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Consolidated Financial Results for the Year Ended March 31, 2022 [Japanese GAAP]

May 12, 2022

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

URL: <https://www.menicon.com>

Representative: Hidenari Tanaka

CEO

Contact: Motonari Watanabe

Senior Executive Officer, Corporate Management

Phone: +81-52-935-1515

Scheduled date of Annual General Meeting of Shareholders: June 23, 2022

Scheduled date of commencing dividend payments: June 24, 2022

Scheduled date of filing annual securities report: June 24, 2022

Availability of supplementary briefing material on annual financial results: Yes

Schedule of annual financial results briefing session: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 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	%
Fiscal year ended March 31, 2022	100,172	16.2	9,957	22.8	10,055	20.5	6,481	8.9
March 31, 2021	86,209	2.0	8,106	15.3	8,348	27.4	5,952	46.6

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 8,019 million [17.5%]
Fiscal year ended March 31, 2021: ¥ 6,823 million [79.4%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	85.72	79.08	10.4	7.8	9.9
March 31, 2021	78.84	77.23	10.6	7.8	9.4

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2022: ¥ 26 million
Fiscal year ended March 31, 2021: ¥ (39) million

- (Note) 1. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 31, 2020), etc. has been applied from the beginning of the current fiscal year. The figures for the fiscal year ended March 31, 2022 are after the application of the said accounting standards.
2. 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	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	130,978	67,045	49.7	859.03
March 31, 2021	127,153	60,985	46.5	782.55

(Reference)

Equity: As of March 31, 2022: ¥ 65,093 million
As of March 31, 2021: ¥ 59,144 million

- (Note) 1. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 31, 2020), etc. has been applied from the beginning of the current fiscal year. The figures for the fiscal year ended March 31, 2022 are after the application of the said accounting standards.

- Effective October 1, 2021, we conducted a 2-for-1 stock split of common stock. Accordingly, the net asset per share is calculated on the assumption that the said stock split was conducted at the beginning of the previous fiscal year.
- Adjustments for provisional accounted business combination has been recognized in current fiscal year. All corresponding amounts of previous fiscal year has reflected the adjustments.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	12,719	(16,149)	(5,402)	32,611
March 31, 2021	10,628	(15,629)	28,913	41,120

2. Dividends

	Annual dividends per share					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	0.00	-	35.00	35.00	1,322	22.2	2.3
March 31, 2022	-	0.00	-	20.00	20.00	1,515	23.3	2.4
Fiscal year ending								
March 31, 2023 (Forecast)	-	0.00	-	20.00	20.00		22.3	

(Note) 1. Breakdown of the year-end dividend for the fiscal year ended March 31, 2021:

Ordinary dividend	30 yen
Commemorative dividend (the 70th anniversary of the Company's founding)	5 yen

- Effective October 1, 2021, we conducted a 2-for-1 stock split of common stock. The year-end dividends per share for the fiscal year ended March 31, 2021 are calculated without taking into account the said stock split.

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	89.65

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): None

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

- Changes in accounting policies due to the revision of accounting standards: Yes
- Changes in accounting policies other than 1) above: None
- Changes in accounting estimates: None
- Retrospective restatement: None

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

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

March 31, 2022:	76,421,288 shares
March 31, 2021:	76,154,888 shares

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

March 31, 2022:	645,332 shares
March 31, 2021:	575,752 shares

- 3) Average number of shares during the period:
- | | |
|-----------------------------------|-------------------|
| Fiscal Year ended March 31, 2022: | 75,612,998 shares |
| Fiscal Year ended March 31, 2021: | 75,501,602 shares |

- (Note) 1. Effective October 1, 2021, we conducted a 2-for-1 stock split of common stock. Total number of issued shares at the end of the period and treasury shares at the end of the period and 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 deducted in calculating the total number of treasury shares ending March 31, 2022 and the average number of shares during the period.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended March 31, 2022	61,405	2.8	3,693	(30.8)	3,996	(24.2)	2,660	(13.7)
March 31, 2021	59,720	1.2	5,335	(1.0)	5,274	(0.3)	3,081	(6.5)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2022	35.19	32.63
March 31, 2021	40.81	40.00

- (Note) 1. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 31, 2020), etc. has been applied from the beginning of the current fiscal year. The figures for the fiscal year ended March 31, 2022 are after the application of the said accounting standards.
2. 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) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	110,775	58,888	51.4	752.03
March 31, 2021	112,630	58,033	49.9	744.16

- (Reference) Equity: As of March 31, 2022: ¥ 56,985 million
As of March 31, 2021: ¥ 56,242 million

- (Note) 1. The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 31, 2020), etc. has been applied from the beginning of the current fiscal year. The figures for the fiscal year ended March 31, 2022 are after the application of the said accounting standards.
2. 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.

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

* **Explanation regarding appropriate use of business results forecasts and other special instructions**

- Forecasts regarding future performance presented in this material include the outlook for the future, assumptions on which the plan is based, and projections as of the date of announcement of this material. Actual results may differ from the forecasts presented in this material due to various factors.
- For the forecast of consolidated business results assumptions and our response, please refer to "1. Overview of Business Results (5) Outlook" on Page 6 of the appendix.

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1. Overview of Business Results

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

During the period under review, the global economy, as a whole, showed signs of recovery despite constrained economic activities due to the spread of COVID-19. However, the outlook remained uncertain on account of rising infections by a new variant and the impact of Russia's invasion of Ukraine. In Japan as well, the economic outlook continues to be difficult to ascertain due to personal consumption repeatedly seesawing on the impact of COVID-19, with concerns of soaring and persistently high raw material prices, and other factors.

Under these circumstances, the contact lens market trended toward overseas growth for disposable contact lenses, especially one-day disposable contact lenses, while in the domestic market, there was sustained growth in demand for bifocal contact lenses.

Performances in each business units are as follows.

[Domestic Vision Care Business]

The domestic contact lens market is recovering steadily, despite the lingering impact of continued COVID-19 infections. Demand for one-day disposable contact lenses is rising due to the expansion of our lineup of highly safe silicone hydrogel materials. In addition, the market for bifocal contact lenses is growing due to the aging of existing users and the emergence of problems such as presbyopia and eye fatigue caused by the increase in close work due to greater time at home.

In the domestic vision care business, we aim to continue increasing our market share of one-day disposable contact lenses, expand the number of members of the MELS Plan and maximize lifetime value.

With regard to contact lenses product improvement, we have added "1DAY Menicon Rei," a one-day disposable circle lens, to our MELS Plan product lineup. Addition, a new design has been added to "2WEEK Menicon PREMIO Multifocal" lenses, which is more comfortable. We have also added an astigmatic axis to Magic toric, our one-day disposable contact lenses for those with astigmatism equipped with "SMART TOUCH" design that makes it possible to hygienically and easily use the contact lenses without having to touch the inner lens surface. In addition, as for "1DAY Menicon Premio" based on gel material of highly safe silicone hydrogel, we have strengthened the lineup by adding 90-pieces pack which has been provided 30-pieces pack so far. We launched a multifocal contact lenses "1DAY Menicon PREMIO Multifocal" to meet the growing demand. "1DAY Menicon PREMIO Multifocal" provide uniform monthly fees for both myopia and astigmatism lenses under the MELS Plan, which could be used by even more people. We will continue to propose a "New Vision of Miru" by offering products that accommodate the lifestyles and needs of each and every customer.

In terms of promotional measures, we have been developing television advertisements and have selected Mr. Sho Sakurai to be the face of our bifocal contact lens series "Lactive" in our new commercial. In addition, we made an original online streaming drama in commemoration of the 20th anniversary of the MELS Plan, aiming to raise its name recognition among young people, and have endeavored to streamline sales promotion activities while holding events such as in-store "SMART TOUCH 1DAY" and bifocal contact lens membership campaigns. As a result of these efforts, MELS Plan provided services to 1.34 million members as of March 31, 2022.

As for digital measures, we are promoting a comprehensive service site "Club Menicon" to provide information to our products users. "MENICOiN," which has been given as a campaign benefit in various promotions since the previous fiscal year, is highly convenient as it can be exchanged for WAON points and nanaco points in addition to care products and contributes to the improvement of members' satisfaction. In addition, "MENICOiN" is given for the viewing of educational videos on eye health and for questionnaires that reflect customer feedback, which promotes personalized communication. As a result of these efforts, the sales of the Domestic Vision Care Business increased by 2.9% year on year.

* The name of the Domestic Contact Lens Business segment has been changed to the Domestic Vision Care Business as of the fiscal year under review.

[Overseas Vision Care Business]

As the impact of COVID-19 continued to expand and contract from region to region, our operating activities took place in an environment of extreme economic uncertainty about the economy, including supply chain instability due to increased logistics demand, rising energy costs, and inflation. Despite this situation, overall, the global economy trended toward recovery, and the Company was able to forge ahead with its growth strategy.

Concerning the expansion of sales for disposable contact lenses, one element of our growth strategy, in addition to initiating transactions with important mass retailers and promoting the introduction of new products, we made the decision to invest in the Malaysia Factory, and have commenced development of a future supply system. In the myopia progression control business, another part of our growth strategy, the Company developed its business foundation by taking steps to prepare for branding and other marketing measures for a full-scale introduction to the global market. In the Overseas Vision Care Business as a whole, net sales grew by 46.9% year on year, while the overseas sales ratio expanded significantly, to 22.2% (up 17.6% from the previous fiscal year).

In Asia, and most notably in China, the impact of COVID-19 was less severe than in other countries, and we were able to continue business activities at a level close to normal. In particular, demand remained strong for orthokeratology lenses and care products that rely on high-quality, made-in-Japan brand power, and synergies with the Itabashi Trading Group, which became a wholly owned subsidiary in January 2021, were achieved throughout the year to contribute to earnings growth. To further expand sales in the future, we stepped up investments to bolster production, including the establishment of a local production system to ensure a stable supply of products. Net sales increased by 101.1% from the previous year, and were the source of growth for the entire Group.

In Europe, we were able to achieve a year-on-year increase in net sales of 10.7%. Although the spread of a new COVID-19 strain buffeted sales activities, new business with mass retailers in Germany, the Netherlands, and the U.K. was initiated through the development of new and strengthened relationships with important mass retailer channels for disposable contact lenses, which contributed to higher sales volume.

In North America, as a result of expanded demand owing to the resumption of economic activity, logistics demand and related costs rose, with such expenses rising. The result was an increase in the cost of maintaining the product supply network. However, the recovery in economic activity and sales growth of one-day disposable contact lenses to major mass retailers, as well as higher sales of care products, mainly via online sales, enabled a year-on-year increase in net sales of 51.3%, which led to a recovery in business performance.

* The name of the Domestic Contact Lens Business segment has been changed to the Domestic Vision Care Business as of the fiscal year under review.

[Other]

During the period under review, we launched “&D,” a new service that contributes to the resolution of social issues through services supporting a rewarding lifestyle for people with their pet dogs. Meni-one Co., Ltd. Recorded sales growth with steady sales of ophthalmic medical devices and supplements. In our Life Science Business, we broadened our “Meni supple series, and the result was that the supplement business overall boosted performance. In the Environmental and Bioscience Business overseas sales were driven by sales of a composting promotion system “resQ”’s materials and other products.

In addition to these activities, other sales increased 288.8% year on year, including the addition of the food business of Itabashi Trading Group, which became a wholly owned subsidiary in January 2021.

As a result of these efforts, the Group's consolidated business results for the fiscal year ended March 31, 2022 are as follows.

Since net sales increased by 16.2% year on year to ¥100,172 million as the result of the recovery of overseas and domestic economic conditions compared with the same period of the previous fiscal year, and a strong contribution from the sales network in China of the Itabashi Trading Group, which became a wholly-owned subsidiary in the previous fiscal year, gross profit increased to ¥52,879 million (up 15.4% year on year). Operating profit increased by 22.8% year on year to ¥9,957 million as a result of the recovery of net sales and the effect of Chinese sales company joining our group, and ordinary profit rose by 20.5% year on year to ¥10,055 million. As a result of the above factors, profit attributable to owners of parent increased by 8.9% year on year to ¥6,481 million.

Due to the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 31, 2020; hereinafter, "Revenue Recognition Accounting Standard"), net sales decreased by ¥1,378 million, and operating profit and ordinary profit each decreased by ¥89 million.

Business results by segment are as follows.

1) Vision Care Business

Sales of the Vision Care Business were ¥93,639 million, an increase of 10.8% year on year. Segment profit was ¥15,342 million, an increase of 21.7% year on year.

Sales of the Vision Care Business increased by ¥9,110 million year on year. This was primarily due to the recovery from the impact of COVID-19 and the expansion of sales channels resulting from Itabashi Trading Group becoming a wholly-owned subsidiary. Sales of overseas and domestic contact lenses posted year-on-year increased of ¥7,101 million and ¥2,008 million, respectively. MELS Plan sales increased by ¥788 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 ¥2,733 million year on year due to an increase in sales in the Overseas Vision Care Business and the effect of a Chinese sales company joining the Group.

Due to the application of the Revenue Recognition Accounting Standard, etc., net sales decreased by ¥1,213 million and operating profit decreased by ¥89 million.

*The name of the Contact Lens-related Business segment has been changed to the Vision Care Business as of the fiscal year under review. There is no impact from the change of the segment name on segment performance.

2) Other

Sales of Other business were ¥6,533 million for the fiscal year under review, an increase of 288.8% year on year, due to the addition of the Itabashi Trading Group's food business. Segment loss was ¥760 million, compared with a segment loss of ¥524 million for the previous year.

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

With regard to the business combination with Itabashi Trading Group on January 8, 2021, provisional accounting was applied at the end of the previous consolidated fiscal year, but this was finalized in the fiscal year under review, so the amounts after the revision due to the finalization of the provisional accounting are used in the comparison and analysis with the previous consolidated fiscal year.

(Assets)

Total assets at the end of the fiscal year under review were ¥130,978 million, having increased by ¥3,824 million from the end of the previous fiscal year. Current assets decreased by ¥6,019 million to ¥64,188 million mainly owing to cash and deposits used for the purchase of non-current assets. Non-current assets increased by ¥9,844 million to ¥66,790 million, primarily due to investments made related to establishing the Menicon Malaysia factory, manufacturing facilities upgrades at Menicon's Kakamigahara Factory and Seki Factory, and the expansion of the production facilities held by Menicon Nect Co., Ltd.

(Liabilities and net assets)

Liabilities decreased by ¥2,235 million from the end of the previous fiscal year to ¥63,933 million mainly due to decreases in redemption of bonds and borrowings.

Net assets increased ¥6,060 million from the end of the previous fiscal year to ¥67,045 million owing to an increase in retained earnings due to the recording of profit attributable to owners of parent.

As a result, the capital adequacy ratio was 49.7%.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents at the end of the fiscal year under review were ¥32,611 million, having decreased by ¥8,509 million or 20.7% from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥12,719 million, compared with net cash by operating activities amounting to ¥10,628 million for the previous fiscal year, mainly due to an increase in profit before income taxes and depreciation.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥16,149 million, compared with net cash used by investing activities amounting to ¥15,629 million in the same period of the previous year, mainly due to the purchase of property, plant and equipment associated with the establishment of a Menicon Malaysia factory and investment in manufacturing facilities.

(Cash flows from financing activities)

Net cash provided by financing activities amounted to ¥28,913 million, compared with net cash used in financing activities amounting to ¥5,402 million in the same period of the previous year, mainly due to the redemption of lease obligations and dividends payment.

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

Our basic policy is to pay year-end dividends once a year. Based on our policy of maintaining stable dividends, we have decided to pay a dividend of ¥20 per share for the current fiscal year. Effective October 1, 2021, the Company conducted a 2-for-1 stock split of its common stock. Consequently, the above year-end dividend per share before the stock split would be ¥40, which is an increase of ¥5 compared to the previous fiscal year. The dividend for the next fiscal year is planned to be ¥20 per share, which is the same amount as the current fiscal year.

(5) Outlook

The environment surrounding the Group is expected to remain uncertain, with the status on containing COVID-19 and heightened geopolitical risks affecting consumer behavior and business activities. In this environment, we will continue to focus on growing overseas sales, increasing the number of MELS Plan members, and expanding sales of one-day disposable contact lenses, aiming to achieve net sales of ¥140 billion, an operating profit margin of 12%, and ROE of 10% by the fiscal year ended March 31, 2026, which we set as our medium-term management targets.

In overseas markets, demand for orthokeratology lenses in China is robust, which are to be worn while sleeping and are effective for correcting vision. To this end, we will carry out sales promotion activities to expand sales of our products and make investments in production facilities for orthokeratology lenses and lens care products, increasing production capacity to meet growing demand. To expand sales of disposable contact lenses in Europe and North America, we will promote OEM supply to mass retailers.

In our mainstay business, MELS Plan, we will work to grow membership numbers by expanding our product lineup, and in terms of channels, will strengthen our network of directly managed retail shops, Group company retail shops, and MELS Plan member facilities. In addition, we will provide bifocal contact lenses for people in their 40s who are beginning to feel the initial symptoms of presbyopia and we will also create an environment that provides a safe eye life even for school-age children whose myopia is prone to increase in severity.

In the one-day disposable contact lens market, which is expected to continue to grow globally, we will work to achieve sales growth by strengthening domestic and overseas sales channels and increasing production capacity to meet demand. Based on the above, for the next fiscal year, we project net sales of ¥107,800 million, operating profit of ¥10,400 million, ordinary profit of ¥10,100 million, and profit attributable to owners of parent of ¥6,800 million.

These forecasts for business results have been calculated based on information currently available to our company and certain assumptions that we have deemed reasonable. Business activities and actual results may be affected by COVID-19 and other various factors in the future.

2. Basic Approach for Selection of Accounting Standards

The Group applies Japanese Accounting Standards.

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

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	41,455	33,046
Notes and accounts receivable - trade	10,735	11,269
Merchandise and finished goods	11,624	11,454
Work in process	1,271	1,304
Raw materials and supplies	2,605	3,025
Other	2,694	4,227
Allowance for doubtful accounts	(178)	(140)
Total current assets	70,207	64,188
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,682	26,286
Accumulated depreciation	(11,007)	(11,804)
Buildings and structures, net	11,674	14,481
Machinery, equipment and vehicles	23,881	26,617
Accumulated depreciation	(16,538)	(18,142)
Machinery, equipment and vehicles, net	7,343	8,475
Tools, furniture and fixtures	8,750	9,609
Accumulated depreciation	(7,200)	(7,998)
Tools, furniture and fixtures, net	1,549	1,611
Land	4,956	4,983
Leased assets	2,172	2,217
Accumulated depreciation	(292)	(516)
Leased assets, net	1,879	1,700
Right of use assets	5,709	6,462
Accumulated depreciation	(1,406)	(2,227)
Right of use assets, net	4,303	4,235
Construction in progress	7,584	13,924
Other	10	10
Accumulated depreciation	-	-
Other, net	10	10
Total property, plant and equipment	39,301	49,421
Intangible assets		
Goodwill	3,610	2,748
Patent right	730	484
Other	8,286	8,368
Total intangible assets	12,627	11,601
Investments and other assets		
Investment securities	452	515
Deferred tax assets	2,063	2,499
Other	2,513	2,764
Allowance for doubtful accounts	(11)	(11)
Total investments and other assets	5,017	5,767
Total non-current assets	56,946	66,790
Total assets	127,153	130,978

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,205	4,894
Short-term borrowings	258	82
Current portion of bonds payable	1,029	826
Current portion of long-term borrowings	1,583	1,891
Lease liabilities	2,096	2,000
Accounts payable - other	5,167	4,748
Income taxes payable	1,856	1,657
Provision for bonuses	1,914	2,028
Provision for point card certificates	15	14
Other	4,401	4,542
Total current liabilities	22,530	22,688
Non-current liabilities		
Bonds payable	3,053	2,226
Convertible-bond-type bonds with share acquisition rights	22,868	22,902
Long-term borrowings	8,278	7,459
Lease liabilities	6,139	5,049
Long-term accounts payable - other	1,438	1,330
Retirement benefit liability	752	705
Deferred tax liabilities	873	995
Asset retirement obligations	104	111
Other	129	462
Total non-current liabilities	43,638	41,244
Total liabilities	66,168	63,933
Net assets		
Shareholders' equity		
Share capital	5,414	5,462
Capital surplus	6,640	7,249
Retained earnings	47,660	52,302
Treasury shares	(442)	(1,330)
Total shareholders' equity	59,273	63,684
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	87	83
Foreign currency translation adjustment	(217)	1,325
Total accumulated other comprehensive income	(129)	1,409
Share acquisition rights	1,790	1,902
Non-controlling interests	49	49
Total net assets	60,985	67,045
Total liabilities and net assets	127,153	130,978

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	86,209	100,172
Cost of sales	40,392	47,293
Gross profit	45,817	52,879
Selling, general and administrative expenses	37,710	42,922
Operating profit	8,106	9,957
Non-operating income		
Interest income	4	19
Dividend income	10	11
Share of profit of entities accounted for using equity method	-	26
Fair value adjustment of contingent consideration	36	90
Subsidy income	380	69
Insurance claim income	27	67
Other	239	236
Total non-operating income	700	522
Non-operating expenses		
Interest expenses	229	332
Bond issuance costs	49	-
Share of loss of entities accounted for using equity method	39	-
Other	139	91
Total non-operating expenses	458	424
Ordinary profit	8,348	10,055
Extraordinary income		
Gain on sale of non-current assets	2	2
Subsidy income	10	-
Gain on step acquisitions	481	-
Other	49	-
Total extraordinary income	543	2
Extraordinary losses		
Loss on sale of non-current assets	5	2
Loss on retirement of non-current assets	146	136
Impairment losses	340	15
Other	45	3
Total extraordinary losses	537	157
Profit before income taxes	8,353	9,900
Income taxes - current	2,535	3,552
Income taxes - deferred	(134)	(133)
Total income taxes	2,400	3,418
Profit	5,953	6,481
Profit (loss) attributable to non-controlling interests	1	(0)
Profit attributable to owners of parent	5,952	6,481

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	5,953	6,481
Other comprehensive income		
Valuation difference on available-for-sale securities	67	(4)
Foreign currency translation adjustment	791	1,532
Share of other comprehensive income of entities accounted for using equity method	11	10
Total other comprehensive income	870	1,538
Comprehensive income	6,823	8,019
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,822	8,020
Comprehensive income attributable to non-controlling interests	1	(0)

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity					
	Share capital	Deposits for subscriptions of shares	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,396	1	6,658	42,764	(441)	54,378
Cumulative effects of changes in accounting policies						
Restated balance	5,396	1	6,658	42,764	(441)	54,378
Changes during period						
Issuance of new shares	18		18			37
Increase (decrease) in deposit for subscriptions to shares		(1)				(1)
Dividends of surplus				(1,056)		(1,056)
Profit attributable to owners of parent				5,952		5,952
Purchase of treasury shares					(0)	(0)
Disposal of treasury shares						-
Change in ownership interest of parent due to transactions with non-controlling interests			(36)			(36)
Net changes in items other than shareholders' equity						
Total changes during period	18	(1)	(17)	4,895	(0)	4,895
Balance at end of period	5,414	-	6,640	47,660	(442)	59,273

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	20	(1,020)	(999)	88	53	53,520
Cumulative effects of changes in accounting policies						
Restated balance	20	(1,020)	(999)	88	53	53,520
Changes during period						
Issuance of new shares						37
Increase (decrease) in deposit for subscriptions to shares						(1)
Dividends of surplus						(1,056)
Profit attributable to owners of parent						5,952
Purchase of treasury shares						(0)
Disposal of treasury shares						-
Change in ownership interest of parent due to transactions with non-controlling interests						(36)
Net changes in items other than shareholders' equity	67	803	870	1,701	(3)	2,569
Total changes during period	67	803	870	1,701	(3)	7,464
Balance at end of period	87	(217)	(129)	1,790	49	60,985

For the fiscal year ended March 31,2022

(Million yen)

	Shareholders' equity					
	Share capital	Deposits for subscriptions of shares	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	5,414	-	6,640	47,660	(442)	59,273
Cumulative effects of changes in accounting policies				(516)		(516)
Restated balance	5,414	-	6,640	47,143	(442)	58,756
Changes during period						
Issuance of new shares	47		47			94
Increase (decrease) in deposit for subscriptions to shares						-
Dividends of surplus				(1,322)		(1,322)
Profit attributable to owners of parent				6,481		6,481
Purchase of treasury shares					(1,190)	(1,190)
Disposal of treasury shares			562		301	864
Change in ownership interest of parent due to transactions with non-controlling interests						-
Net changes in items other than shareholders' equity						
Total changes during period	47	-	609	5,158	(888)	4,927
Balance at end of period	5,462	-	7,249	52,302	(1,330)	63,684

	Accumulated other comprehensive income			Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	87	(217)	(129)	1,790	49	60,985
Cumulative effects of changes in accounting policies						(516)
Restated balance	87	(217)	(129)	1,790	49	60,468
Changes during period						
Issuance of new shares						94
Increase (decrease) in deposit for subscriptions to shares						-
Dividends of surplus						(1,322)
Profit attributable to owners of parent						6,481
Purchase of treasury shares						(1,190)
Disposal of treasury shares						864
Change in ownership interest of parent due to transactions with non-controlling interests						-
Net changes in items other than shareholders' equity	(4)	1,543	1,538	111	(0)	1,649
Total changes during period	(4)	1,543	1,538	111	(0)	6,577
Balance at end of period	83	1,325	1,409	1,902	49	67,045

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	8,353	9,900
Depreciation	5,286	6,394
Impairment losses	340	15
Amortization of goodwill	742	899
Loss on retirement of non-current assets	146	136
Gain on step acquisitions	(481)	-
Subsidy income	(10)	-
Interest and dividend income	(15)	(30)
Interest expenses	229	332
Foreign exchange losses (gains)	(92)	(173)
Decrease (increase) in trade receivables	(412)	(232)
Decrease (increase) in inventories	(1,166)	260
Increase (decrease) in trade payables	(485)	645
Increase (decrease) in provision for bonuses	133	84
Other, net	609	(1,457)
Subtotal	13,177	16,775
Interest and dividends received	15	28
Interest paid	(145)	(233)
Income taxes paid	(2,428)	(3,850)
Subsidies received	10	-
Net cash provided by (used in) operating activities	10,628	12,719
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	500	164
Purchase of intangible assets	(1,684)	(1,225)
Purchase of property, plant and equipment	(10,191)	(14,721)
Proceeds from sale of property, plant and equipment	35	16
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(4,041)	-
Other, net	(248)	(382)
Net cash provided by (used in) investing activities	(15,629)	(16,149)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	19	(178)
Proceeds from long-term borrowings	8,000	1,190
Repayments of long-term borrowings	(1,802)	(1,702)
Redemption of bonds	(1,465)	(1,029)
Proceeds from issuance of convertible bond-type bonds with subscription rights to shares	24,445	-
Purchase of treasury shares	(0)	(1,190)
Proceeds from sale of treasury shares	-	818
Repayments of lease liabilities	(1,146)	(2,064)
Proceeds from sale and leaseback transactions	1,927	-
Dividends paid	(1,055)	(1,321)
Other, net	(7)	76
Net cash provided by (used in) financing activities	28,913	(5,402)
Effect of exchange rate change on cash and cash equivalents	416	322
Net increase (decrease) in cash and cash equivalents	24,329	(8,509)
Cash and cash equivalents at beginning of period	16,791	41,120
Cash and cash equivalents at end of period	41,120	32,611

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

1. The application of the Accounting Standard for Revenue Recognition

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued on March 31, 2020; hereinafter, “Revenue Recognition Accounting Standard”), etc. has been applied from the beginning of the first quarter of the fiscal year under review. Accordingly, when control of promised goods or services is transferred to the customer, revenue has been recognized in an amount expected to be received in exchange for said goods or services.

As a result, the following changes has been made to accounting policies.

[Sales incentives, etc.]

Sales incentives, etc. for customers that are borne by us have previously been recorded as selling, general and administrative expenses. However, in consideration of the actual transaction the treatment method has been changed, so that the expenses are treated as a variable consideration or a consideration paid to customers and removed from net sales.

[Agent transactions]

Concerning some transactions, the total amount of consideration received from customers was previously recognized as revenue. However, for transactions for which the role of the Group in the supply of goods or services to customers is that of an agent, revenue has been recognized as the net amount after deducting the amount paid to the supplier from the amount received from the customer.

The application of the Revenue Recognition Accounting Standard, etc. is under the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative amount of impact from retroactively applying the new accounting policy before the beginning of the fiscal year under review has been added to or subtracted from retained earnings at the beginning of the fiscal year under review, and the new accounting policy has been applied from the balance at the beginning of the period under review.

For the fiscal year under review, net sales decreased by ¥1,378 million, cost of sales decreased by ¥763 million, selling, general and administrative expenses decreased by ¥525 million, and operating profit, ordinary profit, and profit before income taxes each decreased by ¥89 million.

Due to the cumulative impact reflected in net assets at the beginning of the current consolidated fiscal year, the beginning balance of retained earnings on the Consolidated Statement of Changes in Net Assets decreased by 516 million yen.

The impact on information per share for the current consolidated fiscal year is minor.

2. The application of the Accounting Standard for Fair Value Measurement

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued on July 4, 2019; hereinafter, “Fair Value Measurement Accounting Standard”), etc. has been applied from the beginning of the first quarter of the fiscal year under review and, under the transitional treatment stipulated in Fair Value Measurement Accounting Standard, Paragraph 19 and Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued on July 4, 2019), Paragraph 44-2, new accounting policies stipulated in the Fair Value Measurement Accounting Standard, etc. has been applied in the future. There is no impact on our group fiscal year consolidated financial statements.

(Additional information)

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

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

1. Overview of Transaction

We 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 fiscal year under review.

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

¥1,073 million for the fiscal year under review

[Accounting estimate for the impact of the spread of COVID-19]

The COVID-19 pandemic has impacted seriously on social economic activities and also affected our business activities. At this point, it is difficult to predict the timing of convergence accurately and the extent of its impact. So we make accounting estimates for impairment of fixed assets, etc., based on the assumption that the impact of the COVID-19 pandemic will continue for a certain period of the next consolidated fiscal year.

As a result of reviewing the judgment due to future changes in the situation such as delay in convergence time, it may affect the financial position, operating results and cash flows situation after the next consolidated fiscal year, since the impact of the COVID- 19 is highly uncertain.

(Segment information)

[Segment Information]

1. Overview of reportable segments

Reportable segments of the Group are components of the Group for which separate financial information is available and such information is evaluated regularly by the Board of Directors in deciding allocation of resources and in assessing performance.

Considering the similarity of products and services and the materiality, the Vision Care Business is determined to be the reportable segment of the Group.

The Vision Care Business carries out production and sales of contact lenses, lens care products, and products related thereto.

(Changes in the names of reportable segments)

As of the fiscal year under review, the name of the segment previously known as the Contact Lens-related Business was changed to the Vision Care Business in consideration of the future expansion of business areas. There is no impact from the change of the segment name on segment information.

Information regarding the fiscal year ended March 31, 2021 is presented under the name following the change.

2. Calculation method for net sales, profit (loss), assets, liabilities and other items by reportable segment

The method of accounting treatment for the reportable business segment is the same as that adopted for preparation of consolidated financial statements.

Profit of the reportable segment is on an operating profit basis.

Inter-segment profit and transfers are based on market prices.

As stated in (Changes in accounting policies), the Revenue Recognition Accounting Standard has been applied from the beginning of the fiscal year under review and, the accounting treatment method relating to revenue recognition has been changed accordingly. Therefore, the method of calculating profit or loss in the reportable segments has likewise been changed.

As a result of this change, net sales of the Vision Care Business in the fiscal year ended March 31, 2022 decreased by ¥1,213 million and segment profit decreased by ¥89 million.

The provisional accounting treatment for the business combination was applied in the current consolidated fiscal year. As for the segment information for the previous consolidated fiscal year, the initial allocation of acquisition costs has reflected the said adjustments.

3. Information on net sales, profit (loss), assets, liabilities and other items by reportable segment

Fiscal year from April 1, 2020 to March 31, 2021

(Million yen)

	Reportable segment	Other (Note)	Total
	Vision Care Business		
Net sales			
Net sales to external customers	84,529	1,680	86,209
Inter-segment net sales or transfers	—	—	—
Total	84,529	1,680	86,209
Segment profit (loss)	12,609	(524)	12,085
Segment assets	91,940	3,070	95,011
Other items			
Depreciation	5,102	22	5,125
Increase in property, plant and equipment and intangible assets	12,433	38	12,472

(Note) "Other" is a business segment not included in the reportable segment and includes the healthcare and life care businesses.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segment	Other (Note)	Total
	Vision Care Business		
Net sales			
Net sales to external customers	93,639	6,533	100,172
Inter-segment net sales or transfers	—	—	—
Total	93,639	6,533	100,172
Segment profit (loss)	15,342	(760)	14,582
Segment assets	105,661	4,888	110,550
Other items			
Depreciation	6,157	46	6,203
Increase in property, plant and equipment and intangible assets	14,438	37	14,476

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

4. Differences between the total amount of the reportable segment and the amount stated in consolidated financial statements, and major breakdown of such differences (Reconciliation)

(Million yen)

Net sales	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segment total	84,529	93,639
Net sales of “Other”	1,680	6,533
Elimination of inter-segment transactions	—	—
Net sales stated in consolidated financial statements	86,209	100,172

(Million yen)

Profit	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Reportable segment total	12,609	15,342
Profit (Loss) of “Other”	(524)	(760)
Corporate expenses (Note)	(3,978)	(4,625)
Operating profit stated in consolidated financial statements	8,106	9,957

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

(Million yen)

Assets	As of March 31, 2021	As of March 31, 2022
Reportable segment total	91,940	105,661
Assets of “Other”	3,070	4,888
Corporate assets (Note)	32,142	20,428
Assets stated in consolidated financial statements	127,153	130,978

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

(Million yen)

Other items	Reportable segment total		Other		Adjustment		Amounts stated in consolidated financial statements	
	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Depreciation	5,102	6,157	22	46	160	191	5,286	6,394
Increase in property, plant and equipment and intangible assets	12,433	14,438	38	37	254	1,362	12,726	15,838

(Note) Adjustment of the increase in property, plant and equipment and intangible assets corresponds to capital investment for the equipment of head office.

[Related Information]

Fiscal year from April 1, 2020 to March 31, 2021

1. Information by product/service

(Million yen)

	MELS Plan	Manufacture and sales of contact lenses and care products	Other	Total
Net sales to external customers	43,850	34,702	7,656	86,209

(Note) "Other" is a business segment not included in the reportable segment and includes the healthcare and life care businesses.

2. Geographical information

(1) Net sales

(Million yen)

Japan	Europe	North America	Asia	Other	Total
76,073	8,177	744	748	466	86,209

(Note) Net sales are classified according to countries or regions based on the locations of customers.

(2) Property, plant and equipment

(Million yen)

Japan	Europe	North America	Asia	Other	Total
29,843	4,708	—	4,732	16	39,301

(Note) Property, plant and equipment are classified according to countries or regions based on the locations of property, plant and equipment.

3. Information by major customer

This information is not stated because, of net sales to external customers, no customer represents 10% or more of net sales stated in the consolidated statements of income.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

1. Information by product/service

(Million yen)

	MELS Plan	Manufacture and sales of contact lenses and care products	Other	Total
Net sales to external customers	44,639	42,618	12,915	100,172

(Note) "Other" is a business segment not included in the reportable segment and includes the healthcare and life care businesses.

(Impacts of changes in category presentation)

From the current consolidated fiscal year, the management category has been reviewed and sales that were previously included in the "Contact lenses and care products" category has been shifted to "Other" category.

Some of the items are included in the "Other" category.

In order to reflect this change in the category presentation, we have rearranged "1. Information by product/service " in the previous consolidated fiscal year. As a result, 40,181 million yen presented in "Contact lenses and care products" and 2,177 million yen presented in "others" in the previous consolidated fiscal year has been presented as "Manufacture and sales of contact lenses and care products" 34,702 and "Other" 7,656 million yen respectively.

2. Geographical information

(1) Net sales

(Million yen)

Japan	Europe	North America	Asia	Other	Total
74,450	9,239	1,135	14,801	546	100,172

(Note) Net sales are classified according to countries or regions based on the locations of customers.

(2) Property, plant and equipment

(Million yen)

Japan	Europe	North America	Asia	Other	Total
33,584	4,856	12	10,952	15	49,421

(Note) Property, plant and equipment are classified according to countries or regions based on the locations of property, plant and equipment.

3. Information by major customer

This information is not stated because, of net sales to external customers, no customer represents 10% or more of net sales stated in the consolidated statements of income.

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

Fiscal year from April 1, 2020 to March 31, 2021

(Million yen)

	Reportable segment	Other (Note)	Corporate/elimination	Total
	Vision Care Business			
Impairment loss	340	—	—	340

(Note) "Other" is a business segment not included in the reportable segment and includes the healthcare and life care businesses.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segment	Other (Note)	Corporate/elimination	Total
	Vision Care Business			
Impairment loss	15	—	—	15

(Note) "Other" is a business segment not included in the reportable segment and includes the healthcare and life care businesses.

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

Fiscal year from April 1, 2020 to March 31, 2021

(Million yen)

	Reportable segment	Other (Note)	Corporate/elimination	Total
	Vision Care Business			
Amortization	742	—	—	742
Unamortized balance	3,610	—	—	3,610

- (Note) 1. “Other” is a business segment not included in the reportable segment and includes the healthcare and life care businesses.
 2. Adjustments for provisional accounted business combination has been recognized in current fiscal year. All corresponding amounts of previous fiscal year has reflected the adjustments.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segment	Other (Note)	Corporate/elimination	Total
	Vision Care Business			
Amortization	899	—	—	899
Unamortized balance	2,748	—	—	2,748

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

[Information on gain on bargain purchase by reportable segment]

Fiscal year from April 1, 2020 to March 31, 2021

Not applicable.

Fiscal year under review (from April 1, 2021 to March 31, 2022)

Not applicable.

(Per share information)

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
Net assets per share	Yen 782.55	Yen 859.03
Basic earnings per share	78.84	85.72
Diluted earnings per share	77.23	79.08

- (Note) 1. 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. The amount of net assets per share and net income per share and adjusted net income per share are calculated, assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year.
2. The shares of the company remaining in the trust recorded as treasury stock in shareholders' equity are included in the treasury stock to be deducted in the calculation of the average number of shares during the period in the calculation of net income per share, and per share. For the calculation of net assets, it is included in the number of treasury stock to be deducted from the total number of issued shares at the end of the period. The average number of treasury stock deducted during the period for calculating net income per share was 137,711 shares for the current consolidated fiscal year, and the number of treasury stock deducted at the end of the period for calculating net asset value per share was 225,200 shares for the current consolidated fiscal year.
3. The basis for calculation of basic earnings per share and diluted earnings per share is as follows.

	Previous fiscal year (from April 1, 2020 to March 31, 2021)	Fiscal year under review (from April 1, 2021 to March 31, 2022)
(1) Basic earnings per share		
Profit attributable to owners of parent (Million yen)	5,952	6,481
Amount not attributable to common shareholders (Million yen)	—	—
Profit attributable to owners of parent pertaining to shares of common stock (Million yen)	5,952	6,481
Average number of shares of common stock (shares)	75,501,602	75,612,998
(2) Diluted earnings per share		
Adjusted profit attributable to owners of parent (Million yen)	4	23
Increase in the number of shares of common stock (shares)	1,623,805	6,653,986
[Convertible bond-type bonds with share acquisition rights (shares)]	[1,055,477]	[6,220,250]
[Share acquisition rights (shares)]	[568,328]	[433,735]
Summary of Residual securities not included in the calculation of diluted earnings per share because of no dilutive effect	—	—

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

	Previous fiscal year (as of March 31, 2021)	Fiscal year under review (as of March 31, 2022)
Total net assets (Million yen)	60,985	67,045
Amount to be deducted from total net assets (Million yen)	1,840	1,951
[Share acquisition rights (Million yen)]	[1,790]	[1,902]
[Non-controlling interests (Million yen)]	[49]	[49]
Net assets pertaining to shares of common stock at end of period (Million yen)	59,144	65,093
Number of shares of common stock at end of period used for calculation of net assets per share (shares)	75,579,136	75,775,956

(Significant subsequent events)

The Company issued straight bonds with the following terms and conditions.

(1) Name of bonds	Menicon Co., Ltd. 1st Issuance of Unsecured Straight Bonds (with inter-bond pari passu clause)
(2) Total amount of bonds	¥15 billion
(3) Denomination per bond	¥100 million
(4) Total amount of issue price	¥15 billion
(5) Issue price	¥100 per amount of ¥100 of each bond
(6) Interest rate	0.560% per annum
(7) Redemption method	Redemption upon maturity
(8) Maturity date	April 21, 2032
(9) Issue date	April 21, 2022
(10) Use of proceeds	The Company plans to use the proceeds for investments and loans to Menicon Malaysia Sdn. Bhd., a consolidated subsidiary of the Company, and portion of the cash on hand that decreased as a result of the said investments and loans. This subsidiary will use all the proceeds for capital investment intended to strengthen the production facilities for the daily disposable contact lenses.