

# HOYA Corporation

Q4 FY22 Earnings Presentation

May 8, 2023

# Forward-looking Statement

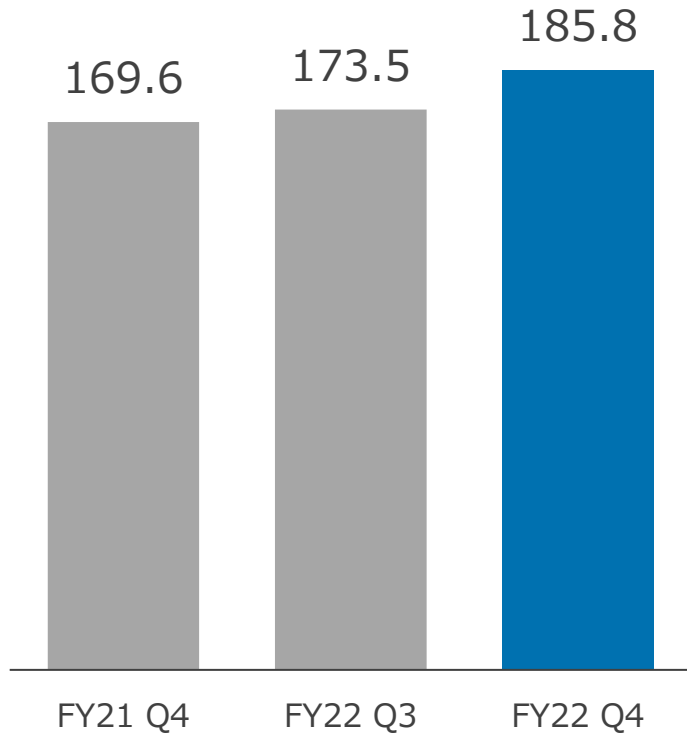
HOYA may make comments and disclose information which include forward-looking statements with respect to HOYA's plans and future performance. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements and are based on management's assumptions and beliefs in light of the information available when such statements were prepared, including exchange and interest rates, international situations, market trends and economic conditions, competition, production capacity, estimates of revenues, operating margins, capital expenditures, cash, other financial metrics, expected legal, arbitration, political, regulatory, clinical or research and development capabilities, results or practices, customer patterns or practices, reimbursement activities and outcomes, effects of pandemics or other widespread health problems such as COVID-19, and other such estimates and results. HOYA does not guarantee the accuracy or completeness of such information and HOYA does not undertake any obligation to update any forward-looking statements as a result of new information, future events or otherwise.

# 1. Q4 FY22 Financial Results

# Financial Overview

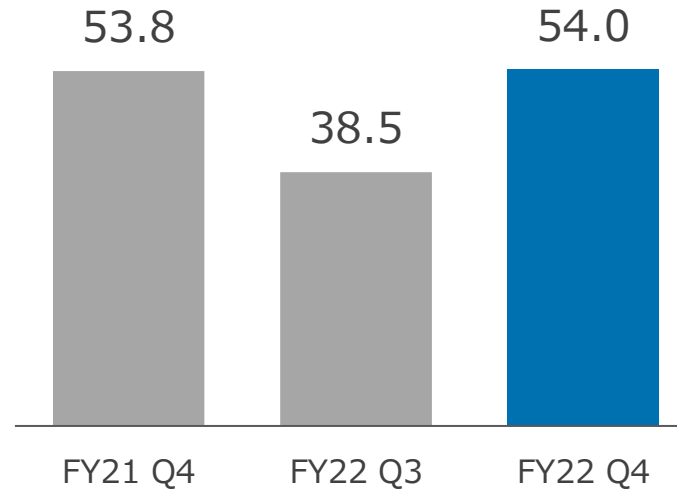
- Despite the impact of inventory adjustments in blanks, revenue and profit increased due to strong performance in the Life Care Business. Revenue reached a record high.
- Operating profit increased due to cost management in the Information Technology Business and improved profitability in the Life Care Business.

Revenue (¥bn)



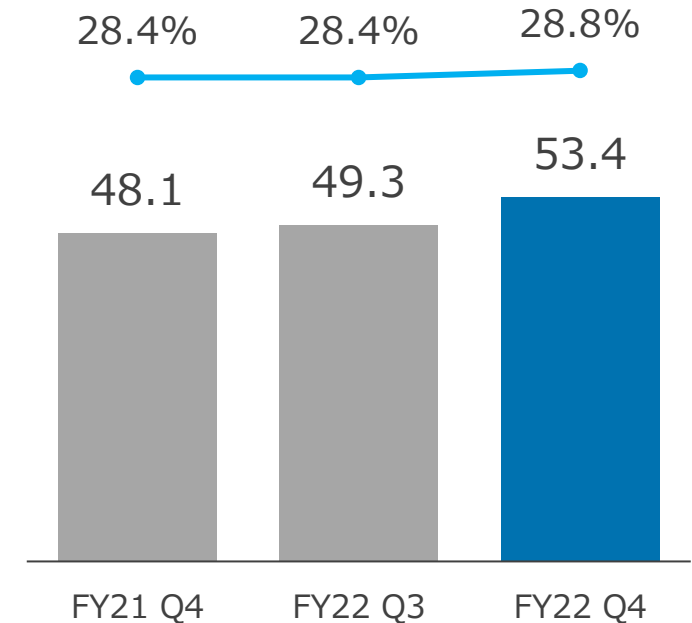
YoY +10% (CC\* +3%)

Pretax Profit (¥bn)



YoY +0% (CC -4%)

Cf. Operating Profit / OPM

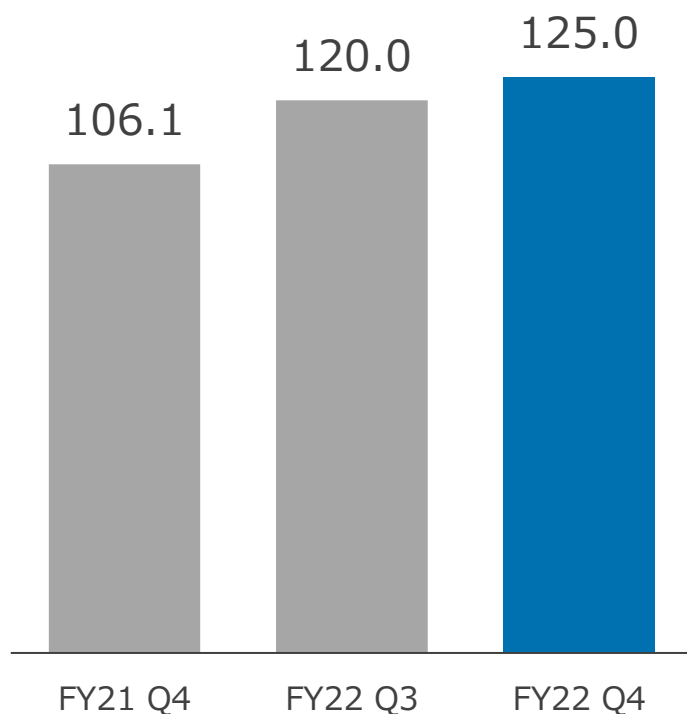


YoY +11% (CC +5%)

# Life Care Business Overview

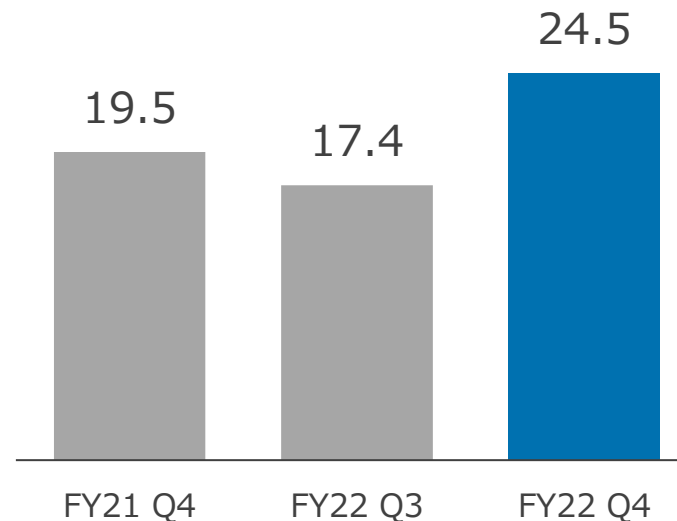
- Achieved double-digit sales growth mainly due to significant growth in eyeglass lenses, our largest business in Life Care.
- Profit margin exceeded target of 20%, driven by region/product mix etc.

Revenue (¥bn)



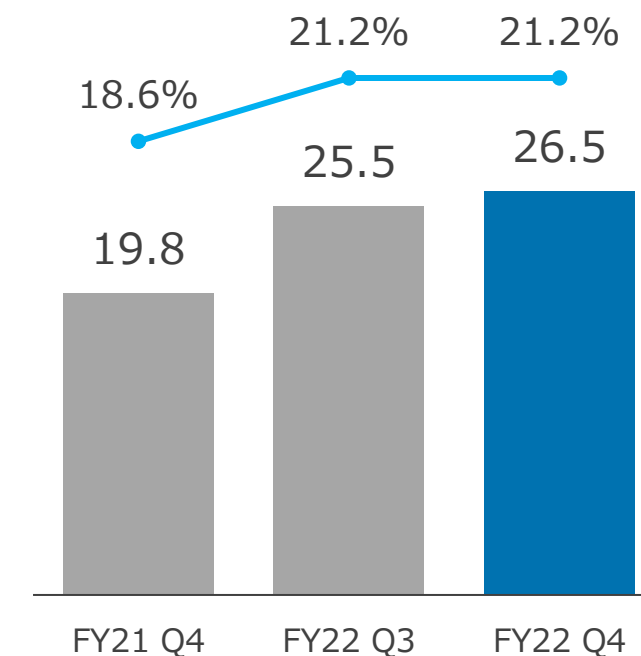
YoY +18% (CC +11%)

Pretax Profit (¥bn)



YoY +25% (CC +19%)

Cf. Operating Profit / OPM



YoY +34% (CC +27%)

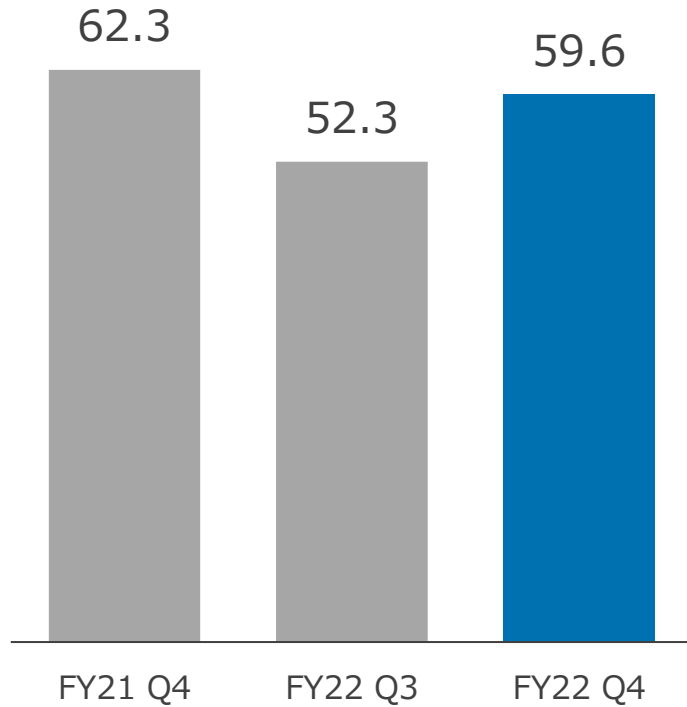
# Life Care Business Overview by Product

Product	YoY	YoY(CC)	Status in Q4 FY22	Future Outlook
Eyeglass Lenses	+22%	+13%	Improvement in US organization Snapback from COVID in China	Bolster product portfolio Strengthen chain store customer acquisition
Contact Lenses	+10%	+10%	Customer traffic exceeded pre-COVID level PB products & subscription drove strong performance	Boost PB sales Strengthen subscription service
Endoscopes	+9%	+0%	Despite firm sales in Europe, weakness in US led to flat sales	Launch new products including the high-end processor
IOLs	+23%	+16%	Significant increase in sales in all regions, including China, where there was a reactionary increase	Focus on value-added products such as tri-focal IOLs Continue to explore new regions
Artificial Bone, etc.	+21%	+15%	Pharmaceutical chromatography media and artificial bones drove growth	Stable growth expected to continue Expand capacity of chromatography media

# IT Business Overview

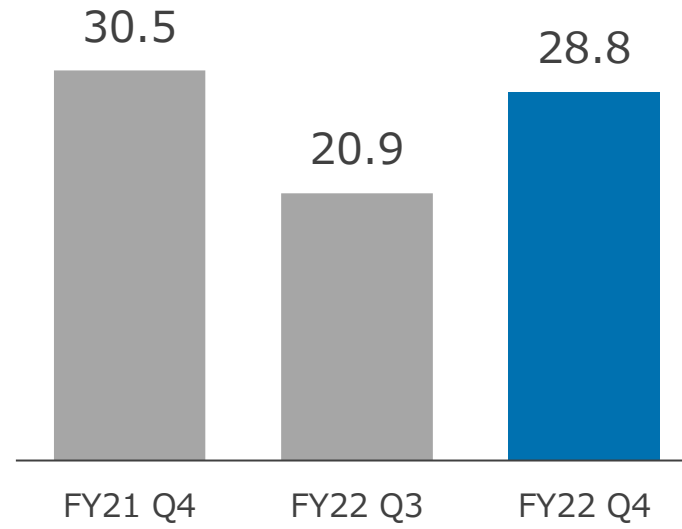
- Despite lower sales of blanks due to inventory adjustments at customers, overall sales declined only slightly as demand for HDD substrates recovered.
- Agile cost management enabled to minimize the impact on profit margins.

Revenue (¥bn)



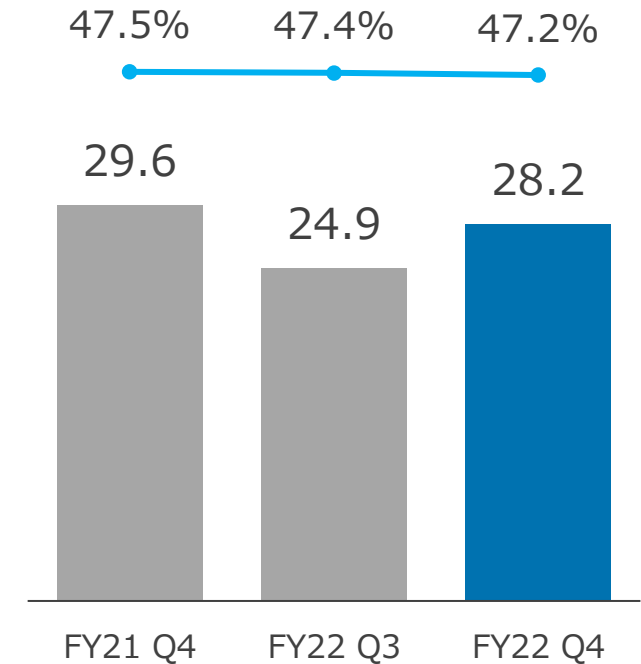
YoY -4% (CC -10%)

Pretax Profit (¥bn)



YoY -6% (CC -11%)

Cf. Operating Profit / OPM



YoY -5% (CC -10%)

# IT Business Overview by Product

Product	YoY	YoY(CC)	Status in Q4 FY22	Future Outlook
LSI	-3%	-6%	Lower sales due to inventory adjustments at customers Ordered next-gen inspection tool	Expect modest recovery in demand Continue to invest in EUV to support mid-to long-term growth
FPD	+9%	+8%	Captured demand from Chinese customers	Continue to focus on the Chinese market Plant construction in China underway
HDD Substrates	-10%	-20%	Bounce backed from inventory workdowns in Q3	Continue to closely monitor the status of 3.5" for near line servers
Imaging	-3%	-7%	Camera lens sales were firm while surveillance cameras were underperforming	Leverage optical technology to cultivate new business areas



# Balance Sheet / Cash Flow Related Matters



## Shareholder Return

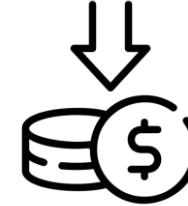
- Completed share buyback of ¥40 bn
- Shares repurchased are to be canceled
- FY22 full year: repurchased ¥154 bn



## CAPEX\*

- Q4 actual: ¥7.3 bn (YoY +¥0.4 bn)
- FY22 full year: ¥33.5 bn
- FY23 is expected to be around ¥39 bn

\*CF base. Acquisition of tangible fixed assets



## D&A

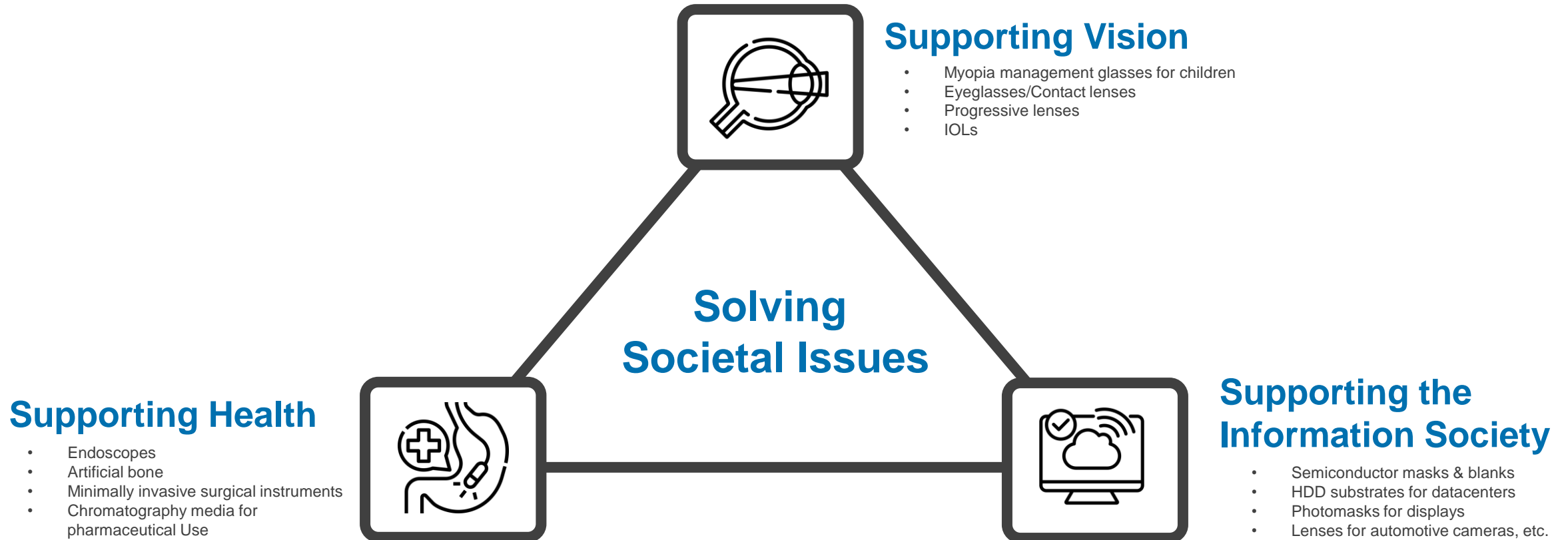
- Q4 actual: ¥12.8 bn (YoY +¥1.3 bn)
- FY22 full year: ¥49.6 bn
- FY23 D&A is expected to be flat YoY on a CC basis

# 2. Review of FY22

# Three Areas on Focus

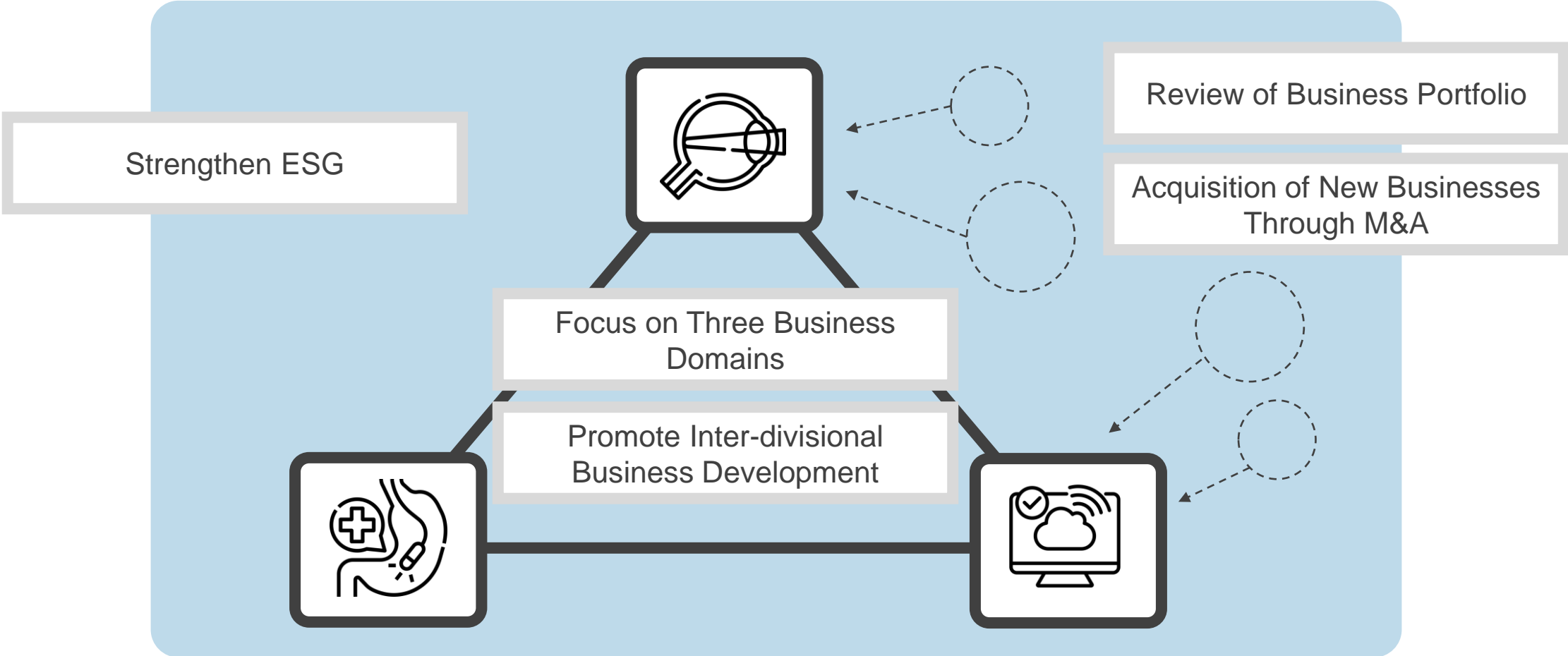
In the three areas of “Vision,” “Health,” and “Information Society,” we aim to solve social issues and create a better future through innovation.

## Vision: Innovating For a Better Tomorrow



# What We Have Set as a Management Challenge a Year Ago

A year ago, we have set the following points as important management challenges and executed multiple initiatives.



# Progress of Initiatives for Management Challenges

## Management Challenges

## Progress and Achievements

Focus on Three Business Domains

- Established an in-house company structure to promote technological development in three business domains
- Exploring business opportunities from a broader perspective than a single business

Review of Business Portfolio

- Conducted assessments of each business from a group management perspective
- Started to exit small businesses that are less relevant to HOYA's competency

Acquisition of New Businesses Through M&A

- To establish organization to promote IT-related M&As, in addition to the existing Life Care Business M&A set up
- List and analyze potential M&A targets and move forward with short-listing

Promote Inter-divisional Business Development

- Began handling XR related products that combine imaging and blanks technologies
- Continue to launch inter-divisional technology development collaborations going forward

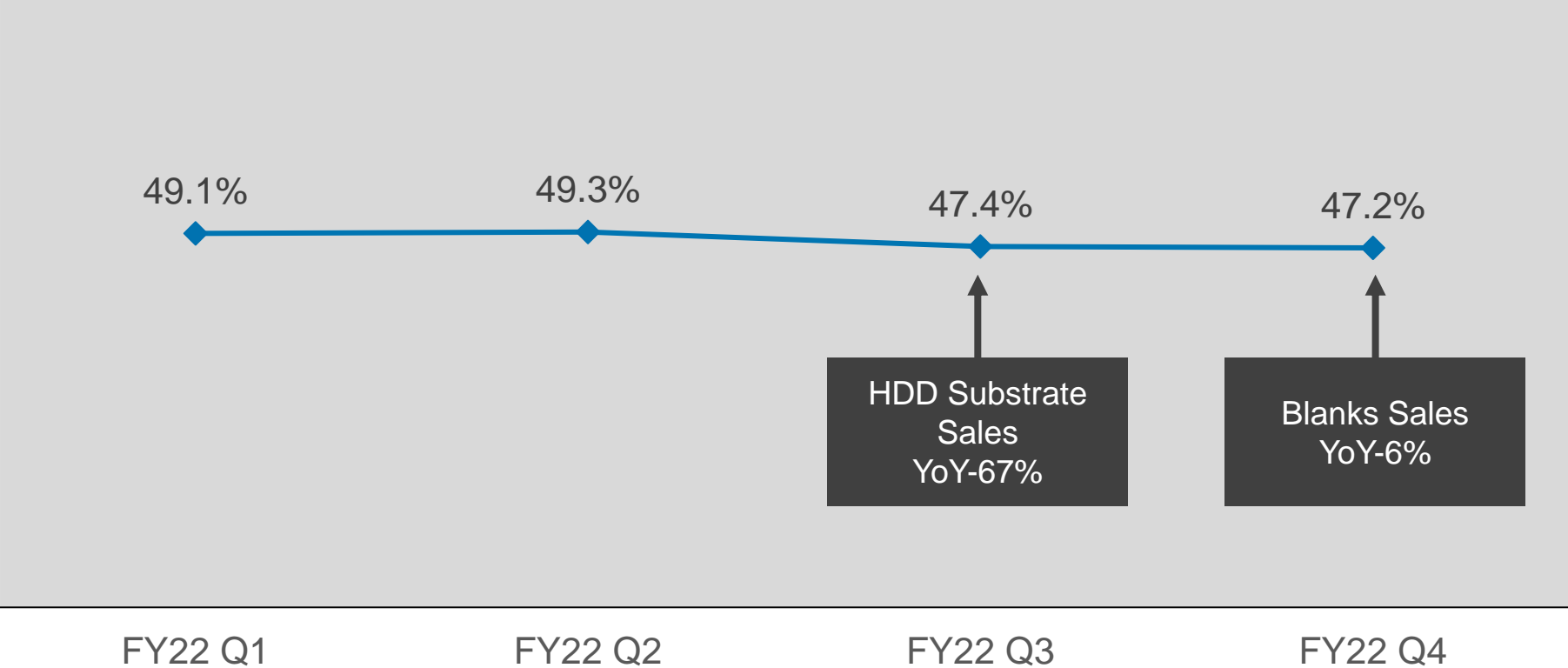
Strengthen ESG

- To be described later

# Management of Profitability

- While promoting new initiatives, emphasis on profitability and numerical measure remains the same.
- FY22 was in a cyclical correction period for HDD substrates and blanks, but we were able to minimize the impact on profitability.

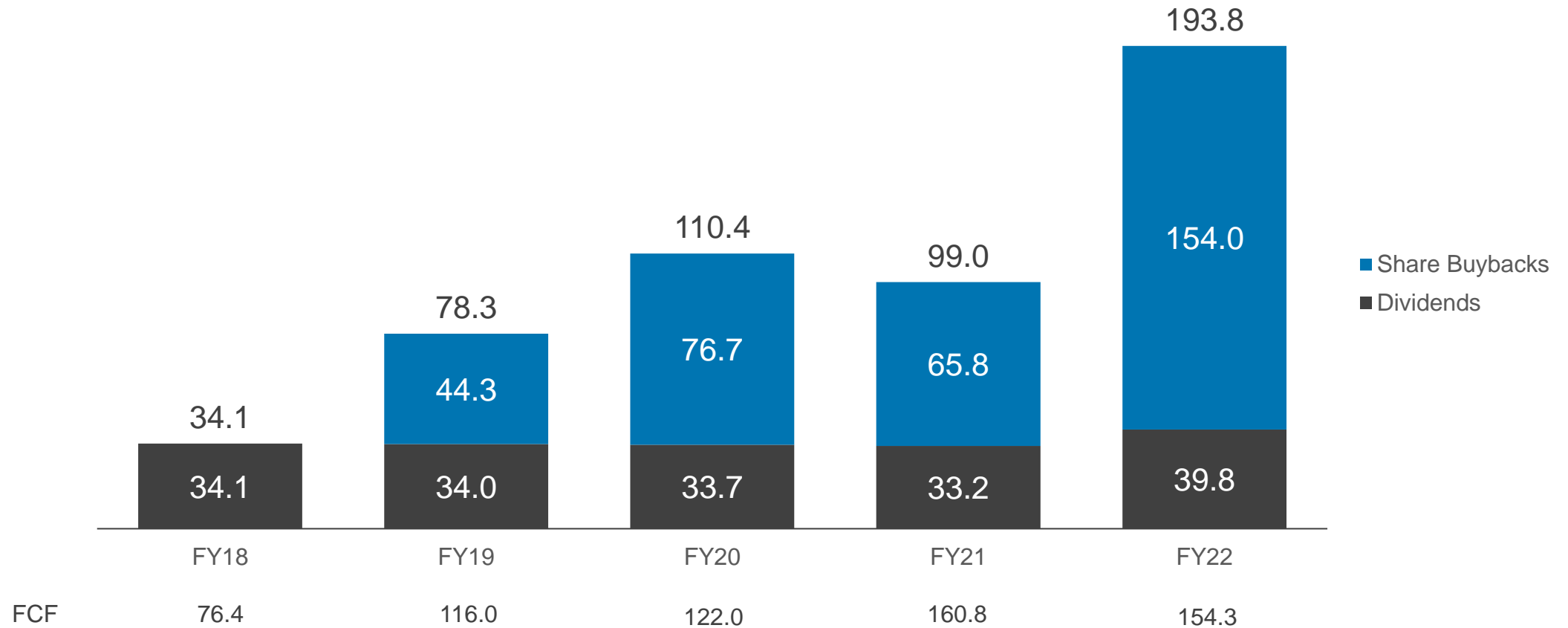
OPM of IT Business



# Cash Allocation

- Though we prioritize investments for growth, the Company did not execute large-scale investment projects /M&As in the near term. Therefore, we returned excess cash to shareholders.
- Total shareholder return in FY22 exceeded 190 billion yen, a record high.

Changes in Total Shareholder Returns (¥bn)



# Review of FY22: Strengthening ESG

## Key Challenges

## Progress and Achievements

Organization/System to Drive ESG

- Assigned ESG counterparts at each division
- Incorporated ESG indicators into the assessment of executive officers and division presidents
- Held regular ESG reports at BOD meetings

Strengthen Human Capital/  
Employee Engagement

- Continuously conducting engagement surveys
- Introduced new global evaluation system
- Continue to deepen education programs and succession plans

Initiatives to Reduce Environmental Impact

- Replaced IT platform for collecting environment-related data
- Conducted third-party auditing for measurement of CO2 emissions
- Set targets regarding the introduction of renewable energy

Expansion of ESG Disclosure

- Made TCFD disclosure
- MSCI ESG rating upgraded from A to AAA
- “Excellent integrated report” selected by GPIF asset managers

Engagement in International Initiatives

- Signed the United Nations Global Compact
- Joined RE100
- Collaborating with Orbis Int'l and other corporate citizenship activities

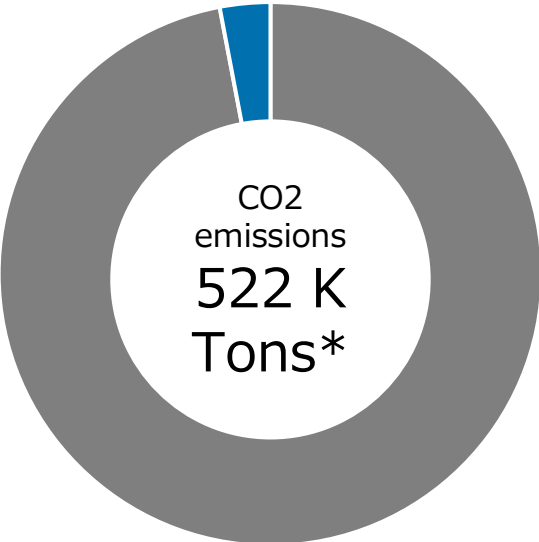


# Mid-to Long-Term CO2 Reduction Targets

Reduce emissions (Scope 1+2) by nearly 100% by 2040 through shifting from fossil-fueled based electricity (Scope 2), which accounts for more than 90% of our CO2 emissions, to renewable energy.

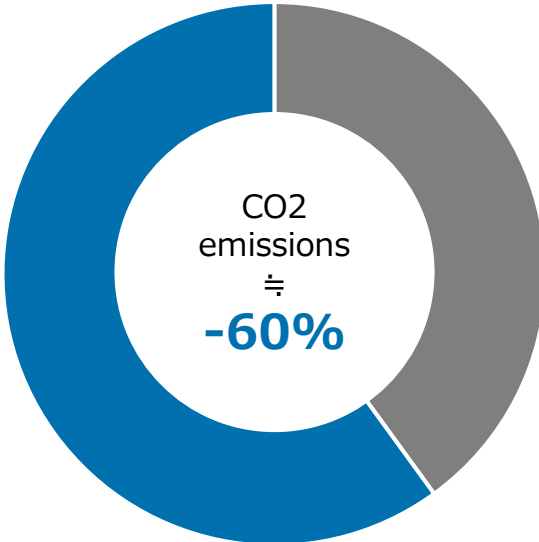
Present

Renewable Energy Ratio



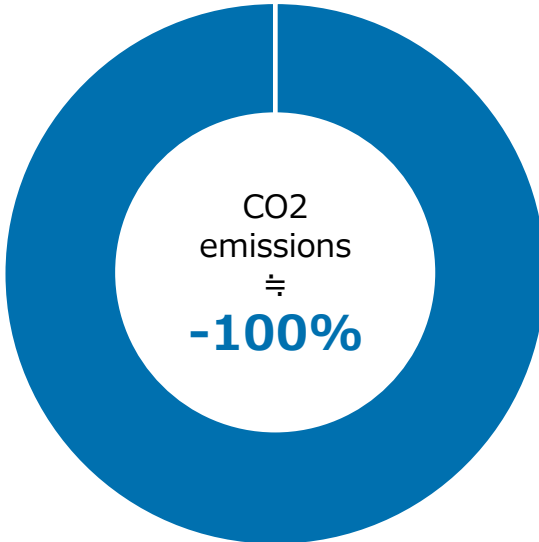
2030

Renewable Energy Ratio



2040

Renewable Energy Ratio

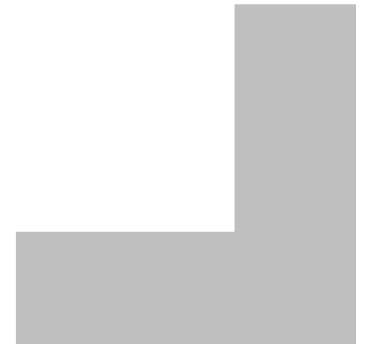
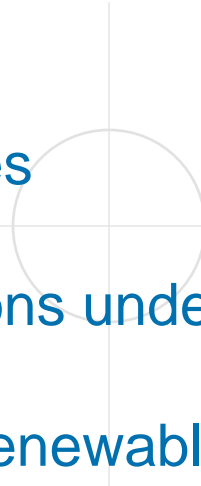


\*Scope 1+2. Step-by-step measurement and disclosure of Scope 3 will be considered after FY23.

# Key Priorities in FY23



- ☑ Accelerate exploration of new business opportunities in the three business domains
- ☑ Strengthen M&A activities
- ☑ Manage business divisions under cyclical adjustment period
- ☑ Phased introduction of renewable energy
- ☑ Step-by-step Scope 3 measurement and reduction plans



# Notes

- ✓ Accounting standard: IFRS
- ✓ The fiscal year ending March 2023 is referred to as “FY22” throughout this document.
- ✓ Figures less than 100 million yen are rounded down. Accordingly, some discrepancies may occur among totals. Ratios are calculated using actual numbers.
- ✓ Operating profit is calculated as reference information for investors; calculated by deducting finance income/costs, share of profits(loss) of associates, foreign exchange gain/loss and other temporary gain/loss from pretax profit.
- ✓ We have omitted detailed breakdown of financial statements.  
Please refer to the tanshin or the quarterly report for detailed numbers.  
<https://www.hoya.com/en/investor/kessan/>

**Innovating For a Better Tomorrow**

**HOYA**