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Consolidated Financial Results for the Six Months Ended September 30, 2023 [Japanese GAAP]

November 13, 2023

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

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

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President and COO

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Scheduled date of filing quarterly securities report: November 13, 2023

Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of quarterly financial results briefing session: Yes

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2023	58,126	7.4	5,253	(23.5)	4,952	(24.9)	3,321	(22.1)
September 30, 2022	54,129	11.8	6,870	35.8	6,597	30.4	4,263	25.3

(Note) Comprehensive income: Six months ended September 30, 2023: ¥ 6,210 million [2.8%]
Six months ended September 30, 2022: ¥ 6,039 million [63.6%]

	Basic earnings per share	Diluted earnings per share
Six months ended September 30, 2023	Yen 43.69	Yen 40.35
September 30, 2022	56.23	51.90

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of September 30, 2023	Millions of yen 175,379	Millions of yen 79,378	44.0%
March 31, 2023	152,522	74,665	47.5

(Reference) Equity: As of September 30, 2023: ¥ 77,119 million
As of March 31, 2023: ¥ 72,460 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen -	Yen 0.00	Yen -	Yen 25.00	Yen 25.00
Fiscal year ending March 31, 2024	-	0.00			
Fiscal year ending March 31, 2024 (Forecast)			-	25.00	25.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	116,000	5.3	12,300	2.0	12,000	2.1	7,600	3.0	99.89

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

* Notes:

(1) Changes in significant subsidiaries during the six months ended September 30, 2023

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

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

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

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

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

3) Changes in accounting estimates: None

4) Retrospective restatement: None

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

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

September 30, 2023: 76,624,388 shares

March 31, 2023: 76,527,888 shares

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

September 30, 2023: 487,691 shares

March 31, 2023: 553,319 shares

3) Average number of shares outstanding during the period:

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

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

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

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

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

- Forecasts regarding future performance presented in this material include the outlook for the future, assumptions on which the plan is based, and projections as of the date of announcement of this material. Actual results may differ from the forecasts presented in this material due to various factors.
- For matters concerning the forecast of business results, please refer to "1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Business Results Forecast and Other Forward-looking Information" on Page 5 of the appendix.

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

(1) Explanation of Business Results

Under the slogan “New vision of ‘Miru’ for the world,” laid out in the current medium-term management plan, “Vision 2030,” we are forging ahead with growth strategies designed to realize “increasing overseas sales,” “increasing sales of daily disposable contact lenses,” “further expanding MELS Plan,” and “expanding the healthcare and life care business.”

Performances in each business are as follows.

[Domestic Vision Care Business]

The domestic contact lens market is seeing demand growing due mainly to an increase in occasions to go out as restrictions on movements were relaxed. On the back of an increase in the myopic population and other factors, demand for daily disposable contact lenses maintains strong growth momentum, while demand for bifocal contact lenses also continues to expand due to the aging of existing users.

According to the Group’s policy, in the Domestic Vision Care Business, we are aiming to expand the market share of daily disposal contact lenses, increase the number of MELS Plan members, and have our customers become loyal customers. In some lines of daily disposable contact lenses, our growth category, although the supply has remained insufficient to meet the growth in demand, we have been working to expand the supply capacities through capital investment and other measures.

As for the MELS Plan, we implemented a membership campaign to increase new members of MELS Plan for daily disposable contact lenses in time for the summer demand season, promotional activities targeting younger customers for “Magic,” a product that uses less plastic and is environmentally friendly, and expanded the number of MELS Plan partner stores, in a bid to increase the number of MELS Plan members. As a result, the MELS Plan’s membership count reached 1.35 million as of September 30, 2023.

For the care products, we launched “epica Smart clean,” a hydrogen peroxide-type disinfectant for soft type of contact lenses and sales remained strong. Since the proportion of hydrogen peroxide-type disinfectants used in the market is increasing year by year and is expected to continue to grow, we focus on further sales expansion as one of our main care products.

[Overseas Vision Care Business]

The overseas contact lens market demand continues to be on the rise overall, although it is subject to prolonged global inflation and the destabilization of the supply chain.

According to the policy of “increasing overseas sales” as proclaimed in the medium-term management plan, “Vision 2030,” the Overseas Vision Care Business is expediting its growth strategies through business activities that cater to the different demands in different regions.

In China, the consumption of contact lens-related products showed a recovery trend as the impact of COVID-19 infections was mitigated. In the Chinese market, with the main policy to strengthen sales of orthokeratology lenses and care products, we launched “Menicon Z Night,” the second orthokeratology lens from the Group there. We are currently striving to expand its sales by, for example, organizing new product announcements for medical professionals and distributors in key cities.

In Europe and North America, demand for contact lenses and care products continues to expand. In these markets, we forged ahead with the development of new distribution channels and the strengthening of relationships with existing ones in order to expand business there, while introducing our private-label products to major mass retailers and mounting an effort to encourage them to switch from other brands, in a bid to expand sales of disposable contact lenses and care products.

[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.

For the food business and composting-related business, we focused on the expansion of sales channels mainly outside of Japan. For the food business, we are continuously engaged in sales activities mainly for made-in-Japan products in the Asia region, whose sales grew steadily. In the supplement business, we added new products focused on the life support area, including Femtech-related products and have strived to expand sales.

As a result of these efforts, the Group's consolidated business results for the six months ended September 30, 2023 were as follows.

Net sales increased by 7.4% year on year to ¥58,126 million due to steady overseas sales in Europe and elsewhere. Operating profit decreased by 23.5% year on year to ¥5,253 million mainly due to an increase in investment expenses for preparation of new plant operations, reinforcement of new product development, and strengthening of the sales systems. Ordinary profit decreased by 24.9% year on year to ¥4,952 million mainly due to increases in interest expenses and bond issuance costs. As a result of the above factors, profit attributable to owners of parent decreased by 22.1% year on year to ¥3,321 million.

The increase in the investment expenses was in line with our schedule and will contribute to the realization of the Group's "Vision 2030" and the enhancement of our competitive edge over the long term. In addition, the consolidated business results forecast for the full year ending March 31, 2024 is unchanged from the forecast announced on May 15, 2023.

Business results by segment are as follows.

1) Vision Care Business

Sales of the Vision Care Business were ¥53,037 million, an increase of 5.0% year on year. Segment profit was ¥8,437 million, a decrease of 9.2% year on year. The details are as follows.

Sales of the Vision Care Business increased by ¥2,545 million year on year. Overseas sales increased by ¥1,883 million, mainly owing to sales of daily disposable contact lenses in Europe and North America and orthokeratology lenses in China performing briskly. Domestic sales increased by ¥662 million, mainly due to growth in the membership of MELS Plan for daily disposable contact lenses, which have higher average spending per customer.

Segment profit decreased by ¥858 million year on year, mainly due to an increase in investment expenses for preparation of new plant operations, reinforcement of new product development, and strengthening of the sales systems.

2) Other

Sales of Other business were ¥5,088 million for the six months ended September 30, 2023, an increase of 39.9% year on year, due mainly to an increase in overseas sales in the food business. Segment loss was ¥512 million, compared with a segment loss of ¥309 million for the same period of the previous year.

(2) Explanation of Financial Position

(Assets)

Total assets at the end of the second quarter of the fiscal year under review were ¥175,379 million, having increased by ¥22,857 million from the end of the previous fiscal year. Current assets increased by ¥10,209 million to ¥87,910 million mainly owing to an increase in cash and deposits resulting from the issuance of bonds. Non-current assets increased by ¥12,647 million to ¥87,468 million primarily due to investment related to the construction of a manufacturing facility in Menicon Malaysia in order to expand the product capacity for daily disposable contact lenses.

(Liabilities and net assets)

Liabilities increased by ¥18,144 million from the end of the previous fiscal year to ¥96,000 million mainly due to the issuance of bonds.

Net assets increased by ¥4,712 million from the end of the previous fiscal year to ¥79,378 million mainly due to the recording of profit attributable to owners of parent and an increase in foreign currency translation adjustment related to overseas subsidiaries as a result of yen depreciation. As a result, the capital adequacy ratio was 44.0%.

(Status of Cash Flows)

Cash and cash equivalents at the end of the six months ended September 30, 2023 were ¥49,469 million, having increased by ¥8,804 million or 21.7% from the end of the previous fiscal year.

1) Cash flows from operating activities

Net cash provided by operating activities amounted to ¥5,269 million, compared with net cash provided by operating activities amounting to ¥7,012 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 ¥13,614 million, compared with net cash used in investing activities amounting to ¥8,506 million in the same period of the previous year, mainly due to investment related to the construction of a manufacturing facility for daily disposable contact lenses at Menicon Malaysia Sdn. Bhd.

3) Cash flows from financing activities

Net cash provided by financing activities amounted to ¥16,181 million, compared with net cash provided in financing activities amounting to ¥10,986 million in the same period of the previous year, mainly due to cash inflow resulting from the issuance of bonds.

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

Business results for the six months ended September 30, 2023 saw net sales and gross profit generally steady relative to the consolidated business results forecast for the full year ending March 31, 2024. In China, as the impact of COVID-19 infections was mitigated, sales of orthokeratology lens-related products recovered. In Europe and North America, sales of disposable contact lenses and care products expanded. Operating profit showed low rate of progress due to an increase in selling, general and administrative expenses, including investment expenses for the preparation of new plant operations, reinforcement of new product development, and strengthening of the sales systems.

From the third quarter of the fiscal year ending March 31, 2024 and beyond, we expect the number of MELS Plan members to increase in Japan and the sales volume to rise in Europe and North America as we strengthen the production system for the growth category of daily disposable contact lenses. In addition, we expect sales of the Vision Care Business to grow, given the impact of price revision for MELS Plan monthly subscription and other fees, as well as for lenses and care products for sale, in Japan. The cost of sales ratio is expected to improve, mainly due to increased sales in the Vision Care Business, and the profit margin is expected to improve for the full year ending March 31, 2024 if we put selling, general and administrative expenses to efficient use on growing sales.

Because we plan to revise prices in order, its impact on the performance for the fiscal year under review is limited. The impact of the price revision on demand and the impact of changes in the economic trends in China and other factors remain uncertain. As such, the consolidated business results forecast for the full year ending March 31, 2024 is unchanged from the forecast announced on May 15, 2023.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	41,249	49,836
Notes and accounts receivable - trade	12,411	13,504
Securities	36	18
Merchandise and finished goods	12,746	13,163
Work in process	1,267	1,412
Raw materials and supplies	3,404	3,905
Other	6,746	6,190
Allowance for doubtful accounts	(161)	(122)
Total current assets	77,701	87,910
Non-current assets		
Property, plant and equipment		
Buildings and structures	28,137	32,060
Accumulated depreciation	(12,796)	(13,516)
Buildings and structures, net	15,340	18,544
Machinery, equipment and vehicles	29,599	31,367
Accumulated depreciation	(19,275)	(20,549)
Machinery, equipment and vehicles, net	10,324	10,817
Tools, furniture and fixtures	10,367	10,889
Accumulated depreciation	(8,707)	(9,059)
Tools, furniture and fixtures, net	1,659	1,829
Land	4,996	4,850
Leased assets	2,217	2,220
Accumulated depreciation	(742)	(852)
Leased assets, net	1,474	1,368
Right of use assets	7,110	7,667
Accumulated depreciation	(2,973)	(3,566)
Right of use assets, net	4,136	4,100
Construction in progress	19,163	27,856
Other	46	46
Accumulated depreciation	-	-
Other, net	46	46
Total property, plant and equipment	57,143	69,415
Intangible assets		
Goodwill	2,368	2,210
Patent right	357	313
Other	8,744	8,651
Total intangible assets	11,470	11,175
Investments and other assets		
Investment securities	499	639
Deferred tax assets	2,567	2,929
Other	3,140	3,309
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	6,207	6,878
Total non-current assets	74,821	87,468
Total assets	152,522	175,379

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,609	6,084
Short-term borrowings	126	183
Current portion of bonds payable	726	396
Current portion of long-term borrowings	1,488	1,328
Lease liabilities	1,301	1,403
Accounts payable - other	5,517	3,408
Income taxes payable	1,506	1,766
Provision for bonuses	1,967	1,927
Provision for point card certificates	24	27
Other	6,084	6,808
Total current liabilities	24,352	23,334
Non-current liabilities		
Bonds payable	16,500	36,416
Convertible-bond-type bonds with share acquisition rights	22,936	22,954
Long-term borrowings	5,936	5,165
Lease liabilities	4,566	4,361
Long-term accounts payable - other	1,232	1,243
Retirement benefit liability	720	754
Deferred tax liabilities	1,258	1,422
Asset retirement obligations	115	112
Other	236	235
Total non-current liabilities	53,503	72,666
Total liabilities	77,856	96,000
Net assets		
Shareholders' equity		
Share capital	5,487	5,517
Capital surplus	7,275	7,305
Retained earnings	58,127	59,546
Treasury shares	(919)	(625)
Total shareholders' equity	69,971	71,743
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	122	227
Foreign currency translation adjustment	2,366	5,148
Total accumulated other comprehensive income	2,489	5,375
Share acquisition rights	2,153	2,206
Non-controlling interests	52	53
Total net assets	74,665	79,378
Total liabilities and net assets	152,522	175,379

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

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Net sales	54,129	58,126
Cost of sales	24,896	27,674
Gross profit	29,233	30,451
Selling, general and administrative expenses	22,363	25,197
Operating profit	6,870	5,253
Non-operating income		
Interest income	14	29
Dividend income	7	7
Subsidy income	20	31
Other	150	120
Total non-operating income	192	188
Non-operating expenses		
Interest expenses	181	274
Bond issuance costs	79	101
Share of loss of entities accounted for using equity method	11	11
Foreign exchange losses	172	71
Other	20	30
Total non-operating expenses	465	490
Ordinary profit	6,597	4,952
Extraordinary income		
Gain on sale of non-current assets	0	99
Total extraordinary income	0	99
Extraordinary losses		
Loss on retirement of non-current assets	6	18
Other	1	0
Total extraordinary losses	7	18
Profit before income taxes	6,590	5,033
Income taxes - current	2,435	1,986
Income taxes - deferred	(109)	(276)
Total income taxes	2,326	1,710
Profit	4,264	3,323
Profit attributable to non-controlling interests	1	1
Profit attributable to owners of parent	4,263	3,321

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

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Profit	4,264	3,323
Other comprehensive income		
Valuation difference on available-for-sale securities	(3)	105
Foreign currency translation adjustment	1,746	2,779
Share of other comprehensive income of entities accounted for using equity method	31	2
Total other comprehensive income	1,774	2,887
Comprehensive income	6,039	6,210
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,038	6,208
Comprehensive income attributable to non-controlling interests	1	1

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2022	For the six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	6,590	5,033
Depreciation	3,368	3,609
Amortization of goodwill	217	197
Interest and dividend income	(21)	(37)
Interest expenses	181	274
Foreign exchange losses (gains)	(114)	(91)
Decrease (increase) in trade receivables	(411)	(810)
Decrease (increase) in inventories	(221)	(519)
Increase (decrease) in trade payables	431	377
Increase (decrease) in accounts payable - other	(817)	(976)
Increase (decrease) in provision for bonuses	(194)	(67)
Other, net	(89)	4
Subtotal	8,917	6,993
Interest and dividends received	21	37
Interest paid	(71)	(115)
Income taxes paid	(1,854)	(1,646)
Net cash provided by (used in) operating activities	7,012	5,269
Cash flows from investing activities		
Proceeds from redemption of investment securities	-	20
Purchase of intangible assets	(603)	(616)
Purchase of property, plant and equipment	(7,458)	(13,347)
Proceeds from sale of property, plant and equipment	3	271
Other, net	(446)	57
Net cash provided by (used in) investing activities	(8,506)	(13,614)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(17)	46
Repayments of long-term borrowings	(979)	(932)
Proceeds from issuance of bonds	14,920	19,898
Redemption of bonds	(413)	(413)
Purchase of treasury shares	-	(0)
Proceeds from sale of treasury shares	148	135
Repayments of lease liabilities	(1,154)	(674)
Dividends paid	(1,518)	(1,899)
Other, net	1	21
Net cash provided by (used in) financing activities	10,986	16,181
Effect of exchange rate change on cash and cash equivalents	435	968
Net increase (decrease) in cash and cash equivalents	9,928	8,804
Cash and cash equivalents at beginning of period	32,611	40,664
Cash and cash equivalents at end of period	42,539	49,469

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Additional information)

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

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

1. Overview of Transaction

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

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

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

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

2. Residual Company's Shares Held in the Trust

The residual Company's shares held in the Trust are recorded at the book value in the trust (excluding incidental expenses) as treasury shares under net assets. The book value and number of shares of such treasury shares are ¥595 million and 133 thousand shares, respectively, for the previous fiscal year, and ¥301 million and 67 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

¥803 million for the previous consolidated fiscal year, ¥647 million for the second quarter of the fiscal year under review.

(Segment information)

For the six months ended September 30, 2022

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	50,491	50,491	3,637	54,129
Inter-segment net sales or transfers	—	—	—	—
Total	50,491	50,491	3,637	54,129
Segment profit (loss)	9,295	9,295	(309)	8,986

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

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

(Millions of yen)

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

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

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

(Significant impairment loss on non-current assets)

Not applicable.

(Significant change in amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.

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
Profit of “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.