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To all concerned.

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Q&A for the Financial Results Briefing for the 2Q of the Fiscal Year Ending May 31, 2024 (Excerpts)

On January 12, 2024, we held an online financial results briefing for the 2Q of the fiscal year ending May 31, 2024. This document summarizes and makes public the main points of that Q&A session. Some amendments have been made for clarity.

Q1: In the IoT related business, a large order of Y1.6bn was recorded on the 27th December 2023: could you tell us the background to this order, and order trends for the second half?

A1: I would first like to express our gratitude to the customer for the large order. We believe one of the major factors behind it was strong performance from the customer's business related to image sensors. Our understanding is that, given current market sentiment and demand, image sensor production volume will need to increase. Another reason is, we believe, the customer's prioritization of eliminating individual differences between products. By ordering all at once rather than making several smaller orders, the differences within the batch reduce, leading to higher stability in inspection accuracy.

I cannot speak in detail on order trends for the second half, but to give an idea of our business situation, we have managed to take back 100% share mainly with our domestic customer via the installation of our new line of illuminators, and we believe this will continue. Furthermore, we are responding to the need for reduced differences between units with our unique solution that can round out differences between illuminators that have already been delivered (including competitor illuminators). We have patented this solution and want to use the technology to build a new business. Currently, we estimate the market scope of that business is approximately Y2bn. We also have several Pupil Lens Module® initiatives in progress, and hope to take back market share by

cementing our technological superiority.

Q2: You say that you are progressing development of products for semiconductor inspection in the AI image processing business, but where exactly in the process will the inspection equipment be used? Could you also tell us in detail about the business model?

A2: The most I can currently say is that we expect it to be used in inspections late in the process. We plan to offer the product as an all-in-one package for hard, soft, and handler testing, and we expect the price per package to be approximately the price of 3-4 standard inspection-use illuminator units. We expect the revenue model to be recurring, including not just the initial purchase but regular sales of updates for AI relearning and so on, but will finalize a decision after discussion with our customers.

Q3: You have paid an interim dividend for the first time, and this fiscal year's payout ratio works out as just under 60%, which is a significant deviation from your basic total return ratio policy of 30%. In light of that, what are your thoughts on future shareholder returns?

A3: We have made no change to our 30% total return ratio policy, but the nature of our business is that there are fluctuations in earnings, and as such deviations can occur. That does not, however, mean we would lower our dividend if our earnings decline: in general, we aim to maintain a stable dividend, raising it gradually as our business grows.

Furthermore, this fiscal year's interim dividend was paid as a proactive demonstration of our drive to achieve mid-term growth: although our total return ratio temporarily deviated from our 30% basic policy, we aim to run our business such that we reach a 30% total return ratio level in future.

Q4: On page 10 of your presentation materials, you say that you plan to reduce individual differences between units by retrofitting your unique functionality to previously-installed illuminator models as part of your initiatives with your major domestic customer. Could you explain more specifically what initiatives you are taking?

A4: I cannot divulge details of the technology, but in simple terms, the goal is to achieve equal light quality in each illuminator. It depends on the type of illuminator delivered, but even within the same

illuminator there can be minute individual differences in inspection capabilities or the data available at inspection (despite there being no issue with the illuminator itself). This happens both when comparing our illuminators or our illuminators and competitors', and there are cases where the customer is obliged to make fine adjustments to the equipment to eliminate differences. If the illuminator in question has already been fitted with an adjustment mechanism to eliminate equipment differences, the customer no longer needs to make adjustments on their end: we believe this will contribute to the equalization of light quality and the improvement of customer productivity.

Q5: On page 10 of your presentation materials where you discuss initiatives regarding mass production of the Pupil Lens Module® at your major overseas customer, why have you not decided to install high-spec models before low-spec? Expanding sales by first installing high-spec models is more usual: could you explain why you have chosen the opposite order?

A5: The exact order is that when we presented the Pupil Lens Module® to our major overseas customer originally, we began by installing a high-spec demo model, and mass production is tied to the customer's approval of it.

The reason we have decided to proceed with mass production of the lower-spec models first is that our customer has expressed the need to collect inspection data gradually when using the Pupil Lens Module®. The Pupil Lens Module® is a new piece of equipment for our customer, and they have yet to collect enough quality inspection data with it to make a decision: without the appropriate amount of inspection data, we cannot prove to external parties that the image sensor is high quality. We thus see a possibility of demand for Pupil Lens Modules® of varying specifications.

Q6: When did the Pupil Lens Module® production automation project begin? Will you produce any equipment necessary for the automation internally? Will there be any impact on the price of the Pupil Lens Module®?

A6: The project began in June 2023 or so, and we are developing automation machinery with our partners. We do not expect the price to fall: rather, we see a possibility it will rise naturally as automation allows for shorter lead-times, higher efficiency and improved quality, thereby growing both customer satisfaction and added value. We do not aim to beat our competitors on price, but on lead-times, efficiency, and quality.