

FAQs Related to Q1 FY23 Results

Overall

Q What is the impact of generative AI on your business?

A We believe that the following two businesses are (or will be) affected by generative AI.

Blanks: At present, demand for GPU and ASIC for generative AI is expected to be limited, but we expect demand for EUV blanks to increase in the future as a result of new design activities.

HDD substrates: In the short term, investment in storage, including HDD, has been restrained because hyperscalers are concentrated in investments in GPU etc. However, in the medium to long term, demand for storage to train generative AI systems is expected to increase.

Q Regarding cash allocation, what is your framework around shareholder return and M&A?

A We will prioritize investments that contribute to long-term growth. As for M&A, we are exploring opportunities, focusing on ophthalmology and semiconductor-related fields, where we already have a presence and where synergies with existing businesses can be expected. The Company's policy is to return excess cash to shareholders mainly through share buybacks.

Blanks

Q What is the expected demand from Q2 onward?

A Inventory cutbacks have been largely completed in Q1 and are expected to recover after Q2. EUV blanks are expected to recover 10+% QoQ and are expected to recover moderately thereafter.

Q In EUV exposure, are you seeing any impact from the adoption of pellicles by customers?

A Although there is a possibility that a portion of the demand for blanks for backup applications will decrease due to the progress in the adoption of pellicles, no impact has been seen at present. In the medium-to long-term, the adoption of pellicles will contribute to improving productivity in the semiconductor sector, and we can expect to expand the range of designs for EUV lithography.

HDD Substrates

Q Sales continued to decline; when do you expect recovery?

A Hyperscalers continue to restrain capital expenditures on storage as they are concentrating their investments in GPUs for generative AI. In Q2, sales are expected to decline by 20% in QoQ, and thereafter demand is expected to level out within the fiscal year. As data demand will continue to expand in the future, we believe that it will start to recover at some point, but the outlook is still uncertain.

Q The prices of SSD have fallen significantly, but are there any risks of replacing near-line storage with SSD in the future?

A In view of the fact that SSD and HDD still have a gap in price per TB and that SSD does not have the capacity to replace HDD, we expect HDD to continue to be a major storage device in near-line.

Eyeglass Lenses

Q Can you expect to continue to grow as fast as Q1?

A Steady growth is expected in the future. Q1 grew at a high rate this year due to factors such as a lockdown in the Chinese market in the previous year. Q2 and onward, the comparative basis for the previous year will gradually normalize, so we expect to grow in the latter half of the single-digit range.

Q What is the status of sales of MiYOSMART (lenses that curb the progress of myopia for children)?

A Steady double-digit growth continued. Sales in the China, which is the first market we have launched this product, remained solid. Sales in Europe also increased in Q1. In addition, we are gradually rolling out the sunglass and photochromic versions of this product.

Contact Lenses

Q What is the status of private brand (PB) sales?

A We are seeing steady growth. PB products accounted more than 20% of the daily lens sales in Q1.

Endoscopes / IOLs

- Q Is there any impact of the anti-corruption campaign by the Chinese government targeting the medical device and pharmaceutical industries?
- A Impact is unknown at this time. We will investigate the magnitude and scope of the impact.

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 COVID19, 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.

Contact: h-ir@hoya.com