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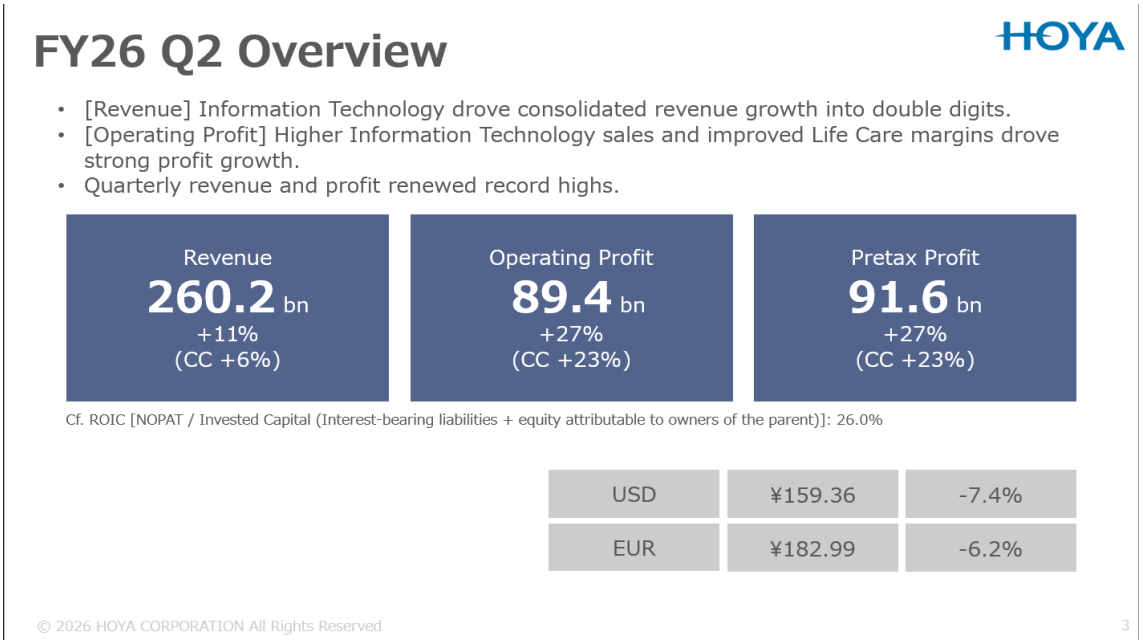
FY2026 Q2 Earnings Call Transcript
October 30, 2026

Presenters:
Eiichiro Ikeda, Director, Representative Executive Officer & CEO
Ryo Hirooka, Director, Representative Executive Officer & CFO

Moderator:

We will now begin HOYA Corporation's FY2026 Q2 earnings call.

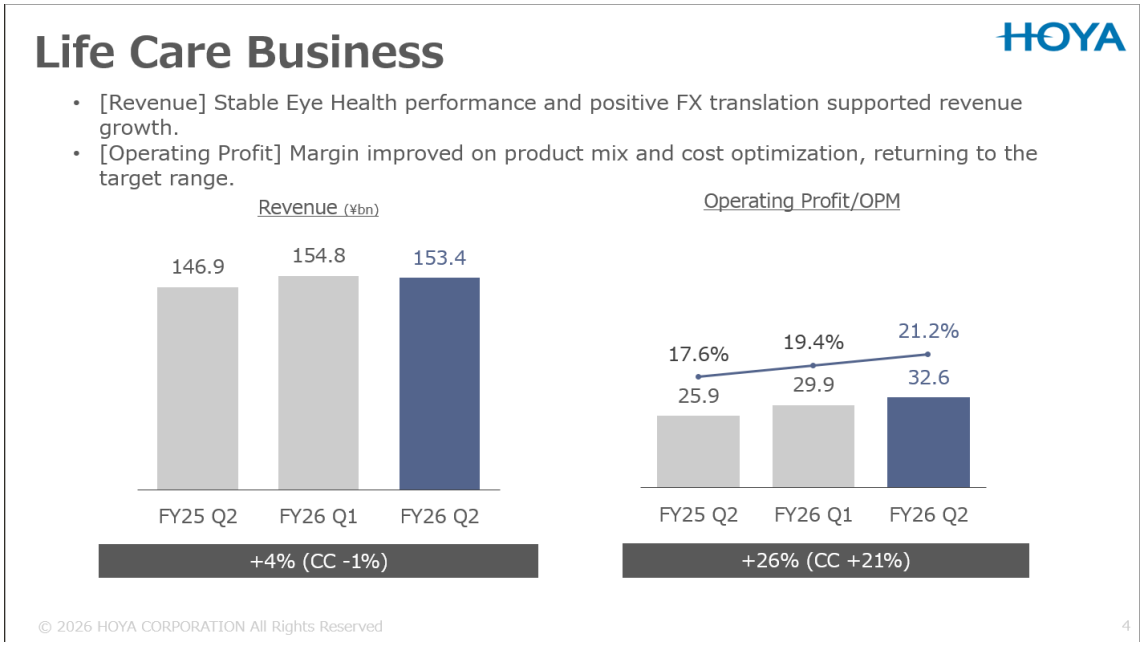
First, CFO Hirooka will review Q2 results and business performance.



Hirooka:

Thank you. Starting with the Group, revenue was JPY260.2bn, YoY +11%, or +6% CC. Profit from ordinary operating activities (hereinafter "operating profit") was JPY89.4bn, YoY +27%, or +23% CC. Profit before tax was JPY91.6bn, YoY +27%, or +23% CC.

Revenue increased in both segments, driven by growth in Information Technology and yen depreciation. Operating profit grew faster than revenue, supported by higher sales in Information Technology and improved profitability in Life Care. Both revenue and operating profit reached record quarterly highs.



Life Care revenue was JPY153.4bn, YoY +4%, with a slight decline CC. Operating profit was JPY32.6bn, YoY +26%, or +21% CC, with a 21.2% margin.

Revenue was broadly stable, but declines in some countries due to market and company-specific factors were not offset elsewhere, resulting in modest growth. Meanwhile, profitability measures pursued over the past 18 months delivered results faster than expected. Even excluding a temporary benefit, margin was 20%, returning to the structure we have described: 20% as a benchmark with quarterly fluctuations around it.

Eyeglass Lenses

Sales Growth
+8%
(CC +1%)

- U.S. sales declined amid ongoing restructuring, resulting in broadly flat sales YoY. MiYOSMART and other value-added products continued to grow.
- MiYOSMART Gen 2 rollout progressed in China and other markets.
- Strengthening sales, production and service capabilities to rebuild the U.S. business.



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Eyeglass lenses were YoY +8%, CC -1%. Weakness in the US kept overall growth low. Other regions grew broadly steadily, but not enough to offset the US decline. Improving eyeglass-lens profitability is key to Life Care, and margins continue to recover. High-value products including MiYOSMART are also expanding, and we will accelerate growth while maintaining profitability.

Contact Lenses (eyecity)

Sales Growth
+1%
(CC +1%)

- Private-label and subscription growth improved retention, supporting stable sales.
- Revenue was broadly flat against a relatively high prior-year base.
- We will enhance convenience to strengthen our customer base and deliver stable growth.



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Contact lens retail was YoY +1%. The business environment is largely unchanged, and we aim for stable growth by providing products and services suited to

customers.

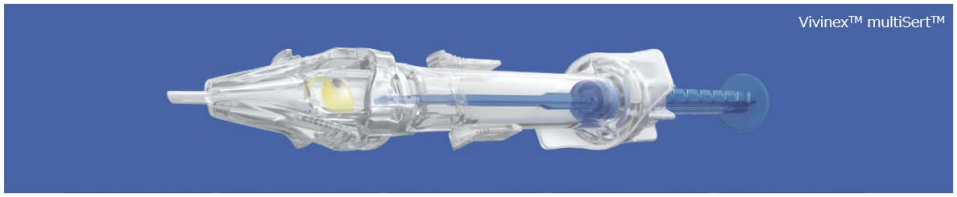


Endoscopes were YoY -10%, CC -16%, a weak result. Market contraction continued in China, while measures to recover US sales have yet to fully take effect. Europe normally offsets declines in China and the US, but despite solid orders, supply constraints prevented this in Q2. Back orders in Europe are building and underlying demand remains stable. We continue to optimize sales and service and improve efficiency, supporting profitability from H2.

IOLs

Sales Growth
+5%
(CC +1%)

- Sales continued to decline in China and were negatively impacted by reimbursement changes in Germany. Stable sales in Japan and other Asian markets supported overall growth.
- Trifocal and enhanced monofocal IOL sales continued to expand.
- We aim to restore growth in Europe while expanding ATIOL sales globally.



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IOLs were YoY +5%, CC +1%. China remained weak and changes to Germany's reimbursement system had a negative impact. Other regions were stable. Premium products such as trifocal lenses continued to grow, and we will expand sales further.

Artificial Bone and Other

Sales Growth
+2%
(CC -3%)

- Sales of endoscope disinfection washers and metal implants remained solid, while chromatography media, which continued to be affected by inventory adjustments, and laparoscopic surgical instruments declined.
- Metal implants contributed to sales growth, driven by new customer acquisitions, particularly for key products.
- Aim to grow the medical device business through new product launches and expansion of geographic reach and customer base.

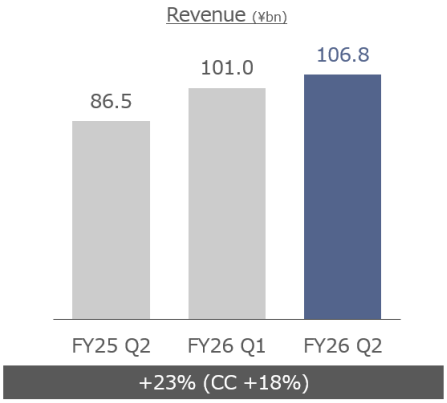


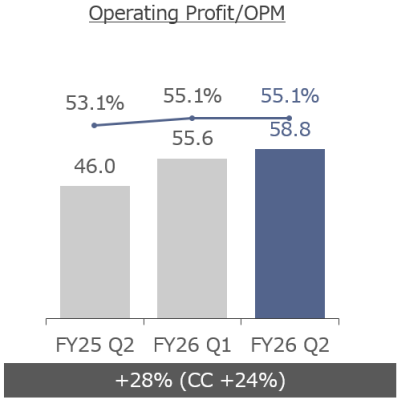
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Artificial bone and other medical devices grew low single digits overall, with variation by product. Endoscope disinfection washers grew over 10%, while some products declined.

Information Technology Business

- [Revenue] All product lines grew strongly, delivering over 20% growth for the second consecutive quarter.
- [Operating Profit] The profit margin remained elevated, supported by continued growth in sales of value-added products.





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Information Technology revenue was JPY106.8bn, YoY +23%, CC +18%. Operating profit was JPY58.8bn, for a 55.1% margin. All businesses remained strong, driving high growth in revenue and profit. Higher volumes and greater sales of value-added products lifted ASPs. Higher depreciation was fully absorbed by revenue growth.

LSI

Sales Growth
+20%
(CC +18%)

- Demand for advanced EUV blanks remained solid, supported by AI-related investment.
- Sales of high-value-added EUV blanks, including low-defect and phase-shift mask products, continued to expand.
- Advancing customer engagement and internal validation for 12-inch High-NA large mask blanks.



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LSI was YoY +20%, CC +18%. Demand remains very strong, including for high-value products. Customer discussions on future needs are progressing, and we are expanding capacity to meet both near- and longer-term demand.

FPD

Sales Growth
+21%
(CC +13%)

- Revenue rose sharply on higher sales to a major Korean customer, despite temporary softness in the FPD photomask market.
- Development demand remained solid for advanced displays, particularly smartphones and IT OLED.
- We are advancing high-resolution, high-value-added masks for long-term growth in IT OLED and premium smartphones.



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FPD was YoY +21%, CC +13%. While China remains sluggish overall, higher sales to Korean customers drove double-digit growth. We will continue expanding share in OLED products.

HDD Substrates

Sales Growth
+32%
(CC +23%)

- Strong data center investment further expanded nearline HDD demand, driving a sharp increase in 3.5-inch substrate volumes.
- Glass adoption advanced through wider HAMR use and higher platter counts in non-HAMR drives.
- As HDD makers raise demand forecasts for HOYA, we are increasing existing capacity and considering accelerated expansion.



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HDD substrates were YoY +32%, CC +23%. Demand remains very strong, with rising inquiries from both existing and prospective customers. Expanding supply capacity for near- and longer-term demand remains our top priority.



Optical Solutions was YoY +14%, CC +7%. High-value camera products and CUPO drove growth. Wearables were temporarily weak in Q2, but the shift toward non-imaging applications supporting overall growth continues.

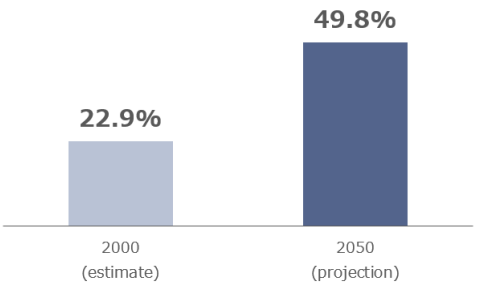
Finally, dividends. Our benchmark is a 40% consolidated payout ratio. Today, the Board approved an interim dividend of JPY160 per share.

Moderator:
Next, Ikeda will provide an update on MiYOSMART.

The Global Myopia Landscape

Around half of the world's population is projected to be myopic by 2050. Myopia prevalence among children and adolescents reached 35.8% in the 2020–2023 estimate.

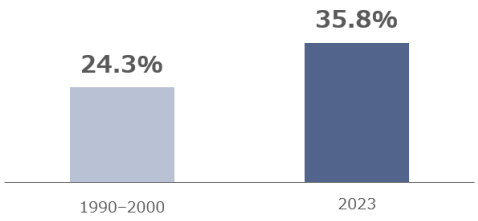
Global myopia prevalence (all ages)



Estimate and projection published in 2016.

Source: Holden BA, et al. Ophthalmology. 2016;123:1036–1042. doi:10.1016/j.ophtha.2016.01.006

Global prevalence in children and adolescents



Period estimates from 276 studies in 50 countries (5.41 million participants).

Source: Liang J, et al. Br J Ophthalmol. 2025;109:362–371. doi:10.1136/bjo-2024-325427 (published online in 2024)

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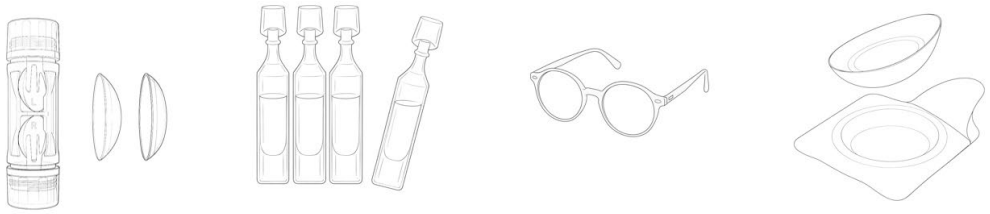
We have discussed MiYOSMART repeatedly in recent years when presenting Vision Care. Let me briefly review the product.

Greater use of digital devices and smartphones is widely expected to increase myopia prevalence globally. Market-size estimates vary, but the direction of rising myopia prevalence is broadly shared.

Main Myopia Management Solutions

- There are four main types of myopia management solutions.
- HOYA launched MiYOSMART, a myopia management (MM) spectacle lens, in 2018.

Orthokeratology Lenses	Low-dose Atropine Eye Drops	MM Spectacle Lenses	MM Soft Contact Lenses

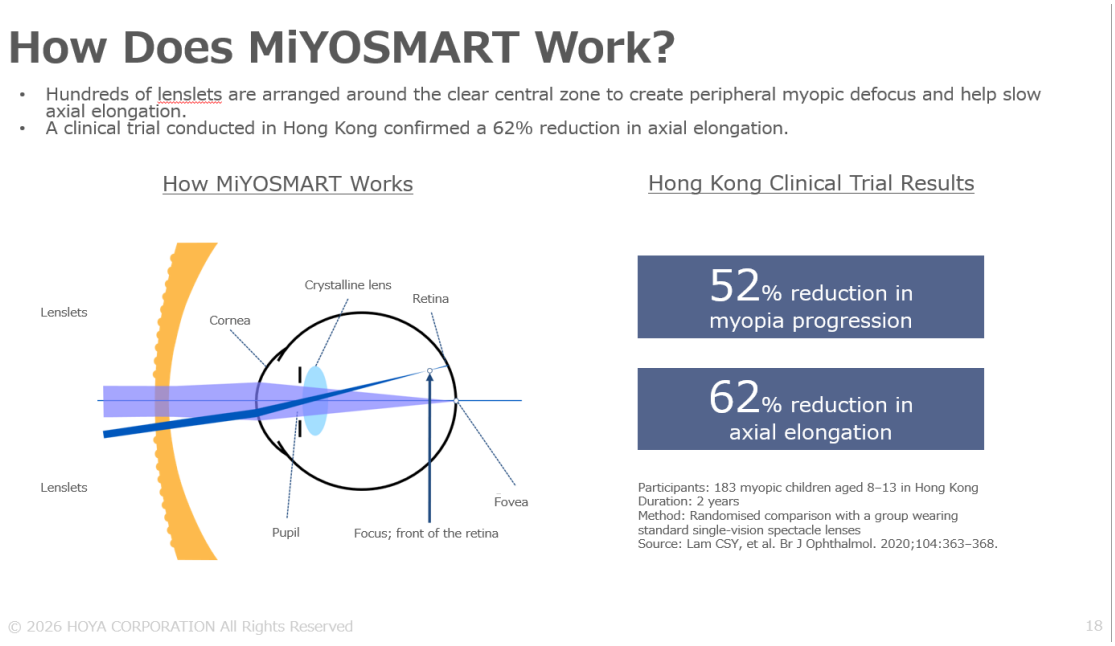


*Product approval status varies by country.

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There is currently no cure for myopia, but progression can be controlled through

options including orthokeratology lenses, low-dose atropine eye drops, myopia-control spectacle lenses and soft contact lenses. Our spectacle lenses require neither insertion into the eye nor eye drops and can be worn like regular glasses, making them non-invasive and less burdensome.

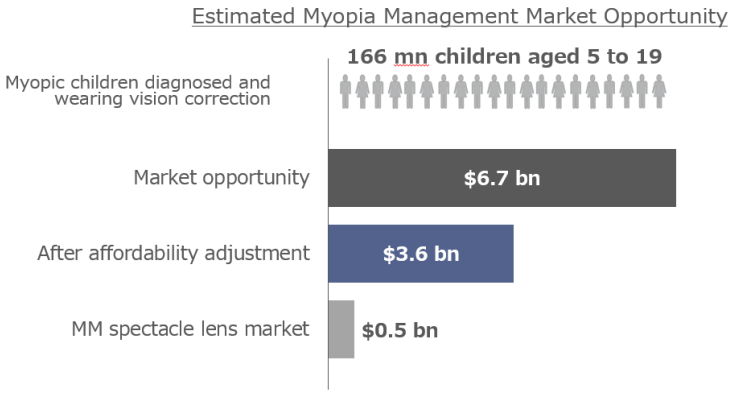


Myopia is thought to progress as the eye elongates in response to focus behind the retina. MiYOSMART uses lenslets to create focus in front of the retina as well, balancing the stimulus for axial elongation and slowing myopia progression. The central zone maintains normal focus, limiting the impact on vision.

Clinical trials in Hong Kong showed roughly 50% less myopia progression and axial elongation versus standard single-vision spectacle lenses.

Estimated Myopia Management Market Opportunity

- The estimated market opportunity for myopia management (MM) solutions is $3.6 billion after affordability adjustment. The MM spectacle lens wholesale market is only $0.5 billion, leaving substantial room for growth.
- The MM spectacle lens market is expected to sustain low-to-mid-teens growth and reach $1.0 billion by 2030.



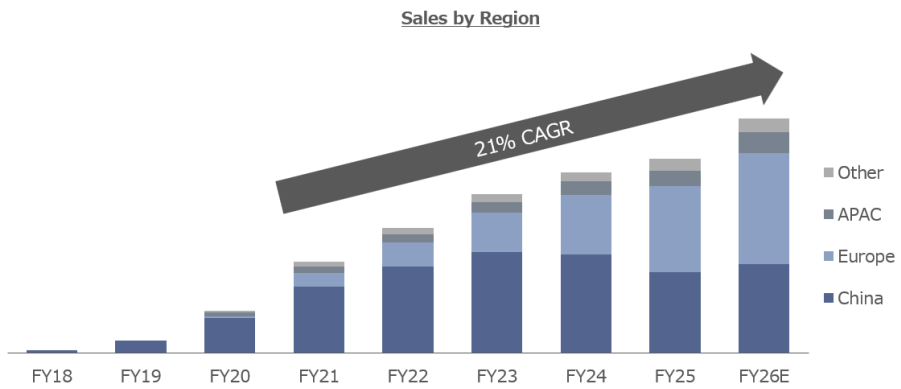
Source: HOYA estimate based on selected market research, local market insights and LIS income data; 2026 estimate.

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We estimate the market using assumptions including the number of children currently receiving myopia correction and purchasing power. Our current sales represent only part of the potential market, leaving substantial room for growth.

MiYOSMART Sales Trend

- 21% CAGR since FY21; MiYOSMART now represents close to 10% of eyeglass lens sales.
- China remains a major market, while Europe has recently become an increasingly important growth driver.

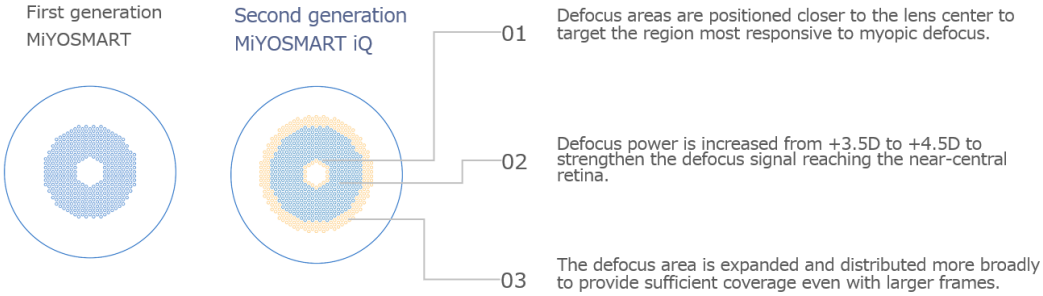


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From FY21 through our FY26 outlook, MiYOSMART has grown at about a 20% CAGR. Growth was initially led by China and is now expanding in Europe.

Launch of Second-Generation MiYOSMART

- MiYOSMART iQ, the second-generation product, was launched first in China in winter 2025, followed by other markets.
- Compared with the first generation, the layout, power and coverage were changed to strengthen the intended myopic defocus signal.



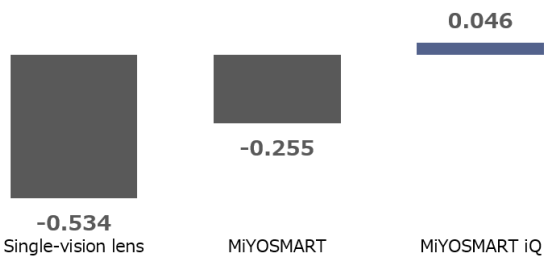
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Second-generation MiYOSMART iQ increases the lenslet area and defocus power, strengthening the effect of focusing light in front of the retina.

MiYOSMART iQ: 12-Month Clinical Trial Results

In a 12-month clinical trial, children wearing MiYOSMART iQ showed no myopia progression on average.

Average Myopia Progression (cSER, D) over the first 12 months [1-4]



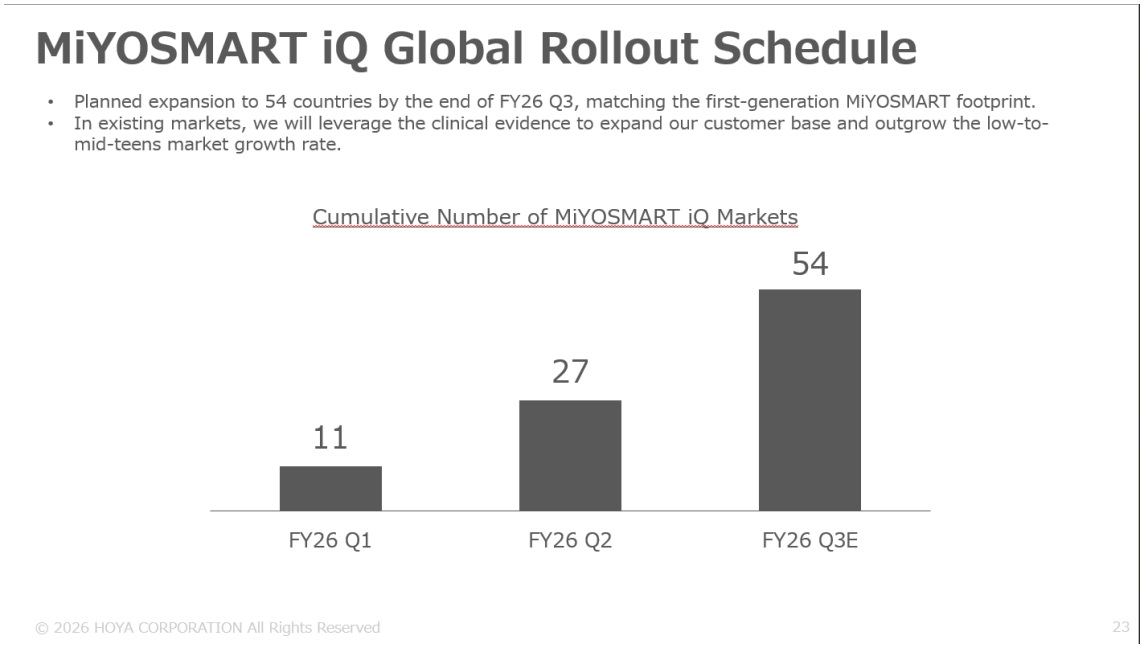
- More negative values indicate greater myopia progression.
- 12-month randomised controlled trial in 202 myopic children aged 4–12.
- All results shown are from a clinical trial conducted in Hong Kong.
- cSER: cycloplegic spherical equivalent refraction
- ANCOVA adjusted for baseline age and myopia showed a significant difference between groups ($p<0.001$).

*Results may vary per age group and other parameters at the start of the MiYOSMART iQ treatment

1. Tse DYY, Chun RKM, Hon Y, et al. Myopia Control Efficacy of Defocus Incorporated Multiple Segments Triple Enhanced Design Spectacle Lenses. The 41st Asia-Pacific Academy of Ophthalmology Congress, 2026, https://2026.apaophth.org/abstract/?code=205567. (accessed date 22.05.2026)
2. Hon Y, Chun RKM, Leung TW, et al. (2025) Myopia control efficacy of second-generation defocus incorporated multiple segments spectacle lenses on fast progressing myopes: Study protocol of a randomised controlled trial. PLoS One 20(10): e0335061. https://doi.org/10.1371/journal.pone.0335061
3. HOYA data on file. HOYA MiYOSMART iQ spectacle lens clinical outcomes. 04/2026.
4. Tse D.Y., Hon Y., Chun R. K., et. al. Myopia Control Efficacy of Defocus Incorporated Multiple Segments Spectacle lens with Triple Enhanced Design: 12-month randomized controlled trial. Abstract 2523, ARVO 2026 Annual Meeting, Denver, USA. https://eppro02.ativ.me/web/index.php?page=IntHtml&project= ARVO26&id=4486941 (accessed date 22.05..2026).

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In a 12-month clinical trial, the first generation cut myopia progression by about half versus standard single-vision lenses, while the second generation showed no progression. We continue collecting two-year and longer-term data, but the second generation has shown greater myopia-control efficacy.



MiYOSMART iQ had launched in 27 countries by Q2 and is planned to reach 54 countries in Q3. Rollout is centered on China and Europe and will continue expanding. In Japan, due to approval requirements, first-generation MiYOSMART was only launched in June this year.

Q&A

Yoshida (CLSA):

Life Care benefited from a temporary profit boost. How large was it? Even excluding this, margin exceeded 20%, while revenue growth was modest. How should we think about the balance between growth and margin going forward?

Hirooka:

We estimate the temporary factor lifted margin by around 100bps. Even excluding it, we structurally achieved well above 20%. Going forward, we will maintain 20% as a benchmark, allowing quarterly swings around it, while pursuing higher growth. Cost and profitability measures will continue, but we will rebalance toward reinvestment for revenue growth.

Yoshida:

On nearline HDD substrates, how has the outlook changed versus three months ago? Longer term, capacity including Vietnam may become insufficient. Have you

begun considering further investment?

Ikeda:
Current numbers remain very strong and we expect this level to continue at least through the calendar year. The new plant was built based on customer volume commitments, and customers have recently requested earlier supply, making the environment more positive. For the two new customers, however, timing depends on the pace of HAMR ramp-up and end-customer qualifications. Visibility has improved on a Q4 start this fiscal year for the second customer, while HAMR prospects for the other customer have also improved materially. The direction is clearly toward an earlier ramp than previously planned.

Wadaki (SBI Securities):
What pricing do you expect for 12-inch High-NA mask blanks versus existing products?

Ikeda:
We are still discussing pricing with customers, so we will refrain from giving a specific figure. We intend pricing to reflect the product's value.

Wadaki:
Please comment on EUV mask blank market share and the competitive environment.

Ikeda:
The competitive environment has not changed materially. We have been qualified at all layers for N2 and A14 beyond that, and currently see no competitor presence in A10. Some competing products are used for binary masks in mature EUV nodes such as 7nm and 5nm, but only to a limited extent. We see no material change in our positioning or share.

Shibano (Citigroup):
Did Life Care revenue fall below your internal plan? Which products were weak, and has your margin target moved higher after the improvement?

Hirooka:
The areas we discussed were below our internal plan as well. We did not plan for

negative growth or only around 1% growth in eyeglass lenses, IOLs or endoscopes, and wanted stronger growth overall. The issues are in the countries and regions noted earlier. Over the past 12-18 months we have strongly emphasized profitability across organizations. Going forward, 20% remains a benchmark for Life Care, but we will balance this with revenue growth and reinvest as needed to grow with or above the market.

Shibano:
For HDD substrates, what is your Q4 factory utilization assumption, and do you expect QoQ growth to continue thereafter?

Ikeda:
About 18 months ago, we decided to expand the Laos line for the second customer, and this capacity will start contributing in Q4. Vietnam's Tet holiday will temporarily reduce operating days, but higher Laos capacity should prevent a large revenue decline. Margin could temporarily fall due to fewer operating days. Thereafter, new lines will ramp sequentially and demand is available, so revenue should rise gradually.

Nakamura (Goldman Sachs):
What are your full-year FY26 revenue growth assumptions for eyeglass lenses, contact lens retail, LSI, HDD substrates and Optical Solutions?

Ikeda:
We expect mid-single-digit growth for eyeglass lenses and low- to mid-single-digit growth for contact lens retail. In LSI, EUV should grow over 20%, while DUV should be low single digits as we hold capacity flat and prioritize EUV. LSI overall should grow around 15%. For HDD substrates, 3.5-inch should grow over 20%, while 2.5-inch should decline double digits, though the magnitude is hard to predict. Overall HDD substrate growth has been raised from around 10% to over 15%.

Nakamura:
Compared with three months ago, is it fair to say 3.5-inch HDD substrates are above the prior 15-20% outlook and EUV is also slightly higher?

Ikeda:

Yes.

Nakamura:
H1 Life Care growth looks low. Reaching mid-single-digit full-year growth requires acceleration in H2. How do you view H2 given the business environment and the US eyeglass-lens business?

Ikeda:
The issues are clear: US eyeglass lenses, China IOLs, and for endoscopes, the US plus Europe this quarter. Europe endoscopes are a supply, not demand, issue, with substantial back orders. We expect these to be resolved within the fiscal year and are not overly concerned. The areas requiring attention are US eyeglass lenses and China IOLs. Measures are underway, but recovery may take several quarters rather than one. Even so, we do not see a need for a major cut to our initial full-year growth plan.

Kotani (Mizuho Securities):
Should we expect US eyeglass-lens weakness to continue in H2? And is Life Care's profitability improvement driven more by headcount/cost reductions or product mix?

Ikeda:
We do not expect US sales to recover immediately in Q3 and believe it will take several more quarters.

Hirooka:
Eyeglass lenses are the main driver of margin improvement. We have reviewed the size and roles of manufacturing sites, raw materials and productivity. This is not a large-scale site consolidation, but we are optimizing regionally and globally by concentrating volumes across sites and scaling back smaller facilities.

Kotani:
How do you plan to develop the pre-myopia segment, meaning children who have not yet become myopic, for MiYOSMART?

Ikeda:

We are discussing sales methods and target ages by country, but are not yet ready to present a specific strategy. We recognize this as an important issue and will continue our work.

Nakanomyo (Jefferies):
How do you view MiYOSMART market share? Competition appears to be increasing in China and your share may be declining. What is the outlook, including the impact of the second-generation product?

Ikeda:
Share varies significantly by country. In China, competitors have taken some share. In Japan, the market is still small just after launch, but we believe our share is high. We also have high share in countries such as France and Switzerland, where only our product is reimbursed. Given the wide variation by country, it is difficult to provide one overall number. However, we believe MiYOSMART share is higher than our share in the overall eyeglass-lens market, and we need to maintain and increase that position.

Nakanomyo:
What were the Q2 growth rates for EUV and 3.5-inch HDD substrates?

Hirooka:
EUV was YoY +25% or more, and 3.5-inch HDD substrates were just under +30%.

Ikeda:
Because 3.5-inch sales rose sharply from Q2 to Q3 last year, the same YoY growth rate may not continue in Q3. However, we believe QoQ revenue growth is achievable.

Takeshima (Okasan Securities):
How far forward are you considering bringing HDD substrate capacity expansion? Would accelerating production at existing factories require special costs or change capex?

Ikeda:
The timing depends on when customers' HAMR drives receive qualification from their downstream customers, which we cannot control. Customers request supply

assuming early qualification, so we are preparing to meet that demand, but actual timing remains uncertain. Acceleration itself does not require major incremental cost, although depreciation will begin earlier as new equipment comes online sooner.

Takeshima:
For Optical Solutions, what is CUPO growth and what caused the weakness in wearables?

Ikeda:
CUPO is growing around 50-70% YoY, and we expect similarly high growth to continue. We previously indicated revenue could reach around JPY10bn in FY27, and now expect to achieve that within this fiscal year. Wearables include action cameras and smart glasses. Both tend to see concentrated demand at new product launches, followed by pauses as channel inventory builds, then renewed orders for the next model. Currently, both categories are between product transitions while undergoing inventory adjustments. The underlying business environment has not structurally changed.

Katsura (SMBC Nikko Securities):
Regarding capital allocation, how do you view M&A? Please also explain the rationale for setting aside JPY300bn for M&A and risk needs.

Ikeda:
Our top investment priority is currently capex in existing businesses such as EUV blanks and HDD substrates. Demand is strong enough that one new plant in each business may not be sufficient, so we first prioritize clearly necessary investment. We continuously review M&A opportunities and will continue bolt-on acquisitions in eyeglass lenses. However, we will not loosen financial discipline for deals outside the current portfolio. We would consider them at sufficiently attractive prices, but for now our priority is capex in existing businesses.

Hirooka:
There is no single formula behind the JPY300bn. It reflects the ability to act quickly on acquisitions of meaningful size and the negotiating leverage of holding cash on the balance sheet. We do not clearly separate M&A funds from risk reserves; the amount is set holistically, also considering events such as the pandemic that could

temporarily constrain cash flow.

-End-

[Note]
This transcript has been edited for readability based on remarks made during the earnings briefing and is not a verbatim record of every word spoken.