

HOYA Corporation

FY24 Q4 Earnings Presentation
May 1, 2025

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, 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.

FY24 Q4 Results



FY24 Q4 Overview

- [Revenue] Achieved double-digit revenue growth on an annual basis due to continued high level of demand in the IT business.
- [Operating profit] Increased due to continued highly efficient operations around production in the IT business and improved profitability in the Life Care business.
- [Pretax profit] Decreased due to FX loss of ¥0.4 bn in the current term, compared to FX gain of ¥10.8 bn in the year-ago-quarter.

Revenue
¥216.8 bn
+10%
(CC +11%)*

Operating Profit
¥65.7 bn
+24%
(CC +24%)

Pretax Profit
¥67.7 bn
-6%
(CC -6%)

*CC: Constant Currency - same as below

USD

¥151.21

-0.9%

EUR

¥159.35

+1.7%

FY24 Full Year Overview

- Achieved double-digit revenue growth on a consolidated basis due to a significant rebound from the previous year, when core products in the Information Technology business were affected by inventory adjustments
- Life Care business was affected by an IT incident at the beginning of the year, but due to quick recovery and yen depreciation, revenue exceeded the initial plan.
- As a result of the above, both sales and profits reached record highs.

Revenue
¥866 bn
+14%
(CC +11%)*

Operating Profit
¥255.8 bn
+22%
(CC +19%)

Pretax Profit
¥260 bn
+10%
(CC +7%)

*CC: Constant Currency - same as below

USD

¥152.57

-5.0%

EUR

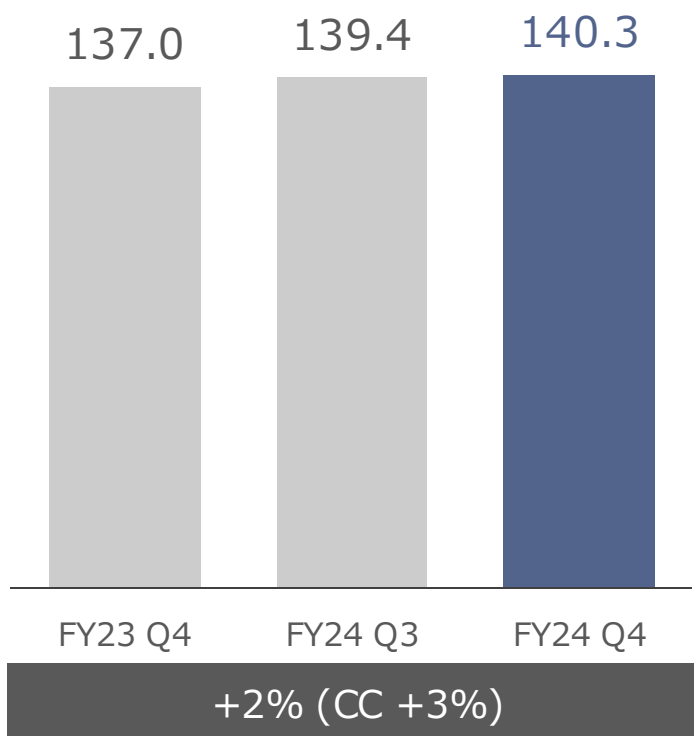
¥163.66

-3.8%

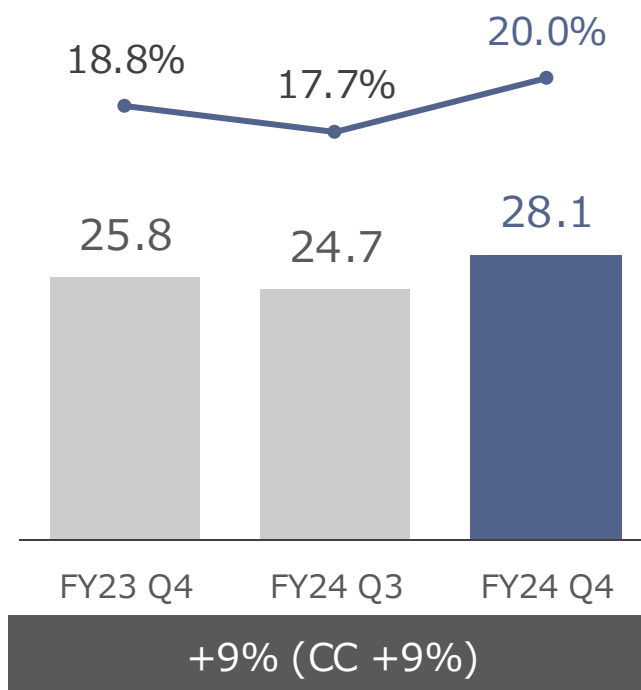
Life Care Business

- [Revenue] Eyeglass and contact lenses drove sales growth.
- [Operating profit] Increased from the previous year, when there was a one-off expense. Profit margin reached 20%.
- [Pretax Profit] FX gains declined YoY from ¥7.9 bn to ¥0.5 bn, leading to a decrease in PTP.

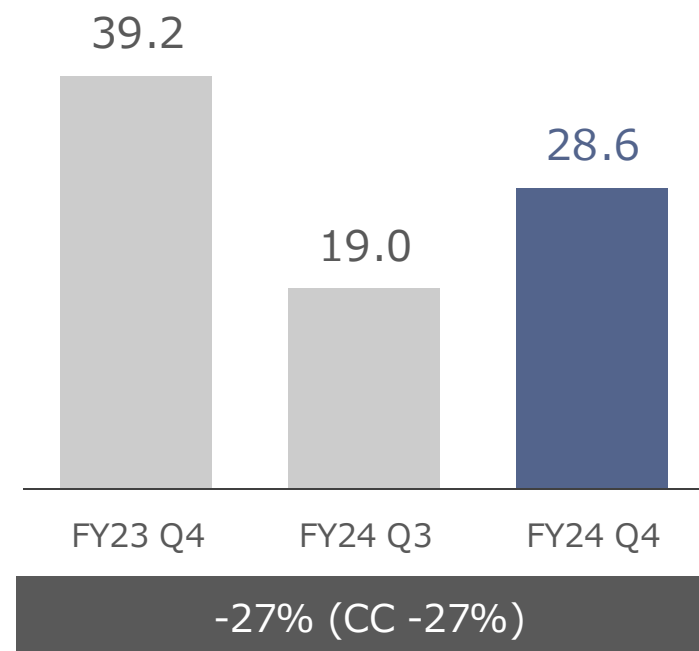
Revenue (¥bn)



Operating Profit/OPM



Pretax profit (¥bn)



Eyeglass Lenses

Sales Growth
+5%
(CC +6%)

- Despite continued weakness in the Chinese market, sales to emerging markets such as Brazil and to chain stores in Japan remained strong, resulting in mid-single-digit growth.
- Sales of myopia management lenses MiYOSMART grew high-teens globally.
- Launched VisuPro lenses for early presbyopia, and expanded the lineup of photochromic lenses. We will continue to develop products that meet the needs of all life stages.



Contact Lenses (Eyecity)

Sales Growth
+4%
(CC +4%)

- While acquiring new customers, progress was made in improving retention through online sales and private brand products.
- The number of stores at the end of FY24 was 376: YoY +13 stores.
- Plan to open around 15 stores per year from FY25 onward. Aiming to become the overwhelming No. 1 retailer of contact lenses in Japan



Endoscopes

Sales Growth
-5%
(CC -4%)

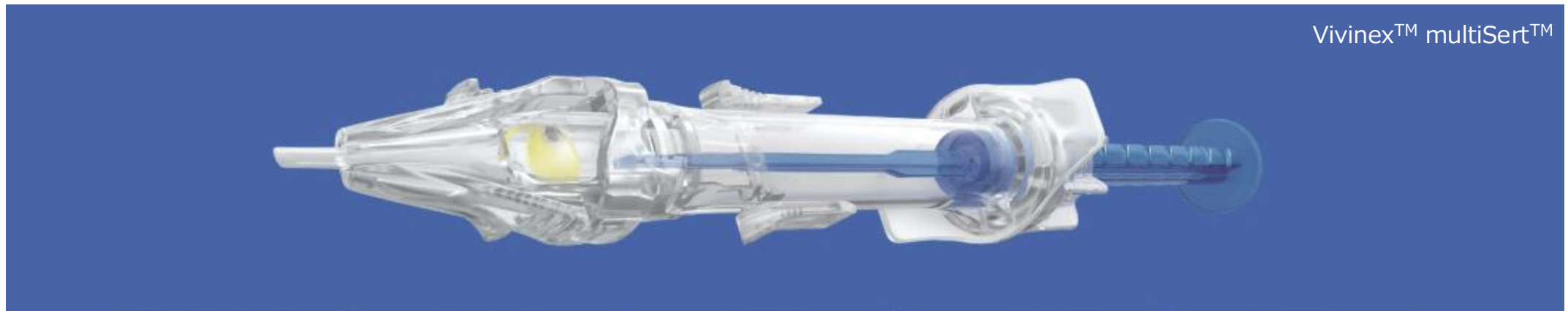
- In the Chinese market, sales rebounded as YoY comps lapped from the anti-corruption campaign and by the changes in sales channels.
- However, overall sales declined due to weak sales in the key markets: Europe and the US.
- In addition to regional business restructuring in the US and China, the company began a comprehensive global transformation initiative.



IOLs

Sales Growth
+0%
(CC +1%)

- In China, the NVBP continued to put pressure on pricing as well as the market shifting towards multifocal lenses.
- Overall sales were flat YoY due to weak sales at Japanese hospitals.
- Reviewing overall business strategy, including China.



Artificial Bones and Other

Sales Growth
+3%
(CC +3%)

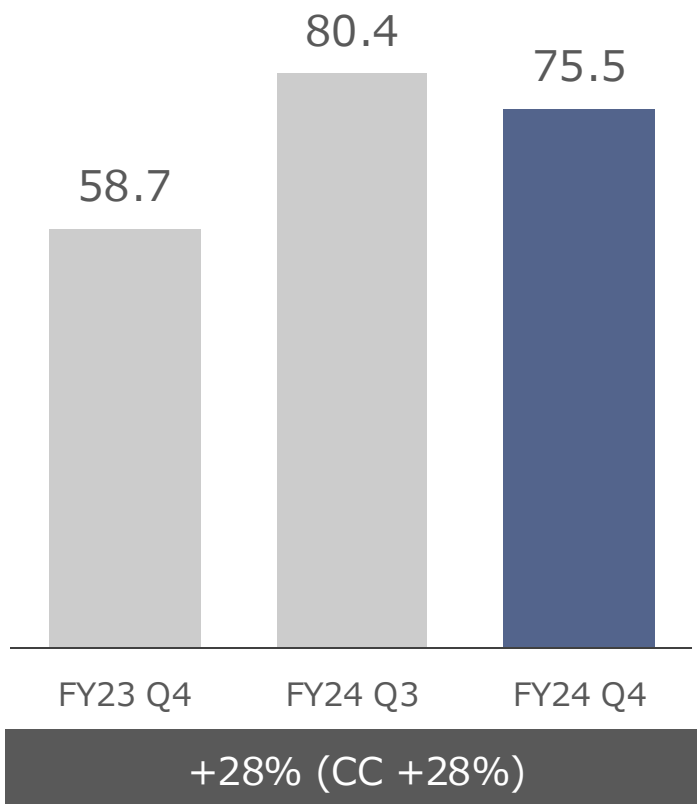
- Although sales of chromatography media continued to decline due to inventory adjustments, sales of endoscope washer-disinfectors and artificial bones, which captured demand during the busy season, drove overall sales growth.
- The impact of inventory adjustment of chromatography media is expected to continue for the time being. We aim to stabilize overall performance with endoscope washer-disinfectors and artificial bones.



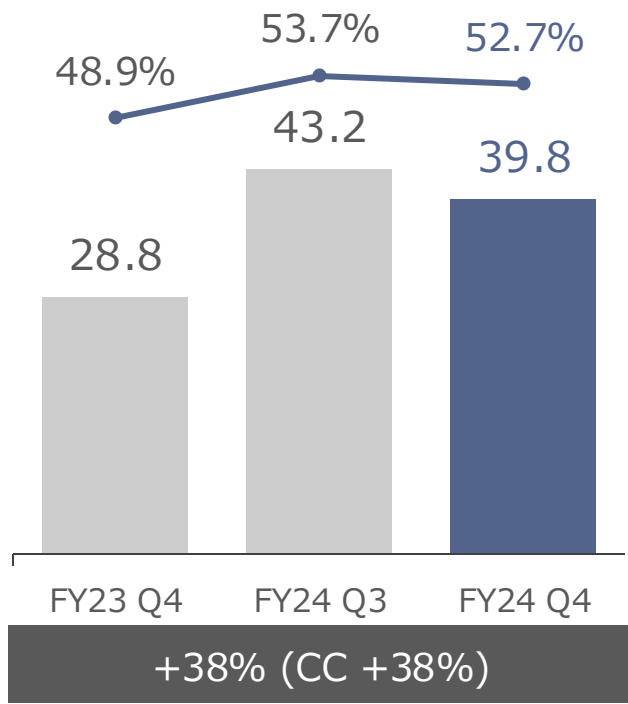
IT Business Overview

- [Revenue] Increased significantly as strong customer demand largely cancelled seasonality.
- [Operating profit] D&A expenses increased due to the increase in production capacity. However, margins remained high due to the continued high capacity utilization of existing production lines.

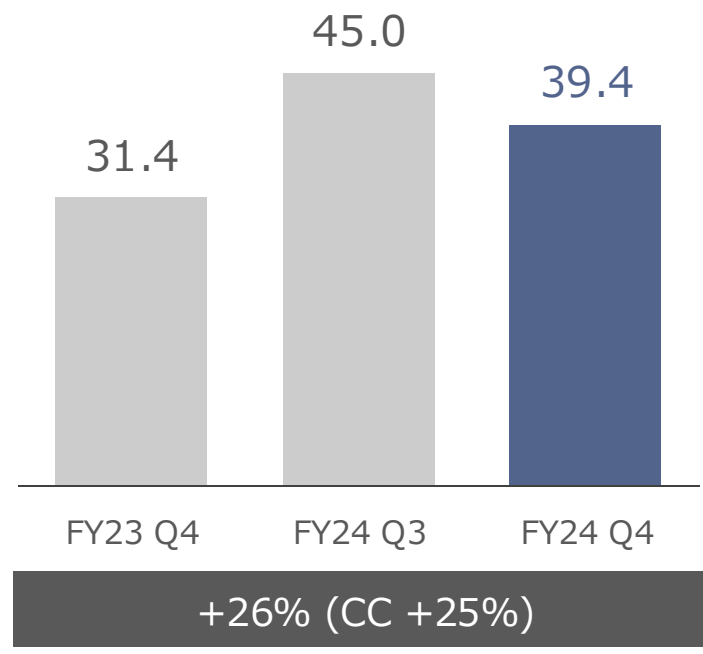
Revenue (¥bn)



Operating Profit/OPM



Pretax profit (¥bn)



Sales Growth
+39%
(CC +39%)

- High demand for EUV blanks sustained due to active advanced R&D by customers.
- Sales of DUV blanks continued to increase, presumably due to increased demand for high-end DUVs used in EUV lithography.
- Made progress in 1nm generation qualification activities. Further strengthening the position as front runner.



Sales Growth
-23%
(CC -22%)

- In photomasks, demand for OLED-related R&D did not recover and remained weak.
- In blanks, production continued to be unstable. Immediate stabilization is being sought.
- In FY25, customers' development activities for foldable smartphones, wearable devices, automotive displays, etc. are expected to gradually resume



HDD Substrates

Sales Growth
+43%
(CC +42%)

- Demand for 3.5-inch substrates for near-line applications remained strong.
- Seasonal effects were mitigated by operating factories during the Lunar New Year holiday in response to strong demand.
- HDDs continue to offer advantages over SSDs in terms of capacity per unit price, price stability, and reliability in the near-line market.



Imaging

Sales Growth
+10%
(CC +10%)

- Strong sales of interchangeable lenses for mirrorless cameras continued. Demand was stable for materials and GMO (Glass Mold Optics) suitable for smaller and lighter lenses.
- Sales of products other than those for digital cameras, such as polarizing glass for near-infrared used in optical communications, were also strong.
- Developing demand for new applications and expanding market share for both materials and lenses.



Businesses Which May Have Impact From the Tariff

Product	Major Production Sites	Competition	Counter Measures
Eyeglass Lenses	Thailand Philippines Vietnam	Competitors may have a higher % of manufacturing in North America.	Price negotiation with customers
Endoscopes	Japan Malaysia (repair)	Neutral	Price negotiation with customers Consider expanding repair centers in the U.S.
LSI	Singapore Japan	Neutral	Price negotiation with customers Increase Singapore shipment ratio
Other than above	—	—	(No impact, or negligible impact on the group as a whole)



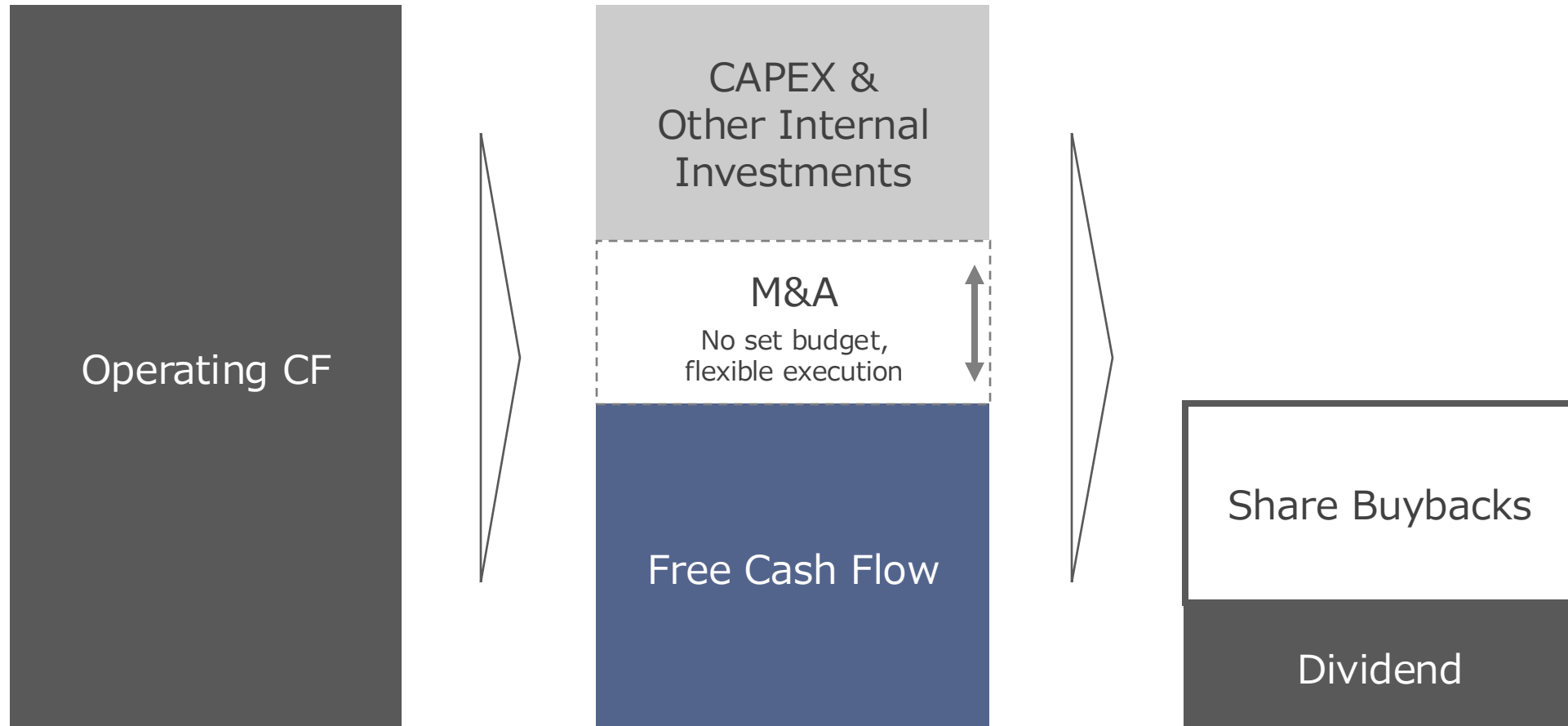
As tariff rates, details, and implementation dates are constantly changing, we will monitor the situation and update the estimated impact as necessary at the appropriate time.

Capital Policy



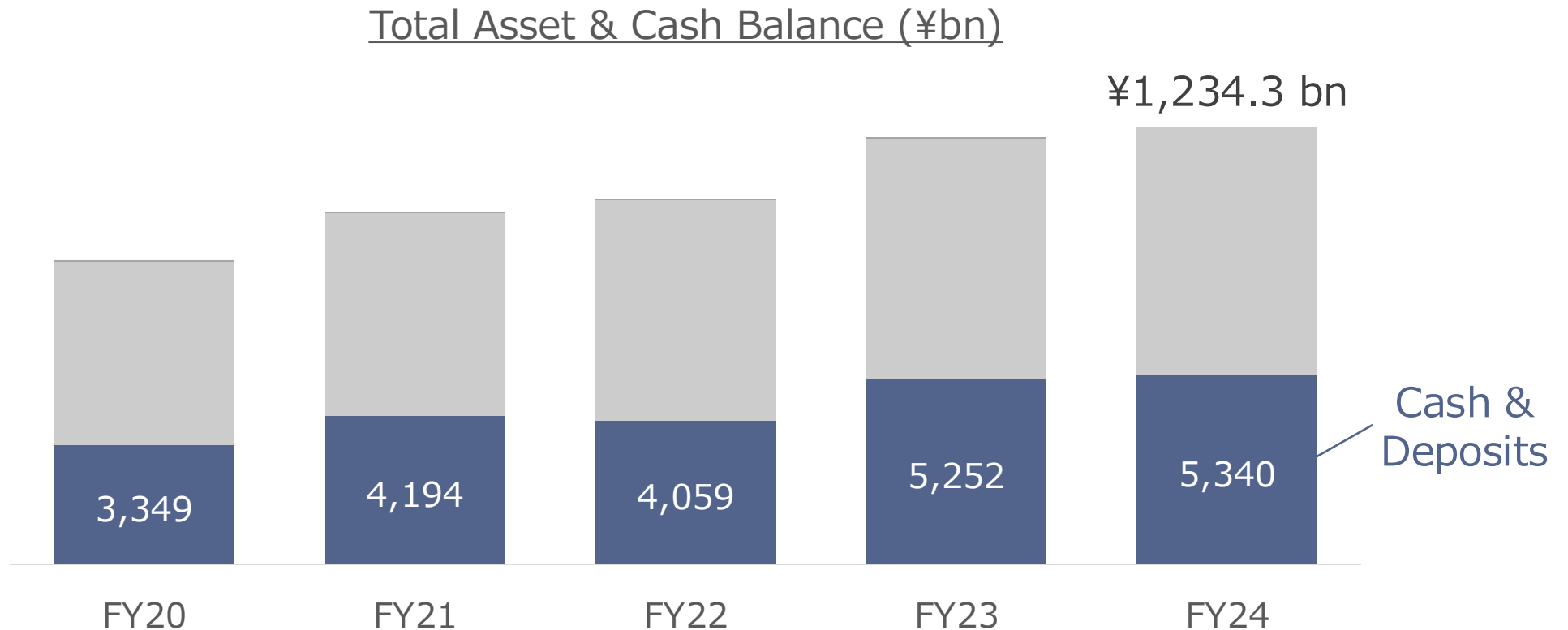
Recap: Thought Process of Capital Allocation

- Priority will be given to internal investments that contribute to mid- to long-term growth, with M&A to be executed as opportunities and timing dictate.
- The company's policy is to return the remaining free cash flow to shareholders, and the total return ratio to cumulative FCF over the past five years has been nearly 80%.



Evolution of Cash Balance

- Although the total return ratio remained high, the majority of cash are denominated in USD and other foreign currencies, hence the cash balance is on an increasing trend due to the yen depreciation.
- Although the real increase in cash excluding FX effects is not as large as it appears, the ratio of cash and deposits to total assets is over 40%, and the company is at a point where it should reexamine its capital structure.



Historical Dividend Payout Ratio

- In terms of dividends, the payout ratio has been on a downward trend, as the pace of dividend increases has been slow compared to profit growth.
- In light of the fact that a certain number of investors value dividends and the recent trend of increasing cash balance, we have decided to revise our dividend policy.

Payout Ratio in the Past 5 Years

	FY19	FY20	FY21	FY22	FY23
Dividend per share	¥90	¥90	¥110	¥110	¥110
Total amount of dividends	¥33.8 bn	¥33.5 bn	¥40.3 bn	¥39.1 bn	¥38.6 bn
Payout Ratio	29.7%	26.8%	24.6%	23.4%	21.3%

Source: Company’s Tanshin

New Dividend Policy

- Considering this situation, we decided to expand dividends by formulating a new dividend policy based on a “**40% progressive dividend**” program.
- Under the new dividend policy, the company plans to pay a year-end dividend of ¥115 per share, an increase of ¥50.
- There is no change in the fact that the company will continue to buy back shares in a flexible manner while monitoring free cash flow so that cash balance does not increase further.

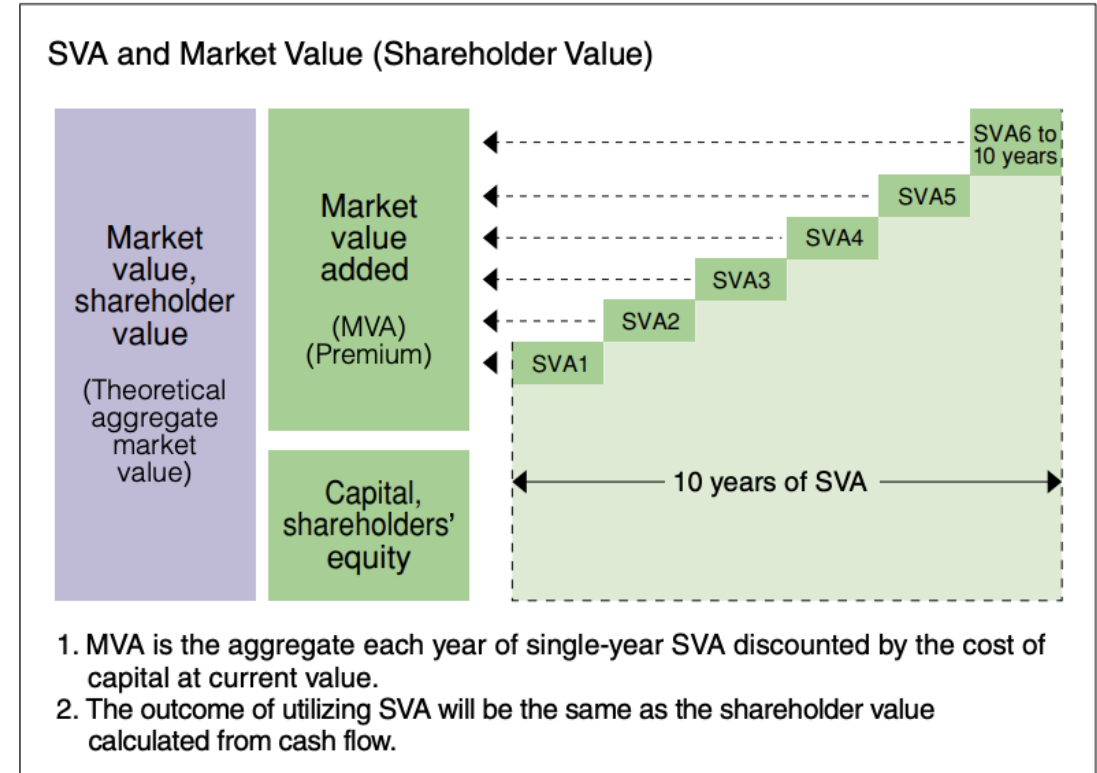
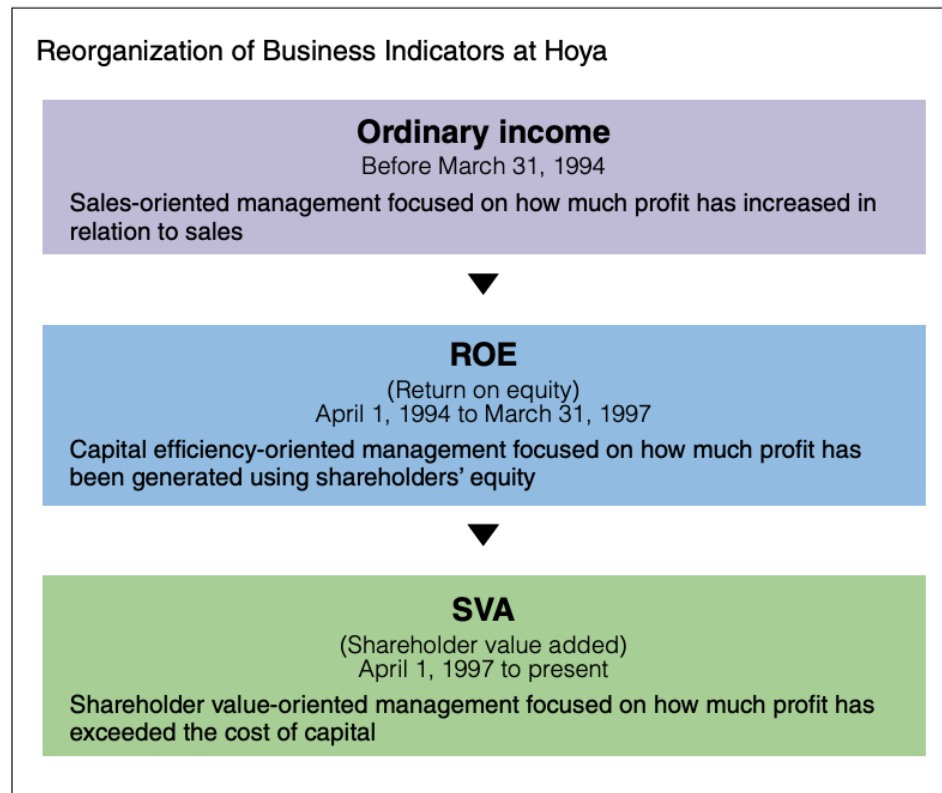
Shareholder Return Policy (excerpt)

We return profits to shareholders through dividend payments and share buybacks using excess cash, while enhancing investments that contribute to the long-term enhancement of corporate value. Our basic dividend policy is to pay a progressive dividend with a target payout ratio of 40%, aiming for stable and sustainable dividends. We will continue to strive to both increase corporate value through investment for growth and return profits to shareholders.

Prioritize Capital Efficiency

- In the 1990s, we adopted a cost-of-capital management index. Currently we review each business by whether returns exceed the cost of capital.
- We will focus further on the "denominator" more by further enhancing shareholder returns while expanding the profitability of our businesses, which is the numerator.

Reference: Our 2006 Annual Report



Business Portfolio:

Themes in the Mid- to long-term



Development in the Past Three Years

Major Events & Actions

FY22

- Demand for HDD substrates plummeted due to inventory adjustments.
- Achieved revenue and profit growth overall thanks to strong performance in the Life Care business.

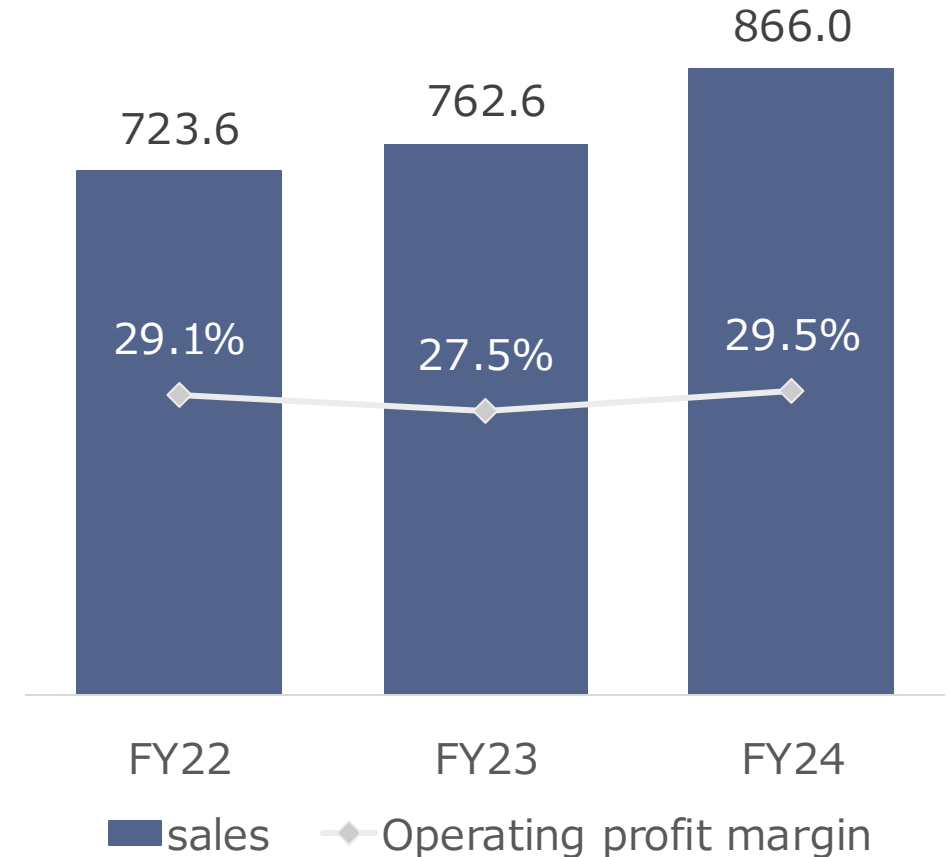
FY23

- Demand for HDD substrates continued to decline. EUV blanks also experienced an inventory digestion.
- Achieved overall growth by minimizing impact on profitability through flexible capacity management and strong performance of Life Care business.

FY24

- IT incident affected Life Care business, but was able to quickly return to sales growth.
- Secured overall increase in revenue and profit driven by rapid recovery in demand for HDD substrates and EUV blanks

Financial Performance



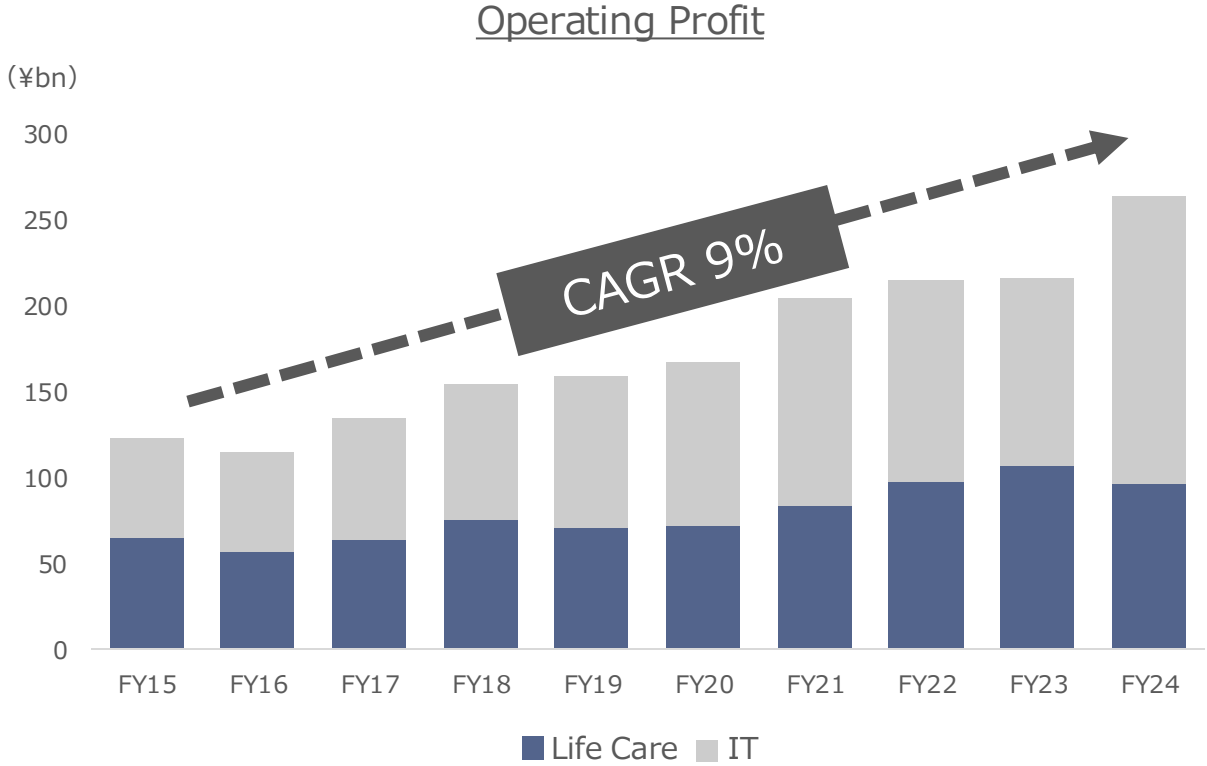
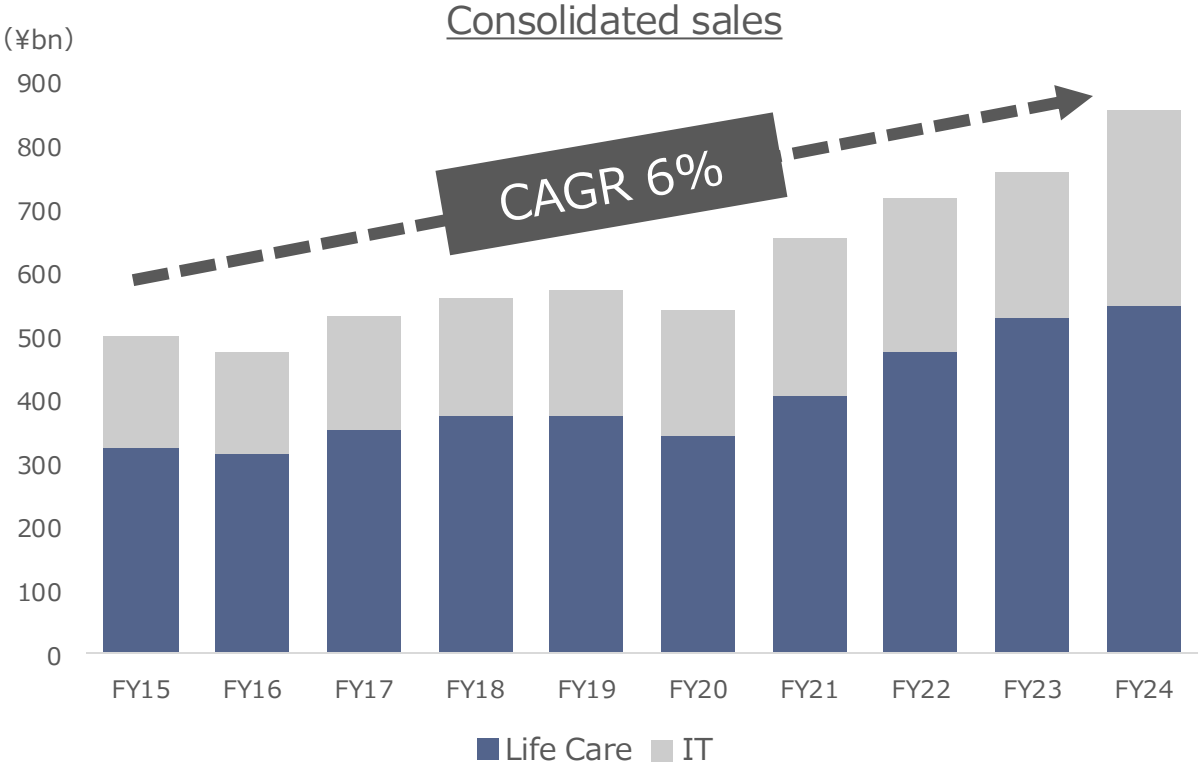
Global Environment

The external environment is changing at an unprecedented pace. Various risks, centered around geopolitical tensions are emerging.



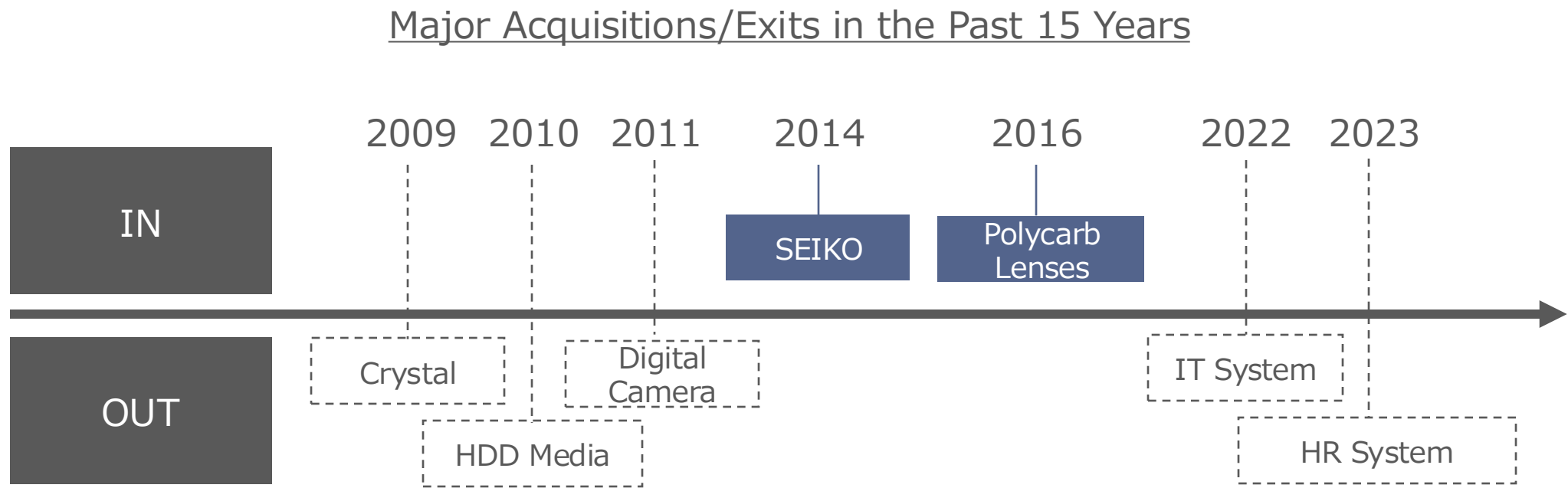
True Value of Business Portfolio Management

Even with individual products being affected by changes in the external environment and temporary factors, overall performance is stable due to the different nature of the Life Care business and the IT business. Although some products are expected to be affected by reciprocal tariffs in the near future, the company will work to stabilize the performance of the group as a whole.



Business Portfolio Direction

We have been gradually changing our business portfolio in response to the external and competitive environment. We will continue to seek opportunities to acquire new businesses through M&A and make decisions on business positioning on an objective manner, aiming to build a more robust portfolio that will contribute to secular growth.

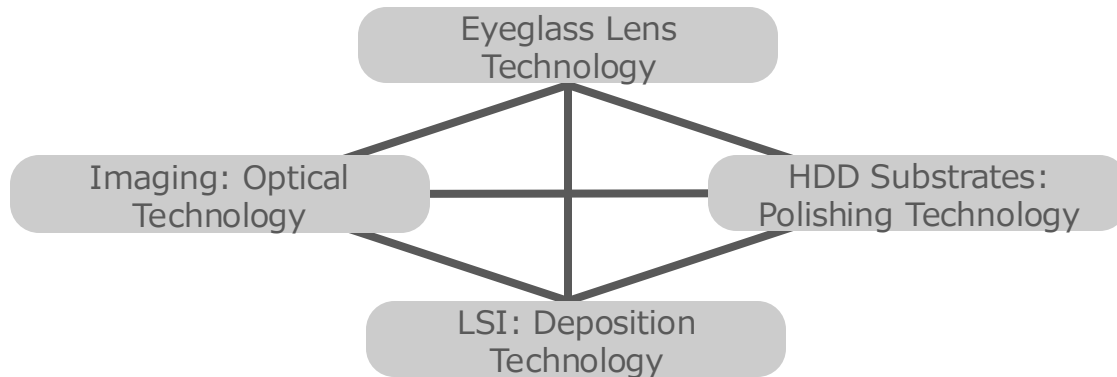


Business Portfolio Direction - Cont'd

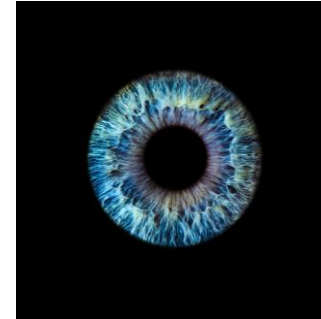
Positioning the ophthalmology-related business as a stable growth area and the IT business as a high-growth area, the company will conduct new business development activities through both internal development and M&A.

Internal Development

Ex. XR Project

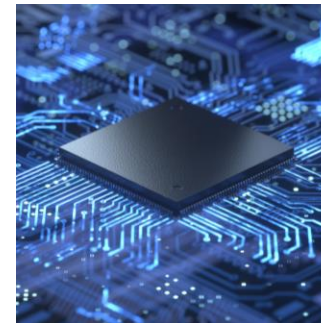


M&A



Ophthalmology

Explore lenses and devices to improve and address issues related to vision.



Information Technology

Explore semiconductor-related components and materials where we can utilize our management resources, including our optical expertise and customer relation.

Ophthalmology: Focal Points in Existing Business Lines

Keywords: #stable growth, #structural growth, #market share gain

Product	Focal Points
Eyeglass Lenses	• Reevaluate the balance between investment and profitability • Leverage position as Early Adopter for myopia-suppressing eyeglass lenses • Bolt-on M&A to expand market share
Contact Lenses	• Establish dominant No. 1 position in real retail in Japan through new store openings + bolt-on M&A • Expansion of private brand product lineup • Start overseas expansion within the next 3-4 years
IOLs	• Consistently introduce new products to the market • Leveraging product strength to gain market share mainly from smaller manufacturers

IT: Focal Points in Existing Business Lines

Keywords: #high growth area, #maintain high market share, #internal development

Product	Focal Points
LSI	• Maintain First Supplier Position in advanced nodes • Invest at the right time in accordance with the technology roadmap, including phase shift/High NA/Hyper NA
FPD	• Steady start-up of the Chinese plant • Enhance presence of the Blanks business
HDD Substrates	• Expansion of customer base. Ultimately, aim for full penetration of the market • Develop capacity plans based on the assumption of secular growth in the near-line HDD market
Imaging	• Stable growth by expanding market share in shrinking market • Exploration of niche areas and agile investment

Important Themes in the Mid- to long-term

Changes Associated With Ongoing Global Decoupling

- The horizontal division of production has given way to a regionally complete business structure, making it increasingly important to optimize the production system.
- On the other hand, we will monitor the trends of our customers to capture opportunities related to these trends: inefficiencies in the industry and intensified competition in technological development among countries.

Integrating Healthcare and Technology

- The boundary between healthcare and technology is blurring, as in the case of "smartwatches for health management," and this trend will become more acute in the future. As with the XR Project, which is a leading project in this field, we will explore growth opportunities in business areas that cross both fields.

*For the sake of disclosure, we have classified businesses as Life Care and IT, but the meaning of this distinction is likely to diminish over time.

Revisiting “A Big Fish in a Small Pond” Philosophy

- We will delve deeply into the philosophy that is the source of HOYA's competitive edge. Define niche markets in existing battlefields as well as market selection in new businesses to create optimal strategies.

Notes

- ✓ Accounting standard: IFRS
- ✓ The fiscal year ending March 2025 is referred to as “FY24” throughout this document.
- ✓ Figures less than 100 million yen are rounded down. Accordingly, some discrepancies may occur among totals. Ratios are calculated using actual numbers.
- ✓ Operating profit is calculated as reference information for investors; calculated by deducting finance income/costs, share of profits(loss) of associates, FX gain/loss and other temporary gain/loss from pretax profit.
- ✓ We have omitted detailed breakdown of financial statements. Please refer to the tanshin or the quarterly report for detailed numbers.
<https://www.hoya.com/en/investor/kessan/>

Innovating For a Better Tomorrow

HOYA