KONICA MINOLTA, INC.

Briefing of Optical Components for Semiconductor Manufacturing Equipment

March 18, 2026

Event Summary

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[Participants]	
[Number of Speakers]	5

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Yoshifumi Mitani	General Manager of Advanced Optics Business Operations, Optical Components Business Unit
Takahiko Ueno	Director, Investor Relations Office

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*Analysts that SCRIPTS Asia was able to identify from the audio who spoke during Q&A or whose questions were read by moderator/company representatives.

Presentation

Ueno: Thank you all for taking time out of your busy schedule to join us today. We will now begin the briefing on the optical components business for semiconductor manufacturing equipment.

I would like to introduce today's speaker, Mr. Yoshiyuki Nomura, Corporate Vice President of KONICA MINOLTA, INC, and General Manager of the Optical Components Business Unit. The moderator is Ueno from IR. Thank you.

Today's presentation materials have already been posted on our website. It is also distributed to the press and information vendors through the TSE. Nomura will provide an explanation along with the materials. After the presentation, we will be happy to take your questions.

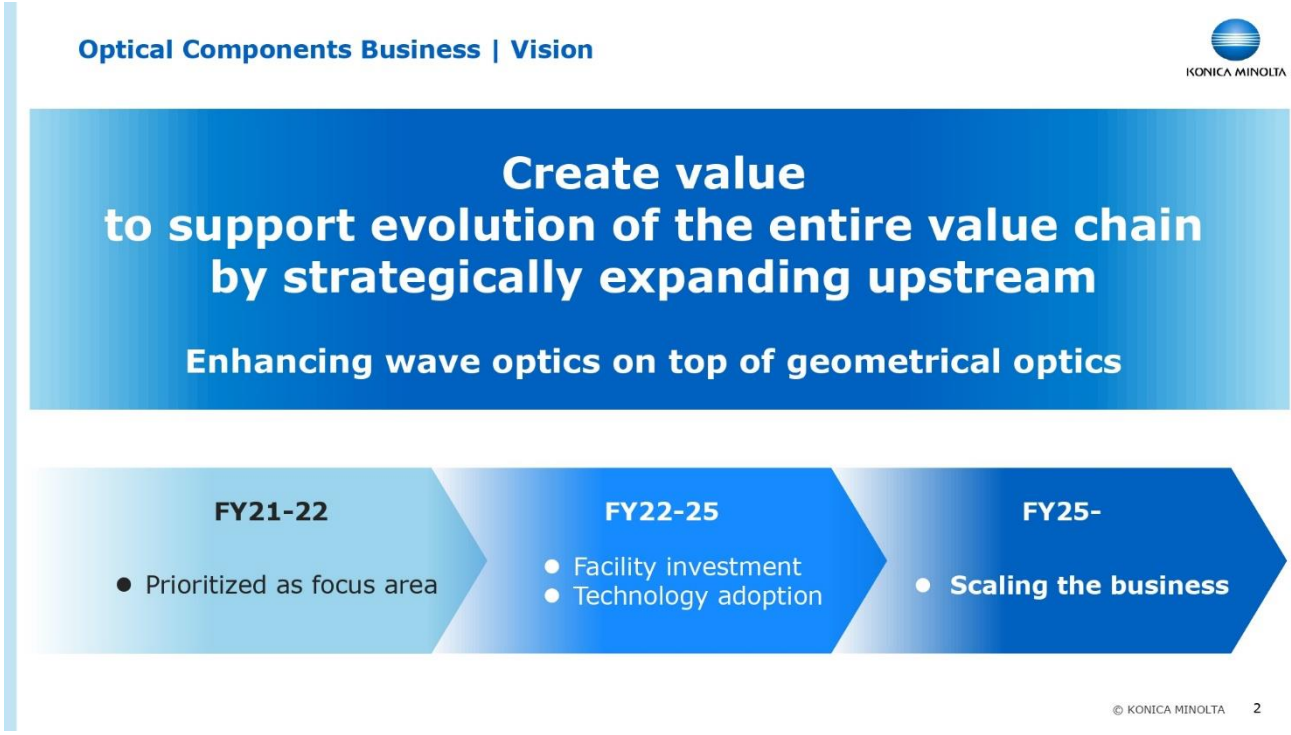
Mr. Nomura, please begin.

Nomura: Hello everyone. My name is Nomura. Thank you for joining us today.

Today, I would like to talk about our optical components business for semiconductor manufacturing equipment. As I will explain in detail later, we develop and manufacture optical components for semiconductor inspection systems.

First, as background, the performance requirements for inspection systems are changing dramatically as semiconductors continue to shrink in size, manufacturing becomes more sophisticated, and inspection items become more diverse. In this context, optical components are not mere parts, but core components that determine the inspection performance itself.

Today, I will explain how we control light in this area, what value we provide, and how this leads to business growth.



Let me start with our business vision. First, the business vision. We focus on creating value to support evolution of the entire value chain by strategically expanding upstream.

Since I took charge of this business unit, I have first established these values and then proceeded to reform the business based on them.

Here, optical control does not simply mean making images look visually clear with lenses. It refers to the domain of optimizing image appearance, which is what we call geometrical optics in our industry.

However, optical control does not stop there. It also includes controlling the behavior of light as a wave, including effects such as blur and distortion, to achieve the intended optical performance.

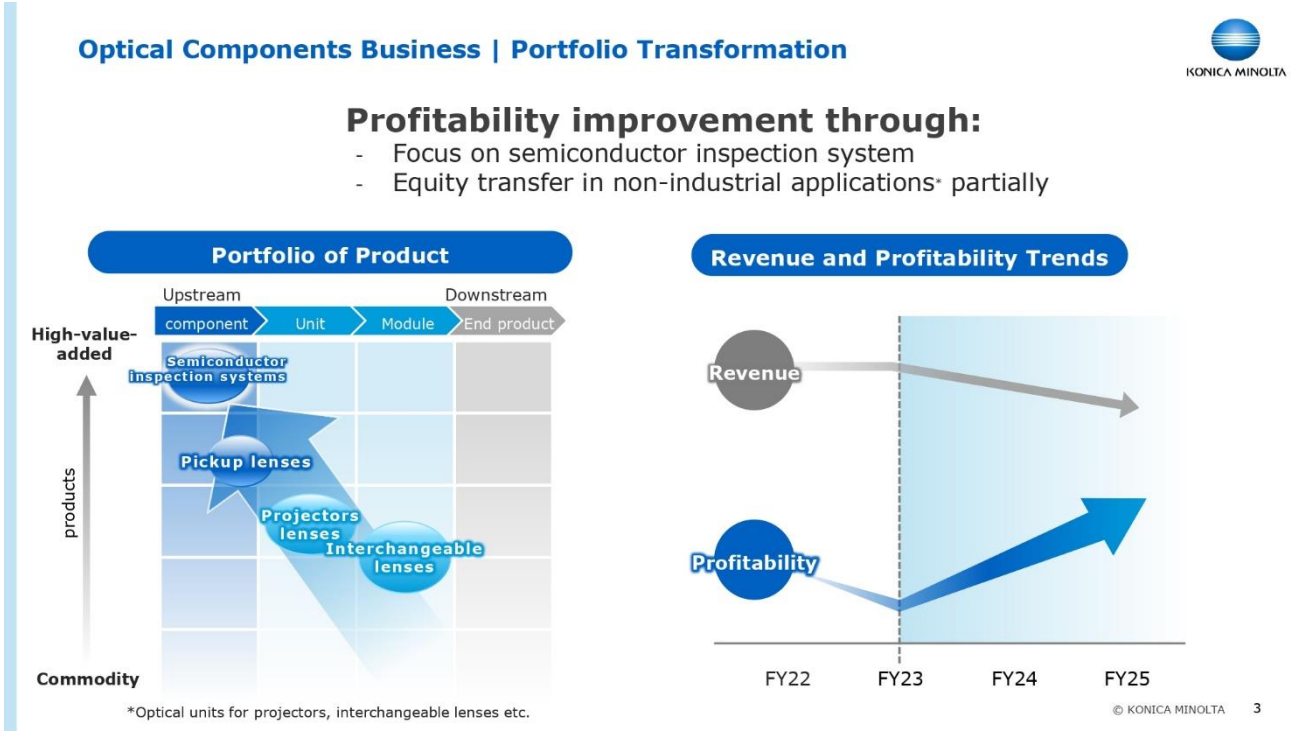
We focus on this domain, where light is treated as a wave and its behavior itself is controlled, which is referred to as wave optics.

Objective lenses for semiconductor inspection must detect nanometer-scale defects. Therefore, value lies in controlling design, manufacturing, and evaluation in an integrated manner based on wave optics.

This concept of controlling light as a wave is reflected in achieving optical performance such as high resolution, high numerical aperture, low aberration, and high transmittance simultaneously, and reproducing this consistently in mass production.

Since FY2021 to FY2022, we have assessed the business environment and clarified our strengths and made the decision to focus on semiconductor manufacturing equipment. From FY2022 to FY2025, we have been building the organizational structure, while advancing investments and technology acquisition. After 2025, we are entering a phase in which we will take our business to the next level to achieve business growth beyond the scale of our previous extension.

This time, we would like to explain the foundation we have already laid so far and the measures we intend to take in the future.



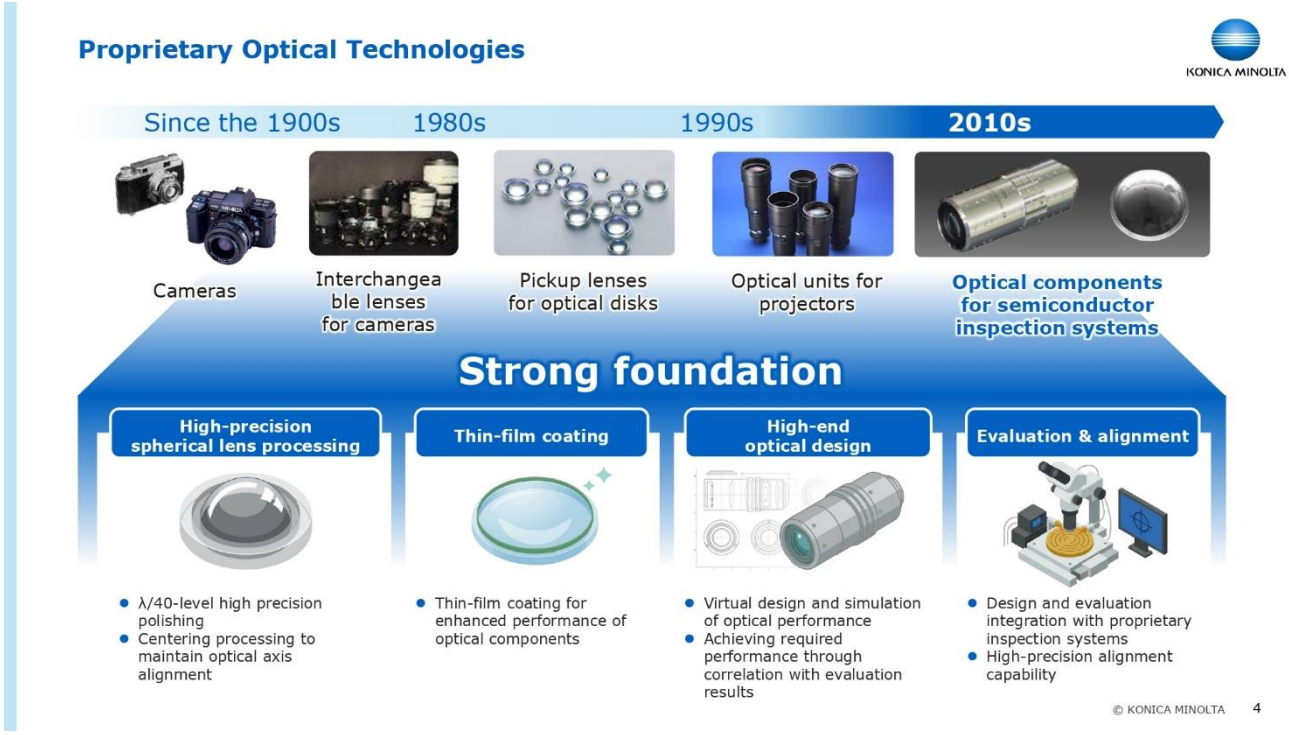
We will discuss our initiatives to date. We have shifted to upstream areas of the value chain, where higher added value is required, through a portfolio shift within the business unit.

In the past, we pursued scale and expanded into applications focused on geometrical optics, where the goal is to make images look visually clear. However, in that domain, the more we increased value added, the more costs also increased. In terms of smile curve, this area corresponds to where we are more likely to be exposed to price competition.

On the other hand, in the area dominated by wave optics, processing, adjustment, and evaluation are directly related to performance and value.

Past structural reforms and the partial equity transfer of subsidiaries were aimed at concentrating on high value-added areas where we have strengths and redesigning our business portfolio to achieve both growth and profitability.

The results of these efforts have already been reflected in the figures, and as shown on the right side of the slide, profitability has been improving significantly despite the decrease in sales due to the transfer of subsidiaries.

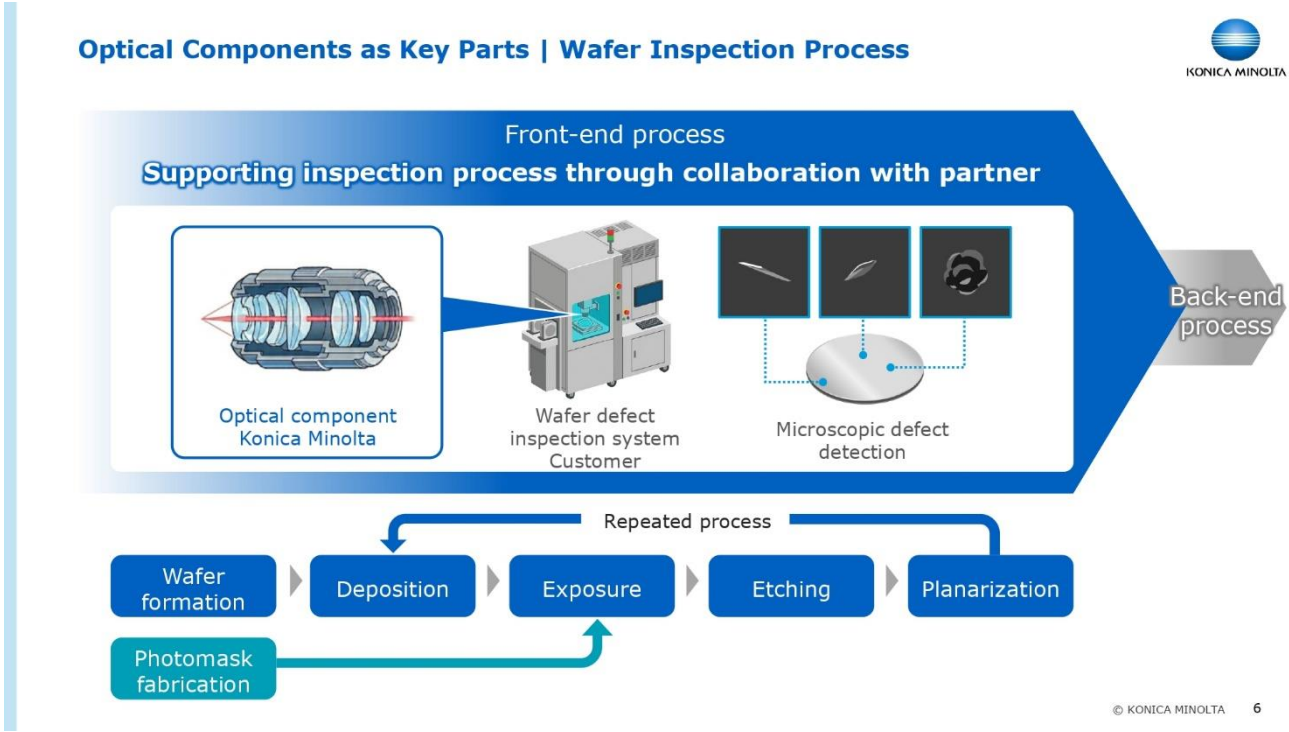


Our company's origins are in cameras, and we have refined our optical technologies in interchangeable lenses for cameras, pickup lenses, and in the past, lenses for steppers and lenses for high-brightness projectors.

Through this process, we have accumulated technologies for ensuring high precision of spherical lenses, thin film coating, high end optical design, evaluation and alignment.

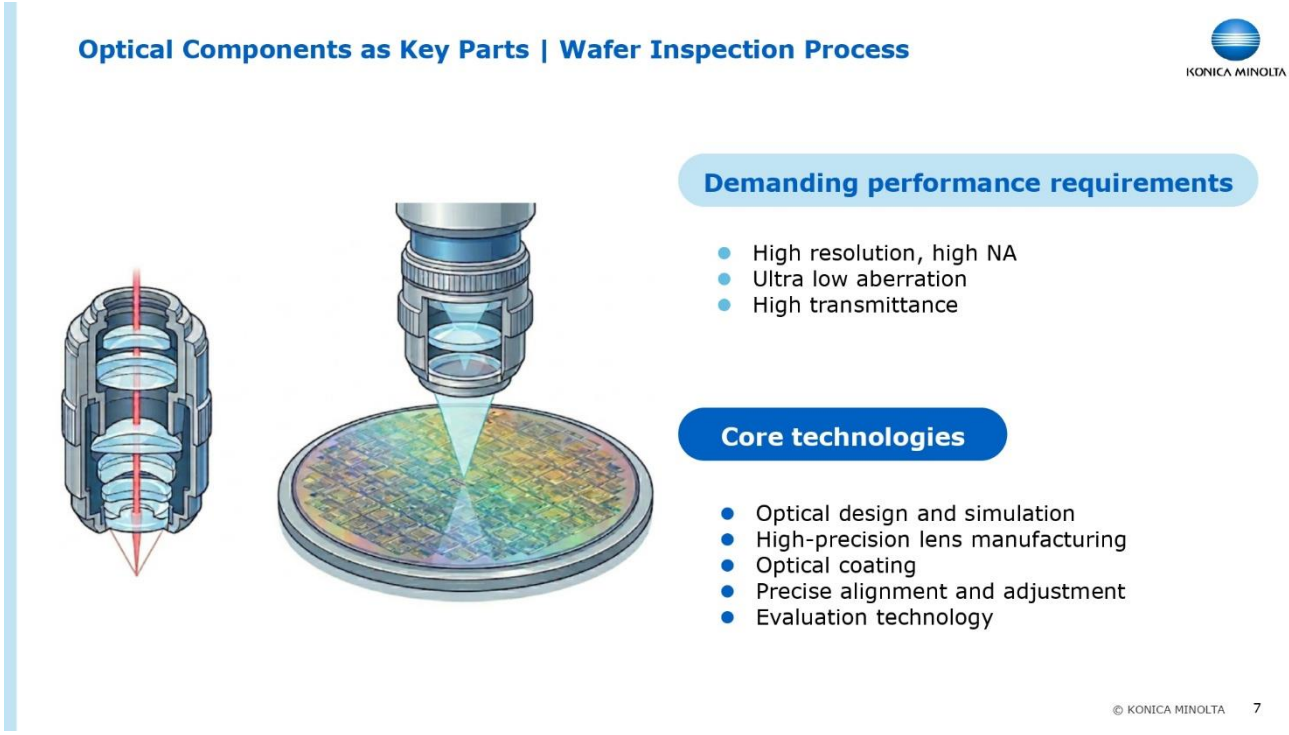
In particular, the core of our technology lies in the fact that we have been trained in the highly challenging area of controlling light as waves. Design alone or manufacturing alone is not sufficient. Our competitiveness lies in fully executing the loop of design, manufacturing, evaluation, and correction.

Building on the technologies we have developed, we are now focusing on semiconductor manufacturing equipment and providing optical components that directly contribute to improving inspection system performance to inspection system manufacturers.



From here, we will explain in more detail optical components for semiconductor inspection systems. The optical components we develop, and manufacture are widely used in both front-end and back-end processes of semiconductor manufacturing. Among them, lens units for wafer defect inspection systems are one of our key value areas.

In the front-end process, inspections are conducted to check for defects on wafers during the manufacturing process. These inspections are carried out using wafer defect inspection system. It can detect microscopic defects at the nanometer level that are not visible to the naked eye.



Our optical components are key parts that significantly impact the accuracy of our customers' inspection systems, and we work closely with our customers in both development and manufacturing.

In wafer defect inspection, the size of defects to be detected is in the nanometer range. Therefore, optical performance such as high resolution, high numerical aperture, low aberration, and high transmittance is required simultaneously.

At this stage, inspection performance is not determined simply by how clear the image appears. What matters is whether microscopic defects can be detected stably without blurring and without being buried in noise.

In other words, it is essential to capture fine defect signals, which relates to high numerical aperture and high transmittance, while minimizing factors that degrade image quality, which corresponds to low aberration. This will be important.

The resulting defect visibility is technically evaluated in the form of a point spread function, which determines the resolution and detection stability of the inspection system.

The core technologies described here will solve this required performance, and there are three key points.

The first is design. It is not sufficient to simply form an image. The system must be designed to control not only how light is focused, but also how it spreads and blurs, so that defects can be detected most effectively.

The second is processing. Even slight variations in lens geometry, surface shape, and materials directly result in performance degradation, affecting resolution and detection stability.

The third is evaluation. It is essential to accurately assess whether the finished optical components achieve the intended performance, and to reliably feed the results back into design and manufacturing.

We connect design, manufacturing, and evaluation through the common framework of wave optics, and provide highly reproducible optical components that directly contribute to improving inspection system performance.

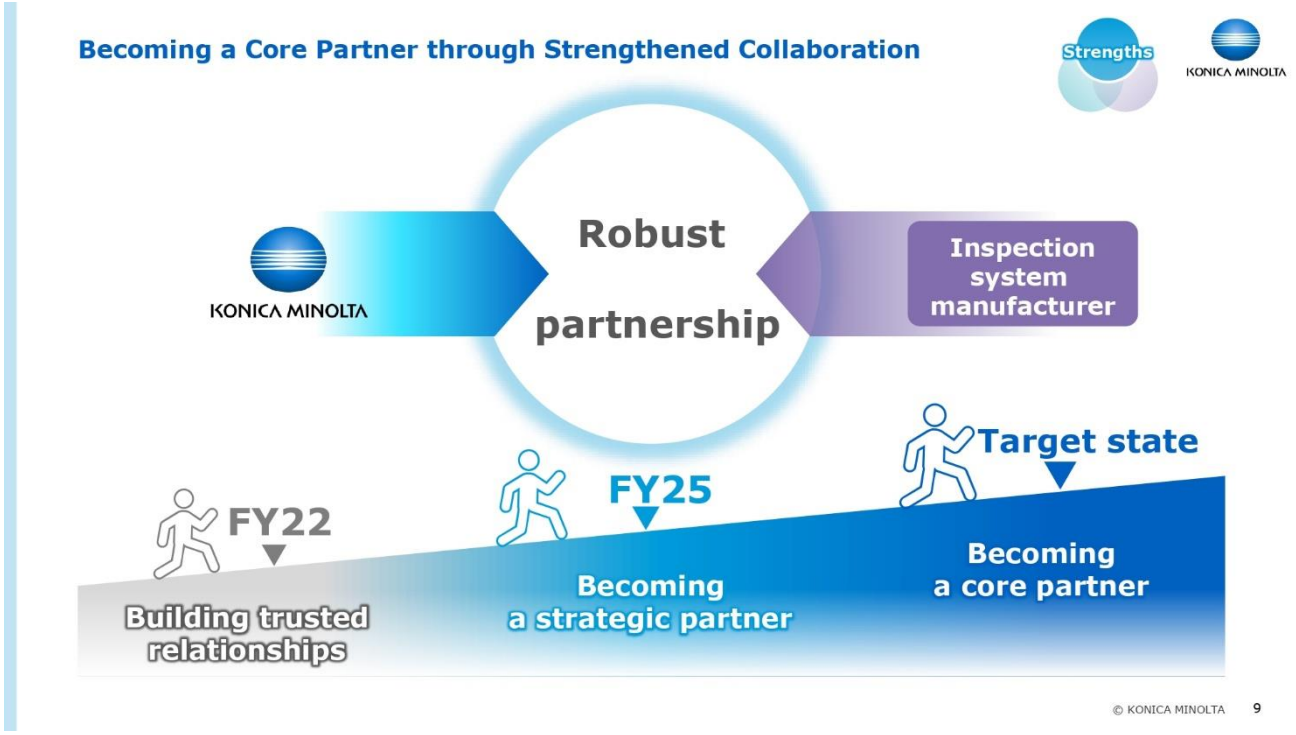
This slide briefly shows how KONICA MINOLTA is creating growth opportunities.

Our growth opportunities are created by a combination of strengths, markets, and competitive environments. First, regarding our strengths, we have the development capability to embody the diverse needs of our customers in the form of products, and the ability to customize them through competition.

Next is the growth of the market itself. In addition to the growth in semiconductor demand, including for AI, advances such as multi-chip integration and the evolution of semiconductor manufacturing processes are expanding the technological areas where we excel.

Finally, there is the competitive environment. In the market for optical components for semiconductor manufacturing equipment, the main supplier's supply is becoming unstable, and we can expand our market share by taking on this supply.

Strengths, markets, and competitive environment will be discussed in more detail later in this section.

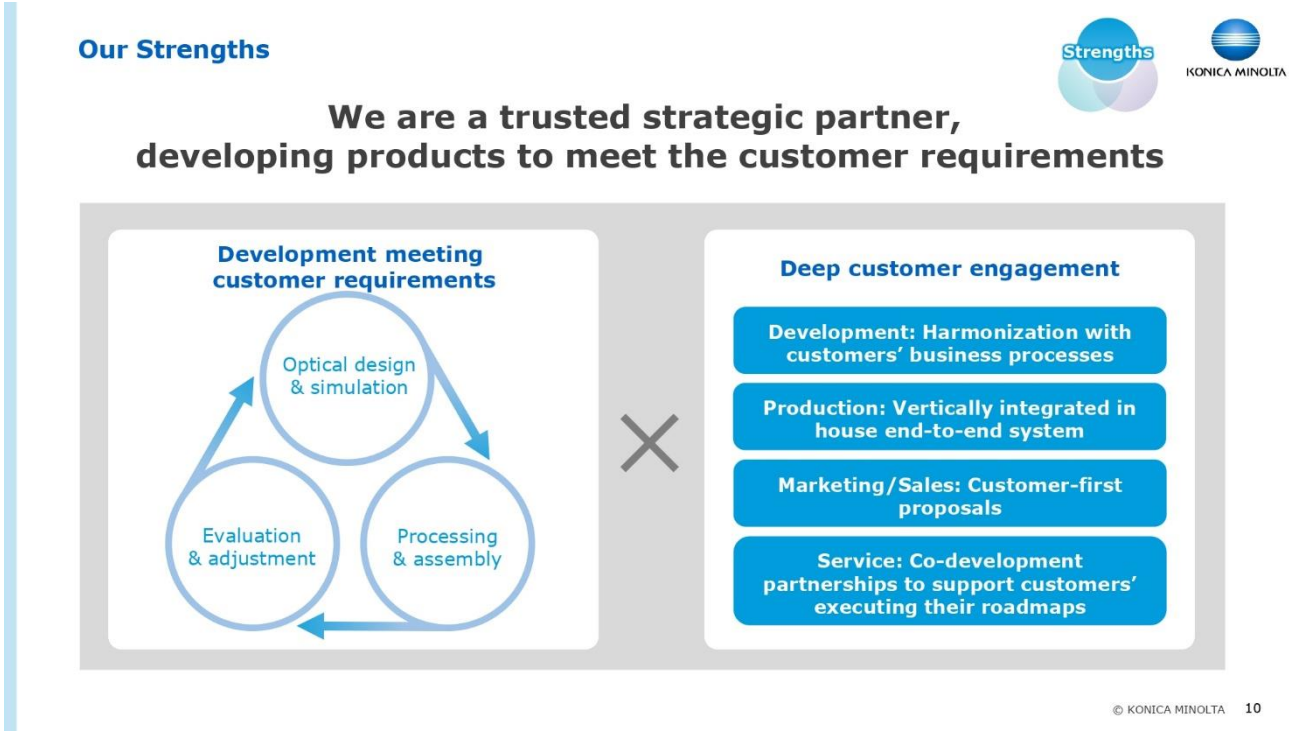


Optical components for semiconductor manufacturing equipment require high performance, and specifications vary widely by product. Therefore, rather than being a simple component supplier, our co-creation approach with customers is a key source of competitiveness. We have already been providing optical components to leading manufacturers of inspection systems for more than 10 years and have built a strong partnership.

In recent years, manufacturers capable of jointly developing performance have begun to withdraw or reduce their focus on this area in line with their respective management strategies. As a result, it is becoming increasingly important for inspection system manufacturers to have partners who can not only provide a stable supply but also work together to develop performance. This is a major factor in the change in our position from mere supplier to partner.

As mentioned earlier, since clearly defining optical components for semiconductor inspection systems as a key focus area and strengthening our organizational structure, we have further deepened our collaborative relationships with customers while expanding our business as a strategic partner.

For example, we are engaging in more concrete discussions on the technologies to be developed, formulating them into a roadmap, and advancing toward a relationship in which customers also support our development efforts. In other words, we are in a position where our growth is driven by customer demand. We aim to keep pace with our customers' roadmaps and become an indispensable and core partner for them.

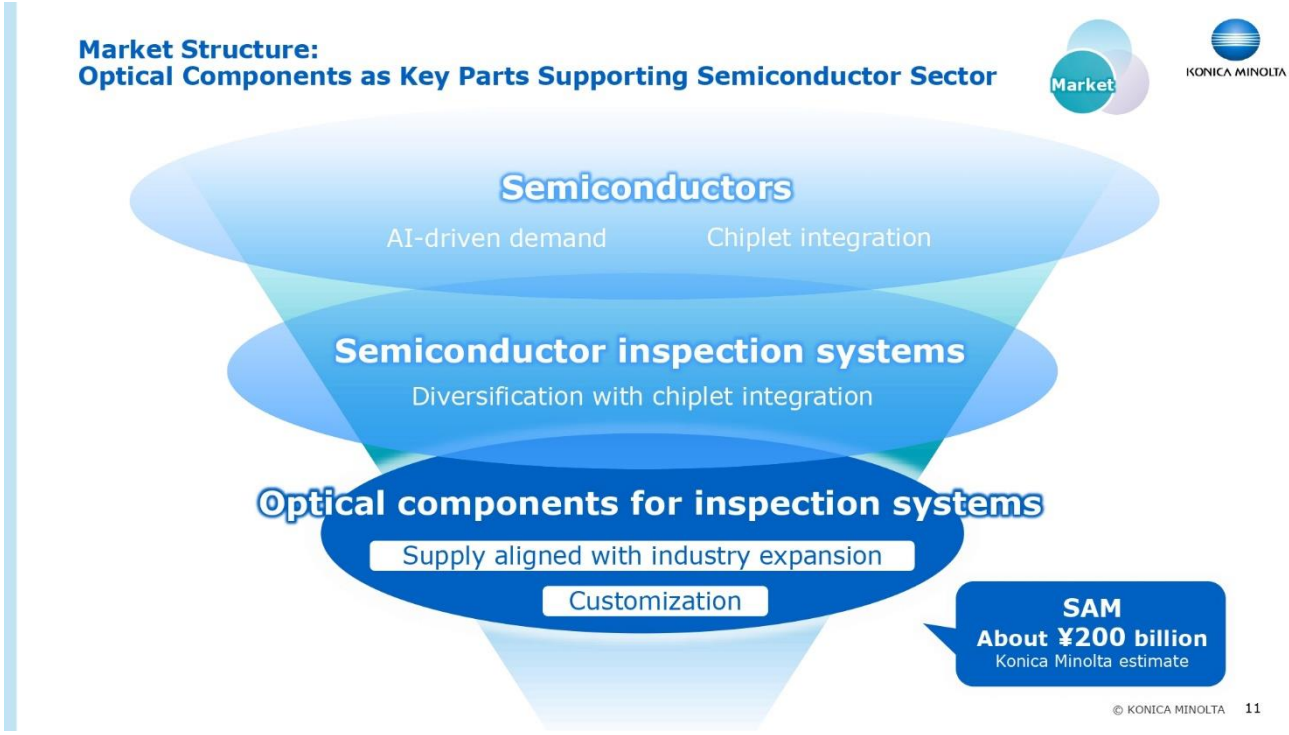


We will outline our strengths through specific examples of co-creation with customers. First of all, KONICA MINOLTA possesses this integrated technology, which includes development, design, processing, assembly, and evaluation. Our strength lies in our development capability to realize customer needs by connecting design and simulation, molding and assembly, and evaluation and adjustment in a single language.

In particular, we possess proprietary know-how in evaluation, and by integrating this with development simulations, we are able to achieve the desired performance across assembly and processing. This is a unique strength of our company.

As shown on the right side of the slide, our strength lies in utilizing this development capability to customize products through co-creation with our customers.

We work in close alignment with our customers' inspection equipment development processes and provide proposals based on a customer-first approach. In production, our ability to carry out manufacturing and evaluation using the same language as development enables faster ramp-up and ensures reproducibility in mass production. The joint development system that supports the achievement of these roadmaps is a value itself.

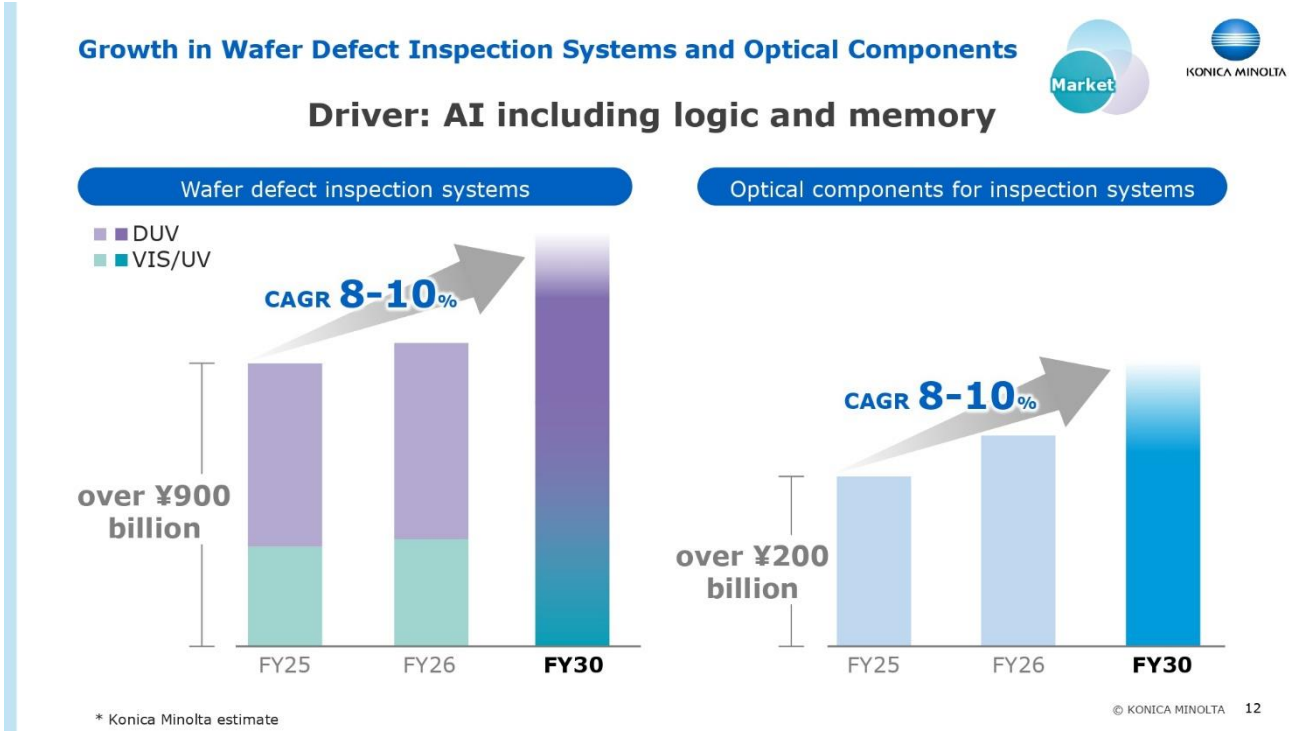


We will now explain the trends in our target markets and how we see opportunities for growth within them.

This slide shows the market structure of optical components for semiconductor manufacturing equipment. First, in semiconductors, in addition to growth driven by increasing AI demand and ongoing miniaturization, process diversification is expected to advance with chiplet integration.

In inspection equipment as well, inspection requirements are becoming more advanced, and optical components are increasingly required to offer both greater customization and the supply capacity to meet growing demand.

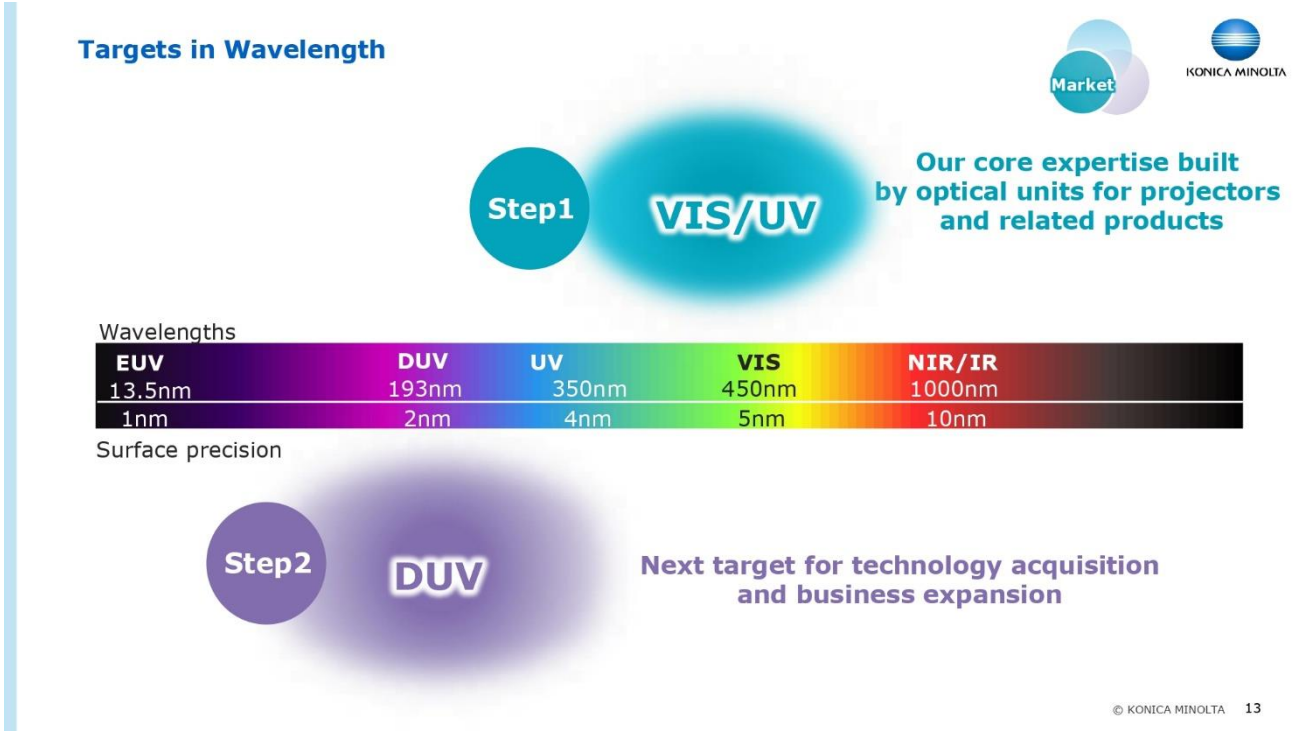
Optical components are key parts that determine equipment performance, and we will capitalize on our strengths to provide value and capture market growth.



I will explain the size of the market in more detail using the example of wafer defect system, which is one of our focus areas. In particular, driven by increasing demand for logic semiconductors used in AI and data centers, as well as memory semiconductors, strong growth is expected in wafer defect inspection systems.

Depending on the accuracy required for the inspection, the wavelengths used in inspection systems are divided into visible, UV, and DUV. The market size is large in higher-precision DUVs area.

The market for optical components for inspection systems, which we are engaged in, is also expected to grow in line with the growth of inspection systems. At present, we estimate the market size to be more than JPY200 billion.



Here, the wavelengths represent the areas we are targeting for semiconductor inspection systems. In general, the shorter the wavelength, the smaller the diffraction-induced blur, and the easier it is to detect minute defects. In other words, shorter wavelengths directly lead to higher inspection accuracy.

The horizontal axis in the center of the slide shows the wavelength range, with shorter wavelengths toward the left. As semiconductor device miniaturization progresses, the wavelength of optics used for inspection and measurement becomes shorter, and the wavefront error allowed in the optics becomes more severe accordingly.

As a result, higher levels of surface accuracy are required for the lenses that support these systems.

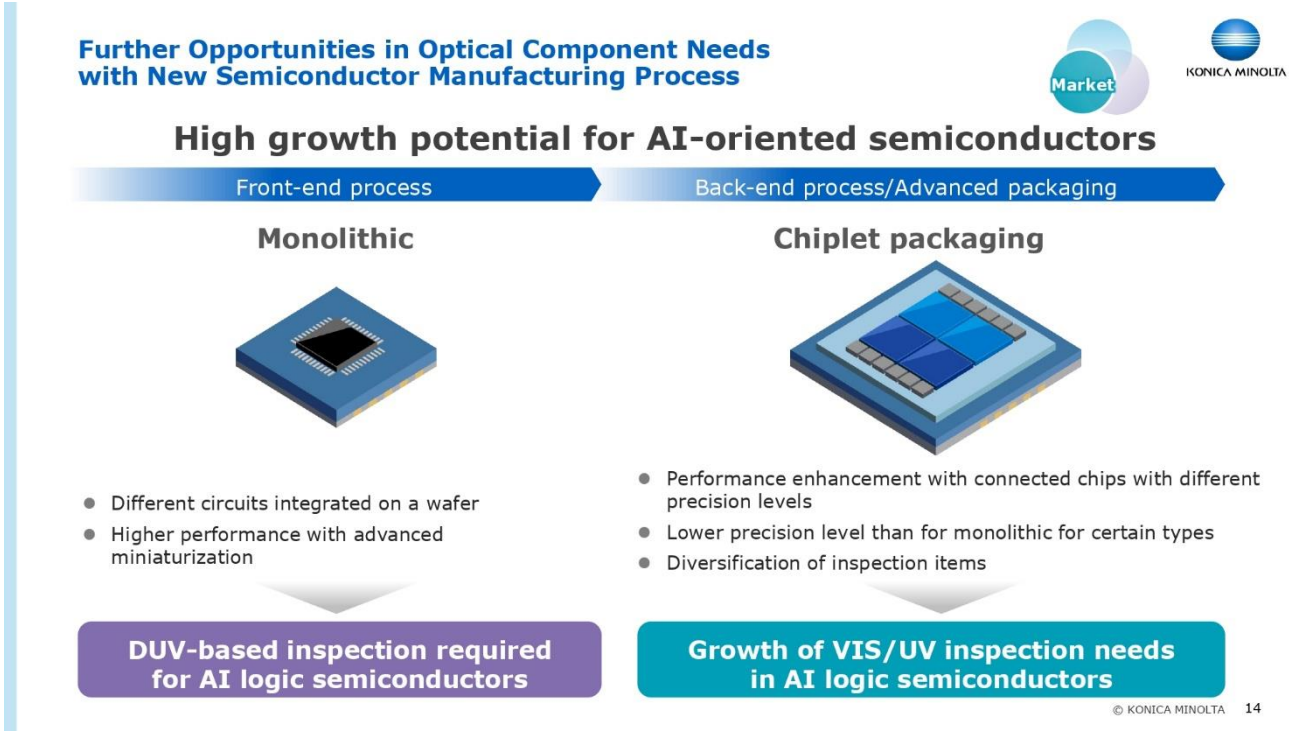
Surface accuracy is a metric that indicates how much the actual lens surface deviates from the ideal designed curvature. For lenses used in semiconductors, for example, if the Tokyo Dome were taken as the lens, this deviation would be less than the thickness of a single sheet of paper.

In order to further expand in the semiconductor area from now on, we are working on a phased approach in two steps.

Step 1 is to expand market share in the visible/UV area. We will steadily expand this business by leveraging the technology we have cultivated in such products as lenses for high-brightness projectors, which are based on stepper lens technology. This area is particularly noteworthy for its lack of competitive focus, but on the other hand, it is also an area where solid growth is expected due to chiplet integration.

Step 2 is the expansion into the DUV area. As mentioned in the previous slide, the market for DUVs is larger than that for wafer defect inspection systems.

Having established a position in visible/UV in Step 1, we have already begun to expand into DUV to further expand our business and are in the process of acquiring the necessary technology for add-ons.



Here, we explain how new semiconductor manufacturing methods are changing inspection needs and creating growth opportunities in the Visible/UV domain, which we define as Step 1.

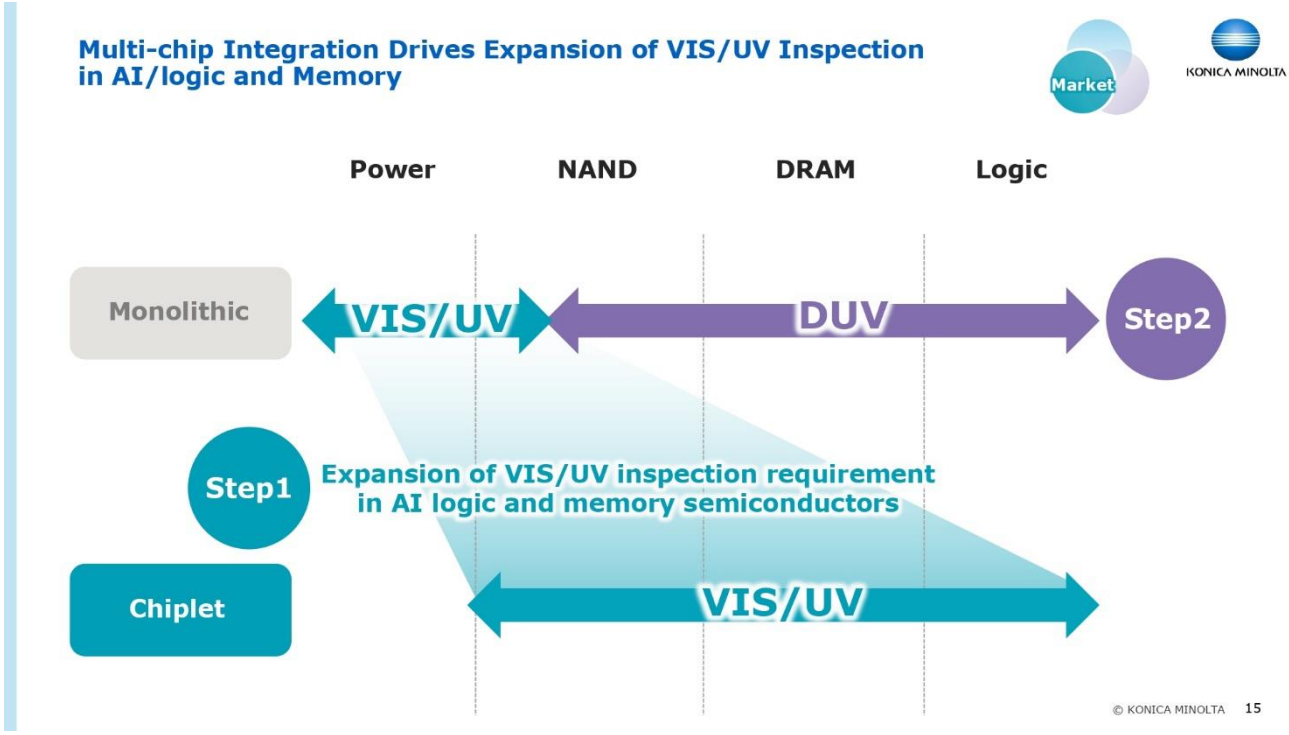
High-end semiconductors used in AI and other applications have traditionally been manufactured using a monolithic approach, in which circuits are integrated on a single wafer and performance is enhanced through miniaturization. As a result, defect inspection in front-end processes requires extremely high precision, and DUV-based inspection has been the mainstream.

However, as miniaturization approaches its limits, chiplet integration is emerging as a new approach to achieving higher functionality by combining chips with different levels of precision. This will enable to diversify inspection requirements. This shift is expected to drive growth, particularly in AI-oriented logic semiconductors.

Importantly, chiplets do not always require the same level of inspection precision as monolithic designs. In chiplets, some chips continue to require high precision inspection, while others do not require such high precision.

As a result, inspection systems increasingly need to combine multiple inspection methods with different levels of precision, rather than relying solely on a single ultra-high-precision approach.

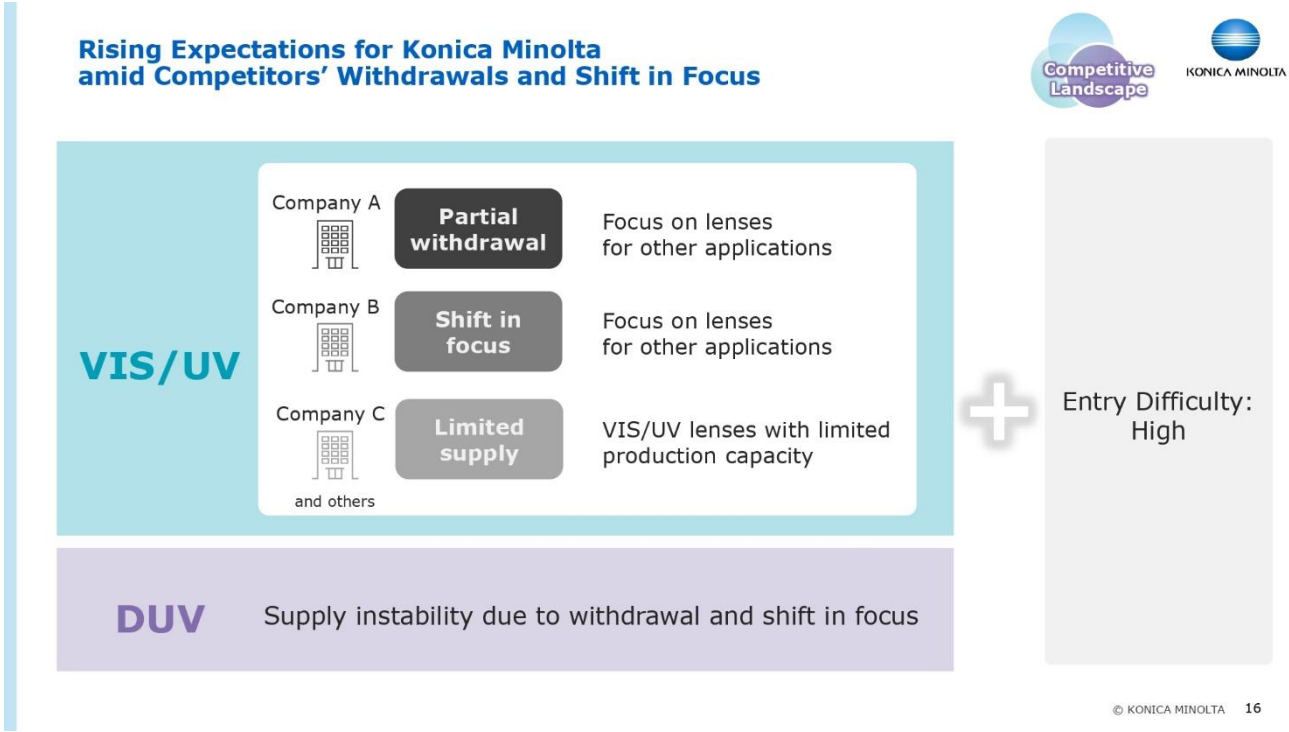
Accordingly, even in high-end AI-related logic semiconductors, chiplet integration is expanding and diversifying inspection needs in the visible/UV domain. We view this shift as a progression toward functional segmentation in inspection, and by leveraging our customization capabilities, we aim to capture these growth opportunities in visible/UV. On the other hand, the importance of Step 2 remains the same, as DUV needs continue to be significant.



As explained earlier, this slide illustrates how inspection using visible/UV is applied across different types of semiconductors with the adoption of chiplet integration.

While visible/UV inspection was previously used mainly for power semiconductors and NAND in monolithic architectures, it is now expanding into AI and data center applications in chiplet-based designs, as well as into DRAM and logic semiconductors, where significant growth is expected going forward.

This will give us more room for expansion in the visible/UV area, which is our forte. We will steadily build our share in Step 1 and gradually expand into DUV as an extension of this.



Next, I will explain the competitive environment surrounding our company. As a starting point, the market for optical components used in semiconductor inspection systems have never had many players. This is due to the high level of optical technology required, which limits new entrants.

In addition, some existing players have recently shifted their focus away from this area. Specifically, some companies are reallocating resources to other applications. As a result, production capacity for visible/UV and DUV lenses for semiconductor inspection is becoming constrained, and in some cases, is declining.

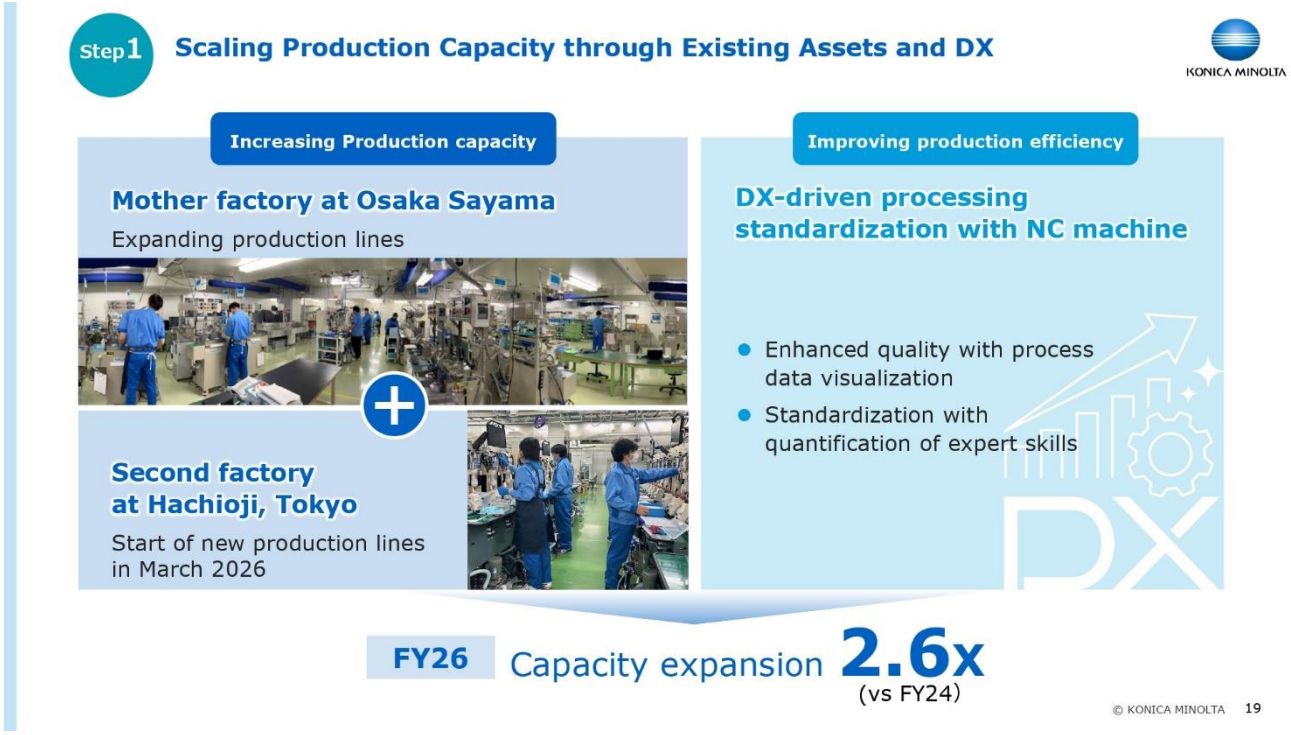
Furthermore, this area is characterized by a very high degree of difficulty for new entrants. As a result, for inspection system manufacturers, stable supply and co-development capabilities are becoming increasingly important selection criteria, leading to rising expectations for our company.

In other words, the current market has few competitors and there is a void in the market, where we have an opportunity to increase our market share.

From here, we will explain our strategy for the future. So far, we have explained why we are able to grow in optical components for semiconductor inspection systems based on our strengths, market trends, and competitive environment.

I will now explain our growth strategy, which is divided into two parts: Step 1, expansion of market share in the visible/UV area, and Step 2, expansion in the DUV area.

First of all, I would like to emphasize here that we will not be swayed by short-term silicon cycles but will continue to make the necessary technology investments in line with our customers' roadmaps and technology requirements. This ongoing investment is the foundation of our growth, as it generates profitability and it is generally very difficult for other companies to enter the market.



I will talk specifically about increasing production capacity for Step 1. In response to growing demand for optical components for semiconductor inspection systems from customers, we plan to strengthen our production system and improve production efficiency to increase production capacity by 2.6 times compared to FY2024 by FY2026.

At Osaka Sayama, our current main base, we will further strengthen our mass production capability by advancing the status of the production line and taking advantage of the integrated production-sales-development system.

In addition, lens processing is a bottleneck for scaling up. To reinforce this process, a second base was established in Hachioji, Tokyo, and is scheduled to begin operations at the end of March in FY2025. This Hachioji base is not just a base for increasing production. By promoting shortening and standardization of molding processes through DX, we aim to both improve productivity and ensure stable supply.

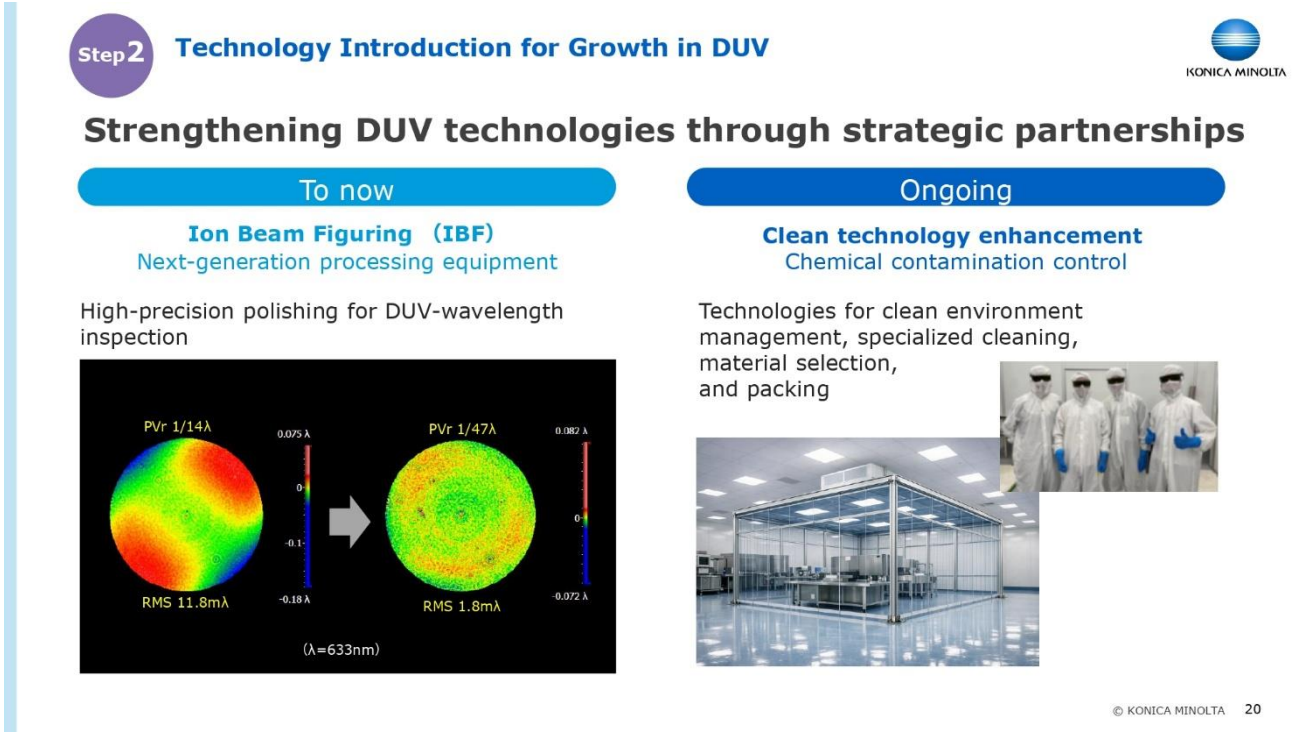
Currently, there is a global shortage of lens production capacity, leading to supply instability. However, we recognize that addressing this issue solely through the training of skilled personnel is highly challenging.

Meanwhile, the advanced skills of craftsmen continue to be extremely important. For this reason, we have clearly separated areas that can only be handled by our craftsmen from other areas and have already begun to address the latter by optimizing and standardizing production conditions through DX.

This will ensure competitiveness in terms of recruitment and training by taking advantage of its location in the Tokyo metropolitan area. The Hachioji site will serve as a center for the Company's technology and knowledge and will reinforce and complement the integrated production-sales-development system in Sayama in Osaka.

The two-sites system will enhance stable supply, strengthen BCP, and build a system that meets customers' expectations for stable supply.

These efforts to increase production capacity and improve production efficiency will provide the foundation to support the expansion of market share in the visible/UV area, Step 1, as explained earlier.



Next, in the DUV area, in addition to the high machining accuracy required for optical components, there are higher requirements such as chemical contamination management.

Accordingly, in the DUV domain as well, we are taking a phased approach to building our technological foundation in close collaboration with customers, and plan to gradually secure new design wins in line with this progress.

As a first step, we have introduced and already implemented ion beam figuring, or IBF, the next-generation processing technology. IBF is a processing technology that uses ion beams to remove material from the surface with nanometer-level control, enabling precise correction of minute shape errors by a targeted amount that are difficult to address using conventional polishing methods.

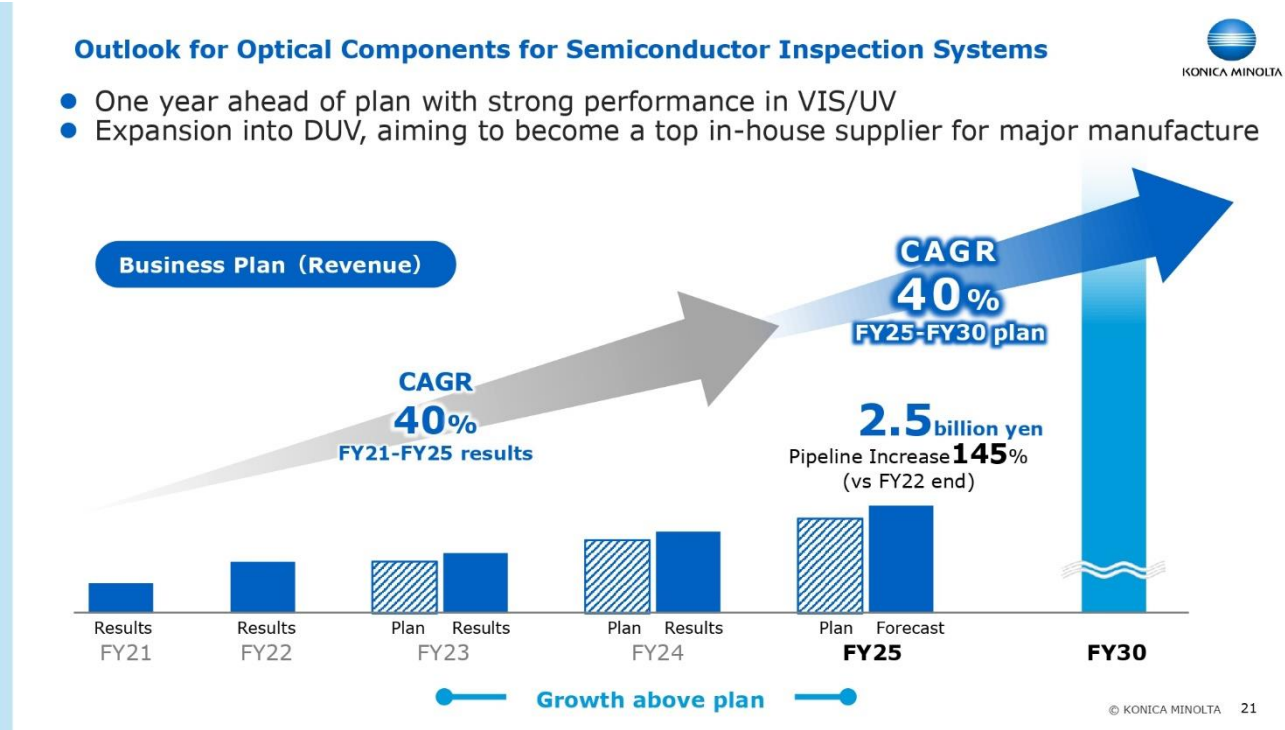
This technology enables final fine-tuning on the processing side to achieve the ideal wavefront and is a key element in realizing the surface accuracy and surface quality required for DUV applications.

Furthermore, in the DUV domain, it is extremely important to deal with chemical contamination. In this regard, we are strengthening our technologies in terms of both clean environments and product design.

Specifically, we are preparing a production and evaluation system for DUV applications by advancing process control in a clean environment, enhancing specialized cleaning processes, implementing advanced product design, and carefully selecting materials.

We have in-house expertise in optical design, nano-fabrication, and material technology. We believe that our strength lies in our ability to develop DUV compliance through a multifaceted approach by combining these expertise.

Thus, while establishing a business foundation in the visible/UV domain by strengthening production capacity, we are simultaneously advancing technology development and organizational readiness for DUV, positioning it as our next growth driver.



Finally, here is our business plan based on the strategies we have described. In the optical components business for semiconductor inspection systems, we expect sales of JPY2.5 billion in FY2025. This is above the target set in the current Medium-term Business Plan, which has grown at a CAGR of 40% since FY2021.

This is due to steady progress in expanding adoption through co-creation with customers. Especially in the visible/UV area, adoption proceeded at a faster pace than expected, driving performance.

This performance is not temporary. Adoption continues in line with our customers' inspection system roadmaps, and our pipeline has increased by 145% compared to 2022, reaching approximately 2.6 times its previous level.

This business is based on a model in which we engage from the prototype stage, with a view to our customers' future system development, and carry this through to mass production. Therefore, we believe it is critical to continue building our pipeline based on appropriate technological investment and development capabilities.

Going forward, we plan to grow at a CAGR of 40% from FY2025 to FY2030 by expanding into the DUV domain in the medium to long term, while ensuring growth in the visible/UV domain.

The main growth driver is the expansion of adoption among existing customers. We will steadily capture demand by strengthening our supply capacity.

In the DUV domain, we plan to expand by building on the business foundation established with visible/UV and by gradually building up our technology and structure. By linking the strategies I have explained, strengthening of the production system, and introduction of technology, we will strive to achieve the plan and achieve business growth.

Finally, here is a summary of what we have talked about today. Our goal is to increase our market share and establish a leading position in our clients' in-house domain.

We will evolve into a partner that provides value by working together with our customers to create a market for advanced inspection performance, rather than simply supplying parts.

As an extension of this, we aim to support the semiconductor industry as a comprehensive optics provider covering design, processing, and evaluation. We will continue to steadily invest in technology and improve our business structure to achieve sustainable growth.

This is all from me. Thank you for your attention.

Question & Answer

Ueno [M]: Now, we move on to question & answer session. From here, Mr. Kuzuhara, Executive Vice President & Executive Officer Responsible for Industry Business and Mr. Mitani, General Manager of the Advanced Optics Business, Optical Components Business, will also participate in the question & answer session.

Higashiura-san, please ask your questions.

Higashiura [Q]: Thank you for taking my questions. This is Higashiura from Nihon Keizai Shimbun. Thank you for this valuable opportunity today.

I would like to confirm the premise on page 21. If we assume that the 40% CAGR growth continues until FY2030, I would like to know what the actual number of sales would be if it goes along with the plan.

Nomura [A]: Thank you for your question. In monetary terms, we expect approximately JPY15 billion.

Higashiura [Q]: On a related note, at the current JPY2.5 billion, I believe this is included in the Industry Business.

The Industry Business is very profitable, and I think you are looking at a profit margin of about 16% for the current fiscal year. In terms of the optical components application, what is the current profit margin?

Nomura [A]: Currently, the profitability of this business is at a level that drives the overall profitability of the Industry Business, as mentioned earlier, and we believe that growth at this level can be sustained going forward.

Higashiura [Q]: I would like to confirm a few things about what you mentioned to understand better. Just to confirm, when you say this business drives the profitability of the industry business, does that mean that, for example, its profit margins are higher than those of the Industry Business as a whole?

Kuzuhara [A]: I am Kuzuhara, in charge of the Industry Business.

The earlier response from Nomura applies specifically to the semiconductor-related portion of the business. In reality, the Optical Components Business as a whole does not reach the average of the Industry Business, since there are other parts. The semiconductor area, however, is positioned as a driver that will lead the business with higher profitability than the average of the Industry Business.

Higashiura [Q]: So, you can see that there will be an impact on profits of at least JPY2 billion in the fiscal year ending March 31, 2031, right?

Okamura [A]: This is Okamura.

Our estimate is somewhat more ambitious than that, while the Industry Business's target contribution margin for FY2025 currently stands at around 16%. If the weight of this semiconductor goes up, the overall figure will go up. If you calculate from that, I think the figure will be higher than what Mr. Higashiura just mentioned.

Higashiura [Q]: Okay, understood. I know it is quite difficult to be specific, but could you tell me how much you are looking at in terms of figures, if you don't mind in terms of profit, either in terms of business contribution or sales?

Okamura [A]: We will announce our Medium-term Business Plan next month, and the overall business contribution profit from the Industry Business is around 20%.

Currently, margins have declined due to delays in customers' capital investment in sensing, but in our Medium-term Bushiness Plan, we aim to achieve a contribution profit of around 20%. That includes the semiconductor business as well, so please take that into account in your calculations.

Higashiura [M]: I understand well. Thank you. That is all.

Ueno [M]: Thank you very much. Next, Mr. Yamada, please ask your questions.

Yamada [Q]: This is Yamada from Nihon Keizai Shimbun. Thank you for your help.

First, you mentioned that the production capacity will be 2.6 times by the fiscal year ending March 2027, or by FY2026 compared to FY2024. Could you tell me the size of investment you made.

Nomura [A]: Nomura will answer.

We are now in the process of making the investment in FY025, including the establishment of a second base of operations. We expect to achieve 2.6 times goal with this investment, which is approximately JPY1.8 billion.

Yamada [Q]: Is it sufficient to achieve sales of JPY15 billion by the end of March 2031, which you answered in an earlier question, or do you plan to make investment continuously?

Nomura [A]: Regarding JPY15 billion, while this will depend on the timing of new product introductions with our customers, we plan to gradually expand our facilities to increase capacity as we work toward this target.

Yamada [Q]: The next question is about customer. I believe there are various manufacturers of the inspection systems, such as KLA, but I wonder if you could hint me to whether they are North American or domestic manufacturers, for example.

Nomura [A]: Nomura will answer again.

That is a difficult question to answer, and it is difficult to say the name of company because of the relationships with our customer. You may understand that it is highly competitive or having a high market share in the semiconductor inspection system domain.

Yamada [Q]: One more question, in your earlier question, you mentioned that UV/visible light inspections used to be a part of power semiconductors and memory, but now it is also being used in back-end processes. Is most of this demand increase of inspection systems for back-end processes? I would like to check this point.

Nomura [A]: Nomura will answer.

There are many definitions in this process. This refers to the area of the chiplet, which was called the middle process not long ago. Now it is generally classified as the back-end process when divided into the front-end and back-end processes, as your understanding.

Yamada [M]: Okay. Thank you very much.

Ueno [M]: Thank you very much. Next, Mr. Shimamoto. Please ask your questions.

Shimamoto [Q]: Thank you for taking my questions. My name is Shimamoto of Okasan Securities. I would like to confirm a few things about the status of this project.

My first question. You mentioned that you cannot talk about your customer, but may I ask if it is a big and specific corporate, or you have multiple businesses to several companies? Please comment if you can.

Nomura [A]: Nomura will answer.

Currently, we are focusing our services on one highly competitive company. We have built a very deep relationship with this one company, and we have deepened the relationship to the point where we are mutually assisting each other's development. First, we have positioned growth alongside the customer as a core strategy. First, we have pursued a strategy of growing together with this customer. We plan to continue this plan in the future.

Shimamoto [Q]: So, for example, the forecast on page 21 is basically based on the assumption that you are going to expand the business for this one company, is that correct?

Nomura [A]: That understanding is fine.

Shimamoto [Q]: What is the composition of the current sales of JPY2.5 billion for front-end and back-end processes, and what is the plan for the next five years?

Nomura [A]: At this point, I think the front-end process weights far more than the back-end process. As mentioned earlier, we work together with our customer from several years before commercialization. As of 2025, most of our mass production is concentrated in front-end processes, while in terms of our pipeline, we are seeing increasing contributions from mid- and back-end processes.

Therefore, in the next three years of the Medium-term Business Plan, I would say that approximately 30% of the production will be in the back-end process.

Shimamoto [Q]: In the current front-end process, I believe UV weights more. I wonder if DUV is barely included.

Nomura [A]: For 2025, it is almost in the visible/UV domain.

Shimamoto [Q]: So, you are aiming for about 30% by expanding DUVs while also expanding visible and UVs in the back-end process?

Nomura [A]: Yes.

Shimamoto [Q]: Finally, could you comment on your company's market share in this field, the competitive environment, and where your competitors are located?

Nomura [A]: Regarding competition, we think that there are very few, but there are several manufacturers that make objective lenses with lens units. Those several companies are competitors.

As suppliers shift their areas of focus, supply in the visible/UV domain, where we have strong capabilities, has become increasingly constrained. In this environment, our customers highly value our competitiveness and service offerings in this area.

Shimamoto [Q]: What is the market share?

Nomura [A]: It is very difficult to answer the question about our market share, as this domain is quite segmented.

Shimamoto [Q]: For a specific customer, would you say that your company is the exclusive supplier? Is that correct in your understanding?

Nomura [A]: Regarding visible/UV, our customers have commented that they are more focused on us than ever before, and we believe we have a very high market share.

Shimamoto [Q]: Another company is doing DUVs, so your company is positioned like a challenger.

Nomura [A]: How should I say. Regarding DUV, some existing players have become less active, resulting in gaps in the market.

In addition, when customers seek to develop new lenses in the DUV domain, the number of manufacturers able to work closely with them in development has declined significantly. In this context, while we are approaching this area as a challenger from a technological perspective, we recognize that we are entering it in response to strong demand from our customers.

Shimamoto [Q]: Finally, DUV, what is your analysis of the reasons for the absence of existing players that you mentioned earlier?

Nomura [A]: This also relates to other companies' strategies, so there are aspects that are difficult for us to comment on. Each company has different priorities. For example, some customers place a strong emphasis on scale, while some suppliers focus more on consumer-oriented aspects. We believe these differences reflect each company's own management decisions.

Shimamoto [M]: Okay. Thank you very much. That is all.

Ueno [M]: Thank you very much. Next, Mr. Nakazawa, please ask your questions.

Nagasawa [Q]: Thank you for your help. My name is Nagasawa and I am an editor of ITmedia and MONOist.

Related to the previous question, may I confirm whether the DUV business you plan to pursue going forward is also intended to lead to regular development work for specific customers with whom you already do business?

Nomura [A]: Nomura will answer.

As you understand, with regard to DUVs, we will be incorporating the products of our current core customers.

Nagasawa [Q]: I think the customer has an image that company who can develop so-called DUV together is a little unstable in supply, and they want KONICA MINOLTA to do it for them.

Nomura [A]: Yes. As you understand.

Nagasawa [Q]: This may be a small point, but the introduction of NC machining centers is included in the production efficiency section of the materials. I would like to know briefly what this means, if you don't mind me asking. I would like to know if it is okay to have an image that NC conversion in happening from what has been done with general-purpose machines by skilled workers, or if it is a little different.

Nomura [A]: Regarding NC machining, you may or may not be familiar with the polishing process, but in the lens manufacturing industry, it has traditionally relied heavily on manual adjustments, with skilled operators producing high-quality products based on experience and intuition.

In contrast, NC machining is closer to a mechanical processing approach, where all parameters can be controlled digitally. This allows us to systematically capture data on lens processing conditions and results. By accumulating this data, we can optimize processing conditions more effectively.

As a result, processes that previously depended on the experience of skilled craftsmen can increasingly be driven by data, ultimately moving toward a state where high-quality products can be produced with pressing one button. In this sense, NC machining serves as a key enabler of this transformation.

Nagasawa [Q]: Incidentally, what scale of installation are you envisioning? Are you thinking of a large number of units, or perhaps a few dozen?

Nomura [A]: This is a trade-off with the volume of orders from our customers, but we are currently working on a few dozen units at this level.

Nagasawa [Q]: That is carried out in Tokyo and Osaka.

Nomura [A]: Are you talking about base? This has been introduced in Osaka and is in the process of being introduced in Hachioji in Tokyo.

Nagasawa [M]: Okay. Thank you very much.

Ueno [M]: Thank you very much. Mr. Nakanomyo, can you hear us?

Nakanomyo [Q]: Excuse me. On a similar question, just to confirm, is it okay to understand that there are not much for DUVs within the current JPY2.5 billion?

Nomura [A]: Nomura will answer.

Regarding the JPY2.5 billion in 2025, it is for visible/UV. We are in the process of implementing measures for DUVs.

Nakanomyo [Q]: In that sense, there was a forecasted market growth at around 8% to 10% mentioned earlier, but what kind of growth rate are you assuming for visible/UV?

Nomura [M]: You mean the growth of that market, is that correct?

Nakanomyo [M]: Yes.

Nomura [A]: We estimate about the same growth rate in the various studies we are conducting so far.

Nakanomyo [Q]: Among light sources, I think the growth rate of visible/UV might not be that high.

Nomura [A]: The current situation is that visible/UV was not high, and the demand there has increased considerably due to chiplet integration. Therefore, we expect visible/UV to grow at approximately the same rate.

Nakanomyo [Q]: To some extent, in growth areas such as chiplet integration and front-end DUV wafer inspection, it seems unlikely that competition will remain limited.

For example, companies like Nikon and other global players are also actively expanding their component businesses. Given this, can we still expect your company to achieve strong growth in these markets, including wafer inspection and chiplet-related applications?

Nomura [A]: Nomura will answer again.

First of all, we recognize that there are very few companies supplying lens units to manufacturers of the inspection systems. It is very important to build a stable relationship in this industry, a relationship that will last for a very long time, and to work together to create roadmaps and technologies for future products.

In this sense, we have been doing this for more than ten years, and while our relationship with our customers has been growing, existing suppliers have been rather weak in this area of joint development with our customers.

With regard to new entrants, while it depends on whether they supply lenses externally, even if a company that has been producing lenses in-house decides to enter the external market, it takes considerable time to build trust and co-create value with customers, as mentioned earlier. As such, we believe barriers to entry remain high.

In this context, we believe that through our activities over the past several years, we have established a solid foundation that enables us to capture this growth.

Nakanomyo [Q]: In that sense, are you already making progress in joint development with the major customer in the DUV area of wafer inspection systems?

Nomura [A]: That is correct. We are now discussing exactly how and when we will introduce which technologies and what products will accompany the introduction of those technologies, and we believe that we can make steady progress in this area as well.

Nakanomyo[M]: Thank you very much. That is all.

Ueno [M]: Thank you very much. With that, I would like to conclude today's briefing. If you have any further questions, please contact our IR Office.

Thank you very much for joining us today.

[END]

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