

FAQs and Answers after the Announcement of Q2 Financial Results

Overall

- Q The new CEO was appointed in March of this year. What changes have he made to the company?
- A He appointed a CSO (Chief Sustainability Officer), established ESG Promotion Office, strengthened internal development system (cross-divisional collaboration), and began reassessing our business portfolio. On the other hand, management decisions based on quarterly IIR and numerical figures, which are the source of HOYA's strengths, have not been changed

ESG

- Q Please tell us about your ESG targets for FY22FY22.
- A The goal for FY22 is to set qualitative and quantitative targets for key ESG issues (greenhouse gases/employee engagement/supply chain management/product assurance). We are also targeting the completion of TCFD scenario analyses by the end of FY22, and are planning to disclose them in next year's (2023) Corporate Governance Report and Integrated Report.

Blanks

- Q There is a sense of a slowdown in the semiconductor market, such as a decrease in final demand and a decline in capital investment in foundries. Is there any impact on the company?
- A Blanks are used primarily in R&D activities, so their correlation to end-market demand is very small. As a result, we have not seen any slowdown in demand for blanks thus far, and we do not anticipate any significant slowdown in the future.
- Q When High NA exposure equipment is used for semi-conductor manufacturing, is there any impact on the blank architecture?
- A We plan to change our blank absorbent material in order to reduce the mask 3D effect. This creates new added value.
- Q How do you expect the unit price of EUV blanks in the future?
- A We will seek to stabilize unit prices by absorbing price declines for mature products by improving our product mix through increased sales of products using next-generation technologies.

FPD masks

- Q Please tell us about the objective of establishing a joint venture with BOE. When do you expect the joint venture to contribute to the financials?
- A We established a joint venture company to build a foothold in the Chinese market, where demand is expected to expand further, and to realize closer development and sales activities with customers. We are currently constructing a factory in Chongqing, China, and plan to begin local production in early 2025.

HDD Glass Substrates

- Q Could you tell us the background of the significant sales decline outlook in Q3?
- A We expect sales of 3.5" substrates for data-center applications to decline significantly in Q3 due to inventory adjustments in the market. It is presumed that COVID-19 has caused a reactionary decline in data-center spending, which was at a high level, and an increase in BCP inventories in response to supply chain disruptions. 2.5" sales of substrates are expected to decline substantially due to the absence of special demand in the previous year.
- Q Why are Q3's sales prospects weaker than HDD manufacturers and data-center capital spending outlooks?
- A We believe this is due to different quantities and status of inventory in the supply chain, but we believe that inventory adjustments for HDD substrates will proceed in a Q3.
- Q When do you think inventory adjustments will end and revenue will begin to recover?
- A Although it is difficult to predict, we believe that inventory adjustments for HDD substrates will make progression Q3. HDD data-center demand is expected to start up around the month of CQ2(4-6 2023), according to forecasts by research companies and others.
- Q After inventory adjustments are completed, will the near-line HDD marketplace grow at the same rate as before?
- A The current situation is a temporary adjustment, and we anticipate that long-term growth will continue, with the progress of the information society and other factors serving as drivers.

Imaging

- Q Q2 appears to have experienced a decline in sales due to the zero-COVID policy in China. How do you expect this to recover in the future?
- A The recovery is largely influenced by the Chinese government's policies, so it is difficult to predict. We have not changed our medium-to long-term growth prospects.

Eyeglass lenses

- Q What is the status of strengthening the sales organization in the United States?
- A Signs of improvement are emerging, such as the acquisition of new contracts with eyeglass retailers.
- Q What is the sales status of MiYOSMART (lenses to curb myopia progression)? Also, could you tell us about launch schedules in other regions?
- A It already accounts for around 7% of sales of eyeglass lenses and is expected to grow rapidly in the future. Currently, we are launching this product in more than 30 countries, and we will expand our sales area once we receive approval from regulatory authorities in each country.

Contact lenses

- Q Please tell us the percentage of sales accounted for by private brand (PB) sales in the business division as a whole. Also, what are your medium-term targets for PB ratio?
- A Currently, in the category of daily lenses, PB accounts for nearly 20% of sales, and we expect a ratio of more than 40% in the medium term.

Endoscopes

- Q Please update the situation about the shortage of semiconductors.
- A It is improving little by little, but has not reached a complete solution.
- Q Please tell us about the sales of disposable endoscopes in Europe. How much sales will it be in the future?
- A Sales are also gradually increasing in line with the increase in production volume. We expect to acquire certain positions by leveraging our disposable endoscope's high suction power and HD image quality.

IOLs

- Q Other companies in the industry were concerned about the negative impact on sales of preferential treatment for local manufacturers by the Chinese government. Are there any negative impacts on HOYA's intraocular lenses?
- A At present, our intraocular lens products are not affected by preferential treatment policies. On the other hand, the distribution of medical equipment sales in China are complicated, and the price of high-value-added products is often high, so the government is trying to reduce procurement costs through bulk purchasing or bidding procurement. We will mitigate the impact by expanding volume and improving the product mix.
- Q Please tell us the status of sales expansion of the new tri-focal intraocular lenses.
- A We have begun sales of tri-focal intraocular lenses in major European countries. We expect that the tri-focal intraocular lenses will drive earnings growth in the business.

End

Forward-looking Statement

HOYA may make comments and disclose information which include forward-looking statements with respect to HOYA's plans and future performance.

All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements and are based on management's assumptions and beliefs in light of the information available when such statements were prepared, including exchange and interest rates, international situations, market trends and economic conditions, competition, production capacity, estimates of revenues, operating margins, capital expenditures, cash, other financial metrics, expected legal, arbitration, political, regulatory, clinical or research and development capabilities, results or practices, customer patterns or practices, reimbursement activities and outcomes, effects of pandemics or other widespread health problems such as COVID-19, and other such estimates and results. HOYA does not guarantee the accuracy or completeness of such information and HOYA does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

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