

## FAQs Related to Q3 FY24 Results

### Overall

- Q What is behind the weak stock price after the Q3 earnings announcement?
- A Since our company's fundamentals have not changed, we are guessing that this is due to technical factors such as rotation in the stock market.

### Overall Life Care Business

- Q When will your profit margin return to 20%? Why do you continue to spend money on sales promotion when your market share has already returned?
- A Thanks to aggressive sales promotion activities, sales recovered quickly from the IT incident that occurred in March last year, and the current sales growth rate has returned to the pre-incident level. On the other hand, the profit margin is 200-300 bps lower than normal due to increased expenses. Since the current growth is partly supported by these activities, we will carefully assess the timing of the normalization of expenses, considering the relationship with our customers.
- Q How long do you expect the weakness in the Chinese market for your Life Care business to continue? Is it turning around?
- A Although there are signs of improvement, the impact is expected to continue for the time being. In response to changes in the external environment, we have implemented structural reforms in the China business for endoscopes, which has resulted in a recovery trend in QoQ, and the worst is behind us. We will continue to monitor the market situation closely and take appropriate measures. The ratio of sales in China of our main Life Care products is about 10%, which we believe can be covered by other regions.

### Eyeglass lenses

- Q In the myopia management lens market in China, why is our sales situation weak while our competitors are growing?
- A Sell-in from the Company to eyeglass retailers, etc. slowed down due to the economic downturn, which coincided with the aggressive sales of MiYOSMART by last fiscal year (FY23) and the elevated level of channel inventory. In myopia management lenses, we were about two years ahead of our competitors in launching such product, and we believe that our competitors' growth rate is higher in the time being, mainly due to differences in YoY comparisons and channel inventory levels.
- Q Sales of your competitor's smart glasses are going well, but isn't HOYA working on it?
- A Our company is not developing smart glasses per se, but rather optical components for the product. We will leverage our unique position of having expertise in both eyeglass lenses and high-tech products within the group to enhance our presence in the market.

## **Blanks**

- Q With the advent of DeepSeek and other Chinese AI agents, which was established without the use of leading edge semiconductors, is the future demand outlook for EUV-related markets dialing back?
- A Although Chinese-made AI such as DeepSeek has been attracting a lot of attention for its low-cost implementation without EUV, we believe that it is too early to judge EUV as technically over-specified. In fact, customers continue to aim for further miniaturization using EUV, and we do not see any change in the demand outlook for EUV blanks.
- Q When do you expect phase-shift masks to start contributing to sales?
- A Phase-shift masks will be introduced from the 2nm process, which is scheduled for mass production from the second half of 2025, contributing to sales from FY25.

## **HDD Substrates**

- Q What is the impact of generative AI? Is the impact to HDDs different in anyway between training servers and inference servers?
- A From our position as a component manufacturer, we are unable to ascertain how our products are used in end products. Therefore, although it is a guess, we believe that the positive impact of generative AI is limited at the moment, and that the current increase in HDD demand is largely due to the recovery of near-line demand. We likewise do not know if and how HDDs are being used by training and inference servers.

\*We have omitted questions that duplicate questions from previous quarters. Please refer to the FAQs for Q1-Q2 as well, if you like.

- [FY24 Q1 FAQ](#)
- [FY24 Q2 FAQ](#)

END

## Forward-looking statement

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