



Notice of the 84th Ordinary General Meeting of Shareholders



Information for the meeting

■ **Date and time of meeting:**

June 28 (Tuesday), 2022

Start accepting 9:00 a.m.

Opening of the meeting 10:00 a.m.

■ **Location:**

5F Conference Center, Bellesalle Shinjuku Grand
8-17-3, Nishi Shinjuku, Shinjuku-ku, Tokyo, Japan

We request that shareholders carefully consider the latest conditions regarding the COVID-19 pandemic on the day of the General Meeting of Shareholders, and according to the situation, we ask that shareholders refrain from attending on the day of the General Meeting of Shareholders. Instead, we ask that you exercise your voting rights beforehand in writing, via the Internet or through other such means.

In addition, because we will be livestreaming the General Meeting of Shareholders, we recommend that you consider exercising your voting rights beforehand and view the livestream of the proceedings.

On the day of the General Meeting of Shareholders, the Company may, at its discretion, take necessary measures in the conference hall, such as the use of alcohol disinfectant, to ensure the safety of shareholders and prevent the spread of infections.

If any future changes in the circumstances lead to significant changes in the convening of the Meeting (location or time of meeting, etc.), the Company will post details on its website (<https://www.hoya.com/en/>).

HOYA CORPORATION

Security Code: 7741

Message from CEO

On March 1, 2022, I, Eiichiro Ikeda, was appointed as CEO of HOYA CORPORATION.

I would like to express my thanks for your continued patronage.

To begin, I would like to express my condolences for all those who have lost their lives to the novel coronavirus disease (COVID-19), as well as to their families, friends, and colleagues, and I pray for the speedy recovery of those who are affected or facing hardships. I would also like to express my deepest respect and gratitude to all of the medical professionals who are working tirelessly day and night to provide treatment.

In addition, all of us at HOYA CORPORATION are deeply concerned about the humanitarian crisis brought about by the escalating conflict in Ukraine and, together with our shareholders, pray for an end to this conflict as early as possible so that the Ukrainian people can live in peace.

Regarding the performance in the current fiscal year, we achieved record highs for both sales and profit before income tax. In the Life Care business, due to the recovery accompanying the resumption of economic activities, sales increased substantially compared to the preceding consolidated fiscal year in which business activities were impacted by COVID-19. In the Information Technology business as well, we achieved a significant increase in sales by capturing strong customer demand for mask blanks for EUV (Extreme Ultraviolet) lithography, which is semiconductor miniaturization technology, and glass disk substrates for data center HDDs, and also as a result of the recovery in demand for camera lenses.

With respect to the allocation of capital, we made investments for increasing production capacity and enhancing efficiency, and with respect to returns to shareholders, while paying a dividend of 110 yen per share, which was an increase of 22% from the preceding consolidated fiscal year, we purchased approximately 60 billion yen of the Company's own shares. Going forward, allocation will prioritize growth investments, such as M&A and capital expenditures, with due consideration to the business environment, capital demands, and capital structure, excess cash will be used for returns to shareholders through dividends and share repurchases, and we will continue our policy that emphasizes capital efficiency.

Although the impact from the COVID-19 pandemic is now less severe, given the conflict in Ukraine and other emerging issues, the future remains uncertain and cannot be predicted. Under these circumstances, we believe that ensuring the safety and health of our employees and responding quickly to customer requests will contribute to enhancing corporate value.

We sincerely ask for your continued support.



Corporate Mission

“Dedicated to innovation in
information technology,
lifestyles and culture,
HOYA envisions a world
where all can enjoy the good life,
living in harmony with nature.”



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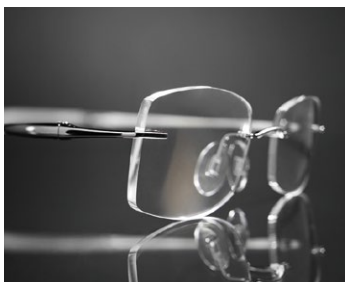
HOYA Group's Businesses

Based on the concept of "Business Portfolio Management" and "Big Fish in a Small Pond," HOYA has developed highly competitive businesses focused on two segments, Life Care and Information Technology.

The HOYA Group aims to improve QOL (quality of life) of people around the world with a focus on eye care.

Life Care

Health Care



Eyeglass lenses

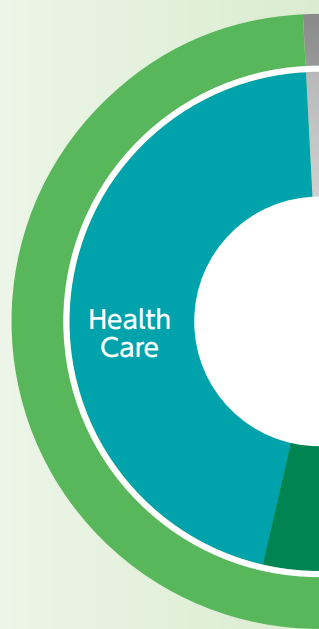


"Eyecity" store

Engages in manufacturing and sales of eyeglass lenses and operation of "Eyecity," contact lens specialty retail stores.

- Eyeglass lenses
- "Eyecity," contact lens specialty retail stores

Sales



Medical endoscope



Intraocular lenses for cataracts

Medical



Main products are medical endoscopes, intraocular lenses for cataracts, apatite products that are prosthetic fillers for bone defects, etc.

- Medical endoscopes
- Intraocular lenses for cataracts
- Artificial bones/metallic orthopedic implants

The HOYA Group will continue striving to maximize sustainable corporate growth and its corporate value by efficiently allocating management resources to growth areas such as the Life Care business, whose market is expected to expand on a long-term basis due to the aging of the world population and improvement in living standards in emerging markets, and semiconductors and HDD-related products in the Information Technology business, whose market is expected to grow on a medium-term basis due to the progress of an increasingly digital society.

The HOYA Group contributes to the realization of an affluent society through innovation.

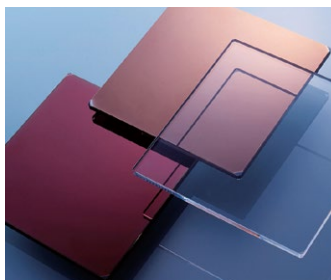
Information Technology



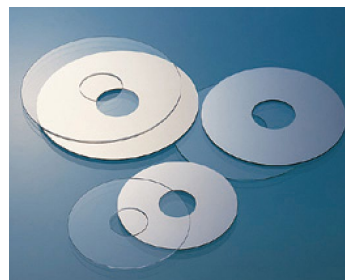
Electronics

Deals in glass-made components and materials essential for manufacturing semiconductors, FPDs and HDDs.

- Mask blanks for semiconductors
- Photomasks for semiconductors
- Photomasks for FPD
- Glass disk substrates for HDDs

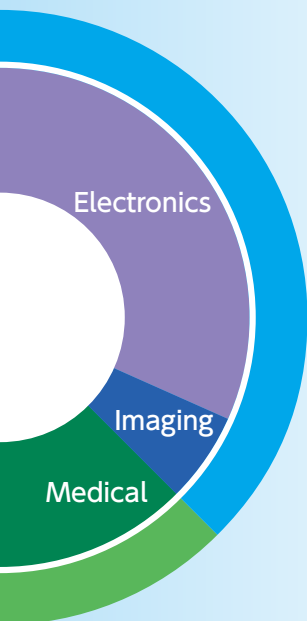


Mask blanks for semiconductor



Glass disk substrates for HDDs

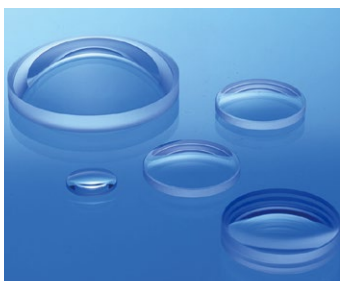
Composition



Imaging

Deals in optical lenses, optical glass material, etc.

- Optical glass material
- Optical lenses
- Laser related equipment



Optical lenses



Optical glasses

Note: The term "HOYA" herein refers to "HOYA Group" in reference to its history, activities, operating results, etc. In particular, statements concerning HOYA on a nonconsolidated basis are written in the form of "HOYA Corporation."

Notice of the 84th Ordinary General Meeting of Shareholders

Dear Shareholders:

Notice is hereby given that the 84th Ordinary General Meeting of Shareholders of HOYA CORPORATION (“the Company”) will be held as set forth below.

Given that the novel coronavirus disease (COVID-19) has not yet come under control, we accordingly request that our shareholders refrain from attending the General Meeting of Shareholders on the day of the meeting to the extent possible. Instead, we ask that you exercise your voting rights beforehand in writing, via the Internet or through other such means. For exercising the voting rights in writing or via the Internet, etc., please go over the information set forth in the accompanying Reference Material for the General Meeting of Shareholders and, following the “Information on exercising the voting rights” on pages 7–8, cast your vote no later than 5:45 p.m. on Monday, June 27, 2022 (Japan Time) to exercise your voting rights.

We will be livestreaming the General Meeting of Shareholders so that shareholders who do not attend the meeting in person can view the proceedings using a computer, smartphone, etc.

Yours very truly,

HOYA CORPORATION
6-10-1 Nishi Shinjuku, Shinjuku-ku, Tokyo, Japan
Hiroshi Suzuki
Director

Description

1. Date and time of meeting: 10:00 a.m., Tuesday, June 28, 2022

2. Location: 5F Conference Center, Bellesalle Shinjuku Grand
8-17-3, Nishi Shinjuku, Shinjuku-ku, Tokyo, Japan
*Please note that the venue is different from last year.

3. Agenda:

Matters to be reported:

- 1) Reports on the Business Report and the Consolidated Financial Statements for the 84th fiscal year (from April 1, 2021 to March 31, 2022) and the Audit Reports of the Consolidated Financial Statements for the fiscal year by the Accounting Auditor and the Audit Committee
- 2) Reports on the Nonconsolidated Financial Statements for the 84th fiscal year (from April 1, 2021 to March 31, 2022)

Matters to be resolved:

- Proposal No. 1:** Election of Eight (8) Directors
Proposal No. 2: Amendment to the Articles of Incorporation

[Notice Regarding Novel Coronavirus (COVID-19) Countermeasures]

Depending on the circumstances surrounding the novel coronavirus on the day of the Ordinary General Meeting of Shareholders, the Company may take measures in the venue, such as the use of alcohol disinfectant, to ensure the safety of shareholders and prevent the spread of infections.

If any future changes in the circumstances lead to significant changes in the convening of the Meeting (Location or time of meeting, etc.), the Company will post details on its website (<https://www.hoya.com/en/>).

[Matters published on the Internet]

- (1) Of the matters to be included in this notice pursuant to laws and regulations and provisions of Article 16 of the Articles of Incorporation of the Company, “State of Stock Acquisition Rights, etc.,” in the Business Report, Notes to the Consolidated Financial Statements and Notes to the Nonconsolidated Financial Statements are disclosed on our website (<https://www.hoya.com/en/>) instead of being included in this Notice. Therefore, the documents attached to this Notice constitute a part of the Consolidated Financial Statements and the Nonconsolidated Financial Statements audited by the accounting auditor in preparing its Audit Report.
- (2) If any revision takes places in the accompanying Reference Material for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Nonconsolidated Financial Statements, it will be published at the Company’s website on the Internet (<https://www.hoya.com/en/>).

[Precautions for exercising the voting rights by proxy]

If attending the meeting by proxy, the proxy must present to the receptionist at the meeting an item showing authority to act as proxy, with a signature or name and seal of the shareholder who entrusted the service as proxy, together with the voting form of the said shareholder or a copy of a form of ID (seal registration certificate, driver’s license, etc.). The proxy must be another shareholder of the Company having voting rights as provided under the Articles of Incorporation of the Company.

Information on exercising the voting rights

As the exercise of voting rights in the Ordinary General Meeting of Shareholders is the important right of all shareholders with votes, please go over the information set forth in the accompanying Reference Material for the General Meeting of Shareholders and exercise your voting rights.

The exercise of voting rights is subject to the following three ways:

* **We strongly recommend that you exercise your voting rights with respect to this General Meeting of Shareholders as described in 2 and 3 below.**

1. If you attend the meeting

If you are attending the meeting, please present the enclosed voting form to the receptionist at the meeting.

2. If you are exercising your voting rights in writing

If you are exercising your voting rights in writing, please indicate your approval or disapproval of the proposal on the enclosed voting form and send us by post so that the Company can receive your form **no later than 5:45 p.m. on Monday, June 27, 2022**. Please refer to [**Handling of voting rights**] when indicating your approval or disapproval of the Proposal on the voting form.

3. If you are exercising your voting rights via the Internet, etc.

If you are exercising your voting rights via the Internet, etc., please confirm the following precautions before exercising the rights.

With regard to the exercise of the voting rights via the Internet, etc., completed data entry is accepted **until 5:45 p.m. on Monday, June 27, 2022**, however, please exercise your rights at the earliest possible time, and if you have any questions concerning how to use the system please contact the Stock Transfer Agency Web Support Hotline below.

Contact information for inquiries about the operation of personal computers, etc.:

The Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Web Support Hotline

Tel: **0120-652-031** (toll free)

Office hours: (from 9:00 a.m. to 9:00 p.m.)

1) About the voting website

The voting rights can be exercised via the Internet, etc. using only the voting website designated by the Company below.

Voting website address: <https://www.web54.net/>

2) How to exercise the voting rights

(1) Voting by computer (PC)

Please access the voting website (<https://www.web54.net/>), enter the “voting rights exercise code” and “password” which are stated on your enclosed voting form, and follow instructions on screen to enter your approval or disapproval.

(2) Voting by smartphone

Please scan the voting website QR code on your enclosed voting form and enter your approval or disapproval on the voting-by-smartphone website, which does not require entering a “voting rights exercise code” or “password.”

Note that changing your vote once you have executed your voting rights requires re-scanning the QR code and entering the “voting rights exercise code” and “password” stated on your voting form.

3) Costs incurred when accessing the voting website



All fees payable to Internet service providers and telecommunication carriers (such as connection fees) in accessing the voting website are to be borne by the shareholders.

[Handling of voting rights]

- **If you indicate neither your approval nor disapproval of a proposal on the voting form, your answer will be deemed to be approval.**
- **If you exercise your voting rights redundantly via the Internet, etc. and by mail, the voting rights exercised via the Internet, etc. shall be treated as valid.**
- **If you exercise your voting rights more than once via the Internet, etc., the Company will regard the content of the last exercise as valid. Similarly, when you exercise your voting rights redundantly via a personal computer and a smartphone, the Company will regard the content of the last exercise as valid.**

Information on General Meeting of Shareholders livestreaming

To watch the General Meeting of Shareholders from your home, etc. on the day of the General Meeting of Shareholders, we will provide live streaming on the Internet as outlined below.


Date and time of streaming	<p>From 10:00 a.m., Tuesday, June 28, 2022</p> <p>We plan to open the streaming page for the day at around 9:30 a.m., 30 minutes prior to the start of the meeting.</p>
Viewing method	<p>Before accessing, please have ready your “Shareholder Number” that is required for the shareholder authentication screen (login screen). (Please ensure you have this on hand before posting the voting form.)</p> <div style="display: flex; align-items: center;"> <div style="border: 1px solid #ccc; padding: 2px 5px; margin-right: 5px;">URL</div> <div>https://7741.ksoukai.jp</div> </div> <div style="display: flex; align-items: center; margin-top: 5px;"> <div style="border: 1px solid #ccc; padding: 2px 5px; margin-right: 5px;">ID</div> <div>“Shareholder Number” provided on the enclosed Voting Rights Exercise Form or other such documents as dividend-related documents.</div> </div> <div style="display: flex; align-items: center; margin-top: 5px;"> <div style="border: 1px solid #ccc; padding: 2px 5px; margin-right: 5px;">Password</div> <div>“Zip code” (as at the end of March) for the address registered on the shareholder registry (seven digits, with no hyphen)</div> </div> <div style="margin-top: 10px;">  <p>The diagram shows a 'Voting Rights Exercise Form' with a grid and several input fields. Two red boxes with arrows point to specific fields: one points to a field labeled 'Shareholder Number (nine digits)' and the other points to a field labeled 'Zip code (seven digits)'.</p> </div>
	<p style="text-align: right;"></p> <p>* Prior to the General Meeting of Shareholders, please utilize the audio environment test at the above URL, which will be available from 9:00 a.m., Friday, June 24, 2022.</p>

Notes on viewing the livestream

- You will not be able to exercise your voting rights on the day of the General Meeting of Shareholders via the livestream. Please exercise your voting rights in writing or via the Internet, etc. in advance. You will also not be able to ask questions or make motions via the livestream.
- Viewing of the livestream is restricted to shareholders only. We request that proxies, etc. refrain from viewing the livestream.
- Presenting the ID and password to a third party is strictly prohibited.
- Please be aware that you may experience audio or video problems due to your computer, smartphone, tablet, etc. (model, performance, etc.) and internet connection (line conditions, connection speed, etc.).
- Please refrain from taking pictures of the livestream, recording video and/or audio, saving, posting to social media, etc.
- In consideration of the privacy of shareholders in attendance, filming of the venue on the day will be limited to the area around the Chair and Executive Officers’ seats. However, please note that there may be cases in which shareholders in attendance are unavoidably filmed. We ask for your understanding in advance.
- Each shareholder is responsible for all communication charges and other costs associated with the viewing of the meeting.
- If some kind of future development prevents the livestream from taking place, shareholders will be informed on our website (<https://www.hoya.com/en>).

For inquiries about IDs and passwords

If you have an inquiries, please contact the General Meeting of Shareholders Livestream Support Line of The Sumitomo Mitsui Trust Bank, Limited.

 **Tel: 0120-782-041** (toll free) Office hours from 9:00 a.m. to 9:00 p.m. (not available on Saturdays, Sundays and holidays)

Reference Material for the General Meeting of Shareholders

Proposal No.1 Election of Eight (8) Directors

The term of office of all of the six Directors will expire at the close of this Ordinary General Meeting of Shareholders. As a result of deliberations on the number of members and composition of the Board of Directors in consideration of the diversity, management experience, and expertise prior to the selection of candidates by the Nomination Committee, it is being proposed that, eight Directors be elected - six Independent Directors, raising the number by one and two Inside Directors, also raising the number by one. The reason for the selection of each candidate is stated individually in the following pages.


The Nomination Committee has reported that according to the “Basis for Election of Candidates for Directors” established by the committee, each candidate for Director does not fall under any reason for disqualification and all candidates for both Inside Directors and Independent Directors meet the requirements for such candidates.


All Independent Directors are to serve on the following three committees: the Nomination Committee, the Compensation Committee, and the Audit Committee.

The candidates for Directors are as follows:

No.	Name	Current positions and assignments at the Company	
1	Mitsudo Urano	Director, Chairperson of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee	Independent
2	Shuzo Kaihori	Director, Chairperson of the Compensation Committee Member of the Nomination Committee Member of the Audit Committee	Independent
3	Hiroaki Yoshihara	Director, Member of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee	Independent
4	Yasuyuki Abe	Director, Member of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee	Independent
5	Takayo Hasegawa		Independent New
6	Mika Nishimura		Independent New
7	Eiichiro Ikeda	Representative Executive Officer President & CEO	New
8	Ryo Hirooka	Representative Executive Officer & CFO	New

(Note) Mr. Mitsudo Urano, Mr. Shuzo Kaihori, Mr. Hiroaki Yoshihara, Mr. Yasuyuki Abe, Ms. Takayo Hasegawa and Ms. Mika Nishimura are candidates for the posts of Independent Directors. The Company has provided notice to the Tokyo Stock Exchange of Mr. Mitsudo Urano, Mr. Shuzo Kaihori, Mr. Hiroaki Yoshihara and Mr. Yasuyuki Abe as being Independent Directors appointed by the Company, in accordance with the Tokyo Stock Exchange's rules and regulations. As for Ms. Takayo Hasegawa and Ms. Mika Nishimura, they also meet the requirements for an Independent Director in accordance with the Tokyo Stock Exchange's rules and regulations, and the Company plans to provide notice to the Tokyo Stock Exchange of them as being an Independent Director appointed by the Company.

No.	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
	 <p>Mitsudo Urano (Born on Mar. 20, 1948)</p> <p>Candidate for Independent Director</p> <p>[Number of years in office of the Director of the Company] 9 Years</p> <p>[Number of shares of the Company held] 5,000 Shares</p> <p>[Number of attendances to the board meetings] 9/9 times (100%)</p>	<p>Apr. 1971 Joined Nippon Reizo Kabushiki Kaisha (present Nichirei Corporation)</p> <p>Jun. 1999 Director and General Manager, Strategic Planning Division of Nichirei Corporation</p> <p>Jun. 2001 Representative Director and President of Nichirei Corporation</p> <p>Jan. 2005 Representative Director and President of Nichirei Corporation, and Representative Director and President of Nichirei Foods Inc.</p> <p>Apr. 2007 Representative Director and President of Nichirei Corporation, and Director and Chairman of Nichirei Foods Inc.</p> <p>Jun. 2007 Representative Director and Chairman of Nichirei Corporation, and Director and Chairman of Nichirei Foods Inc.</p> <p>Jun. 2013 Advisor of Nichirei Corporation (retired in March 2018)</p> <p>Jun. 2013 Director of the Company (present post)</p> <p>(Important positions of other companies concurrently held) Outside Director of Hitachi Transport System, Ltd.</p>
1		<p>Reason for the Selection of Candidate for Director and Overview of Expected Roles</p> <p>The above candidate focused on capital efficiency from the early stage in Nichirei Corporation, a leading Japanese frozen food manufacturer, and developed efficient management through company split-ups and informatization. He particularly has extensive experience and solid achievements on management informatization. The Company's Nomination Committee has nominated him as a candidate for Director again this year, since, in addition to the achievements in Nichirei Corporation, it believes that he will make a great contribution to enhancing management efficiency and transparency through giving advice and proposals on overall company management with his deep insight and extensive experience as management having served as an outside director and outside corporate auditor in other companies listed on the First Section of the Tokyo Stock Exchange. Moreover, there were no transactions in the fiscal year 2021 between the HOYA Group and Nichirei Group, which the candidate comes from, that violate the independence requirements for a Director candidate provided for in the "Basis for Election of Candidates for Directors" set forth by the Nomination Committee of the Company.</p>
		<p>Message to Shareholders from Candidate</p> <p>I am proud to be one of the members of the Board of Directors of the Company since, at the meetings of the Board of Directors, there are lively discussions in a positive mood, problems are pointed out and proposals are made from a variety of perspectives, and the PDCA cycle is extremely quick. HOYA's strength is that it can continually challenge itself to take reasonable risks even in drastically changing business environments. I believe that the role of an Independent Director is to provide general and objective support and supervision for corporate management by Executive Officers from the perspective of improving corporate value. I will join forces with the new executive team and strive to contribute to the management in a way that enhances the brand power of the Company.</p>

No.	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
	 <p>Shuzo Kaihori (Born on Jan. 31, 1948)</p> <p>Candidate for Independent Director</p> <p>[Number of years in office of the Director of the Company] 7 Years</p> <p>[Number of shares of the Company held] 1,000 Shares</p> <p>[Number of attendances to the board meetings] 9/9 times (100%)</p>	<p>Apr. 1973 Joined Yokogawa Electric Works Ltd. (present Yokogawa Electric Corporation)</p> <p>Apr. 2005 Vice President, Head of IA Business Headquarters of Yokogawa Electric Corporation</p> <p>Apr. 2006 Senior Vice President, Head of IA Business Headquarters of Yokogawa Electric Corporation</p> <p>Jun. 2006 Director and Senior Vice President, Head of IA Business Headquarters of Yokogawa Electric Corporation</p> <p>Apr. 2007 Representative Director, President and Chief Executive Officer of Yokogawa Electric Corporation</p> <p>Apr. 2013 Representative Director, Chairman and Chief Executive Officer of Yokogawa Electric Corporation</p> <p>Apr. 2015 Director, Chairman of Yokogawa Electric Corporation</p> <p>Jun. 2015 Director of the Company (present post)</p> <p>Jun. 2016 Director and Chairman of the Board of Yokogawa Electric Corporation (retired in June 2018)</p> <p>(Important positions of other companies concurrently held) Outside Director of Eisai Co., Ltd.</p>


2


Reason for the Selection of Candidate for Director and Overview of Expected Roles

The above candidate assumed the presidency of Yokogawa Electric Corporation, which operates a test and measurement business and industrial automation and control business, in 2007 when the company faced difficult business conditions, then was committed to turning around the company and achieved a surplus by changing the business model from hardware to software and promoting the globalization. The Company's Nomination Committee has decided that he will contribute greatly to the Company's management from his performance that he boldly responded to changes in the business environment and achieved results and by giving advice on strengthening of software business, which is a challenge for the Life Care Segment, an area expected to grow, based on his extensive experience, so it has nominated him as a candidate for Director again this year. There were transactions in the fiscal year 2021 between the HOYA Group and Yokogawa Electric Group, which the candidate comes from, but the amount involved in the transactions represents less than 0.1% of the consolidated net sales of each party, and nothing in connection with the candidate exists that violates the independence requirements for a Director candidate provided for in the "Basis for Election of Candidates for Directors" set forth by the Nomination Committee of the Company.

Message to Shareholders from Candidate

As the world undergoes rapid and irreversible change, HOYA must continue to evolve its business portfolio based on the "big fish in a small pond" principle. Achieving this in the rapidly changing business environment requires the development of management information that forms the basis for management decisions, the cultivation of a richly diverse management team, globally consistent corporate management, the promotion of technological development as a factor for differentiation, the realization of ESG through business, and the achievement of even greater management efficiency. I will fulfill my responsibility for oversight to ensure that the management team achieves these goals in order to contribute to all stakeholders.

No.	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
3	 <p>Hiroaki Yoshihara (Born on Feb. 9, 1957)</p> <p>Candidate for Independent Director</p> <p>[Number of years in office of the Director of the Company] 4 Years</p> <p>[Number of shares of the Company held] 0 Shares</p> <p>[Number of attendances to the board meetings] 9/9 times (100%)</p>	<p>Nov. 1978 Joined Peat Marwick Mitchell & Co. Jul. 1996 National Managing Partner, the Pacific Rim Practice of KPMG LLP Oct. 1997 The Board Member of KPMG LLP Oct. 2003 Vice Chairman and Global Managing Partner of KPMG International (retired in April 2007) Jun. 2018 Director of the Company (present post)</p> <p>(Important positions of other companies concurrently held) Outside Director of Hitachi, Ltd.</p>
<p>Reason for the Selection of Candidate for Director and Overview of Expected Roles</p>		
<p>The above candidate has long-term experience as an expert in finance and accounting as well as management experience gained as Global Managing Partner of an international accounting firm. He also has a track record of participating in the M&A of many companies from a professional standpoint. The Company's Nomination Committee has judged that he will contribute to the enhancing the supervisory function of the Board of Directors of the Company and at the same time provide plenty of advice in regard to M&A, an important measure in the Company's business strategy, so it has nominated him as a candidate for Director again this year. Nothing in connection with the candidate violates the independence requirements for a Director candidate provided for in the "Basis for Election of Candidates for Directors" set forth by the Nomination Committee of the Company.</p>		
<p>Message to Shareholders from Candidate</p>		
<p>At present, there is no end in sight to the COVID-19 pandemic, and geopolitical risk remains high, including the situation involving Ukraine and Russia, while inflation, supply chain disruptions, and other problems have emerged. In this challenging business environment, HOYA is aiming to contribute to the creation of a truly affluent society by continuously reviewing its business portfolio, investing in new businesses, fostering richly diverse human resources, and making further improvements to business and management efficiency in order to anticipate the trends and needs of the times and grow constantly as a company with a strong awareness of sustainability. I will sincerely strive to support and supervise the furthering of the execution of duties by the management team from an independent standpoint.</p>		


No.	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
4	 <p>Yasuyuki Abe (Born on Apr. 17, 1952)</p> <p>Candidate for Independent Director</p> <p>[Number of years in office of the Director of the Company] 1 Year</p> <p>[Number of shares of the Company held] 0 Shares</p> <p>[Number of attendances to the board meetings] 7/7 times (100%)</p>	<p>Apr. 1977 Joined Sumitomo Corporation</p> <p>Jun. 2002 Representative Director and President of Sumisho Electronics Co., Ltd. (present SCSK Corporation)</p> <p>Apr. 2005 Representative Director and President of Sumisho Computer Systems Corporation (present SCSK Corporation)</p> <p>Jun. 2009 Representative Director, Managing Executive Officer, General Manager, Financial & Logistics Business Unit of Sumitomo Corporation</p> <p>Apr. 2010 Representative Director, Managing Executive Officer, General Manager, New Industry Development & Cross-function Business Unit of Sumitomo Corporation</p> <p>Apr. 2011 Representative Director, Senior Managing Executive Officer, General Manager, New Industry Development & Cross-function Business Unit, General Manager, Financial Service Division of Sumitomo Corporation</p> <p>Apr. 2013 Representative Director, Senior Managing Executive Officer, General Manager, Corporate Planning & Coordination Group of Sumitomo Corporation</p> <p>Jun. 2015 Advisor of Sumitomo Corporation (retired in June 2018)</p> <p>Jun. 2021 Director of the Company (present post)</p> <p>(Important positions of other companies concurrently held) Advisor of ORANGE AND PARTNERS CO., LTD. Outside Director of SUBARU CORPORATION Director and Chairman of WASEDA University Ventures, Inc.</p>


Reason for the Selection of Candidate for Director and Overview of Expected Roles

The above candidate was primarily engaged in the electric power, machinery, and information fields at Sumitomo Corporation, a general trading company. After stationed twice in the United States, he served as representative director and president of the company's electronics and information related subsidiaries. Subsequently, as a representative director of Sumitomo Corporation, he was engaged in the company's financial, logistics and new business development. The Company's Nomination Committee has judged that he will contribute to the Board of Directors of the Company through his wide-ranging experience at the general trading company, his global mindset cultivated over the years of stay in the United States, his business experience nurtured as a representative director and president, and his experience as an independent director gained at other companies after leaving Sumitomo Corporation, so it has nominated him as a candidate for Independent Director. There were transactions in the fiscal year 2021 between the HOYA Group and Sumitomo Corporation, which the candidate comes from, but the amount involved in the transactions represents less than 0.1% of the consolidated net sales of each party, and nothing in connection with the candidate exists that violates the independence requirements for a Director candidate provided for in the "Basis for Election of Candidates for Directors" set forth by the Nomination Committee of the Company.

Message to Shareholders from Candidate

HOYA's challenge for new growth has begun with the replacement of the management system of CEO Mr. Suzuki, which had continued for over 21 years, with the management system of CEO Mr. Ikeda. In recent years, the global situation has been changing rapidly, and thus is increasing difficult to predict. This requires management that responds with flexibility to ever-changing circumstances, looking ahead from a medium- to long-term perspective. I hope to continue contributing to maximizing the corporate value of the HOYA Group based on my years of worldwide corporate activities at a trading company and experience in management in the IT field, along with my experience in management as an outside director in the electrical equipment and automotive industries.

No.	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
	 <p>Takayo Hasegawa (Born on Oct. 15, 1959)</p> <p>Candidate for Independent Director</p> <p>[Number of years in office of the Director of the Company] New</p> <p>[Number of shares of the Company held] 0 Shares</p> <p>New</p>	<p>Apr. 1984 Joined SHOWA ELECTRIC WIRE AND CABLE CO., LTD. (present SWCC SHOWA HOLDINGS CO., LTD.)</p> <p>Jun. 2005 Deputy Director of Technical Development Center and Manager of Superconducting Project of SHOWA ELECTRIC WIRE AND CABLE CO.</p> <p>Apr. 2006 Director, Director of Technical Development Center of SWCC SHOWA CABLE SYSTEMS CO., LTD.</p> <p>Apr. 2010 Managing Director of SWCC SHOWA CABLE SYSTEMS CO., LTD., and Corporate Officer, General Manager of The Technology Planning Office of SHOWA ELECTRIC WIRE AND CABLE CO., LTD.</p> <p>Jun. 2013 Director, General Manager of The Technology Planning Office of SHOWA ELECTRIC WIRE AND CABLE CO., LTD.</p> <p>Apr. 2017 Director of SWCC SHOWA HOLDINGS CO., LTD.</p> <p>Jun. 2018 President and Director of SWCC SHOWA HOLDINGS CO., LTD.</p> <p>Apr. 2019 President and Representative Director, Group CEO of SWCC SHOWA HOLDINGS CO., LTD.</p> <p>Apr. 2020 President and Representative Director, Chairman of the Board of Director, Group CEO of SWCC SHOWA HOLDINGS CO., LTD. (present post)</p> <p>(Important positions of other companies concurrently held) President and Representative Director, Chairman of the Board of Director, Group CEO of SWCC SHOWA HOLDINGS CO., LTD</p>
5		<p>Reason for the Selection of Candidate for Director and Overview of Expected Roles</p> <p>The above candidate was engaged for many years as a researcher in the R&D divisions of the SWCC Group, which was originally established in the electric wire and cable industry and expanded widely into the Energy/Infrastructure, Communications/Industrial Devices, and Electrical Equipment/Components businesses, promoting the technological development of the SWCC Group. Since taking office as the first female President and Representative Director from the R&D divisions in the SWCC Group in 2018, she has implemented rapid reform of governance by dividing the business of SWCC SHOWA HOLDINGS CO., LTD. into segments, helping to ensure stable profitability. The Company's Nomination Committee has judged that she will contribute significantly to the Company's management based on her experience as a manager backed by expertise as an engineer and with regard to initiatives for new business and transformation, so it has nominated her as a candidate for Director. There were transactions in the fiscal year 2021 between the HOYA Group and the SWCC SHOWA HOLDINGS Group, which the candidate comes from, but the amount involved in the transactions represents less than 0.1% of the consolidated net sales of each party, and nothing in connection with the candidate exists that violates the independence requirements for a Director candidate provided for in the "Basis for Election of Candidates for Directors" set forth by the Nomination Committee of the Company.</p>
		<p>Message to Shareholders from Candidate</p> <p>In this era of VUCA, where not only the global situation and economic environment, but also individual lifestyles and work styles are undergoing major changes, a variety of perspectives and decisive business decisions are required to operate business globally. In this environment, technology is also advancing at an accelerating pace, and companies need to know what to seek, what to choose, and how to deploy it in their business portfolios to maintain their advantage and develop new businesses. I will, to the best of my ability, strive to make a contribution to enhancing the HOYA Group's corporate value, utilizing my knowledge and experience accumulated over many years in research and development, and my experience in corporate management and management reform.</p>


No.	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
	 <p>Mika Nishimura (Born on Aug. 14, 1963)</p> <p>Candidate for Independent Director</p> <p>[Number of years in office of the Director of the Company] New</p> <p>[Number of shares of the Company held] 0 Shares</p> <p>New</p>	<p>Jun. 1985 Joined BAIN & COMPANY</p> <p>Aug. 1989 Joined LEK PARTNERSHIP</p> <p>Jan. 1992 Director, Global Marketing of GUIDANT CORPORATION</p> <p>Sep. 1999 Director, Global Marketing of GUIDANT CORPORATION</p> <p>Oct. 2002 Vice President International Sales, Operations and Marketing of EV3</p> <p>Jan. 2007 Managing Partner of THE BLG GROUP</p> <p>Jan. 2011 Operational Partner of GILDE HEALTHCARE PARTNERS (present post)</p> <p>Apr. 2011 Vice President, Commercial Development of AUXOGYN (present PROGYNY)</p> <p>Nov. 2015 Vice President, Commercialization of NVISION MEDICAL CORPORATION (present BOSTON SCIENTIFIC)</p> <p>(Important positions of other companies concurrently held) Operational Partner of GILDE HEALTHCARE PARTNERS</p>


6 Reason for the Selection of Candidate for Director and Overview of Expected Roles

The above candidate has over 30 years of experience in the medical technology sector and was engaged in commercialization strategy on a global scale (50 markets in North America, Europe, the Asia-Pacific region, and Central and South America). Through leadership positions, including Director, Global Marketing, she has been involved in clinical and business strategies and has a proven track record in helping to launch franchises that contribute to stable revenue growth. In addition, her experience as a partner in a life science venture fund has given her a broad global perspective on the latest technologies and companies. Based on her past experience, the Company believes that she will contribute to strengthening the supervisory function, primarily in the life science business, and at the same time provide a great deal of advice on business strategy of the Company, so she has been nominated as a candidate for Director. There were no transactions in the fiscal year 2021 between the HOYA Group and GILDE HEALTHCARE PARTNERS, which the candidate comes from, and nothing exists that violates the independence requirements for a Director candidate provided for in the "Basis for Election of Candidates for Directors" set forth by the Nomination Committee of the Company.

Message to Shareholders from Candidate

I am honored to be nominated as a candidate for Independent Director at HOYA. During my more than 30-year career in the medical technology industry, I have witnessed constant technological innovation and market change. As an Independent Director, I would like to support the management team in exploring new paths leading to responsible growth while observing strict regulations governing medical devices that impact patient safety and health. Moreover, as a female business leader with global experience based in the U.S., I hope to promote the diversification of human resources throughout the HOYA Group and make a contribution as a mentor to the next generation of leaders.

No.	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
	 <p>Eiichiro Ikeda (Born on Mar. 17, 1970)</p> <p>[Number of years in office of the Director of the Company] New</p> <p>[Number of shares of the Company held] 1,400 Shares</p> <p>New</p>	<p>Apr. 1992 Joined the Company</p> <p>Feb. 2010 Co-CEO, Memory Disk Division of the Company</p> <p>Sep. 2010 Head of Optical Lens of the Company</p> <p>Jun. 2013 Executive Officer & Chief Operating Officer (COO) of the Company</p> <p>Jun. 2015 Executive Officer & Chief Operating Officer (COO), Information Technology and Chief Technology Officer (CTO) of the Company</p> <p>Mar. 2020 Executive Officer & Information Technology and Chief Technology Officer (CTO) of the Company</p> <p>Mar. 2022 Representative Executive Officer President & CEO, and Chief Representative of Singapore Branch of the Company (present post)</p> <p>(Important positions of other companies concurrently held) None</p>
7	<p>Reason for the Selection of Candidate for Director</p> <p>The above candidate has played an important role in management as Executive Officer & Chief Operating Officer for the Information Technology business and Chief Technology Officer for the entire HOYA Group prior to taking office as Representative Executive Officer, President & CEO in March this year. Since March, he has led the Group as CEO and gives appropriate explanations and reports on strategies based on portfolio management at meetings of the Board of Directors. He also supervises the execution of operations by other Executive Officers and strives to enhance the corporate value of the Group.</p> <p>The Company's Nomination Committee believes that he will contribute to important management matters while fulfilling his accountability to the Board of Directors as a Director of the Company, taking into consideration his past performance as an Executive Officer, so it has nominated him as a new candidate for Director.</p>	
	<p>Message to Shareholders from Candidate</p> <p>HOYA engages in portfolio management to operate multiple businesses in each of the Life Care and Information Technology domains. I recognize that portfolio management of the entire Group, which can realize sustainable corporate growth, is the most important issue in terms of my role as Group CEO. Amid the drastic changes in the business environment due to the recent rapid fluctuations in the global situation and pandemics, the executive side is required to accurately verify the growth potential and profitability of each business and to make decisions quickly. As CEO, I will steer the proper course and strive diligently to enhance the corporate value of the HOYA Group in order to live up to the expectations and trust of our shareholders and other stakeholders.</p>	

No.	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
8	 <p>Ryo Hirooka (Born on Jan. 14, 1974)</p> <p>[Number of years in office of the Director of the Company] New</p> <p>[Number of shares of the Company held] 8,000 Shares</p> <p style="text-align: center; border: 1px solid lightblue; border-radius: 10px; display: inline-block; padding: 2px 10px;">New</p>	<p>Apr. 1996 Joined The Sumitomo Trust and Banking Company, Limited (present Sumitomo Mitsui Trust Bank, Limited)</p> <p>Sep. 2002 Joined the Company</p> <p>Aug. 2004 Financial Manager of HOYA HOLDINGS N.V. (Netherlands)</p> <p>Feb. 2007 Director of HOYA HOLDINGS N.V.</p> <p>Jul. 2007 Director of HOYA HOLDINGS N.V., and President of HOYA HOLDINGS (Asia) B.V.</p> <p>Jul. 2009 Deputy CFO of Netherlands Branch of the Company</p> <p>Jun. 2013 Executive Officer & CFO of the Company</p> <p>Jun. 2014 Representative Executive Officer & CFO (present post)</p> <p>(Important positions of other companies concurrently held) None</p>
<p>Reason for the Selection of Candidate for Director</p>		
<p>The above candidate has been leading the Group's financial strategy as Representative Executive Officer & CFO, implementing proactive and flexible measures with a focus on capital efficiency. For several years, the focus on cash generation, including its efforts to promote cash conversion cycle (CCC) improvements, has been highly regarded by investors. In addition, he has been explaining and reporting financial matters, including financial results, appropriately at meetings of the Board of Directors and results briefing sessions, and has been fulfilling his role as an Executive Officer.</p> <p>The Company's Nomination Committee believes that he will contribute to important management matters while fulfilling his accountability to the Board of Directors as a Director of the Company, taking into consideration his past performance as an Executive Officer, so it has nominated him as a new candidate for Director.</p>		
<p>Message to Shareholders from Candidate</p>		
<p>Through portfolio management of businesses, I will strive to further enhance corporate value by maintaining financial discipline and balancing long-term growth investments with timely returns to shareholders. Amid major changes in global conditions, I am committed to adapt to those changes and addressing the challenges we face in order to continue being a company that is needed by our many stakeholders and shareholders.</p>		

(Notes) 1. Special interests between the candidates and the Company

No candidate has any special interest in the Company.

2. Reasons for the selection of candidates for Independent Director

A company-with-nomination committee, etc. has been adopted as a structure for its Board of Directors. The Company set up three committees, namely the Nomination Committee, Compensation Committee and Audit Committee, with the aim of securing management transparency and fairness and reinforcing supervisory functions. At the same time, the Company established a system that enables speedy and efficient management by Executive Officers by a substantial transfer of authority from the Board of Directors to Executive Officers. Independent Directors must comprise a majority at each of the three committees. The Articles of Incorporation of the Company prescribe that half or more of its Directors must be Independent Directors, for the purpose of ensuring fairness. At present, five of the six Directors of the Company are Independent Directors. The reason for the selection of a candidate for Independent Director is described separately for each candidate.

3. Number of years in office of the Director of the Company for candidates

The number of years in office of Independent Director (up to the close of this General Meeting of Shareholders) is described separately for each candidate.

4. Conclusion of limited liability agreements

The Company and each of the four candidates for reappointment as Independent Director have concluded an agreement that limits liabilities for damages in Paragraph (1), Article 423 of the Companies Act to the higher of 10 million yen or the amount provided by Paragraph (1), Article 425 of the Companies Act.

When the election of the candidates for reappointment and a new candidate for Independent Director, is approved and passed, the above liability limitation agreement will be continued or concluded, respectively.

5. Conclusion of a directors and officers liability insurance contract

The Company has concluded a directors and officers liability insurance contract between an insurance company, as stipulated in Paragraph (1), Article 430-3 of the Companies Act, and plans to renew the contract under the same terms in the fiscal year 2022. Under this contract, the insured persons are fully or partially compensated for damages (defense costs and compensation or settlement payments) incurred as a result of assuming liability of the duties executed or receiving claim for such damages held accountable. However, this does not cover certain events such as claims for damages for willful violation of laws and regulations. This contract mainly covers individuals executing important duties, including Directors and Executive Officers of the Company, and Directors, etc. of the Company's subsidiaries. When a person subject to this insurance, including a Director of the Company, is appointed as a Director or others, they will be an insured person under the insurance contract.

6. Independent Directors

The candidates for Independent Director not only meet the requirements for outside directors stipulated by the Companies Act but also meet the "Basis for Election of Candidates for Directors" that the Nomination Committee of the Company has set out as requirements to ensure the independence of candidates for Independent Director as described below. Therefore, the Nomination Committee has determined that the candidates sufficiently secure independence as Independent Directors.

7. Facts of violation of laws and regulations, articles of incorporation, or any other in appropriate business execution at other companies where candidate for Independent Director have served, if any, as a director, executive officer, or auditor within the past five years.

At SUBARU CORPORATION where Mr. Yasuyuki Abe serves as an Outside Director, an inappropriate case was revealed in respect to fuel economy and emissions sampling inspections and other final vehicle inspections in October 2017 while in offices as Outside Corporate Auditor. Although Mr. Abe had not been aware of the situation until all facts were revealed, as an Outside Corporate Auditor of the company, he had been offering suggestions from a legal compliance perspective on a daily basis and had been calling attention to the company's legal compliance. After the above situation came to light, Mr. Abe has appropriately fulfilled his duties and strove to recover the trust of the company through actions such as by requesting further enhancement and thoroughness of compliance as well implementation of appropriate measures to prevent any reoccurrences.

(Reference 1)

Outline of matters that violate requirements for independence of candidates for Independent Director

<Those who are related to the HOYA Group>

- Those who previously worked for the HOYA Group
- Those who have a family member (spouse, child or relatives by blood or by affinity within the second degree) who has held the position of Director, Executive Officer, Corporate Auditor or top management of the HOYA Group in the past five years

<Major shareholders>

- Those who are major shareholders (10% or more) of the HOYA Group, or those who are directors, executive officers, corporate auditors or employees of companies that are major shareholders of the HOYA Group or those who have a family member who is a top management of such companies
- Those who execute operations of a company of which a major shareholder is the HOYA Group

<Those who are related to big business partners>

- Those who are operating directors, executive officers or employees of any important business partner, either for the HOYA Group or the corporate groups which the candidates come from, the sales to which business partner comprises 2% or more of the consolidated net sales of the HOYA Group or the company groups for either of the past three years, or those who have a family member who is a top management of such business partner

<Those who provide professional services (lawyers, certified public accountants, certified tax accountants, patent attorneys, judicial scriveners, etc.)>

- Those who have received remuneration of 5 million yen or more per year or those who have a family member who has received remuneration of 5 million yen or more per year, from the HOYA Group in the past three years
- When the organization which the candidate belongs to, such as a company and association, has received cash, etc. from the HOYA Group, the amount of which exceeds 100 million yen per year or 2% of consolidated net sales of the said organization, whichever is higher

<Donation, etc.>

- When the association or organization which the candidate belongs to as director or operating officer has received donations or grants in the past three years, the amount of which exceeds 10 million yen per year or 30% of the said organization's average annual total costs, whichever is higher, or when the association or organization which the candidate's family member belongs to has received donations or grants equivalent to the aforementioned amount

<Others>

- When directors are exchanged
- When the candidate has any other important interest in the HOYA Group

(Reference 2)

As a company-with-nomination committee, etc., the Company's Board of Directors plays a role as a monitoring board to maximize the corporate value over the medium- to long-term. The Board of Directors supervises the management situation of executives and if necessary, need to decide on critical matters such as replacing the CEO. The Company considers that experience in top management is important for Outside Directors to fulfill their function as a monitoring board, and that diversity in gender and skill sets is necessary to supervise management from various viewpoints, as well as extensive insight and leadership to reflect such diverse viewpoints in management.

	Independent Directors' Backgrounds						
	Corporate Management	Global Business	Finance/Accounting	IT/Technology	M&A	Human Resource Development/Diversity	Medical
Mitsudo Urano	●	●				●	
Shuzo Kaihori	●	●		●			
Hiroaki Yoshihara	●	●	●	●	●		
Yasuyuki Abe	●	●		●	●		
Takayo Hasegawa	●	●		●		●	
Mika Nishimura		●			●	●	●

Proposal No. 2 Amendment to the Articles of Incorporation

It is proposed that the current Articles of Incorporation be partially amended as per the proposed amendments shown below.

1. Reasons for amendment

(1) Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the general meeting of shareholders in electronic format.

1) Article 16, paragraph 1 in "Proposed amendments" below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.

2) Article 16, paragraph 2 in "Proposed amendments" below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.

3) Since the provisions for Internet Disclosure and Deemed Provision of Reference Documents for the General Meeting of Shareholders, Etc. (Article 16 of the current Articles of Incorporation) will no longer be required, they will be deleted.

4) Accompanying the establishment and deletion of provisions in 1) through 3) above, paragraphs 1 through 3 of the Supplementary Provisions in "Proposed amendments" will establish supplementary provisions regarding the effective date, etc.

(2) Article 22, paragraph 2 in "Proposed amendments" will clarify the wording of Article 22, paragraph 2 of the current Articles of Incorporation, which allows the Board of Directors to deem that a resolution of the Board of Directors has been adopted when all Directors have consented to the resolution in accordance with Article 370 of the Companies Act, by specifying that the consent by the Directors shall be expressed in writing or by electromagnetic record.

(3) The Supplementary Provision of the current Articles of Incorporation was established as a transitional measure regarding the exemption of any Statutory Auditor from liabilities under Article 426, Paragraph (1) of the Companies Act, incurred before the transition in 2003 from a company-with-board of corporate auditors to a company-with-nomination committee, etc. (at that time, Corporate Structure of Corporation with Committees of the Board). However, as it is no longer required due to the passage of time, it will be deleted.

2. Details of amendment

Details of the current Articles of Incorporation and the proposed amendments are as follows:

(Underlined portions indicate the proposed amendments.)

Current Articles of Incorporation	Proposed amendments
<p><u>Article 16 (Disclosure through Website)</u> <u>The Company may deem information relating to matters required to be included in annual reports, financial statements, consolidated financial statements or documentation provided in connection with any General Meeting of Shareholders to have been provided to shareholders if disclosed through the internet in accordance with applicable law.</u></p> <p>(Newly established)</p>	<p>(Deleted)</p> <p><u>Article 16. (Measures, etc. for Providing Information in Electronic Format)</u> 1. <u>When the Company convenes a general meeting of shareholders, it shall take measures for providing information that constitutes the content of reference documents for the general meeting of shareholders, etc. in electronic format.</u> 2. <u>Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p>
<p><u>Article 22 (Resolution of Board of Directors)</u> (Omitted) 2. A resolution of the Board of Directors may be adopted without a meeting by the unanimous consent of all Directors eligible to vote on such resolution.</p>	<p><u>Article 22 (Resolution of Board of Directors)</u> (Same as the present) 2. A resolution of the Board of Directors may be adopted without a meeting by the unanimous consent <u>in writing or by electromagnetic record</u> of all Directors eligible to vote on such resolution.</p>
<p><u>Supplementary Provision</u> Pursuant to the provisions of Article 426, Paragraph 1 of the Companies Code, to the extent permitted by applicable law, the Company may by resolution of the Board of Directors exempt any Statutory Auditor from liabilities incurred before the adoption of the Corporate Structure of Corporation with Committees of the Board.</p> <p>(Newly established)</p>	<p><u>Supplementary Provisions</u> (Deleted)</p> <p>1. <u>The amendment to the Articles of Incorporation pertaining to Article 16 shall be effective from September 1, 2022, which is the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the "Date of Enforcement").</u> 2. <u>Notwithstanding the provisions of the preceding paragraph, Article 16 (Internet Disclosure) of the pre-amended Articles of Incorporation shall remain effective regarding any general meeting of shareholders held on a date within six months from the Date of Enforcement.</u> 3. <u>These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the general meeting of shareholders in the preceding paragraph, whichever is later.</u></p>

Business Report

An attachment to the Notice of the 84th Ordinary General Meeting of Shareholders (From April 1, 2021 to March 31, 2022)

Matters Relating to the Present State of the HOYA Group

Business Development and Results

Progression and result of businesses

■ General Overview:

As of March 31, 2022, the HOYA Group consisted of the HOYA CORPORATION, 141 consolidated subsidiaries (5 of which are domestic and 136 overseas) and 18 affiliates (5 of which are domestic and the other 13 overseas).

The HOYA Group has adopted a business management structure where the Life Care and Information Technology business segments control subsidiaries around the world based on their respective responsibilities. Regional headquarters in the Americas, Europe and Asia support business operations by strengthening relationships with countries and areas in the respective regions, such as by providing legal support and conducting internal audits. The HOYA Group has its Financial Head Quarters (FHQ) at its Europe Regional Headquarters (Netherlands).

<Adoption of the International Financial Reporting Standards>

Beginning with the 73rd fiscal year, the HOYA Group prepares its consolidated financial statements and other documents in compliance with the International Financial Reporting Standards (IFRS) pursuant to the paragraph (1), Article 120 of the Ordinance on Company Accounting. With respect to reportable segments presented in the overview of operation by business category, the HOYA Group divides its business into three reportable segments, based on IFRS. These segments are Life Care, Information Technology, and Other Businesses.

The Life Care segment deals in health care related products such as eyeglass lenses and contact lenses, as well as medical related products such as intraocular lenses and medical endoscopes. The Information Technology segment handles electronics related products used for the production of semiconductors, flat-panel displays (FPDs) and hard disk drives (HDDs), and imaging related products such as digital camera lenses. The Other Businesses segment offers mainly speech synthesis software and information system services.

<Sales>

In the Life Care business of the HOYA Group, sales of eyeglass lenses and contact lenses in health care related products, and sales of medical endoscopes and intraocular lenses for cataracts in medical related products increased substantially. As a result, overall sales in the Life Care business increased.

In the Information Technology business, sales in electronics related products of mask blanks for semiconductors, photomasks for FPD, glass substrates for hard disc drives, and imaging related products increased substantially. As a result, overall sales in the Information Technology business also increased significantly.

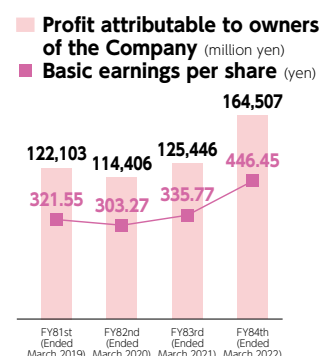
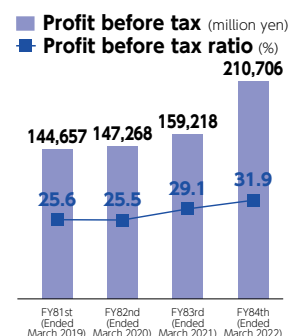
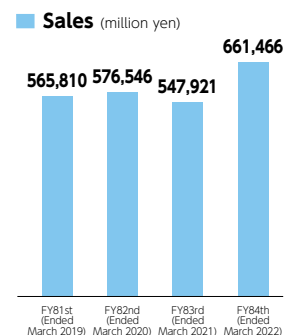
As a result, sales for the consolidated fiscal year ended March 2022 amounted to 661,466 million yen, a 20.7% increased year on year.

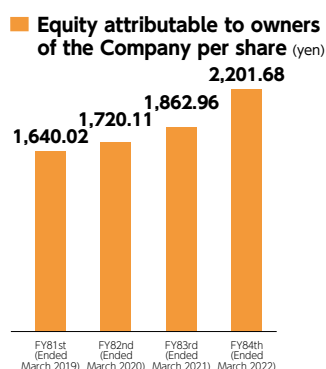
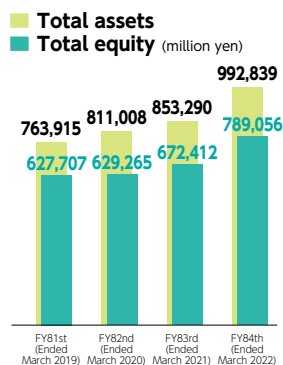
<Profit>

Profit before income tax increased compared to the preceding consolidated fiscal year by 32.3% to 210,706 million yen, and profit for the year increased by 32.0% to 165,322 million yen.

The profit before tax ratio was 31.9%, an increase of 2.8 percentage points from 29.1% in the preceding consolidated fiscal year.

There were no discontinued operations in the consolidated fiscal year ended March 2022 and the preceding consolidated fiscal year. Therefore, all numerical values and percentage changes herein are based on continuing operations.





<Financial Position>

Total assets at March 31, 2022 increased by 139,549 million yen from the end of the preceding consolidated fiscal year to 992,839 million yen.

Non-current assets increased by 11,168 million yen to 309,874 million yen. This is primarily due to increases of 4,708 million yen in property, plant and equipment-net, 3,959 million yen in goodwill, and 2,072 million yen in long-term financial assets despite decreases of 1,342 million yen in intangible assets.

Current assets increased by 128,381 million yen to reach 682,965 million yen. This is primarily due to increases of 84,508 million yen in cash and cash equivalents, 16,923 million yen in trade and other receivables, 14,074 million yen in inventories, and 3,326 million yen in other short-term financial assets.

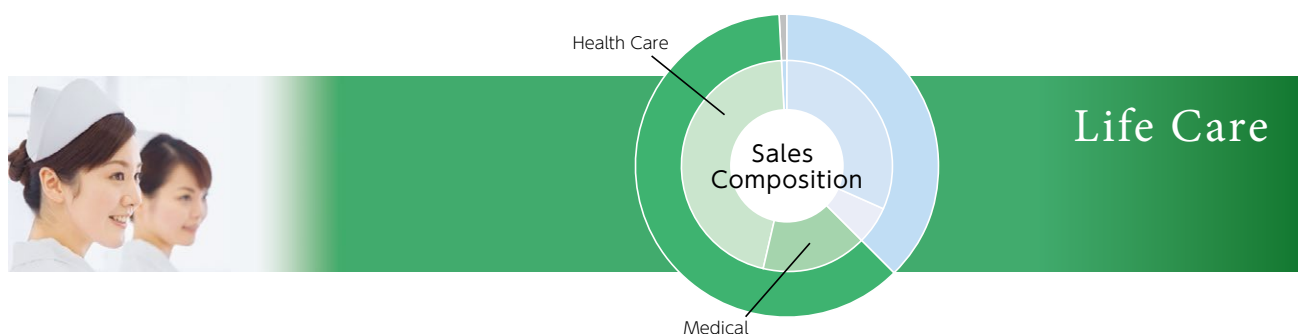
Total equity increased by 116,644 million yen to 789,056 million yen. This is primarily due to profit for the year of 165,322 million yen and an increase of 49,498 million yen in other comprehensive income despite decreases of 65,764 million yen due to acquisition of treasury shares and 33,309 million yen due to dividends from retained earnings.

Equity attributable to owners of the Company increased by 115,851 million yen to 803,851 million yen.

Liabilities increased by 22,905 million yen to 203,783 million yen. This is primarily due to increases of 6,370 million yen in other current liabilities, 6,085 million yen in income tax payables, and 4,630 million yen in trade and other payables.

The ratio of equity attributable to owners of the Company to total assets at March 31, 2022 increased by 0.4 percentage points from the end of the preceding consolidated fiscal year and reached to 81.0%, which was 80.6% in the preceding consolidated fiscal year.

The breakdown of changes in retained earnings is as presented later in this report in the section for Consolidated Statement of Changes in Equity.



■ Outline of consolidated results by business segment

Health Care related products

Sales of both eyeglass lenses and contact lenses increased significantly compared to the previous year, when business activities were impacted by COVID-19, due to the recovery accompanying the resumption of economic activities.

Sales of eyeglass lenses were driven by sales in the overseas market, and the growth in sales of high value-added products also contributed to the increase in sales.

As for contact lenses, our sales activities were affected by temporary closures and reduced business hours implemented at some “Eyecity” retail stores, mainly during the state of emergency period in Japan, and there was a temporary decline in demand due to the reduced opportunities for going out. However, sales increased significantly with steady sales to Eyecity members through the home delivery service, as well as the recovery in demand that accompanied the resumption of economic activities.

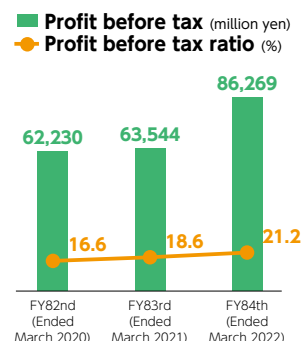
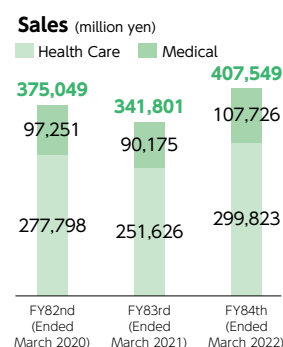
Medical related products

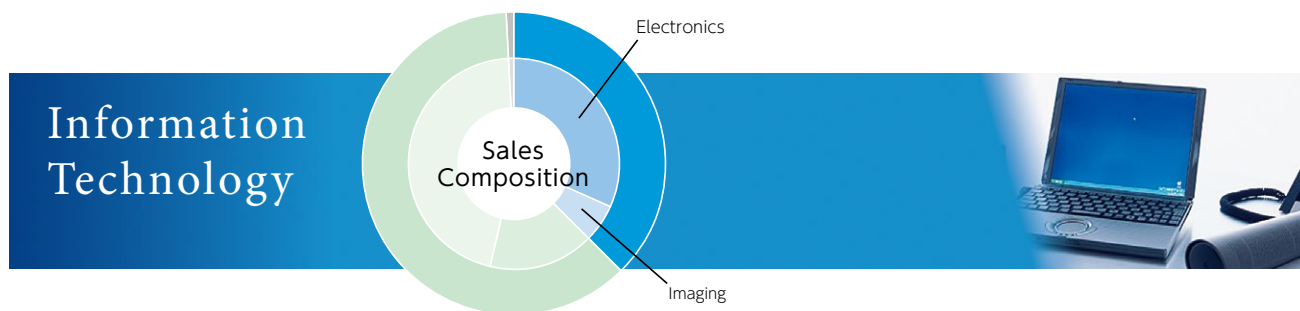
Sales of both medical endoscopes and intraocular lenses for cataracts increased significantly compared to the previous year when business activities were affected by COVID-19, due to the recovery accompanying the resumption of economic activities.

In medical endoscopes, the Company’s sales were also on a recovery trend as there was a recovery in capital investment at hospitals, but medical endoscopes were affected by supply shortages of some components.

In intraocular lenses for cataracts, the number of cataract surgeries recovered mainly in the overseas market, and the Company’s sales were also on a recovery trend.

As a result, sales in the Life Care segment increased by 19.2% compared to the preceding consolidated fiscal year to 407,549 million yen. Segment profit increased by 35.8% to 86,269 million yen.





■ Outline of consolidated results by business segment

Electronics related products

Sales of mask blanks for semiconductors increased substantially as a result of our active R&D and our having captured demand for embarking on mass production of leading-edge products including mask blanks for EUV (Extreme Ultraviolet) lithography.

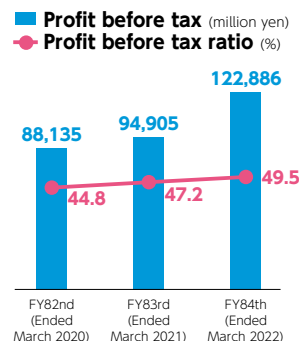
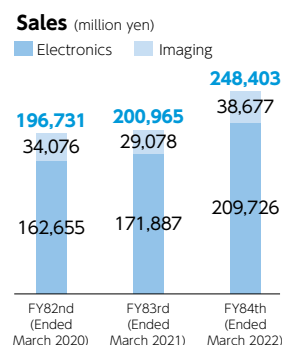
With regard to photomasks for FPD, photomask demand for research and development recovered, and the Company's sales also recovered from a temporary decline. As a result, there was a large increase in sales.

Regarding glass substrates for hard disks, we achieved a large increase in sales of 3.5-inch substrates, which are poised for substantial growth going forward, due to continued demand for such substrates for use in nearline server applications at data center end users. In 2.5-inch substrates, the shift to SSDs (solid state drives) from HDDs (hard disk drives) continued. However, demand for external HDDs rose, mainly in the first half of the year, because of increased PC shipments due to the impact of COVID-19. Demand for our products was also higher, and sales increased significantly. As a result, overall sales in the business segment increased significantly.

Imaging related products

With regard to lenses for cameras, smartphones continued to erode the compact digital camera and interchangeable lens market. However, sales of lenses for cameras increased significantly compared to the previous year, when business activities were impacted by COVID-19, due to the recovery accompanying the resumption of economic activities.

As a result, sales in the Information Technology segment increased by 23.6% compared to the preceding consolidated fiscal year to 248,403 million yen, and segment profit increased by 29.5% to 122,886 million yen.



View of Capital Expenditures

The total capital expenditures of all operations of the HOYA Group amounted to 34,435 million yen during the consolidated fiscal year ended March 2022, a decrease of 5,658 million yen over the preceding consolidated fiscal year.

In the consolidated fiscal year ended March 2022, investment in the Life Care business amounted to 19,550 million yen and investment in the Information Technology business amounted to 14,081 million yen, which account for 57% and 41%, respectively, of the total capital expenditures by the Group.

The investment was covered by internally generated funds.

During the consolidated fiscal year ended March 2022, in the Life Care business, the HOYA Group mainly invested in increasing production of eyeglass lenses.

In the Information Technology business, we made investments mainly to increase production of mask blanks for semiconductors, photomasks for FPD, and glass substrates for hard disks.

Category	82nd Fiscal Year (Ended March 2020)	83rd Fiscal Year (Ended March 2021)	84th Fiscal Year (Ended March 2022)
Capital expenditures (million yen)	54,148	40,093	34,435

Financing

There are no relevant items.

Important Corporate Reorganizations, etc.

There are no relevant items.

Management Issues Requiring Actions

The HOYA Group globally promotes the operation of a number of businesses in “Life Care” and “Information Technology” in order to achieve sustainable growth and maximize its corporate value. While operating diverse range of businesses, the HOYA Group maximizes its competitiveness by optimally allocating management resources and endeavors to improve results.

(1) Target management indicators

The HOYA Group believes that corporate value will increase and stakeholders will be satisfied when profit exceeds the cost of capital. In order to achieve this, we have introduced Shareholders Value Added (SVA) as a management indicator, and we strive for efficient management.

(2) Medium-to-long term corporate management strategy and issues requiring actions

(i) Speedy and flexible response to changes in the market and efficient utilization of management resources

In the manifold business areas of the HOYA Group, we will increase the speed of decision making by broadly delegating authority to business divisions, and devise strategies that are in line with customer needs ahead of the competition. We will allocate management resources of the Group appropriately and will make timely decisions regarding plant and equipment investment, business alliances, mergers and acquisitions, withdrawal from or reduction in business operations, etc.

(ii) Creation of new business and technologies

To secure earnings and continue to grow, the HOYA Group realizes that it is critical to acquire new businesses and technologies through in-house development and M&A in growth areas different from the existing ones. Going forward, we will devote even greater resources to acquiring world-class technologies and businesses that have a significant competitive advantage through in-house development and M&A; and to hiring and training personnel able to support our technologies and businesses.

(iii) Business expansion in growth markets

The population of those in need of eyesight correction continues to grow due to the aging of society globally and declining visual acuity in younger people due to the use of digital devices for long periods of time. The reduction of fatigue and shortening of time for medical treatment are demands by both physicians and patients, and minimally invasive treatment has been spreading at an accelerated pace. In addition, the development of high-performance, power-saving semiconductors and investment in data centers are being driven by the progress of the information society. In this context, the HOYA Group has positioned products that support people’s visual acuity and health, and the progress of the information society as growth areas. We will invest management resources aggressively in these areas to expand our business.

(iv) Response to environmental, social, and governance issues

In response to the heightening interest in environmental, social, and governance issues among stakeholders and for the purpose of continuously increasing its corporate value, the ESG Committee, established in August 2019, has been leading activities at the HOYA Group. In order to accelerate ESG initiatives, we appointed a Chief Sustainability (ESG) Officer (CSO) and newly established the ESG Promotion Office, a dedicated department for ESG under the CSO, in March 2022. In May 2022, we established the HOYA Group Sustainability Policy. We will promote activities in the field of ESG to contribute to the building of a sustainable society and increase our corporate value over the medium to long term.

In addition, we have completed the process of identifying material issues contributing to the Group’s medium- to long-term growth, which we have been discussing and examining internally. We obtained approval of these issues at the Board of Directors meeting in September 2021. We will actively promote further efforts for each material issue on a Group-wide basis.

(HOYA Group’s material issues)

- Greenhouse gases (CO₂) reductions
- Product quality and safety
- Employee engagement and diversity & inclusion
- Supply chain management

In terms of environmental issues, we are proceeding to reduce CO₂, waste, and the like by improving productivity and adopting highly energy efficient equipment at our manufacturing bases. We are also considering the introduction and use of renewable energy. In addition, in November 2021, we endorsed the Task Force on Climate-related Financial Disclosures (TCFD). We will continue to promote mitigation of the burden on the environment and will also proceed with preparatory work for the disclosure of information on climate change based on the TCFD recommendations.

In terms of social issues, we are aggressively hiring talented human capital regardless of race, gender, etc., while also striving to make it a high priority to promote diversity of values and human resources. Moreover, based on the belief that “people are our great asset,”

we have been conducting our employee engagement survey on a regular basis since 2020 and are promoting initiatives to create an even better working environment in which diverse people can play active roles.

In terms of governance issues, we are carrying out highly objective and transparent management resting on a foundation in which independent directors account for a majority of directors and there is a system of committees.

Changes in the State of Assets, Profits and Losses

Overview of Assets, Profits and Losses of the HOYA Group

Classification		81 st Fiscal Year (Ended March 2019) [IFRS]	82 nd Fiscal Year (Ended March 2020) [IFRS]	83 rd Fiscal Year (Ended March 2021) [IFRS]	84 th Fiscal Year (Current fiscal year) (Ended March 2022) [IFRS]
Sales	(million yen)	565,810	576,546	547,921	661,466
Profit before tax	(million yen)	144,657	147,268	159,218	210,706
Profit for the year	(million yen)	122,072	114,587	125,221	165,322
Profit attributable to owners of the Company	(million yen)	122,103	114,406	125,446	164,507
Basic earnings per share	(yen)	321.55	303.27	335.77	446.45
Total assets	(million yen)	763,915	811,008	853,290	992,839
Total equity	(million yen)	627,707	629,265	672,412	789,056
Equity attributable to owners of the Company per share	(yen)	1,640.02	1,720.11	1,862.96	2,201.68

(Notes)

1. Starting with the 73rd fiscal year, the HOYA Group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards pursuant to the paragraph (1), Article 120 of the Ordinance on Company Accounting.
2. The amounts of sales and profit before tax present only the amounts for continuing operations. The amount of profit for the year presents the amount of all operations including discontinued operations.
3. Basic earnings per share is computed, based on the average of the total number of the outstanding shares during the consolidated fiscal year. Equity attributable to owners of the Company per share is computed, based on the total number of shares outstanding as of the end of consolidated fiscal year. The figures for the total number of outstanding shares exclude treasury shares.
4. The overview of the 84th fiscal year (consolidated fiscal year ended March 2022) is provided in the above section of this report titled "Business Development and Results."

Important Subsidiaries

Company name	Capital stock	Voting rights owned by the Company	Main business
HOYA HOLDINGS, INC. (USA)	16,204 thousands of U.S. dollar	100.0%	Regional headquarters in America
HOYA HOLDINGS N.V. (The Netherlands)	9,930 thousands of euro	100.0%	Holding company in Europe, controlling the distribution and sale of eyeglass lenses in Europe
HOYA HOLDINGS (ASIA) B.V. (The Netherlands)	19 thousands of euro	100.0%	Holding company for the region of Asia
HOYA HOLDINGS ASIA PACIFIC PTE LTD (Singapore)	54,326 thousands of U.S. dollar	100.0% (100.0%)	Regional headquarters in Asia and Oceania

(Note) The figure appearing in a bracket in the column entitled "Voting rights owned by the Company" represents indirect ownership.

Major Businesses (as of March 31, 2022)

The HOYA Group has established two business domains in its management principle. They are “Life and Culture” and “Information Technology.” In order to realize a continuous increase in the corporate value in each of the business domains, the Group makes decisions on management resource allocations and monitors their business performance. The major businesses of the HOYA Group can thus be broken down roughly to Life Care business and Information Technology business.

The Life Care segment manufactures and sells health care related products that are used routinely in medical treatment and health maintenance fields, and medical related products that include medical equipment and medical supplies used in medical treatment. Some unique features of this business segment are that approvals and permits are required from relevant authorities in each country and that advanced technological strength and reliable quality control systems are the key requirements.

The Information Technology segment manufactures and sells essential items for digital devices. Included are electronics related products that are indispensable for today’s digital information and communication technology, and imaging related products that use optics technology and are necessary to capture images as digital data.

The major products and services handled by each division are as follows:

Business segment	Business category	Major products and services
Life Care	Health care related products	Eyeglass lenses, Contact lenses
	Medical related products	Medical endoscopes, Medical accessories, Automated endoscope reprocessors (AERs), Intraocular lenses, Ophthalmic medical devices, Artificial bone, Metallic implant for orthopedics
Information Technology	Electronics related products	Photomasks and Mask blanks for semiconductors, Photomasks for FPD, Glass disk for hard disk drives (HDDs)
	Imaging related products	Optical lenses, Optical glass material, Laser equipment, Light source
Other		Speech synthesis software, Design of information systems

Head Office, Principal Places of Business and Plants (as of March 31, 2022)

(1) HOYA CORPORATION

Division	Name	Location
Corporate	Group Headquarters	Shinjuku-ku, Tokyo
	Netherlands Branch	The Netherlands
	Singapore Branch	Singapore
Life Care	Vision Care Company, Japan Headquarters	Nakano-ku, Tokyo
	Eye Care Company	Nakano-ku, Tokyo
	Medical Division, Japan Headquarters	Nakano-ku, Tokyo
	Showa-no-mori Office	Akishima-shi, Tokyo
Information Technology	LSI Division and other Divisions' Sales Departments	Shinjuku-ku, Tokyo
	Nagasaka Office	Hokuto-shi, Yamanashi
	Hachioji Factory	Hachioji-shi, Tokyo
	Akishima Factory	Akishima-shi, Tokyo

(2) Subsidiaries

Segment	Name	Location
Life Care	HOYA LENS DEUTSCHLAND GMBH	Germany
	HOYA OPTICAL LABS OF AMERICA, INC.	USA
	HOYA LENS THAILAND LTD.	Thailand
	HOYA MEDICAL SINGAPORE PTE. LTD.	Singapore
	PENTAX OF AMERICA, INC.	USA
	PENTAX EUROPE GMBH	Germany
Information Technology	HOYA CORPORATION USA	USA
	HOYA ELECTRONICS SINGAPORE PTE. LTD.	Singapore
	HOYA GLASS DISK VIETNAM LTD.	Vietnam
	HOYA OPTICAL TECHNOLOGY (WEIHAI) CO., LTD.	China
	HOYA OPTICS (THAILAND) LTD.	Thailand
Corporate	HOYA HOLDINGS, INC.	USA
	HOYA HOLDINGS N. V.	The Netherlands
	HOYA HOLDINGS (ASIA) B. V.	The Netherlands
	HOYA HOLDINGS ASIA PACIFIC PTE LTD	Singapore

Employees (as of March 31, 2022)

(1) By segment

Segment	Number of employees	Year-on-year comparison at year end
Life Care	21,284	up 608
Information Technology	16,978	up 690
Other	13	down 154
Corporate	101	down 13
Total	38,376	up 1,131

(2) Changes in the number of employees

Category	81 st Fiscal Year (Ended March 2019)	82 nd Fiscal Year (Ended March 2020)	83 rd Fiscal Year (Ended March 2021)	84 th Fiscal Year (Ended March 2022)
Overseas	33,759	33,168	33,805	35,010
Japan	3,653	3,627	3,440	3,366

(Notes)

1. The number of employees represents regular employees of all operations. Temporary and contract workers are excluded.
2. The Corporate figure represents the number of employees in the Group Headquarters and overseas regional headquarters and branches.
3. Employees at HOYA CORPORATION numbered 3,006 (up 14 YOY). Their ages and service periods averaged 47.2 and 19 years, respectively.

Major Lenders (as of March 31, 2022)

Lender	Loans payable
GRAND QUANTUM INVESTMENT CORPORATION LIMITED	840 million yen
Seiko Holdings Corporation	655 million yen

Other Important Matters concerning the HOYA Group

There are no relevant items.

Current State of the Company

State of Shares (as of March 31, 2022)

- (1) Total number of shares the Company authorized: Common share 1,250,519,400 shares
- (2) Total number of issued shares: Common share 369,702,020 shares
- (Note) The total number of issued shares decreased by 3,131,200 shares compared to the end of the previous fiscal year due to the cancellation of treasury shares implemented on May 14, 2021.
- (3) Number of shareholders: 26,741 (Up 2,163 YOY)
- (4) Number of shares constituting one unit: 100 shares
- (5) Principal shareholders: (Top 10 shareholders)

Rank	Name	Number of shares	Percentage of investment
		(Hundred shares)	%
1	The Master Trust Bank of Japan, Ltd. (Trust Account)	619,124	16.95
2	Custody Bank of Japan, Ltd. (Trust Account)	192,366	5.26
3	SSBTC Client Omnibus Account	114,975	3.14
4	State Street Bank West Client - Treaty 505234	65,177	1.78
5	Deutsche Bank Trust Company Americas	64,369	1.76
6	JP Morgan Chase Bank 385632	56,578	1.54
7	BNYM AS AGT/CLTS NON TREATY JASDEC	55,035	1.50
8	Government of Norway	52,023	1.42
9	JP Morgan Chase Bank 385781	46,382	1.27
10	Motoko Yamanaka	43,000	1.17

(Notes)

- In consideration of the number of voting rights, the numbers of shares are stated in units of one hundred shares and the shares that do not constitute one trading unit are rounded down.
- The Company owns treasury shares (4,593,726 shares), but is excluded from the list of principal shareholders above. The percentage of investment is calculated by excluding treasury shares.

A resolution was made at the Board of Directors meeting held on March 24 2022, to cancel the Company's own shares as follows.

Total number of shares to be cancelled:	3,922,600 shares
Scheduled date of cancellation:	April 7, 2022
Total number of issued shares after cancellation:	365,779,420 shares

Directors of the Company

(1) Directors and Executive Officers (as of March 31, 2022)

Name	Position and role at the Company	Important positions of other organization concurrently held
Yukako Uchinaga	Director Chairperson of the Audit Committee Member of the Nomination Committee Member of the Compensation Committee	Board Chair of J-WIN, Non-Profit organization Outside Director of Teijin Limited Outside Director of SINTOKOGIO, LTD.
Mitsudo Urano	Director Chairperson of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee	Outside Director of Hitachi Transport System, Ltd.
Shuzo Kaihori	Director Chairperson of the Compensation Committee Member of the Nomination Committee Member of the Audit Committee	Outside Director of Eisai Co., Ltd.
Hiroaki Yoshihara	Director Member of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee	Outside Director of Hitachi, Ltd.
Yasuyuki Abe	Director Member of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee	Advisor of ORANGE AND PARTNERS Co., Ltd. Outside Director of SUBARU CORPORATION
Hiroshi Suzuki	Director Member of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee	Outside Director of KIOXIA Holdings Corporation
Eiichiro Ikeda	Representative Executive Officer & CEO	
Ryo Hirooka	Representative Executive Officer & CFO	
Augustine Yee	Executive Officer, Chief Business Development Officer (CBDO) and Chief Legal Officer (CLO)	
Tomoko Nakagawa	Executive Officer, Chief Sustainability Officer (CSO)	

(Notes)

- Directors Ms. Yukako Uchinaga, Mr. Mitsudo Urano, Mr. Shuzo Kaihori, Mr. Hiroaki Yoshihara and Mr. Yasuyuki Abe are all outside directors as designated in item (15), Article 2 of the Companies Act.
- Members of the Audit Committee have more than sufficient experience in either finance or accounting having served for several years as company leaders. In particular, Director Mr. Yoshihara has long-term experience as an expert in finance and accounting at an international accounting firm.
- At the Company, the Audit Committee Office, which supports members of the Audit Committee, was established; under that the Internal Audit Department was established, and staff is assigned to both. Because the Company believes that members of the Audit Committee adequately fulfill their responsibilities by receiving regular reports from the Internal Audit Department, through the Audit Committee Office, putting effort into information gathering, and so forth, we do not have a full-time member of Audit Committee.
- Mr. Hiroshi Suzuki resigned as Representative Executive Officer, President & CEO on March 1, 2022. On the same day, Mr. Eiichiro Ikeda was appointed Representative Executive Officer, President & CEO after serving as Executive Officer, Chief Technology Officer (CTO), Mr. Augustine Yee was appointed Executive Officer, CBDO and CLO after serving as Executive Officer, CLO and Head of

Corporate Development and Affairs, and Ms. Tomoko Nakagawa was appointed Chief Sustainability Officer (CSO). Ms. Tomoko Nakagawa's name in the family register is Tomoko Yamashita.

(2) Independent Directors as stipulated at Tokyo Stock Exchange

The Company provided notice on Ms. Yukako Uchinaga, Mr. Mitsudo Urano, Mr. Shuzo Kaihori, Mr. Hiroaki Yoshihara and Mr. Yasuyuki Abe to the Tokyo Stock Exchange as being independent directors appointed by the Company, in accordance with the Tokyo Stock Exchanges rules and regulations.

(3) Independent Directors

- (i) Important positions and roles concurrently held by the Company's Independent Directors at other organization and their relationship with the Company is shown in "(1) Directors and Executive Officers" above. There is no important business transactions relationship between the Company and each of any other organization.
- (ii) Attendance at Board of Directors Meetings and other Committee Meetings (Number of meetings attended/Number of meetings held)

Name	Board of Directors Meeting	Nomination Committee	Compensation Committee	Audit Committee
Yukako Uchinaga	9/9 (100%)	12/12 (100%)	11/11 (100%)	9/9 (100%)
Mitsudo Urano	9/9 (100%)	12/12 (100%)	11/11 (100%)	9/9 (100%)
Shuzo Kaihori	9/9 (100%)	12/12 (100%)	11/11 (100%)	9/9 (100%)
Hiroaki Yoshihara	9/9 (100%)	12/12 (100%)	11/11 (100%)	9/9 (100%)
Yasuyuki Abe	7/7 (100%)	9/9 (100%)	9/9 (100%)	7/7 (100%)

(Note)

For Mr. Yasuyuki Abe, only Board of Directors Meetings and Committee Meetings held since his appointment on June 29, 2021 are included.

(iii) Major activities at the Board of Directors Meetings and other Committee Meetings during the Fiscal Year

Name	Overview of major activities and duties carried out by Independent Directors in relation to the role expected of them
Yukako Uchinaga	<p>Ms. Uchinaga made useful contributions to the discussion of items on the agenda, based on her substantial management experience and expertise.</p> <p>As an Independent Director, she made remarks from an objective and impartial position as the occasion required, and fulfilled her role in terms of management supervision. In particular, she proactively provided advice on securing diversity in the Company and supported education on this for employees, and actively expressed her opinions concerning improvement of the Company's IT environment, including matters of work efficiency, based on her experience in the IT field. Furthermore, as the Chairperson of the Audit Committee, she led discussions of propositions to make decisions of the Committee concerning verification of financial statements, monitoring of internal control systems, and auditing of operations and assets.</p>
Mitsudo Urano	<p>Mr. Urano made useful contributions to the discussion of items on the agenda, based on his substantial management experience and expertise.</p> <p>As an Independent Director, he made remarks from an objective and impartial position as the occasion required, and fulfilled his role in terms of management supervision. In particular, he has provided advice in terms of corporate governance and proactively expressed opinions on new product development and business models of new businesses. Moreover, as the Chairperson of the Nomination Committee, he led discussions of the Committee on replacement of the CEO in the March 2022, contributing greatly to the smooth CEO transition. Furthermore, he led discussions as the Lead Independent Director at meetings attended only by Independent Outside Directors (executive sessions) and advised Representative Executive Officers based on the outcomes of those sessions. Additionally, as the Lead Independent Director, he handled meetings with institutional investors concerning governance.</p>
Shuzo Kaihori	<p>Mr. Kaihori made useful contributions to the discussion of items on the agenda, based on his substantial management experience and expertise.</p> <p>As an Independent Director, he made remarks from an objective and impartial position as the occasion required, and fulfilled his role in terms of management supervision. In particular, he actively asked questions from the standpoint of the positioning of the Company's businesses in their industries and provided copious advice on risk management, compliance, and ESG issues which should be addressed. Moreover, as the Chairperson of the Compensation Committee, he led discussions of propositions to make decisions of the Committee concerning the remuneration system for Directors, a remuneration system that raises Executive Officers' incentives and fair and appropriate performance evaluation.</p>
Hiroaki Yoshihara	<p>Mr. Yoshihara made useful contributions to the discussion of items on the agenda, based on his substantial knowledge and experience as a finance and accounting expert as well as management experience gained at an accounting firm.</p> <p>As an Independent Director, he made remarks from an objective and impartial position as the occasion required, and fulfilled his role in terms of management supervision. In particular, he provided considerable advice with regard to evaluating M&A targets and assessing market conditions from a global perspective, and proactively voiced his opinions concerning the Company's portfolio in the future. Furthermore, he actively stated his opinions at the Nomination Committee, the Compensation Committee, and the Audit Committee, contributing to the lively deliberations at the committees.</p>
Yasuyuki Abe	<p>Mr. Abe made useful contributions to the discussion of items on the agenda, utilizing his experience at a trading company and knowledge accumulated as a manager, as well as his experience as an outside director at other companies. As an Independent Director, he made remarks from an objective and impartial position as the occasion required, and fulfilled his role in terms of management supervision. In particular, he has deepened his knowledge of business through such means as actively visiting sites, to express his opinions in a more practical way, contributing to lively deliberations at the committees.</p>

(iv) Overview of liability limitation contract

The Company and its Independent Directors and non-executive, Internal Director have concluded an agreement that limits possible future liabilities of the latter prescribed in paragraph (1), Article 423 of the Companies Act to the higher of 10 million yen or the amount prescribed by the paragraph (1) of Article 425 of the Act.

(v) Overview of the directors and officers liability insurance contract

The Company has concluded a directors and officers liability insurance contract with an insurance company, as stipulated in paragraph (1), Article 430-3 of the Companies Act. Under this contract, the insured persons are fully or partially compensated for damages (defense costs and compensation or settlement payments) incurred while taking responsibility or being held accountable for the execution of their duties. However, it does not cover damages incurred for certain reasons, such as damage claims resulting from intentional violations of laws and regulations.

This contract mainly covers individuals executing important duties, including Directors and Executive Officers of the Company, and Directors, etc. of the Company's subsidiaries.

Remuneration, etc. for the Directors and Executive Officers of the Company

(1) Policy of the Compensation Committee for determining the amount of remuneration and other benefits received by Directors and Executive Officers and details of the policy

(i) Basic policy and determination method

The Company has established the Compensation Committee with the objective of “contributing to improvement of results of the Company by constructing a remuneration system that raises motivation among Directors and Executive Officers and by appraising their performance appropriately.” The Compensation Committee is made up of all of 6 Directors who are not Executive Officers of the Company. With due consideration of necessary information (including the levels set by other companies as determined by a survey conducted by an outside professional organization), the Compensation Committee discusses and finalizes policies for the remuneration of Directors and Executive Officers, and the particulars of remuneration received by Directors and Executive Officers. Retirement benefits for Directors were eliminated in 2003.

(ii) Policy concerning remuneration for Directors

The remuneration of Directors consists of a fixed salary and a medium- and long-term incentive (stock options). The fixed salaries consist of a basic compensation and compensation for being a member or a chairperson of the Nomination, Compensation or Audit Committee. The compensation levels are set appropriately by taking into consideration such factors as the Company’s business environment, the levels set by other companies as determined by a survey conducted by an outside professional organization, and the office and responsibility of each Director. Furthermore, fixed numbers of stock options are granted to newly appointed and reappointed officers in order that they may hold a common viewpoint with shareholders regarding the share price and share interests with shareholders on a medium- to long-term basis. After a waiting period of approximately one year, the exercisable portion of the stock options in each of the years following thereafter will be 25% of the total number granted. The period during which the stock options may be exercised is 10 years. From the fiscal year 2022, the Company will introduce the restricted stock unit (“RSU”), which delivers shares prescribed in accordance with the period employed as an Independent Director of the Company, instead of stock options.

The Compensation Committee reviewed the compensation levels and composition again this fiscal year based on the basic policy, the Company’s business environment, and the levels set by other companies as determined by a survey conducted by an outside professional organization. Upon confirming that the composition aligns with the policies of the Company and that the levels are appropriate for each office and responsibility, the compensation of each Director was determined and the compensation for each individual this fiscal year has been deemed to align with the policies of the Company.

[Composition ratio of remuneration]

Fixed salary: medium- and long-term incentive (stock options) = Approximately 1:0.3-0.6

(Note) The ratio of the above medium- and long-term incentive shall fluctuate with changes in the Company’s share price and other factors.

The newly introduced RSU will be granted annually in order for Directors to share a common viewpoint with shareholders regarding the share price and to share interests with shareholders on a medium- to long-term basis. Every year, the Company announces a basic deliverable number of shares equivalent to fixed remuneration to Independent Directors for a three-year period from that year. After the end of the period in question, the Company determines, for each Independent Director, a basic compensation amount which is the market value of the Company’s shares for the basic deliverable number of shares. The Company will pay to the Independent Directors 50% of the basic compensation amount as claims for monetary remuneration. Independent Directors shall invest the monetary claims in kind and shall be granted a number of Company shares, which is equal to the amount of monetary claims in question divided by paid-in amount per Company share. From the viewpoint of ensuring payment of tax, the Company shall pay the remainder of the basic compensation amount in cash. However, the heirs of Independent Directors who died during their tenure and Independent Directors

who retire due to injury or illness shall receive the entire basic compensation amount in cash. Also, the Company plans to issue RSU for periods of three years starting from the following fiscal year, and continuing thereafter.

[Future composition ratio of remuneration]

Fixed salary: medium- and long-term incentive (RSU) = Approximately 1:1

(Note) Assuming a share price in three years roughly equivalent to the share price when the RSU was granted.

(iii) Policy concerning remuneration for Executive Officers

The remuneration of Executive Officers consists of a fixed salary, an annual incentive (performance-based bonuses) and a medium- and long-term incentive (performance share unit, “PSU”). For fixed salaries, basic compensation according to the office and responsibility of each Executive Officer (Representative Executive Officer, CFO, etc.) and, in case of expatriates, benefit as expatriate (such as housing) are set appropriately by taking into consideration such factors as the offices and responsibilities, the Company’s business environment, and the levels set by other companies as determined by a survey conducted by an outside professional organization.

Performance-based bonuses shall be determined according to quantitative results and qualitative evaluations, and shall range roughly from 0 to 200%. As indicators of quantitative results, sales, profit attributable to owners of the Company, and basic earnings per share (EPS) given on the Consolidated Financial Statements are selected.

PSU, which has been adopted in place of stock options from fiscal 2019, is a system for granting shares at a number that is in proportion to the level of achievement of the predetermined performance conditions.

The payment ratio that corresponds to the level of achievement of the performance targets will range from 0 to 200%, based on the performance over three fiscal-year periods. The Company selected the indicators of sales over three fiscal-year periods, basic earnings per share (EPS) and ROE given on the Consolidated Financial Statements.

Details of performance-based remuneration for Executive Officers are given in “Outline of performance-based remuneration (annual incentive and medium- and long-term incentive) for Executive Officers” below.

The Compensation Committee reviewed the compensation levels and composition again this fiscal year based on the basic policy, the Company’s business environment, and the levels set by other companies as determined by a survey conducted by an outside professional organization. Upon confirming that the composition aligns with the policies of the Company and that the levels are appropriate for each office and responsibility, the compensation of each Director was determined and the compensation for each individual this fiscal year has been deemed to align with the policies of the Company.

[Composition ratio of remuneration]

CEO	Fixed salary: annual incentive (performance-based bonuses): medium- and long-term incentive (PSU) = Approximately 1:1:1
Executive Officers excluding CEO	Fixed salary: annual incentive (performance-based bonuses): medium- and long-term incentive (PSU) = Approximately 1:1:0.5

(Note) Subject to a 100% achievement rate for all targets and assuming a share price in three years roughly equivalent to the share price when the PSU was granted.

[Outline of performance-based remuneration (annual incentive and medium- and long-term incentive) for Executive Officers]

a. Annual incentive (performance-based bonuses)

Annual incentive (performance-based bonuses) shall be paid based on the following calculation.

$\text{Amount of annual incentive (performance-based bonuses)} = \text{base amount (according to the office of each officer)} \times \text{performance-linked coefficient (linked to quantitative targets)} \times 80\% + \text{base amount (according to the office of each officer)} \times \text{performance-linked coefficient (linked to qualitative targets)} \times 20\%$

* Performance-linked coefficient shall range from roughly 0 to 200%.

[Performance-linked coefficient (performance-based bonuses)]

Indicators	Target (consolidated)	Actual (consolidated)	Reason for selection
Sales (Billions of yen)	606.0	661.5	Selected as an indicator for its measurement of the Group's degree of growth in domestic and overseas markets.
Profit attributable to owners of the Company (Billions of yen)	134.4	164.5	Selected as an indicator for its measurement of whether the Group's growth is accompanied by solid profits.
Basic earnings per share (Yen)	359.71	446.45	Selected as an indicator for its measurement of the Company's degree of growth from a shareholder's perspective.

(Notes)

1. The qualitative assessment method relevant to an annual incentive (performance-based bonuses) involves assessments of items such as the degree of achievement of budget targets in the division under management, the results of which are deliberated on in the Compensation Committee before a decision is made.
2. The target values in the table above are set taking into consideration such as the Company's business environment, and as such may differ from performance forecasts.

b. Medium- and long-term incentive (PSU)

Every year, the Company announces basic deliverable numbers of shares according to the office and responsibility of each Executive Officer and medium- to long-term performance targets for a three-year period from that year. After the end of the period in question, the Company determines, for each Executive Officer, a basic compensation amount which is the market value of the Company's shares for the basic deliverable number of shares multiplied by a coefficient representing the degree of achievement of medium- to long-term performance targets. The Company shall pay the Executive Officer 50% of the basic compensation amount as claims for monetary remuneration. Executive Officers shall invest the monetary claims in kind and shall be granted a number of Company shares, which is equal to the amount of monetary claim in question divided by paid-in amount per Company share. From the viewpoint of ensuring payment of tax, the Company shall pay the remainder of the basic compensation amount in cash.

However, Executive Officers not residing within Japan and the heirs of Executive Officers who died during their tenure shall receive the entire basic compensation amount in cash.

Also, the Company plans to issue PSU for periods of three fiscal years starting from the following fiscal year, and continuing thereafter. Below is a table illustrating this system.

2019	2020	2021	2022	2023	2024	2025
PSU (i)			Granting of shares, etc.			
	PSU (ii)			Granting of shares, etc.		
		PSU (iii)			Granting of shares, etc.	
			PSU (iv)			Granting of shares, etc.

[Performance-linked coefficient (PSU)]

Fiscal 2019 allocation (target period: fiscal year ended March 2020 to fiscal year ended March 2022)

Indicators	Target (consolidated)	Actual (consolidated)	Reason for selection
Sales (Billions of yen)	630.0	595.3	Selected as an indicator for its measurement of the Group's degree of growth in domestic and overseas markets.
Basic earnings per share (Yen)	390	362	Selected as an indicator for its measurement of the Company's degree of growth from a shareholder's perspective.
ROE	20.0%	19.7%	Measures whether earnings have been efficiently obtained as compared with the amount of shareholder investment

Fiscal 2020 allocation (target period: fiscal year ended March 2021 to fiscal year ending March 2023)

Indicators	Target (consolidated)	Actual (consolidated)	Reason for selection
Sales (Billions of yen)	610.0	-	Selected as an indicator for its measurement of the Group's degree of growth in domestic and overseas markets.
Basic earnings per share (Yen)	350	-	Selected as an indicator for its measurement of the Company's degree of growth from a shareholder's perspective.
ROE	18.0%	-	Measures whether earnings have been efficiently obtained as compared with the amount of shareholder investment

Fiscal 2021 allocation (target period: fiscal year ended March 2022 to fiscal year ending March 2024)

Indicators	Target (consolidated)	Actual (consolidated)	Reason for selection
Sales (Billions of yen)	670.0	-	Selected as an indicator for its measurement of the Group's degree of growth in domestic and overseas markets.
Basic earnings per share (Yen)	430	-	Selected as an indicator for its measurement of the Company's degree of growth from a shareholder's perspective.
ROE	19.0%	-	Measures whether earnings have been efficiently obtained as compared with the amount of shareholder investment

(2) Total amount of remuneration, etc. of Directors and Executive Officers for the fiscal year

Classification	Number of payees	Total amount of remuneration, etc.	Total amount of remuneration by type				
			Fixed salary	Performance-based bonuses	Stock options	PSU	
Directors	Independent	6 persons	125 million yen	51 million yen	-	74 million yen	-
	Internal	1 person	24 million yen	14 million yen	-	10 million yen	-
	Total	7 persons	149 million yen	65 million yen	-	84 million yen	-
Executive Officers	5 persons	716 million yen	286 million yen	251 million yen	14 million yen	164 million yen	
Total	12 persons	865 million yen	351 million yen	251 million yen	98 million yen	164million yen	

(Notes)

- At the end of the fiscal year, there were six Directors (five Independent Directors and one Internal Director) and four Executive Officers. The discrepancies exist between these figures and the number of Directors and Executive Officers listed above because Mr. Hiroshi Suzuki, who was an Executive Officer at the beginning of the fiscal year, retired as an Executive Officer on March 1, 2022, and one Independent Director who retired at the conclusion of the 83rd Ordinary General Meeting of Shareholders is included.
- Fixed salary for Executive Officers includes oversea Executive Officer's benefit as expatriate of 108 million yen.
- Total amount of remuneration, etc. includes amounts paid to one Executive Officer who assumed office on March 1, 2022.
- For the stock options, fair values of stock acquisition rights were calculated and the table above shows amounts to be recorded as expenses for the fiscal year. Note that although no stock options were newly granted to Executive Officers in the fiscal year on account of the adoption of PSU in place of stock options from fiscal 2019, a portion of stock options granted in previous years has been recorded as an expense in the fiscal year.
- For PSU, the table above shows amounts to be recorded as expenses for the fiscal year.

(3) Amount of consolidated remuneration for each Director and Executive Officer (CEO)

The remuneration of the Chief Executive Officer (CEO) for the 84th fiscal year is as follows.

Name	Executive classification	Total amount	Fixed salary	Performance-based bonuses	Stock options	PSU
Eiichiro Ikeda, Representative Executive Officer (CEO) (Previously Executive Officer (CTO))	Representative Executive Officer	160 million yen	69 million yen	65 million yen	3 million yen	24 million yen
Hiroshi Suzuki, Chairperson of the Board of Directors (Previously Representative Executive Officer (CEO))	Director	24 million yen	14 million yen	-	10 million yen	-
	Representative Executive Officer	249 million yen	95 million yen	60 million yen	6 million yen	89 million yen

(Notes)

1. Mr. Eiichiro Ikeda was in office as Representative Executive Officer (CEO) from March 1, 2022 until March 31, 2022.
2. Mr. Hiroshi Suzuki was in office as Representative Executive Officer (CEO) from April 1, 2021 until February 28, 2022.

Executive Officers other than the above whose consolidated remuneration totaled 100 million yen or more during the consolidated fiscal year are as follows.

Name	Executive classification	Total amount	Fixed salary	Performance-based remuneration	Stock options	PSU
Ryo Hirooka, Representative Executive Officer & CFO	Representative Executive Officer	150 million yen	63 million yen	57 million yen	2 million yen	28 million yen
Augustine Yee, Executive Officer Chief Business Development Officer (CBDO) and Chief Legal Officer (CLO)	Executive Officer	136 million yen	57 million yen	52 million yen	3 million yen	24 million yen

Accounting Auditors

(1) Name Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration, etc.

Classification	Amount of payment
Amount of remuneration, etc. paid to accounting auditors regarding the fiscal year	140 million yen
Aggregate amount of monetary and other asset gains the Company and its subsidiaries owe to independent auditors	159 million yen

(Notes)

1. The audit agreement between the Company and its accounting auditors makes no clear distinction between the amount of audit fees based on the Companies Act and the audit fee based on the Financial Instruments and Exchange Act. For this reason, the total amount of remuneration, etc. paid to the accounting auditors is stated as the amount of remuneration, etc. for the fiscal year.
2. The member firms of Deloitte Touche Tohmatsu Limited provide audit services to the Company's major subsidiaries overseas.
3. The Audit Committee gave consent on the remuneration, etc. for Accounting Auditors as a result of confirmation and consideration of matters including the audit planning by the Accounting Auditors, status of implementation of the audit and calculation basis for the estimate of the remuneration, in light of the "Guidelines for Cooperation with Accounting Auditors" issued by Japan Audit & Supervisory Board Members Association.

(3) Details of non-audit services

The Company commissions and pays compensation for advice and guidance relating to support in formulating medium-term plans regarding information technology to Deloitte Touche Tohmatsu LLC.

(4) Policy on dismissal of accounting auditors or decision against reappointment

When a condition that corresponds to any of the reasons for dismissal prescribed in the items of paragraph (1), Article 340 of the Companies Act exists, and dismissal is deemed to be reasonable, the Audit Committee shall dismiss the accounting auditors with the agreement of all members of the Audit Committee. In this case, a member of the Audit Committee appointed by the Audit Committee shall report the dismissal of the accounting auditors and the reason for the dismissal at the first General Meeting of Shareholders following the dismissal.

The Audit Committee shall also examine the potential for reappointment by taking into consideration the term of office of accounting auditors, the status of prior audit execution, the presence or absence of any serious reason that causes accounting auditors to lose credibility, and other circumstances, and, when reappointment is not considered reasonable, shall place "no reappointment of accounting auditors" on the agenda for discussion at a General Meeting of Shareholders on the regulations of the Audit Committee.

[Note]

1. Yen amounts shown were obtained by rounding fractions to the closest stated units. Percentage figures shown were also obtained by rounding fractions to the lowest place shown. Numbers of shares shown were obtained by rounding down fractions less than the stated units.

Frameworks and Policies of the Company

1. Frameworks and Policies Concerning Internal Control Systems

The HOYA Group shall operate businesses of different products and markets based on a business division system. Each division shall carry out business in Japan and overseas under the management of the person responsible for that business using an appropriately assigned group of human resources, and possess the responsibility for management and profitable operations of the business including the subsidiaries belonging to that division. Group Headquarters shall be structured to cooperate with the functional departments of each business, specifically with respect to the functions of strategy, legal affairs, finance, and human resources, and assist and promote the business execution at each business division based on the HOYA Group's management policies.

1) Matters Decided on Systems to Ensure Adequacy of Operations and Operation Status Thereof

Contents of the resolutions the Board of Directors of the Company made with regard to internal control systems set out in (b) and (e) of item (i), paragraph (1), Article 416 of the Companies Act and Article 112 of the Ordinance for Enforcement of the Companies Act and a summary of the operation status thereof are as follows:

On July 16, 2021, the Company decided to establish a Headquarters Compliance Group under the supervision of the HOYA Group Chief Compliance Officer (CCO), as well as a Compliance Officer in each business division. In addition, due to an organizational change effective March 1, 2022, the hotline for receiving internal reporting (HOYA Help Line), which had previously been operated under the Audit Committee, was transferred to the Compliance Group as part of the above-mentioned headquarters compliance organization and is now operated under the Compliance Group. However, the Audit Committee remains in direct control of internal reporting concerning Executive Officers and CCO, which make up the upper organization of the Compliance Group, and the Audit Committee Office continues to serve as the point for receiving such reporting. In addition, reports to the hotline for receiving internal reporting (HOYA Help Line) and responses to such reports will continue to be reported to the Audit Committee on a regular basis.

Notes are provided separately for any changes made during the fiscal year with respect to the details of the resolutions of the Board of Directors of the Company regarding the internal control system and the outline of its operation status described below.

(1) Matters required for ensuring the adequacy of operations

(i) Systems concerning the storage and management of information about the execution of duties by Executive Officers

Efforts shall be made to adequately store and manage important matters, including documents, records and minutes relating to applications for approval within the HOYA Group, in accordance with laws, regulations and other standards.

(ii) Regulations and other systems concerning the management of the risk of loss of the HOYA Group

Each business division (including the subsidiaries operating inside the respective business division) and organization shall try to identify and manage risks, and shall aim for improvements as the occasion demands, taking into consideration the instructions, etc. of the Internal Audit Department.

If a serious crisis occurs, a crisis management headquarters shall be swiftly established under the direct management of the CEO, and efforts shall be focused on response, and settlement of the situation.

(iii) Systems for ensuring the efficiency of duty performance by Executive Officers of the Company and each business division

Each division shall carry out its operations according to the annual plan and the quarterly budget adopted at meetings of the Board of Directors. The HOYA Group shall ensure the efficiency of Group management by evaluating the levels of target achievement every quarter and working to make improvements as the occasion demands.

Executive Officers shall be timely and precise in performing their duties based on the decision-making system for their execution of duties, which covers their standards for approving important matters.

Efficient procurement of funds shall be conducted in accordance with a common cash management system shared by the HOYA Group.

Efficient accounting management shall be carried out in accordance with a common accounting management system shared by the HOYA Group.

(iv) Systems for ensuring compliance with laws, regulations and the Articles of Incorporation of the way duties are performed by Executive Officers of the Company, Directors etc. of subsidiaries, and employees of the HOYA Group

The HOYA Business Conduct Guidelines shall be established to guide the conduct of all Group members based on the Group's Corporate Mission and Management Principles.

A Group Headquarters Compliance Group under the supervision of the HOYA Group Chief Compliance Officer (CCO) shall be established as well as a Compliance Officer in each business division to establish the abovementioned HOYA Business Conduct Guidelines, provisions related to legal compliance and to provide training.

(*Since July 16, 2021)

The Headquarters Compliance Group shall establish a department for receiving internal reporting (HOYA Help Line), and this department shall serve as a point to receive reporting of conduct, etc. that is in violation of the HOYA Business Conduct Guidelines, laws and regulations, the Company's Articles of Incorporation, internal regulations or socially accepted conventions, or to provide advice thereof (excluding those related to Executive Officers and CCO). The contents of reports to the department for receiving internal reporting and the response to such reports shall be reported to the Audit Committee on a regular basis. Any unfair treatment of the person reporting or the person seeking advice (including any retaliatory measures such as dismissal, salary reduction, transfer, or harassment) is also prohibited. (*since March 1, 2022)

- (v) Systems for reporting matters concerning performance of duties of employees of the HOYA Group and Directors, etc. of the Company's subsidiaries

The performance of duties for each business division shall be reported at the regularly held Budgetary Meetings. As provided for by the internal rules of the HOYA Group, each business division (including the subsidiaries operating inside the respective business division) shall obtain the approval of the Group Headquarters for the matters stipulated by the rules and report the occurrence of important matters to the Group Headquarters and the Company's Executive Officers.

[Operation Status]

In the fiscal year, decisions were made on important matters in businesses and Group Headquarters in accordance with the Rule of HOYA Group headquarters approval process based on the above policies from perspectives of improving efficiency and value of the entire HOYA Group.

At the Budgetary Meetings held quarterly, risks and opportunities in each business environment were discussed, policies and measures were developed and results thereof were verified, and these were reported to the Board of Directors.

The HOYA Business Conduct Guidelines, which is a code of ethics based on HOYA's Corporate Mission and Management Principles, were posted on the Group's portal site with printed copies distributed to employees who have difficulty accessing the portal site for all employees of the HOYA Group to understand the Group's mission and compliance policies and to act accordingly in everyday life. Employees annually undergo training on the HOYA Business Conduct Guidelines at their respective workplaces to increase understanding thereof and to affirm their intention to act accordingly.

Executive Officers reported to the Chairperson of the Audit Committee, after confirming the Guidelines.

The HOYA Help Line, which receives reports and consultation requests from employees of the HOYA Group, has been established since 2003. If there is any act that violates laws and regulations or the HOYA Business Conduct Guidelines, the HOYA Help Line, while protecting the informer, deals with it quickly and appropriately, recognizing the problem early and making the relevant organization to exert a self-corrective function, and responds to it to ensure the soundness of the Group as a whole. Up to the end of the consolidated fiscal year ended March 2022, the system was introduced into Japan, North America (U.S. and Canada), Thailand, the European region, Philippines, Singapore, Australia, Malaysia, Korea, Vietnam, Brazil, Taiwan, South Africa and India, and a portion of it is operated in conformity with business customs and laws and regulations of the country or region.

The contents of reports to the HOYA Help Line and the response to such reports were reported to the Audit Committee on a regular basis.

(2) Important matters in the execution of duties by the Audit Committee

- (i) Matters concerning Directors and employees assisting the Audit Committee in its duties

The Audit Committee Office shall be established to assist the Audit Committee in its duties.

- (ii) Matters concerning independence from the Executive Officers of Directors and employees stated in the above item and matters on securing effectiveness of instructions to Directors, etc. stated in the above item

The Audit Committee has the power to appoint and dismiss staff members of the Audit Committee Office.

- (iii) Systems required for reports to the Audit Committee by Executive Officers and employees of the Company,

systems required for reports to the Audit Committee by Executive Officers and employees, etc. of subsidiaries, and systems required to ensure a person who reports to the Audit Committee does not receive unfair treatment

The Board of Directors Regulations was amended to require reporting of all important matters to the Board of Directors, where Independent Directors comprise the majority of Board members. As a result, reports to the Board of Directors began to cover all important matters. For this reason, no special stipulations are established regarding matters that need to be reported to the Audit Committee.

The person responsible for the management of each respective business division shall swiftly report information being stored or managed in each organization inside the HOYA Group including subsidiaries operating within the business division as requested by the Audit Committee or the Internal Audit Department.

A department for receiving internal reporting (HOYA Help Line) shall be established under the Audit Committee, and this department shall serve as a point to receive reporting of conduct, etc. that is in violation of laws and regulations, the Company's Articles of Incorporation, internal regulations or socially accepted conventions, or to provide advice thereof. Any unfair treatment of the person reporting or the person seeking advice (including any

retaliatory measures such as dismissal, salary reduction, transfer, or harassment) is prohibited. (*until February 28, 2022)

A contact point for receiving internal reporting concerning Executive Officers and the CCO shall be established in the Audit Committee Office to receive reports from within the HOYA Group regarding violations of laws and regulations, the Company's Articles of Incorporation, internal regulations, and socially accepted conventions, or to provide advice thereof. Any unfair treatment (including any retaliatory measures such as dismissal, reduction in salary, transfer, harassment, etc.) of the person reporting or the person seeking advice is also prohibited. (*since March 1, 2022)

- (iv) Matters regarding procedures for advanced payment or reimbursement of costs arising through execution of duties at Audit Committee, or other costs or obligations arising through execution of other duties for members of the Audit Committee

Concerning claims for costs arising through execution of duties at the Audit Committee for members of the Audit Committee, when there are claims from each member of the Audit Committee, appropriate processing of relevant costs or obligations will be performed expeditiously under deliberation by departments and divisions concerned, except in cases when the costs relating to the relevant claims were not necessary for the execution of the relevant duties.

- (v) Other systems to ensure the effectiveness of audits by the Audit Committee

The Internal Audit Department shall conduct audits focusing on onsite audits of each place of business inside the HOYA Group, including subsidiaries, according to the audit policies and plans adopted by the Audit Committee and based on the cost budget to implement them, and shall report to the Audit Committee as the occasion demands. The rules of the Audit Committee stipulate the details and ensure the effectiveness thereof.

[Operation Status]

The Audit Committee Office has been established to assist the Audit Committee in its duties.

The Internal Audit Department has been established under the Audit Committee Office, and staff members have been assigned thereto. The Audit Committee Office and Internal Audit Department are organizations fully independent from the executive department.

The Internal Audit Department conducted audits of each business place of the HOYA Group, including overseas subsidiaries, according to the audit policies and plans adopted by the Audit Committee and based on the cost budget to implement them.

Moreover, persons in charge of internal audits are assigned to each division, separately from the Internal Audit Department, and carry out internal audits within each division. The Internal Audit Department provides the Audit Committee with reports on content of audits carried out by the persons in charge of internal audits assigned to each division.

The Internal Audit Department endeavors to expand areas subject to audit and increase the frequency of audits, in cooperation with the persons in charge of internal audits assigned to each division.

The Audit Committee received regular reports on the status of audit implementation and the contents of reports to the HOYA Help Line and the responses thereto, and provided advice as necessary.

- (3) System for ensuring reliability of financial reporting

The HOYA Group shall establish and manage a system of internal controls for financial reporting and build a system for evaluating its financial reporting to ensure the reliability of its financial reporting and valid, appropriate submission of internal control reports as prescribed in the Financial Instruments and Exchange Act.

[Operation Status]

The department in charge of internal controls placed in the Group Headquarters conducted hearing of reports from each business division's manager responsible for supervising the establishment and operation of the respective division's internal control system. These were conducted on a regular basis on matters concerning confirmation of the PDCA cycle of the respective system, and on an as-needed basis on matters concerning any change in systems or environments, understanding of any problem or issue, or occurrence of any event that may cast doubt on effectiveness of any internal control system. The results of the aforementioned were reported to the CFO, who is responsible for supervising internal controls, and the CEO, who is ultimately responsible for the Audit Committee and internal controls.

2) Basic Policy for Eliminating Antisocial Forces

A meeting of the Board of Directors resolved to adopt the following basic policy for the elimination of antisocial forces. We shall have no association whatsoever with antisocial forces, and deal with undue claims made by such forces resolutely as an organization in cooperation with specialized external agencies.

[Operation Status]

Preventive measures, including a credit investigation at the time of conclusion of a transaction agreement and steps taken in the agreement, have been taken. The Company has assigned persons in charge to the Group Headquarters and made them known as the point of contact in case of any problem throughout the Company and established a system through which it can respond as an organization, strengthening linkage with the police and lawyers.

2. Basic Policy on Parties that Control Decisions Concerning Corporate Finance and Business Policies

The Company does not have a specific basic policy in this regard. However, the Company's basic view is as follows:

The Company takes the view that judgment should ultimately lie with shareholders when an acquisition proposal and the like is made with the transfer of management control as its objective. Currently no concrete threat regarding acquisition emerges. The Company has no intention to fix concrete arrangements (so-called "countermeasures against takeovers") before the emergence of any such proposal. The responsibility of management is not to take unnecessary actions to defend companies from takeovers. As an entity that operates for the benefit of its shareholders, the Company considers it crucial to increase the return of profit to shareholders and increase its corporate value by constantly monitoring transactions of its shares and changes to its shareholders, to improve its business performance and increase its financial strength with the greater objective of achieving further growth.

If an acquisition or similar proposal is made, the Company considers it important to provide the information shareholders require to make a judgment based on an examination of the proposal made by the proposer. If the Company believes that the proposal will not increase the corporate value of the Company and benefit the common interest of its shareholders, it will clearly explain to the shareholders the reasons that form the background to its position, and try to obtain the understanding of shareholders.

3. Policy Concerning Decisions on Appropriation of Retained Earnings, etc.

The Company aims to maximize the HOYA Group's corporate value by developing businesses globally and changing the business portfolio to conform to the changing times and environments.

With respect to capital policy, the Company's basic policy is to adopt decisions that strike the optimum balance between ensuring internal reserves for the future growth of the HOYA Group and returning profits to shareholders, while pursuing the optimum capital structure for the Company that includes financial soundness and capital efficiency.

In addition, by promoting management that gives priority to capital efficiency by realizing maximum profitability from the assets entrusted to the Company by the shareholders, and taking further steps toward management that gives priority to SVA (Shareholder Value Added), which is measured as the profit generated by the Company's operating activities minus the cost of capital, i.e. the profit expected by shareholders, the Company aim for "Maximization of Corporate Value."

Internal reserves for future growth will be preferentially appropriated to investment in the growing businesses for market share expansion, entry into untapped markets, and nurturing and obtaining new technologies. In addition to growth of existing businesses, the Company will also proactively pursue possibilities including mergers and acquisitions to further enrich our business portfolio.

With respect to returning profit to shareholders, the Company's policy is to proactively return profit to shareholders through using surplus funds for dividends and the share repurchases while giving comprehensive consideration to the operating performance of the current term, level of internal reserves, and the medium to long term capital demands and capital structure, among other factors.

Coupled with the interim dividend of 45 yen per share already paid, the annual dividend will be 110 yen per share. The consolidated dividend payout ratio was 24.6%.

By the above policy, the Company's total shareholder return (TSR) was 270. As a comparative indicator, the Tokyo Stock Price Index's TSR (including dividends) was 144.

This indicates a principal amount invested on March 31, 2017, indexed at 100, with performance thereafter indicating share price changes plus dividends.

4. Policy Regarding Cross-shareholding

The HOYA Corporate Governance Guidelines stipulate that we will not practice cross-shareholding as a share stability measure. With regard to shares of other companies held for their usefulness from a business management standpoint, our policy is to appropriately sell off holdings that have become less meaningful. In fiscal 2021, the Company held shares of three public companies. The Company's Board of Directors decided to sell the shares of two of these because they judged it less significant to keep holding them.

Corporate Governance

The Company promotes management with the aim of maximizing its corporate value based on the recognition that corporate governance is a matter of utmost importance for management.

As the basis of taking a fair approach to stakeholders, we adopted a “company with Nomination Committees, etc.” structure simultaneously with the revision of the Companies Act in 2003, which enables us to better distinguish the execution and supervision of management to prevent management from being conducted based solely on in-house logic. We have also set forth in the Articles of Incorporation that the majority of Directors consist

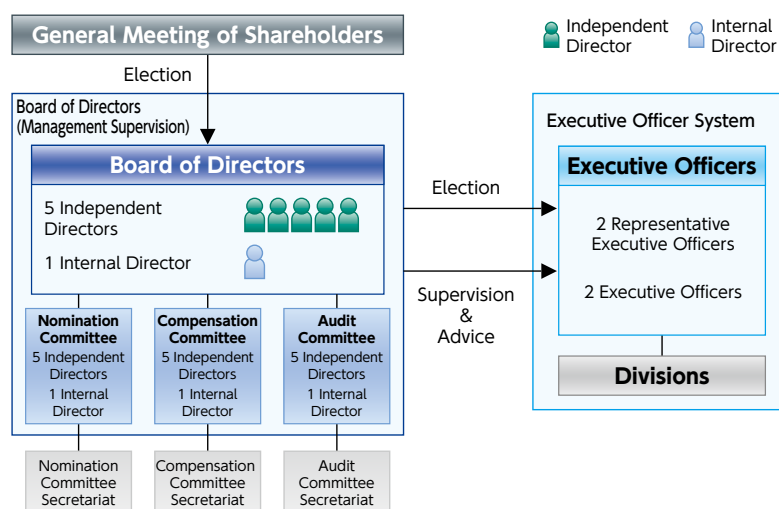
of Independent Directors, who actively supervise management by Executive Officers and provide advice in order to improve corporate value from an objective and broad perspective.

The Company also gives Executive Officers the authority and responsibility for the execution of operations, in order to accelerate decision making and improve management efficiency.

The Company established HOYA Corporate Governance Guidelines at the meeting of the Board of Directors, and intends to enhance corporate governance structure and to introduce better governance systems by revising the guidelines.

Please see the HOYA Corporate Governance Guidelines at https://www.hoya.com/wp-content/uploads/2022/04/Governance_Guideline_E_en.pdf

Corporate Governance Structure (As of March 31, 2022)



Board of Directors

The Company's Board of Directors, in which Independent Directors comprise the majority of Board members, convene regular Board meetings 10 times a year as a general rule.

Each meeting of the Board of Directors involves lively discussions and deliberations in a solemn atmosphere, with globally-minded Independent Directors with a wealth of management experience supervising the execution of operations by Executive Officers and providing them with inquiries and advice from various angles. The Board of Directors also works to obtain information as necessary on trends in legal changes and corporate governance by holding lectures by outside experts and through other means. In fiscal 2021*, the Board of Directors was comprised of 5 Independent Directors and 1 Internal Director, with one of the Independent Directors being a female. Board of Directors meetings were convened 9 times, with 100% attendance by all Director. Based on the Board of Director Regulations, the Board of Directors addresses statutory matters, approves quarterly budgets, approves quarterly earnings reports, deliberates on M&A, deliberates on the executive organization, and receives reports on the current status and medium- to long-term plans of each business division. In the past, the Board of Directors has conducted self-assessment

where a survey of the management and effectiveness by the Board of Directors and three committees was conducted annually. However, this time, due to the change of the CEO, the effectiveness of the Board of Directors and the three committees has been evaluated by a third party, including interviews with Directors and Executive Officers. Due to the timing of the change, the results of this evaluation will be reported in the Corporate Governance Report in August 2022.

* A new structure has been in place since March 1, 2022, and one Internal Director is a non-executive director.

Executive Officers

Having the structure of a “company with Nomination Committees, etc.,” the authority of the HOYA Board of Directors is entrusted to Executive Officers, enabling swift execution of business. Since March 1, 2022, a new structure has been established following the change of CEO. Currently, four persons – namely, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Business Development Officer (CBDO) and Chief Legal Officer (CLO), and Chief Sustainability Officer (CSO) have been nominated by the Nomination Committee as candidates for Executive Officers and elected at the Board of Directors meetings. Each of them oversees the execution of operations in their respective jurisdictions determined by the Board of Directors, and carries out decision-making in a speedy fashion. The Executive Officers instruct the Group Headquarters and the person responsible for the business divisions to establish and carry out specific measures based on the management policy determined by the Board of Directors. Budgetary Business Division Meetings are held every quarter in each business division, with attendance by all Executive Officers. At these meetings, each division’s progress is checked vis-a-vis the annual plan and deliberations are held on plans for the coming quarter. Business operations in each business division are largely delegated to the manager responsible for the business division, who carries out the action plan approved at the Budgetary Meeting. In addition to CEO, CFO, CBDO & CLO and CSO also attend each meeting of the Board of Directors.

*Prior to the establishment of the new structure on March 1, 2022, there was a Chief Technology Officer (CTO) and Chief Legal Officer (CLO) and Head of Corporate Development and Affairs instead of Chief Business Development Officer (CBDO) and Chief Legal Officer (CLO) and Chief Sustainability Officer (CSO).

Committees

The Board of Directors has internal organizations, namely, “Nomination Committee,” “Compensation Committee” and “Audit Committee,” each of which consists of Independent Directors and non-executive Director.

Nomination Committee

The Nomination Committee, on which all Directors (6 Directors as of the end of fiscal 2021)* have a seat, fairly and rigorously selects candidates for Directors (ensuring said candidates possess knowledge, expertise, and capabilities suited to HOYA’s business environment), based on the “Basis for Election of Candidates for Directors,” and proposes the candidates to the General Meeting of Shareholders for voting. The Committee also fairly and rigorously selects candidates (with knowledge, expertise, and capabilities suited to HOYA’s business environment) for Executive Officers and the Representative Executive Officer, based on the “Standard for Election of Candidates for Executive Officer,” and proposes the candidates to the Board of Directors for voting. In cases that meet the criteria for dismissal, the Committee makes decisions to propose the dismissal of Directors to the General Meeting of Shareholders and the dismissal of Executive Officers to the Board of Directors for voting. The Committee sets out the criteria for independence of candidates for Directors, which is stricter than the rules by Tokyo Stock Exchange so that a function

of overseeing Executive Officers required to Independent Directors is secured. The requirements for the independence of candidates for Independent Directors are described on the page 19 of the Reference Material. Nomination Committee meetings were convened 12 times in the fiscal year ended March 31, 2022, with 100% attendance by all committee members. During the fiscal year under review, the Nomination Committee spent a great deal of time discussing the Nomination Committee's important issue of CEO change, including with outside experts.

*Prior to March 1, 2022, the Committee comprised 5 Independent Directors only, but from March 1, 2022, an Internal Director (non-executive Director) joined the Committee, bringing the number of members to 6.

Compensation Committee

The Compensation Committee, on which all Directors (6 Directors as of the end of fiscal 2021)* hold a seat, builds a remuneration structure that gives more incentives to Directors and Executive Officers and assesses their work in an appropriate manner, with the aim to help improve the Company's business performance. The Compensation Committee determines the remuneration of Directors and Executive Officers on an individual basis. The policy of Compensation Committee is shown on the pages 39-44. Compensation Committee meetings were convened 11 times in fiscal 2021, with 100% attendance by all committee members. Deliberations during the fiscal year under review paid particular attention to remuneration in the new executive organization.

*Prior to March 1, 2022, the Committee comprised 5 Independent Directors only, but from March 1, 2022, an Internal Director (non-executive Director) joined the Committee, bringing the number of members to 6.

Audit Committee

The Audit Committee, on which all Directors (6 Directors as of the end of fiscal 2021)* hold a seat, formulates the audit policies and audit plans for each fiscal year, and verifies financial statements, etc. based on the quarterly reports and year-end reports received from the Accounting Auditor according to such policies and plans. It also interviews the Internal Audit Department to obtain the results of operational audits, and verifies the soundness, legality, efficiency, etc. of management. All important matters are reported to the Board of Directors, and countermeasures are taken as necessary. Audit Committee meetings were convened 9 times in fiscal 2021, with 100% attendance by all committee members. Deliberations during the fiscal year under review focused on reports from the Accounting Auditor and Internal Audit Department, while providing advice and suggestions to the executive team with regard to the issues that came to light.

*Prior to March 1, 2022, the Committee comprised 5 Independent Directors only, but from March 1, 2022, an Internal Director (non-executive Director) joined the Committee, bringing the number of members to 6.

Consolidated Statement of Financial Position (As of March 31, 2022)

(Millions of yen)

Item	Amount	Item	Amount
<u>ASSETS</u>		<u>EQUITY AND LIABILITIES</u>	
Non-current assets:	309,874	<u>EQUITY</u>	
Property, plant and equipment–net	169,665	Equity attributable to owners of the Company:	803,851
Goodwill	39,648	Share capital	6,264
Intangible assets	35,768	Capital reserves	15,899
Investments in associates	930	Treasury shares	(68,310)
Long-term financial assets	54,078	Other capital reserves	(11,570)
Other non-current assets	688	Retained earnings	802,815
Deferred tax assets	9,098	Accumulated other comprehensive income	58,753
		Non-controlling interests	(14,795)
Current assets:	682,965	Total equity	789,056
Inventories	91,441	<u>LIABILITIES</u>	
Trade and other receivables	134,174	Non-current liabilities:	56,404
Other short-term financial assets	7,223	Interest-bearing long-term debt	13,763
Income taxes receivable	2,526	Other long-term financial liabilities	23,863
Other current assets	28,197	Retirement benefit liabilities	3,766
Cash and cash equivalents	419,404	Provisions	2,671
		Other non-current liabilities	2,262
		Deferred tax liabilities	10,079
		Current liabilities:	147,380
		Interest-bearing short-term debt	7,837
		Trade and other payables	61,984
		Other short-term financial liabilities	647
		Income tax payables	23,126
		Provisions	1,474
		Other current liabilities	52,312
		Total liabilities	203,783
Total assets	992,839	Total equity and liabilities	992,839

Consolidated Statement of Comprehensive Income (From April 1, 2021 to March 31, 2022)

(Millions of yen)

Item	Amount	
Continuing operations		
Revenue:		
Sales	661,466	
Finance income	1,718	
Other income	7,141	670,325
Expenses:		
Changes in inventories of goods, products and work in progress	(3,422)	
Raw materials and consumables used	106,464	
Employee benefits expense	143,250	
Depreciation and amortization	43,019	
Subcontracting cost	4,356	
Advertising and promotion expense	13,186	
Commissions expense	37,589	
Impairment losses	1,078	
Finance costs	1,664	
Share of loss of associates	45	
Foreign exchange (gain)/loss	(5,838)	
Other expenses	118,228	459,619
Profit before tax		210,706
Income tax expense		45,384
Profit for the year from continuing operations		165,322
Profit for the year		165,322
Other comprehensive income/(loss):		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Financial assets measured at fair value through other comprehensive income	3,060	
Remeasurements of the net defined benefit liability (asset)	290	
Income tax relating to components of other comprehensive income	(832)	2,517
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	46,850	
Share of other comprehensive income of associates	142	
Income tax relating to components of other comprehensive income	(11)	46,981
Other comprehensive income/(loss)		49,498
Total comprehensive income for the year		214,821
Profit attributable to:		
Owners of the Company	164,507	
Non-controlling interests	815	165,322
Total comprehensive income attributable to:		
Owners of the Company	214,130	
Non-controlling interests	691	214,821

Consolidated Statement of Changes in Equity (From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at April 1, 2021	6,264	15,899	(43,560)	(10,354)	710,274
Comprehensive income/(loss) for the year					
Profit for the year					164,507
Other comprehensive income/(loss)					
Total comprehensive income/(loss) for the year					164,507
Transactions with owners					
Contributions by and distributions to owners					
Acquisition of treasury shares			(65,764)	(0)	
Disposal of treasury shares			1,921	(1,314)	
Cancellation of treasury shares			39,093		(39,093)
Dividends, 90 yen per share					(33,220)
Change in non-controlling interests				—	
Share-based payments				98	
Transfer to retained earnings					347
Total contributions by and distributions to owners	—	—	(24,750)	(1,217)	(71,966)
Total transactions with owners	—	—	(24,750)	(1,217)	(71,966)
Balance at March 31, 2022	6,264	15,899	(68,310)	(11,570)	802,815

	Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	Remeasurements of the net defined benefit liability (asset)	Share of other comprehensive income of associates	Accumulated other comprehensive income/(loss)	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at April 1, 2021	7,527	4,002	—	(2,053)	9,477	688,000	(15,589)	672,412
Comprehensive income/(loss) for the year								
Profit for the year						164,507	815	165,322
Other comprehensive income/(loss)	2,285	46,958	238	142	49,623	49,623	(125)	49,498
Total comprehensive income/(loss) for the year	2,285	46,958	238	142	49,623	214,130	691	214,821
Transactions with owners								
Contributions by and distributions to owners								
Acquisition of treasury shares						(65,764)		(65,764)
Disposal of treasury shares						607		607
Cancellation of treasury shares						—		—
Dividends, 90 yen per share						(33,220)	(89)	(33,309)
Change in non-controlling interests						—	191	191
Share-based payments						98		98
Transfer to retained earnings	(109)		(238)		(347)	—		—
Total contributions by and distributions to owners	(109)	—	(238)	—	(347)	(98,279)	103	(98,177)
Total transactions with owners	(109)	—	(238)	—	(347)	(98,279)	103	(98,177)
Balance at March 31, 2022	9,703	50,960	—	(1,910)	58,753	803,851	(14,795)	789,056

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 16, 2022

To the Board of Directors of
HOYA CORPORATION :

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Unlimited Liability
Engagement Partner,
Certified Public Accountant:

Koichi Kuse

Designated Unlimited Liability
Engagement Partner,
Certified Public Accountant:

Takuya Sumita

Designated Unlimited Liability
Engagement Partner,
Certified Public Accountant:

Osamu Hattori

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements of HOYA CORPORATION and its consolidated subsidiaries (the "Group"), namely, the consolidated statement of financial position as of March 31, 2022, and the consolidated statement of comprehensive income and consolidated statement of changes in equity for the fiscal year from April 1, 2021 to March 31, 2022, and the related notes.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022, and its consolidated financial performance for the year then ended in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the

controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting standards prescribed pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting that omit a part of the disclosures required under International Financial Reporting Standards, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader.

Nonconsolidated Balance Sheet

(As of March 31, 2022)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	175,883	Current liabilities	72,536
Cash and deposits	91,439	Notes payable – trade	284
Notes receivable – trade	2,060	Electronically recorded obligations – operating	4,807
Accounts receivable – trade	41,111	Accounts payable – trade	30,903
Merchandise and finished products	9,998	Accounts payable – other	5,619
Work in process	3,936	Accrued expenses	4,202
Raw materials and supplies	4,168	Accrued income taxes	14,987
Short-term loans receivable from subsidiaries and affiliates	944	Advances received	336
Current portion of long-term loans receivable from subsidiaries and affiliates	5,328	Deposits received	5,083
Accounts receivable from subsidiaries and affiliates – other	11,164	Accrued bonuses to employees	3,658
Others	6,959	Warranties provision	166
Allowance for doubtful accounts	(1,224)	Others	2,492
Non-current assets	208,731	Long-term liabilities	2,598
Property, plant and equipment-net	17,188	Asset retirement obligations	1,514
Buildings	4,482	Reserve for periodic repairs	413
Structures	181	Others	671
Melting furnaces	60		
Machinery and equipment	1,717	Total liabilities	75,134
Vehicles	4		
Tools, equipment and fixtures	6,547	NET ASSETS	
Land	4,047	Shareholders' equity:	308,646
Construction in progress	148	Share capital	6,264
Intangible assets	3,172	Capital reserve	15,899
Patents	0	Additional paid-in capital	15,899
Software	1,026	Retained earnings	354,793
Others	2,145	Legal reserve	1,566
Investments and other assets	188,372	Other retained earnings	353,227
Investment securities	28,283	Reserve for advanced depreciation of fixed assets	95
Equity securities of subsidiaries and affiliates	140,220	Unappropriated retained earnings	353,132
Investments in capital	2	Treasury shares – at cost	(68,310)
Investments in subsidiaries and affiliates	6,730	Valuation and translation adjustments	266
Long-term loans receivable from subsidiaries and affiliates	3,558	Unrealized gain on available-for-sale securities	266
Long-term prepaid expenses	333	Stock acquisition rights	568
Claims in bankruptcy	103		
Deferred tax assets	3,353	Total net assets	309,480
Others	6,025		
Allowance for doubtful accounts	(235)	Total liabilities and net assets	384,614
Total assets	384,614		

Nonconsolidated Statement of Income

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

Item	Amount	
Net sales		231,650
Cost of sales		123,809
Gross profit		107,842
Selling, general and administrative expenses		60,495
Operating income		47,347
Non-operating income		
Interest income	766	
Dividend income	162,300	
Commissions received	10,398	
Foreign exchange gain	820	
Others	999	
		175,284
Non-operating expenses		
Interest expense	185	
Provision of allowance for doubtful accounts	627	
Others	24	
		836
Ordinary income		221,795
Extraordinary income		
Gain on sales of property, plant and equipment	791	
Gain on sales of investment securities	1,451	
Gain on reversal of stock acquisition rights	21	
Others	0	
		2,263
Extraordinary losses		
Loss on disposal of non-current assets	109	
Loss on valuation of shares of subsidiaries and affiliates	423	
Severance payments	127	
Others	12	
		671
Profit before income taxes		223,387
Income taxes - current	22,598	
Additional income taxes collected	8,000	
Income taxes - deferred	(369)	
		30,230
Profit for the year		193,157

Nonconsolidated Statement of Changes in Equity

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Shareholders' equity						
	Share capital	Capital reserve		Legal reserve	Retained earnings		Total retained earnings
		Additional paid-in capital	Total capital surplus		Reserve for advanced depreciation of fixed assets	Unappropriated retained earnings	
Balance at April 1, 2021	6,264	15,899	15,899	1,566	103	233,458	235,127
Changes during the current fiscal year							
Reversal of reserve for advanced depreciation of fixed assets					(8)	8	—
Dividends from retained earnings						(33,220)	(33,220)
Profit for the year						193,157	193,157
Acquisition of treasury shares							
Disposal of treasury shares						(1,178)	(1,178)
Cancellation of treasury shares						(39,093)	(39,093)
Changes in items other than shareholders' equity during the current fiscal year – net							
Total changes during the current fiscal year	—	—	—	—	(8)	119,674	119,666
Balance at March 31, 2022	6,264	15,899	15,899	1,566	95	353,132	354,793

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury shares - at cost	Total shareholders' equity	Unrealized gain/(loss) on available-for-sale securities	Total valuation and translation adjustments		
Balance at April 1, 2021	(43,560)	213,729	880	880	627	215,237
Changes during the current fiscal year						
Reversal of reserve for advanced depreciation of fixed assets		—				—
Dividends from retained earnings		(33,220)				(33,220)
Profit for the year		193,157				193,157
Acquisition of treasury shares	(65,764)	(65,764)				(65,764)
Disposal of treasury shares	1,921	743				743
Cancellation of treasury shares	39,093	—				—
Changes in items other than shareholders' equity during the current fiscal year – net			(614)	(614)	(59)	(673)
Total changes during the current fiscal year	(24,750)	94,916	(614)	(614)	(59)	94,243
Balance at March 31, 2022	(68,310)	308,646	266	266	568	309,480

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 16, 2022

To the Board of Directors of
HOYA CORPORATION:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Unlimited Liability
Engagement Partner,
Certified Public Accountant:

Koichi Kuse

Designated Unlimited Liability
Engagement Partner,
Certified Public Accountant:

Takuya Sumita

Designated Unlimited Liability
Engagement Partner,
Certified Public Accountant:

Osamu Hattori

Opinion

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the nonconsolidated financial statements of HOYA CORPORATION. (the "Company"), namely, the nonconsolidated balance sheet as of March 31, 2022, and the nonconsolidated statement of income and nonconsolidated statement of changes in equity for the 84th fiscal year from April 1, 2021 to March 31, 2022, and the related notes and the accompanying supplemental schedules.

In our opinion, the accompanying nonconsolidated financial statements present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Audit Committee for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit Committee is responsible for overseeing the Officers and Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying

transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with it all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Companies Act of Japan for the conveniences of the reader. The accompanying supplemental schedules referred to in this report are not included in the attached financial documents.

Audit Committee's Audit Report

AUDIT REPORT

The members of the Audit Committee of the Company audited the performance of the Directors and Executive Officers of their duties during the 84th fiscal year from April 1, 2021 to March 31, 2022. We hereby report the method and results thereof:

1. AUDIT METHOD AND ITS CONTENTS

We received periodic reports from the Directors, Executive Officers and others concerning the state of construction and management of the system (internal control system) established in accordance with the resolutions of the Board of Directors concerning matters provided for in (b) and (e) of item (1), paragraph (1), Article 416 of the Companies Act, requested explanations and expressed its opinions as necessary. In addition, we attended important meetings, received reports from Directors, Executive Officers and others on matters concerning the performance of their duties, requested explanations whenever necessary, inspected documentation of important decisions, etc. and investigated the state of activities and assets at the head office and major business offices of the Company in accordance with the audit policy and the assignment of duties, etc. established by the Audit Committee and in collaboration with the audit department of the Company.

Regarding internal controls over financial reports, we received reports on the evaluation of the internal controls and the state of audits from Executive Officers and others, as well as Deloitte Touche Tohmatsu LLC, and requested explanations as necessary.

With respect to subsidiaries, we communicated and exchanged information with directors and auditors thereof, and received business reports from the subsidiaries whenever necessary.

We also monitored the Company's Independent Auditors to verify that they maintained a position of independence and conducted proper audits. We received reports from the Independent Auditors on the state of execution of their duties, and asked them for explanations whenever necessary. Additionally, we received from the Independent Auditors a letter that they were taking steps to build the System for Ensuring Adequate Execution of Duties (pursuant to the items of Article 131 of the Ordinance on Company Accounting) in accordance with the Standards for Quality Control of Audit (Business Accounting Council, October 28, 2005), and asked the Independent Auditors for explanations whenever necessary.

Based on the method described above, we examined the business report, financial statements (consisting of the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to the non-consolidated financial statements), their supplementary schedules, and consolidated financial statements (consisting of the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, and notes to the consolidated financial statements, prepared by omitting certain items required to be disclosed by the International Financial Reporting Standards and pursuant to the provisions of the latter part of paragraph (1), Article 120 of the Ordinance on Company Accounting) for the current fiscal year.

2. AUDIT RESULTS

(1) Results of the audit of the business report, etc.

- A. We are of the opinion that the business report and its supplementary schedules fairly present the state of the Company in accordance with laws, ordinances and the Articles of Incorporation.
- B. We are of the opinion that, in connection with the performance by the Directors or Executive Officers of their duties, no dishonest act or material fact of violation of laws, ordinances or the Articles of Incorporation exists.
- C. We are of the opinion that the resolution of the Board of Directors concerning the internal control system was reasonable. We are of the opinion that, in connection with the descriptions in the Business Report or the performance by the Directors or Executive Officers of their duties concerning said internal control system, no matter that needs to be pointed out exists.

(2) Results of the audit of the financial statements and their supplementary schedules

We are of the opinion that the method and results of the audit made by Deloitte Touche Tohmatsu LLC, the Company's Independent Auditors, are in order.

(3) Results of the audit of the consolidated financial statements

We are of the opinion that the method and results of the audit made by Deloitte Touche Tohmatsu LLC, the Company's Independent Auditors, are in order.

May 26, 2022

Audit Committee
HOYA CORPORATION

Yukako Uchinaga	Member of the Audit Committee
Mitsudo Urano	Member of the Audit Committee
Shuzo Kaihori	Member of the Audit Committee
Hiroaki Yoshihara	Member of the Audit Committee
Yasuyuki Abe	Member of the Audit Committee
Hiroshi Suzuki	Member of the Audit Committee

Note: The Members of the Audit Committee, Yukako Uchinaga, Mitsudo Urano, Shuzo Kaihori, Hiroaki Yoshihara and Yasuyuki Abe are outside directors as provided in the item (15), Article 2 and paragraph (3), Article 400 of the Companies Act.

Notice

Notice concerning online disclosure of HOYA Integrated Report

In order for shareholders to better understand business activities of the HOYA Group, HOYA CORPORATION discloses the HOYA Integrated Report online.

The HOYA Integrated Report (Business Review 2022) will be available at our website around September. We hope you will find the Report useful.

Notice concerning report of resolutions and results of exercise of voting rights at the Ordinary General Meeting of Shareholders

The Company will disclose the resolutions along with the results of exercise of voting rights on our website.

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

Shareholders' Memo

Business year:	From April 1 every year to March 31 of the following year
Date to determine shareholders who are entitled to receive year-end dividend payments:	March 31
Date to determine shareholders who are entitled to receive interim dividend payments:	September 30
Ordinary General Meetings of Shareholders:	June every year
Transfer agent	
Account management institution for the special accounts:	Sumitomo Mitsui Trust Bank, Limited
Contact:	Stock Transfer Agency Business Planning Department Sumitomo Mitsui Trust Bank, Limited 2-8-4 Izumi, Suginami-ku, Tokyo 168-0063, Japan Toll free phone: 0120-782-031 Office hours: from 9:00 a.m. to 5:00 p.m., excluding Saturdays, Sundays and national holidays
Market:	The Tokyo Stock Exchange
Method for public notice:	Electronic Public Notice URL for the notice: https://www.hoya.com/en/ (However, if the Company is unable to publish public notices by electronic means because of an accident or any other unavoidable event, public notices shall be published in the <i>Nihon Keizai Shimbun</i> .)

Internet Disclosure Accompanying the Notice of the 84th Ordinary General
Meeting of Shareholders

State of Stock Acquisition Rights, etc.

Consolidated Statement of Cash Flows (Reference Information, Unaudited)

Notes to the Consolidated Financial Statements

Notes to the Nonconsolidated Financial Statements

(From April 1, 2021 to March 31, 2022)

State of Stock Acquisition Rights, etc.

Stock acquisition rights owned by Directors and Executive Officers of the Company that have been issued as compensation for their execution of duties as of the end of the fiscal year

Issue (Date of resolution)	14 th issue of stock acquisition rights (December 19, 2013)	15 th issue of stock acquisition rights (December 18, 2014)	16 th issue of stock acquisition rights (December 17, 2015)	17 th issue of stock acquisition rights (December 22, 2016)	18 th issue of stock acquisition rights (January 30, 2018)	19 th issue of stock acquisition rights (September 18, 2018)	20 th issue of stock acquisition rights (July 30, 2019)	21 st issue of stock acquisition rights (July 28, 2020)	22 nd issue of stock acquisition rights (July 29, 2021)	
Number of stock acquisition rights	300	91	182	154	48	309	50	60	100	
Type and number of shares to be issued on exercise of stock acquisition rights	120,000 common share	36,400 common share	72,800 common share	61,600 common share	19,200 common share	123,600 common share	20,000 common share	24,000 common share	40,000 common share	
Exercise price per share	2,846 yen	3,972.5 yen	4,928 yen	4,839 yen	5,765 yen	6,590 yen	8,542 yen	10,490 yen	15,080 yen	
Contribution of stock acquisition right	No contribution is required in exchange for a stock acquisition right.									
Exercise period	October 1, 2014 – September 30, 2023	October 1, 2015 – September 30, 2024	October 1, 2016 – September 30, 2025	October 1, 2017 – September 30, 2026	October 1, 2018 – September 30, 2027	October 1, 2019 – September 30, 2028	October 1, 2020 – September 30, 2029	October 1, 2021 – September 30, 2030	October 1, 2022 – September 30, 2031	
Outline of terms and conditions for the exercise of stock acquisition rights	-Exercise of stock acquisition rights is permitted under certain conditions even after retiring from the post due to the expiration of term of office or mandatory retirement age. -Inheritance or transfer of the stock acquisition rights, creation of a pledge concerning the rights, etc. are not permitted.									
Number of owners/[Number of stock acquisition rights]										
State of ownership	Directors (excluding Independent Directors) and Executive Officers	0 [0]	2 [58]	3 [74]	3 [94]	0 [0]	4 [209]	0 [0]	1 [10]	1 [10]
	In-dependent Directors	0 [0]	0 [0]	0 [0]	0 [0]	1 [10]	4 [29]	4 [25]	4 [36]	5 [90]

(Reference Information) **Consolidated Statement of Cash Flows**
(Unaudited)

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Amount
Cash flows from operating activities	
Profit before tax	210,706
Depreciation and amortization	43,019
Impairment losses	1,078
Finance income	(1,718)
Finance costs	1,664
Share of profit of associates	45
Gain on sales of property, plant and equipment	(704)
Loss on disposal of property, plant and equipment	120
Gain on sale of businesses	(1,656)
Foreign exchange gain	(4,882)
Others	(2,001)
Cash generated from operations (before movements in working capital)	245,671
Movements in working capital	
Increase in inventories	(7,092)
Increase in trade and other receivables	(8,696)
Increase in trade and other payables	5,700
Increase in retirement benefit liabilities and provisions	702
Subtotal	236,284
Interest received	955
Dividends received	42
Interest paid	(366)
Income taxes paid	(47,291)
Income taxes refunded	431
Net cash generated from operating activities	190,055
Cash flows from investing activities	
Withdrawals of time deposits	212
Payments for time deposits	(217)
Proceeds from sales of property, plant, and equipment	1,469
Payments for acquisition of property, plant, and equipment	(28,872)
Proceeds from sales of investments	219
Payments for acquisition of investments	(195)
Proceeds from sale of subsidiaries	2,040
Payments for acquisition of subsidiaries	(120)
Proceeds from sale of businesses	1,588
Payments for acquisition of businesses	(2,102)
Other proceeds	277
Other payments	(3,597)
Net cash used in investing activities	(29,298)
Cash flows from financing activities	
Dividends paid to owners of the Company	(33,201)
Dividends paid to non-controlling interests	(89)
Net decrease in short-term borrowings	(200)
Repayments of long-term borrowings	(23)
Repayments of lease liabilities	(8,217)
Proceeds from sale of treasury shares	0
Payments for purchase of treasury shares	(65,764)
Proceeds from exercise of stock options	607
Capital contribution from non-controlling interests	164
Net cash used in financing activities	(106,722)
Net increase in cash and cash equivalents	54,034
Cash and cash equivalents at the beginning of the year	334,897
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	30,473
Cash and cash equivalents at the end of the year	419,404

(Notes)

1. Numbers in parentheses () in the consolidated statement of cash flows are outflows of cash and cash equivalents.
2. Figures presented above are rounded to the nearest unit.

Notes to the Consolidated Financial Statements

Important items for the preparation of the consolidated financial statements

1. Preparation of consolidated financial statements

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards with some omissions of a part of disclosures pursuant to the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting.

2. Basis of consolidation

Number of consolidated subsidiaries 141 companies
Names of major consolidated subsidiaries HOYA HOLDINGS, INC.
HOYA HOLDINGS N.V.
HOYA HOLDINGS (ASIA) B.V.
HOYA HOLDINGS ASIA PACIFIC PTE LTD
During the fiscal year, 3 companies were newly established while 1 company was merged, 2 companies were liquidated and 2 companies were sold.
Consequently, the number of consolidated subsidiaries decreased by 2 during the fiscal year.

3. Application of the equity method

Number of associates accounted for by the equity method 11 companies
Name of major associate AvanStrate Inc.

4. Items related to accounting policies

(1) Basis and method of evaluation of financial assets

Financial assets are classified as "financial assets measured at amortized cost," "financial assets measured at fair value through other comprehensive income" ("FVTOCI") or "financial assets measured at fair value through profit and loss" ("FVTPL").

1) Financial assets measured at amortized cost

Such financial assets are held within a business model whose objective is to hold financial assets to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. It is measured at amortized cost by using the effective interest method.

2) FVTOCI

Such financial assets are measured at fair value through other comprehensive income if both of the following conditions are met:

- (i) the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- (ii) the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The change in fair value is recognized in other comprehensive income.

HOYA CORPORATION and its subsidiaries (the "Group") recognizes the changes in fair value in other comprehensive income for the equity instruments that the Group irrevocably elected to account for the subsequent changes in fair value within other comprehensive income.

3) FVTPL

Any other securities not included in the classifications above is classified into financial assets measured at fair value through profit and loss. The change in fair value is recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets measured at amortized cost. The Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. If the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the lifetime expected credit losses. For trade receivables, the Group always measures allowance for doubtful accounts at an amount equal to the lifetime expected credit losses. The Group assesses the expected credit losses by using the change in the risk of a default or aging of trade receivables, or other factors. Expected credit losses are recognized in profit or loss.

(2) Basis and method of evaluation of inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for the inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. Costs, including purchase costs, process costs, storage costs, and all other costs incurred in bringing the inventories to present location and condition, are assigned to inventories mainly by the average method. The production costs include an appropriate portion of fixed and variable overhead expenses.

(3) Basis and method of evaluation, depreciation and amortization of property, plant, and equipment and intangible assets (other than goodwill)

1) Property, plant, and equipment

The Group applies the cost model for measuring property, plant, and equipment.

Property, plant, and equipment are stated at cost, net of accumulated depreciation and impairment losses. Properties under construction for production, supply, or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment losses. Cost includes the expenses directly attributable to the assets, the initial estimated costs relating to scrap, removal and retirement, and, for qualifying assets, the borrowing cost for long-term projects. Depreciation of these assets commences when the assets are available for their intended use.

When significant components of property, plant, and equipment are required to be replaced periodically, the Group recognizes such parts as individual assets to be depreciated with specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Property, plant, and equipment, other than land and construction in progress, are depreciated mainly on a straight-line basis over the estimated useful lives listed below. The estimated useful lives, residual values, and depreciation method are reviewed at each year-end, with the effect of any changes in estimate being accounted for on a prospective basis.

Buildings and structures	3-50 years
Machinery and carriers	3-10 years
Tools, equipment and fixtures	2-10 years

2) Intangible assets

The Group uses the cost model for measuring intangible assets. Intangible assets are carried at cost, less accumulated amortization and impairment losses.

A. Intangible assets acquired separately and/or acquired in a business combination

Intangible assets acquired separately are carried at cost at initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill at their fair value at the acquisition date when they satisfy the definition of intangible assets, are identifiable, and their fair value is reasonably measured.

B. Internally generated intangible assets – research and development expenses

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) the intention to complete the intangible asset and use or sell it;
- (c) the ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits;
- (e) the availability of adequate technical, financial, and other resources to complete development and to use or sell the intangible asset; and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally generated intangible assets is the sum of the expenses incurred from the date when the intangible assets first meet all of the recognition criteria listed above. The assets are amortized over the estimated period in which the development costs are expected to be recovered. If no future economic benefit is expected before the end of the life of assets, the residual book value is expensed.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortization and impairment losses. Where no internally generated intangible asset can be recognized, development costs are recognized as an expense in the period in which they are incurred.

C. Amortization of intangible assets

Amortization is recognized on a straight-line basis over the estimated useful lives below. The Group does not have any intangible assets with indefinite useful lives.

Technology	5-20 years
Customer-related assets	5-16 years
Software	3- 5 years

3) Impairment of property, plant and equipment and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there are any indications that those assets have suffered impairment losses. If any indications exist, the recoverable amount of the cash-generating unit, to which the asset belongs, is estimated in order to determine the extent of the impairment losses (if any).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

(4) Leases

As a lessee, the Group recognizes a right-of-use asset and a lease liability at the commencement date. The lease liability is measured at the present value of the lease payments that are not paid at the commencement date. The right-of-use asset is measured at cost comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, any initial direct costs incurred and an estimate of costs, such as the cost to dismantle and remove the underlying asset to the original condition required by the terms and conditions of lease contracts.

After the commencement date, the right-of-use asset is depreciated on a straight-line basis over the useful life or lease term, whichever is shorter.

The lease payments comprise of interest expense recognized as finance costs in the Consolidated Statement of Comprehensive Income and repayments of the lease liability that are calculated by the interest method. The Group does not recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and for leases of low-value assets. The Group recognizes the lease payments associated with these leases as expense on straight-line basis over the lease term or other systematic basis.

As a lessor, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

At the commencement date, the asset held under a finance lease is recognized on the Consolidated Statement of Financial Position and presented as a receivable at an amount equal to the net investment in the lease.

The assets held under an operating lease are on the Consolidated Statement of Financial Position and the lease payments received are recognized as income on a straight-line basis over the lease term in the Consolidated Statements of Comprehensive Income.

(5) Goodwill

Goodwill arising from the acquisition of a business is recognized as an asset at the date that control is acquired (i.e., the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the acquisition-date amounts of the net fair value of the identifiable assets acquired and liabilities assumed. Goodwill is not amortized but is reviewed for impairment at least annually. Goodwill is recorded at cost, less accumulated impairment losses in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognized for goodwill are not reversed in subsequent periods. Upon disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of profit or loss upon disposal.

(6) Method of accounting for significant provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation by outflow of resources embodying economic benefits, and a reliable estimate can be made of the amount of the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period (i.e., future cash outflow), taking into account the risks and uncertainties surrounding the obligation.

Where the time value of money is material, a provision is measured by its present value to which estimated future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the obligation. Interest cost associated with the passage of time is recognized as a finance cost.

The types of provisions are as follows:

1) Asset retirement obligation

The Group recognizes provisions for an asset retirement obligation reserve for estimated costs arising from a contractual obligation to a landlord to dismantle and remove leasehold improvements from a leased office at the end of the lease contract, and estimated costs to decontaminate certain fixed assets. An asset retirement obligation is provided based on past experience of actual cost and each asset is considered individually. The discount rate depends on the useful life of the corresponding assets and the country in which such assets are located. Future expected timing of outflow of economic benefits is mainly more than one year from each reporting period.

2) Warranties provision

Warranties provision is estimated and recognized based on past experience of the occurrence of defective goods and the expected after service costs in the warranty period. Expected outflow of economic benefits in the future is within one year from each reporting period.

3) Contingent liabilities assumed in a business combination

Contingent liabilities resulting from a business combination are initially measured at fair value on the date of acquisition. Subsequent to initial recognition, such contingent liabilities are remeasured considering expected future payments, possible occurrence, and timing of payments at each reporting period.

(7) Method of accounting for retirement benefits

For defined benefit plans, the cost of providing retirement benefits is determined using the projected unit credit method with actuarial valuations being carried out at the end of each reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable), and the return on plan assets (other than interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognized in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

Service cost, including current service cost, past service cost, as well as gains or losses on curtailments and settlements;

Net interest expense or income; and

Remeasurement.

The Group presents the first two components of defined benefit cost in profit or loss as "Employee benefits expense" or "Finance cost."

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service to the Group.

(8) Revenue recognition

The Group recognizes revenue based on the five-step approach below:

Step 1: Identify the contracts with customers

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Group sells health care related products, medical related products, electronics related products, imaging related products, etc. and recognizes revenue when the control of products is transferred to the customer and the performance obligation is satisfied by the Group on the shipping or delivery date. For service contracts such as maintenance contracts for medical related products, revenue is recognized equally over the contract period because the performance obligation is considered to be satisfied over time. Revenue is measured at the transaction price of the consideration received or receivable less discount, rebate and consumption taxes.

(9) Basis for translation of assets and liabilities denominated in foreign currencies

1) Foreign currency transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (i.e., its functional currency). For the purpose of the consolidated financial statements, the financial results, financial position, and cash flows of each group entity are presented in Japanese yen, which is the functional currency of the Group and the presentation currency for the consolidated financial statements. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognized in profit or loss during the period.

2) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into Japanese yen at the foreign exchange rates prevailing at the end of the reporting period. The revenues and expenses of foreign operations are translated into Japanese yen at the average rates of exchange for the year. Where there are material fluctuations in exchange rates, the exchange rate at the transaction date is used. Foreign exchange differences arising from translation are initially recognized as exchange differences on translation of foreign operations in other comprehensive income and accumulated in "accumulated other comprehensive income," which are reclassified from equity to profit or loss on disposal of the net investment and included in "other expenses" in the consolidated statement of comprehensive income.

5. Significant accounting estimates and judgments

In preparing the consolidated financial statements, management makes estimates and assumptions about the future. The estimates and assumptions are based on management's best estimates, which consider historical experience and factors believed to be reasonable as of the end of fiscal year, may differ from the actual results due to their nature. As the impact of the novel coronavirus on the consolidated fiscal year was limited, a reasonable estimate was made based on the assumption that the impact on the following consolidated fiscal year and beyond will also be limited.

The item for which management made estimates and judgments in the consolidated financial statements for the fiscal year that has a significant impact on the consolidated financial statements for the following fiscal year is as follows.

Recoverability of suspense payments of income taxes

Amounts recorded in the consolidated financial statements for the fiscal year

Other current assets ¥20,460 million

Other Matters

As described in "Note 3. Other Current Assets" to the Consolidated Statements of Financial Position, for each of the five fiscal years ended March 31, 2007 through 2011, the three fiscal years ended March 31, 2012 through 2014 and the four fiscal years ended March 31, 2015 through 2018, the Company received a reassessment notice from the Tokyo Regional Taxation Bureau ("TRTB") for additional taxes on the transfer pricing taxation for transactions with overseas subsidiaries that develop and manufacture electronics-related products.

As a result of seeking withdrawal of the assessment in accordance with the relevant law, the Company received a written verdict from the National Tax Tribunal (the "Tribunal"), which partially canceled the reassessments. However, the Company disagrees with the remaining findings of the Tribunal's verdict that maintains portions of the reassessment and expects to appeal the findings in court to seek cancellation of all the reassessments by the tax authorities. Consequently, the paid amounts of ¥7,916 million, ¥4,544 million and ¥8,000 million for each period were capitalized as suspense payments of income tax.

Depending on the outcome of the lawsuit related to the cancellation of the reassessment etc., there may be a material impact on the consolidated financial statements for the following fiscal year.

Notes to the Consolidated Statement of Financial Position

1. Allowance for doubtful accounts directly deducted from assets

Trade and other receivables	¥2,965 million
Long-term financial assets	¥385 million

2. Accumulated depreciation of property, plant and equipment

Property, plant and equipment – net	¥443,546 million
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Accumulated depreciation includes impairment losses of property, plant and equipment.

3. Other current assets

On June 26, 2013, the Company received a reassessment notice from the TRTB for additional taxes on the transfer pricing taxation for transactions with overseas subsidiaries that develop and manufacture electronics-related products for the five fiscal years ended March 31, 2007 to 2011. The Company has lodged an objection with the TRTB seeking withdrawal of the assessment in accordance with the relevant law.

On March 29, 2018, the Company received a written verdict from the Tribunal, which partially cancels the reassessments. The Company disagrees with the remaining findings of the Tribunal's verdict that maintains portions of the reassessment and the Company expects to appeal the findings in court to seek cancellation of all the reassessments by the tax authorities. Consequently, the paid amount of ¥7,916 million is included in "Other current assets" as a suspense payment.

On June 27, 2018, the Company received a reassessment notice from the TRTB for additional taxes on the transfer pricing taxation for transactions with overseas subsidiaries that develop and manufacture electronics-related products for the three fiscal years ended March 31, 2012 to 2014. The Company has lodged an objection with TRTB seeking withdrawal of the assessment in accordance with the relevant law.

On November 11, 2020, the Company received a written verdict from the Tribunal, which partially cancels the reassessments. The Company disagrees with the remaining findings of the Tribunal's verdict that maintains portions of the reassessment and the Company expects to appeal the findings in court to seek cancellation of all the reassessments by the tax authorities. Consequently, the paid amount of ¥4,544 million is included in "Other current assets" as a suspense payment.

On June 29, 2021, the Company received a reassessment notice from the TRTB for additional taxes on the transfer pricing taxation for transactions with overseas subsidiaries that develop and manufacture electronics-related products for the four fiscal years ended March 31, 2015 to 2018. The Company disagrees with the findings of the reassessment notice and expects to appeal the findings in court to seek cancellation of all the reassessments by the tax authorities. Consequently, the paid amount of ¥8,000 million is included in "Other current assets" as a suspense payment.

Notes to the Consolidated Statement of Comprehensive Income

1. Other income

Gain on sale of subsidiaries is recorded at ¥2,135 million and gain on sale of businesses is recorded at ¥1,656 million.

2. Reclassification adjustments and tax effects related to other comprehensive income/ (loss)

(1) Remeasurements of net defined benefit liability (asset)

Gains/ (loss) arising during the year	¥290 million
<u>Tax-effect adjustment</u>	<u>¥(52) million</u>
<u>Total</u>	<u>¥238 million</u>

(2) Assets measured at fair value through other comprehensive income

Gains/ (loss) arising during the year	¥3,060 million
<u>Tax-effect adjustment</u>	<u>¥(781) million</u>
<u>Total</u>	<u>¥2,279 million</u>

(3) Exchange differences on translation of foreign operations

Gains/ (loss) arising during the year	¥46,952 million
<u>Reclassification adjustments</u>	<u>¥(101) million</u>
Total amount before tax-effect adjustment	¥46,850 million
<u>Tax-effect adjustment</u>	<u>¥(11) million</u>
<u>Total</u>	<u>¥46,839 million</u>

(4) Share of other comprehensive income of associates

Gains/ (loss) arising during the year	¥142 million
<u>Reclassification adjustments</u>	<u>¥1 million</u>
<u>Total</u>	<u>¥142 million</u>

Total other comprehensive income/ (loss) ¥49,498 million

Notes to the Consolidated Statement of Changes in Equity

1. Type and number of issued shares at March 31, 2022

Ordinary shares	369,702,020 shares
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2. Dividend-related items

(1) Dividends paid

1) Dividends resolved by the Board of Directors on May 28, 2021

• Total dividends	¥16,619 million
• Dividends per share	¥45
• Record date	March 31, 2021
• Effective date	June 1, 2021

2) Dividends resolved by the Board of Directors on October 28, 2021

• Total dividends	¥16,602 million
• Dividends per share	¥45
• Record date	September 30, 2021
• Effective date	November 30, 2021

(2) Dividends whose record date falls within this fiscal year but the effective date falls within the next fiscal year

Dividends resolved by the Board of Directors on May 26, 2022

• Total dividends	¥23,732 million
• Source of payment	Retained earnings
• Dividends per share	¥65
• Record date	March 31, 2022
• Effective date	June 1, 2022

3. Type and equivalent number of shares resulting from the potential exercise of stock acquisition rights outstanding at the end of the fiscal year (excluding the rights whose exercise period has not yet commenced)

Ordinary shares	435,300shares
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Notes Concerning Financial Instruments

1. Items concerning financial instruments

(1) Market risks

1) Foreign currency risk

The Group intends to marry major currencies the Group uses (Euro, U.S. dollar, and Japanese yen) in settlements of receivables/payables resulting from operating activities. Specifically, the subsidiaries that continuously conduct import or export transactions retain foreign currencies obtained from exports of goods for payables on imported supplies. This enables the Group to mitigate foreign currency risk. Additionally, the Company, having multiple SBUs that conduct finance and dividend transactions, and holding companies that receive dividends from their subsidiaries and distribute them to the Company and/or other Group companies, sometimes falls into a disparity of foreign currency debt-credit balances in receivables, liabilities, and/or bank deposits. This might cause significant gains or losses on foreign exchange differences when the Japanese yen appreciates or depreciates against the U.S. dollar or the Euro, or when the Euro appreciates or depreciates against the U.S. dollar.

The Group's policy generally does not permit the use of derivative instruments such as forward foreign exchange contracts. However, in certain circumstances in which the use of such derivatives is determined to be beneficial, the Group may enter into contracts upon obtaining formal approval from the Chief Financial Officer ("CFO") of the Group in accordance with its Group headquarters approval process. For instance, in order to hedge foreign currency exposures on intercompany receivables, payables, and dividends, the Company occasionally enters into forward foreign exchange contracts.

2) Interest rate risk

The portion of the interest-bearing debt in financing is small. Therefore, the interest rate risk is insignificant.

3) Price risk in equity instruments

The Group is exposed to equity price risks arising from equity instruments (i.e., listed shares). These investments are held as part of business strategy, not for short-term trading purposes. The Group does not sell these investments frequently and periodically reviews the fair value of these instruments as well as the financial condition of investees.

(2) Credit and liquidity risks

The Group manages its credit risk by setting credit limits that are approved by the authorized personnel of each SBU.

Ultimate responsibility for liquidity risk management rests with the CFO of the Group, who is appointed by the Board of Directors. Based on the instructions from the CFO, the financial headquarters of the Group mainly manages the Group's liquidity risk by maintaining an appropriate level of retained earnings and credit facilities and monitors the actual cash flows and forecasted cash flows. The credit lines for commercial paper are secured for temporary cash shortages due to dividends or bonus payments.

2. Notes concerning the fair value of financial instruments

As of March 31, 2022 (the end of the fiscal year), the carrying amount of financial instruments in the consolidated statement of financial position, the fair values of those instruments, and the differences between them were as follows:

The carrying amount in the consolidated statement and the fair value are approximate.

(Millions of yen)

	Carrying amount in the consolidated statement of financial position*	Fair value*	Difference
Long-term financial assets	52,364	52,279	(86)
Total assets	52,364	52,279	(86)
Interest-bearing debt	(1,043)	(1,024)	19
Other financial liabilities	(23,863)	(21,913)	1,950
Total liabilities	(24,906)	(22,938)	1,969

* The balances of liabilities are presented as the numbers in parentheses.

3. Notes concerning the breakdowns of financial instruments by fair value hierarchy

The fair value of financial instruments is categorized into Levels 1 to 3 depending on the observability and importance of inputs from which the fair value was derived.

Level 1: Fair value derived from quoted prices in active markets for identical assets or liabilities.

Long-term financial assets classified as Level 1 consist of listed shares and are measured by market prices.

Level 2: Fair value derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

· Fair value of long term financial assets such as long-term loans to subsidiaries and affiliates and lease deposits are measured by the present value of future cash flows of each loan categorized according to a certain range of term and discounted by the risk-free rate, etc.

· Fair value of interest-bearing debt and other financial liabilities such as long-term guarantee deposits and long-term other payables is measured by the present value of future cash flows of each debt categorized according to a certain range of term and discounted by the interest rate that reflects the remaining period to the maturity and credit risk.

Level 3: Fair value derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

· FVTOCI financial assets classified as Level 3 mainly consist of unlisted shares and are measured using valuation techniques such as net asset approach, discount cash flow method or comparable company method.

· FVTPL financial liabilities classified as Level 3 consist of contingent considerations and are measured based on the achievement of milestones considering time value of money.

(1) Financial instruments that are measured at fair value

(Millions of Yen)

	Level 1	Level 2	Level 3	Total
Long-term financial assets	923	—	41,073	41,997
Total	923	—	41,073	41,997
Other financial liabilities *	—	—	(101)	(101)
Total	—	—	(101)	(101)

* The balances of liabilities are presented as the numbers in parentheses.

(2) Financial instruments that are measured at fair value on a non-recurring basis

(Millions of Yen)

	Level 1	Level 2	Level 3	Total
Long-term financial assets	—	10,282	—	10,282
Total	—	10,282	—	10,282
Interest-bearing debt*	—	(1,024)	—	(1,024)
Other financial liabilities*	—	(21,812)	—	(21,812)
Total	—	(22,836)	—	(22,836)

* The balances of liabilities are presented as the numbers in parentheses.

Notes Concerning Revenue recognition

1. Disaggregation of Revenue from Contracts with Customers

Revenues and results from continuing operations by the Group's reportable segments are as follows.

(Millions of Yen)

	Japan	Asia	Americas	Europe	Others	Total
Life Care						
Health Care related products	111,784	35,436	65,111	82,714	4,778	299,823
Medical related products	20,686	18,488	22,591	43,317	2,645	107,726
Life Care total	132,470	53,924	87,702	126,030	7,423	407,549
Information Technology						
Electronics related products	20,540	175,562	10,692	2,932	—	209,726
Imaging related products	8,824	28,510	746	597	1	38,677
Information Technology total	29,364	204,072	11,438	3,529	1	248,403
Other	2,829	684	767	1,235	—	5,514
Total revenue from external customers	164,663	258,679	99,907	130,794	7,424	661,466

2. Basic information to understand Revenue from Contracts with Customer

Please refer to (8) Revenue recognition of 4. Items related to accounting policies, Important items for the preparation of the consolidated financial statements

3. Information to understand Revenue amount for the current consolidated fiscal year and for the following consolidated fiscal year and thereafter

(1) Contract balances

Receivables from contracts with customers and contract liabilities are as follows. Contract liabilities consist mainly of advance received and advance received profit from customers. Contract liabilities increase by the receipt of consideration from a customer before the transfer of a good or service to the customer and decrease by satisfaction of the performance obligation.

(Millions of Yen)

	Contract balance
Receivables from contracts with customers	130,172
Contract liabilities	3,954

Note: Revenues recognized in the years ended 31 March 2022 that were included in the contract liability balances as at 1 April 2021 were 1,449 million yen.

Amount of revenue recognized in this reporting period from performance obligations satisfied (or partially satisfied) in previous periods is immaterial.

(2) Transaction price allocated to the remaining performance obligations

The Group uses the practical expedient of omitting the disclosure of information on the remaining performance obligations because it has no significant transactions with individual expected contractual terms exceeding one year. In addition, no significant considerations from contracts with customers are included in the transaction price and no significant financing components are included in consideration from contracts with customers.

(3) Assets recognized from the costs to obtain a contract with a customer

If the amortization period of the assets is one year or less, the Group uses the practical expedient of recognizing the incremental costs of obtaining the contract as an expense when incurred.

Notes to per Share Information

(1) Equity per share attributable to owners of the Company	¥2,201.68
(2) Basic earnings per share	¥446.45

Notes Concerning Significant Subsequent Events

(Cancellation of Treasury Shares)

The Board of Directors made a resolution to cancel certain shares held as the Company's treasury shares on March 24, 2022 pursuant to Article 178 of the Companies Act.

1. Reason for cancellation of treasury shares

The Company decided on the cancellation of treasury shares with the aim of increasing capital efficiency as well as enhancing shareholder benefit by decreasing the total number of outstanding shares. The Company cancelled 3,922,600 shares on April 7, 2022 which were repurchased under its repurchase plan approved by resolution of the Board of Directors on February 1, 2022.

2. Outline of cancellation

- (1) Class of shares: Common stock
- (2) Number of shares to be cancelled: 3,922,600 shares
(1.07% of total shares outstanding, excluding treasury shares)
- (3) Date of cancellation: April 7, 2022
- (4) Total number of issued and outstanding shares after the cancellation: 365,779,420 shares

(Repurchase of Shares)

The Board of Directors made a resolution to repurchase shares on May 6, 2022 based on Article 39 of Articles of Incorporation pursuant to Article 459.1 of the Companies Act of Japan as outlined below.

1. Reason for Share Repurchase

The Company decided to acquire its own shares with the aim of shareholders' benefit, improving capital efficiency and ensuring a flexible capital policy.

2. Outline of Share Repurchase

- (1) Class of shares: Common stock
- (2) Number of shares to be repurchased: 5,000,000 shares (maximum)
(1.37% of total shares outstanding, excluding treasury shares)
- (3) Total amount to be paid for repurchase: 60 billion yen (maximum)
- (4) Period of share repurchase: May 9, 2022 through July 20, 2022
- (5) Method of repurchase: Purchase on the Tokyo Stock Exchange based on discretionary investment contract
- (6) Others: Purchased stocks are planned to be cancelled with the aim of shareholders' benefit.

(Note) Figures in the consolidated financial statements and related notes are rounded to the nearest unit.

Notes to the Nonconsolidated Financial Statements

Significant Accounting Policies

1. Basis and methods for evaluation of marketable and investment securities
 - Investment securities in subsidiaries and affiliates: Cost determined by the moving-average method
 - Available-for-sale securities:
 - Marketable securities: Fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity
 - Non-marketable securities: Cost determined by the moving-average method
2. Basis and methods for evaluation of derivatives: Fair value
3. Basis and methods for evaluation of inventories: Primarily the lower of cost, determined by the average method, and net realizable value
4. Methods of depreciation of fixed assets:
 - Property, plant and equipment (excluding leased assets)
 - Depreciation is computed by the declining-balance method while the straight-line method is applied to buildings acquired on or after April 1, 1998 and building improvements and structures acquired on or after April 1, 2016.
 - The range of useful lives is principally from 15 to 50 years for buildings, from 4 to 15 years for machinery and equipment, and from 2 to 18 years for tools, equipment and fixtures.
 - Intangible fixed assets (excluding leased assets)
 - The straight-line method is applied. The period of amortization is 8 years for patents and 5 years for software.
 - Leased assets
 - The straight-line method over the lease terms with no residual value is applied for leases that do not transfer ownership of the leased assets to the lessee.
5. Basis for the conversion of foreign currency assets and liabilities
 - All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the nonconsolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the nonconsolidated statement of income.
6. Allowance, reserves, and provisions
 - (i) Allowance for doubtful accounts
 - The allowance for doubtful accounts is provided based on the Company's past experience of credit loss and an evaluation of the financial position of borrowers.
 - (ii) Accrued bonuses to employees
 - Accrued bonuses are provided at the year-end to which such bonuses are attributable in the current year.
 - (iii) Warranty provisions
 - Accrued warranty cost is estimated and recognized based on past experience of the occurrence of defective goods and the expected after service costs in the warranty period.
 - (iv) Reserve for periodic repairs
 - Reserve for periodic repairs is provided based on the actual expenses for the latest repairs for melting furnaces.
7. Revenue recognition
 - The Company recognizes revenue based on the five-step approach below:
 - Step 1: Identify the contracts with customers
 - Step 2: Identify the performance obligations in the contract
 - Step 3: Determine the transaction price
 - Step 4: Allocate the transaction price to the performance obligations in the contract
 - Step 5: Recognize revenue when the entity satisfies a performance obligation

The Company sells healthcare related products, medical related products, electronics related products, imaging related products, etc. and recognizes revenue when the control of products is transferred to the customer and the performance obligation is satisfied by the Company on the shipping or delivery date. For service contracts such as maintenance contracts for medical related products, revenue is recognized equally over the contract period because the performance obligation is considered to be satisfied over time. Revenues is measured at the transaction price of the consideration received or receivable less discount, rebate and consumption taxes.

Notes to Changes in Accounting Policies

Effective April 1, 2021, the Company adopted ASBJ Statement No. 29, "Accounting Standard for Revenue Recognition," issued on March 31, 2020 ("Revenue Recognition Accounting Standard") and ASBJ Guidance No. 30, "Implementation Guidance on Accounting Standard for Revenue Recognition," issued on March 26, 2021 and recognizes revenue at the amount expected to be received in exchange for promised goods or services when control of the goods or services is transferred to customers. Revenue is recognized at the time of shipment if the period from the time of shipment to the time when the control of the merchandise or product is transferred to the customer is normal in the domestic sales of the merchandise or product by applying the alternative treatment specified in paragraph 98 of the "Implementation Guidelines on Accounting Standards for Revenue Recognition".

With regard to the application of the revenue recognition accounting standards etc., the transitional treatment stipulated in the provisions of paragraph 84 of Revenue Recognition Accounting Standard is applied, and the cumulative effect of retrospectively applying the new accounting standard prior to the beginning of the current fiscal year was added or deducted to retained earnings at April 1, 2021 and a new accounting policy was applied from April 1, 2021. However, the effect of this accounting change for 2022 on retained earnings at April 1, 2021 was none. The effects on profit and loss for the current fiscal year were insignificant.

Effective April 1, 2021, the Company applied ASBJ Statement No. 30, "Accounting Standard for Fair Value Measurement" issued on July 4, 2019 etc. and in accordance with the transitional treatment stipulated in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of ASBJ statement No.10 "Accounting Standard for Financial Instruments" issued on July 4, 2019, the new accounting policy stipulated by the Accounting Standard for Fair Value Measurement etc. was applied into the future. The effects of this accounting change for 2022 were insignificant.

Notes to Significant accounting estimates and judgments

In preparing the financial statements, management makes estimates and assumptions about the future. The estimates and assumptions are based on management's best estimates, which consider historical experience and factors believed to be reasonable as of the end of fiscal year and may differ from the actual results due to their nature. As the impact of novel coronavirus on the fiscal year was limited, a reasonable estimate was made based on the assumption that the impact on the following consolidated fiscal year and beyond will also be limited. The item for which management made estimates and judgments in the financial statements for the fiscal year that has a significant impact on the financial statements for the following fiscal year is as follows.

Valuation of shares of subsidiaries and associates	
Amounts recorded in the financial statements for the fiscal year	<u>Equity securities of subsidiaries and affiliates</u> ¥140,220 million
Other Matters	
The Company assesses the impairment of equity securities of subsidiaries and affiliates without a market price by comparing the acquisition cost with the actual value. The Company's policy is to write down the book value to the actual value, when the actual value declines by 50% or more from the acquisition cost. The actual value is estimated based on the business plans of subsidiaries and affiliates and other factors. However, such estimates may affect the financial statements of the following fiscal year, if the business plans and other revisions are required to be modified due to change in uncertain economic conditions or other factors in the future.	

Notes to Revenue Recognition

Basis on comprehension of Revenue is set forth in "Significant Accounting Policies 7. Revenue recognition."

Notes to Nonconsolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment	¥104,123 million
Accumulated depreciation includes accumulated impairment losses.	
2. Monetary receivables from and payables to subsidiaries and affiliates (excluding classified items in the nonconsolidated balance sheet)	
(1) Short-term receivables	¥16,437 million
(2) Short-term payables	¥22,323 million

Notes to Nonconsolidated Statement of Income

1. Transactions with subsidiaries and affiliates	
(1) Sales	¥43,386 million
(2) Purchases including commissions	¥65,518 million
(3) Non-operating transactions	¥173,616 million

2. Additional income taxes collected

In June 2021, the Company received a notice of reorganization from the Tokyo Regional Taxation Bureau under the transfer pricing tax system. For this reason, in accordance with the "Auditing treatment for Accounting and Presentation of Taxes" (JCPA Audit and Assurance Practice Committee Report No.63), the Company expensed the impact of this reorganization and disposal of ¥8,000 million in the year ended March 31, 2022. Because there are clear differences between our assertions and the views of the Tokyo Regional Taxation Bureau, the Company are proceeding with procedures for cancellation of corrective actions in accordance with laws and regulations.

Notes to Nonconsolidated Statement of Changes in Equity

Matters relating to the number of treasury shares

Share class	Balance at April 1, 2021	Increase	Decrease	Balance at March 31, 2022
Ordinary shares	3,527,421 shares	4,345,909 shares	3,279,604 shares	4,593,726 shares

(Note)

Details of the increase and decrease in the number of treasury shares are as follows:

Increase due to repurchase of shares:	4,345,500 shares
Increase due to repurchase of odd-lot shares:	409 shares
Decrease due to cancellation of shares:	3,131,200 shares
Decrease due to sale of odd-lot shares	4 shares
Decrease on exercise of stock options:	148,400 shares

Notes Relating to Tax Effect Accounting

Breakdown of deferred tax assets and deferred tax liabilities that resulted in an accrual as of March 31, 2022

Deferred tax assets		
Valuation loss on shares of subsidiaries and affiliates	¥5,674 million	
Accrued bonuses	1,116	
Enterprise tax payable	745	
Valuation loss on investment securities	609	
Valuation loss on inventories	485	
Asset retirement obligations	469	
Excess of allowance for doubtful accounts	452	
Impairment losses	395	
Stock options	284	
Excess of depreciation	263	
Accrued social insurance premiums	175	
Reserve for periodic repairs	126	
Others	465	
Deferred tax assets – subtotal	11,257	
Valuation allowance	(7,644)	
Net amount of deferred tax assets	¥3,612	
Deferred tax liabilities		
Unrealized gain on available-for-sale securities	¥ (117) million	
Expenses related to disposal of asset retirement obligations	(101)	
Reserve for advanced depreciation of fixed assets	(42)	
Total amount of deferred tax liabilities	(259)	
Net amount of deferred tax assets	¥3,353	

Notes Concerning Transactions with Related Parties

1. Subsidiaries and affiliates

Type	Name of related parties	Ratio of voting rights	Relationship with related parties	Transaction details (Note 3)	Transaction amount (Millions of yen)	Balance sheet item	Balances due to or from related parties (Millions of yen)
Subsidiary	HOYA ELECTRONICS SINGAPORE PTE. LTD.	Direct ownership of 100.00%	Supplier Concurrent post of directors (Note 1)	Purchase of products	42,327	Accounts payable – trade	11,497
				Sales of products	8,328	Accounts receivable – trade	3,491
				Rendering of services	3,281	Accounts receivable – other from affiliates	872
Subsidiary	HOYA LENS THAILAND LTD.	Indirect ownership of 100.00%	Research and development Concurrent post of directors (Note 1)	Rendering of services	2,820	Accounts receivable – other from affiliates	7,656
Subsidiary	HOYA FINANCE JPY B.V.	Indirect ownership of 100.00%	Borrowings of funds (Note 4) Concurrent post of directors (Note 1)	Repayment of borrowings	62,086	Short-term loan from affiliates	–
				Interest payment	202	Accrued interest	–
Affiliate	AvanStrate Inc.	Direct ownership of 46.57%	Loans of funds (Note 5) Concurrent post of directors (Note 2)	Incorporation of deferred interest receivable into principal	219	loans receivable from subsidiaries and affiliates	8,887
				Interest received	–	Accrued revenue	727

(Note) Terms and conditions of transactions and the policies for determining them:

1. Employees of the Company concurrently serve as directors of the subsidiaries.
2. Employees of the Company concurrently serve as outside directors and outside auditors of the affiliate.
3. Transaction price is determined by negotiation, considering market prices and other factors.
4. Borrowings of funds from HOYA Finance JPY B.V is denominated in Japanese yen.
Interest rates on borrowings of funds are determined considering market rates.
5. Interest rates on loans are determined considering market rates.

The deferred interest receivable, which is calculated on the unpaid principal based on deferred interest rates, is incorporated into principal.

The due date of the AvanStrate loan is December 27, 2023. It will be repaid in six installments after a certain period of deferment, and deferred interests will be paid by batch payment on the due date. Of the unsettled amount, the balance to be collected within one year is ¥5,328 million.

Platinum owned by a subsidiary of the affiliate is pledged as collateral.

2. Directors, officers, and major individual shareholders

Type	Name of related parties	Ratio of voting rights	Relationship with related parties	Transaction details (Note 1)	Transaction amount (Millions of yen) (Note 2)	Balance sheet item	Balances due to or from related parties (Millions of yen)
Directors and officers	Mitsudo Urano	(Held) Direct ownership of 0.00%	Outside director of the Company	Exercises of stock options	31	—	—
Directors and officers	Shuzo Kaihori	(Held) Direct ownership of 0.00%	Outside director of the Company	Exercises of stock options	22	—	—
Directors and officers	Hiroaki Yoshihara	(Held) Direct ownership of 0.00%	Outside director of the Company	Exercises of stock options	50	—	—
Directors and officers	Ryo Hirooka	(Held) Direct ownership of 0.01%	Representative executive officer of the Company	Exercises of stock options	125	—	—

(Note) Terms and conditions of transactions and the policies for determining them:

1. Stock options were exercised in accordance with the contracts at the date of options granted.
2. Transaction amounts listed above are amounts paid upon exercise of stock options in the current fiscal year.

Notes to per Share Information

- | | |
|------------------------------|---------|
| (1) Equity per share | ¥846.08 |
| (2) Basic earnings per share | ¥524.20 |

Notes Concerning Significant Subsequent Events

(Cancellation of Treasury Shares)

The Board of Directors made a resolution to cancel certain shares held as the Company's treasury shares on March 24, 2022 pursuant to Article 178 of the Companies Act.

1. Reason for cancellation of treasury shares

The Company decided on the cancellation of treasury shares with the aim of increasing capital efficiency as well as enhancing shareholder benefit by decreasing the total number of outstanding shares. The Company cancelled 3,922,600 shares on April 7, 2022 which were repurchased under its repurchase plan approved by resolution of the Board of Directors on February 1, 2022.

2. Outline of cancellation

- (1) Class of shares: Common stock
- (2) Number of shares to be cancelled: 3,922,600 shares
(1.07% of total shares outstanding, excluding treasury shares)
- (3) Date of cancellation: April 7, 2022
- (4) Total number of issued and outstanding shares after the cancellation: 365,779,420 shares

(Repurchase of Shares)

The Board of Directors made a resolution to repurchase shares on May 6, 2022 based on Article 39 of Articles of Incorporation pursuant to Article 459.1 of the Companies Act of Japan as outlined below.

1. Reason for Share Repurchase

The Company decided to acquire its own shares with the aim of shareholders' benefit, improving capital efficiency and ensuring a flexible capital policy.

2. Outline of Share Repurchase

- (1) Class of shares: Common stock
- (2) Number of shares to be repurchased: 5,000,000 shares (maximum)
(1.37% of total shares outstanding, excluding treasury shares)
- (3) Total amount to be paid for repurchase: 60 billion yen (maximum)
- (4) Period of share repurchase: May 9, 2022 through July 20, 2022
- (5) Method of repurchase: Purchase on the Tokyo Stock Exchange based on discretionary investment contract
- (6) Others: Purchased stocks are planned to be cancelled with the aim of shareholders' benefit.

(Note) Figures in the nonconsolidated financial statements and related notes are rounded to the nearest unit.