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Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 13, 2024

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 Securities code: 7780
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 Scheduled date to file semi-annual securities report: November 13, 2024
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	60,571	4.2	5,487	4.5	5,618	13.4	3,622	9.0
September 30, 2023	58,126	7.4	5,253	(23.5)	4,952	(24.9)	3,321	(22.1)

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 6,423 million [3.4%]
 Six months ended September 30, 2023: ¥ 6,210 million [2.8%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2024	Yen 47.67	Yen 43.96
September 30, 2023	43.69	40.35

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
As of September 30, 2024	Millions of yen 183,332	Millions of yen 85,919	% 45.5
March 31, 2024	179,812	81,804	44.1

(Reference) Equity: As of September 30, 2024: ¥ 83,436 million
 As of March 31, 2024: ¥ 79,346 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen -	Yen 0.00	Yen -	Yen 25.00	Yen 25.00
Fiscal year ending March 31, 2025	-	0.00			
Fiscal year ending March 31, 2025 (Forecast)			-	28.00	28.00

(Note) Revision to the forecast for dividends announced most recently: None

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	122,700	5.6	10,000	11.7	9,500	15.5	7,000	54.2	92.20

(Note) Revision to the financial results forecast announced most recently: None

* 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) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

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

(4) Number of issued shares (common shares)

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

September 30, 2024: 76,645,888 shares

March 31, 2024: 76,634,388 shares

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

September 30, 2024: 795,224 shares

March 31, 2024: 424,833 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024: 75,985,694 shares

Six months ended September 30, 2023: 76,034,036 shares

(Note) The Company's shares held by "Employee Stock Ownership Plan (Stock Benefit Trust)" and the "Stock Benefit Trust (Employee Shareholder Association Purchase-Type)" are included in the number of treasury shares at the end of the period and the number of treasury shares to be deducted for the purpose of calculating the average number of shares outstanding 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 Semi-annual Financial Results for the Period under Review (3) Consolidated Business Results Forecast and Other Forward-looking Information" on Page 4 of the appendix.

Table of contents of appendix

1. Qualitative Information on Semi-annual Financial Results for the Period under Review	2
(1) Business Results	2
(2) Financial Position	3
(3) Consolidated Business Results Forecast and Other Forward-looking Information	4
2. Semi-annual Consolidated Financial Statements and Notes.....	5
(1) Semi-annual Consolidated Balance Sheets.....	5
(2) Semi-annual Consolidated Statements of Income and Comprehensive Income.....	7
Semi-annual Consolidated Statements of Income	7
(For the six months ended September 30).....	7
Semi-annual Consolidated Statements of Comprehensive Income	8
(For the six months ended September 30).....	8
(3) Semi-annual Consolidated Statements of Cash Flows.....	9
(4) Notes to Semi-annual Consolidated Financial Statements	10
(Going concern assumption).....	10
(Significant changes in amount of shareholders' equity)	10
(Changes in accounting policies).....	10
(Additional information).....	11
(Segment information).....	12
(Significant subsequent events).....	14

1. Qualitative Information on Semi-annual Financial Results for the Period under Review

(1) Business Results

We established the current medium-term management plan, “Vision 2030” and are promoting a “1-DAY Lens Strategy Policy: Aim to be a top global player in 1-DAY Lens with original products and services” and an “Orthokeratology Strategy Policy: Aim to be the leading company in orthokeratology-related (Myopia Control-related) business by creating new value related to myopia control” as growth strategy policies under the slogan “New vision of ‘Miru’ for the world.” In addition, we believe that investing in human capital is essential to advance these strategies, and we continue to strengthen our workforce by raising wages for employees and increasing our workforce.

Performances in each business are as follows.

[Vision Care Business]

In regard to the “1-Day Lens Strategy,” the global contact lens market is witnessing increased demand for daily disposable contact lenses made of highly safe silicone hydrogel material due to the rising myopic population.

In Japan, we aim to increase the ratio of daily disposable contact lens members in the MELS Plan, while at the same time bolstering sales in Europe and North America by expanding business with major mass retailers. We will also continue to boost our daily disposable contact lens supply capacity to meet growing demand by investing in production facilities at the Kakamigahara Plant and Menicon Singapore Pte. Ltd. and starting up the new factory at Menicon Malaysia Sdn. Bhd. During the six months ended September 30, 2024, we acquired 100% of the shares of three sales companies in Southeast Asia, making them wholly-owned subsidiaries with a view toward securing sales bases of contact lenses and care products in this region. With this share acquisition, we have successfully established both sales and production bases in Southeast Asia.

Regarding the “Orthokeratology Strategy,” the market for orthokeratology lenses and care products used with orthokeratology lenses is expected to see stable growth in Japan and other Asian countries, although it is being affected by intensifying competitive environment and economic stagnation in China. We will aim to expand sales through efforts such as increasing the recognition of lens products in conjunction with care products and developing new sales channels, by leveraging a line-up of multiple orthokeratology lenses, including “ α Ortho-K,” which is enjoying strong sales in Japan and the rest of Asia, “Menicon Z Night,” which is experiencing robust sales in Europe and Asia, and “Menicon Bloom Night,” a contact lens with a CE marking certification for myopia control, which is expected to see sales expansion in Europe and elsewhere. During the six months ended September 30, 2024, we strengthened sales of orthokeratology-related products in China as we did in the first quarter by enhancing recognition through supporting sales promotion activities and organizing exhibitions at academic conferences there. In Europe, we began preparing for training and other programs in time for the start of sales activities of orthokeratology-related products by Laboratoires Dencott SA, a French company engaging in fitting services and distribution of contact lenses, which became our wholly-owned subsidiary in March 2024.

[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. During the six months ended September 30, 2024, as part of our efforts to expand our business while reducing environmental loads, we started producing improved Japanese lawn grass “Naruoturf® *” as a new product that supports environmental greening. By entering the green infrastructure business, we have made an effort to expand the healthcare and life care businesses.

* “Naruoturf®” is a registered trademark.

As a result of these efforts, the Group's consolidated business results for the six months ended September 30, 2024 were as follows.

Net sales increased by 4.2% year on year to ¥60,571 million due to price revisions offered through the MELS Plan in Japan, an increase in the number of MELS Plan members of daily disposable contact lenses, and increased sales volume of daily disposable contact lenses through retail channels. Operating profit increased by 4.5% year on year to ¥5,487 million as gross profit rose more than the increase in selling, general and administrative expenses, despite an increase in investment expenses for preparation of new plant operations, reinforcement of new product development, and human resources reinforcement by raising wages for employees and increasing our workforce, as well as expenses associated with the operation of the Global Logistics Center. Ordinary profit increased by 13.4% year on year to ¥5,618 million due to the recording of foreign exchange gains as a result of the further depreciation of the yen. As a result of the above factors, profit attributable to owners of parent increased by 9.0% year on year to ¥3,622 million.

Business results by segment are as follows.

1) Vision Care Business

Sales of the Vision Care Business were ¥56,295 million, an increase of 6.1% year on year. Segment profit was ¥8,912 million, an increase of 5.6% year on year. The details are as follows.

Sales of the Vision Care Business increased by ¥3,257 million year on year. Sales of daily disposable contact lenses increased by ¥1,333 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 increased by ¥160 million as we were able to capture the strong demand for orthokeratology lenses in Japan, Singapore, Korea, and elsewhere. Other contact lens-related sales increased due to the effects of price revisions within the MELS Plan.

Segment profit increased by ¥475 million as gross profit rose more than the increase in investment expenses for preparing new plant operations, reinforcing new product development, and human resources reinforcement by raising wages for employees and increasing our workforce, as well as expenses associated with the operation of the Global Logistics Center.

2) Other

Sales of Other businesses decreased by 16.0% year on year to ¥4,276 million, mainly due to a decrease in the food business sales in China as a result of the discharge of ALPS treated water. Segment loss was ¥540 million, compared with a segment loss of ¥512 million for the same period of the previous year.

(2) Financial Position

(Assets)

Total assets at the end of the second quarter of the fiscal year under review were ¥183,332 million, having increased by ¥3,520 million from the end of the previous fiscal year. Current assets decreased by ¥4,834 million to ¥80,936 million as cash and deposits decreased due mainly to the payment of the manufacturing plant building and facilities in Menicon Malaysia Sdn. Bhd. and the manufacturing facilities for care products at Menicon Nect Co., Ltd. Non-current assets increased by ¥8,355 million to ¥102,395 million, primarily due to the investments in facilities at Menicon Malaysia Sdn. Bhd.

(Liabilities and net assets)

Liabilities decreased by ¥594 million from the end of the previous fiscal year to ¥97,412 million, due mainly to a decrease in accounts payable associated with facility investment payments. Net assets increased by ¥4,114 million from the end of the previous fiscal year to ¥85,919 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 the depreciating yen. As a result, the equity ratio was 45.5%.

(Status of Cash Flows)

Cash and cash equivalents at the end of the six months ended September 30, 2024 were ¥40,285 million, having decreased by ¥6,428 million or 13.8% from the end of the previous fiscal year.

1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥5,195 million, compared with net cash provided by operating activities amounting to ¥5,269 million in the same period of the previous year, mainly due to the profit before income taxes and depreciation.

2) Cash flows from investing activities

Net cash used in investing activities amounted to ¥11,682 million, compared with net cash used in investing activities amounting to ¥13,614 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., the manufacturing facilities investment for care products at Menicon Nect Co., Ltd, and acquisition of shares of three sales companies in Southeast Asia.

3) Cash flows from financing activities

Net cash used by financing activities amounted to ¥787 million, compared with net cash provided in financing activities amounting to ¥16,181 million in the same period of the previous year, due to dividends paid and repayment of long-term borrowings, despite a cash increase by the sale-and-leaseback of the production lines of the Kakamigahara Plant.

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

Business results for the six months ended September 30, 2024 saw net sales, gross profit, and operating profit generally steady relative to the consolidated business results forecast for the full year ending March 31, 2025. This stability is attributed to an increase in MELS Plan members and expanded sales in daily disposable contact lenses in Japan and growth in orthokeratology-related product sales in Japan, Singapore, and South Korea, in addition to the effects of revenue growth due to the full-scale price revision in Japan.

From the third quarter of the fiscal year ending March 31, 2025, while orthokeratology-related product sales are expected to be affected by the changing competitive landscape and economic stagnation in China, we anticipate faster-than-expected growth in the healthcare and life care businesses. Given the change in sales mix, we foresee an increase in the cost of sales ratio, which is anticipated to result in a lower profit margin compared to levels achieved up to the end of the second quarter.

As such, the consolidated business results forecast for the full year ending March 31, 2025 is unchanged from the forecast announced on May 14, 2024.

2. Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	46,911	40,465
Notes and accounts receivable - trade	13,340	14,093
Merchandise and finished goods	13,571	14,956
Work in process	1,470	1,422
Raw materials and supplies	3,761	3,940
Other	6,851	6,206
Allowance for doubtful accounts	(135)	(148)
Total current assets	85,771	80,936
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,753	35,650
Accumulated depreciation	(14,126)	(14,860)
Buildings and structures, net	18,626	20,789
Machinery, equipment and vehicles	33,296	27,376
Accumulated depreciation	(21,669)	(18,453)
Machinery, equipment and vehicles, net	11,626	8,923
Tools, furniture and fixtures	11,202	11,585
Accumulated depreciation	(9,399)	(9,655)
Tools, furniture and fixtures, net	1,803	1,930
Land	5,658	5,652
Leased assets	2,211	4,779
Accumulated depreciation	(954)	(1,105)
Leased assets, net	1,256	3,673
Right of use assets	7,846	8,117
Accumulated depreciation	(4,083)	(4,636)
Right of use assets, net	3,762	3,481
Construction in progress	32,727	36,713
Other	46	46
Accumulated depreciation	-	-
Other, net	46	46
Total property, plant and equipment	75,508	81,210
Intangible assets		
Goodwill	2,719	4,655
Patent right	268	223
Other	8,680	9,270
Total intangible assets	11,668	14,150
Investments and other assets		
Investment securities	720	662
Deferred tax assets	2,978	2,910
Other	3,666	4,016
Allowance for doubtful accounts	(501)	(554)
Total investments and other assets	6,863	7,034
Total non-current assets	94,040	102,395
Total assets	179,812	183,332

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,181	6,081
Short-term borrowings	169	71
Current portion of bonds payable	166	166
Current portion of convertible-bond-type bonds with share acquisition rights	22,971	22,988
Current portion of long-term borrowings	1,633	1,016
Lease liabilities	1,275	1,835
Accounts payable - other	7,338	5,381
Income taxes payable	1,265	1,571
Provision for bonuses	2,076	2,008
Provision for point card certificates	24	28
Provision for loss on guarantees	488	-
Other	6,460	6,173
Total current liabilities	50,053	47,323
Non-current liabilities		
Bonds payable	36,333	36,250
Long-term borrowings	4,251	4,843
Lease liabilities	3,995	5,522
Long-term accounts payable - other	1,194	991
Retirement benefit liability	645	664
Deferred tax liabilities	1,036	1,257
Asset retirement obligations	259	109
Other	237	449
Total non-current liabilities	47,953	50,088
Total liabilities	98,007	97,412
Net assets		
Shareholders' equity		
Share capital	5,521	5,535
Capital surplus	7,309	7,558
Retained earnings	60,763	62,480
Treasury shares	(344)	(1,033)
Total shareholders' equity	73,250	74,540
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	283	257
Deferred gains or losses on hedges	-	(4)
Foreign currency translation adjustment	5,812	8,643
Total accumulated other comprehensive income	6,096	8,896
Share acquisition rights	2,403	2,426
Non-controlling interests	55	56
Total net assets	81,804	85,919
Total liabilities and net assets	179,812	183,332

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
Semi-annual Consolidated Statements of Income (For the six months ended September 30)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	58,126	60,571
Cost of sales	27,674	27,770
Gross profit	30,451	32,801
Selling, general and administrative expenses	25,197	27,313
Operating profit	5,253	5,487
Non-operating income		
Interest income	29	60
Dividend income	7	9
Foreign exchange gains	-	272
Subsidy income	31	13
Other	120	140
Total non-operating income	188	496
Non-operating expenses		
Interest expenses	274	303
Bond issuance costs	101	-
Share of loss of entities accounted for using equity method	11	9
Foreign exchange losses	71	-
Other	30	52
Total non-operating expenses	490	365
Ordinary profit	4,952	5,618
Extraordinary income		
Gain on sale of non-current assets	99	2
Total extraordinary income	99	2
Extraordinary losses		
Loss on retirement of non-current assets	18	53
Other	0	-
Total extraordinary losses	18	53
Profit before income taxes	5,033	5,568
Income taxes - current	1,986	1,658
Income taxes - deferred	(276)	286
Total income taxes	1,710	1,944
Profit	3,323	3,623
Profit attributable to non-controlling interests	1	1
Profit attributable to owners of parent	3,321	3,622

Semi-annual Consolidated Statements of Comprehensive Income (For the six months ended September 30)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	3,323	3,623
Other comprehensive income		
Valuation difference on available-for-sale securities	105	(26)
Deferred gains or losses on hedges	-	(4)
Foreign currency translation adjustment	2,779	2,830
Share of other comprehensive income of entities accounted for using equity method	2	0
Total other comprehensive income	2,887	2,800
Comprehensive income	6,210	6,423
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,208	6,422
Comprehensive income attributable to non-controlling interests	1	1

(3) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Cash flows from operating activities		
Profit before income taxes	5,033	5,568
Depreciation	3,609	3,737
Amortization of goodwill	197	230
Interest and dividend income	(37)	(70)
Interest expenses	274	303
Foreign exchange losses (gains)	(91)	(24)
Decrease (increase) in trade receivables	(810)	(480)
Decrease (increase) in inventories	(519)	(891)
Increase (decrease) in trade payables	377	(807)
Increase (decrease) in accounts payable - other	(976)	(243)
Increase (decrease) in provision for bonuses	(67)	(88)
Other, net	4	(496)
Subtotal	6,993	6,737
Interest and dividends received	37	64
Interest paid	(115)	(288)
Income taxes paid	(1,646)	(1,317)
Net cash provided by (used in) operating activities	5,269	5,195
Cash flows from investing activities		
Proceeds from redemption of investment securities	20	-
Purchase of intangible assets	(616)	(1,375)
Purchase of property, plant and equipment	(13,347)	(8,155)
Proceeds from sale of property, plant and equipment	271	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(2,066)
Other, net	57	(85)
Net cash provided by (used in) investing activities	(13,614)	(11,682)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	46	(101)
Proceeds from long-term borrowings	-	1,140
Repayments of long-term borrowings	(932)	(1,166)
Proceeds from issuance of bonds	19,898	-
Redemption of bonds	(413)	(83)
Purchase of treasury shares	(0)	(1,140)
Proceeds from sale of treasury shares	135	654
Proceeds from sale and leaseback transactions	-	2,810
Repayments of lease liabilities	(674)	(997)
Dividends paid	(1,899)	(1,903)
Other, net	21	0
Net cash provided by (used in) financing activities	16,181	(787)
Effect of exchange rate change on cash and cash equivalents	968	846
Net increase (decrease) in cash and cash equivalents	8,804	(6,428)
Cash and cash equivalents at beginning of period	40,664	46,713
Cash and cash equivalents at end of period	49,469	40,285

(4) Notes to Quarterly Consolidated Financial Statements

(Going concern assumption)

Not applicable.

(Significant changes in amount of shareholders' equity)

During the six months ended September 30, 2024, in line with the reintroduction of the Employee Stock Ownership Plan (Stock Benefit Trust) treasury shares increased by ¥689 million. As a result, treasury shares as of September 30, 2024 were ¥1,033 million

(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 second quarter of this fiscal year.

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 semi-annual consolidated financial statements.

(Additional information)

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

We conducted transactions to grant the Company's shares to the Employee Shareholder Association through a 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 ¥1,033 million and 795 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

¥527 million for the previous consolidated fiscal year, ¥1,049 million for the second quarter of the fiscal year under review

(Segment information)

For the six months ended September 30, 2023

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

(Millions of yen)

	Reportable segment		Others (Note)	Total
	Vision Care Business	Subtotal		
Net sales				
Net sales to external customers	53,037	53,037	5,088	58,126
Inter-segment net sales or transfers	—	—	—	—
Total	53,037	53,037	5,088	58,126
Segment profit (loss)	8,437	8,437	(512)	7,924

(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)

(Millions of yen)

Profit	Amount
Reportable segment total	8,437
“Others” loss	(512)
Corporate expenses (Note)	(2,670)
Operating profit stated in the consolidated statement of income	5,253

(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, 2024

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

(Millions of yen)

	Reportable segment		Others (Note)	Total
	Vision Care Business	Subtotal		
Net sales				
Net sales to external customers	56,295	56,295	4,276	60,571
Inter-segment net sales or transfers	—	—	0	0
Total	56,295	56,295	4,276	60,571
Segment profit (loss)	8,912	8,912	(540)	8,372

(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)

(Millions of yen)

Profit	Amount
Reportable segment total	8,912
“Others” loss	(540)
Corporate expenses (Note)	(2,884)
Operating profit stated in the consolidated statement of income	5,487

(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.

(Significant subsequent events)

(Issuance of a substantial amount of bonds)

We issued straight bonds with the following terms and conditions.

(1) Name of bonds	Menicon Co., Ltd. 3rd Unsecured Straight Bonds (with inter-bond pari passu clause)
(2) Total amount of issue	¥10,000 million
(3) Denomination per bond	¥100 million
(4) Total amount of issue price	¥10,000 million
(5) Issue price	¥100 per amount of ¥100 of each bond
(6) Interest rate	0.964% per annum
(7) Redemption method	Redemption upon maturity
(8) Maturity date	October 18, 2029
(9) Issue date	October 18, 2024
(10) Use of proceeds	The entire amount will be used to partially fund the redemption of the ¥23,000,000,000 Zero Coupon Convertible Bonds due 2025, which will mature on January 29, 2025

(Borrowing of a substantial amount of funds)

We entered into syndicated loan contracts amounting to ¥12,000 million as follows, with the aim of funding part of the redemption of ¥23,000,000,000 Zero Coupon Convertible Bonds due 2025, which will mature on January 29, 2025.

Arranger	MUFG Bank, Ltd.	
Joint arranger and agent	Mizuho Bank, Ltd.	
Participating financial institutions	15 banks	
Borrowed amount	¥10,130 million	¥1,870 million
Borrowing rate	Basic rate + spread	
Contract date	November 13, 2024	
Repayment date	November 18, 2029	November 18, 2031
Details of hypothecated assets or the guarantee	None	
Restrictive financial covenants	(1) We must maintain the amount of net assets on the consolidated balance sheet at each fiscal year-end at 75% or more of the amount of net assets on the consolidated balance sheet as of the end of the fiscal year ended March 31, 2024. (2) We must avoid reporting ordinary loss in the consolidated statement of income presented at the end of each fiscal year for two consecutive fiscal years.	