

# Quarterly Report

3rd Quarter : 3 months ended December 31, 2018

3rd Quarter aggregated : 9 months ended December 31, 2018

Consolidated (HOYA CORPORATION and Consolidated Subsidiaries)

## Part .1

### 3rd Quarter : from October 1 to December 31, 2018 <IFRS>

1. Quarterly Consolidated Financial Highlights : p.1
2. Results of Operations : p.2
3. Quarterly Consolidated Financial Statements
  - (1) Quarterly Consolidated Statement of Financial Position : p.4
  - (2) Quarterly Consolidated Statement of Cash Flows : p.6
  - (3) Quarterly Consolidated Statement of Comprehensive Income : p.7
  - (4) Segment Information : p.8<Reference> Supplementary data for 3rd Quarter : p.11

## Part .2

### 3rd Quarter aggregated: from April 1, 2018 to December 31, 2018 <IFRS>

1. Consolidated Financial Highlights : p.12
2. Consolidated Financial Statements
  - (1) Consolidated Statement of Financial Position : p.13
  - (2) Consolidated Statement of Cash Flows : p.15
  - (3) Consolidated Statement of Comprehensive Income : p.16
  - (4) Segment Information : p.17<Reference> Supplementary data for 3rd Quarter aggregated : p.20
3. Projected Results for the Full Year : p.21

#### Notes:

1. HOYA's fiscal year (FY) : from April 1 to March 31 of the following year.
2. These financial statements are excerpt translation of Japanese "Kessan Tanshin" and have been prepared for the references only of foreign investors.

## HOYA CORPORATION

This report is provided solely for the information of professional analysts who are expected to make their own evaluation of the company. This report contains forward-looking statements that are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, currency exchange rates, etc.

We accept no liability whatsoever for any direct or consequential loss arising from any use of this report.

## 1. Quarterly Consolidated Financial Highlights

HOYA CORPORATION and Consolidated Subsidiaries

### 1. Performance for the three months ended December 31, 2017 and 2018 (All operations \*Notes)

( The yen amounts shown therein are rounded off to the nearest million.)

	Three months ended		Variance (%)
	Dec. 31, 2017	<b>Dec. 31, 2018</b>	
(1)Revenue and Profit before tax			
Revenue	136,759	143,425	4.9
Profit before tax	34,683	39,676	14.4
Ratio of profit before tax(%)	25.4%	27.7%	
Profit for the quarter	27,727	33,143	19.5
Ratio of profit for the quarter(%)	20.3%	23.1%	
Profit attributable to owners of the Company	27,837	33,162	19.1
Ratio of profit attributable to owners of the Company(%)	20.4%	23.1%	
Basic earnings per share (yen)	72.44	87.31	
Diluted earnings per share (yen)	72.29	87.15	

	As of	
	Sep. 30, 2018	<b>Dec. 31, 2018</b>
(2)Financial Position		
Total assets	717,197	719,758
Total equity	591,800	596,641
Equity attributable to owners of the Company	587,057	592,145
Ratio of assets attributable to owners of the Company	81.9%	82.3%
Assets attributable to owners of the Company per share (yen)	1,546.13	1,558.71

	Three months ended	
	Dec. 31, 2017	<b>Dec. 31, 2018</b>
(3) Conditions of Cash Flows		
Net cash generated from operating activities	31,521	34,135
Net cash used in investing activities	254	7,942
Free cash flow	31,775	42,077
Net cash provided by (used in ) financing activities	-36,690	-16,347
Cash and cash equivalents at end of period	228,586	272,290

### 2. Projected Results for the Full Year (Year ending March 31, 2019) for All Operations

	Year ended/ending		Variance (%)
	Mar. 31, 2018	<b>Mar. 31, 2019</b>	
Revenue	535,612	564,000	5.3
Profit before tax	124,248	147,000	18.3
Profit for the term	99,222	120,200	21.1
Profit attributable to owners of the Company	99,494	120,200	20.8
Profit for the term per share (Yen)	258.46	316.54	—

### 3. Other

	Three months ended	
	Dec. 31, 2017	<b>Dec. 31, 2018</b>
Capital expenditure	4,275	7,439
R&D expenses	5,973	6,098

#### Notes:

"All operations" means here that the figures are including not only "Continuing operations" but also "Discontinued operations".

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, or currency exchange rates.

## 2. Results of Operations

### 1) General Overview

The performance of the global economy during the third quarter of the consolidated fiscal year under review (three months ended December 31, 2018) showed a slowdown in U.S. and Chinese growth, while Europe continued to experience gradual growth. The Japanese economy likewise continued to experience a gradual recovery. Trade frictions around the world caused by the rise in protectionism in the U.S., the British exit from the EU, and other political issues continue to cloud the future direction of the global economy.

Given this environment, sales of contact lenses in health care related products in our Life Care segment rose year on year, as did sales of medical-use endoscopes within our medical-related products domain. The combined performance of these products drove HOYA Group ("the Company") Life Care segment sales higher for the period.

The Information Technology segment reported higher sales of electronics-related semiconductor mask blanks and LCD photomasks, driving overall performance higher for the segment.

As a result, sales for the consolidated third quarter increased 4.9% year on year, reaching 143,425 million yen.

Quarterly profit before tax amounted to 39,676 million yen with 33,143 million yen in profit, representing year-on-year increases of 14.4% and 19.5%, respectively.

Profit before tax ratio was 27.7%, representing a year-on-year increase of 2.3 points.

Disclosed figures and change ratios are for businesses with continuing operations. There were no discontinued businesses in the third quarter or in the same quarter of the previous year.

### 2) Segment Overview

The following discusses results by reportable segment. (Segment sales represent sales to external customers.)

#### Life Care

##### <Health care related products>

Eyeglass lens sales were strong in Japan. At the same time, steady sales growth in the Americas and other factors drove overseas sales increases on a local currency basis. However, the overall impact of currency exchange rates resulted in sales level with the same period in the prior fiscal year.

New store openings of our Eyecity contact lens specialty stores, as well as new customer expansion efforts at existing stores, resulted in higher year-on-year sales for contact lenses.

##### <Medical related products>

Medical-use endoscope sales were higher year on year, supported by strong performance in the U.S. and Europe in response to measures to strengthen our sales systems, as well as to our introduction of new products.

Sales of intraocular lenses for cataracts in Japan were solid. Although performance was strong overseas as well, our capture of a major project in the prior year led to results that underperformed year on year. Due to these and other factors, intraocular lenses reported lower sales year on year.

As a result, sales for the Life Care segment grew 4.2% year on year, reaching 93,902 million yen. Segment profit rose 12.9% year on year to 19,144 million yen.

## Information Technology

### <Electronics related products>

Sales of mask blanks for semiconductors rose, owing mainly to active development demand for a next-generation semiconductor production technology called extreme ultraviolet lithography (EUVL).

Sales revenues of photomasks for LCDs rose as we captured research and development demand, mainly for LCDs used in smartphones and other products.

Sales of 2.5-inch glass substrates for hard disk drives were lower year on year. While our 2.5-inch products make up the majority of sales in this area, falling prices for NAND flash memory led to the greater erosion of 2.5-inch sales by solid state drives. Sales revenues of 3.5-inch products grew significantly, adopted for use in data centers, which are the end users of these products. As a result of these and other factors, we were able to maintain glass substrate sales level with the same period in the prior fiscal year.

### <Imaging related products>

Smartphones and other developments continue to erode the digital camera market, driving our sales lower. The impact of market adjustments in China led to lower sales of our products for use in surveillance cameras and overall lower sales of imaging-related products.

As a result, Information Technology segment sales revenues rose 6.2% year on year, reaching 48,275 million yen. Segment profit rose 18.3% to 21,510 million yen.

## Other

The HOYA Group Other business segment consists of new businesses and businesses offering information systems services. The Other segment reported sales revenues of 1,249 million yen, an increase of 5.8% year on year. Segment profit fell 36.5% to 199 million yen.

## Subsequent events

### <Acquisition of ophthalmic medical device companies>

#### 1. Overview of acquired companies

Name of acquirees: Mid Labs, Fritz Ruck and other three companies  
Primary business: Manufacturing and sales of ophthalmic medical devices  
Reportable segment: Life Care (Medical related products)  
Acquisition date: January 15, 2019  
Percentage of voting equity interests acquired: 100%  
Total consideration transferred: 19,473 million yen  
Acquisition method: Acquisition of shares

#### 2. Primary reasons for business combinations

This acquisition will help to broaden the Company's product portfolio and accelerate the growth of IOL sales. Through this, the Company aims to solidify its position as the fastest growing IOL company globally.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Statement of Financial Position

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	As of Sep. 30, 2018		As of Dec. 31, 2018		Variance		As of Dec. 31, 2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>ASSETS</b>								
NON-CURRENT ASSETS								
Property, plant and equipment-net	109,454		108,783		-671		110,541	
Goodwill	33,816		33,655		-160		40,152	
Intangible assets	37,155		35,294		-1,862		39,546	
Investments in associates	1,450		1,447		-3		1,494	
Long-term financial assets	43,543		43,272		-271		15,205	
Other non-current assets	2,363		3,010		647		2,503	
Deferred tax assets	10,061		9,298		-762		10,097	
Total non-current assets	237,841	33.2	234,759	32.6	-3,082	-1.3	219,537	33.5
CURRENT ASSETS								
Inventories	75,826		77,809		1,983		74,817	
Trade and other receivables	111,248		111,129		-119		110,240	
Other short-term financial assets	16,462		1,151		-15,311		6,035	
Income tax receivables	802		630		-173		349	
Other current assets	22,723		21,991		-732		16,426	
Cash and cash equivalents	252,294		272,290		19,996		228,586	
Total current assets	479,356	66.8	484,999	67.4	5,643	1.2	436,453	66.5
Total assets	717,197	100.0	719,758	100.0	2,561	0.4	655,990	100.0

(Millions of Yen)

	As of Sep. 30, 2018		As of Dec. 31, 2018		Variance		As of Dec. 31, 2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>EQUITY AND LIABILITIES</b>								
<b>EQUITY</b>								
Share capital	6,264		6,264		—		6,264	
Capital reserves	15,899		15,899		—		15,899	
Treasury shares	-9,860		-8,735		1,125		-25,854	
Other capital reserves	-7,008		-7,309		-301		-6,542	
Retained earnings	572,575		588,668		16,093		534,680	
Accumulated other comprehensive income/(loss)	9,188		-2,642		-11,830		11,058	
Equity attributable to owners of the Company	587,057	81.9	592,145	82.3	5,088	0.9	535,505	81.6
Non-controlling interests	4,743		4,495		-248		4,515	
<b>Total equity</b>	<b>591,800</b>	<b>82.5</b>	<b>596,641</b>	<b>82.9</b>	<b>4,840</b>	<b>0.8</b>	<b>540,020</b>	<b>82.3</b>
<b>LIABILITIES</b>								
<b>NON-CURRENT LIABILITIES</b>								
Interest-bearing long-term debt	527		490		-37		501	
Other long-term financial liabilities	6,884		6,566		-317		6,936	
Retirement benefits liabilities	2,484		2,488		5		2,283	
Provisions	2,459		2,480		22		2,434	
Other non-current liabilities	1,008		1,195		187		1,024	
Deferred tax liabilities	2,652		2,361		-290		3,461	
<b>Total non-current liabilities</b>	<b>16,012</b>	<b>2.2</b>	<b>15,581</b>	<b>2.2</b>	<b>-431</b>	<b>-2.7</b>	<b>16,639</b>	<b>2.5</b>
<b>CURRENT LIABILITIES</b>								
Interest-bearing short-term debt	1,906		1,889		-18		1,933	
Trade and other payables	47,530		49,979		2,448		44,503	
Other short-term financial liabilities	639		658		20		444	
Income tax payables	12,624		8,535		-4,089		8,527	
Provisions	1,336		1,313		-23		1,369	
Other current liabilities	45,349		45,163		-186		42,555	
<b>Total current liabilities</b>	<b>109,384</b>	<b>15.3</b>	<b>107,537</b>	<b>14.9</b>	<b>-1,848</b>	<b>-1.7</b>	<b>99,331</b>	<b>15.1</b>
<b>Total liabilities</b>	<b>125,396</b>	<b>17.5</b>	<b>123,117</b>	<b>17.1</b>	<b>-2,279</b>	<b>-1.8</b>	<b>115,970</b>	<b>17.7</b>
<b>Total equity and liabilities</b>	<b>717,197</b>	<b>100.0</b>	<b>719,758</b>	<b>100.0</b>	<b>2,561</b>	<b>0.4</b>	<b>655,990</b>	<b>100.0</b>
Total number of issued shares in thousand	379,695		379,894		199		381,153	
Equity attributable to owner of the Company per share	1,546.13 Yen		1,558.71 Yen		12.58 Yen		1,404.96 Yen	

## (2) Quarterly Consolidated Statement of Cash Flows

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the three months ended		Variance	Three months ended
	Dec. 31, 2017	Dec. 31, 2018		Sep. 30, 2018
Cash flows from operating activities				
Profit before tax	34,683	39,676	4,993	38,405
Depreciation and amortization	7,080	6,503	-576	6,319
Impairment losses	136	5	-131	—
Finance income	-350	-885	-535	-680
Finance costs	181	88	-93	88
Share of (profits)/loss of associates	28	4	-24	8
(Gain)/loss on sales of property, plant and equipment	-128	-210	-82	-56
Loss on disposal of property, plant and equipment	26	234	209	252
Foreign exchange (gain)/loss	-824	-35	789	749
Others	1,083	1,873	790	2,650
Net cash generated from operating activities (Before adjustment of movements in working capital)	41,914	47,255	5,341	47,734
Movements in working capital				
Decrease/(increase) in inventories	168	-3,574	-3,742	-1,414
Decrease/(increase) in trade and other receivables	-1,151	-1,990	-839	-398
Increase/(decrease) in trade and other payables	-14	1,899	1,913	1,099
Increase/(decrease) in retirement benefits liabilities and provisions	-190	124	314	180
Sub total	40,727	43,714	2,987	47,203
Interests received	422	960	538	526
Dividends received	0	0	-0	1
Interests paid	-23	-6	17	-2
Income taxes paid	-9,654	-10,458	-804	-7,771
Income taxes refunded	49	-75	-124	106
Net cash generated from operating activities	31,521	34,135	2,614	40,062
Cash flows from investing activities				
Withdrawals of time deposit	4,644	16,357	11,713	587
Payments for time deposit	-828	-1,298	-470	-11,669
Proceeds from sales of property, plant and equipment	279	934	654	143
Payments for acquisition of property, plant and equipment	-3,607	-6,364	-2,757	-7,834
Proceeds from sales of investment	—	0	0	5
Payments for acquisition of investment	—	—	—	-221
Proceeds from sales of subsidiaries	-129	—	129	260
Payments for acquisition of subsidiaries	—	-755	-755	-458
Payments for business transfer	—	-332	-332	—
Other proceeds	332	89	-243	107
Other payments	-437	-689	-251	-534
Net cash used in investing activities	254	7,942	7,688	-19,616
Cash flows from financing activities				
Dividends paid to owners of the Company	-11,536	-17,056	-5,520	-51
Dividends paid to non-controlling interests	—	—	—	-30
Repayments of long-term borrowings	-66	-67	-1	-68
Payments for redemption of bonds	-11	—	11	—
Proceeds from disposal of treasury shares	—	0	0	—
Payments for purchase of treasury shares	-26,244	-1	26,244	—
Proceeds from exercise of stock options	1,167	776	-391	413
Proceeds from share issuance to non-controlling shareholders	—	—	—	67
Net cash used in financing activities	-36,690	-16,347	20,343	331
Net increase/(decrease) in cash and cash equivalents	-4,915	25,730	30,645	20,777
Cash and cash equivalents at the beginning of the term	231,570	252,294	20,724	226,208
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	1,931	-5,734	-7,666	5,309
Cash and cash equivalents at the end of the term	228,586	272,290	43,704	252,294

### (3) Quarterly Consolidated Statement of Comprehensive Income

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the three months ended				Variance		For the three months ended	
	Dec. 31,2017		Dec. 31,2018				Sep. 30,2018	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>All operations</b>								
<b>Revenue:</b>								
Sales	136,759	100.0	143,425	100.0	6,666	4.9	142,018	100.0
Finance income	350	0.3	885	0.6	535	153.0	680	0.5
Share of profit of associates	—	—	—	—	—	—	—	—
Other income	2,259	1.7	796	0.6	-1,463	-64.8	1,098	0.8
<b>Total Revenue</b>	<b>139,368</b>	<b>101.9</b>	<b>145,105</b>	<b>101.2</b>	<b>5,738</b>	<b>4.1</b>	<b>143,795</b>	<b>101.3</b>
<b>Expenses:</b>								
Changes in inventories of goods, products and work in progress	-607	-0.4	-1,581	-1.1	-974	160.5	-1,533	-1.1
Raw materials and consumables used	21,817	16.0	21,227	14.8	-590	-2.7	23,310	16.4
Employee benefits expense	33,211	24.3	32,964	23.0	-247	-0.7	32,950	23.2
Depreciation and amortization	7,080	5.2	6,503	4.5	-576	-8.1	6,319	4.4
Subcontracting cost	1,307	1.0	1,432	1.0	125	9.6	1,326	0.9
Advertising and promotion expense	3,577	2.6	3,106	2.2	-470	-13.2	3,118	2.2
Commission expense	8,048	5.9	8,376	5.8	328	4.1	8,760	6.2
Impairment losses	136	0.1	5	0.0	-131	-96.0	—	—
Finance costs	181	0.1	88	0.1	-93	-51.3	88	0.1
Share of loss of associates	28	0.0	4	0.0	-24	-84.3	8	—
Foreign exchange (gain)/loss	-265	-0.2	638	0.4	903	—	849	0.6
Other expenses	30,173	22.1	32,667	22.8	2,494	8.3	30,196	21.3
<b>Total expense</b>	<b>104,685</b>	<b>76.5</b>	<b>105,430</b>	<b>73.5</b>	<b>745</b>	<b>0.7</b>	<b>105,391</b>	<b>74.2</b>
Profit before tax	34,683	25.4	39,676	27.7	4,993	14.4	38,405	27.0
Income tax expense	6,956	5.1	6,533	4.6	-423	-6.1	7,174	5.1
<b>Profit for the term from all operations</b>	<b>27,727</b>	<b>20.3</b>	<b>33,143</b>	<b>23.1</b>	<b>5,416</b>	<b>19.5</b>	<b>31,231</b>	<b>22.0</b>
<b>Other comprehensive income:</b>								
Items that will not be reclassified subsequently to profit or loss								
Assets measured at fair value through other comprehensive income	—	—	-339	—	-339	—	716	—
Remeasurements of the net defined benefit liability(asset)	-21	—	12	—	33	—	—	—
Income tax relating to components of other comprehensive income	—	—	103	—	103	—	-221	—
<b>Total Items that will not be reclassified subsequently to profit or loss</b>	<b>-21</b>	<b>—</b>	<b>-224</b>	<b>—</b>	<b>-202</b>	<b>—</b>	<b>495</b>	<b>—</b>
Items that may be reclassified subsequently to profit or loss								
Net gain on revaluation of available-for-sale financial assets	74	—	—	—	-74	—	—	—
Exchange differences on translation of foreign operations	4,297	—	-11,652	—	-15,949	—	11,926	—
Share of other comprehensive income of associates	1	—	1	—	0	—	-5	—
Income tax relating to components of other comprehensive income	11	—	-166	—	-178	—	150	—
<b>Total Items that may be reclassified subsequently to profit or loss</b>	<b>4,383</b>	<b>—</b>	<b>-11,817</b>	<b>—</b>	<b>-16,200</b>	<b>—</b>	<b>12,071</b>	<b>—</b>
<b>Total other comprehensive income/(loss)</b>	<b>4,362</b>	<b>—</b>	<b>-12,041</b>	<b>—</b>	<b>-16,403</b>	<b>—</b>	<b>12,567</b>	<b>—</b>
<b>Total comprehensive income for the quarter</b>	<b>32,089</b>	<b>—</b>	<b>21,102</b>	<b>—</b>	<b>-10,987</b>	<b>-34.2</b>	<b>43,797</b>	<b>—</b>
<b>Profit attributable to :</b>								
Owners of the Company	27,837	20.4	33,162	23.1	5,325	19.1	31,333	22.1
Non-controlling interests	-110	-0.1	-19	0.0	91	-82.6	-102	-0.1
<b>Total</b>	<b>27,727</b>	<b>20.3</b>	<b>33,143</b>	<b>23.1</b>	<b>5,416</b>	<b>19.5</b>	<b>31,231</b>	<b>22.0</b>
<b>Total comprehensive income/(loss) attributable to :</b>								
Owners of the Company	32,075	—	21,349	—	-10,725	-33.4	43,742	—
Non-controlling interests	14	—	-248	—	-262	—	55	—
<b>Total</b>	<b>32,089</b>	<b>—</b>	<b>21,102</b>	<b>—</b>	<b>-10,987</b>	<b>-34.2</b>	<b>43,797</b>	<b>0.0</b>
<b>Basic earnings/(loss) per share (yen)</b>								
Continuing operations	72.44	—	87.31	—	14.87	—	82.53	—
Discontinued operations	—	—	—	—	—	—	—	—
<b>Basic earnings per share (yen)</b>	<b>72.44</b>	<b>—</b>	<b>87.31</b>	<b>—</b>	<b>14.87</b>	<b>—</b>	<b>82.53</b>	<b>—</b>
<b>Diluted earnings/(loss) per share (yen)</b>								
Continuing operations	72.29	—	87.15	—	14.86	—	82.37	—
Discontinued operations	—	—	—	—	—	—	—	—
<b>Diluted earnings per share (yen)</b>	<b>72.29</b>	<b>—</b>	<b>87.15</b>	<b>—</b>	<b>14.86</b>	<b>—</b>	<b>82.37</b>	<b>—</b>

Notes:

- Effect of Exchange Rate Change on Net Sales and Incomes ("2018 A" is the actual value of this period. "2018 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period last year. unit : millions of Yen)

	2018 B	2018 A	Influences	Real change	(%)
Sales	145,763	143,425	-2,338	9,004	6.6%
Profit before tax	40,009	39,676	-333	5,326	15.4%
Profit for the quarter	33,422	33,143	-279	5,695	20.5%

- Average rates of major foreign currencies

		For the three months ended		
		Dec. 31,2017	Dec. 31,2018	Variance(%)
US\$	Yen	112.74	112.58	0.1%
Euro	Yen	133.17	128.21	3.7%
Thai Baht	Yen	3.43	3.42	0.3%



## (4) Segment Information

### <Overview of major products and services of reportable segments>

The reportable segments are constituent units of the Group for which separate financial information is obtained and examined on a regular basis by the Board of Directors, the chief operation decision maker, to determine the allocation of management resources and evaluate the business performance.

In accordance with its management philosophy, the Group has categorized "life and culture" and "information technology" as its business domains. To achieve sustainable growth in corporate value in these business domains, the Group has been making decisions on the allocation of management resources and monitoring the operating results.

As a result, the Group consists of three reportable business segments: the Life Care business, the Information Technology business and Other business, which are consistent with the above business domains.

In the Life Care business, the Group produces and sells health care related products that are used in the healthcare and medical sectors and medical related products, including medical equipment and medical materials that are used in medical treatments. In operating this business, it is typically required to obtain approvals and permissions in accordance with the Pharmaceutical Affairs Act in Japan and other regulations, and sophisticated technologies and highly reliable quality control systems represent the critical elements for operating this business.

In the Information Technology business, the Group has developed an extensive range of products following the digitalization of information and the emergence of the Internet. The Group produces and sells a broad array of I/O (Input/Output Device) related products in the information and communication sector, including electronics related products that are essential for the modern digital information and communication technologies, and imaging related products that are necessary to import pictures and video images as digital information based on optical technologies.

Other business mainly includes the business that provides information system services and new businesses.

The main products and services for each "reportable segment" described above are as follows:

Reportable Segment		Major Products and Services
Life Care	Health care related products	Eyeglass lenses, Contact lenses, etc.
	Medical related products	Endoscopes, Medical accessories, Intraocular lenses, Artificial bone, Metallic implants for orthopedics, etc.
Information Technology	Electronics related products	Photomasks and Maskblanks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs) Glass disks for hard disk drives (HDDs), etc.
	Imaging related products	Optical lenses, Optical glasses, Lens modules, Laser equipment, etc.
Other		Design of information systems, Speech synthesis software, etc.

## 1. Segment revenues and results

(Millions of Yen)

For the three months ended Dec. 31, 2017	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	90,113	45,466	1,180	136,759	—	136,759
Inter-segment	1	69	428	497	-497	—
<b>Total</b>	90,113	45,535	1,608	137,256	-497	136,759
Segment profit before tax	16,963	18,183	313	35,459	-776	34,683
Segment profit before tax ratio	18.8%	39.9%	19.5%	25.8%	—	25.4%
Ref: Profit from ordinary operating activities	16,073	18,173	202	34,448	-1,252	33,196
% of revenue	17.8%	39.9%	12.6%	25.1%	—	24.3%

For the three months ended Dec. 31, 2018	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	93,902	48,275	1,249	143,425	—	143,425
Inter-segment	1	12	364	377	-377	—
<b>Total</b>	93,903	48,286	1,613	143,802	-377	143,425
Segment profit before tax	19,144	21,510	199	40,853	-1,178	39,676
Segment profit before tax ratio	20.4%	44.5%	12.3%	28.4%	—	27.7%
Ref: Profit from ordinary operating activities	19,601	21,573	202	41,375	-1,502	39,873
% of revenue	20.9%	44.7%	12.5%	28.8%	—	27.8%

Ref : Difference between the results of the quarter under review and the same period the previous year is as follows:

	Life Care	Information Technology	Other	Total	Adjustments	All operations
<b>Variance</b>						
Revenue from external customers	3,789	2,808	68	6,666	—	6,666
Variance	4.2%	6.2%	5.8%	4.9%	—	4.9%
Inter-segment	-0	-57	-63	-120	120	—
<b>Total</b>	3,789	2,752	5	6,546	120	6,666
Segment profit before tax	2,181	3,328	-114	5,394	-401	4,993
Variance	12.9%	18.3%	-36.5%	15.2%	—	14.4%
Profit from ordinary operating activities	3,527	3,400	0	6,927	-250	6,677
Variance	21.9%	18.7%	-0.1%	20.1%	20.0%	20.1%

Note: Effect of Exchange Rate Change on Net Sales and Incomes ("2018 A" is the actual value of this period. "2018 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period the previous year. unit : millions of Yen)

	2018B	2018A	Influences	Real change	(%)
<b>Life Care</b>					
Revenue from external customers	96,039	93,902	-2,137	5,926	6.6%
Profit from ordinary operating activities	19,851	19,601	-251	3,778	23.5%
Segment profit before tax	19,415	19,144	-271	2,452	14.5%
<b>Information Technology</b>					
Revenue from external customers	48,457	48,275	-183	2,991	6.6%
Profit from ordinary operating activities	21,655	21,573	-82	3,482	19.2%
Segment profit before tax	21,600	21,510	-90	3,417	18.8%

Ref : Results of the previous quarter are as follows:

For the three months ended Sep.30, 2018	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	91,887	48,974	1,156	142,018	—	142,018
Inter-segment	1	6	363	370	-370	—
<b>Total</b>	91,888	48,981	1,519	142,388	-370	142,018
Segment profit before tax	16,955	21,672	140	38,767	-363	38,405
Segment profit before tax ratio	18.5%	44.2%	9.2%	27.2%	—	27.0%
Ref: Profit from ordinary operating activities	18,691	20,938	149	39,777	-1,562	38,216
% of revenue	20.3%	42.7%	9.8%	27.9%	—	26.9%

Note: Profit from ordinary operating activities is operating profit before finance income/costs, share of profits(loss) of associates, foreign exchange gain/loss and other temporary gain/loss.

## 2. Revenue from major products and services

Revenue from external customers

(Millions of Yen)

Revenue from external customers						(millions of Yen)					
						For the three months ended		Variance		For the three months ended	
						Dec. 31,2017				Dec. 31,2018	
						Amount	(%)	Amount	(%)	Amount	(%)

### Revenue from all operations

Life Care	90,113	65.9	93,902	65.5	3,789	4.2	91,887	64.7
Health care related products	67,328	[ 74.7 ]	69,298	[ 73.8 ]	1,971	2.9	70,636	[ 76.9 ]
Medical related products	22,785	[ 25.3 ]	24,603	[ 26.2 ]	1,819	8.0	21,251	[ 23.1 ]
Information Technology	45,466	33.2	48,275	33.7	2,808	6.2	48,974	34.5
Electronics related products	34,291	[ 75.4 ]	38,286	[ 79.3 ]	3,996	11.7	38,065	[ 77.7 ]
Imaging related products	11,176	[ 24.6 ]	9,988	[ 20.7 ]	-1,187	-10.6	10,909	[ 22.3 ]
Other	1,180	0.9	1,249	0.9	68	5.8	1,156	0.8
Corporate (including R&D)	0	—	0	—	0	—	0	—
<b>Total revenue from all operations</b>	<b>136,759</b>	<b>100.0</b>	<b>143,425</b>	<b>100.0</b>	<b>6,666</b>	<b>4.9</b>	<b>142,018</b>	<b>100.0</b>

Notes 1. Figures in [ ] are percentages of each segment.

Notes 2. Effect of Exchange Rate Change on Net Sales and Incomes ("2018 A" is the actual value of this period. "2018 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period last year. unit : millions of Yen)

	2018B	2018A	Influences	Real change	(%)
Life Care	96,039	93,902	-2,137	5,926	6.6%
Health care related products	70,842	69,298	-1,544	3,515	5.2%
Medical related products	25,196	24,603	-593	2,412	10.6%
Information Technology	48,457	48,275	-183	2,991	6.6%
Electronics related products	38,347	38,286	-61	4,056	11.8%
Imaging related products	10,111	9,988	-122	-1,065	-9.5%

## 3. Information about geographical areas

Revenue from external customers

(Millions of Yen)

Revenue from external customers						(millions of Yen)					
						For the three months ended		Variance		For the three months ended	
						Dec. 31,2017				Dec. 31,2018	
						Amount	(%)	Amount	(%)	Amount	(%)

### Revenue from all operations

Total revenue from all operations	136,759	100.0	143,425	100.0	6,666	4.9	142,018	100.0
Japan	38,846	28.4	41,487	28.9	2,641	6.8	41,709	29.4
Americas	23,151	16.9	24,158	16.8	1,007	4.3	24,658	17.4
Europe	28,160	20.6	28,438	19.8	278	1.0	25,764	18.1
Asia/Oceania	45,019	32.9	47,464	33.1	2,445	5.4	48,071	33.8
Others	1,583	1.2	1,878	1.3	295	18.7	1,815	1.3

Note: Geographical areas are based on the location of customers.

<Reference>

**Supplementary data for 3rd Quarter: from October 1 to December 31, 2018**

The breakdown of changes in revenue and profit before tax

(Millions of Yen)

	FY17-3Q	FY18-3Q	Variance	Foreign exchange	Others
Revenue	136,759	143,425	6,666	-2,338	9,004
Life Care	90,113	93,902	3,789	-2,137	5,926
Health care related products	67,328	69,298	1,971	-1,544	3,515
Medical related products	22,785	24,603	1,819	-593	2,412
Information Technology	45,466	48,275	2,808	-183	2,991
Electronics related products	34,291	38,286	3,996	-61	4,056
Imaging related products	11,176	9,988	-1,187	-122	-1,065
Profit from ordinary operating activities	33,196	39,873	6,677	-330	7,007
Life Care	16,073	19,601	3,527	-251	3,778
Information Technology	18,173	21,573	3,400	-82	3,482
Other, adjustment (Corporate)	-1,050	-1,300	-250	2	-253
Profit before tax	34,683	39,676	4,993	-333	5,326
Life Care	16,963	19,144	2,181	-271	2,452
Information Technology	18,183	21,510	3,328	-90	3,417
Other, adjustment (Corporate)	-463	-979	-516	27	-543

<All operations ~ Adjustments to "Profit from ordinary operating activities">

	All operations		
	FY17-3Q	FY18-3Q	Variance
Profit before tax	34,683	39,676	4,993
Adjustments	1,486	-197	-1,684
Finance income	350	885	535
Finance costs	-181	-88	93
Share of loss of associates	-28	-4	24
Foreign exchange (gain)/loss	265	-638	-903
Impairment losses	-136	-5	131
Others	1,217	-346	-1,563
Profit from ordinary operating activities	33,196	39,873	6,677

<Segment ~ Adjustments to "Profit from ordinary operating activities">

	Life Care			Information Technology			Other, adjustment (Corporate)		
	FY17-3Q	FY18-3Q	Variance	FY17-3Q	FY18-3Q	Variance	FY17-3Q	FY18-3Q	Variance
Profit before tax	16,963	19,144	2,181	18,183	21,510	3,328	-463	-979	-516
Adjustments	890	-456	-1,346	10	-62	-72	587	322	-265
Finance income	66	233	168	101	213	112	183	438	255
Finance costs	-270	-396	-126	-67	-85	-18	157	394	237
Share of loss of associates	4	8	4	-2	6	8	-30	-19	12
Foreign exchange (gain)/loss	140	2	-138	-41	-280	-240	165	-360	-525
Impairment losses	-	-5	-5	-136	-	136	-	-	-
Others	951	-298	-1,248	154	84	-70	113	-132	-245
Profit from ordinary operating activities	16,073	19,601	3,527	18,173	21,573	3,400	-1,050	-1,300	-250

## 1. Consolidated Financial Highlights

HOYA CORPORATION and Consolidated Subsidiaries

### 1. Performance for the nine months ended December 31, 2017 and 2018 (All operations \*Notes)

(The yen amounts shown therein are rounded off to the nearest million.)

	Nine months ended		Variance
	Dec. 31,2017	<b>Dec. 31,2018</b>	(%)
(1)Revenue and Profit before tax			
Revenue	399,689	424,334	6.2
Profit before tax	98,098	113,300	15.5
Ratio of profit before tax(%)	24.5%	26.7%	
Profit for the term	79,687	92,863	16.5
Ratio of profit for the term(%)	19.9%	21.9%	
Profit attributable to owners of the Company	80,122	93,000	16.1
Ratio of profit attributable to owners of the Company(%)	20.0%	21.9%	
Basic earnings per share (yen)	207.22	244.95	
Diluted earnings per share (yen)	206.72	244.49	
	As of		
(2)Financial Position	Mar.31,2018	<b>Dec. 31,2018</b>	
Total assets	650,645	719,758	
Total equity	530,677	596,641	
Equity attributable to owners of the Company	526,193	592,145	
Ratio of assets attributable to owners of the Company	80.9%	82.3%	
Assets attributable to owners of the Company per share (yen)	1,386.49	1,558.71	
	Nine months ended		
(3) Conditions of Cash Flows	Dec. 31,2017	<b>Dec. 31,2018</b>	
Net cash generated from operating activities	96,016	99,979	
Net cash used in investing activities	-65,148	-43,842	
Free cash flow	30,868	56,136	
Net cash provided by (used in) financing activities	-107,664	-32,955	
Cash and cash equivalents at end of period	228,586	272,290	

## 2.Other

	Nine months ended	
	Dec. 31,2017	<b>Dec. 31,2018</b>
Capital expenditure	14,134	20,959
R&D expenses	17,383	19,344

### Notes:

"All operations" means here that the figures are including not only "Continuing operations" but also "Discontinued operations".

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, or currency exchange rates.

## 2.Consolidated Financial Statements

### (1) Consolidated Statement of Financial Position

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	As of Mar. 31, 2018		As of Dec. 31, 2018		Variance		As of Dec. 31, 2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>ASSETS</b>								
<b>NON-CURRENT ASSETS</b>								
Property, plant and equipment-net	105,493		108,783		3,290		110,541	
Goodwill	31,892		33,655		1,763		40,152	
Intangible assets	36,863		35,294		-1,569		39,546	
Investments in associates	1,476		1,447		-29		1,494	
Long-term financial assets	15,595		43,272		27,677		15,205	
Other non-current assets	2,302		3,010		708		2,503	
Deferred tax assets	10,834		9,298		-1,535		10,097	
Total non-current assets	204,455	31.4	234,759	32.6	30,304	14.8	219,537	33.5
<b>CURRENT ASSETS</b>								
Inventories	71,341		77,809		6,468		74,817	
Trade and other receivables	107,632		111,129		3,498		110,240	
Other short-term financial assets	4,955		1,151		-3,804		6,035	
Income tax receivables	1,228		630		-598		349	
Other current assets	15,198		21,991		6,792		16,426	
Cash and cash equivalents	245,835		272,290		26,454		228,586	
Total current assets	446,190	68.6	484,999	67.4	38,809	8.7	436,453	66.5
Total assets	650,645	100.0	719,758	100.0	69,113	10.6	655,990	100.0

(Millions of Yen)

	As of Mar. 31, 2018		As of Dec. 31, 2018		Variance		As of Dec. 31, 2017	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>EQUITY AND LIABILITIES</b>								
<b>EQUITY</b>								
Share capital	6,264		6,264		—		6,264	
Capital reserves	15,899		15,899		—		15,899	
Treasury shares	-10,886		-8,735		2,151		-25,854	
Other capital reserves	-6,660		-7,309		-649		-6,542	
Retained earnings	529,818		588,668		58,850		534,680	
Accumulated other comprehensive income/(loss)	-8,242		-2,642		5,600		11,058	
Equity attributable to owners of the Company	526,193	80.9	592,145	82.3	65,952	12.5	535,505	81.6
Non-controlling interests	4,484		4,495		11		4,515	
<b>Total equity</b>	<b>530,677</b>	<b>81.6</b>	<b>596,641</b>	<b>82.9</b>	<b>65,963</b>	<b>12.4</b>	<b>540,020</b>	<b>82.3</b>
<b>LIABILITIES</b>								
<b>NON-CURRENT LIABILITIES</b>								
Interest-bearing long-term debt	451		490		39		501	
Other long-term financial liabilities	6,983		6,566		-417		6,936	
Retirement benefits liabilities	2,127		2,488		361		2,283	
Provisions	2,398		2,480		82		2,434	
Other non-current liabilities	956		1,195		239		1,024	
Deferred tax liabilities	2,774		2,361		-413		3,461	
<b>Total non-current liabilities</b>	<b>15,690</b>	<b>2.4</b>	<b>15,581</b>	<b>2.2</b>	<b>-109</b>	<b>-0.7</b>	<b>16,639</b>	<b>2.5</b>
<b>CURRENT LIABILITIES</b>								
Interest-bearing short-term debt	1,901		1,889		-13		1,933	
Trade and other payables	46,555		49,979		3,424		44,503	
Other short-term financial liabilities	643		658		16		444	
Income tax payables	12,355		8,535		-3,820		8,527	
Provisions	1,280		1,313		32		1,369	
Other current liabilities	41,542		45,163		3,621		42,555	
<b>Total current liabilities</b>	<b>104,277</b>	<b>16.0</b>	<b>107,537</b>	<b>14.9</b>	<b>3,260</b>	<b>3.1</b>	<b>99,331</b>	<b>15.1</b>
<b>Total liabilities</b>	<b>119,967</b>	<b>18.4</b>	<b>123,117</b>	<b>17.1</b>	<b>3,150</b>	<b>2.6</b>	<b>115,970</b>	<b>17.7</b>
<b>Total equity and liabilities</b>	<b>650,645</b>	<b>100.0</b>	<b>719,758</b>	<b>100.0</b>	<b>69,113</b>	<b>10.6</b>	<b>655,990</b>	<b>100.0</b>
Total number of issued shares in thousand	379,514		379,894		380		381,153	
Equity attributable to owner of the Company per share	1,386.49 Yen		1,558.71 Yen		172.22 Yen		1,404.96 Yen	

## (2) Consolidated Statement of Cash Flows

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the nine months ended		Variance	For the year ended Mar. 31, 2018
	Dec. 31, 2017	Dec. 31, 2018		
Cash flows from operating activities				
Profit before tax	98,098	113,300	15,202	124,248
Depreciation and amortization	21,477	19,667	-1,810	28,711
Impairment losses	183	5	-178	5,798
Finance income	-1,149	-2,046	-897	-1,562
Finance costs	704	258	-446	771
Share of (profits)/loss of associates	41	11	-30	44
(Gain)/loss on sales of property, plant and equipment	-162	-347	-185	-438
Loss on disposal of property, plant and equipment	80	558	477	432
Gain on business transfer	—	-3	-3	—
Foreign exchange (gain)/loss	-1,128	577	1,705	-1,447
Others	2,145	1,876	-270	4,631
Net cash generated from operating activities (Before adjustment of movements in working capital)	120,290	133,856	13,566	161,189
Movements in working capital				
Decrease/(increase) in inventories	913	-6,579	-7,492	1,763
Decrease/(increase) in trade and other receivables	-5,112	-4,007	1,105	-6,562
Increase/(decrease) in trade and other payables	1,047	2,937	1,890	4,052
Increase/(decrease) in retirement benefits liabilities and provisions	-248	406	654	-234
Sub total	116,891	126,613	9,722	160,209
Interests received	1,188	1,847	660	1,499
Dividends received	8	9	1	8
Interests paid	-437	-14	424	-456
Income taxes paid	-22,112	-28,860	-6,748	-26,425
Income taxes refunded	478	384	-95	664
Net cash generated from operating activities	96,016	99,979	3,963	135,499
Cash flows from investing activities				
Withdrawals of time deposit	9,659	21,242	11,583	11,025
Payments for time deposit	-5,574	-17,222	-11,648	-6,186
Proceeds from sales of property, plant and equipment	431	1,984	1,553	559
Payments for acquisition of property, plant and equipment	-13,284	-19,930	-6,646	-17,974
Proceeds from sales of investment	—	5	5	959
Payments for acquisition of investment	-1,333	-27,221	-25,888	-1,333
Proceeds from sales of subsidiaries	—	260	260	5
Payments for acquisition of subsidiaries	-54,096	-1,269	52,826	-54,018
Payments to non-controlling interests upon merger	-2	—	2	-2
Proceeds from business transfer	—	4	4	—
Payments for business transfer	-251	-421	(171)	-251
Other proceeds	648	319	-329	759
Other payments	-1,347	-1,591	-244	-2,076
Net cash used in investing activities	-65,148	-43,842	21,306	-68,533
Cash flows from financing activities				
Dividends paid to owners of the Company	-29,015	-34,119	-5,104	-29,042
Dividends paid to non-controlling interests	-34	-30	4	-34
Repayments of long-term borrowings	-206	-200	7	-339
Payments for redemption of bonds	-35,021	-14	35,008	-35,021
Proceeds from disposal of treasury shares	—	0	0	—
Payments for purchase of treasury shares	-45,338	-1	45,337	-55,034
Proceeds from exercise of stock options	2,099	1,342	-757	2,240
Proceeds from share issuance to non-controlling shareholders	—	67	67	45
Payments for purchase of non-controlling interests	-148	—	148	-148
Net cash used in financing activities	-107,664	-32,955	74,709	-117,333
Net increase/(decrease) in cash and cash equivalents	-76,796	23,182	99,978	-50,367
Cash and cash equivalents at the beginning of the term	296,851	245,835	-51,016	296,851
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	8,531	3,272	-5,259	-649
Cash and cash equivalents at the end of the term	228,586	272,290	43,704	245,835



### (3) Consolidated Statement of Comprehensive Income

(HOYA Corporation and its subsidiaries)

(Millions of Yen)

	For the nine months ended				Variance		For the year ended	
	Dec. 31,2017		Dec. 31,2018				Mar. 31,2018	
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
<b>All operations</b>								
<b>Revenue:</b>								
Sales	399,689	100.0	424,334	100.0	24,645	6.2	535,612	100.0
Finance income	1,149	0.3	2,046	0.5	897	78.1	1,562	0.3
Other income	3,252	0.8	2,397	0.6	-855	-26.3	3,999	0.7
<b>Total Revenue</b>	<b>404,090</b>	<b>101.1</b>	<b>428,778</b>	<b>101.0</b>	<b>24,687</b>	<b>6.1</b>	<b>541,173</b>	<b>101.0</b>
<b>Expenses:</b>								
Changes in inventories of goods, products and work in progress	-771	-0.2	-3,574	-0.8	-2,804	363.7	534	0.1
Raw materials and consumables used	63,286	15.8	66,775	15.7	3,488	5.5	83,924	15.7
Employee benefits expense	95,177	23.8	98,475	23.2	3,298	3.5	127,820	23.9
Depreciation and amortization	21,477	5.4	19,667	4.6	-1,810	-8.4	28,711	5.4
Subcontracting cost	3,681	0.9	4,056	1.0	376	10.2	4,919	0.9
Advertising and promotion expense	10,666	2.7	9,431	2.2	-1,234	-11.6	13,085	2.4
Commission expense	24,212	6.1	25,503	6.0	1,292	5.3	32,506	6.1
Impairment losses	183	0.0	5	0.0	-178	-97.1	5,798	1.1
Finance costs	704	0.2	258	0.1	-446	-63.3	771	0.1
Share of loss of associates	41	0.0	11	0.0	-30	-73.3	44	0.0
Foreign exchange (gain)/loss	-681	-0.2	1,941	0.5	2,622	—	268	0.0
Other expenses	88,018	22.0	92,928	21.9	4,911	5.6	118,543	22.1
<b>Total Expenses</b>	<b>305,992</b>	<b>76.6</b>	<b>315,477</b>	<b>74.3</b>	<b>9,486</b>	<b>3.1</b>	<b>416,925</b>	<b>77.8</b>
Profit before tax	98,098	24.5	113,300	26.7	15,202	15.5	124,248	23.2
Income tax expense	18,411	4.6	20,437	4.8	2,026	11.0	25,026	4.7
<b>Profit for the term from all operations</b>	<b>79,687</b>	<b>19.9</b>	<b>92,863</b>	<b>21.9</b>	<b>13,176</b>	<b>16.5</b>	<b>99,222</b>	<b>18.5</b>
<b>Other comprehensive income:</b>								
Items that will not be reclassified subsequently to profit or loss								
Assets measured at fair value through other comprehensive income	—		411		411	—	—	
Remeasurements of the net defined benefit liability(asset)	-21		8		29	—	88	
Income tax relating to components of other comprehensive income	-0		-130		-130	—	10	
<b>Total Items that will not be reclassified subsequently to profit or loss</b>	<b>-21</b>		<b>289</b>		<b>311</b>	<b>—</b>	<b>98</b>	
Items that may be reclassified subsequently to profit or loss								
Net gain on revaluation of available-for-sale financial assets	171		—		-171	—	423	
Exchange differences on translation of foreign operations	16,962		5,378		-11,584	-68.3	-2,712	
Share of other comprehensive income of associates	5		-18		-23	—	-9	
Income tax relating to components of other comprehensive income	-9		-125		-116	—	-112	
<b>Total Items that may be reclassified subsequently to profit or loss</b>	<b>17,129</b>		<b>5,234</b>		<b>-11,894</b>	<b>-69.4</b>	<b>-2,410</b>	
<b>Total other comprehensive income/(loss)</b>	<b>17,107</b>		<b>5,524</b>		<b>-11,584</b>	<b>-67.7</b>	<b>-2,312</b>	
<b>Total comprehensive income for the quarter</b>	<b>96,794</b>		<b>98,387</b>		<b>1,592</b>	<b>1.6</b>	<b>96,910</b>	
<b>Profit attributable to :</b>								
Owners of the Company	80,122	20.0	93,000	21.9	12,878	16.1	99,494	18.6
Non-controlling interests	-435	-0.1	-137	-0.0	298	-68.5	-272	-0.1
<b>Total</b>	<b>79,687</b>	<b>19.9</b>	<b>92,863</b>	<b>21.9</b>	<b>13,176</b>	<b>16.5</b>	<b>99,222</b>	<b>18.5</b>
<b>Total comprehensive income/(loss) attributable to :</b>								
Owners of the Company	96,641		98,614		1,974	2.0	96,833	
Non-controlling interests	154		-228		-381	—	77	
<b>Total</b>	<b>96,794</b>		<b>98,387</b>		<b>1,592</b>	<b>1.6</b>	<b>96,910</b>	
<b>Basic earnings/(loss) per share (yen)</b>								
Continuing operations	207.22		244.95		37.73		258.46	
Discontinued operations	—		—		—		—	
<b>Basic earnings per share (yen)</b>	<b>207.22</b>		<b>244.95</b>		<b>37.73</b>		<b>258.46</b>	
<b>Diluted earnings/(loss) per share (yen)</b>								
Continuing operations	206.72		244.49		37.77		257.88	
Discontinued operations	—		—		—		—	
<b>Diluted earnings per share (yen)</b>	<b>206.72</b>		<b>244.49</b>		<b>37.77</b>		<b>257.88</b>	

Notes:

- Effect of exchange rate change on net sales and incomes ("2018 A" is the actual value of this period. "2018 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period last year. unit : millions of Yen)

	2018 B	2018 A	Influences	Real change	(%)
Sales	427,330	424,334	-2,996	27,641	6.9%
Profit before tax	112,928	113,300	372	14,830	15.1%
Profit for the term	92,491	92,863	372	12,804	16.1%

For the nine months ended				
	Dec. 31,2017	Dec. 31,2018	Variance(%)	
2. Average rates of major foreign currencies				
US\$	Yen 111.77	111.33	0.4%	
Euro	Yen 129.57	129.25	0.2%	
Thai Baht	Yen 3.34	3.40	-1.8%	

## (4) Segment Information

### <Overview of major products and services of reportable segments>

The reportable segments are constituent units of the Group for which separate financial information is obtained and examined on a regular basis by the Board of Directors, the chief operation decision maker, to determine the allocation of management resources and evaluate the business performance.

In accordance with its management philosophy, the Group has categorized "life and culture" and "information technology" as its business domains. To achieve sustainable growth in corporate value in these business domains, the Group has been making decisions on the allocation of management resources and monitoring the operating results.

As a result, the Group consists of three reportable business segments: the Life Care business, the Information Technology business and Other business, which are consistent with the above business domains.

In the Life Care business, the Group produces and sells health care related products that are used in the healthcare and medical sectors and medical related products, including medical equipment and medical materials that are used in medical treatments. In operating this business, it is typically required to obtain approvals and permissions in accordance with the Pharmaceutical Affairs Act in Japan and other regulations, and sophisticated technologies and highly reliable quality control systems represent the critical elements for operating this business.

In the Information Technology business, the Group has developed an extensive range of products following the digitalization of information and the emergence of the Internet. The Group produces and sells a broad array of I/O (Input/Output Device) related products in the information and communication sector, including electronics related products that are essential for the modern digital information and communication technologies, and imaging related products that are necessary to import pictures and video images as digital information based on optical technologies.

Other business mainly includes the business that provides information system services and new businesses.

The main products and services for each "reportable segment" described above are as follows:

Reportable Segment		Major Products and Services
Life Care	Health care related products	Eyeglass lenses, Contact lenses, etc.
	Medical related products	Endoscopes, Medical accessories, Intraocular lenses, Artificial bone, Metallic implants for orthopedics, etc.
Information Technology	Electronics related products	Photomasks and Maskblanks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs) Glass disks for hard disk drives (HDDs), etc.
	Imaging related products	Optical lenses, Optical glasses, Lens modules, Laser equipment, etc.
Other		Design of information systems, Speech synthesis software, etc.

## 1. Segment revenues and results

(Millions of Yen)

For the nine months ended Dec. 31, 2017	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	260,989	135,832	2,869	399,689	0	399,689
Inter-segment	2	167	1,241	1,411	-1,411	—
<b>Total</b>	<b>260,991</b>	<b>135,999</b>	<b>4,110</b>	<b>401,100</b>	<b>-1,411</b>	<b>399,689</b>
Segment profit before tax	45,546	54,275	500	100,321	-2,223	98,098
Segment profit before tax ratio	17.5%	39.9%	12.2%	25.0%	—	24.5%
Ref: Profit from ordinary operating activities	45,530	53,977	400	99,907	-3,464	96,442
% of revenue	17.4%	39.7%	9.7%	24.9%	—	24.1%

For the nine months ended Dec. 31, 2018	Life Care	Information Technology	Other	Total	Adjustments	All operations
Revenue						
Revenue from external customers	277,091	143,816	3,427	424,334	—	424,334
Inter-segment	2	51	1,080	1,133	-1,133	—
<b>Total</b>	<b>277,093</b>	<b>143,868</b>	<b>4,507</b>	<b>425,468</b>	<b>-1,133</b>	<b>424,334</b>
Segment profit before tax	53,508	62,230	411	116,149	-2,849	113,300
Segment profit before tax ratio	19.3%	43.3%	9.1%	27.3%	—	26.7%
Profit from ordinary operating activities	56,132	61,295	384	117,810	-4,398	113,412
% of revenue	20.3%	42.6%	8.5%	27.7%	—	26.7%

Ref : Difference between the results of the year under review and the same period the previous year is as follows:

	Life Care	Information Technology	Other	Total	Adjustments	All operations
<b>Variance</b>						
Revenue from external customers	16,103	7,985	558	24,645	-0	24,645
Variance	6.2%	5.9%	19.5%	6.2%	—	6.2%
Inter-segment	-0	-116	-162	-278	278	—
<b>Total</b>	<b>16,102</b>	<b>7,869</b>	<b>397</b>	<b>24,367</b>	<b>278</b>	<b>24,645</b>
Segment profit before tax	7,962	7,955	-89	15,828	-626	15,202
Variance	17.5%	14.7%	-17.7%	15.8%	—	15.5%
Profit from ordinary operating activities	10,602	7,318	-16	17,903	-934	16,969
Variance	23.3%	13.6%	-4.1%	17.9%	27.0%	17.6%

Note: Effect of Exchange Rate Change on Net Sales and Incomes ("2018 A" is the actual value of this period. "2018 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period the previous year. unit : millions of Yen)

	2018B	2018A	Influences	Real change	(%)
<b>Life Care</b>					
Revenue from external customers	279,719	277,091	-2,628	18,730	7.2%
Profit from ordinary operating activities	56,079	56,132	53	10,549	23.2%
Segment profit before tax	53,073	53,508	435	7,526	16.5%
<b>Information Technology</b>					
Revenue from external customers	144,165	143,816	-349	8,333	6.1%
Profit from ordinary operating activities	61,362	61,295	-68	7,386	13.7%
Segment profit before tax	62,308	62,230	-79	8,033	14.8%

## 2. Revenue from major products and services

Revenue from external customers

(Millions of Yen)

Revenue from external customers						(millions of Yen)					
						For the nine months ended		Variance		For the year ended	
						Dec. 31,2017				Dec. 31,2018	
						Amount	(%)	Amount	(%)	Amount	(%)

### Revenue from all operations

Life Care	260,989	65.3	277,091	65.3	16,103	6.2	352,872	65.9
Health care related products	196,500	[ 75.3 ]	209,565	[ 75.6 ]	13,064	6.6	265,645	[ 75.3 ]
Medical related products	64,488	[ 24.7 ]	67,526	[ 24.4 ]	3,038	4.7	87,228	[ 24.7 ]
Information Technology	135,832	34.0	143,816	33.9	7,985	5.9	178,480	33.3
Electronics related products	103,017	[ 75.8 ]	111,782	[ 77.7 ]	8,765	8.5	134,878	[ 75.6 ]
Imaging related products	32,815	[ 24.2 ]	32,034	[ 22.3 ]	-781	-2.4	43,602	[ 24.4 ]
Other	2,869	0.7	3,427	0.8	558	19.5	4,260	0.8
Corporate (including R&D)	0	0.0	-	—	-0	-100.0	0	—
<b>Total revenue from all operations</b>	<b>399,689</b>	<b>100.0</b>	<b>424,334</b>	<b>100.0</b>	<b>24,645</b>	<b>6.2</b>	<b>535,612</b>	<b>100.0</b>

Notes 1. Figures in [ ] are percentages of each segment.

Notes 2. Effect of Exchange Rate Change on Net Sales and Incomes ("2018 A" is the actual value of this period. "2018 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period last year. unit : millions of Yen)

	2018B	2018A	Influences	Real change	(%)
Life Care	279,719	277,091	-2,628	18,730	7.2%
Health care related products	211,730	209,565	-2,165	15,230	7.8%
Medical related products	67,989	67,526	-462	3,501	5.4%
Information Technology	144,165	143,816	-349	8,333	6.1%
Electronics related products	112,029	111,782	-247	9,012	8.7%
Imaging related products	32,136	32,034	-102	-679	-2.1%

## 3. Information about geographical areas

Revenue from external customers

(Millions of Yen)

Revenue from external customers						(millions of Yen)					
						For the nine months ended		Variance		For the year ended	
						Dec. 31,2017				Dec. 31,2018	
						Amount	(%)	Amount	(%)	Amount	(%)

### Revenue from all operations

Total revenue from all operations	399,689	100.0	424,334	100.0	24,645	6.2	535,612	100.0
Japan	117,284	29.3	123,088	29.0	5,804	4.9	156,164	29.2
Americas	65,973	16.5	72,893	17.2	6,920	10.5	89,764	16.8
Europe	79,368	19.9	81,044	19.1	1,676	2.1	107,843	20.1
Asia/Oceania	132,204	33.1	141,878	33.4	9,675	7.3	174,860	32.6
Others	4,861	1.2	5,431	1.3	570	11.7	6,981	1.3

Note: Geographical areas are based on the location of customers.

<Reference>

**Supplementary data for 3rd Quarter aggregated : from April 1 to December 31, 2018**

The breakdown of changes in revenue and profit before tax

(Millions of Yen)

	FY2017	FY2018	Variance	Foreign exchange	Others
Revenue	399,689	424,334	24,645	-2,996	27,641
Life Care	260,989	277,091	16,103	-2,628	18,730
Health care related products	196,500	209,565	13,064	-2,165	15,230
Medical related products	64,488	67,526	3,038	-462	3,501
Information Technology	135,832	143,816	7,985	-349	8,333
Electronics related products	103,017	111,782	8,765	-247	9,012
Imaging related products	32,815	32,034	-781	-102	-679
Profit from ordinary operating activities	96,442	113,412	16,969	-17	16,986
Life Care	45,530	56,132	10,602	53	10,549
Information Technology	53,977	61,295	7,318	-68	7,386
Other, adjustment (Corporate)	-3,064	-4,015	-951	-1	-949
Profit before tax	98,098	113,300	15,202	372	14,830
Life Care	45,546	53,508	7,962	435	7,526
Information Technology	54,275	62,230	7,955	-79	8,033
Other, adjustment (Corporate)	-1,723	-2,438	-715	15	-730

<All operations ~ Adjustments to "Profit from ordinary operating activities">

	All operations		
	FY2017	FY2018	Variance
Profit before tax	98,098	113,300	15,202
Adjustments	1,656	-111	-1,767
Finance income	1,149	2,046	897
Finance costs	-704	-258	446
Share of loss of associates	-41	-11	30
Foreign exchange (gain)/loss	681	-1,941	-2,622
Impairment losses	-183	-5	178
Others	754	58	-695
Profit from ordinary operating activities	96,442	113,412	16,969

<Segment ~ Adjustments to "Profit from ordinary operating activities">

	Life Care			Information Technology			Other, adjustment (Corporate)		
	FY2017	FY2018	Variance	FY2017	FY2018	Variance	FY2017	FY2018	Variance
Profit before tax	45,546	53,508	7,962	54,275	62,230	7,955	-1,723	-2,438	-715
Adjustments	16	-2,624	-2,640	298	935	637	1,341	1,577	236
Finance income	208	502	294	274	505	232	668	1,039	371
Finance costs	-626	-1,085	-459	-202	-240	-38	124	1,067	943
Share of loss of associates	17	26	9	-2	15	17	-57	-52	5
Foreign exchange (gain)/loss	183	-1,068	-1,252	263	-345	-608	235	-528	-763
Impairment losses	-47	-5	42	-136	-	136	-	-	-
Others	281	-993	-1,274	101	1,000	899	371	52	-320
Profit from ordinary operating activities	45,530	56,132	10,602	53,977	61,295	7,318	-3,064	-4,015	-951

### 3. Projected Results for the Full Year (All Operations)

(Year ending Mar. 31, 2019)

	<u>Millions of Yen</u>		
	<u>Year ended/ending</u>		variance
	Mar. 31, 2018	<b>Mar. 31, 2019E</b>	(%)
Revenue	535,612	564,000	5.3
Profit before tax	124,248	147,000	18.3
Profit for the term	99,222	120,200	21.1
<u>Profit attributable to owners of the Company</u>	<u>99,494</u>	<u>120,200</u>	<u>20.8</u>
Basic earnings per share (Yen)	258.46	316.54	58.08

Ref: for the 4th quarter

#### 1. Year-on-year comparison

	<u>Millions of Yen</u>		
	<u>Three months ended/ending</u>		variance
	Mar. 31, 2018	<b>Mar. 31, 2019E</b>	(%)
Revenue	135,923	139,666	2.8
Profit before tax	26,150	33,700	28.9
Profit for the term	19,535	27,337	39.9
Profit attributable to owners of the Company	19,372	27,200	40.4
Basic earnings per share (Yen)	51.01	71.59	20.58

#### 2. Quarter-on-quarter comparison

	<u>Millions of Yen</u>		
	<u>Three months ended/ending</u>		variance
	Dec. 31, 2017	<b>Mar. 31, 2019E</b>	(%)
Revenue	143,425	139,666	-2.6
Profit before tax	39,676	33,700	-15.1
Profit for the term	33,143	27,337	-17.5
Profit attributable to owners of the Company	33,162	27,200	-18.0
Basic earnings per share (Yen)	87.31	71.59	-15.72

Notes:

To calculate expected profit for the term per share, expected profit for the term is divided by expected average number of shares through the term.

*These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, or currency exchange rates.*