HOYA (7741.T)

Quietly, Yet Steadily Building Corporate Value

FY25 Recap: A Year of Delivering Profitable Growth

FY25 began amid uncertainty, including concerns surrounding U.S. tariff policies. Nevertheless, we successfully absorbed these challenges through measures such as price adjustments and delivered another year of steady growth.

The primary growth drivers were Mask Blanks (+14% YoY) and HDD Glass Substrates (+9% YoY), the core products of the Information Technology business, both of which contributed significantly to revenue and profit growth. Given the improved medium- to long-term visibility for these businesses and expectations for sustained demand, we announced capacity expansion investments as part of our FY25 full-year results.

In addition, Optical Solutions achieved the highest growth rate among all businesses, with revenue increasing 28% YoY. Growth was driven by strong demand for CUPO polarization glass used in optical transceivers and lenses for wearable devices. While this business has long faced the structural decline of the digital camera market, these emerging applications are expected to provide attractive long-term growth opportunities.

On the profitability front, the Life Care business made progress in improving margins. As a result, Group-wide Operating Profit increased by double digits, achieving what we regard as ideal **Profitable Growth:** revenue growth accompanied by expanding profitability.

Pursuing Both Growth Investment and Improved Capital Efficiency

As noted above, we have accelerated investment to strengthen the foundation for organic growth, including the approval of two major investment projects. At the same time, we announced a new capital allocation policy aimed at further improving capital efficiency.

Specifically, we intend to reduce cash and deposits from approximately ¥570 billion as of March 31, 2026, to around ¥460 billion, primarily through share repurchases. This target consists of approximately ¥160 billion in working capital, equivalent to about two months of sales, and a shared pool of approximately ¥300 billion for contingencies and M&A opportunities.

While several large-scale investments are planned over the medium term, we expect these expenditures to be funded through operating cash flow. Our ROE increased significantly from 20.8% in the previous fiscal year to 25.4% in FY25, placing us among the top performers on the Tokyo Stock Exchange Prime Market. We have now entered a new phase, one in which we seek even greater capital efficiency while continuing to invest for future growth.

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Major Indicators (FY25 Actual)

OPM	30.1%
ROIC	21.1%
ROE	25.4%
Dividend payout ratio	39.7%
FCF payout ratio	93.7%

Earnings Trends (Billion yen)

FY	Revenue	YoY	Operating profit	YoY	Net profit	YoY	EPS (Yen)
FY23	762.6	+5.4%	209.8	-0.4%	182.6	+8.2%	515.48
FY24	866.0	+13.6%	255.8	+21.9%	201.8	+10.5%	581.45
FY25	947.7	+9.4%	285.2	+11.5%	251.5	+24.6%	743.93

Eye Health to Remain the Foundation of Stable Growth in Life Care

The essence of the Life Care business is stable growth. Over the medium term, we aim to achieve mid-single-digit revenue growth.

In particular, the Eye Health domain is expected to benefit from structural growth trends, including population aging and the increasing prevalence of myopia associated with digitalization.

In eyeglass lenses, we launched the second-generation MiYOSMART product in China and introduced the first-generation product in Japan in June 2026. Through expansion across both product categories and geographic markets, we expect myopia management lenses to become an important medium-term growth driver. We also continue to focus on expanding sales of high-value-added products, particularly progressive lenses.

For contact lenses, we aim to achieve sustainable growth through customer acquisition driven by new store openings and by improving customer retention through private-label products and subscription services.

Although intraocular lenses continue to face near-term challenges due to changes in the Chinese market environment, we expect steady growth through portfolio expansion and increased penetration of ATIOLs (Advanced Technology Intraocular Lenses), including multifocal and toric products.

Twin Engines Plus New Opportunities to Drive Information Technology Growth

We expect the Information Technology business to deliver medium-term revenue growth of high single digits to approximately 10% annually.

For Mask Blanks, semiconductor miniaturization enabled by EUV lithography remains the foundation of growth, supported by the increasing number of end applications. More recently, demand for R&D activities has expanded alongside the diversification of AI-related semiconductors. In addition, content growth opportunities are emerging through the adoption of technologies such as Phase-Shift Masks.

Given the high visibility of medium- and long-term demand, we have approved an investment of approximately ¥42 billion to establish a new manufacturing facility in Singapore, with operations scheduled to commence in FY28.

For HDD Glass Substrates, growth continues to be supported by expanding demand for data storage and the growth of the nearline HDD market. In addition, expansion of our customer base is becoming an increasingly important growth driver. We expect revenue contributions from a second customer beginning in FY26 and have gained greater visibility regarding a third customer. Over the long term, we aim to double our Total Addressable Market (TAM).

Accordingly, we have also approved a capacity expansion investment of approximately ¥50 billion to establish a new manufacturing facility in Vietnam, scheduled to begin operations in FY28.

In Optical Solutions, traditional digital camera applications are unlikely to generate significant structural growth. However, long-term demand expansion is expected for products such as CUPO polarization glass and components for wearable devices. While these businesses remain relatively small today, they have established strategic footholds in attractive long-term growth themes, including optical communications and smart glasses.

Pursuing HOYA's Distinct Path to Success

The expansion of HOYA's business portfolio has been built upon a consistent formula for success.

The first element is our philosophy of being a **"big fish in a small pond."** We focus on markets with limited competition where we can achieve a dominant market position. Because we believe that much of the ultimate outcome is determined at the market selection stage, this remains one of our most important strategic principles.

The second element is the integration of four capabilities into a cohesive value chain:

Materials Science → Core Technologies → Mass Production Technologies → Commercialization

By continuously strengthening this value chain, we establish competitive positions that are difficult to replicate.

Specifically, we leverage materials science and core technologies to achieve optical characteristics optimized for specific use cases, including refractive index, dielectric constant, and transmittance. We then enhance the manufacturing processes of melting, molding, polishing, and film deposition while ensuring production stability at scale. Finally, through close collaboration with customers, we integrate product development and commercialization into a seamless value chain.

To further strengthen and systematize this competitive advantage, we established **HOYA Incubation Labo-**

ratories (HILS) in FY26 to accelerate cross-divisional business development.

Although HILS is not intended to generate short-term results, it follows the same philosophy that led to the commercialization of businesses such as EUV Mask Blanks and CUPO. We will continue to identify and create new market opportunities where our optical technologies, product realization capabilities, and commercialization expertise can deliver long-term value.

ESG: Key Updates in FY25

Environment: To achieve our FY30 targets, we continued to improve energy efficiency through equipment upgrades while expanding the use of solar power generation and off-site PPAs. As a result, the renewable energy ratio increased to 27%. We also advanced decarbonization initiatives across our value chain.

Social: To strengthen human capital management, we promoted initiatives aimed at improving employee engagement, talent development, and workplace environments. Progress was made in building an organization where diverse talent can maximize its capabilities and drive innovation.

Governance To further enhance ESG governance, we strengthened our promotion framework under the leadership of the CSO and continued incorporating ESG indicators into executive compensation. We also advanced our double materiality assessment and strengthened our disclosure framework.

➡Quantitative ESG data are available in the ESG Databook. We encourage you to review it.

Selected Financial Data

	2022/3	2023/3	2024/3	2025/3	2026/3
Consolidated Income Statement (JPY Millions)					
Revenue	661,466	723,582	762,610	866,032	947,749
Operating profit	200,334	210,756	209,842	255,799	285,241
Pretax profit	210,706	215,832	236,564	259,965	327,668
Net profit	165,322	168,788	182,566	201,750	251,451
Capital expenditures	34,435	43,468	56,947	60,918	65,711
Depreciation and amortization	44,097	50,697	56,046	54,720	63,142
R&D expenses	25,376	29,415	33,003	35,277	36,291
Revenue by Segment (JPY Millions)					
Life Care Business	407,549	474,628	530,024	550,912	590,680
Information Technology Business	248,403	244,338	228,328	311,097	354,751
Operating Profit by Segment (JPY Millions)					
Life Care Business	86,269	96,775	106,756	95,426	107,003
Information Technology Business	122,886	118,258	107,906	168,432	186,323
Operating Margin by Segment (%)					
Life Care Business	21.2	20.1	22.8	17.3	18.1
Information Technology Business	49.5	47.3	47.1	54.1	52.5
Consolidated Cash Flow Statement (JPY Millions)					
Operating cash flow	190,055	201,829	222,802	235,113	278,446
Free cash flow	160,756	154,334	186,994	201,921	270,860
Major Indicators (%)					
ROA	17.9	16.7	16.4	16.6	20.0
ROE	22.1	20.8	20.3	20.8	25.4
Per Share Data (JPY)					
EPS	446.45	469.76	515.48	581.45	743.93
Dividend per Share	110.00	110.00	110.00	160.00	295.00
Stock Market Data					
Year-end share price (JPY)	14,030	14,560	18,740	16,780	26,550
PER	31.4	31.0	36.4	28.9	35.7
PBR	6.4	6.3	6.8	5.9	8.7

HOYA CORPORATION (Code: 7741.T)

HOYA began production of optical glass in Hoya City, Tokyo in 1941. Over the years, we have expanded our business domains while advancing processing technologies for glass and resin, including optical design, molding, polishing, and microfabrication. Today, we offer a diverse range of products across three key fields: Eye Health domain (eyeglass lenses, contact lenses, intraocular lenses), Med-Tech domain (endoscopes, artificial bone etc.), and Information Technology domain (semiconductor mask blanks, HDD substrates etc.). Our business is guided by a portfolio management approach, enabling us to adapt to changes in the external environment and seize new opportunities, with the aim of building a more resilient business structure. While each division operates independently, we have recently launched cross-divisional initiatives that combine different technologies and expertise to create new business opportunities. HOYA will celebrate the 85th anniversary of its founding in November 2026.