

HOYA Corporation

Q4 FY2021 Earnings Presentation

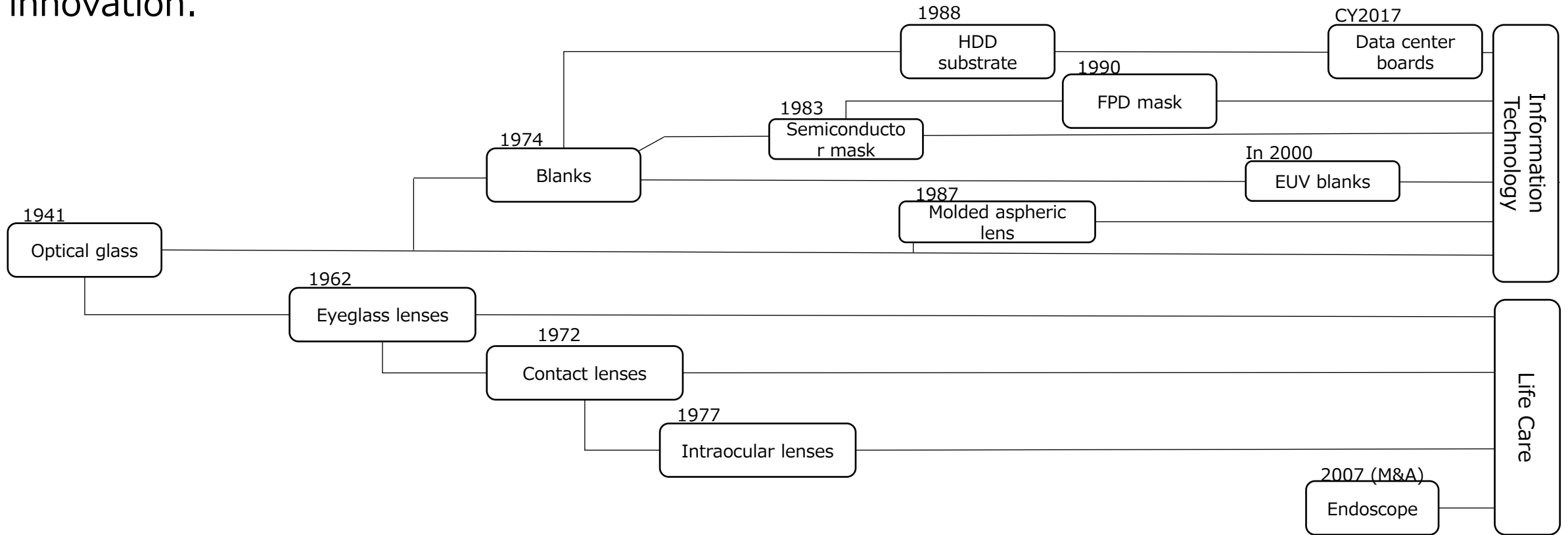
May 6, 2022

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 such as the ongoing COVID-19 pandemic on our business, 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.

80-Year History

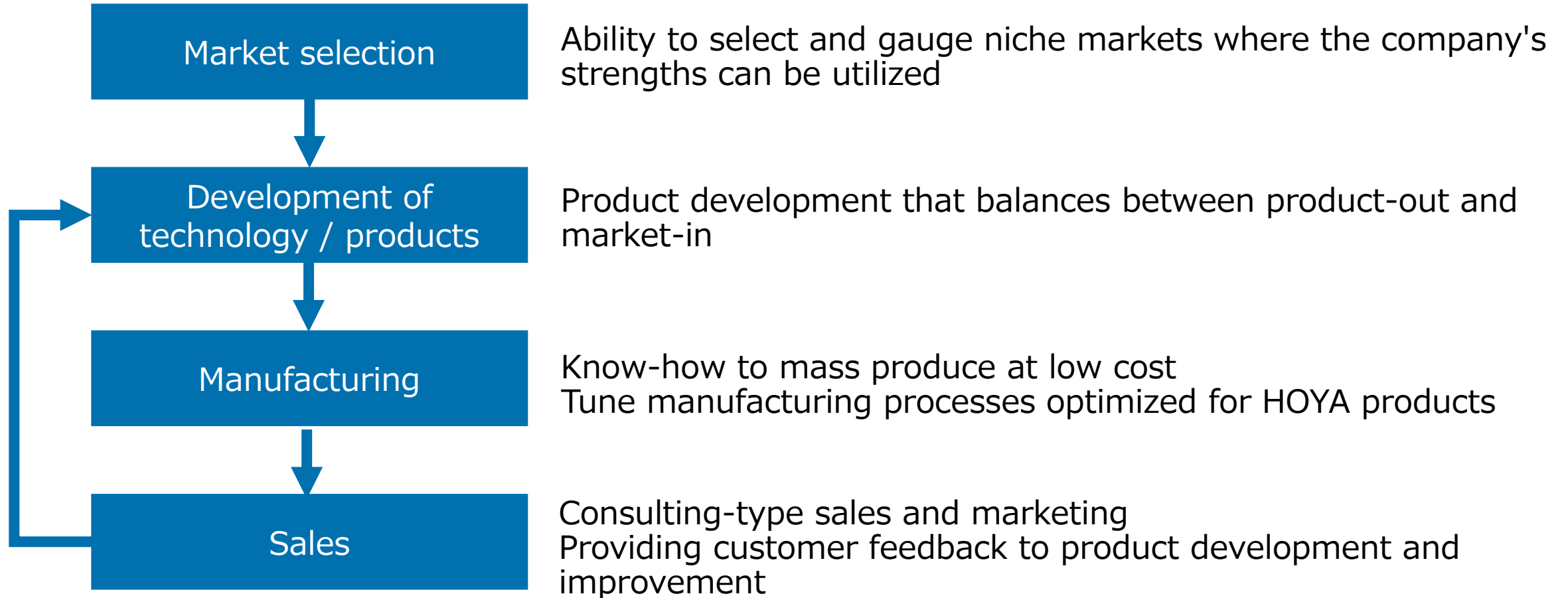
Over the 80 years since its establishment, HOYA has broadened the scope of its products and services based on its management philosophy of "contributing to a truly prosperous society in which people, society, and nature harmonize through business creation and innovation."



| | | | | | | | |
|-------------------|----------------|-------------|------------------------------|------------|------------|------------|-------------------|
| Core technologies | Optical design | Composition | Dissolution | Molding | Polishing | Deposition | Micro-fabrication |
| Domain | Optics | Life | Precision/ Semiconductors | Healthcare | Healthcare | Healthcare | ICT |

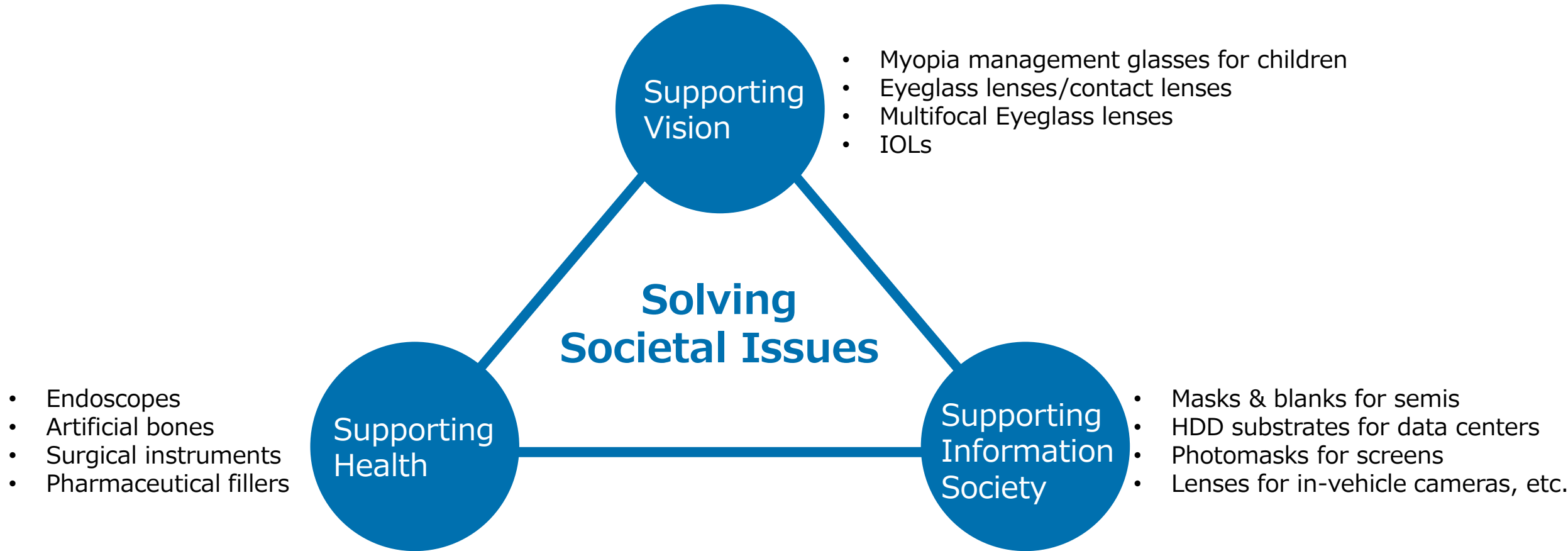
Driving Force Behind Growth

A mindset of differentiation in our value chain led to products such as EUV blanks. This was the driving force behind business scope and business scale expansion.



HOYA's Mission

Eye and health solutions for each life stage, and information technology essential for modern socio-economic activities by raising Quality of Life of people around the world through the provision of solutions that support our mission.



HOYA's Vision

Innovating For a Better Tomorrow

HOYA strives to create innovations for a better future for people.

Over the next two decades toward the century of its founding, we will constantly pursue the creation and innovation of markets with enthusiasm in order to improve the quality of life of diverse people around the world and bring about a better tomorrow.

Key Challenges: Developing Future growth businesses

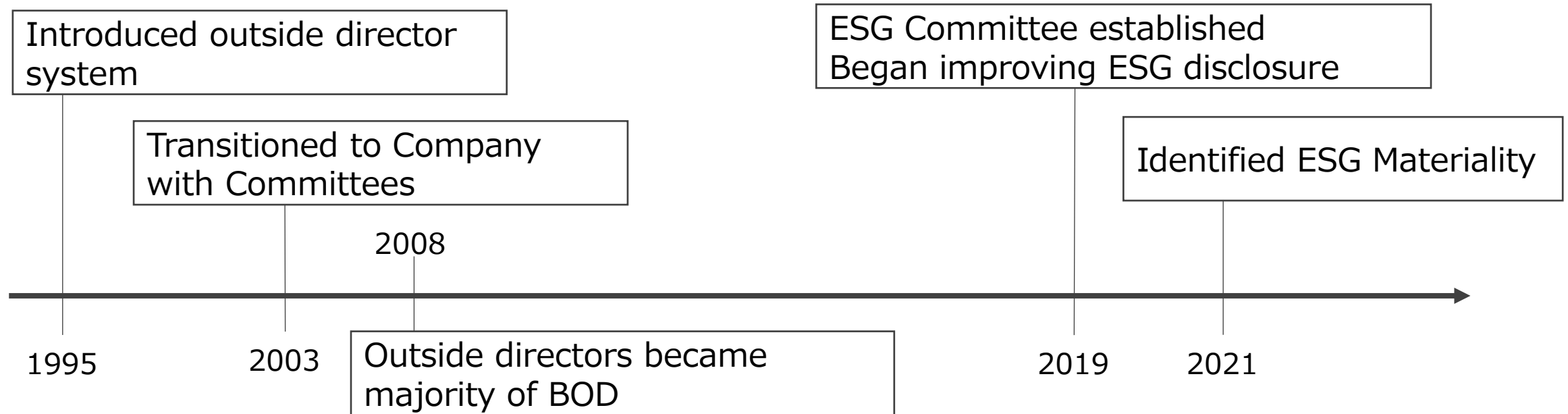
Building a business portfolio for sustainable growth, particularly the development and acquisition of new businesses that will drive growth over the next 10 to 20 years is a top priority.

Market Selection Criteria

- Fits with HOYA's vision & mission
- Adjacent to our existing areas
- Not a market with too many players
- Not a market overly exposed to price competition
- Potential for the company to eventually become profitable

Key Challenges: Strengthening ESG

We have been making efforts to strengthen corporate governance by introducing an outside director system ahead of other Japanese companies. On the other hand, we acknowledge that we need to strengthen E (Environment) and S (Social) .



New Leadership Team

Named CBDO and CSO in order to tackle the key challenges of "developing growth businesses" and "strengthening ESG." For ESG, the ESG Promotion Office was newly established.



Eiichiro Ikeda
Representative Executive Officer & CEO



Ryo Hirooka
Representative Executive Officer & CFO



Augustine Yee
Chief Business Development Officer (CBDO) & CLO



Tomoko Nakagawa
Chief Sustainability Officer (CSO) ▶ ESG Promotion Office

Strengthen Business Development

Product Development From Existing Businesses

- Like HDD substrates developing from 2.5-inch to 3.5-inch, and blanks transitioning from DUV to EUV, finding new growth factors in existing businesses is key
- We will establish an R&D structure that transcends business boundaries in order to create new markets by combining the product development capabilities of existing businesses

M&A

- Over the last decade, M&As were predominantly conducted in Life Care, most of them being bolt-ons.
- We will broaden the scope to high-tech areas, including semiconductor-related assets.

Strengthening ESG: Sustainability Policy

The Sustainability Policy was resolved at the BOD meeting held on May 6. We will roll out specific initiatives based on this policy.

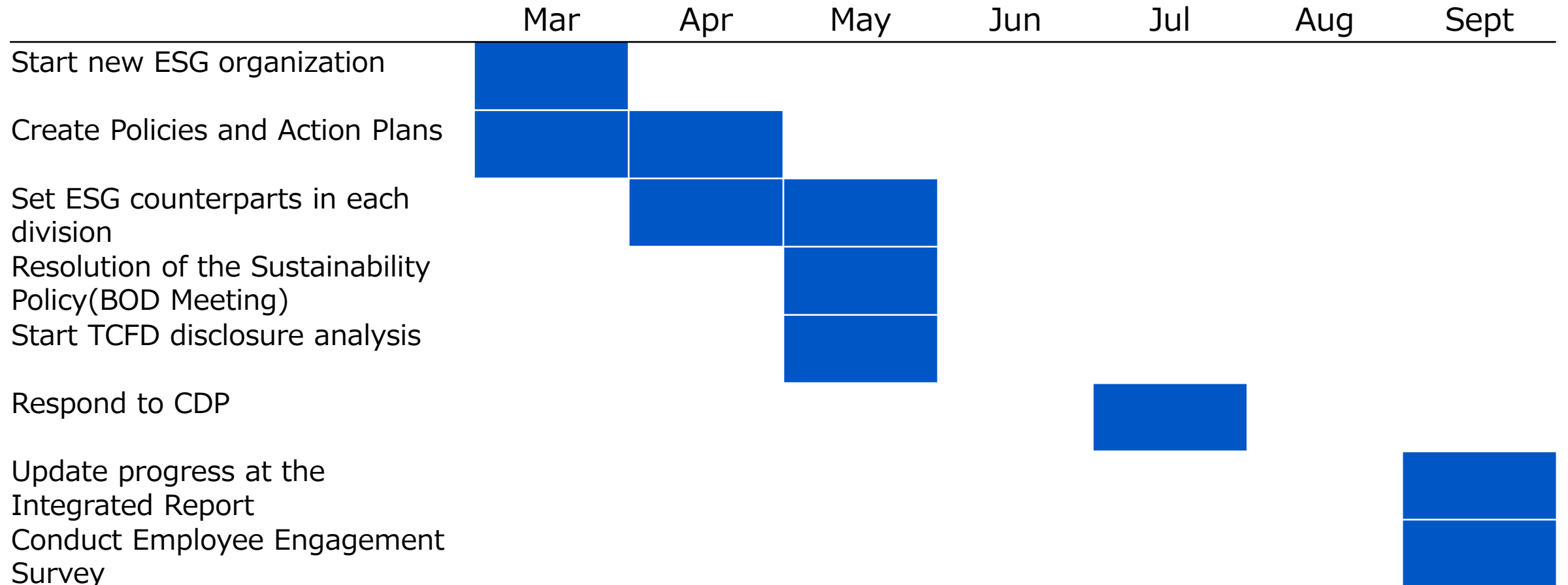
HOYA Group Sustainability Policy

Based on our management philosophy, we will contribute to the realization of a sustainable society through the implementation of our basic management principles, and aim to increase corporate value over the medium to long term.

- We aim to contribute to solving global social issues through business innovation.
- We will build relationships of trust through dialogue with stakeholders and realize fair and transparent management.
- We will strive to reduce the environmental impact of our business activities in order to pass on a better global environment to the next generation.
- We will respect the human rights of all people involved in our business activities and strive to prevent the infringement of human rights.
- Aiming to create new value, we will strive to create an environment in which a diverse range of human resources can thrive, giving consideration to the wellbeing of our employees.

Strengthening ESG: Timeline

Based on the new Sustainability Policy, we will establish specific goals and formulate action plans for the materialities: 1) GHG reduction; 2) product quality and safety; 3) employee engagement; and 4) supply chain management.



What to Change and What Not to Change

Not to Change

- Business Portfolio Management ●
- Management system optimized for each business ●
- Strong corporate governance ●
- Growth with profitability, always judging with figures
- Shareholder Return Policy: Consider total return from dividends & share buybacks

To Change

- Instead of deciding where to milk profits or where to invest based on its segment, we will assess each business and product independently
- Establish a BD framework that transcends the boundaries of business divisions in order to stimulate the creation of new businesses and products
- Promoting ESG/Sustainability, emphasizing E and S

Focal Points in the Medium-Term

■ Self-evaluation of Key Items

| Item | FY21 Actual | Self-evaluation |
|--------------------------------------|-------------------------|-----------------|
| Consolidated Pretax Profit Ratio | 31.9% | ++ |
| Consolidated ROE | 22.1% | ++ |
| Market Share of Life Care Businesses | Flat to slight decrease | - |
| Profitability of Medical Products | Slight increase | - |



While focusing on increasing R&D and developing new businesses, which are the sources of competitiveness, the company will work to improve its position in the Life Care markets and the profitability of medical products, which we acknowledge as the key challenges.

Key Takeaways

1. Recorded solid performance despite global slowdown in economic growth. Record-high sales and profits on an annual basis
2. The Life Care business remained firm, despite some impacts from Covid. Achieved double-digit growth
3. Despite the impact of seasonality and cyclicalities on HDD substrates, the Information Technology business grew double-digit driven by the continued growth in blanks
4. We will conduct additional share buybacks and increase dividends

Financial Overview

| (¥bn) | Q4 FY20 | Q3 FY21 | Q4 FY21 | YoY | QoQ |
|-----------------------------|---------|---------|---------|---------|---------|
| Revenue | 151.4 | 171.3 | 169.6 | +12% | -1% |
| Pretax Profit | 41.3 | 51.9 | 53.8 | +30% | +4% |
| Net Profit | 30.8 | 40.9 | 40.1 | +30% | -2% |
| Cf. Operating Profit | 43.3 | 53.5 | 48.1 | +11% | -10% |
| Cf. Operating Profit Margin | 28.6% | 31.3% | 28.4% | -0.2ppt | -2.9ppt |

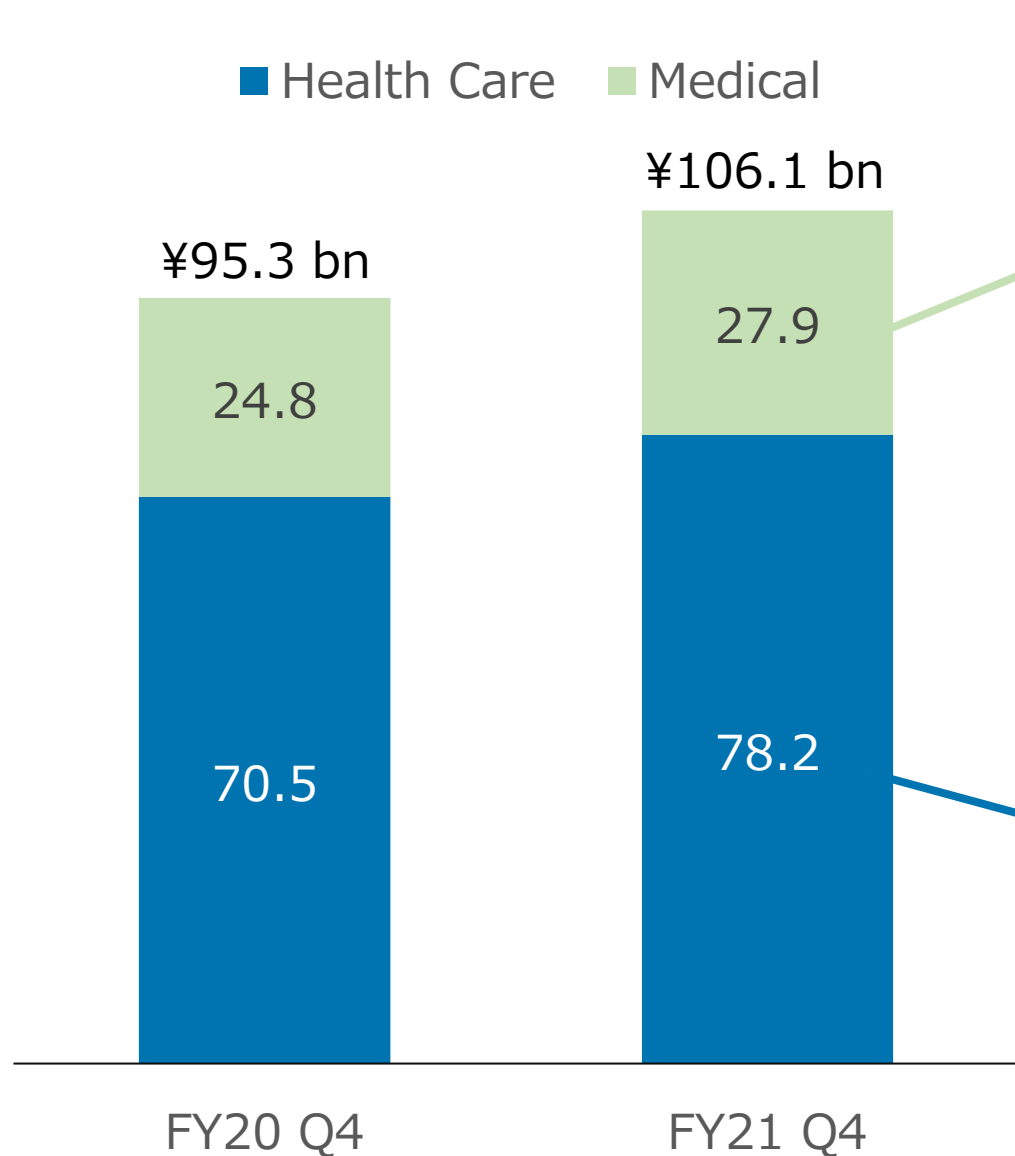
- Constant currency basis: Revenue +7%; PTP +25%
- PTP increased sharply, as impairment losses were ¥900 million this quarter whereas a year-ago-quarter impairment losses were ¥5.1 billion

Life Care

| (¥bn) | Q4 FY20 | Q3 FY21 | Q4 FY21 | YoY | QoQ |
|-----------------------------|---------|---------|---------|---------|---------|
| Revenue | 95.3 | 105.5 | 106.1 | +11% | +1% |
| Pretax Profit | 14.8 | 21.5 | 19.5 | +32% | -9% |
| Cf. Operating Profit | 19.0 | 23.2 | 19.8 | +4% | -15% |
| Cf. Operating Profit Margin | 19.9% | 22.0% | 18.6% | -1.3ppt | -3.4ppt |

- Constant currency basis: Revenue +7%; PTP +28%
- OPM declined due to one-off expenditures: allowance for doubtful accounts and proactive reviews of the balance sheet in eyeglass lenses, allocation of product inventory that will no longer be handled in the IOL division

Life Care: Revenue by Product



Endoscopes [YoY +1%]

-Supply chain issues remained but we were able to meet growing demand to the fullest extent possible, resulting in an increase in revenue

IOLs [YoY +12%]

-Momentum continued in Europe and Asia. Japan still recovering
-Partially restructured product portfolio

Eyeglass Lenses [YoY +7%]

-Steady growth of MiYOSMART in China and Europe
-Continue to focus on value-added products including photochromic lenses and MiYOSMART

Contact Lenses [YoY +7%]

-Solid sales despite under quasi-lockdown
-Expect sales increase due to eased restrictions

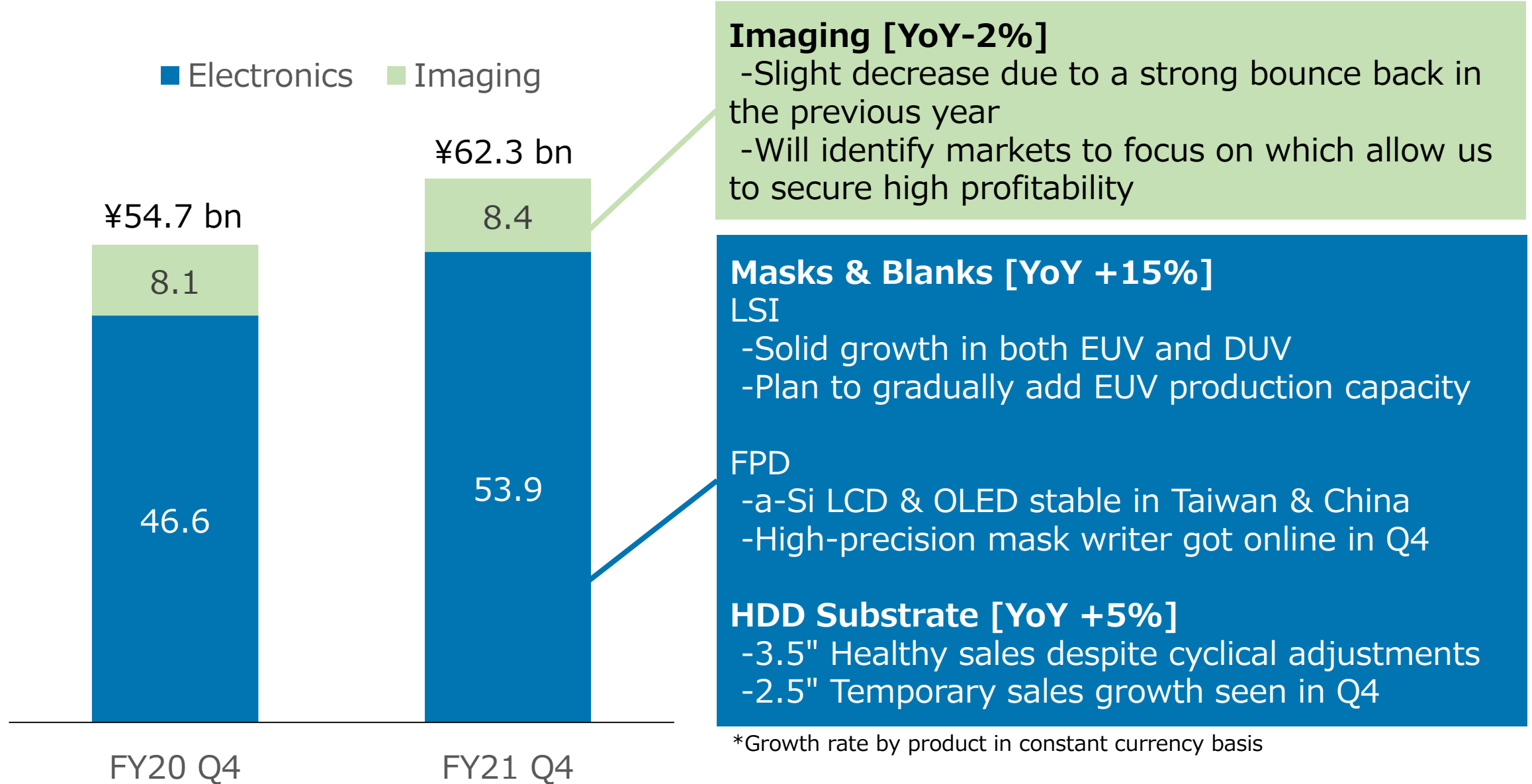
*Growth rate by product in constant currency basis

Information Technology (IT)

| (¥bn) | Q4 FY20 | Q3 FY21 | Q4 FY21 | YoY | QoQ |
|-----------------------------|---------|---------|---------|---------|---------|
| Revenue | 54.7 | 64.3 | 62.3 | +14% | -3% |
| Pretax Profit | 27.0 | 31.3 | 30.5 | +13% | -2% |
| Cf. Operating Profit | 25.4 | 31.1 | 29.6 | +17% | -5% |
| Cf. Operating Profit Margin | 46.4% | 48.4% | 47.5% | +1.1ppt | -0.9ppt |

- Constant currency basis: Revenue +8%; PTP +8%

IT: Revenue by Product



Highlights from the Balance Sheet & Cash Flow

Shareholder Return

- Share buyback of ¥60 billion was executed in Feb and cancelled
- Resolved to buyback up to an additional ¥60 bn
- We will also increase dividend by ¥20 per share

CAPEX *

- Actual in FY21: ¥28.9 bn (YoY-¥2.4 bn)
- FY22 is expected to be around ¥30 bn **
- Currently, investment activities are being accelerated, however, cash outflows are not expected to increase until FY23 or later

D&A

- Q4 results were ¥43.0 bn (YoY +¥6.7 bn)
- Annual FY22 is expected to increase around ¥1 bn

* CF base. Acquisition of PPE

** Cash outflow basis. Fluctuations may occur depending on the timing of cash outflows

Notes

- ✓ Accounting standard: IFRS
- ✓ The fiscal year ending March 2022 is referred to as “FY21” 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, foreign exchange gain/loss and other temporary gain/loss from pretax profit.
- ✓ We have omitted a detailed breakdown of financial statements. Please refer to the tanshin or the quarterly report for detailed numbers.
<https://www.hoya.com/en/investor/kessan/>

Our New Website is Live!

<https://www.hoya.com/en/>

*Please note that the URL has been changed.

