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To whom it may concern

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**Q&A for the Financial Results Briefing  
for the 1Q of the Fiscal Year Ending May 31st 2026 (Excerpts)**

Our company conducted an online broadcast of the financial results briefing for the first quarter of the fiscal year ending May 2026 on October 10, 2025.

This document summarizes and presents the main points from the Q&A session held during that briefing.

Please note that some content has been edited and revised for clarity and ease of understanding.

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Q1 : The full-year consolidated earnings forecast remains presented as a range due to uncertainty, as previously explained. However, it was also noted that capital investment by overseas customers is gaining momentum, driven by increased demand for smartphone sensors.

Could you clarify which of these factors should be considered the primary driver of your current outlook?

Additionally, while large-scale orders have been received, were these projects anticipated at the beginning of the fiscal year, including their scale?

Furthermore, we have heard that major overseas customers are considering reorganizing their production lines. Is the current demand related to this restructuring, or is it being driven by changes in the market environment for mobile image sensors?

Lastly, could you share your outlook on future capital investment trends?

A1 : While expectations are rising due to large-scale orders and active customer engagement, a number of uncertainties remain, and we are not yet in a position to provide numerical forecasts. Therefore, we will maintain our full-year consolidated earnings outlook.

Regarding production line transitions, as these depend on customer decisions, we refrain from commenting. However, we believe that the recent increase in demand is largely attributable to changes in the mobile image sensor market environment.

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Q2 : We understand that the large-scale order includes not only inspection illuminators but also Pupil Lens Modules®. May we interpret this as an indication that the likelihood of full-scale adoption of Pupil Lens Modules® by the customer has increased?

A2 : We recognize that the likelihood has indeed increased, taking into account this large-scale order, the inspection of the Pupil Lens Modules® automated production line at our Kumamoto facility by major overseas customers, and the fact that Pupil Lens Modules® are indispensable for inspecting high-end devices.

Should demand fully materialize, we believe it is unlikely that results will fall at the lower end of the full-year consolidated earnings forecast range. However, given the high level of uncertainty, it remains necessary to continue monitoring developments carefully at this stage.

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Q3 : We are concerned that shifts in market share may occur among major domestic and overseas customers due to changes in the image sensor market environment. Were there any changes in market share during the first quarter?

A3 : We recognize that there has been no significant change in the market share distribution among customers in the image sensor market at this time.

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Q4 : Please provide an update on the progress of initiatives related to mid- to low-end inspection illuminators.

Q4 : For mid- to low-end inspection illuminators, we are targeting the robotics market, including the automotive sector. Major overseas customers also expect this market to grow over the medium to long term. Development, informed by these market trends, is progressing steadily. While maintaining and strengthening our initiatives in the traditional high-end segment, we are also preparing for future market growth through continued development in the mid- to low-end segment.

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Q5 : Regarding the first quarter, the president described the situation as being “in the best condition ever.” Could you explain the background behind this statement?

A5 : The background includes not only the performance figures themselves, but also a comprehensive improvement in the overall business environment — including the restructuring of internal systems, expansion of the Pupil Lens Modules® automated production line, the launch of new businesses, and shifts in customer demand trends.

In addition, marketing — previously a challenge — is improving through initiatives led by the VG Strategy Office.

Although these efforts are not yet fully reflected in financial results, we recognize that the most significant initiatives to date are currently underway. We will now advance various measures to translate these efforts into tangible performance outcomes.

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Q6 : Regarding the IoT-related business, have tariffs had any impact? Additionally, could you comment on the effects of exchange rate fluctuations?

A6 : We have not been significantly affected by tariffs, as our major customers are primarily located in East Asia. Similarly, the impact of foreign exchange fluctuations has been limited, as most transactions are denominated in yen.

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Q7 : What is your company’s current market share for Pupil Lens Modules® among domestic customers? We understand that you plan to expand your market share overseas going forward, and we look forward to seeing that progress.

A7 : While it is difficult to calculate precise figures, we estimate our domestic market share relative to competitors to be approximately 50:50 to 60:40.

As for overseas customers, we anticipate the full-scale introduction of Pupil Lens Modules® going forward. Since inspection devices involve high switching costs once installed on production lines, we expect to maintain a 100% market share over the medium to long term.

Furthermore, to enhance the competitiveness of Pupil Lens Modules®, we are working to improve functionality and accuracy through partnerships with external companies. These initiatives will enable stable sales of Pupil Lens Modules® to overseas customers while also supporting a recovery in domestic market share.

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