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Consolidated Financial Results for the Year Ended March 31, 2024 [Japanese GAAP]

May 14, 2024

Company name: Menicon Co., Ltd.
Stock exchange listing: Tokyo, Nagoya
Code number: 7780

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President and COO

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Scheduled date of Annual General Meeting of Shareholders: June 26, 2024

Scheduled date of commencing dividend payments: June 27, 2024

Scheduled date of filing annual securities report: June 27, 2024

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, 2024 (April 1, 2023 to March 31, 2024)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2024	116,192	5.4	8,951	(25.8)	8,225	(30.0)	4,538	(38.5)
March 31, 2023	110,194	10.0	12,062	21.1	11,755	16.9	7,377	13.8

(Note) Comprehensive income: Fiscal year ended March 31, 2024: ¥ 8,149 million [(3.7)%
Fiscal year ended March 31, 2023: ¥ 8,459 million [5.5%]

	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, 2024	59.65	55.17	6.0	4.9	7.7
March 31, 2023	97.25	89.78	10.7	8.3	10.9

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2024: ¥ (21) million
Fiscal year ended March 31, 2023: ¥ (19) million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	179,812	81,804	44.1	1,041.16
March 31, 2023	152,522	74,665	47.5	953.74

(Reference) Equity: As of March 31, 2024: ¥ 79,346 million
As of March 31, 2023: ¥ 72,460 million

(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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	11,866	(21,575)	14,554	46,713
March 31, 2023	12,749	(13,776)	8,900	40,664

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	Millions of yen	%	%
March 31, 2023	-	0.00	-	25.00	25.00	1,902	25.7	2.8
March 31, 2024	-	0.00	-	25.00	25.00	1,905	41.9	2.5
Fiscal year ending March 31, 2025 (Forecast)	-	0.00	-	28.00	28.00		30.5	

(Note) Total dividends include the following dividend payments for the Company's stock held by Custody Bank of Japan, Ltd. (trust E account): 3 million yen in the fiscal year ended March 31, 2023, and 0 million yen in the fiscal year ended March 31, 2024).

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	122,700	5.6	10,000	11.7	9,500	15.5	7,000	54.2	91.83

* Notes:

(1) Changes in significant subsidiaries during the period under review

(changes in specified subsidiaries resulting in changes in scope of consolidation): None

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(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, 2024: 76,634,388 shares

March 31, 2023: 76,527,888 shares

2) Number of treasury shares at the end of the period:

March 31, 2024: 424,833 shares

March 31, 2023: 553,319 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2024: 76,099,741 shares

Fiscal Year ended March 31, 2023: 75,862,403 shares

(Note) The Company's shares held by "Stock Benefit Trust (Employee Shareholder Association Purchase-Type)" are included in treasury shares, which are used in calculating the total number of treasury shares at the end of the period and deducted in calculating the average number of shares during the period.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 to March 31, 2024)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	66,525	3.5	1,519	(53.2)	2,020	(50.6)	1,087	(61.8)
March 31, 2023	64,254	4.6	3,248	(12.0)	4,086	2.3	2,844	6.9

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	14.28	13.43
March 31, 2023	37.49	34.79

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	147,296	61,187	39.9	771.35
March 31, 2023	129,595	60,961	45.4	774.04

(Reference) Equity: As of March 31, 2024: ¥ 58,784 million
As of March 31, 2023: ¥ 58,807 million

* **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 the forecast of consolidated business results assumptions and our response, please refer to “1. Overview of Business Results (5) Outlook” on Page 5 of the appendix.

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1. Overview of Business Results

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

We recently established the “1DAY-lens Strategy Policy: Aim to be a top global player in 1DAY-lens with original products and services” and “Orthokeratology Strategy Policy: Aim to be leading company of orthokeratology-related (Myopia Control-related) business by creating new value related to myopia control” as growth strategy policies for the realization of the slogan “New vision of ‘Miru’ for the world,” laid out in the current medium-term management plan, “Vision 2030.”

Under the “1 DAY-lens Strategy Policy” we began operating new production lines for “1 DAY Menicon PremiO” series at our Kakamigahara Plant and for the “Magic” series at Menicon Singapore Pte. Ltd. to accommodate the recent growth in demand for daily disposable contact lenses. Anticipating robust growth over the medium to long term, we are constructing a new plant at Menicon Malaysia Sdn. Bhd. and continuing to enhance our daily disposable contact lenses supply capacity.

Under the “Orthokeratology Strategy Policy,” we have sold orthokeratology lenses and care products used with orthokeratology lenses globally, particularly in Asia where the market is huge. We will continue to strengthen sales, anticipating that orthokeratology-related products will keep growing steadily over the world.

Performances in each business are as follows.

[Domestic Vision Care Business]

The domestic contact lens market is seeing demand grow against the background of an increase in the myopic population, an increase in occasions to go out as restrictions on movements were relaxed, and other factors. In particular, demand is growing for daily disposable contact lenses, which do not require daily care, offering superior convenience, and for bifocal contact lenses, as the age range of contact lens users is expanding.

According to the Group’s policy, in the Domestic Vision Care Business, we are aiming to expand the market share of daily disposal contact lenses, increase the number of MELS Plan members, and turn our customers into loyal customers. For the MELS Plan, we conducted campaigns for each demand season and a member introduction campaign that encourages new members to enroll through referrals from current members. Additionally, we took action to improve profitability by revising the MELS Plan monthly subscription price, while also forging ahead with initiatives to increase customer satisfaction by expanding our line-up, including the MELS Plan-exclusive product “MelsME,” monthly replacement contact lenses made of silicone hydrogel material with high oxygen permeability, and new colors for “1 DAY Menicon Rei.”

For care products, we launched "epica Smart clean", a hydrogen peroxide-type disinfectant for soft type contact lenses and sales have remained strong. Since the proportion of hydrogen peroxide-type disinfectants used in the market is increasing year by year and is expected to continue to grow, we will focus on its further sales expansion as one of our main care products.

[Overseas Vision Care Business]

The overseas contact lens market demand continues to be on the rise overall, although it is subject to prolonged global inflation, trends in economic conditions, and the destabilization of the supply chain.

The Overseas Vision Care Business is expediting sales growth under the policy of undertaking business activities that cater to the different demands in different regions.

In China, despite the gradual mitigation of the impact of COVID-19 infections, market growth for contact lens-related products, including orthokeratology lenses and care products, has been slow due to the impact of the stagnant economy. Also in China, with the main policy to strengthen sales of orthokeratology lenses and care products, in a competitive environment that is seeing a rise in competitors, we are proceeding with initiatives aimed at the expansion of sales. These include strengthening our sales framework and organizing new product announcements for medical professionals and distributors in key cities.

In Europe and North America, demand for contact lenses and care products continues to expand. In these markets, we forged ahead with the development of new distribution channels and the strengthening of relationships with existing ones,

while introducing our private-label products to major mass retailers and mounting an effort to encourage them to switch from other brands, in a bid to expand sales of disposable contact lenses and care products.

[Other Businesses]

The healthcare and life care businesses are working on taking up the challenge to enter new areas that create health support and joy for people through the five senses.

For the food business and composting-related business, we focused on the expansion of sales channels mainly outside of Japan. In the veterinary medical care business, we have started selling supplements for dogs and cats to general consumers, in addition to selling to veterinary hospitals and veterinary drug distributors in order to expand sales channels. In the supplement business, we added new products focused on the life support area, including Femtech-related products, and have strived to expand sales.

As a result of these efforts, the Group's consolidated business results for the fiscal year ended March 31, 2024 were as follows.

Net sales increased by 5.4% year on year to ¥116,192 million due to steady overseas sales mainly in Europe and North America. Operating profit decreased by 25.8% year on year to ¥8,951 million mainly due to an increase in investment expenses for preparation of new plant operations, reinforcement of new product development, and strengthening of the sales systems including increasing personnel. Ordinary profit decreased by 30.0% year on year to ¥8,225 million mainly due to increases in interest expenses and bond issuance costs.

For extraordinary income and losses, extraordinary income of ¥106 million was recorded mainly as a result of sale of property, plant and equipment. On the other hand, extraordinary losses of ¥1,215 million was recorded due to a provision of allowance for doubtful accounts for the estimated uncollectible amount of receivables due to the deterioration of financial conditions and results of Chinese customer in the food business caused by the discharge of ALPS treated water, as well as a provision for loss on guarantees resulting from the end of the Stock Benefit Trust. As a result of the above factors, profit attributable to owners of parent decreased by 38.5% year on year to ¥4,538 million.

Business results by segment are as follows.

1) Vision Care Business

Sales of the Vision Care Business were ¥106,887 million, an increase of 5.1% year on year. Segment profit was ¥15,488 million, a decrease of 11.5% year on year. The details are as follows.

Sales of the Vision Care Business increased by ¥5,234 million year on year. Overseas sales increased by ¥3,322 million, mainly owing to sales of daily disposable contact lenses and care products in Europe and North America performing briskly. Domestic sales increased by ¥1,912 million, mainly due to price revision and a higher ratio of MELS Plan membership for daily disposable contact lenses, which have higher average spending per customer.

Segment profit decreased by ¥2,005 million year on year, mainly due to an increase in investment expenses for preparation of new plant operations, reinforcement of new product development, and strengthening of the global sales systems including increasing personnel. The increase in the investment expenses will contribute to the realization of the Group's "Vision 2030" and the enhancement of our competitive edge over the long term.

2) Other

Sales of Other businesses were ¥9,304 million for the fiscal year under review, an increase of 8.9% year on year, due mainly to an increase in overseas sales in the food business. Segment loss was ¥875 million, compared with a segment loss of ¥775 million for the previous year.

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

(Assets)

Total assets at the end of the third quarter of the fiscal year under review were ¥179,812 million, having increased by ¥27,289 million from the end of the previous fiscal year. Current assets increased by ¥8,070 million to ¥85,771 million mainly owing to an increase in cash and deposits resulting from the issuance of bonds. Non-current assets increased by ¥19,219 million to ¥94,040 million, primarily due to the manufacturing factory building and facilities investments in Menicon Malaysia Sdn. Bhd. and the manufacturing facilities investments in Menicon Singapore Pte. Ltd. in order to expand the product capacity for daily disposable contact lenses, and the manufacturing facilities investments in Menicon Nect Co., Ltd. for care products.

(Liabilities and net assets)

Liabilities increased by ¥20,150 million from the end of the previous fiscal year to ¥98,007 million mainly due to the issuance of bonds.

Net assets increased by ¥7,139 million from the end of the previous fiscal year to ¥81,804 million mainly due to the recording of profit attributable to owners of parent and an increase in foreign currency translation adjustment related to overseas subsidiaries as a result of yen depreciation. As a result, the capital adequacy ratio was 44.1%.

(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 ¥46,713 million, having increased by ¥6,048 million or 14.9% from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥11,866 million, compared with net cash provided by operating activities amounting to ¥12,749 million for the previous fiscal year, mainly due to the profit before income taxes and depreciation.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥21,575 million, compared with net cash used in investing activities amounting to ¥13,776 million for the previous fiscal year, mainly due to the manufacturing factory building and facilities investments in Menicon Malaysia Sdn. Bhd. and the manufacturing facilities investments in Menicon Singapore Pte. Ltd. in order to expand the product capacity for daily disposable contact lenses, and the manufacturing facilities investments in Menicon Nect Co., Ltd. for care products.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥14,554 million, compared with net cash provided in financing activities amounting to ¥8,900 million in the previous fiscal year, mainly due to cash inflow resulting from the issuance of bonds.

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

At the Board of Directors meeting held on May 14, 2024, we changed our policy for determining dividends of surplus from the fiscal year ended March 31, 2024 to a policy seeking a continuous stable dividend payout ratio of around 30% in order to further clarify our stance on returning profits to shareholders and increase the transparency of future dividend levels, taking into account the results of the current fiscal year, future business development and sufficient retained earnings for strengthening the financial structure in a comprehensive manner. There is no change in our basic policy to pay year-end dividends once a year.

In line with these policies, we have decided to pay an ordinary dividend of ¥25 per share (dividend payout ratio 41.9%) for the fiscal year under review. The dividend for the next fiscal year is planned to be ¥28 per share (dividend payout ratio 30.5%).

(5) Outlook

The environment surrounding the Group is expected to see the contact lens market growing over the medium to long term against the background of an increase in the myopic population globally. Additionally, revenue growth effects are expected for the full year due to the full-scale price revision in Japan. On the other hand, the environment is expected to remain uncertain, with the destabilization of world affairs causing soaring resource prices, inflation, and changes in personal consumption activities. In this environment, we will continue to focus on expanding sales of daily disposable contact lenses, orthokeratology lenses and care products used with orthokeratology lenses, aiming to achieve net sales of over ¥140.0 billion, an operating profit margin of 12%, and ROE of 12% by the fiscal year ending March 31, 2028, which we set as new milestones.

Daily disposable contact lenses are expected to experience particularly strong demand growth within the contact lens market. Therefore, the Group has positioned the “Magic” series and “1 DAY Menicon PremiO” series as strategic products with “Smart Touch” packaging designed to keep the inner surface of the daily disposable contact lenses facing downward so that contact lenses can be used easily and hygienically without touching the inner surface to confirm the front and back. In Japan, we will work to attract new daily disposable contact lenses members in the MELS Plan at Group company retail shops and MELS Plan member facilities and increase the ratio of daily disposable contact lenses members. Additionally, in Europe and North America, we will work to expand sales through introducing our private-label products to major mass retailers. We will also continue to increase our daily disposable contact lenses supply capacity to meet growing demand by investing in production facilities at the Kakamigahara Plant and Menicon Singapore Pte. Ltd. and starting up the new factory at Menicon Malaysia Sdn. Bhd.

Although orthokeratology lenses and care products used with orthokeratology lenses have been affected by the economic stagnation in China, stable market growth is expected globally, particularly in Asia. We will aim to expand sales through efforts such as increasing care and lens product recognition and developing new sales channels by using a line-up of multiple orthokeratology lenses, including “α Ortho-K,” which maintains a high market share in China and strong sales in Japan and the rest of Asia, “Menicon Z Night,” which is experiencing robust sales in Europe and Asia, including China, and “Menicon Bloom Night,” a contact lens for myopia control which is expected to see sales expansion in Europe.

Based on the above, although revenue growth effects are expected for the full year due to the full-scale price revision in Japan, we anticipate investment expenses for medium to long-term growth, such as expenses to start up the new factory for daily disposable contact lenses at Menicon Malaysia Sdn. Bhd. and expenses to strengthen human resources including wage increases. We also expect to record extraordinary income from the gain on reversal of share acquisition rights on Euroyen-denominated convertible bonds with share acquisition rights due 2025. As such, for the next fiscal year, we project net sales of ¥122,700 million, operating profit of ¥10,000 million, ordinary profit of ¥9,500 million, and profit attributable to owners of parent of ¥7,000 million.

These forecasts for business results have been calculated based on information currently available to our company and certain assumptions that we have deemed reasonable. Business activities and actual results may be affected by various factors in the future.

2. Basic Approach for Selection of Accounting Standards

The Group applies Japanese Accounting Standards.

The Group intends to examine whether to adopt the International Financial Reporting Standards (IFRS) in light of global business development and domestic and overseas trends.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	41,249	46,911
Notes and accounts receivable - trade	12,411	13,340
Securities	36	-
Merchandise and finished goods	12,746	13,571
Work in process	1,267	1,470
Raw materials and supplies	3,404	3,761
Other	6,746	6,851
Allowance for doubtful accounts	(161)	(135)
Total current assets	77,701	85,771
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,137	32,753
Accumulated depreciation	(12,796)	(14,126)
Buildings and structures, net	15,340	18,626
Machinery, equipment and vehicles	29,599	33,296
Accumulated depreciation	(19,275)	(21,669)
Machinery, equipment and vehicles, net	10,324	11,626
Tools, furniture and fixtures	10,367	11,202
Accumulated depreciation	(8,707)	(9,399)
Tools, furniture and fixtures, net	1,659	1,803
Land	4,996	5,658
Leased assets	2,217	2,211
Accumulated depreciation	(742)	(954)
Leased assets, net	1,474	1,256
Right of use assets	7,110	7,846
Accumulated depreciation	(2,973)	(4,083)
Right of use assets, net	4,136	3,762
Construction in progress	19,163	32,727
Other	46	46
Accumulated depreciation	-	-
Other, net	46	46
Total property, plant and equipment	57,143	75,508
Intangible assets		
Goodwill	2,368	2,719
Patent right	357	268
Other	8,744	8,680
Total intangible assets	11,470	11,668
Investments and other assets		
Investment securities	499	720
Deferred tax assets	2,567	2,978
Other	3,140	3,666
Allowance for doubtful accounts	(0)	(501)
Total investments and other assets	6,207	6,863
Total non-current assets	74,821	94,040
Total assets	152,522	179,812

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,609	6,181
Short-term borrowings	126	169
Current portion of bonds payable	726	166
Current portion of bonds with share acquisition rights	-	22,971
Current portion of long-term borrowings	1,488	1,633
Lease liabilities	1,301	1,275
Accounts payable - other	5,517	7,338
Income taxes payable	1,506	1,265
Provision for bonuses	1,967	2,076
Provision for point card certificates	24	24
Provision for loss on guarantees	-	488
Other	6,084	6,460
Total current liabilities	24,352	50,053
Non-current liabilities		
Bonds payable	16,500	36,333
Convertible-bond-type bonds with share acquisition rights	22,936	-
Long-term borrowings	5,936	4,251
Lease liabilities	4,566	3,995
Long-term accounts payable - other	1,232	1,194
Retirement benefit liability	720	645
Deferred tax liabilities	1,258	1,036
Asset retirement obligations	115	259
Other	236	237
Total non-current liabilities	53,503	47,953
Total liabilities	77,856	98,007
Net assets		
Shareholders' equity		
Share capital	5,487	5,521
Capital surplus	7,275	7,309
Retained earnings	58,127	60,763
Treasury shares	(919)	(344)
Total shareholders' equity	69,971	73,250
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	122	283
Foreign currency translation adjustment	2,366	5,812
Total accumulated other comprehensive income	2,489	6,096
Share acquisition rights	2,153	2,403
Non-controlling interests	52	55
Total net assets	74,665	81,804
Total liabilities and net assets	152,522	179,812

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	110,194	116,192
Cost of sales	51,719	55,181
Gross profit	58,474	61,010
Selling, general and administrative expenses	46,411	52,058
Operating profit	12,062	8,951
Non-operating income		
Interest income	36	82
Dividend income	12	14
Guarantee commission income	41	41
Fair value adjustment of contingent consideration	33	-
Subsidy income	45	39
Other	250	225
Total non-operating income	420	404
Non-operating expenses		
Interest expenses	361	571
Bond issuance costs	79	101
Share of loss of entities accounted for using equity method	19	21
Foreign exchange losses	217	217
Other	50	218
Total non-operating expenses	728	1,130
Ordinary profit	11,755	8,225
Extraordinary income		
Gain on sale of non-current assets	3	99
Other	-	6
Total extraordinary income	3	106
Extraordinary losses		
Loss on sale of non-current assets	6	1
Loss on retirement of non-current assets	229	53
Impairment losses	2	148
Provision of allowance for doubtful accounts	-	499
Provision for loss on guarantees	-	488
Other	1	24
Total extraordinary losses	239	1,215
Profit before income taxes	11,518	7,115
Income taxes - current	3,983	3,310
Income taxes - deferred	155	(736)
Total income taxes	4,138	2,573
Profit	7,380	4,541
Profit attributable to non-controlling interests	2	2
Profit attributable to owners of parent	7,377	4,538

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	7,380	4,541
Other comprehensive income		
Valuation difference on available-for-sale securities	38	161
Foreign currency translation adjustment	1,009	3,443
Share of other comprehensive income of entities accounted for using equity method	31	2
Total other comprehensive income	1,079	3,607
Comprehensive income	8,459	8,149
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,456	8,146
Comprehensive income attributable to non-controlling interests	2	3

(3) Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,462	7,249	52,302	(1,330)	63,684
Changes during period					
Issuance of new shares	25	25			50
Dividends of surplus			(1,520)		(1,520)
Profit attributable to owners of parent			7,377		7,377
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				411	411
Change in scope of equity method			(32)		(32)
Net changes in items other than shareholders' equity					
Total changes during period	25	25	5,824	411	6,287
Balance at end of period	5,487	7,275	58,127	(919)	69,971

	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 period	83	1,325	1,409	1,902	49	67,045
Changes during period						
Issuance of new shares						50
Dividends of surplus						(1,520)
Profit attributable to owners of parent						7,377
Purchase of treasury shares						(0)
Disposal of treasury shares						411
Change in scope of equity method		27	27			(5)
Net changes in items other than shareholders' equity	38	1,013	1,052	251	2	1,306
Total changes during period	38	1,041	1,079	251	2	7,620
Balance at end of period	122	2,366	2,489	2,153	52	74,665

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,487	7,275	58,127	(919)	69,971
Changes during period					
Issuance of new shares	33	33			67
Dividends of surplus			(1,902)		(1,902)
Profit attributable to owners of parent			4,538		4,538
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				575	575
Change in scope of equity method					-
Net changes in items other than shareholders' equity					
Total changes during period	33	33	2,636	574	3,278
Balance at end of period	5,521	7,309	60,763	(344)	73,250

	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 period	122	2,366	2,489	2,153	52	74,665
Changes during period						
Issuance of new shares						67
Dividends of surplus						(1,902)
Profit attributable to owners of parent						4,538
Purchase of treasury shares						(0)
Disposal of treasury shares						575
Change in scope of equity method						-
Net changes in items other than shareholders' equity	161	3,446	3,607	249	3	3,860
Total changes during period	161	3,446	3,607	249	3	7,139
Balance at end of period	283	5,812	6,096	2,403	55	81,804

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	11,518	7,115
Depreciation	7,035	7,551
Impairment losses	2	148
Amortization of goodwill	413	396
Loss on retirement of non-current assets	229	53
Interest and dividend income	(49)	(97)
Interest expenses	361	571
Foreign exchange losses (gains)	23	193
Decrease (increase) in trade receivables	(937)	(354)
Decrease (increase) in inventories	(1,287)	(668)
Increase (decrease) in trade payables	655	129
Increase (decrease) in provision for bonuses	(86)	72
Other, net	(855)	822
Subtotal	17,023	15,935
Interest and dividends received	50	75
Interest paid	(231)	(326)
Income taxes paid	(4,093)	(3,817)
Net cash provided by (used in) operating activities	12,749	11,866
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	171	522
Purchase of intangible assets	(1,540)	(1,229)
Purchase of property, plant and equipment	(11,435)	(20,105)
Proceeds from sale of property, plant and equipment	8	276
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(713)
Other, net	(979)	(326)
Net cash provided by (used in) investing activities	(13,776)	(21,575)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	38	17
Repayments of long-term borrowings	(1,926)	(1,597)
Proceeds from issuance of bonds	14,920	19,898
Redemption of bonds	(826)	(726)
Purchase of treasury shares	(0)	(0)
Proceeds from sale of treasury shares	270	256
Repayments of lease liabilities	(2,083)	(1,416)
Dividends paid	(1,519)	(1,901)
Other, net	26	24
Net cash provided by (used in) financing activities	8,900	14,554
Effect of exchange rate change on cash and cash equivalents	179	1,203
Net increase (decrease) in cash and cash equivalents	8,053	6,048
Cash and cash equivalents at beginning of period	32,611	40,664
Cash and cash equivalents at end of period	40,664	46,713

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Additional information)

(Transaction to grant the Company's shares to employees, etc. through the trust)

We conducted transactions to grant the Company's shares to the Employee Shareholder Association through the trust with the purpose of enhancing employee benefits and providing incentives for improving the Company's corporate value.

1. Overview of Transaction

We introduced a "Stock Benefit Trust (Employee Shareholder Association Purchase-Type)" (hereinafter, the "Plan") in September 2021.

With the introduction of the Plan, the Company, as the settlor, entered into a "Stock Benefit Trust (Employee Shareholder Association Purchase-Type) Agreement" (hereinafter, the "Trust Agreement" ; and the trust established pursuant to the Trust Agreement is hereinafter referred to as the "Trust") with the trustee, Mizuho Trust & Banking Co., Ltd. (hereinafter, the "Trustee"). Additionally, the Trustee entered into a re-trust agreement with the Custody Bank of Japan, Ltd. regarding management of securities and other trust assets with the Custody Bank of Japan, Ltd. as the sub-trustee.

The Custody Bank of Japan, Ltd. has been entitled to collectively acquire in advance to the Trust E Account established at the Custody Bank of Japan, Ltd. a number of the Company's shares equivalent to the number of shares anticipated to be purchased by the Shareholder Association over the next five years, and then regularly sell the Company's shares when the shares are purchased by the Shareholder Association. If proceeds from sale of shares are accumulated in trust assets for the Trust up through the time of expiration of the Trust through the sale of the Company's shares from the Trust E Account to the Shareholder Association, such proceeds shall be distributed as residual assets to members of the Shareholder Association who satisfy the beneficiary eligibility requirements.

Additionally, since the Company provides a guarantee when the Trustee takes out a loan in order for the Trust E Account to acquire the Company's shares, if the Trustee has an outstanding loan balance equal to loss on the sale of shares as of the time of expiration of the Trust due to a decline in the Company's share price, etc., the Company will pay off the outstanding loan balance pursuant to the guarantee agreement.

2. Residual Company's Shares Held in the Trust

The residual Company's shares held in the Trust are recorded at the book value in the trust (excluding incidental expenses) as treasury shares under net assets. The book value and number of shares of such treasury shares are ¥595 million and 133 thousand shares, respectively, for the previous fiscal year, and ¥20 million and 4 thousand shares, respectively for the fiscal year under review.

3. Book Value of Borrowings Recorded Through the Application of Total Amount Method

¥803 million for the previous consolidated fiscal year, ¥527 million for the fiscal year under review.

(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 their importance, the Vision Care Business is determined to be the reportable segment of the Group.

The Vision Care Business carries out the 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, 2022 to March 31, 2023

(Millions of yen)

	Reportable segment	Others (Note)	Total
	Vision Care Business		
Net sales			
Net sales to external customers	101,652	8,541	110,194
Inter-segment net sales or transfers	—	—	—
Total	101,652	8,541	110,194
Segment profit (loss)	17,493	(775)	16,718
Segment assets	123,292	5,958	129,251
Other items			
Depreciation	6,822	52	6,875
Increase in property, plant and equipment and intangible assets	12,965	88	13,054

(Note) “Others” is a business segment not included in the reportable segment and includes the healthcare and life care businesses.

Fiscal year under review (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment	Others (Note)	Total
	Vision Care Business		
Net sales			
Net sales to external customers	106,887	9,304	116,192
Inter-segment net sales or transfers	—	—	—
Total	106,887	9,304	116,192
Segment profit (loss)	15,488	(875)	14,613
Segment assets	145,636	5,945	151,582
Other items			
Depreciation	7,050	53	7,104
Increase in property, plant and equipment and intangible assets	23,531	19	23,551

(Note) “Others” is a business segment not included in the reportable segment and includes the healthcare and life care 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, 2023	Fiscal year ended March 31, 2024
Reportable segment total	101,652	106,887
Net sales of "Others"	8,541	9,304
Elimination of inter-segment transactions	—	—
Net sales stated in consolidated financial statements	110,194	116,192

(Millions of yen)

Profit	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Reportable segment total	17,493	15,488
Profit (Loss) of "Others"	(775)	(875)
Corporate expenses (Note)	(4,655)	(5,661)
Operating profit stated in consolidated financial statements	12,062	8,951

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

(Millions of yen)

Assets	As of March 31, 2023	As of March 31, 2024
Reportable segment total	123,292	145,636
Assets of "Others"	5,958	5,945
Corporate assets (Note)	23,271	28,229
Assets stated in consolidated financial statements	152,522	179,812

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

(Millions of yen)

Other items	Reportable segment total		Others		Adjustment		Amounts stated in consolidated financial statements	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Depreciation	6,822	7,050	52	53	160	447	7,035	7,551
Increase in property, plant and equipment and intangible assets	12,965	23,531	88	19	1,495	678	14,549	24,229

(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, 2022 to March 31, 2023

1. Information by product/service

(Millions of yen)

	MELS Plan	Manufacture and sales of contact lenses and care products	Others	Total
Net sales to external customers	45,491	49,387	15,315	110,194

(Note) "Others" includes the healthcare and life care businesses.

2. Geographical information

(1) Net sales

(Millions of yen)

Japan	Europe	North America	Asia	Others	Total
76,834	10,914	1,392	20,189	863	110,194

(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	Others	Total
34,361	5,505	52	17,210	13	57,143

(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 statements of income.

Fiscal year under review (from April 1, 2023 to March 31, 2024)

1. Information by product/service

(Millions of yen)

	MELS Plan	Manufacture and sales of contact lenses and care products	Others	Total
Net sales to external customers	46,459	53,049	16,683	116,192

(Note) "Others" includes the healthcare and life care businesses.

2. Geographical information

(1) Net sales

(Millions of yen)

Japan	Europe	North America	Asia	Others	Total
79,435	13,364	2,196	20,232	963	116,192

(Note) 1. Net sales are classified according to countries or regions based on the locations of customers.
2. "Asia" includes the sales in China of ¥16,785 million.

(2) Property, plant and equipment

(Millions of yen)

Japan	Europe	North America	Asia	Others	Total
37,884	6,430	60	31,123	10	75,508

(Note) 1. Property, plant and equipment are classified according to countries or regions based on the locations of property, plant and equipment.
2. "Asia" includes property, plant and equipment in Malaysia of 22,709 million.

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 statements of income.

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

Fiscal year from April 1, 2022 to March 31, 2023

(Millions of yen)

	Reportable segment	Others (Note)	Corporate/elimination	Total
	Vision Care Business			
Impairment loss	2	—	—	2

(Note) “Others” includes the healthcare and life care businesses.

Fiscal year under review (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment	Others (Note)	Corporate/elimination	Total
	Vision Care Business			
Impairment loss	148	—	—	148

(Note) “Others” includes the healthcare and life care businesses.

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

Fiscal year from April 1, 2022 to March 31, 2023

(Millions of yen)

	Reportable segment	Others (Note)	Corporate/elimination	Total
	Vision Care Business			
Amortization	413	—	—	413
Unamortized balance	2,368	—	—	2,368

(Note) “Others” includes the healthcare and life care businesses.

Fiscal year under review (from April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segment	Others (Note)	Corporate/elimination	Total
	Vision Care Business			
Amortization	396	—	—	396
Unamortized balance	2,719	—	—	2,719

(Note) “Others” includes the healthcare and life care businesses.

[Information on gain on bargain purchase by reportable segment]

Fiscal year from April 1, 2022 to March 31, 2023

Not applicable.

Fiscal year under review (from April 1, 2023 to March 31, 2024)

Not applicable.

(Per share information)

	Previous fiscal year (from April 1, 2022 to March 31, 2023)	Fiscal year under review (from April 1, 2023 to March 31, 2024)
Net assets per share	Yen 953.74	Yen 1,041.16
Basic earnings per share	97.25	59.65
Diluted earnings per share	89.78	55.17

(Note) 1. The shares of the company remaining in the Trust recorded as treasury stock in shareholders' equity are included in the treasury stock to be deducted in the calculation of the average number of shares during the period in the calculation of net income per share, and per share. For the calculation of net assets, it is included in the number of treasury stock to be deducted from the total number of issued shares at the end of the fiscal year. The average number of treasury stock deducted during the period for calculating net income per share was 181,015 shares for the previous fiscal year and 73,974 shares for the current fiscal year, and the number of treasury stock deducted at the end of the fiscal year for calculating net asset value per share was 133,100 shares for the previous fiscal year 4,500 shares for the current fiscal year.

2. The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

	Fiscal year under review (from April 1, 2022 to March 31, 2023)	Fiscal year under review (from April 1, 2023 to March 31, 2024)
(1) Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	7,377	4,538
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent pertaining to shares of common stock (Millions of yen)	7,377	4,538
Average number of shares of common stock (shares)	75,862,403	76,099,741
(2) Diluted earnings per share		
Adjusted profit attributable to owners of parent (Millions of yen)	23	23
Increase in the number of shares of common stock (shares)	6,569,901	6,613,066
[Convertible bond-type bonds with share acquisition rights (shares)]	[6,233,569]	[6,257,652]
[Share acquisition rights (shares)]	[336,332]	[355,414]
Summary of Residual securities not included in the calculation of diluted earnings per share because of no dilutive effect	—	—

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

	Previous fiscal year (as of March 31, 2023)	Fiscal year under review (as of March 31, 2024)
Total net assets (Millions of yen)	74,665	81,804
Amount to be deducted from total net assets (Millions of yen)	2,205	2,458
[Share acquisition rights (Millions of yen)]	[2,153]	[2,403]
[Non-controlling interests (Millions of yen)]	[52]	[55]
Net assets pertaining to shares of common stock at end of period (Millions of yen)	72,460	79,346
Number of shares of common stock at end of period used for calculation of net assets per share (shares)	75,974,569	76,209,555

(Significant subsequent events)

Not applicable.