FY 5/25	FY2030 Target
Business resilience	Base sales	912 million yen	625 million yen	3,000 million yen
Product competitiveness	GPR	57.5%	55.3%	Over 50.0%
Human resources	OP per employee	25 million yen	20 million yen	30 million yen
Profit growth	OP CAGR	△10.5%	–	Over 15.0%
Management quality	ROE (Consolidated)	10.1%	8.4%	Over 15.0%

*Revenue from products and services that contribute to improving gross profit margin, operating profit per employee, and capital efficiency (CCC), without relying on capital expenditures, serving as an indicator of business resilience.

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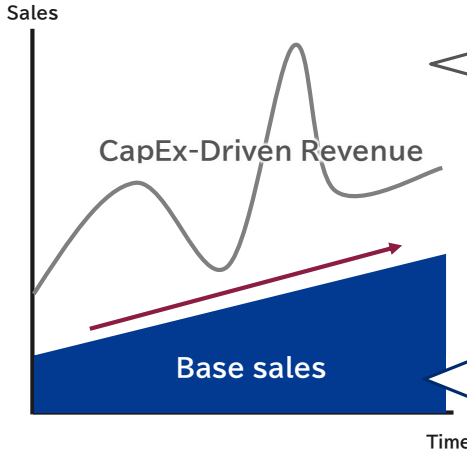
- Regarding the progress of financial targets in the medium-term management plan, base sales for the first quarter reached ¥164 million.
- We will continue working to steadily achieve our other financial targets while establishing a solid base sales foundation by advancing initiatives for both domestic and overseas customers in existing businesses and by expanding into new products and markets. At this stage, we believe progress is proceeding smoothly.

IoT Related | Industry 4.0 Promotion | New Business

(Reference) Base sales

- As an indicator of business resilience, we have established "Base sales" as products and services that contribute to improving gross profit margin, operating income per employee, and capital efficiency (CCC) without relying on capital investment. We aim to expand this base sales and grow our business.



CapEx-Driven Products

Products such as Illuminators, Gear testing systems, and precision Vibration isolation systems, whose demand fluctuates based on customer capital investment trends.

Pupil lens modules®

Pupil lens modules® hold a 50% market share in Japan, and we aim to expand this further. Overseas markets remain largely untapped; in the short term, we are focusing on expansion into South Korea.
Pupil lens modules® alone have the potential to expand the market by over 1 billion yen.

Modification of illuminator

This covers all Illuminators sold domestically to date.
Full deployment could generate a market of around 3 billion yen.

VG Strategy Office

Develop products with a wide range of applications that are not dependent on specific industries or customers.

Aiming for Expansion

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- (Reference: Base Sales Overview)

New Business

Strategic Partnership Development: Progress and Future Goals

- Currently engaged in practical discussions with three companies.
- To achieve our 2030 goals, we will expand our outreach and establish multiple partnerships with companies such as Company A.
- Progress on semiconductor-related measurement product ① is ahead of the original schedule.

Progress on Strategic Partnerships

In concrete discussions
In contact
Potential partners

Technology Partners

- Optical manufacturer: Company A
- Semiconductor Equipment: Company B
- Semiconductor Equipment: Company C

Marketing Partners

- Research Equipment Trading: Company E (Update)
- Production Goods Trading: Company F (NEW)
- Optical Equipment Trading : Company G (NEW)

Future Schedule : Company A

Aiming to establish five additional partnerships of a similar nature

FY 5/25	FY 5/26	FY 5/27	FY 5/28	FY 5/30
Search for potential partners / Initial contact with Company A A ➢ Contact initiated with Company A after initial partner screening ➢ Discussions are underway on joint policy coordination.	Partnership development, joint marketing, and co-development Semiconductor-Related Measurement Product ① Development	Promotion of joint marketing and co-development Semiconductor-Related Measurement Product ① Launch (NEW)	Product Launch Promotion	Base sales JPY 400–500 million ➢ Targeting sales of JPY 400–500 million

Ideation | Incubation | Scaling

Ongoing partner exploration

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- Partnerships are essential for achieving our financial goals.
- We are currently engaged in practical discussions with three companies, advancing contacts with two others, and have identified one additional company as a potential new contact. Among these, we will provide a more detailed update on the partnership with optical product manufacturer Company A and the target markets involved.
- Our current focus is on semiconductor development lines (including development departments and research facilities). This encompasses not only semiconductor device manufacturers but also equipment manufacturers involved in semiconductor processes. We aim to provide unique measurement instruments tailored to this market.
- We plan to advance development steadily during the current fiscal year and launch our first product in the fiscal year ending May 2027. Following the successful release of this first product, we intend to introduce a second product in the fiscal year ending May 2028.
- Further details on the products will be shared once they are finalized. However, discussions with partners and marketing planning are progressing smoothly, and development is proceeding based on a clearly established competitive advantage.
- For each partnership, including the one with Company A, we are targeting a base sales increase of approximately ¥400–500 million per partnership, depending on its nature and scope. We will continue to build multiple partnerships with this target in mind.

Corporate Governance: Review of "Board of Directors Operations" and "Nomination and Compensation Advisory Committee Operations"

- Regarding the Board of Directors, an outside director is scheduled to serve as chairperson starting next fiscal year.
- Regarding the Nomination and Compensation Advisory Committee, the President and Representative Director has already stepped down from the committee, and it is currently operating without his participation.

	Board of Directors	Nomination and Compensation Advisory Committee
Previously	Chairperson Chairman & CEO President & CEO The Chairperson shall be either the Chairman & CEO or the President & CEO.	Committee Including the President & CEO The President & CEO participated as a member of the committee.
Going forward	Chairperson Outside Director The Chairperson shall be either Outside Director	Committee Not including the President & CEO The President & CEO was removed from the committee.
Progress	From the next fiscal year onward, an outside director is scheduled to serve as chairperson.	From August 2025, the President and Representative Director stepped down, and the committee is currently operating without his participation.

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- Strengthening governance is also a key priority. Even when achieving record business performance, the stock price does not necessarily reach its highest level. Therefore, we believe it is essential to establish a framework that enables the company's stock price to fully reflect its strong performance. Building a governance system that fosters constructive tension is indispensable for sustainable growth, and we are advancing two main initiatives in this area.

- The first initiative is "Revising the Board of Directors Operating Structure." Traditionally, the Chairman or President has chaired the Board of Directors. Beginning next fiscal year, however, an outside director is scheduled to assume the chairmanship. Currently, the Articles of Incorporation stipulate that only the President or Chairman may serve as chair, and we are considering amending the Articles to allow outside directors to do so as well. We believe that having an outside director chair the board will foster more rigorous and balanced discussions. Moreover, even as the President may change over the medium to long term, maintaining a system in which an outside director chairs the board will further enhance board effectiveness and contribute to the company's continued growth.

- The second initiative is the "Review of the Nomination and Compensation Advisory Committee Structure." The President and Representative Director has already been removed from the committee, which is now composed solely of outside directors. Furthermore, under authority delegated by the Board of Directors, the committee now determines specific compensation amounts, thereby strengthening the company's governance framework.

- By achieving both stronger governance and improved business performance, we will steadily enhance corporate value and ensure that these results are reflected in our stock price. Moving forward, we will continue to drive the growth of existing businesses, create new businesses, and reinforce governance, aiming for further enhancement of corporate value.

Appendix ①

Sales, Orders & Order Backlog

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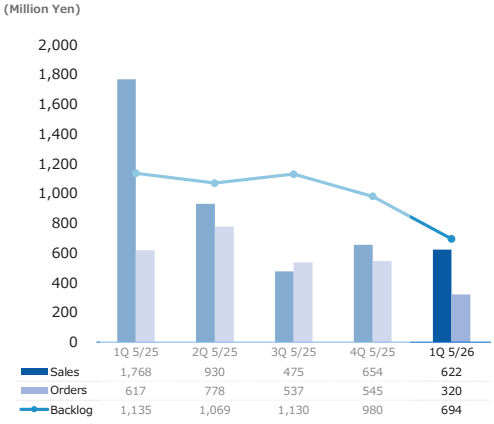
IoT Related

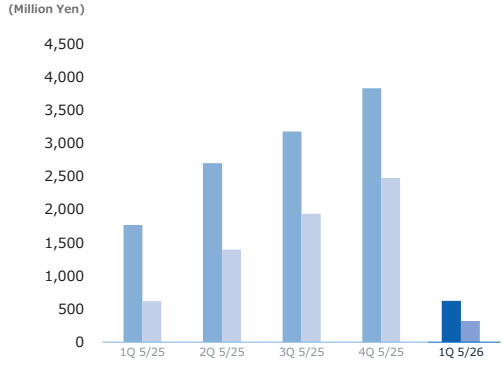
IoT Related Business

Sales/Orders/Order Backlog (by quarter)



	1Q 5/25	2Q 5/25	3Q 5/25	4Q 5/25	1Q 5/26
Sales	1,768	930	475	654	622
Orders	617	778	537	545	320
Backlog	1,135	1,069	1,130	980	694

Sales/Orders (cumulative)



	1Q 5/25	2Q 5/25	3Q 5/25	4Q 5/25	1Q 5/26
Sales	1,768	2,699	3,175	3,829	622
Orders	617	1,396	1,933	2,478	320

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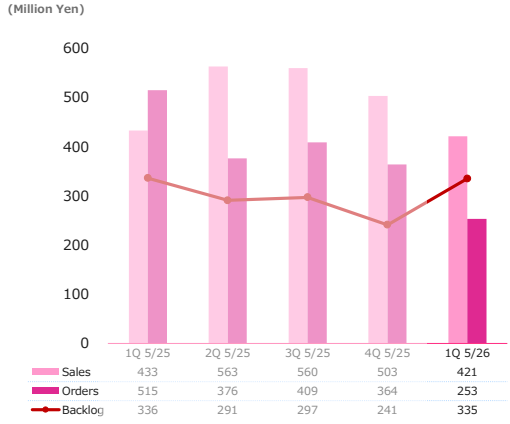
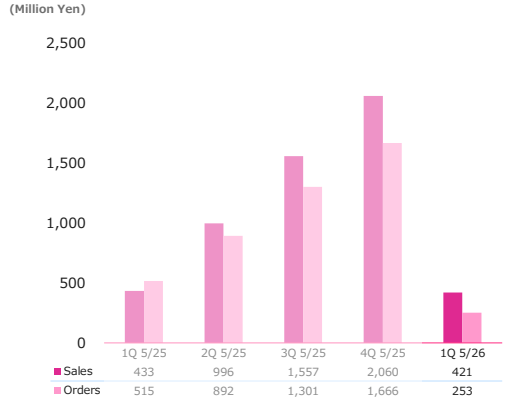
Industry 4.0 Promotion Business

Sales/Orders/Order Backlog (by quarter)



Sales/Orders (cumulative)



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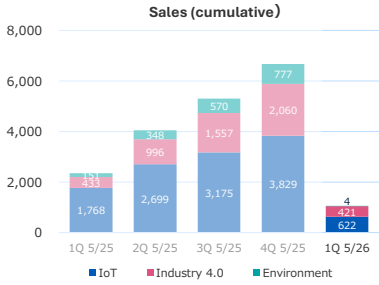
IoT Related | Industry 4.0 Promotion

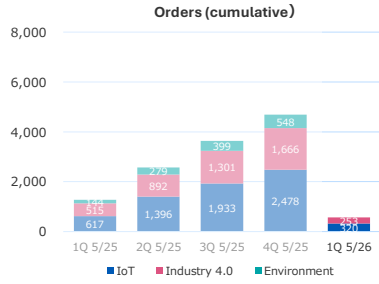
Entire Group

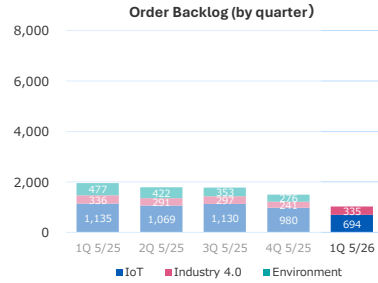
1Q 5/2026

(Million Yen)

Businesses	Sales		Orders		Order Backlog	
	Results	YoY Growth	Results	YoY Growth	Results	YoY Growth
IoT Related Business	622	△64.8%	320	△48.1%	694	△38.8%
Industry 4.0Promotion Business	421	△2.7%	253	△50.8%	335	△0.3%
Other (Former Environmental Energy Related Business)	4	△97.4%	—	—	—	—
Total	1,048	△55.5%	574	△55.0%	1,030	△47.2%







*Effective from 1Q of the current fiscal year, Air Gases Technos Co., Ltd., which was a consolidated subsidiary, has been excluded from the scope of consolidation.
As a result, the significance of the "Environmental Energy Related Business" reporting segment diminished, so it is presented as "Other" starting from the first quarter of the current fiscal year.
Furthermore, since there are no longer any businesses operating on a build-to-order basis, order intake and order backlog are presented as "–".

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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	112
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	1st June to 31st May
URL	https://www.inter-action.co.jp
Group Companies	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	Base sales , GPR , OP per employee , OP CAGR , ROE (Consolidated)
Dividend Policy	Over 4.0% DOE
M&A Policy	- Growing fields, or fields with growth potential - Fields in which our accumulated technological expertise & 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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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

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