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Consolidated Financial Results for the Year Ended March 31, 2019 [Japanese GAAP]

May 14, 2019

Company name: Menicon Co., Ltd.
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CEO
Senior Executive Officer, Corporate Management

Scheduled date of Annual General Meeting of Shareholders: June 27, 2019
Scheduled date of commencing dividend payments: June 28, 2019
Scheduled date of filing annual securities report: June 28, 2019
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 01, 2018 to March 31, 2019)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2019	80,898	5.5	5,571	26.8	5,645	26.6	3,576	34.6
March 31, 2018	76,672	6.4	4,394	12.4	4,458	10.4	2,657	4.5

(Note) Comprehensive income: Fiscal year ended March 31, 2019: ¥ 3,258 million [7.3%]
Fiscal year ended March 31, 2018: ¥ 3,037 million [29.1%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2019	101.63	94.30	8.7	7.5	6.9
March 31, 2018	75.67	74.84	6.8	6.2	5.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2019: ¥ (27) million
Fiscal year ended March 31, 2018: ¥ (2) million

(Note) The Company conducted a 2-for-1 stock split on January 1, 2018. Basic earnings per share and diluted earnings per share are calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 2018.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2019	78,275	42,549	54.3	1,205.46
March 31, 2018	71,706	40,121	55.9	1,138.62

(Reference) Equity: As of March 31, 2019: ¥ 42,468 million
As of March 31, 2018: ¥ 40,048 million

(Note) The Company has been applying the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28 on February 16, 2018), etc. from the beginning of the fiscal year under review. Individual figures related to the period ended March 31, 2018 have had the accounting standards applied retroactively.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2019	7,023	(4,951)	1,825	19,286
March 31, 2018	7,857	900	(4,196)	15,484

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2018	-	0.00	-	25.00	25.00	879	33.0	2.3
March 31, 2019	-	0.00	-	28.00	28.00	986	27.6	2.4
Fiscal year ending								
March 31, 2020 (Forecast)	-	0.00	-	28.00	28.00		24.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 01, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	85,083	5.2	6,502	16.7	6,488	14.9	4,091	14.4	116.12

* Notes:

- (1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: No
 - 2) Changes in accounting policies other than 1) above: No
 - 3) Changes in accounting estimates: No
 - 4) Retrospective restatement: No
- (3) Total number of issued shares (common shares)
- 1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2019:	36,804,000 shares
March 31, 2018:	36,804,000 shares
 - 2) Total number of treasury shares at the end of the period:

March 31, 2019:	1,573,484 shares
March 31, 2018:	1,631,006 shares
 - 3) Average number of shares during the period:

Fiscal Year ended March 31, 2019:	35,193,755 shares
Fiscal Year ended March 31, 2018:	35,113,097 shares

(Note) The Company conducted a 2-for-1 stock split on January 1, 2018. The number of shares outstanding (shares of common stock) is calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 2018.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (April 01, 2018 to March 31, 2019)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2019	55,814	6.6	4,532	23.0	4,554	13.2	3,217	113.8
March 31, 2018	52,361	5.4	3,685	33.1	4,022	29.9	1,504	(32.2)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2019	91.41	84.82
March 31, 2018	42.86	42.39

(Note) The Company conducted a 2-for-1 stock split on January 1, 2018. Basic earnings per share and diluted earnings per share are calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 2018.

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2019	75,749	43,811	57.8	1,242.46
March 31, 2018	68,344	41,463	60.6	1,177.90

(Reference) Equity: As of March 31, 2019: ¥ 43,772 million
As of March 31, 2018: ¥ 41,430 million

2. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2020 (April 01, 2019 to March 31, 2020)

(% indicates changes from the previous corresponding period.)

Full year	Net sales		Ordinary profit		Net income		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Yen
	58,946	5.6	5,038	10.6	3,356	4.3	95.26

* **This summary of financial results is exempt from audit procedures.**

* **Explanation regarding appropriate use of business results forecasts and other special instructions**

- Forecasts regarding future performance presented in this material include the outlook for the future, assumptions on which the plan is based, and projections as of the date of announcement of this material. Actual results may differ from the forecasts presented in this material due to various factors.
- For matters concerning the forecast of business results, please refer to “1. Overview of Business Results (5) Outlook” on Page 4 of the appendix.

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1. Overview of Business Results

(1) Overview of Business Results for the Fiscal Year Under Review

(Business results for the fiscal year under review)

During the fiscal year ended March 31, 2019, the world economy, on the whole, stayed on a gradual recovery track against the backdrop of the improvement in the employment environment, though there was economic uncertainty due to political and diplomatic factors such as the impact of the trade issues resulting from the conflict between the U.S. and China and the issue of the withdrawal of the U.K. from the European Union. Regarding the domestic economy, a gradual economic recovery continued, as partly exemplified by high levels of consumer spending and corporate capital investment, despite the impacts of a series of natural disasters.

In these circumstances, in the contact lens market, disposable contact lenses, principally daily disposable contact lenses, are the driving forces of the market overseas. In particular, the sales of silicone hydrogel contact lens products, which have high oxygen permeability, are growing. Furthermore, in the domestic market, demand for circle lenses, which are intended to make your eyes appear larger, and multifocal contact lenses is rising.

Performances in individual businesses are as follows.

[Domestic Contact Lens Business]

We worked to expand sales of daily disposable contact lenses, whose demand is increasing in the market, and to increase membership in the Menicon Eye Life Support (MELS) Plan.

Regarding the product strategy, we released “1DAY Menicon PremiO Toric,” a daily disposable silicone hydrogel contact lens for astigmatism, which comes in “SMART TOUCH,” a package that allows users to take out the lenses without touching the inner surface of them, and “2WEEK Menicon PremiO Multifocal Toric,” a bi-weekly replacement silicone hydrogel contact lens that featured both astigmatism and multifocal functions for the first time in Japan. In addition, we released “Four Seasons,” a product in the new three-month replacement lens category, which features advantages of both hard contact lenses and periodic-replacement-type contact lenses, exclusively for the members of the MELS Plan, all of which have contributed to sales growth and an increase in membership in the MELS Plan. Our own retail shops and the Group’s retail companies are promoting the brand “Miru,” as a sales network that provides consistent services, under the slogan of “being particular about ‘seeing (miru).’” Regarding measures to strengthen channels, we launched “First Miru Campaign” in order to strengthen the brand. As promotional measures, we worked on advertising activities such as broadcasting TV commercials primarily on “SMART TOUCH,” our proprietary technology, and on sales promotion activities such as running the 1day admission campaign.

Under this structure, MELS Plan memberships reached 1.30 million as of January 2019. We will strive to further expand the business in the future.

[Overseas Contact Lens Business]

We strove to promote “Miru,” our own-brand disposable contact lenses for the overseas market.

Regarding measures by region, in North America, we started full-scale sales activities for the “Miru 1month Menicon” series, whose product line-ups include lenses for myopia/hyperopia and astigmatism, and presbyopia, to further strengthen sales of disposable contact lenses, and worked to expand sales channels and markets.

In Europe, we released “Miru 1day UpSide,” a disposable silicone hydrogel contact lens. In the market of disposable contact lenses, which constitute a growth field, we are continuing to strengthen sales, focusing on private-brand products of major retail chains, as well as the existing products. We are also working to strengthen sales of hard contact lenses made of materials with high oxygen permeability, which are our traditional forte, and to expand sales of made-to-order contact lenses to suit customers’ eyes. In addition, our French local subsidiary has moved to a new office featuring a training center, and in Germany, we have established a European logistics center and strengthened logistics functions.

In Asia, sales of orthokeratology lenses and contact lens care products continued to be robust in China. We have also released the first scleral lenses in China and are contributing to the development of ophthalmic medical care. In Southeast Asia, we have promoted export of our products from our group company to neighboring countries. In Myanmar, we have opened a contact lens training center for physicians and optometrists, and will work to expand the Southeast Asian market.

[Other Businesses]

The Veterinary Medical Business conducted by Meni-one Co., Ltd. grew buoyantly. The supplement business field, in addition to the medical equipment business field, remained robust. The export to China, South Korea, Taiwan and Malaysia has been increasing as well. In the Environmental and Bioscience Business, sales of decomposition agents for rice straw were robust. In the Life Science Business, we have renewed the “pregna” series, supplements that support fertility treatment, and will work to expand sales of them together with the supplements developed under the concept of supporting eyes, which contain lactoferrin as a major ingredient.

As a result of these initiatives, net sales for the fiscal year ended March 31, 2019 increased by 5.5% year on year to ¥80,898 million, reflecting growth in sales of the MELS Plan. Operating profit increased by 26.8% year on year to ¥5,571 million, because the ratio of selling, general and administrative expenses to net sales decreased from the level of the previous fiscal year, although the ratio of cost of sales to net sales increased from the level of the previous fiscal year. Ordinary profit increased by 26.6% year on year to ¥5,645 million.

Regarding extraordinary income and losses, extraordinary income of ¥144 million was recorded partly because of recording of subsidy income associated with the construction of the Kakamigahara Factory that manufactures daily disposable contact lenses, and an extraordinary loss of ¥62 million was recorded as a result of loss on retirement of business assets.

As a result, profit before income taxes increased by 33.2% year on year to ¥5,727 million and profit attributable to owners of parent increased by 34.6% year on year to ¥3,576 million.

(Business results by segment)

1) Contact Lens-related Business

Sales of the contact lens-related business were ¥79,416 million, an increase of 5.5% year on year. Segment profit was ¥9,593 million, an increase of 16.4% year on year.

Sales of the contact lens-related business increased by ¥4,150 million year on year. It is primarily due to an increase in MELS Plan membership, sales of new products, and an increase in export to China. Sales of MELS Plan increased by ¥2,310 million year on year, and the membership reached 1.30 million as of January 2019. This is due to an increase in the membership centering on “Four Seasons,” a new product, in addition to “1DAY Menicon PremiO” and “Magic.” As for “1DAY Menicon PremiO,” sales from expanded channel has also increased. As for export to China, sales of orthokeratology lenses and contact lens care products continued to be buoyant. Segment profit increased year on year as sales did, which is attributable to the efforts to enhance the efficiency of the advertising expenses and sales promotion expenses.

2) Other

Sales of the other businesses were ¥1,482 million, an increase of 4.8% year on year, as sales of “resQ45,” an eco-friendly composting accelerator by the Company’s Environmental and Bioscience Business and “ShellPa Pro,” a system used for cell culturing research by the Company’s Life Science Business were robust. Segment loss was ¥343 million, compared with a segment loss of ¥325 million for the previous fiscal year, reflecting an increase in expenses.

(2) Overview of Financial Position for the Fiscal Year under Review

The Company has been applying the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28 on February 16, 2018), etc. from the beginning of the fiscal year under review. Individual figures related to the period ended March 31, 2018 have had the accounting standards applied retroactively.

(Assets)

Total assets at the end of the fiscal year under review were ¥78,275 million, having increased by ¥6,568 million from the end of the previous fiscal year. Current assets increased by ¥4,466 million to ¥42,584 million due to an increase in cash and deposits resulting mainly from the issue of convertible bond-type bonds with share acquisition rights. Non-current assets increased by ¥2,101 million to ¥35,690 million due to an increase in construction in progress associated with the expansion of floor area and the increase of daily disposable contact lens production lines at the Kakamigahara Factory.

(Liabilities and net assets)

Liabilities increased by ¥4,141 million from the end of the previous fiscal year to ¥35,725 million at the end of the fiscal year under review mainly as a result of an increase in convertible bond-type bonds with share acquisition rights. Net assets increased by ¥2,427 million from the end of the previous fiscal year to ¥42,549 million mainly due to an increase in retained earnings resulting from the recording of profit attributable to owners of parent.

As a result, Capital adequacy ratio was 54.3%.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review were ¥19,286 million, having increased by ¥3,801 million or 24.5% from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥7,023 million, compared with net cash by operating activities amounting to ¥7,857 million for the previous fiscal year, mainly due to increases in accounts receivable and income taxes paid.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥4,951 million, compared with net cash provided by investing activities amounting to ¥900 million for the previous fiscal year, mainly due to a decrease in proceeds from sales of property, plant and equipment and an increase in purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥1,825 million, compared with net cash used in financing activities amounting to ¥4,196 million in the same period of the previous year, mainly due to the issue of convertible bond-type bonds with share acquisition rights.

(4) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and for the Next Fiscal Year

The Company's basic policy is to pay dividends once a year as a year-end dividend. Based on the policy of maintaining stable dividend payments, the Company intends to pay a cash dividend of ¥28 per share for the fiscal year under review and ¥28 per share for the next fiscal year as same as the fiscal year under review.

(5) Outlook

In the contact lens market, growth in demand for disposable contact lenses, including daily disposable contact lenses and replacement contact lenses is continuing worldwide and we expect the market as a whole to remain robust.

In this business environment, we will strive to expand our global market share through capital investment to increase the production capacity at manufacturing factories for disposable contact lenses and introduction of our products to the markets in Europe and America.

Regarding the MELS Plan, our mainstay business, we forecast an ongoing increase in MELS plan memberships because of expanding the lineup of disposable contact lenses, efforts to strengthen sales promotion and reinforce sales channels.

In view of the above, for the next fiscal year we forecast net sales of ¥85,083 million, operating profit of ¥6,502 million, ordinary profit of ¥6,488 million, and profit attributable to owners of parent of ¥4,091 million.

2. Basic Approach for Selection of Accounting Standards

The Group applies the Japanese Accounting Standards.

The Group intends to examine whether to adopt the International Financial Reporting Standards (IFRS) in light of the impact of the issue of the withdrawal of the U.K. from the European Union, global business development and domestic and overseas trends.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31,2018	As of March 31,2019
Assets		
Current assets		
Cash and deposits	16,904	20,084
Notes and accounts receivable - trade	8,162	8,857
Securities	18	-
Merchandise and finished goods	8,766	9,110
Work in process	703	771
Raw materials and supplies	1,943	2,076
Other	1,695	1,763
Allowance for doubtful accounts	(76)	(79)
Total current assets	38,117	42,584
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,907	19,070
Accumulated depreciation	(9,631)	(10,148)
Buildings and structures, net	9,276	8,921
Machinery, equipment and vehicles	18,163	19,374
Accumulated depreciation	(12,531)	(13,587)
Machinery, equipment and vehicles, net	5,632	5,786
Tools, furniture and fixtures	6,736	7,328
Accumulated depreciation	(5,389)	(5,892)
Tools, furniture and fixtures, net	1,346	1,435
Land	5,212	5,164
Leased assets	995	849
Accumulated depreciation	(767)	(699)
Leased assets, net	228	149
Construction in progress	871	3,989
Total property, plant and equipment	22,567	25,447
Intangible assets		
Goodwill	3,708	2,719
Patent right	1,464	1,219
Other	2,274	2,297
Total intangible assets	7,447	6,236
Investments and other assets		
Investment securities	645	908
Long-term loans receivable	71	55
Deferred tax assets	964	1,112
Other	1,906	1,942
Allowance for doubtful accounts	(14)	(12)
Total investments and other assets	3,573	4,006
Total non-current assets	33,588	35,690
Total assets	71,706	78,275

(Millions of yen)

	As of March 31,2018	As of March 31,2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,251	4,471
Short-term loans payable	503	32
Current portion of bonds	2,636	1,765
Current portion of long-term loans payable	2,372	1,984
Lease obligations	82	30
Accounts payable - other	3,323	2,970
Income taxes payable	1,235	1,562
Provision for bonuses	1,319	1,592
Provision for point card certificates	96	105
Other	2,903	4,053
Total current liabilities	18,725	18,568
Non-current liabilities		
Bonds payable	5,312	3,547
Convertible bond-type bonds with share acquisition rights	-	8,000
Long-term loans payable	5,158	3,423
Lease obligations	120	90
Long-term accounts payable - other	1,561	1,425
Retirement benefit liability	314	331
Deferred tax liabilities	124	88
Asset retirement obligations	98	102
Other	169	147
Total non-current liabilities	12,859	17,156
Total liabilities	31,584	35,725
Net assets		
Shareholders' equity		
Capital stock	3,379	3,379
Capital surplus	2,553	2,553
Retained earnings	37,037	39,690
Treasury shares	(2,502)	(2,414)
Total shareholders' equity	40,467	43,208
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	124	46
Foreign currency translation adjustment	(543)	(786)
Total accumulated other comprehensive income	(418)	(739)
Share acquisition rights	33	38
Non-controlling interests	39	42
Total net assets	40,121	42,549
Total liabilities and net assets	71,706	78,275

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31,2018	For the fiscal year ended March 31,2019
Net sales	76,672	80,898
Cost of sales	35,478	38,129
Gross profit	41,194	42,768
Selling, general and administrative expenses	36,800	37,196
Operating profit	4,394	5,571
Non-operating income		
Interest income	10	7
Dividend income	8	10
Fair value adjustment of contingent consideration	-	121
Foreign exchange gains	114	-
Subsidy income	32	49
Other	380	306
Total non-operating income	547	495
Non-operating expenses		
Interest expenses	200	174
Share of loss of entities accounted for using equity method	2	27
Fair value adjustment of contingent consideration	118	-
Foreign exchange losses	-	102
Other	162	116
Total non-operating expenses	483	421
Ordinary profit	4,458	5,645
Extraordinary income		
Gain on sales of non-current assets	8	5
Subsidy income	105	86
Gain on sale of businesses	-	49
Other	0	2
Total extraordinary income	114	144
Extraordinary losses		
Loss on sales of non-current assets	31	0
Loss on retirement of non-current assets	81	60
Impairment loss	43	-
Loss on liquidation of business	114	-
Other	0	2
Total extraordinary losses	271	62
Profit before income taxes	4,301	5,727
Income taxes - current	1,830	2,302
Income taxes - deferred	(190)	(154)
Total income taxes	1,640	2,147
Profit	2,660	3,579
Profit attributable to non-controlling interests	3	2
Profit attributable to owners of parent	2,657	3,576

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31,2018	For the fiscal year ended March 31,2019
Profit	2,660	3,579
Other comprehensive income		
Valuation difference on available-for-sale securities	54	(78)
Foreign currency translation adjustment	321	(224)
Share of other comprehensive income of entities accounted for using equity method	0	(18)
Total other comprehensive income	377	(321)
Comprehensive income	3,037	3,258
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,033	3,256
Comprehensive income attributable to non-controlling interests	4	2

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,379	2,553	35,112	(2,640)	38,405
Changes of items during period					
Dividends of surplus			(666)		(666)
Profit attributable to owners of parent			2,657		2,657
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(65)	137	72
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,924	137	2,062
Balance at end of current period	3,379	2,553	37,037	(2,502)	40,467

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	70	(866)	(795)	35	35	37,681
Changes of items during period						
Dividends of surplus						(666)
Profit attributable to owners of parent						2,657
Purchase of treasury shares						(0)
Disposal of treasury shares						72
Net changes of items other than shareholders' equity	53	322	376	(2)	4	378
Total changes of items during period	53	322	376	(2)	4	2,440
Balance at end of current period	124	(543)	(418)	33	39	40,121

For the fiscal year ended March 31,2019

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,379	2,553	37,037	(2,502)	40,467
Changes of items during period					
Dividends of surplus			(879)		(879)
Profit attributable to owners of parent			3,576		3,576
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares			(44)	88	43
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	2,652	88	2,740
Balance at end of current period	3,379	2,553	39,690	(2,414)	43,208

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	124	(543)	(418)	33	39	40,121
Changes of items during period						
Dividends of surplus						(879)
Profit attributable to owners of parent						3,576
Purchase of treasury shares						(0)
Disposal of treasury shares						43
Net changes of items other than shareholders' equity	(77)	(242)	(320)	4	2	(313)
Total changes of items during period	(77)	(242)	(320)	4	2	2,427
Balance at end of current period	46	(786)	(739)	38	42	42,549

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31,2018	For the fiscal year ended March 31,2019
Cash flows from operating activities		
Profit before income taxes	4,301	5,727
Depreciation	3,966	3,656
Impairment loss	43	-
Loss on liquidation of business	114	-
Amortization of goodwill	1,041	984
Loss on retirement of non-current assets	81	60
Subsidy income	(105)	(86)
Interest and dividend income	(19)	(17)
Interest expenses	200	174
Foreign exchange losses (gains)	(160)	64
Decrease (increase) in notes and accounts receivable - trade	(64)	(760)
Decrease (increase) in inventories	(1,131)	(592)
Increase (decrease) in notes and accounts payable - trade	(58)	236
Increase (decrease) in provision for bonuses	(93)	277
Other, net	1,117	(751)
Subtotal	9,232	8,973
Interest and dividend income received	17	17
Interest expenses paid	(115)	(89)
Income taxes paid	(1,383)	(1,964)
Proceeds from subsidy income	105	86
Net cash provided by (used in) operating activities	7,857	7,023
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	547	639
Collection of loans receivable	25	38
Purchase of investment securities	(0)	(416)
Proceeds from sales of investment securities	4	16
Purchase of intangible assets	(628)	(563)
Purchase of property, plant and equipment	(4,182)	(4,639)
Proceeds from sales of property, plant and equipment	5,274	64
Other, net	(140)	(93)
Net cash provided by (used in) investing activities	900	(4,951)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(166)	(471)
Proceeds from long-term loans payable	300	300
Repayments of long-term loans payable	(2,194)	(2,422)
Redemption of bonds	(1,473)	(2,636)
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	-	7,976
Purchase of treasury shares	(0)	(0)
Repayments of finance lease obligations	(67)	(82)
Cash dividends paid	(665)	(878)
Proceeds from sales of treasury shares	69	38
Net cash provided by (used in) financing activities	(4,196)	1,825

Effect of exchange rate change on cash and cash equivalents	167	(95)
Net increase (decrease) in cash and cash equivalents	4,728	3,801
Cash and cash equivalents at beginning of period	10,755	15,484
Cash and cash equivalents at end of period	15,484	19,286

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Additional information)

The Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28 on February 16, 2018), etc. from the beginning of the fiscal year under review. As a result, deferred tax assets are presented in investments and other assets, and deferred tax liabilities are presented in non-current liabilities.

(Segment information)

[Segment Information]

1. Overview of reportable segments

Reportable segments of the Group are components of the Group for which separate financial information is available and such information is evaluated regularly by the Board of Directors in deciding allocation of resources and in assessing performance.

Considering the similarity of products and services and the materiality, the Contact Lens-related Business is determined to be the reportable segment of the Group.

The Contact Lens-related Business carries out production and sales of contact lenses, lens care products, and products related thereto.

2. Calculation method for net sales, profit (loss), assets, liabilities and other items by reportable segment

The method of accounting treatment for the reportable business segment is the same as that adopted for preparation of consolidated financial statements.

Profit of the reportable segment is on an operating profit basis.

Inter-segment profit and transfers are based on market prices.

3. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment

Fiscal year from April 1, 2017 to March 31, 2018

(Millions of yen)

	Reportable segment	Other (Note)	Total
	Contact Lens-related Business		
Net sales			
Net sales to external customers	75,257	1,415	76,672
Inter-segment net sales or transfers	8	—	8
Total	75,265	1,415	76,681
Segment profit (loss)	8,245	(325)	7,919
Segment assets	58,087	1,096	59,184
Other items			
Depreciation	3,689	17	3,706
Increase in property, plant and equipment and intangible assets	4,276	22	4,298

(Note) 1. "Other" is a business segment not included in the reportable segment and includes new businesses.

2. The Company has been applying the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28 on February 16, 2018), etc. from the beginning of the fiscal year under review. Individual figures related to the period ended March 31, 2018 have had the accounting standards applied retroactively.

Fiscal year under review (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segment	Other (Note)	Total
	Contact Lens-related Business		
Net sales			
Net sales to external customers	79,416	1,482	80,898
Inter-segment net sales or transfers	—	0	0
Total	79,416	1,482	80,898
Segment profit (loss)	9,593	(343)	9,249
Segment assets	63,052	1,116	64,168
Other items			
Depreciation	3,461	20	3,482
Increase in property, plant and equipment and intangible assets	6,328	33	6,362

(Note) “Other” is a business segment not included in the reportable segment and includes new businesses.

4. Differences between the total amount of the reportable segment and the amount stated in consolidated financial statements, and major breakdown of such differences (Reconciliation)

(Millions of yen)

Net sales	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Reportable segment total	75,265	79,416
Net sales of “Other”	1,415	1,482
Elimination of inter-segment transactions	(8)	(0)
Net sales stated in consolidated financial statements	76,672	80,898

(Millions of yen)

Profit	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Reportable segment total	8,245	9,593
Profit of “Other”	(325)	(343)
Corporate expenses (Note)	(3,524)	(3,677)
Operating profit stated in consolidated financial statements	4,394	5,571

(Note) Corporate expenses are mainly general and administrative expenses not attributable to the reportable segment.

(Millions of yen)

Assets	As of March 31, 2018	As of March 31, 2019
Reportable segment total	58,087	63,052
Assets of "Other"	1,096	1,116
Corporate assets (Note)	12,521	14,106
Assets stated in consolidated financial statements	71,706	78,275

(Note) 1. Corporate assets are mainly cash and deposits of the head office and the head office building, which are not attributable to the reportable segment.

2. The Company has been applying the "Partial Amendments to Accounting Standard for Tax Effect Accounting"

(ASBJ Statement No.28 on February 16, 2018), etc. from the beginning of the fiscal year under review. Individual figures related to the period ended March 31, 2018 have had the accounting standards applied retroactively.

(Millions of yen)

Other items	Reportable segment total		Other		Adjustment		Amounts stated in consolidated financial statements	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Depreciation	3,689	3,461	17	20	259	174	3,966	3,656
Increase in property, plant and equipment and intangible assets	4,276	6,328	22	33	175	198	4,474	6,560

(Note) Adjustment of the increase in property, plant and equipment and intangible assets corresponds to capital investment for the equipment of head office.

[Related Information]

Fiscal year from April 1, 2017 to March 31, 2018

1. Information by product/service

(Millions of yen)

	Contact lens care products	MELS Plan	Other	Total
Net sales to external customers	36,518	38,304	1,849	76,672

(Note) “The amount of “Other” includes the amount of new businesses.

2. Geographical information

(1) Net sales

(Millions of yen)

Japan	Europe	North America	Asia	Other	Total
68,172	6,017	902	1,255	324	76,672

(Note) Net sales are classified according to countries or regions based on the locations of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	Europe	North America	Asia	Other	Total
18,807	2,485	49	1,224	0	22,567

(Note) Property, plant and equipment are classified according to countries or regions based on the locations of property, plant and equipment.

3. Information by major customer

This information is not stated because, of net sales to external customers, no customer represents 10% or more of net sales stated in the consolidated statement of income.

Fiscal year under review (from April 1, 2018 to March 31, 2019)

1. Information by product/service

(Millions of yen)

	Contact lens care products	MELS Plan	Other	Total
Net sales to external customers	38,172	40,615	2,110	80,898

(Note) “The amount of “Other” includes the amount of new businesses.

2. Geographical information

(1) Net sales

(Millions of yen)

Japan	Europe	North America	Asia	Other	Total
71,498	6,431	997	1,649	320	80,898

(Note) Net sales are classified according to countries or regions based on the locations of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	Europe	North America	Asia	Other	Total
21,738	2,364	39	1,304	0	25,447

(Note) Property, plant and equipment are classified according to countries or regions based on the locations of property, plant and equipment.

3. Information by major customer

This information is not stated because, of net sales to external customers, no customer represents 10% or more of net sales stated in the consolidated statement of income.

[Information on impairment loss of non-current assets by reportable segment]

Fiscal year from April 1, 2017 to March 31, 2018

(Millions of yen)

	Reportable segment	Other (Note)	Corporate/elimination	Total
	Contact Lens-related Business			
Impairment loss	106	—	—	106

(Note) 1. The amount of “Other” concerns new businesses.

2. ¥63 million of “Impairment loss” is included in Loss on business liquidation of “Extraordinary losses”.

Fiscal year under review (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segment	Other (Note)	Corporate/elimination	Total
	Contact Lens-related Business			
Impairment loss	—	—	—	—

(Note) The amount of “Other” concerns new businesses.

[Information on amortization of goodwill and unamortized balance by reportable segment]

Fiscal year from April 1, 2017 to March 31, 2018

(Millions of yen)

	Reportable segment	Other (Note)	Corporate/elimination	Total
	Contact Lens-related Business			
Amortization	1,041	—	—	1,041
Unamortized balance	3,708	—	—	3,708

(Note) The amount of “Other” concerns new businesses.

Fiscal year under review (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segment	Other (Note)	Corporate/elimination	Total
	Contact Lens-related Business			
Amortization	984	—	—	984
Unamortized balance	2,719	—	—	2,719

(Note) The amount of “Other” concerns new businesses.

[Information on gain on bargain purchase by reportable segment]

Fiscal year from April 1, 2017 to March 31, 2018

Not applicable.

Fiscal year under review (from April 1, 2018 to March 31, 2019)

Not applicable.

(Per share information)

	Previous fiscal year (from April 1, 2017 to March 31, 2018)	Fiscal year under review (from April 1, 2018 to March 31, 2019)
Net assets per share	Yen 1,138.62	Yen 1,205.46
Basic earnings per share	75.67	101.63
Diluted earnings per share	74.84	94.30

(Note) 1. The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

	Previous fiscal year (from April 1, 2017 to March 31, 2018)	Fiscal year under review (from April 1, 2018 to March 31, 2019)
(1) Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	2,657	3,576
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent pertaining to shares of common stock (Millions of yen)	2,657	3,576
Average number of shares of common stock (shares)	35,113,097	35,193,755
(2) Diluted earnings per share		
Adjusted profit attributable to owners of parent (Millions of yen)	—	—
Increase in the number of shares of common stock (shares)	388,147	2,735,153
Summary of Residual securities not included in the calculation of diluted earnings per share because of no dilutive effect	—	—

2. The basis for calculation of net assets per share is as follows.

	Previous fiscal year (as of March 31, 2018)	Fiscal year under review (as of March 31, 2019)
Total net assets (Millions of yen)	40,121	42,549
Amount to be deducted from total net assets (Millions of yen)	73	80
[Subscription rights to shares (Millions of yen)]	[33]	[38]
[Non-controlling interests (Millions of yen)]	[39]	[42]
Net assets pertaining to shares of common stock at end of period (Millions of yen)	40,048	42,468
Number of shares of common stock at end of period used for calculation of net assets per share (shares)	35,172,994	35,230,516

3. The Company conducted a 2-for-1 stock split on January 1, 2018.

Basic earnings per share, and diluted earnings per share are calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 31, 2018.

(Significant subsequent events)

Not applicable.