June 24, 2020

Company Name: HOYA CORPORATION
Representative: Hiroshi Suzuki, President and CEO
(Code: 7741, the First Section of the Tokyo Stock Exchange)
Contact: Ryo Suetomi, HR
(TEL 03-6911-4823)

Notification of Continuation of Performance Based Stock Compensation Plan ("Performance Share Unit")

HOYA Corporation ("the Company") announces that the Compensation Committee held today on June 24, 2020 has decided on the continuation of the Performance Share Unit ("the Plan" or "PSU") which was implemented from FY2019 as the mid-to-long term incentive plan for Executive Officers.

Please note that the PSU is designed as "performance-based salary" under the Corporation Tax Act.

1. Purpose of the Plan

The Plan is intended to further increase the motivation and drive of the Company's Executive Officers including those who concurrently serve as the Company's Directors ("the Recipients") to achieve the mid-to-long term business performance goals and enhance the corporate value of HOYA Group, and also to serve as mechanism for retention of highly talented human resource by setting a competitive compensation level.

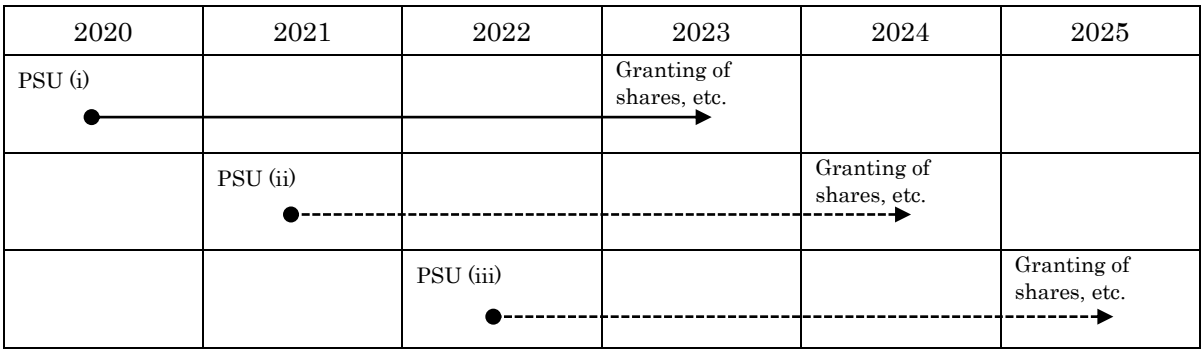
2. Overview of the Plan

The Plan involves the granting of shares in accordance with the degree of achievement of performance conditions set in advance.

Every year, for the target period of three years starting from that year, the Company will present the Recipients with a baseline number of shares in accordance with their respective positions and responsibilities, and also with the mid-to-long term performance targets for such target period. After the end of the three-year target period, the Company will determine, for each Recipient, the standard compensation amount equivalent to the market price of the number of the Company's shares (the "Company's Shares") calculated by multiplying the baseline number of shares by a coefficient according to the degree of achievement of the mid-to-long term performance targets. The Company will grant the Recipients, monetary compensation receivables for 50 % of such standard compensation amount. The Recipients will execute a contribution in kind of such monetary compensation receivables, and receive an allotment of shares equivalent to such monetary compensation receivables divided by the paid-in amount

of the Company's Shares. Further, in order for the Recipients to ensure funds for tax payment, the monetary amount equivalent to the remaining standard compensation amount will be paid in cash.

For Recipients who are non-residents of Japan and heirs of Recipients who retire due to death, all of the standard compensation amount will be paid in cash. Below is a table illustrating the outline of the above.



Note: Previous grant was made once on July 1, 2019.

3. Base number of shares to be granted and the mid-to-long term performance targets

(1) Base number of shares to be granted

Shares will be granted as stated below based on the position as of July 1, 2020.

Position	Base number of shares to be granted
CEO	6,000 shares
CFO	2,000 shares
Other Executive Officers	1,700 shares

(2) Mid-to-long term performance targets

The three year performance target (performance average) from FY2020 to FY2022 shall be as follows:

Indicator	Target (Consolidated)	Reason for selection
Sales Revenue	610 billion YEN	To measure the HOYA Group's growth power in domestic and overseas markets.
EPS (earnings per share)	350 YEN	To measure the degree of growth of the Company from the same perspective as shareholders.
ROE	18.00%	To measure whether profits were efficiently obtained compared to the amount of investment by shareholders.

* The targets shown above are set by taking into account the Company's business environment, market consensus, and so on, and differ from the performance forecast.

4. Calculation Methods

The standard compensation amount is calculated as shown below. In principle, 50% of the standard compensation amount is paid as monetary compensation receivables. The Recipients will contribute such monetary compensation receivables in kind, and receive an allotment of shares in the number equivalent to such monetary compensation receivables divided by the paid-in amount of the Company's Shares. Further, in order for the Recipients to ensure funds for tax payment, the monetary amount equivalent to the remaining standard compensation amount will be paid in cash.

(1) Method of calculation for standard compensation amount

Standard compensation amount = number of shares to be allocated × market price of the Company's Shares(*)

* The "amount to be paid-in per share" stated in Section 8 below will be used. However, in the case when only monetary payment is to be made to all Recipients, the closing price of the Company's Shares at Tokyo Stock Exchange, Inc., on the last business day of June, 2023 shall be used. (In the event where there is no closing price on such date, the closing price of the immediately preceding transaction day will apply.)

The number of shares to be allocated will be calculated as follows:

Number of shares to be allocated (*) = base number of shares to be granted × pay-out rate (consolidated sales revenue) × 1/3

＋base number of shares to be granted × pay-out rate (consolidated EPS) × 1/3

＋base number of shares to be granted × pay-out rate (consolidated ROE) × 1/3

* Shares less than 100 will be rounded up.

(i) Pay-out Rate

Based on the business performance results of three fiscal years (from FY 2020 to FY 2022), the pay-out rate will be determined using the following calculation formula. (Fractions in the first decimal place or less arising at each calculation stage of the pay-out rate will be rounded off.)

Pay-out rate (*) = (target achievement rate for each indicator − 80%) × 5

* Pay-out rate will be calculated separately based on sales revenue, EPS (earnings per share) and ROE, of the consolidated financial statement.
* The target achievement rate for each indicator will be calculated based on the average performance results for three fiscal years from FY2020 to FY2022, and against the performance target for each item.
* If the target achievement rate is 80% or less, the pay-out rate against the target for the relevant indicator will be zero (0).
* If the target achievement rate is 120% or more, the pay-out rate against the target for the relevant indicator will be two (2).

* In the case of resignation due to expiry of the term of office or due to death, before the end of three-year target period, the pay-out rate for each indicator will be one (1) regardless of the actual target achievement rate.

(ii) Handling upon resignation due to expiry of the term of office or due to death during the three-year target period (excluding resignation due to personal reasons or dismissals)

In cases of resignation due to expiry of the term of office (including cases where the relevant person is not reappointed; hereinafter the same) or resignation due to death during the target period (from July 2020 to June 2023), the number of shares to be allocated will be calculated on a pro rata basis, according to the number of months the relevant person was in office, as stated below.

However, in the case of resignation due to personal reasons or due to dismissal, the base number of shares to be granted will be zero (0) and no PSU will be granted.

Standard compensation amount = Number of shares to be allocated × market price of the Company's Shares (*)

* In the case of resignation due to expiry of the term, the closing price of the Company's Shares at the Tokyo Stock Exchange, Inc., on the business day preceding the date of resolution of the Board of Directors of the Company (at which the issuance of new shares of the Company or disposal of treasury shares, to be allocated under the Plan to the resigning Recipient, is resolved) will be used. This Board of Directors' meeting is held within two months from the closing of the ordinary general meeting of shareholders held right before the expiry of the term as Executive Officer. (In the event where there is no closing price on such date, the closing price of the immediately preceding transaction day will apply.) However, in the case when only monetary payment is to be made to all Recipients resigning at the same time, the closing price of the Company's Shares at the Tokyo Stock Exchange, Inc., on the last business day of the month in which the Board of Directors' meeting of the Company (at which a resolution not to reappoint is passed) is held, will be used. (In the event where there is no closing price on such date, the closing price of the immediately preceding transaction day will apply.)

* In case of resignation due to death, the closing price of the Company's Shares on the Tokyo Stock Exchange, Inc., on the last business day of the month preceding the month in which the death occurred will be used. (In the event where there is no closing price on such date, the closing price of the immediately preceding transaction day will apply.)

The number of shares to be allocated will be calculated as follows:

Number of shares to be allocated (*1) = Base number of shares to be granted × number of months in office during the three year target period (*2)/36 months × pay-out rate (1.00)

* 1 Shares less than 100 will be rounded up.

* 2　Months in office will be the number of months counted between the period from July 2020 to June 2023.　If the relevant person is in office on the first day of a particular month, such person will be deemed to have been in office for the whole of such month.

(2) Method of calculation of number of shares to be granted and monetary amount to be paid

In principle, 50% of the standard compensation amount will be paid out as monetary compensation receivables, and the Recipient will contribute such receivables in kind, and the shares will be granted in the number equivalent to the number of shares to be allocated.　The monetary amount equivalent to the remaining standard compensation amount will be paid in cash.　The calculation method of the number of shares to be granted and the amount of money to be paid is as follows:

(i)　Number of shares to be granted

Number of shares to granted(*1) = Monetary amount for share allocation ÷ market price of the Company's Shares (*2)
Monetary amount for share allocation = Standard compensation amount × 50%(*3)

*1　Shares less than 100 will be rounded up.
*2　The "amount to be paid-in per share" stated in Section 8 below will be used.　However, in case of resignation due to expiry of the term of office, the closing price of the Company's Shares at the Tokyo Stock Exchange, Inc., on the business day preceding the date of the resolution of the Board of Directors of the Company (at which the issuance of new shares or disposal of treasury shares, to be allocated under the Plan to the resigning Recipient, is resolved) will be used.　This Board of Directors' meeting is held within two months from the closing of the ordinary general meeting of shareholders held right before the expiry of the term as Executive Officer.　(In the event where there is no closing price on such date, the closing price of the immediately preceding transaction day will apply.)
*3　For non-residents of Japan and those who resigned due to death, 0%.

(ii)　Amount to be paid-out

Amount to be paid-out
=　Standard compensation amount − number of shares to be granted × market price of shares (*1)
※1　The "amount to be paid-in per share"　stated in Section 8 below will be used.　However, in case of resignation due to expiry of the term of office, the closing price of the Company's shares at the Tokyo Stock Exchange, Inc. on the business day preceding the date of the resolution of the Board of Directors of the Company (at which the issuance of new shares or disposal of treasury shares, to be allocated under the Plan to the resigning Recipient, is

resolved) will be used. This Board of Directors' meeting is held within two months from the closing of the ordinary general meeting of shareholders held right before the expiry of the term as Executive Officer. (In the event where there is no closing price on such date, the closing price of the immediately preceding transaction day will apply.)

(3) Maximum number of shares to be granted and maximum amount of money to be paid-out

The total amount of the standard compensation amount to be granted to the Recipients shall be up to 348 million yen per year.

The upper limit of the number of shares to be granted to the Recipients by the Company and the amount of money to be paid per position are as shown below. However, if the total number of issued shares of the Company increases or decreases due to share consolidation, share split, allotment of shares without contribution, etc., the upper limit and the number of shares to be granted to the Recipients will be rationally adjusted according to the relevant ratio.

Position	Upper limit of shares to be granted	Upper limit of the amount to be paid-out
CEO	12,000 shares	183.0 million YEN
CFO	4,000 shares	60.0 million YEN
Other Executive Officers	3,400 shares	52.5 million YEN

If there is a possibility of exceeding the total upper limit of the above-stated standard compensation amount or the upper limit of the total number of shares to be granted per position or the upper limit of the amount to be paid-out per position as a result of the grant of shares or monetary pay-out, the number of shares to be granted or the amount of money to be paid-out to each Recipient will be reduced through a reasonable method, such as proportional distribution, to the extent that the upper limits are not exceeded.

5. Requirements for grant

PSU will be granted when all of the following requirements are met:

- The relevant person is an Executive Officer of the Company as of July 1, 2020.
- The relevant person has not conducted any of the certain unlawful act designated by the Board of Directors of the Company such as violation of laws and regulations, the Company's internal regulations, significant breach of contract.
- The relevant person meets other requirements stipulated by the Company's Compensation Committee as necessary to achieve the purpose of the PSU.

6. Timing of grant

For Recipients meeting the requirements stated in Section 5 above, the number of shares to be granted

and the amount of money to be paid-out, calculated pursuant to Section 4 above, will be granted within two months (within one month in the case of non-residents of Japan) after the closing of the ordinary general meeting of shareholders, which will be held immediately after the expiry of the three-year target period. However, if the Recipient resigns due to death, payment will be made to the heir of that Recipient.

If the Recipient resigns from his/her office due to expiry of the term of office before the expiry of the target period, payment will be made within two months from the date of resignation (within one month in the case of non-residents of Japan). In case of resignation due to death, with the application by the heir, the payment shall be made within one month from the date of resignation.

7. Treatment upon organizational change, etc., during the target period

During the applicable three-year target period, in the case where the general shareholders' meeting of the Company (or the Board of Directors of the Company, in the case where the relevant reorganization, etc., does not require approval of the Company's shareholders' meeting) approves a proposal regarding a merger agreement by which the Company becomes an extinct company, a share exchange agreement or share transfer plan by which the Company becomes a wholly-owned subsidiary, or other proposals regarding reorganizations, etc., the base number of shares will be pro-rated according to the number of months the relevant person was in office, up to the month to which the date of such approval at the general meeting of shareholders belongs. The standard compensation amount shall be calculated with the pay-out rate of one (1), without taking into consideration the target achievement rate of the indicators. Then the number of shares to be granted and the amount to be paid will be calculated, and the allocation or payment will be made on the day before the effective date of the reorganization, etc.

Standard compensation amount = Number of shares to be allocated × market price of the Company's Shares (*)

※ * The closing price of the Company's Shares at the Tokyo Stock Exchange, Inc., on the business day preceding the date of resolution of the Board of Directors of the Company (at which the issuance of new shares or disposal of treasury shares concerning allocation of the shares under the Plan is resolved) will be used. Such Board of Directors' meeting shall be held within two months from the approval of the reorganization, etc. (in the event where there is no closing price on such date, the closing price of the immediately preceding transaction day will apply.) However, if only monetary payment is to be made to all Recipients, the closing price of the Company's Shares at the Tokyo Stock Exchange, Inc., on the last business day of the month preceding the date of the reorganization approval will be used. (In the event where there is no closing price on such date, the closing price of the immediately preceding transaction day will apply.)

The number of shares to be allocated will be calculated as follows:

Number of shares to be allocated (*1)
= Base number of shares to be granted × Number of months in office during the target period (*2)/36 months × Pay-out rate (1.00)

*1 Shares less than 100 will be rounded up.

*2 Months in office will be months counted between the period from July 2020 and until the reorganization is approved. If the relevant person is in office on the first day of a particular month, such person will be deemed to have been in office for the whole such month.

8. Amount to be paid-in per share

The amount to be paid-in per share to be allocated to the Recipients under the Plan will be the closing price of the Company's Shares at the Tokyo Stock Exchange, Inc., on the business day preceding the date of the resolution of the Board of Directors of the Company (at which the issuance of new shares or disposal of treasury shares concerning the allocation is resolved) held within two months from the closing of the ordinary general meeting of shareholders held immediately after the close of the three-year target period. (In the event where there is no closing price on such date, the closing price of the immediately preceding transaction day will apply.)

End