



INTER ACTION Corporation

New Mid-Term Management Plan (FY2026–FY2030)

“Becoming a Company that Drives Meaningful Change Rooted in Society”

- Based on our review of the previous Mid-Term Business Plan (2024–2028) and the direction of our strategic shift, we are pleased to announce the new Mid-Term Business Plan (2026–2030).

Purpose

Creating innovation through the interaction of people, technology, and organizations, and shining a light on “Invisible value.”

- ◆ We will create diverse solutions that contribute to the sustainable development of society and bring about fundamental change by leveraging the power of **Interaction**, without being bound by specific technologies.
- We would like to reaffirm and redefine the core principles that underpin our Medium-Term Management Plan.
- First, with regard to our Management Philosophy (Purpose), we are committed to driving innovation through the interaction of people, technology, and organizations, while illuminating intangible value.
- Our goal is to become a company that delivers versatile solutions contributing to the sustainable development of society—leveraging the power of interaction rather than relying on specific technologies—and brings about fundamental change at the societal level.

Vision

Become a company that combines “In-house strengths” and “Diverse technologies” to “Implement change” globally.

- ◆ Starting from “Optics” and “Mechanical control,” we create innovation from workplaces where people and technology intersect.
- ◆ Rather than relying on specific cutting-edge technologies, we redesign the way people work by addressing fundamental issues in the workplace.
- ◆ What we pursue is not mere development, but the implementation of lasting change through practical technologies that are continuously used and capable of enhancing productivity across society.
- ◆ In an era of advancing AI and robotics, we aim to become a “Smart Optical Solutions company” that drives real societal transformation.

- Next, with regard to our Vision, we will transform into a company that combines our competitive advantages with diverse technologies to drive change on a global scale. Our goal is to become a smart optical solutions company, built upon core technologies such as optics and mechanical control.

Interaction Value

- ◆ We will connect technology, people, and companies, with our company at the center, and co-create value through “Interaction.”

- Finally, we would like to introduce the Value our company seeks to create.
- “Interaction Value (Co-creation Value)” represents our role as a central hub that connects technology, people, and companies, generating competitive value through mutual interaction. This embodies the true meaning of “Interaction” in our company name.
- Guided by the principle of Interaction Value (Co-creation Value), we will continue moving forward with determination—pursuing both sustainable corporate growth and meaningful contributions to society.

Key Financial Objectives

IoT-Related

Promotion of
Industry 4.0

New Business



- We have revised our target indicators as important metrics for achieving high-quality growth and enhancing corporate value, focusing on “Business resilience,” “Product competitiveness,” “Human resources,” “Profit growth,” and “Management quality.”

	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	Δ10.5%	—	Over 15.0%
Management quality	ROE (Consolidated)	10.1%	8.4%	Over 15.0%

- Based on our Management Philosophy (Purpose), Vision, and Values, we have redefined our financial targets.
- To achieve high-quality growth, we are focusing on five key areas: business resilience, product competitiveness, human resources, profit growth, and management quality.
- 1.Base sales – Indicator of Business Resilience: This refers to stable and recurring revenue that is not dependent on temporary large-scale projects. By increasing base revenue, we aim to build a strong and adaptable business structure that is less vulnerable to changes in the external environment.
- 2.GPR – Indicator of Product Competitiveness: Rather than pursuing sales volume alone, we will expand offerings that reliably generate profit, thereby maintaining and enhancing our profitability and competitive edge.
- 3.OP per Employee – Indicator of Human Resources: As a lean and agile organization, the productivity and contributions of each individual directly influence our overall competitiveness. We will promote a talent strategy focused on quality over quantity.
- 4.OP (CAGR) – Indicator of Profit Growth: We will drive sustainable improvement in corporate value by reinforcing our earnings foundation and consistently increasing profitability.
- 5.ROE (Consolidated) – Indicator of Management Quality: We are committed to achieving capital-efficient management that maximizes returns for shareholders.

Base sales

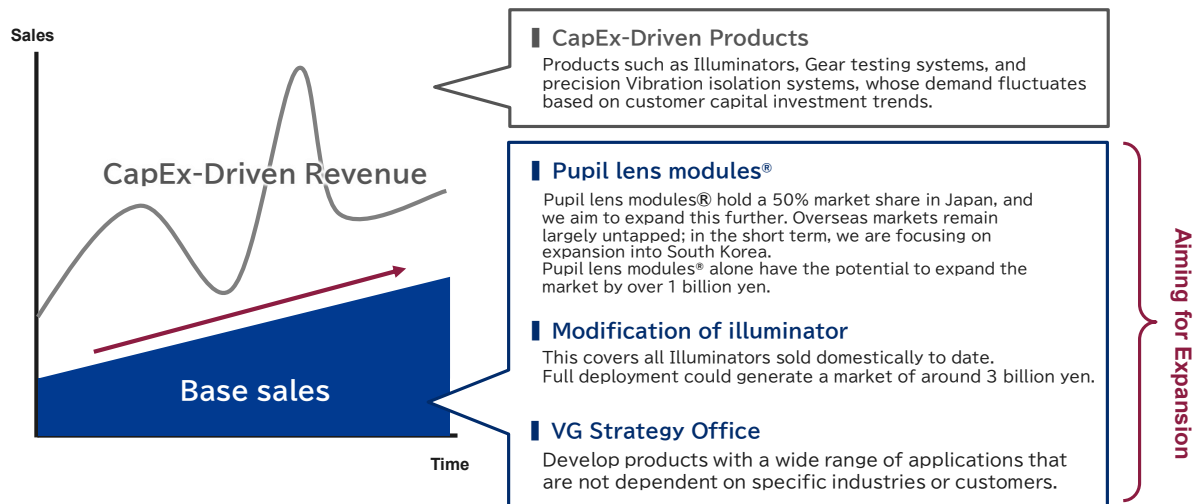
IoT-Related

Promotion of
Industry 4.0

New Business



- 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.

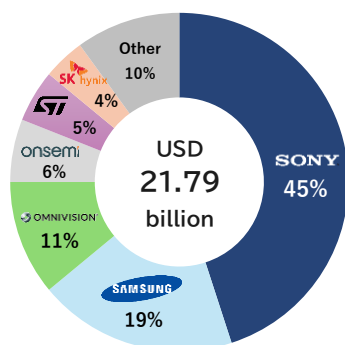


- As reflected in our latest earnings forecast, our current business structure remains highly dependent on customer capital investment. However, we are committed to fundamentally transforming this structure.
- To demonstrate this commitment, we have introduced a new performance metric: Base Revenue. This indicator reflects the resilience of our business by capturing our ability to generate stable, recurring revenue independent of capital investment cycles.
- Currently, the primary contributor to base revenue is our Pupil lens modules®. We hold approximately 50% of the domestic market share, and we expect this to expand further. In overseas markets—still in the development phase—we are currently focusing on South Korea. If adopted at scale, Pupil lens modules® alone have the potential to increase revenue by more than JPY 1 billion.
- For Illuminators, we plan to begin full-scale retrofitting of previously delivered devices. Should this gain traction, we anticipate a market opportunity of approximately JPY 3 billion, which we intend to capture.
- In parallel, the VG Strategy Division is advancing product development aimed at broader markets, less reliant on specific customers or industries.
- While revenue tied to capital investment remains important, we consider it a bonus. Our strategic priority is to achieve sustainable corporate growth by focusing on expanding base revenue.

Our Strengths in the IoT-Related Business (Image Sensor Inspection)

- In the IoT-Related Business segment, our core area of focus, we are distinguished by: Industry-standard, advanced technologies / Marketing capabilities developed through on-site engineer visits / Strong cost awareness rooted in manufacturing operations
- In addition, the nature of image sensor (semiconductor) testing requires high reproducibility to ensure quality, making repeat orders from the same manufacturers standard practice. These strict quality assurance demands, along with high switching costs, create strong barriers to entry and enable us to maintain a high market share.

Image Sensor Market in 2023 (Revenue Basis)



Source :Yole 2023-2029 CMOS image sensors market forecast

Our Strengths

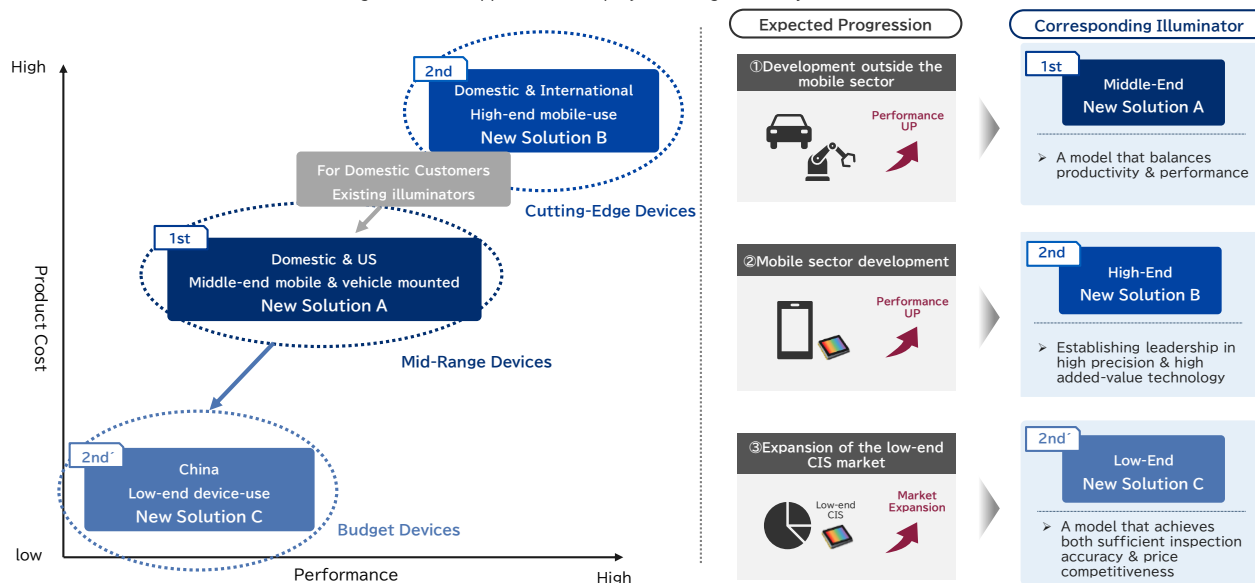
Our devices are adopted by leading image sensor manufacturers, covering **over 75%** of the market on a customer basis.

- ✓ Industry-standard, advanced technologies
- ✓ Marketing capabilities developed through on-site engineer visits
- ✓ Strong cost awareness rooted in manufacturing operations

- While capital investment-dependent sales are positioned as a bonus, they nonetheless remain an important pillar of our business. We believe our IoT-related business possesses three core strengths.
- First, our position as the de facto standard in the industry. Our products are adopted by major image sensor manufacturers and account for over 75% of the image sensor market by revenue. This clearly demonstrates our position as the de facto standard in the image sensor testing industry.
- Second, the strong marketing capabilities of our engineers. Our engineers not only pursue technological excellence, but also have a deep understanding of customer needs—enabling them to develop products that meet those needs with precision. This blend of technical expertise and customer insight has been the key driver of our reputation for delivering high-value solutions.
- Third, a strong emphasis on product cost consciousness. Cost awareness—covering both production costs and profit margins—is deeply embedded in our design and operational processes. This has been instrumental in maintaining our high profitability.
- By fully leveraging these strengths, we will further enhance our presence in the image sensor testing market.

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

- 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.



- Going forward, there are three markets where we aim to strengthen our presence.
- The first is the high-end mobile market. Smartphone camera performance is expected to continue advancing in terms of image quality and functionality, with applications such as video and AI processing becoming more diverse. In this expanding field, we will proactively introduce solutions for next-generation devices and establish a strong position in both domestic and global mobile markets.
- The second is the mid-range mobile, automotive, and robotics market, and the third is the low-end device market. In addition to our existing high-end offerings, we will expand our product lineup to address all market segments and develop flexible business models tailored to their respective needs.

Strategic Direction: Three Steps to Growth

IoT-Related

Promotion of
Industry 4.0

New Business



- Our growth strategy is built around three pillars: **Connect**, **Create**, and **Expand**.
- By 2030, we aim to evolve into a premium-value company, enhancing both our corporate value and market capitalization.

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

A company that leverages its competitive strengths and diverse technologies to drive global transformation.

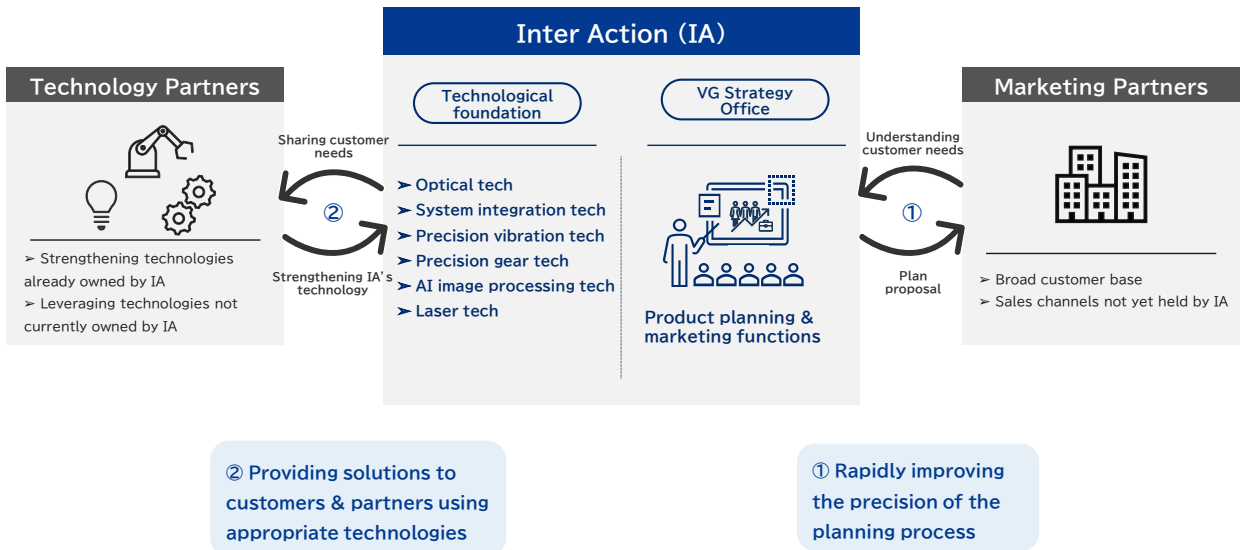


Three Steps to Growth: Connecting People, Creating New Value, and Expanding the Market

- We have defined three strategic growth steps as the foundation for executing our transformation strategy.
- Step1 Connect : We will connect internal and external partnerships, organizations, technologies, and human resources—laying the groundwork for creating new value.
- Step2 Create : Through these connections, we will generate Interaction Value, including strategic products, business synergies, and profits.
- Step3 Expand : We will further expand the value generated in the first two steps by entering new markets, acquiring new customers, and developing new product areas.
- By following the rhythm of “Connect → Create → Expand,” we will combine our core strengths with diverse technologies to evolve into a company that drives global transformation.

Partnerships can accelerate the timeline to achieve our goals.

➔ **Establish Five Strategic Partnerships by 2030**



- Currently, we are accelerating efforts in the first step—"Connect."
- Specifically, we are actively pursuing collaborations with external partners to strengthen our product planning and marketing capabilities, while also improving speed and agility in execution.

Strategic Partnerships: Progress and Future Goals

- We are currently engaged in concrete partnership discussions with two companies.
- To achieve our goals by 2030, we will broaden our outreach and build multiple partnerships with companies like Company A.

Strategic Partnership Progress



Future Schedule : Company A

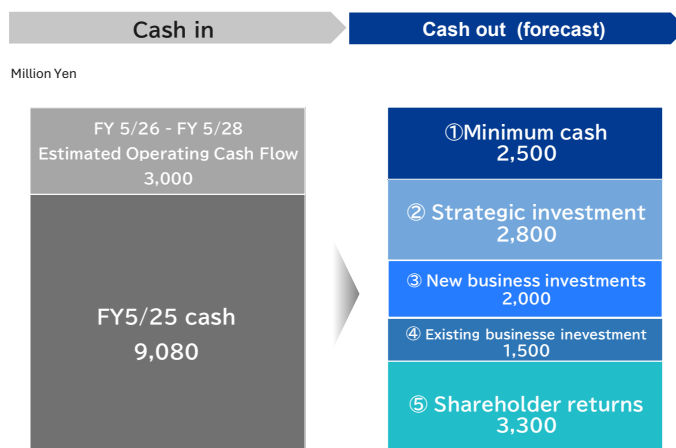


- By 2030, we aim to establish five or more high-quality partnerships.
- We are currently engaged in practical discussions with two companies. In collaboration with one of them—an Optical manufacturer: Company A - we aim to generate base revenue of JPY 400 to 500 million.
- We will continue to explore new opportunities and work toward building five or more sustainable, high value-added partnerships to expand base revenue and enhance the resilience of our business.

New Cash Allocation (May 2026 – May 2028)



- We will revise our cash allocation plan as of the third quarter of FY ending May 2025, and reset the allocation on a rolling three-year basis covering FY ending May 2026 through FY ending May 2028.
- We aim to enhance sustainable corporate value by balancing financial stability, business growth, and shareholder returns.
- We will consider using interest-bearing debt, as needed, to finance strategic initiatives such as alliances and M&A investments.



* Shortfalls, if any, will be financed with interest-bearing debt.

- In conjunction with the formulation of our new Medium-Term Management Plan, we have also updated our cash allocation policy. Based on our three-year business strategy—from the fiscal year ending May 2026 through the fiscal year ending May 2028—we have redefined our approach to cash utilization.
- ① Minimum Cash: This refers to the minimum amount of cash reserves required to ensure operational stability. Given our reliance on customer capital investment, our business is exposed to market volatility. This minimum level has been set based on our judgment of what is necessary to withstand unforeseen circumstances.
- ② Strategic Investment: This allocation is intended to provide flexibility to support the acceleration of partnership development. We are currently in discussions with two potential partners and aim to establish five or more partnerships by 2030. The amount has been set in consideration of this target.
- ③ New Business Investment: This fund is reserved for the creation of new businesses through internal initiatives and co-creation with external partners, as well as for talent investment essential to those efforts.
- ④ Existing business investment : We will continue to strengthen and grow our existing core businesses through focused reinvestment.
- ⑤ Shareholder Returns: We will return profits to shareholders through dividends and share buybacks, based on capital policy and performance outlook.
- In the event of a shortfall, we will flexibly consider the use of debt financing.

Shareholder Return Policy



- To reduce dependence on short-term performance and ensure stable dividend payments, we have adopted a dividend policy based on a DOE (Dividend on Equity) target of 4.0%.
- While retaining sufficient internal reserves to support future business growth, we will also execute share buybacks as appropriate to enhance shareholder returns, improve capital efficiency, and maintain a flexible capital strategy in response to changes in the business environment.
- We will continue to pursue a balanced dividend policy that supports both financial soundness and growth investments, with a focus on enhancing long-term corporate value.



Share Buybacks: JPY 1 Billion Planned (July–December 2025)
 (Equivalent to approximately **10%** of total shares outstanding, excluding treasury stock)

- We will maintain a basic target of a dividend on equity (DOE) of 4.0% or higher, with a focus on delivering stable and sustainable dividends.
- As a recent initiative, we have decided to implement a treasury share buyback program of approximately JPY 1 billion, to be carried out between July and December 2025.
- Going forward, we will continue to pursue a dividend policy that strikes a balance between financial soundness and growth investment, while working to enhance medium- to long-term corporate value.

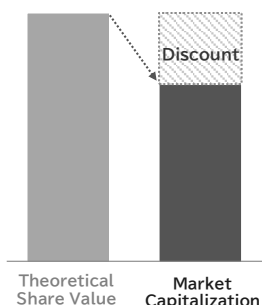
Enhancing Management Quality and Corporate Value



- Capital markets have taken a cautious view of our diversification strategy and capital efficiency, contributing to a valuation discount.
- We aim to turn our valuation discount into a premium by further enhancing management quality and driving long-term corporate value.

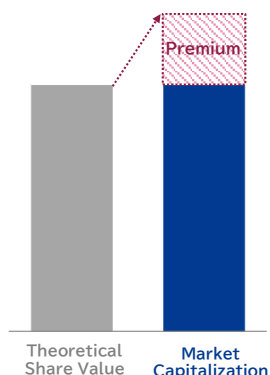
Present Situation

Undervalued
by capital markets



Going forward

From Discount to **Premium**
Through Stronger Management
and Enhanced Corporate Value



Key Measures

☑ Institutionalizing Investor Perspectives in Management

☑ Appointment of New Directors and Changes in Board Operations

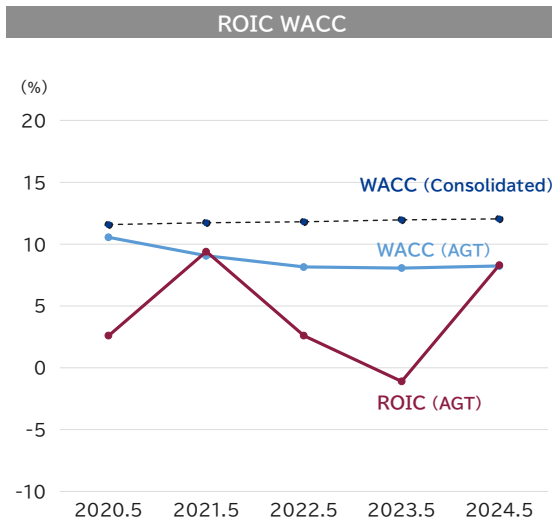
☑ Driving Synergies through Business Portfolio Management

- Currently, our stock is undervalued by the capital market, reflecting concerns about the effectiveness of our diversification strategy and capital efficiency. These concerns have contributed to a valuation discount.
- Our goal is to transform this discount into a valuation premium over the next five years. To achieve this, we will focus on three Key Measures: Investor Perspectives in Management, Appointment of New Directors and Changes in Board Operations, Driving Synergies through Business Portfolio Management.

Institutionalizing Investor Perspectives in Management:
Transfer of All Shares in Consolidated Subsidiaries (Exit from Environmental Energy Business)



- AIR GASES TECHNOS Inc. (AGT) has consistently underperformed its cost of capital over the past five years and meets the criteria for divestment.
- The transferee operates in the gas industry and has been identified as the best owner for AGT.



Overview of the Transferee Company

Company Overview

Company Name	Chikuho Trading Inc.	Source:TSR
Established	October 1949	
Headquarters	Iizuka, Fukuoka, Japan	
CEO	Shoji Kubo	
Number of Employees	35	
Sales	JPY 1.2 billion (as of 2023)	
Core Business	Sales of high-pressure gas, propane gas, gas appliances, etc.	
Major Suppliers	Air Liquide Japan, Taiyo Nippon Sanso Corporation, Saibu Gas Co. Ltd., Iwatani Corporation	

Estimated Synergies

- Geographic Complementarity between AGT's Bases (Kanto and Kansai) and the Transferee's Base (Kyushu)
- AGT's drying and deodorizing equipment utilizes gas combustion,
- creating potential synergies with the transferee's gas sales operations.

- As part of our efforts to strengthen our internal investor function, we executed the transfer of shares in Air Gases Technos Inc., a consolidated subsidiary, to Chikuho Trading Inc., on July 2, 2025, based on a strategic review of financial performance over the past five years.
- The acquiring company, which has deep expertise in the gas industry, was determined to be the best owner to maximize the subsidiary's value.
- Going forward, we will continue to enhance our internal investor function by regularly monitoring the roles, value, and future potential of each business. Through timely and appropriate measures, we aim to improve management quality and maximize corporate value.

Appointment of New Directors and Changes in Board Operations:

(1) New Director Appointments (Planned)



- To further strengthen corporate governance, we plan to appoint two new outside directors.
- Enhancing financial and corporate management perspectives is expected to lead to stronger governance.

Name (Date of birth)	Past experience, positions and responsibilities in the Company, and significant concurrent positions	Number of the Company's shares held
* Noboru Araki (June 8, 1973) [Outside]	October 1998 Joined Chuo Audit Corporation (now PricewaterhouseCoopers Japan LLC). Registered as certified public accountant. May 2002 Registered as certified public accountant. September 2003 Joined KPMG FAS Co., Ltd. April 2020 Established Araki CPA Office. Representative, Araki CPA Office (to present) April 2020 Registered as certified tax accountant July 2021 Established Hayabusa Trust Audit Corporation. Representative Partner, Hayabusa Trust Audit Corporation (to present) July 2021 Established Hayabusa Trust Accounting Corporation. Representative Partner, Hayabusa Trust Accounting Corporation (to present) April 2022 Established Bloom Advisory K.K. Representative Director, Bloom Advisory K.K. (to present) Significant concurrent positions outside the Company: Representative, Araki CPA Office Representative Partner, Hayabusa Trust Audit Corporation Representative Partner, Hayabusa Trust Accounting Corporation Representative Director, Bloom Advisory K.K.	—
Reasons for nomination as a candidate for Outside Director and outline of expected role: Although Mr. Noboru Araki has not been directly involved in the management of a business corporation, he has considerable insight into finance and accounting from his experience as a certified public accountant, tax accountant, and his service at KPMG FAS Co., Ltd. We propose his election as an Outside Director because we expect his abundant experience and broad insight will be conducive to enhancing the Company's corporate governance.		

*Subject to change.

Name (Date of birth)	Past experience, positions and responsibilities in the Company, and significant concurrent positions	Number of the Company's shares held
* Yoshihiro Ueda (May 11, 1959) [Outside]	March 1982 Joined ASICS Corporation June 2009 Director and Manager, Management Information Department, KEYENCE CORPORATION June 2014 Full-time Auditor, KEYENCE CORPORATION October 2015 Executive Officer, Senior General Manager, Global Financial Control Division, ASICS Corporation June 2020 Director, Lead Executive Officer, General Manager, Administration Division and Manager, Public Relations Department, OSAKA SODA CO., LTD. June 2022 Outside Director and Member of Audit and Supervisory Committee, ALPS LOGISTICS CO., LTD. June 2025 Outside Director, O-Well CORPORATION (to present) Significant concurrent positions outside the Company: Outside Director, O-Well CORPORATION	—
Reasons for nomination as a candidate for Outside Director and outline of expected role: Mr. Yoshihiro Ueda has experience working for listed companies where, in addition to overseas assignments, he was engaged in general administrative operations including accounting, finance, and legal affairs, and was involved in corporate management. We propose his election as an Outside Director because we expect his abundant experience and broad insight will be conducive to enhancing the Company's corporate governance.		

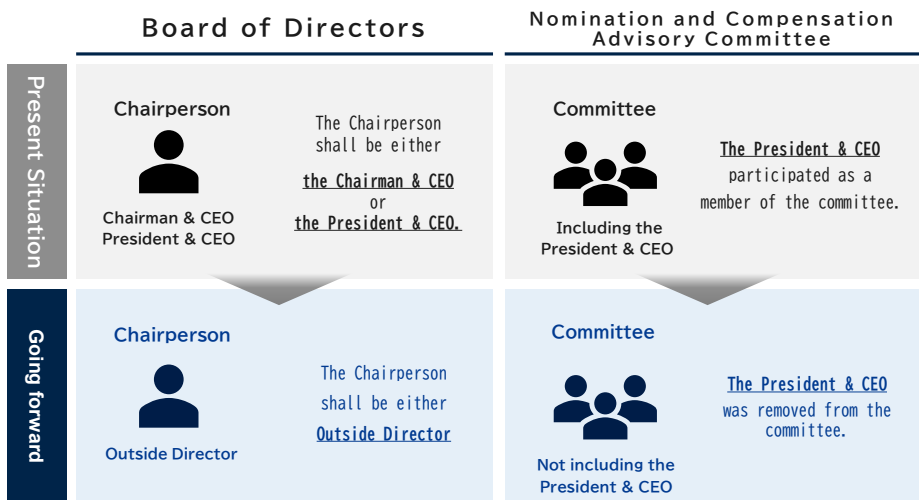
*Subject to change.

- As part of our initiatives to reform the Board of Directors structure and its operational practices, we plan to appoint two new outside directors to further strengthen our corporate governance framework.
- Through this, we aim to enhance the diversity and expertise of the Board, promote more effective oversight and constructive dialogue, and ultimately improve both the functionality of the Board and the overall quality of management.

Appointment of New Directors and Changes in Board Operations:
(2) Review of Governance Practices for the Board of Directors and the Nomination & Compensation Advisory Committee



- We plan to review the operations of the Board of Directors and the Nomination and Compensation Advisory Committee.
- The Board of Directors will be chaired by an outside director. (Previously, the chair was the Representative Director and Chairman or the Representative Director and President.)
- The President and CEO will step down from the Nomination and Compensation Advisory Committee.



- In addition to increasing the number of outside directors, we will implement structural reforms to further strengthen governance by revising the composition of both the Board of Directors and the Nomination and Compensation Advisory Committee.
- The Board of Directors will shift to a structure in which the Chairperson is an outside director, enhancing objectivity and independence in oversight.
- In the Nomination and Compensation Advisory Committee, the President & CEO will no longer serve as a committee member, ensuring more neutral and transparent decision-making processes.
- Through these reforms—and while navigating a challenging business environment—we remain committed to enhancing corporate value over the long term.