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Consolidated Financial Results for the Six Months Ended September 30, 2022 [Japanese GAAP]

November 14, 2022

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

URL: <https://www.menicon.co.jp>

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CEO

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Scheduled date of filing quarterly securities report: November 14, 2022

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2022 (April 01, 2022 to September 30, 2022)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended September 30, 2022	54,129	11.8	6,870	35.8	6,597	30.4	4,263	25.3
September 30, 2021	48,395	16.6	5,059	12.5	5,060	6.8	3,401	6.4

(Note) Comprehensive income: Six months ended September 30, 2022: ¥ 6,039 million [63.6%]
Six months ended September 30, 2021: ¥ 3,692 million [5.3%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	56.23	51.90
September 30, 2021	44.99	41.48

(Note) Effective October 1, 2021, we conducted a 2-for-1 stock split of common stock. Accordingly, the basic earnings per share and the diluted earnings per share are calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Million yen	Million yen	%
September 30, 2022	149,561	71,832	46.7
March 31, 2022	130,978	67,045	49.7

(Reference) Equity: As of September 30, 2022: ¥ 69,821 million
As of March 31, 2022: ¥ 65,093 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2022	Yen -	Yen 0.00	Yen -	Yen 20.00	Yen 20.00
Fiscal year ending March 31, 2023	-	0.00			
Fiscal year ending March 31, 2023 (Forecast)			-	20.00	20.00

(Note) Revision to the forecast for dividends announced most recently: No

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023(April 01, 2022 to March 31, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	107,800	7.6	10,400	4.4	10,100	0.4	6,800	4.9	89.66

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2022

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

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: None

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

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

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2022: 76,447,888 shares

March 31, 2022: 76,421,288 shares

2) Total number of treasury shares at the end of the period:

September 30, 2022: 596,832 shares

March 31, 2022: 645,332 shares

3) Average number of shares during the period:

Six months ended September 30, 2022: 75,817,774 shares

Six months ended September 30, 2021: 75,588,816 shares

(Note) 1. Effective October 1, 2021, we conducted a 2-for-1 stock split of common stock. Average number of shares during the period are calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.

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

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

- * **Explanation regarding appropriate use of business results forecasts and other special instructions**
 - Forecasts regarding future performance presented in this material include the outlook for the future, assumptions on which the plan is based, and projections as of the date of announcement of this material. Actual results may differ from the forecasts presented in this material due to various factors.
 - For matters concerning the forecast of business results, please refer to “1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Business Results Forecast and Other Forward-looking Information” on Page 4 of the appendix.

Table of contents of appendix

1. Qualitative Information on Quarterly Financial Results for the Period under Review	2
(1) Explanation of Business Results	2
(2) Explanation of Financial Position	4
(3) Explanation of Consolidated Business Results Forecast and Other Forward-looking Information	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	7
(3) Quarterly Consolidated Statements of Cash Flows	9
(4) Notes to Quarterly Consolidated Financial Statements	10
(Notes on going concern assumption)	10
(Notes on significant changes in amount of shareholders' equity)	10
(Additional information)	10
(Segment information)	11

1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Business Results

During the period under review, the global economy showed signs of recovery due to the relaxation of restrictions on activities, with the exception of some regions such as China. The global impact of COVID-19 on economic activity was limited, and we saw a return to the living conditions that had existed prior to the outbreak, particularly in Europe and the United States. However, the outlook remains uncertain, with supply chain disruptions and soaring resource prices resulting from instability in international affairs, and policy interest rates being raised in many regions. In Japan, the ongoing depreciation of the yen and conspicuous price rise due in part to soaring prices of imported raw materials create concerns about the impact on personal consumption trends.

In the contact lens market, there is an expansion trend in the overseas market for disposable contact lenses centering on daily disposable contact lenses, and demand for orthokeratology lenses effective on correcting vision is growing steadily. In the domestic market, the demand for daily disposable contact lenses made of highly safe silicone hydrogel materials is increasing. In addition, the demand for bifocal contact lenses increases steadily with the aging of the users and the increasing close work by teleworking.

Under these circumstances, the Group worked on the realization of our Vision 2030 slogan, “New Vision of Miru for the World” in accordance with our policy of promoting the provision of products and services that enable people to experience happiness and affluence through the five senses.

Performances by business are as follows.

[Domestic Vision Care Business]

According to the Group’s policy, in the Domestic Vision Care Business we are aiming to expand the market share of daily disposable contact lenses and to increase the number of MELS Plan members.

In terms of promotional measures, we launched the “MELS Plan Summer Enrollment Campaign” in the period under review. We undertook to increase the number of MELS Plan members by offering proposals that met a wide range of vision-related needs, leveraging our strengths in our extensive contact lens product lineup. In addition, as for the bifocal contact lens series “Lactive,” we continually invite Mr. Sho Sakurai as brand ambassador to carry out promotion activities to enhance brand image.

As for product measures, we launched two new colors based on gray and hazel colors for the daily disposable circle lens “1DAY FRUTTIE.” The circle contact lenses are becoming increasingly popular as a fashionable item when wearing a mask, and we expect to expand our product lineup and thereby to expand our share of the daily disposable contact lens market.

[Overseas Vision Care Business]

According to the Group’s policy, in the Overseas Vision Care Business we are working on developing new sales channels and strengthening relationships to expand sales of disposable contact lenses and on strengthening the foundation of the myopia progression control business.

In Europe, net sales of daily disposable contact lenses and care products are in a trend of recovery as economic activity resumes with the easing of regulations related to COVID-19 infections. We introduced our products to and initiated new transactions with major mass retailers in the European region to increase the sales volume of daily disposable contact lenses. In addition, we focused on marketing activities for Menicon Bloom to build a foundation for the myopia progression control business, and also made preparations for building relationships with and fostering prescribers.

In North America, soaring logistics costs and delivery delays in the supply chain have been improving, despite the impact of rising prices due to such factors as labor shortages. With the stabilization of the supply chain, the sales are on an expansion trend driven by online sales of care products. We are also developing new channels to further expand sales of daily disposable contact lenses to mass retailers in the region.

In China, our sales and logistics functions were constrained by the urban lockdown in the largest commercial city of the country-Shanghai, but we engaged in sales activities while taking infection prevention measures in this environment. As a result, sales of our mainstay orthokeratology lenses and care products remained steady. In addition, we obtained approval for medical device registration for “Menicon Z Night,” the Group's second orthokeratology lens in the Chinese market. Preparations are underway for its market introduction.

[Others]

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.

Regarding the domestic market in the period under review, we rebranded the health care supplement “LUNA RHYTHM (lactoferrin + folic acid)” and newly developed it as the “Total Fem Care brand for people over 20s”. At the same time, we exhibited at the “byeASU” pop-up store specializing in Femtech and sold related supplements including this product. In the overseas markets, the Food Business drove sales, and we also undertook to expand overseas sales channels for the composting promotion system resQ materials and the Animal Health Care Business.

As a result of these efforts, the Group’s consolidated business results for the six months ended September 30, 2022 were as follows.

Net sales increased by 11.8% year on year to ¥54,129 million as the result of the global economic recovery and the steady increasing sales in China as well as the impact of foreign exchange fluctuation. Operating profit increased by 35.8% year on year to ¥6,870 million and ordinary profit rose by 30.4% year on year to ¥6,597 million as a result of an increase in net sales and the efficient use of selling, general and administrative expenses. As a result of these efforts, profit attributable to owners of parent increased by 25.3% year on year to ¥4,263 million.

Business results by segment are as follows.

1) Vision Care Business

Sales of the Vision Care Business were ¥50,491 million, an increase of 10.9% year on year. Segment profit was ¥9,295 million, an increase of 21.2% year on year. The details are as follows.

Sales of the Vision Care Business increased by ¥4,958 million year on year. This was primarily due to the recovery from the impact of COVID-19 infections and the steady increasing sales of orthokeratology lenses and care products in China. Overseas and domestic sales posted year-on-year increases of ¥1,417 million and ¥3,541 million, respectively. MELS Plan sales increased by ¥527 million year on year, mainly due to an increase in the membership of daily disposal contact lenses, which have higher average spending per customer.

Segment profit increased by ¥1,624 million year on year due to the strong sales in the Overseas Vision Care Business.

2) Others

Sales of Other business were ¥3,637 million for the six months ended September 30, 2022, an increase of 27.1% year on year, mainly due to an increase in overseas sales in the Food Business.

Segment loss was ¥309 million, compared with a segment loss of ¥369 million for the same period of the previous year.

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the second quarter of the fiscal year under review were ¥149,561 million, having increased by ¥18,583 million from the end of the previous fiscal year. Current assets increased by ¥12,052 million to ¥76,241 million mainly owing to an increase in cash and deposits resulting from the issuance of bonds. Non-current assets increased by ¥6,530 million to ¥73,320 million, primarily due to investment related to the construction of a manufacturing facility for daily disposable contact lenses at Menicon Malaysia Sdn. Bhd.

(Liabilities and net assets)

Liabilities increased by ¥13,796 million from the end of the previous fiscal year to ¥77,729 million mainly due to the issuance of bonds.

Net assets increased by ¥4,787 million from the end of the previous fiscal year to ¥71,832 million mainly due to an increase in retained earnings resulting from the profit attributable to owners of parent.

As a result, the capital adequacy ratio was 46.7%.

(Status of Cash Flows)

Cash and cash equivalents at the end of the six months ended September 30, 2022 were ¥42,539 million, having increased by ¥9,928 million or 30.4% from the end of the previous fiscal year.

1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥7,012 million, compared with net cash provided by operating activities amounting to ¥5,299 million in the same period of the previous year, mainly due to an increase in profit before income taxes and depreciation.

2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥8,506 million, compared with net cash used in investing activities amounting to ¥5,861 million in the same period of the previous year, mainly due to investment related to the construction of a manufacturing facility for daily disposable contact lenses at Menicon Malaysia Sdn. Bhd.

3) Cash flows from financing activities

Net cash provided by financing activities amounted to ¥10,986 million, compared with net cash used in financing activities amounting to ¥3,090 million in the same period of the previous year, mainly due to cash inflow resulting from the issuance of bonds.

(3) Explanation of Consolidated Business Results Forecast and Other Forward-looking Information

The business results for the six months ended September 30, 2022 saw a revenue increase year on year, which is resulting from the global economic recovery together with the strong sales in China and the impact of foreign exchange fluctuation. Furthermore, the operating profit showed a high rate of progress against the consolidated business results forecast for the fiscal year ending March 31, 2023, due to the unused portion of expenses such as research and development expenses. The unused expenses are scheduled to be used from the third quarter onward, and foreign exchange fluctuations are uncertain and difficult to forecast. Accordingly, the consolidated business results forecast for the full year ending March 31, 2023 is unchanged from the forecast announced on May 12, 2022.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31,2022	As of September 30,2022
Assets		
Current assets		
Cash and deposits	33,046	42,988
Notes and accounts receivable - trade	11,269	11,925
Securities	-	20
Merchandise and finished goods	11,454	12,013
Work in process	1,304	1,221
Raw materials and supplies	3,025	3,369
Other	4,227	4,856
Allowance for doubtful accounts	(140)	(152)
Total current assets	64,188	76,241
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,286	27,745
Accumulated depreciation	(11,804)	(12,336)
Buildings and structures, net	14,481	15,408
Machinery, equipment and vehicles	26,617	27,838
Accumulated depreciation	(18,142)	(18,339)
Machinery, equipment and vehicles, net	8,475	9,499
Tools, furniture and fixtures	9,609	10,036
Accumulated depreciation	(7,998)	(8,324)
Tools, furniture and fixtures, net	1,611	1,711
Land	4,983	4,991
Leased assets	2,217	2,234
Accumulated depreciation	(516)	(632)
Leased assets, net	1,700	1,601
Right of use assets	6,462	7,067
Accumulated depreciation	(2,227)	(2,567)
Right of use assets, net	4,235	4,499
Construction in progress	13,924	17,748
Other	10	46
Accumulated depreciation	-	-
Other, net	10	46
Total property, plant and equipment	49,421	55,506
Intangible assets		
Goodwill	2,748	2,561
Patent right	484	402
Other	8,368	8,725
Total intangible assets	11,601	11,688
Investments and other assets		
Investment securities	515	465
Deferred tax assets	2,499	2,685
Other	2,764	2,976
Allowance for doubtful accounts	(11)	(1)
Total investments and other assets	5,767	6,125
Total non-current assets	66,790	73,320
Total assets	130,978	149,561

(Million yen)

	As of March 31,2022	As of September 30,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,894	5,364
Short-term borrowings	82	67
Current portion of bonds payable	826	826
Current portion of long-term borrowings	1,891	1,758
Lease liabilities	2,000	1,594
Accounts payable - other	4,748	4,310
Income taxes payable	1,657	2,072
Provision for bonuses	2,028	1,871
Provision for point card certificates	14	14
Other	4,542	4,670
Total current liabilities	22,688	22,551
Non-current liabilities		
Bonds payable	2,226	16,813
Convertible-bond-type bonds with share acquisition rights	22,902	22,919
Long-term borrowings	7,459	6,613
Lease liabilities	5,049	5,184
Long-term accounts payable - other	1,330	1,400
Retirement benefit liability	705	744
Deferred tax liabilities	995	1,125
Asset retirement obligations	111	112
Other	462	265
Total non-current liabilities	41,244	55,178
Total liabilities	63,933	77,729
Net assets		
Shareholders' equity		
Share capital	5,462	5,475
Capital surplus	7,249	7,262
Retained earnings	52,302	55,013
Treasury shares	(1,330)	(1,113)
Total shareholders' equity	63,684	66,637
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	83	80
Foreign currency translation adjustment	1,325	3,104
Total accumulated other comprehensive income	1,409	3,184
Share acquisition rights	1,902	1,960
Non-controlling interests	49	50
Total net assets	67,045	71,832
Total liabilities and net assets	130,978	149,561

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
Quarterly Consolidated Statements of Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Net sales	48,395	54,129
Cost of sales	22,581	24,896
Gross profit	25,813	29,233
Selling, general and administrative expenses	20,754	22,363
Operating profit	5,059	6,870
Non-operating income		
Interest income	6	14
Dividend income	6	7
Share of profit of entities accounted for using equity method	0	-
Foreign exchange gains	26	-
Subsidy income	26	20
Other	116	150
Total non-operating income	183	192
Non-operating expenses		
Interest expenses	149	181
Bond issuance costs	-	79
Share of loss of entities accounted for using equity method	-	11
Foreign exchange losses	-	172
Other	33	20
Total non-operating expenses	182	465
Ordinary profit	5,060	6,597
Extraordinary income		
Gain on sale of non-current assets	1	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on retirement of non-current assets	13	6
Other	6	1
Total extraordinary losses	19	7
Profit before income taxes	5,043	6,590
Income taxes - current	1,703	2,435
Income taxes - deferred	(59)	(109)
Total income taxes	1,643	2,326
Profit	3,399	4,264
Profit (loss) attributable to non-controlling interests	(1)	1
Profit attributable to owners of parent	3,401	4,263

Quarterly Consolidated Statements of Comprehensive Income (For the six months)

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Profit	3,399	4,264
Other comprehensive income		
Valuation difference on available-for-sale securities	1	(3)
Foreign currency translation adjustment	292	1,746
Share of other comprehensive income of entities accounted for using equity method	(0)	31
Total other comprehensive income	293	1,774
Comprehensive income	3,692	6,039
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,694	6,038
Comprehensive income attributable to non-controlling interests	(1)	1

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30,2021	For the six months ended September 30,2022
Cash flows from operating activities		
Profit before income taxes	5,043	6,590
Depreciation	2,978	3,368
Amortization of goodwill	448	217
Interest and dividend income	(13)	(21)
Interest expenses	149	181
Foreign exchange losses (gains)	(116)	(114)
Decrease (increase) in trade receivables	284	(411)
Decrease (increase) in inventories	(82)	(221)
Increase (decrease) in trade payables	324	431
Increase (decrease) in accounts payable - other	(754)	(817)
Increase (decrease) in provision for bonuses	(256)	(194)
Other, net	(669)	(89)
Subtotal	7,335	8,917
Interest and dividends received	12	21
Interest paid	(88)	(71)
Income taxes paid	(1,959)	(1,854)
Net cash provided by (used in) operating activities	5,299	7,012
Cash flows from investing activities		
Purchase of intangible assets	(608)	(603)
Purchase of property, plant and equipment	(5,205)	(7,458)
Proceeds from sale of property, plant and equipment	4	3
Other, net	(52)	(446)
Net cash provided by (used in) investing activities	(5,861)	(8,506)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(176)	(17)
Proceeds from long-term borrowings	1,190	-
Repayments of long-term borrowings	(617)	(979)
Proceeds from issuance of bonds	-	14,920
Redemption of bonds	(615)	(413)
Purchase of treasury shares	(1,189)	-
Proceeds from sale of treasury shares	701	148
Repayments of lease liabilities	(1,072)	(1,154)
Dividends paid	(1,321)	(1,518)
Other, net	11	1
Net cash provided by (used in) financing activities	(3,090)	10,986
Effect of exchange rate change on cash and cash equivalents	(8)	435
Net increase (decrease) in cash and cash equivalents	(3,660)	9,928
Cash and cash equivalents at beginning of period	41,120	32,611
Cash and cash equivalents at end of period	37,460	42,539

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes on significant changes in amount of shareholders' equity)

Not applicable.

(Additional information)

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

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

1. Overview of Transaction

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

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

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

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

2. Residual Company's Shares Held in the Trust

The residual Company's shares held in the Trust are recorded at the book value in the trust (excluding incidental expenses) as treasury shares under net assets. The book value and number of shares of such treasury shares are ¥1,007 million and 225 thousand shares, respectively, for the previous fiscal year, and ¥790 million and 176 thousand shares, respectively, for the second quarter of the fiscal year under review.

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

¥1,073 million for the previous consolidated fiscal year, ¥926 million for the second quarter of the fiscal year under review.

(Accounting estimate for the impact of the spread of COVID-19 infection)

There are no significant changes to assumptions, including about the future spread of COVID-19 and the timing of its containment, as described in (Additional information) in the Annual Securities Report for the previous consolidated fiscal year.

(Segment information)

For the six months ended September 30, 2021

1. Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment		Others (Note)	Total
	Vision Care Business	Subtotal		
Net sales				
Net sales to external customers	45,533	45,533	2,862	48,395
Inter-segment net sales or transfers	—	—	—	—
Total	45,533	45,533	2,862	48,395
Segment profit (loss)	7,671	7,671	(369)	7,301

(Note) "Others" is a business segment not included in the reportable segment, including the healthcare and life care businesses.

2. Differences between the total amount of profit or loss of the reportable segment and the amount stated in the consolidated statement of income, and major breakdown of such differences (Reconciliation)

(Million yen)

Profit	Amount
Reportable segment total	7,671
Profit of "Others" (loss)	(369)
Corporate expense (Note)	(2,241)
Operating profit stated in the consolidated statement of income	5,059

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

3. Information on impairment loss of non-current assets, goodwill, etc. for the reportable segment

(Significant impairment loss on non-current assets)

Not applicable.

(Significant change in amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.

For the six months ended September 30, 2022

1. Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment		Others (Note)	Total
	Vision Care Business	Subtotal		
Net sales				
Net sales to external customers	50,491	50,491	3,637	54,129
Inter-segment net sales or transfers	—	—	—	—
Total	50,491	50,491	3,637	54,129
Segment profit (loss)	9,295	9,295	(309)	8,986

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

2. Differences between the total amount of profit or loss of the reportable segment and the amount stated in the consolidated statement of income, and major breakdown of such differences (Reconciliation)

(Million yen)

Profit	Amount
Reportable segment total	9,295
Profit of “Others” (loss)	(309)
Corporate expenses (Note)	(2,116)
Operating profit stated in the consolidated statement of income	6,870

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

3. Information on impairment loss of non-current assets, goodwill, etc. for the reportable segment

(Significant impairment loss on non-current assets)

Not applicable.

(Significant change in amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.