

## FAQs Related to Q4 FY23 Results

### **Overall**

Q What is the impact of the IT system incident on FY24 financials?

A IT systems related to domestic and overseas production and order placement were suspended in some of our businesses. The main impact is that in the eyeglass lens business, the sales growth rate for FY24, which was expected to be in the mid-single digits, is now expected to be flat year on year. As for the impact on profit, one-time expenses such as forensic investigation and IT system restoration are expected to be around 1.5 billion yen. In addition, in eyeglass lenses and other products, we will consider investments to secure future sales growth while monitoring the recovery in demand. On a consolidated group basis, HDD substrates and blanks, which were affected by inventory adjustments in the previous fiscal year, are expected to recover, leading to higher sales and profit.

Q Will there be an increase in expenses to strengthen IT security?

A We will increase expenses to further strengthen group-wide IT security by introducing new security tools and other measures, but we will control expenses so that they do not affect the profit margin.

Q Will there be any impact from the economic downturn in China and the anti-corruption campaign?

A The eyeglass lens business, including MiYOSMART (myopia management lens for children), which had been performing well, was affected by the economic recession in China. In addition, the anti-corruption campaign affected mainly the endoscope business and the volume-based procurement policy affected mainly the intraocular lens business, and we will continue to closely monitor future trends.

### **Eyeglass Lenses**

Q Will there be any loss of market share due to the IT system incident? Also, can we expect a high growth rate in the next fiscal year and beyond?

A Although the IT system incident caused a temporary loss of market share, we will use sales promotion expenses as appropriate while monitoring the return of market share to secure sales in the future and link this to high growth rates in the next fiscal year and beyond.

### **Contact Lenses**

Q How are sales of private brand (PB) products doing?

A In February 2024, we launched hoyaONE LUMINOUS, our fourth private brand product, and the ratio of private brand products accounts for nearly 30% of daily lens sales.

### **Blanks**

Q You said that demand for EUV blanks has been increasing rapidly since April. What is the background of the strong demand?

A We believe that this is due to the completion of customers' inventory adjustment at the end of the previous fiscal year and the increase in development activities for semiconductors, including those for generative AI.

Q Do you think you are losing market share to your competitors in the EUV blanks market? How do you view the competitive environment?

A With overall demand increasing significantly since April, we do not see any significant change in the competitive relationship, as none of our customers has reduced the volume of orders they place. We also recognize that we are ahead of our competitors in the qualification process for cutting-edge developments. As we have explained to investors in the past, we expect our competitors to enter the market as second suppliers in the medium to long term, and we are designing our growth strategy based on this recognition of such competitive environment.

Q When do you expect to ship phase-shift masks for EUV and mask blanks for High-NA?

A We expect the introduction of phase-shift masks in the 2nm generation, and full-scale shipments are not expected until the next fiscal year or later. On the other hand, we are still in the process of proposing product specifications for mask blanks for High-NA to our customers, so we have not yet determined the timing of shipment.

### **HDD Substrates**

Q Demand for hard disk drives is strong. Also, when do you expect the Laos plant to resume operations?

A In FY24, demand for 3.5-inch HDDs is expected to be on par with that of FY21, when demand peaked. We will determine the sustainability of this trend by communicating with customers and comprehensively analyzing the background to the surge in demand and the balance between actual demand and restocking. In light of the current demand forecast, we are considering restarting the Laos plant by Q4 of this year.

End

### Forward-looking statements

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