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Consolidated Financial Results for the Year Ended March 31, 2025 [Japanese GAAP]

May 14, 2025

Company name: Menicon Co., Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Code number: 7780
 URL: <https://www.menicon.com>
 Representative: Koji Kawaura President and CEO
 Contact: Hideki Koga Senior Executive Officer, Corporate Management, CFO
 Phone: +81-52-935-1515
 Scheduled date of Annual General Meeting of Shareholders: June 26, 2025
 Scheduled date of commencing dividend payments: June 27, 2025
 Scheduled date of filing annual securities report: June 27, 2025
 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, 2025 (April 1, 2024 to March 31, 2025)

(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, 2025	121,491	4.6	10,051	12.3	9,607	16.8	5,621	23.8
March 31, 2024	116,192	5.4	8,951	(25.8)	8,225	(30.0)	4,538	(38.5)

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ 8,119 million [(0.4)%]
 Fiscal year ended March 31, 2024: ¥ 8,149 million [(3.7)%]

	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
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	74.03	69.15	6.8	5.2	8.3
March 31, 2024	59.65	55.17	6.0	4.9	7.7

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2025: ¥ (9) million
 Fiscal year ended March 31, 2024: ¥ (21) million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	187,282	86,154	45.5	1,122.54
March 31, 2024	179,812	81,804	44.1	1,041.16

(Reference) Equity: As of March 31, 2025: ¥ 85,236 million
 As of March 31, 2024: ¥ 79,346 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended March 31, 2025	13,944	(19,661)	714	41,864
March 31, 2024	11,866	(21,575)	14,554	46,713

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, 2024	-	0.00	-	25.00	25.00	1,905	41.9	2.5
March 31, 2025	-	0.00	-	28.00	28.00	2,146	37.8	2.6
Fiscal year ending March 31, 2026 (Forecast)	-	0.00	-	28.00	28.00		36.7	

(Note) Total dividends include the following dividend payments for the Company's stock held by Custody Bank of Japan, Ltd. (trust E account): 0 million yen in the fiscal year ended March 31, 2024, and 20 million yen in the fiscal year ended March 31, 2025).

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% 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	125,000	2.9	10,200	1.5	9,500	(1.1)	5,800	3.2	76.27

* Notes:

- (1) Significant changes in the scope of consolidation during the period: Yes
- Newly included: 3 (Company name: Oculus Visioncare (S) Pte. Ltd., Oculus (M) Sdn. Bhd., PT Oculus Indonesia)
- Excluded: 1 (Company name: Fuji Contact Co., Ltd.)

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

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) 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, 2025: 76,645,888 shares

March 31, 2024: 76,634,388 shares

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

March 31, 2025: 714,024 shares

March 31, 2024: 424,833 shares

- 3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 75,935,036 shares

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

(Note) The Company's shares held by "Stock Benefit Trust (Employee Shareholder Association Purchase-Type)" and "Stock Benefit Trust (Employee Stock Ownership Plan)" 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, 2025 (April 1, 2024 to March 31, 2025)

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

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	71,045	6.8	3,869	154.8	4,331	114.3	4,930	353.5
March 31, 2024	66,525	3.5	1,519	(53.2)	2,020	(50.6)	1,087	(61.8)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	64.92	60.67
March 31, 2024	14.28	13.43

(2) Non-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, 2025	156,067	62,432	39.5	810.89
March 31, 2024	147,296	61,187	39.9	771.35

(Reference) Equity: As of March 31, 2025: ¥ 61,572 million
As of March 31, 2024: ¥ 58,784 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 7 of the appendix.

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1. Overview of Business Results

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

We 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 to accommodate the recent growth in demand for daily disposable contact lenses. Anticipating robust growth over the medium to long term, we are preparing to begin production at Menicon Malaysia Sdn. Bhd. and continuing to enhance our daily disposable contact lenses supply capacity.

Under the Orthokeratology-related (Myopia Control-related) Strategy Policy, we delivered orthokeratology lenses and care products used with orthokeratology lenses globally, with a focus on the Asian market, especially the large Chinese market. Although the market for orthokeratology-related products has recently reached a growth plateau in China, we will continue working to strengthen sales in anticipation of stable medium to long-term growth, supported by an increase in the population with myopia globally.

Performances in each business are as follows.

[Domestic Vision Care Business]

The domestic contact lens market is experiencing growing demand, driven by the global prevalence of myopia. 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 expands.

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, while working to improve profitability by revising its monthly subscription price, we advanced initiatives designed to increase customer satisfaction by broadening our product line-up through the expansion of the power range specifications of “1DAY Menicon PremiO,” launch of “1DAY Menicon Rei” for astigmatism, and addition of new cylindrical power variants to “2WEEK Menicon Rei” for astigmatism.

Meanwhile, our direct sales stores and group dealerships in Japan began offering affordable daily disposable contact lenses not only for younger customers but also for first-time contact lens users, along with the “Miru First Contact Lenses” customer support service plan, to maximize customer lifetime value by addressing individual needs from the first day of contact lens use.

[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, we have worked to strengthen sales of orthokeratology lenses and care products. However, the orthokeratology-related market has experienced stagnant growth due to declining consumer purchasing power amid the economic downturn and the emergence of alternative products, while competition in the care products market has intensified. In response, we focused on supporting sales promotion activities for local sales channels and enhancing product recognition by exhibiting orthokeratology-related products at academic conferences, in an effort to boost their sales. Meanwhile, other countries in Asia are seeing growing demand for orthokeratology lenses, supporting strong sales of “α Ortho-K.”

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. In anticipation of future growth in the volume of disposable contact lenses in Europe, we established Menicon SC GmbH, a local subsidiary in Germany

that also incorporates logistics functions, with the aim of reducing costs and enhancing service levels across the logistics network. In the Chinese market, to reinforce our distribution capabilities for disposable contact lenses, which continue to see steady growth, we entered into a strategic partnership with a local e-commerce company specializing in contact lens-related products. In Southeast Asia, where the contact lens market is expected to grow alongside rising youth population and income levels, we acquired three contact lens distributors to boost our sales in the region.

[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. Among such businesses are: the healthcare business centered on the Femtech field, including infertility treatment-related products; the life care business focusing on environment-related fields; the animal medical care business supporting pet well-being; and the food business, which handles the sale and import/export of agricultural and marine products.

In the healthcare business, we focused on the Femtech field to develop and launch new products, while in the life care business, we launched the green infrastructure business by starting the production and sale of turf. In the veterinary medical care business, we worked to expand sales of supplements for dogs and cats to general consumers, in addition to our existing sales to veterinary hospitals and veterinary drug distributors. For the food business, we focused on the expansion of sales channels mainly outside of Japan. Meanwhile, we withdrew from the animal symbiosis business and part of the QOL supplement business, as there was no prospect for profitability improvement.

As a result of these efforts, the Group's consolidated business results for the fiscal year ended March 31, 2025 were as follows.

Net sales increased by 4.6% year on year to ¥121,491 million due to expanded sales in daily disposable contact lenses in Japan and monthly replacement contact lenses in Europe, on top of the effects of the full-scale price revision in Japan. Operating profit increased by 12.3% year on year to ¥10,051 million as we ensured proper use of selling, general and administrative expenses, despite an increase in investment expenses for preparation of new plant operations, reinforcement of new product development, and raising wages for employees, as well as expenses associated with the operation of the Global Logistics Center. Ordinary profit increased by 16.8% year on year to ¥9,607 million due mainly to an increase in interest expenses.

For extraordinary income and losses, we recorded an extraordinary loss of ¥1,921 million. This was due to an impairment loss on expanded care product production facilities following the economic slowdown and the increasingly competitive environment in China, as well as business restructuring expenses for European subsidiaries, including special retirement allowances for employees and an impairment loss on part of their equipment, despite recording ¥1,638 million in extraordinary income from the gain on reversal of share acquisition rights arising from the redemption of the Zero Coupon Convertible Bonds due 2025.

As a result of the above factors, profit attributable to owners of parent increased by 23.8% year on year to ¥5,621 million.

Business results by segment are as follows.

1) Vision Care Business

Sales of the Vision Care Business were ¥112,327 million, an increase of 5.1% year on year. Segment profit was ¥17,008 million, an increase of 9.8% year on year. The details are as follows.

Sales of the Vision Care Business increased by ¥5,440 million year on year. Sales of daily disposable contact lenses increased by ¥2,511 million, due to the effects of price revisions, an increase in the number of MELS Plan members for daily disposable contact lenses and increased sales volume through retail channels in Japan. Sales of orthokeratology-related products decreased by ¥111 million due to economic stagnation, the deteriorating competitive environment, and the spread of alternative products in China, although we were able to capture the strong demand for orthokeratology lenses in Japan, Korea, Singapore, and elsewhere. Other contact lens-related sales increased due mainly to the effects of price revisions within the MELS Plan and expanded sales in monthly replacement contact lenses in Europe.

Segment profit increased by ¥1,520 million year on year as we ensured proper use of selling, general and administrative expenses, despite an increase in investment expenses for preparation of new plant operations, reinforcement of new product development, and raising wages for employees, as well as expenses associated with the operation of the Global Logistics Center.

2) Other

Sales of Other businesses decreased by 1.5% year on year to ¥9,164 million, mainly due to a decrease in the food business sales in China as a result of the discharge of ALPS treated water, despite an increase in export sales in countries other than China and the effects of price revisions in Japan. Segment loss was ¥1,147 million, compared with a segment loss of ¥875 million for the previous year.

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

(Assets)

Total assets at the end of the fiscal year under review were ¥187,282 million, having increased by ¥7,470 million from the end of the previous fiscal year. Current assets decreased by ¥3,102 million to ¥82,669 million as cash and deposits decreased owing to the redemption of the Zero Coupon Convertible Bonds due 2025 and the payment of the manufacturing plant building and facilities in Menicon Malaysia Sdn. Bhd., despite the execution of syndicated loans and the issuance of bonds. Non-current assets increased by ¥10,572 million to ¥104,613 million primarily due to the manufacturing plant building and facilities investments in Menicon Malaysia Sdn. Bhd. and the manufacturing facilities investments in the Kakamigahara Plant and Menicon Singapore Pte. Ltd., in order to expand the product capacity for daily disposable contact lenses.

(Liabilities and net assets)

Liabilities increased by ¥3,120 million from the end of the previous fiscal year to ¥101,127 million primarily due to the execution of syndicated loans, the issuance of bonds, and an increase in lease liabilities as a result of the sale-and-leaseback of the production lines of the Kakamigahara Plant, despite the redemption of the Zero Coupon Convertible Bonds due 2025.

Net assets increased by ¥4,349 million from the end of the previous fiscal year to ¥86,154 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 equity ratio was 45.5%.

(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 ¥41,864 million, having decreased by ¥4,848 million or 10.4% from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥13,944 million, compared with net cash provided by operating activities amounting to ¥11,866 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 ¥19,661 million, compared with net cash used in investing activities amounting to ¥21,575 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 the Kakamigahara Plant 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, as well as the share acquisition of three sales companies in southeast Asia.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥714 million, compared with net cash provided in financing activities amounting to ¥14,554 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

The Company believes that continuously returning profits to shareholders is one of its important management objectives. Our policy has been to distribute surplus appropriately by maintaining stable and continuous dividends, using a payout ratio of around 30% as a benchmark, while comprehensively considering the results of the current fiscal year, future business development, and the retained earnings necessary to strengthen the financial structure.

With the aim of further clarifying our stance on the simultaneous achievement of stable and continued expansion of business profit and profit return, and to increase the transparency of future dividend levels, we have decided to add a stable dividend policy into the above-mentioned framework starting from the fiscal year ended March 31, 2025. Guided by this policy, we will strive to pay dividends progressively, maintaining the current level without reduction or increasing dividends in alignment with profit growth. 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 ¥28 per share (dividend payout ratio 37.8%) for the fiscal year under review. The dividend for the next fiscal year is planned to be ¥28 per share (dividend payout ratio 36.7%).

(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. At the same time, the environment is expected to remain uncertain due to rising costs from soaring raw material and resource prices, changes in personal consumption activities driven by global inflation, and other factors. 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 margin of 12%, and ROE of 12% by the fiscal year ending March 31, 2028, which we set as Milestone 2027.

Daily disposable contact lenses are expected to experience particularly strong demand growth within the contact lens market. Having positioned the “Magic” series and “1DAY Menicon PremiO” series as strategic products, the Group is working to expand their sales by promoting their distinctive features, including “Smart Touch” packaging designed to keep the inner surface of the daily disposable contact lenses facing downward so that contact lenses can be used early and hygienically without touching the inner surface to confirm the front and back. In Japan, we are working 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. More recently, we have been curbing sales of daily disposable contact lenses made of silicone, whose supply-demand situation is particularly tight, but we plan to increase their supply in the fiscal year ending March 31, 2026 by, for example, ramping up production capacity and introducing OEM products in Japan. Additionally, in Europe and North America, we will work to expand sales by making continued efforts to introduce our private-label products to major mass retailers. During the fiscal year ending March 31, 2026, new production lines at Menicon Singapore Pte. Ltd. and a new factory at Menicon Malaysia Sdn. Bhd. are scheduled to become operational. Our plan is to expand sales in these regions by increasing business with the major mass retailers, aligned with the enhanced supply capacity of daily disposable contact lenses containing silicone hydrogel.

Although orthokeratology lenses and care products used with them are experiencing stagnant market growth in China due to the economic slowdown, demand continues to grow in Japan and other Asian countries, indicating that the orthokeratology-related products market holds medium to long-term growth potential. We will remain committed to launching new orthokeratology-related products and expanding their sales globally, with a focus on China and other countries in Asia. We will aim to expand sales globally 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 “Menicon Z Night,” which is experiencing robust sales in Europe and Asia, and “Menicon Bloom Night,” a contact lens for with CE marking myopia control which is expected to see sales expansion in Europe.

With these initiatives on the horizon, we expect the supply of daily disposable contact lenses to increase and sales to grow, driven chiefly by price revisions in Japan, from the second quarter of the fiscal year ending March 31, 2026. We have also earmarked expenses for ramping up production capacity of daily disposable contact lenses at Menicon Malaysia Sdn. Bhd., as well as for investments in future growth and other initiatives. As such, for the fiscal year ending March 31, 2026, we project net sales of ¥125,000 million, operating profit of ¥10,200 million, ordinary profit of ¥9,500 million, and profit attributable to owners of parent of ¥5,800 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, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	46,911	42,046
Notes and accounts receivable - trade	13,340	13,641
Merchandise and finished goods	13,571	15,709
Work in process	1,470	1,464
Raw materials and supplies	3,761	4,045
Other	6,851	6,236
Allowance for doubtful accounts	(135)	(473)
Total current assets	85,771	82,669
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,753	58,419
Accumulated depreciation	(14,126)	(15,722)
Buildings and structures, net	18,626	42,697
Machinery, equipment and vehicles	33,296	28,994
Accumulated depreciation	(21,669)	(19,251)
Machinery, equipment and vehicles, net	11,626	9,743
Tools, furniture and fixtures	11,202	11,992
Accumulated depreciation	(9,399)	(9,584)
Tools, furniture and fixtures, net	1,803	2,407
Land	5,658	5,656
Leased assets	2,211	6,008
Accumulated depreciation	(954)	(1,346)
Leased assets, net	1,256	4,662
Right of use assets	7,846	8,717
Accumulated depreciation	(4,083)	(5,057)
Right of use assets, net	3,762	3,660
Construction in progress	32,727	14,190
Other	46	46
Accumulated depreciation	-	-
Other, net	46	46
Total property, plant and equipment	75,508	83,064
Intangible assets		
Goodwill	2,719	4,437
Patent right	268	178
Other	8,680	10,670
Total intangible assets	11,668	15,287
Investments and other assets		
Investment securities	720	822
Deferred tax assets	2,978	2,839
Other	3,666	3,142
Allowance for doubtful accounts	(501)	(542)
Total investments and other assets	6,863	6,261
Total non-current assets	94,040	104,613
Total assets	179,812	187,282

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,181	6,419
Short-term borrowings	169	25
Current portion of bonds payable	166	166
Current portion of convertible-bond-type bonds with share acquisition rights	22,971	-
Current portion of long-term borrowings	1,633	978
Lease liabilities	1,275	2,064
Accounts payable - other	7,338	7,381
Income taxes payable	1,265	1,918
Provision for bonuses	2,076	2,107
Provision for point card certificates	24	32
Provision for loss on guarantees	488	-
Other	6,460	5,398
Total current liabilities	50,053	26,492
Non-current liabilities		
Bonds payable	36,333	46,167
Long-term borrowings	4,251	19,213
Lease liabilities	3,995	6,476
Long-term accounts payable - other	1,194	433
Retirement benefit liability	645	629
Deferred tax liabilities	1,036	1,201
Asset retirement obligations	259	110
Other	237	402
Total non-current liabilities	47,953	74,635
Total liabilities	98,007	101,127
Net assets		
Shareholders' equity		
Share capital	5,521	5,535
Capital surplus	7,309	7,558
Retained earnings	60,763	64,479
Treasury shares	(344)	(928)
Total shareholders' equity	73,250	76,645
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	283	362
Foreign currency translation adjustment	5,812	8,229
Total accumulated other comprehensive income	6,096	8,591
Share acquisition rights	2,403	859
Non-controlling interests	55	57
Total net assets	81,804	86,154
Total liabilities and net assets	179,812	187,282

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	116,192	121,491
Cost of sales	55,181	56,411
Gross profit	61,010	65,080
Selling, general and administrative expenses	52,058	55,028
Operating profit	8,951	10,051
Non-operating income		
Interest income	82	135
Dividend income	14	18
Foreign exchange gains	-	47
Subsidy income	39	88
Other	267	283
Total non-operating income	404	573
Non-operating expenses		
Interest expenses	571	706
Bond issuance costs	101	45
Share of loss of entities accounted for using equity method	21	9
Foreign exchange losses	217	-
Other	218	256
Total non-operating expenses	1,130	1,017
Ordinary profit	8,225	9,607
Extraordinary income		
Gain on sale of non-current assets	99	5
Gain on reversal of share acquisition rights	-	1,632
Other	6	-
Total extraordinary income	106	1,638
Extraordinary losses		
Loss on sale of non-current assets	1	1
Loss on retirement of non-current assets	53	112
Impairment losses	148	1,296
Restructuring costs	-	511
Provision of allowance for doubtful accounts	499	-
Provision for loss on guarantees	488	-
Other	24	-
Total extraordinary losses	1,215	1,921
Profit before income taxes	7,115	9,323
Income taxes - current	3,310	3,458
Income taxes - deferred	(736)	241
Total income taxes	2,573	3,699
Profit	4,541	5,624
Profit attributable to non-controlling interests	2	2
Profit attributable to owners of parent	4,538	5,621

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	4,541	5,624
Other comprehensive income		
Valuation difference on available-for-sale securities	161	78
Foreign currency translation adjustment	3,443	2,415
Share of other comprehensive income of entities accounted for using equity method	2	0
Total other comprehensive income	3,607	2,495
Comprehensive income	8,149	8,119
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,146	8,116
Comprehensive income attributable to non-controlling interests	3	2

(3) Consolidated Statements of Changes in Equity

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
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
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

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,521	7,309	60,763	(344)	73,250
Changes during period					
Issuance of new shares	13	13			27
Dividends of surplus			(1,905)		(1,905)
Profit attributable to owners of parent			5,621		5,621
Purchase of treasury shares				(1,140)	(1,140)
Disposal of treasury shares		234		555	790
Net changes in items other than shareholders' equity					
Total changes during period	13	248	3,716	(584)	3,395
Balance at end of period	5,535	7,558	64,479	(928)	76,645

	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	283	5,812	6,096	2,403	55	81,804
Changes during period						
Issuance of new shares						27
Dividends of surplus						(1,905)
Profit attributable to owners of parent						5,621
Purchase of treasury shares						(1,140)
Disposal of treasury shares						790
Net changes in items other than shareholders' equity	79	2,416	2,495	(1,543)	2	954
Total changes during period	79	2,416	2,495	(1,543)	2	4,349
Balance at end of period	362	8,229	8,591	859	57	86,154

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	7,115	9,323
Depreciation	7,551	7,935
Impairment losses	148	1,296
Amortization of goodwill	396	515
Loss on retirement of non-current assets	53	112
Gain on reversal of share acquisition rights	-	(1,632)
Interest and dividend income	(97)	(153)
Interest expenses	571	706
Foreign exchange losses (gains)	193	257
Decrease (increase) in trade receivables	(354)	(33)
Decrease (increase) in inventories	(668)	(1,848)
Increase (decrease) in trade payables	129	(437)
Increase (decrease) in provision for bonuses	72	9
Other, net	822	1,123
Subtotal	15,935	17,175
Interest and dividends received	75	145
Interest paid	(326)	(557)
Income taxes paid	(3,817)	(2,819)
Net cash provided by (used in) operating activities	11,866	13,944
Cash flows from investing activities		
Purchase of intangible assets	(1,229)	(3,467)
Purchase of property, plant and equipment	(20,105)	(14,021)
Proceeds from sale of property, plant and equipment	276	6
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(713)	(2,066)
Other, net	196	(112)
Net cash provided by (used in) investing activities	(21,575)	(19,661)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	17	(145)
Proceeds from long-term borrowings	-	16,140
Repayments of long-term borrowings	(1,597)	(1,836)
Proceeds from issuance of bonds	19,898	9,954
Redemption of bonds	(726)	(166)
Redemption of convertible bond-type bonds with subscription rights to shares	-	(23,000)
Purchase of treasury shares	(0)	(1,140)
Proceeds from sale of treasury shares	256	791
Repayments of lease liabilities	(1,416)	(2,029)
Proceeds from sale and leaseback transactions	-	4,050
Dividends paid	(1,901)	(1,904)
Other, net	24	0
Net cash provided by (used in) financing activities	14,554	714
Effect of exchange rate change on cash and cash equivalents	1,203	153
Net increase (decrease) in cash and cash equivalents	6,048	(4,848)
Cash and cash equivalents at beginning of period	40,664	46,713
Cash and cash equivalents at end of period	46,713	41,864

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

(Application of “Accounting Standards for Corporate Tax, Resident Tax, and Business Tax”)

The “Accounting Standards for Corporate Tax, Resident Tax, and Business Tax.” (ASBJ Statement No. 27 issued October 28, 2022; hereinafter, “2022 Revised Accounting Standards”), have been applied from the beginning of the fiscal year under review.

With regard to the amendments to the classification of corporate tax (taxation on other comprehensive income), we follow the transitional treatment set forth in the proviso of paragraph 20-3 of the 2022 Revised Accounting Standards and the transitional treatment set forth in the proviso of paragraph 65-2 (2) of the “Guidelines for the Implementation of Accounting Standards for Tax-Effect Accounting” (Corporate Accounting Standards Implementation Guideline No. 28, October 28, 2022.). There is no impact on our group quarterly consolidated financial statements.

(Application of “Accounting and Disclosure of Corporate Tax related to the Global Minimum Taxation System”)

“Accounting and Disclosure of Corporate Tax related to the Global Minimum Taxation System” (Practical Solution Report No. 46, March 22, 2024; hereinafter “Practical Solution Report”) has been applied from the beginning of the fiscal year under review.

This change in accounting policies has no impact on the consolidated financial statements.

(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 reintroduced the Employee Stock Ownership Plan (Stock Benefit Trust; hereinafter, the “Plan”) for the Employee Shareholder Association in June 2024. It is an employee incentive plan similar to the Stock Benefit Trust (Employee Shareholder Association Purchase-Type) introduced in September 2021.

The Plan is an employee benefit program designed mainly with reference to the Employee Stock Ownership Plan (ESOP), an employee compensation package widely used in the U.S. as part of an employee incentive plan, and the “Report on Company Stock Holding Schemes” released by the Ministry of Economy, Trade and Industry of Japan on November 17, 2008.

We will establish a trust in which members of the Shareholder Association who satisfy a certain set of requirements are beneficiaries, and the said trust will acquire the number of the Company’s shares that the Shareholder Association is expected to acquire during the trust period within the predetermined share-acquisition period. Then, the trust will sell the Company’s shares to the Shareholder Association on the same day every month. If the trust has generated profits due to a rise in share prices or otherwise at the time of expiration of the trust, cash will be distributed to employees who satisfy the beneficiary requirements. If, on the other hand, the trust incurred a loss on transfer due to a decline in share prices and a debt pertaining to trust assets remains, there will be no additional burden on the part of employees as we will pay off the outstanding loan balance en bloc to the bank pursuant to warranty provisions of the non-recourse loan 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 ¥20 million and 4 thousand shares, respectively, for the previous fiscal year, and ¥928 million and 713 thousand shares, respectively for the fiscal year under review.

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

¥527 million for the previous consolidated fiscal year, ¥938 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, 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.

Fiscal year under review (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment	Others (Note)	Total
	Vision Care Business		
Net sales			
Net sales to external customers	112,327	9,163	121,491
Inter-segment net sales or transfers	—	0	0
Total	112,327	9,164	121,492
Segment profit (loss)	17,008	(1,147)	15,861
Segment assets	158,474	7,071	165,546
Other items			
Depreciation	7,407	37	7,444
Increase in property, plant and equipment and intangible assets	16,601	18	16,619

(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, 2024	Fiscal year ended March 31, 2025
Reportable segment total	106,887	112,327
Net sales of “Others”	9,304	9,164
Elimination of inter-segment transactions	—	(0)
Net sales stated in consolidated financial statements	116,192	121,491

(Millions of yen)

Profit	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Reportable segment total	15,488	17,008
Profit (Loss) of “Others”	(875)	(1,147)
Corporate expenses (Note)	(5,661)	(5,810)
Operating profit stated in consolidated financial statements	8,951	10,051

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

(Millions of yen)

Assets	As of March 31, 2024	As of March 31, 2025
Reportable segment total	145,636	158,474
Assets of “Others”	5,945	7,071
Corporate assets (Note)	28,229	21,736
Assets stated in consolidated financial statements	179,812	187,282

(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, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Depreciation	7,050	7,407	53	37	447	490	7,551	7,935
Increase in property, plant and equipment and intangible assets	23,531	16,601	19	18	678	163	24,229	16,782

(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, 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.

Fiscal year under review (from April 1, 2024 to March 31, 2025)

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	49,783	54,825	16,882	121,491

(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
84,720	14,442	2,565	18,718	1,045	121,491

(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 ¥15,153 million.

(2) Property, plant and equipment

(Millions of yen)

Japan	Europe	North America	Asia	Others	Total
38,964	6,702	25	37,369	2	83,064

- (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 and Singapore of ¥27,840 million and ¥8,349 million, respectively.

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, 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.

Fiscal year under review (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment	Others (Note)	Corporate/elimination	Total
	Vision Care Business			
Impairment loss	1,462	—	—	1,462

(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, 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.

Fiscal year under review (from April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segment	Others (Note)	Corporate/elimination	Total
	Vision Care Business			
Amortization	515	—	—	515
Unamortized balance	4,437	—	—	4,437

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

[Information on gain on bargain purchase by reportable segment]

Fiscal year from April 1, 2023 to March 31, 2024

Not applicable.

Fiscal year under review (from April 1, 2024 to March 31, 2025)

Not applicable.

(Per share information)

	Previous fiscal year (from April 1, 2023 to March 31, 2024)	Fiscal year under review (from April 1, 2024 to March 31, 2025)
Net assets per share	Yen 1,041.16	Yen 1,122.54
Basic earnings per share	59.65	74.03
Diluted earnings per share	55.17	69.15

(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 73,974 shares for the previous fiscal year and 625,512 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 4,500 shares for the previous fiscal year and 713,900 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, 2023 to March 31, 2024)	Fiscal year under review (from April 1, 2024 to March 31, 2025)
(1) Basic earnings per share		
Profit attributable to owners of parent (Millions of yen)	4,538	5,621
Amount not attributable to common shareholders (Millions of yen)	—	—
Profit attributable to owners of parent pertaining to shares of common stock (Millions of yen)	4,538	5,621
Average number of shares of common stock (shares)	76,099,741	75,935,036
(2) Diluted earnings per share		
Adjusted profit attributable to owners of parent (Millions of yen)	23	19
Increase in the number of shares of common stock (shares)	6,613,066	5,647,516
[Convertible bond-type bonds with share acquisition rights (shares)]	[6,257,652]	[5,242,088]
[Share acquisition rights (shares)]	[355,414]	[405,428]
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, 2024)	Fiscal year under review (as of March 31, 2025)
Total net assets (Millions of yen)	81,804	86,154
Amount to be deducted from total net assets (Millions of yen)	2,458	917
[Share acquisition rights (Millions of yen)]	[2,403]	[859]
[Non-controlling interests (Millions of yen)]	[55]	[57]
Net assets pertaining to shares of common stock at end of period (Millions of yen)	79,346	85,236
Number of shares of common stock at end of period used for calculation of net assets per share (shares)	76,209,555	75,931,864

(Significant subsequent events)

Not applicable.