

FAQs Related to Q2 FY23 Results

Overall

Q The cash balance on the balance sheet is growing. Please explain how you intend to use the cash in the future, including shareholder returns.

A We place the highest priority on investments that contribute to long-term growth, and in addition to internal investments, we are actively seeking M&A opportunities. Against this background, we have a large amount of cash on hand. On the other hand, there is no change in our policy of returning excess cash flow to shareholders.

Q You sold your IT system business in July 2023. Will you continue to reorganize your business portfolio in the future?

A We are focusing on three business areas: Ophthalmology, MedTech, and Information Technology. We will consider products and services that have little relevance or synergy with these business areas, or businesses in which it will be difficult to demonstrate competitive advantage in the long term.

Q Do you plan to establish Science Based Targets (SBT) for CO2 emissions?

A Currently, our CO2 emission reduction targets cover Scope 1 and Scope 2 (see [here](#) for details). We will proceed with verification and consideration of SBT setting once a certain level of data has been collected and disclosed.

Eyeglass Lenses

Q Sales of MiYOSMART (lenses for myopia management) have been strong, especially in the Chinese market, but will you be expanding to other regions?

A We are already selling our products in more than 30 countries, including European and Asian countries. Although sales in the Chinese market remain significant, sales in some European countries are growing. On the other hand, among the major markets, MiYOSMART has not been qualified in the U.S. and Japan yet. We will continue to work on the necessary procedures for this.

Contact Lenses

Q How are sales of private brand (PB) products? Do you have any plans to expand overseas?

A Sales are growing steadily, accounting for more than 20% of daily lens sales. We are considering strategies with a view to expanding overseas as a manufacturer in

the future.

Blanks

Q You mentioned that sales recovered by double digits from Q1 to Q2. Is it safe to say the inventory adjustment is over? Do you assume that growth will continue in the future QoQ?

A In EUV blanks, we recognize that inventory adjustment at one major customer has been completed. Since some customers are still adjusting inventories, we expect a gradual recovery from Q3 onward, rather than the large recovery seen from Q1 to Q2.

Q Is there any change in the competitive environment for EUV blanks?

A We have not seen any significant changes in the current situation, but we will continue to monitor the market closely, including new entrants.

HDD Substrates

Q Sales continued to decline in Q2. However, we hear that demand from data centers is gradually recovering. When do you expect demand for our HDD substrates to recover?

A The outlook remains uncertain due to the perception that investment in storage is being restrained by continued investment in AI servers by hyperscalers. Given the above, we assume that the level of demand for HDD substrates in Q2 will continue during the fiscal year.

Q Our major customer has announced the launch of a product incorporating next-generation HAMR (Heat-assisted Magnetic Recording) technology.

A We would like to ask you to check the announcements of HDD manufacturers regarding the status of final products (HDDs). However, since glass substrates are essential for the commercialization of this technology, we expect that the range of products and HDD manufacturers that use glass substrates will expand.

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