



Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending Mar. 31, 2022



TSE 1st Section : Ticker 7780

Menicon Co., Ltd.
November 12, 2021

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for FY2021 2Q

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I. Summary of Consolidated Financial Results for FY2021 2Q



Key Factors

➤ Financial Results for FY2021 2Q (Six Months Ended)

Net sales : YoY **+JPY 6.87 bn / +16.6% (Increase in Sales)**

- ✓ With the addition of sales bases in China (Itabashi Trading Group), the overseas sales growth
- ✓ Overseas sales: JPY 6.79 bn → JPY **11.70 bn** (+72.4%)
- ✓ Overseas sales ratio: 16.4% → **24.2%**

Gross profit : YoY **+JPY 3.69 bn / +16.7% (Increase in Profit)**

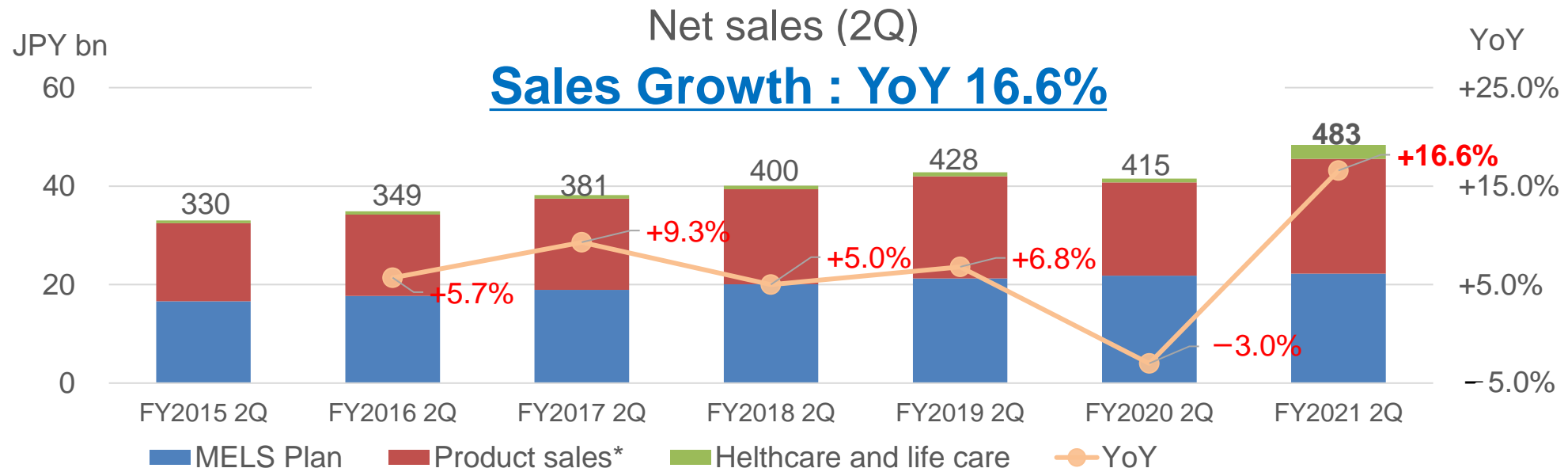
Cost to sales ratio: 46.7% → **46.7%**

Operating profit: YoY **+JPY 0.56 bn / +12.5% (Increase in Profit)**

Operating profit ratio: 10.8% → **10.5%**

Key Factors

- ✓ Vision care sales ...
 - Japan : Increase in average spend per customer due to an increase in MELS Plan members of Daily disposable contact lenses
 - Overseas: Increase in sales volume of Orthokeratology lenses and Lens care products mainly in Asia (China)
- ✓ Healthcare and life care sales ...
 - Addition of Food business (Itabashi Trading became a wholly owned subsidiary in January 2021)



*Product sales: Sales of contact lenses and Lens care products

Summary of Financial Results for FY2021 2Q (Six Months Ended)

	FY2020 2Q	FY2021 2Q	Different	YoY	JPY m
Net sales	41,521	48,395	+6,873	+16.6%	
Cost of sales	19,405	22,581	+3,176	+16.4%	
(Cost of sales ratio)	46.7 %	46.7 %	---	(±0.0pt)	
Gross profit	22,116	25,813	+3,696	+16.7%	
SGA	17,619	20,754	+3,134	+17.8%	
(SGA ratio)	42.4 %	42.9 %	---	(+0.5pt)	
Operating profit	4,497	5,059	+561	+12.5%	
(Operating profit ratio)	10.8%	10.5%	---	(-0.3pt)	
Ordinary profit	4,738	5,060	+322	+6.8%	
Profit attributable to owners of parent	3,196	3,401	+204	+6.4%	
Basic earnings per share	JPY 42.35	JPY 44.99	+JPY 2.64	---	

Breakdown of Net Sales

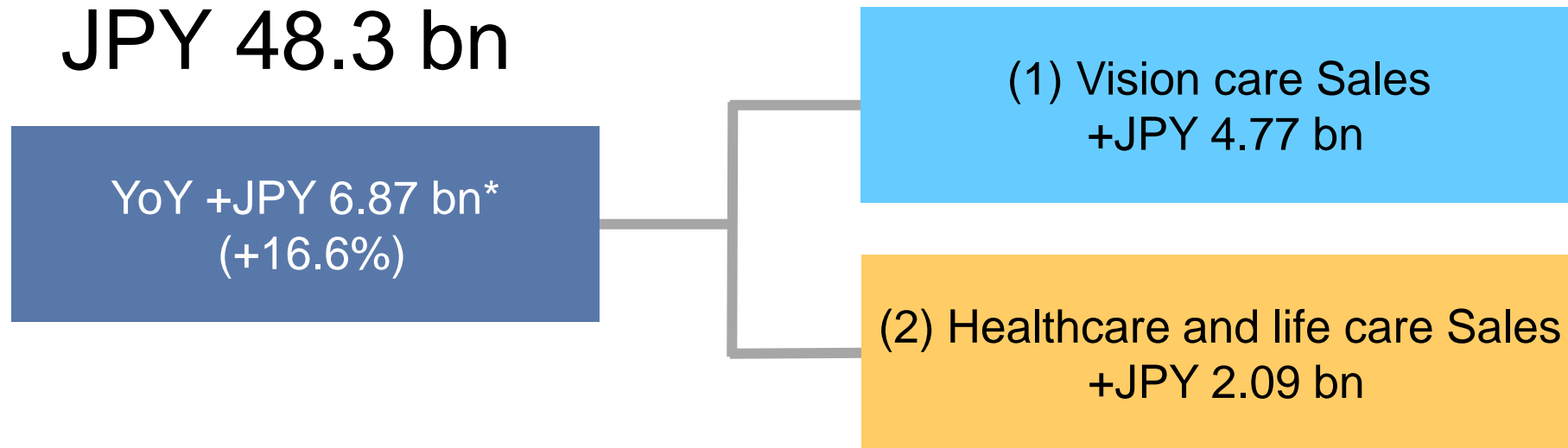
JPY m

	FY2020 2Q	FY2021 2Q	Different	YoY
Net sales	41,521	48,395	+6,873	+16.6%
(1) Vision Care	40,757	45,533	+4,775	+11.7%
Net sales in Japan	33,986	35,260	+1,273	+3.7%
MELS Plan	21,795	22,234	+439	+2.0%
Product sales* ¹ and others	12,191	13,025	+834	+6.8%
Overseas sales	6,770	10,272	+3,501	+51.7%
Europe	3,439	4,368	+929	+27.0%
North America	346	487	+141	+40.8%
Asia * ²	2,790	5,160	+2,369	+84.9%
Oceania and Africa, etc.	193	255	+61	+31.8%
(2) Healthcare and life care	764	2,862	+2,097	+274.4%
Net sales in Japan	744	1,429	+685	+92.1%
Overseas sales	20	1,432	+1,412	+7051.2%

*1 "Product sales" refers to contact lenses and lens care products.

*2 For FY2020, "Asia" includes major exports to China through domestic distributors.

Net Sales



*Includes the impact of the application of the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued March 31, 2020; hereinafter, "Revenue Recognition Accounting Standard"), etc. : -JPY 0.69 bn

Key factors

- (1) Growth in overseas sales, particularly in Europe and Asia
- (2) Addition of food business by Itabashi Trading Group

MELS Plan Sales

JPY 22.2 bn

YoY +JPY 0.43 bn*
(+2.0%)

MELS membership: **1.34 millions**

(1) Daily disposable
contact lenses
+JPY 0.67 bn

(2) 2weeks disposable
contact lenses
+JPY 0.06 bn

Others
-JPY 0.3 bn

*Includes the impact of the application of the Revenue Recognition Accounting Standard, etc. : -JPY 0.11 bn

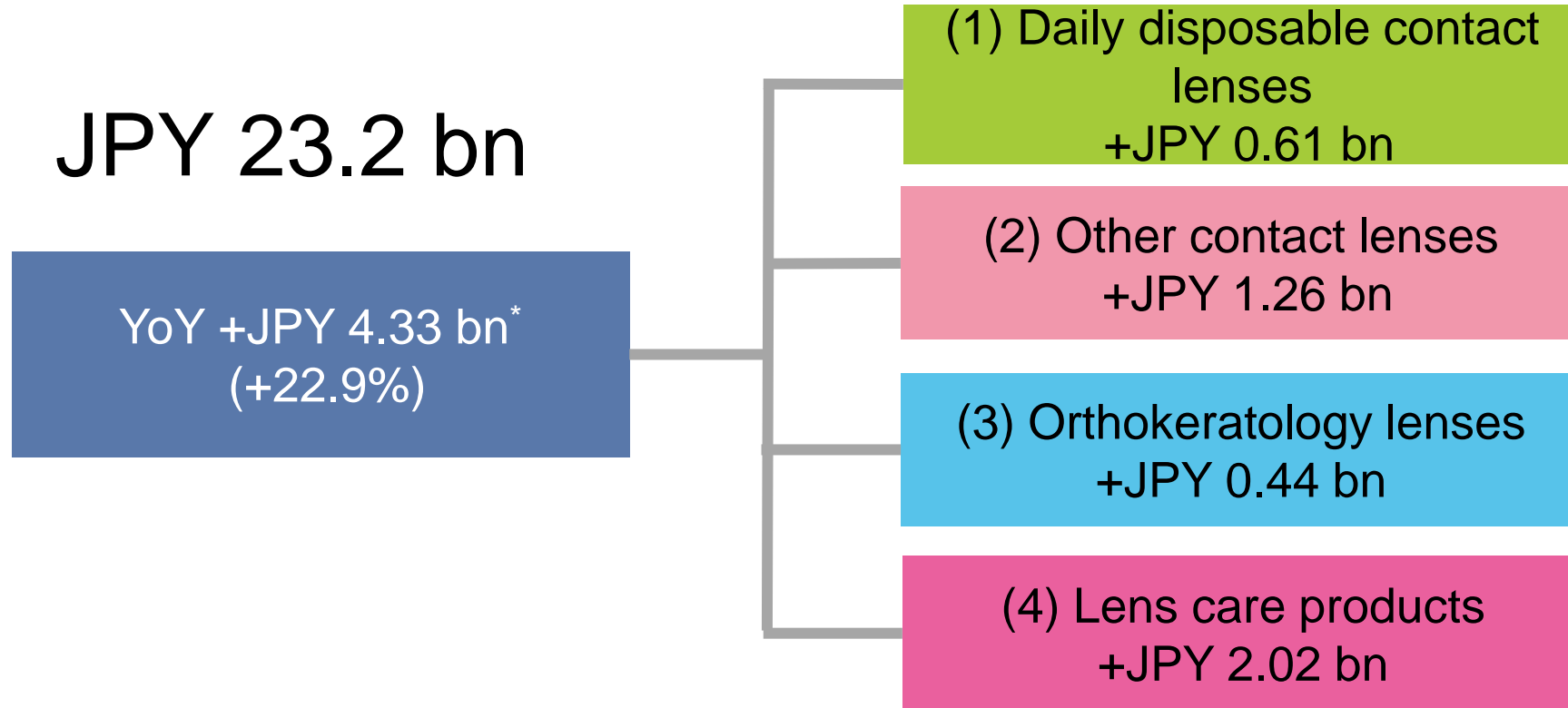
Key factors

- (1) Increase in Daily disposable contact lenses membership
- (2) Steady growth in 2weeks disposable contact lenses membership

Vision care
Product sales
(Japan & Overseas)

Breakdown of
net sales

Contact Lenses and Lens Care Products Sales



*Includes the impact of the application of the Revenue Recognition Accounting Standard, etc. : -JPY 0.5 bn

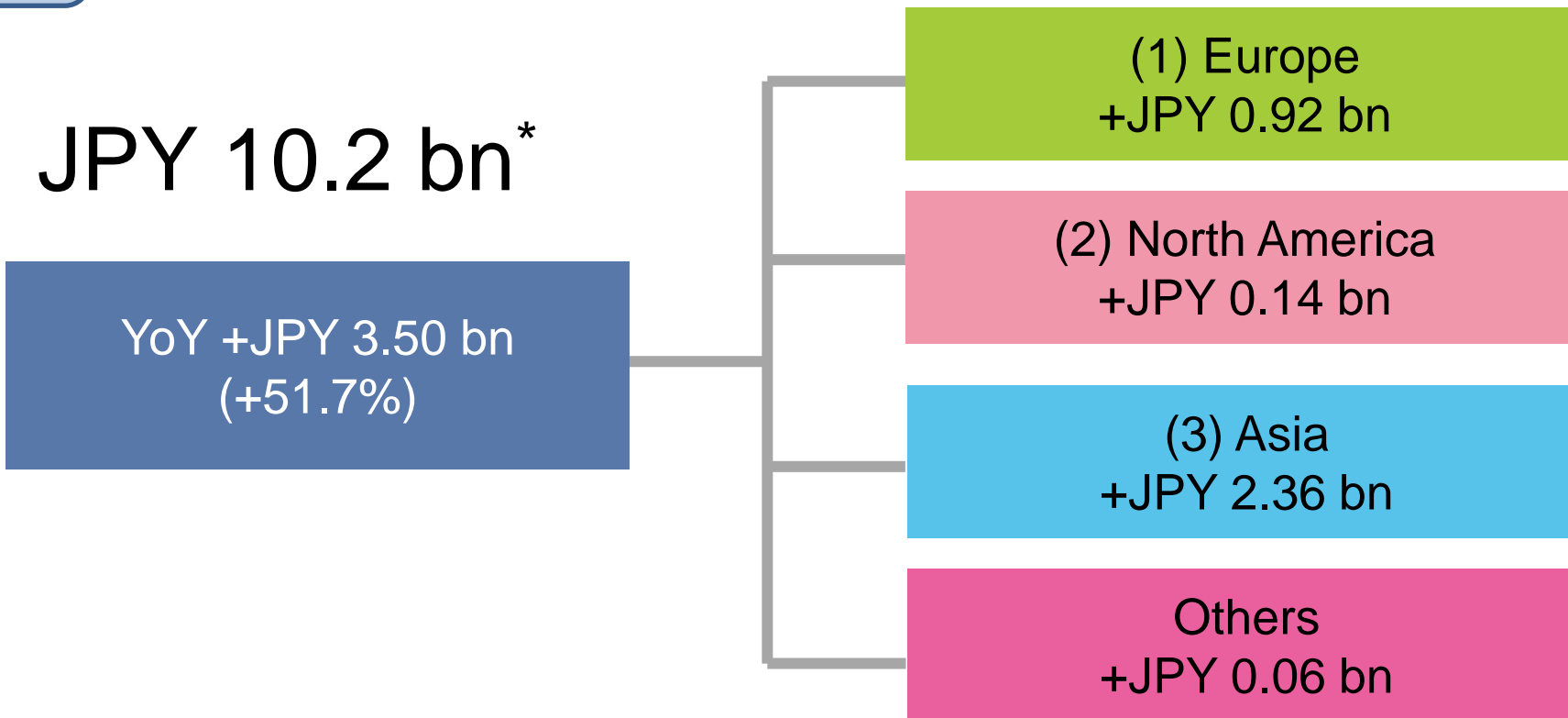
Key factors

- (1) Sales growth due to recovery in demand in Japan and overseas
- (2) Recovery in sales of Conventional lenses, especially in Europe
- (3)(4) Strong sales in China

Vision care
Product sales
(Overseas)

Breakdown of
net sales

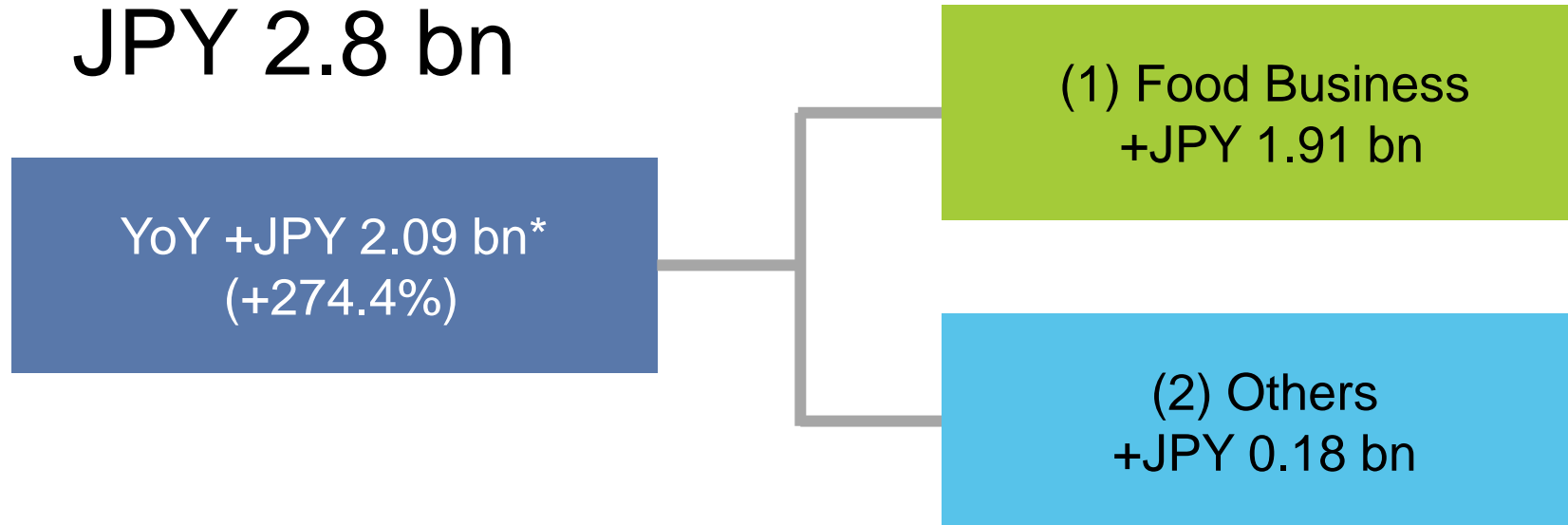
Overseas Sales (by Region)



*Since the fiscal year end of Menicon Japan and the Chinese subsidiary is different, Menicon Japan's second quarter results (Apr. to Sep.) include the second quarter results (Jan. to Jun.) of the Chinese subsidiary.

Key factors
 (1) Europe: Sales recovery mainly in Conventional lenses
 (2) North America: Sales recovery in Lens care products
 (3) Asia: Strong sales of Orthokeratology lenses and Lens care products

Healthcare and Life Care Sales



*Includes the impact of the application of the Revenue Recognition Accounting Standard, etc. : -JPY 0.07 bn

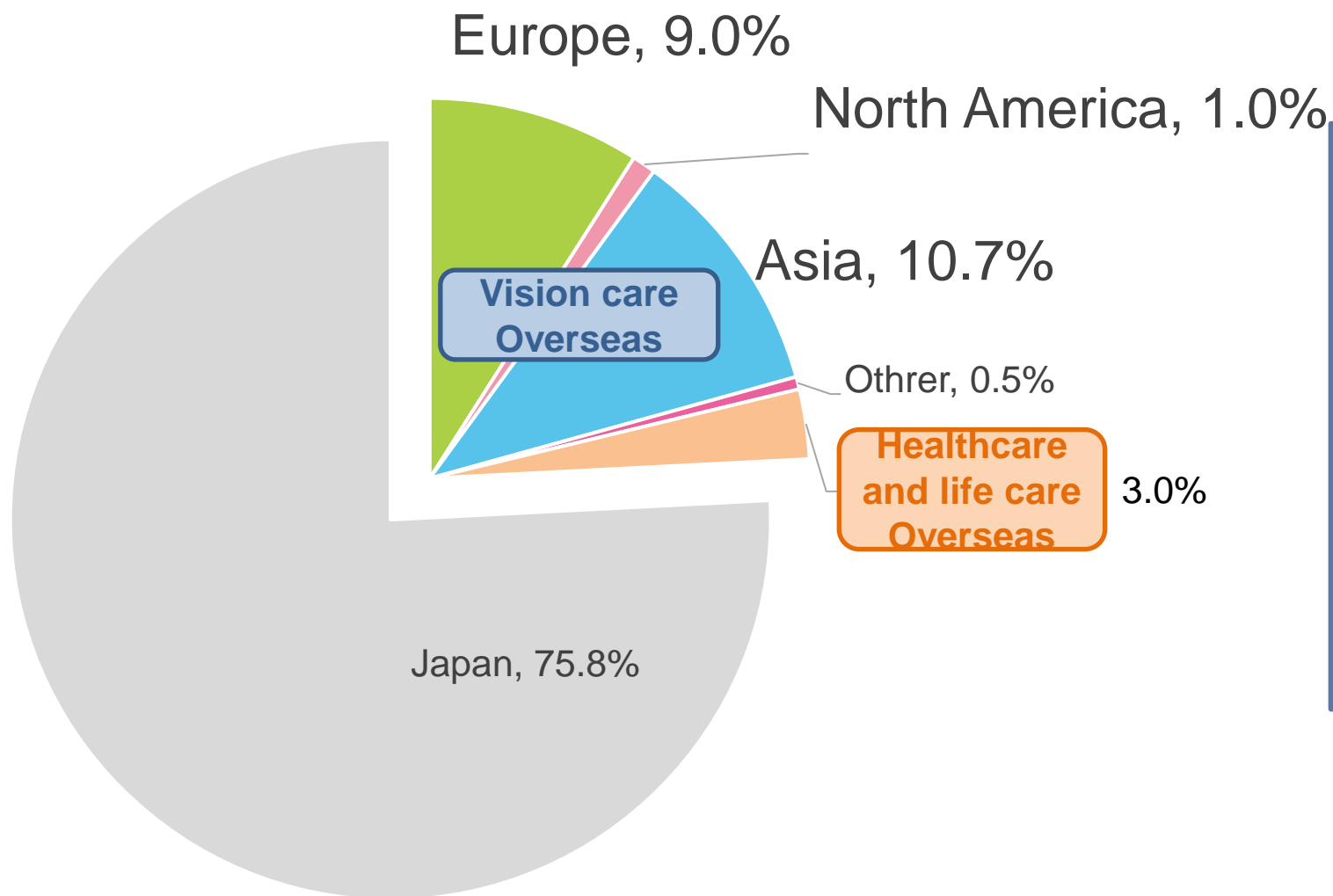
Key factors

- (1) Addition of Food business by Itabashi Trading Group
- (2) Sales growth in Veterinary medical business (Meni One) and Life science business, etc.

Vision care

Healthcare and life care

Overseas Sales Ratio



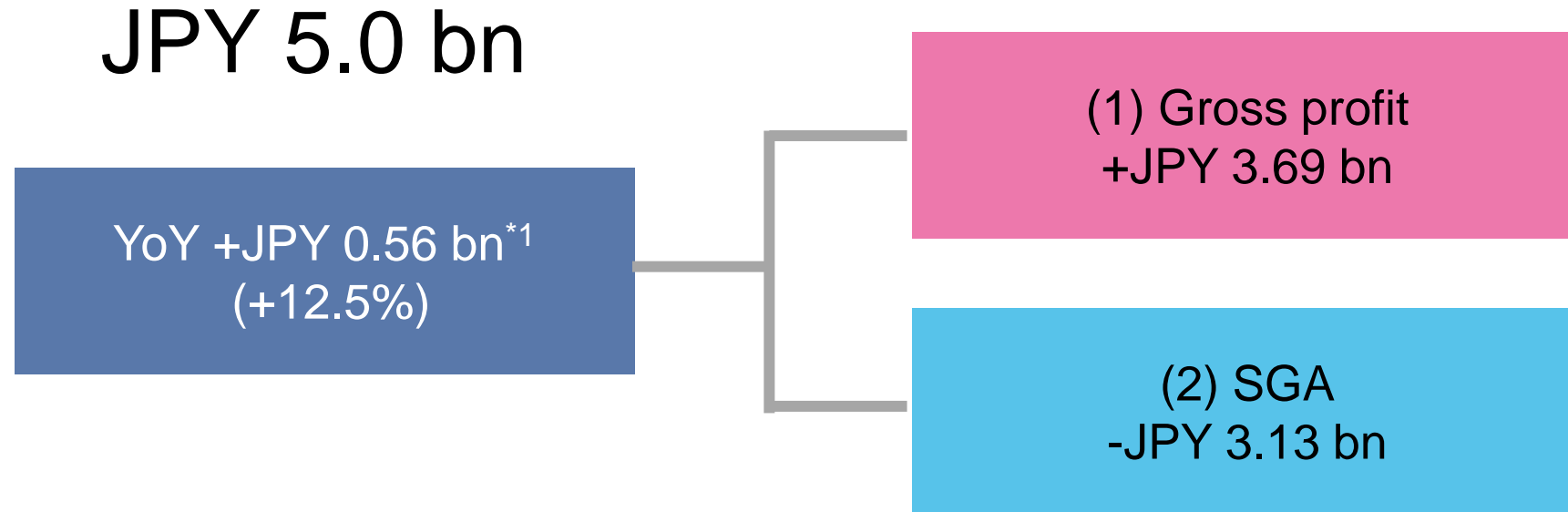
Overseas sales ratio (sales)

FY2020 2Q
16.4% (JPY 6.79 bn)

↓ **+7.8pt**

FY2021 2Q
24.2% (JPY 11.7bn)

Operating Profit

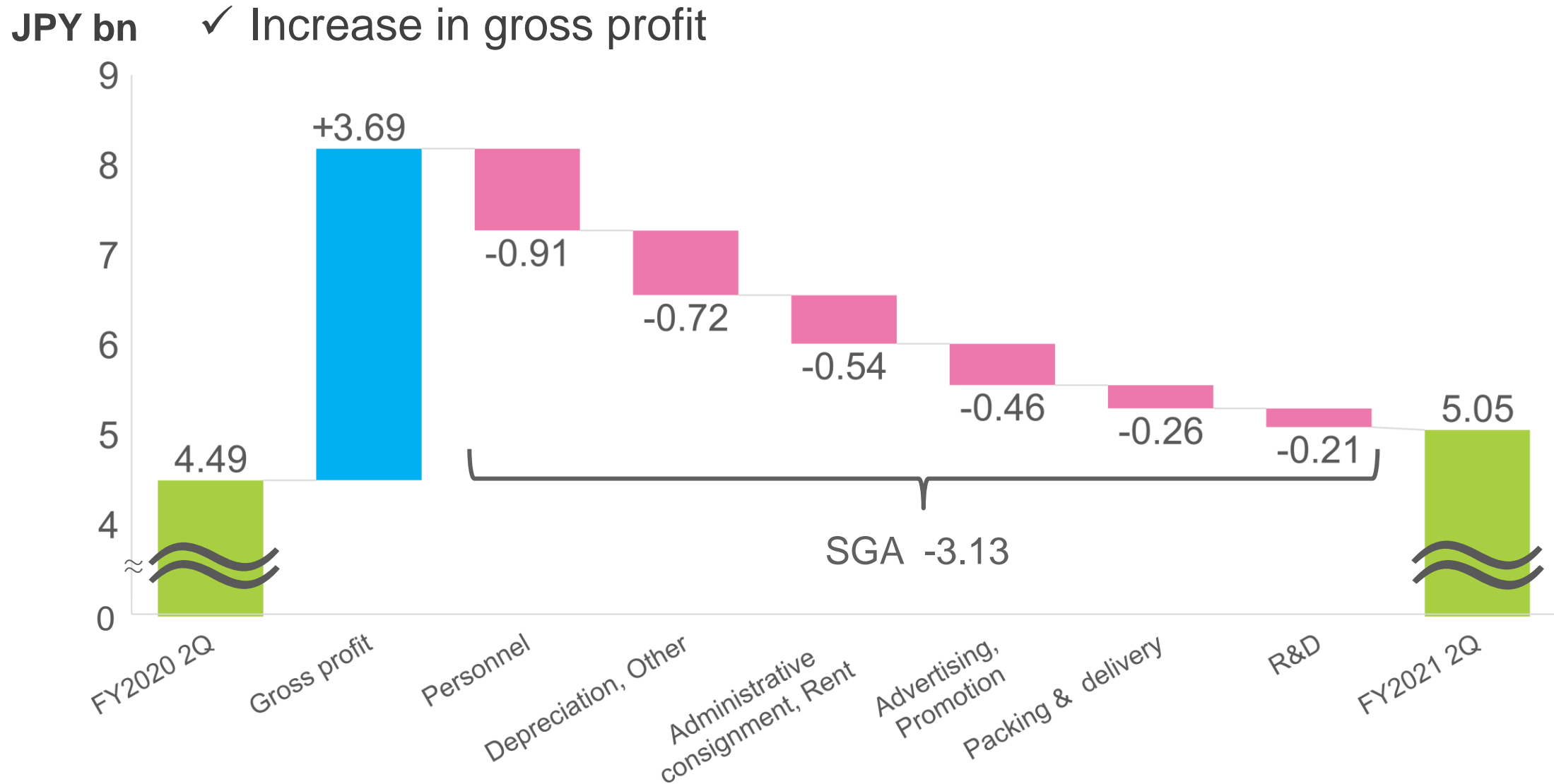


*1 Includes the impact of the application of the Revenue Recognition Accounting Standard, etc. : -JPY 0.11 bn

Key factors
 (1)(2) Gross profit and SGA expenses increased due to increase in number of group companies*2
 Operating profit ratio: 10.8% → 10.5% (-0.3%)
 No significant change in profit structure

*2 Hamano Contact and Itabashi Trading Group

Operating Profit Analysis



Balance Sheet Summary

JPY m

	Mar. 31, 2021	Sep. 30, 2021	Different
Cash and deposits	41,455	37,815	-3,640
Notes and accounts receivable	10,735	10,586	-148
Inventories	15,501	15,807	+305
Other current assets	2,515	2,878	+363
Total current assets	70,207	67,087	-3,119
Property, plant and equipment	39,301	44,128	+4,826
Intangible assets	12,627	11,940	-686
Investments and other non-current assets	5,017	5,511	+494
Total non-current assets	56,946	61,580	+4,634
Total assets	127,153	128,668	+1,514

Acquisition of fixed assets, etc.

Manufacturing plant investment, etc.

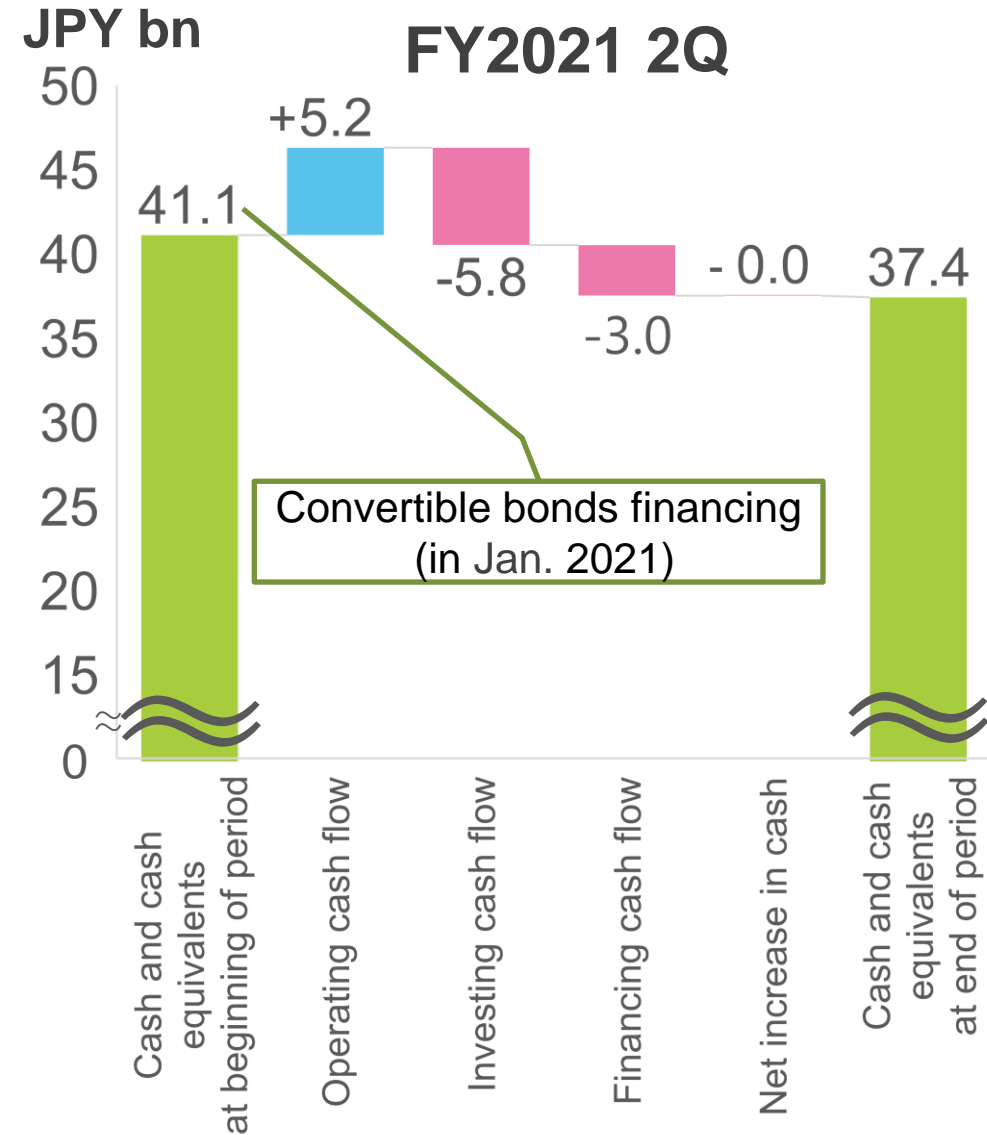
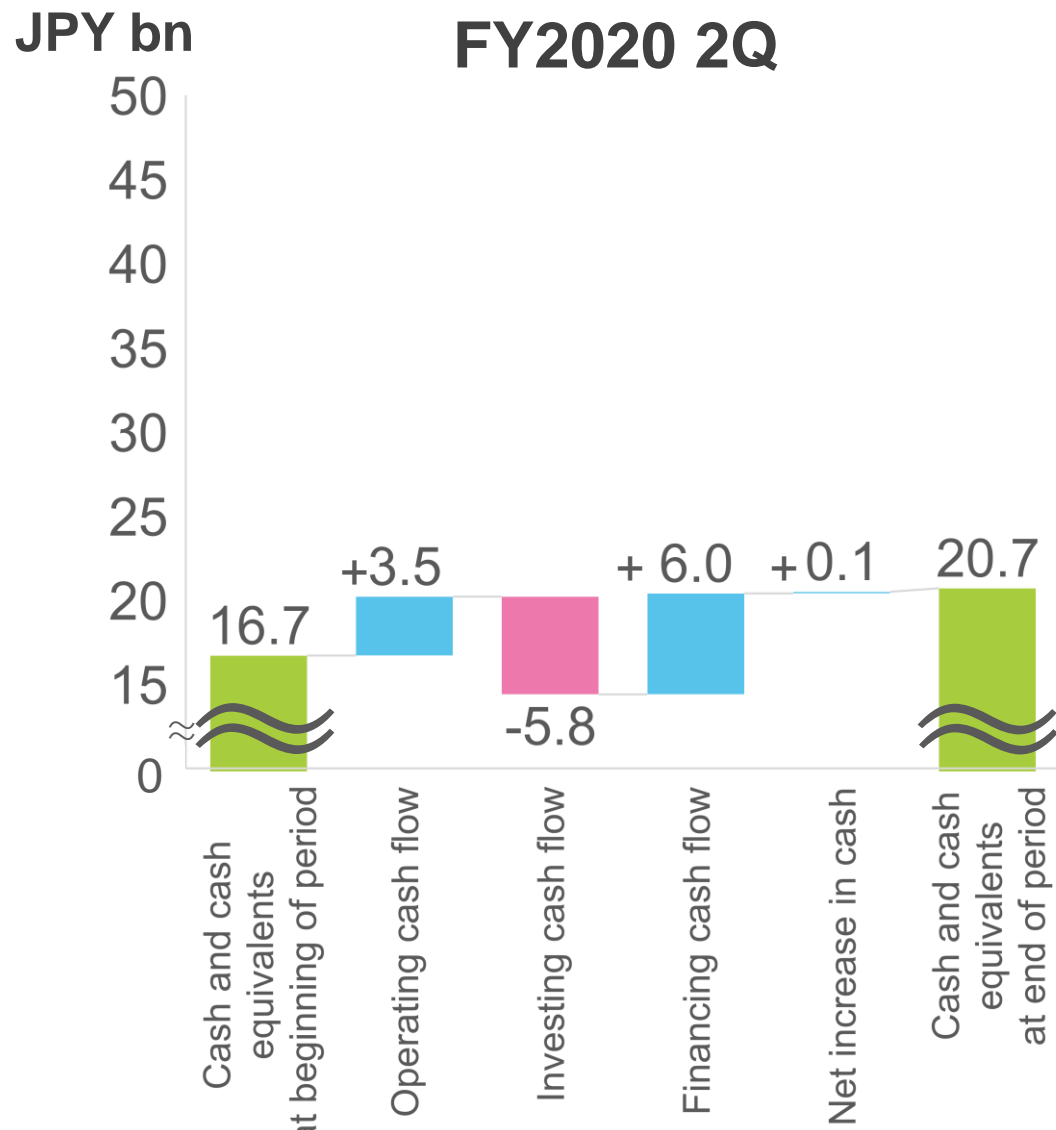
	Mar. 31, 2021	Sep. 30, 2021	Different
Notes and accounts payable -trade	4,205	4,531	+326
Current debt	4,968	5,030	+62
Accounts payable - other	5,167	5,210	+43
Other current liabilities	8,188	8,308	+119
Total current liabilities	22,530	23,081	+551
Non-current debt	17,470	16,739	-731
Convertible-bond-type bonds with share acquisition rights	22,868	22,885	+17
Other non-current liabilities	3,299	3,494	+195
Total non-current liabilities	43,638	43,119	-519
Total liabilities	66,168	66,200	+31
Total net assets	60,985	62,468	+1,483

Sep. 30, 2021

Capital ratio	47.1%
Cash and deposits	37,815
Total debt	44,655

Increase in retained earnings, etc.

Cash Flow Comparison



Financial Forecast (Unchanged from May 13, 2021 announcement)

➤ Consolidated performance forecast for FY2021

Net Sales Forecast

JPY 99.2 bn

YoY **+JPY 12.9 bn / +15.1%**

✓MELS Plan: Increase in MELS Plan members to 1.36millions

✓Contact lenses and Lens care products : Predict stable demand

and Sales Expansion in China

✓Other : Expand a food business by Itabashi Trading Group

Gross Profit Forecast

JPY 52.6 bn

YoY **+JPY 6.7 bn / +14.8%**

Operating Profit Forecast

JPY 9.0 bn

YoY **+JPY 0.8 bn / +11.0%**

Financial Progress

JPY m

	FY2020		FY2021 2Q		FY2021 Forecast		Progress rate
Net sales	86,209		48,395		99,200		48.8%
(Cost of sales ratio)	46.9 %		46.7%		47.0%		---
Gross profit	45,817	⇒	25,813	⇒	52,600		49.1%
Operating profit	8,106		5,059		9,000		56.2%
(Operating profit ratio)	9.4%		10.5%		9.1%		---
Profit attributable to owners of parent (quarterly period)	5,952		3,401		5,700		59.7%

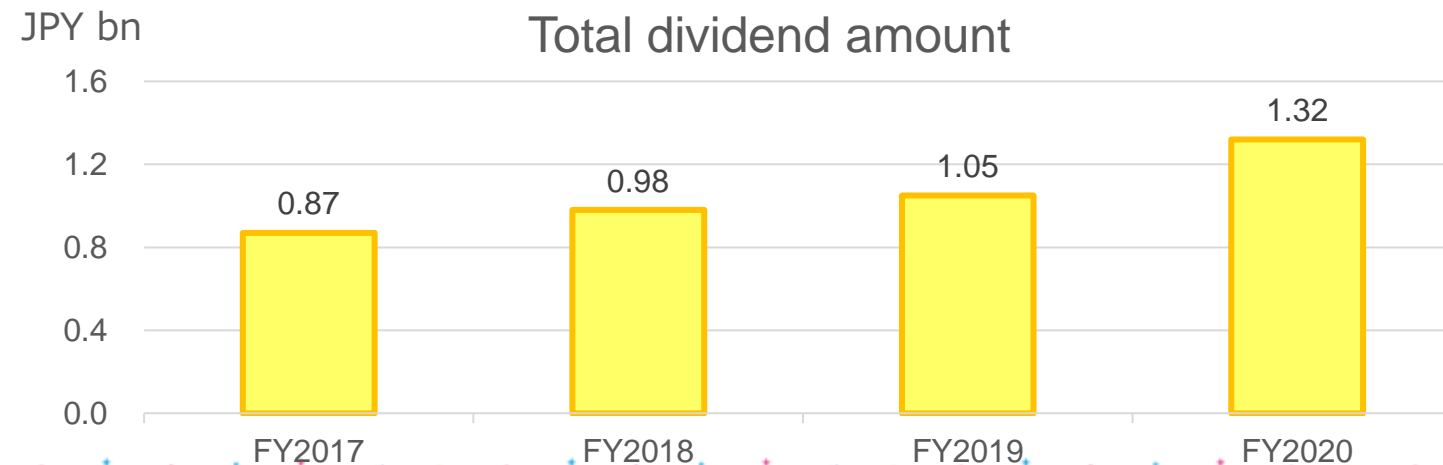
- ✓ Progress is steady
- ✓ SGA expenses are expected to be used to strengthen sales promotion to acquire new MELS Plan members in the second half of the year

Dividend Forecast

- ✓ Conducted a 1:2 stock split (2-for-1) effective October 1, 2021
- ✓ Annual dividend forecast per share for FY2021: **¥17.5** (before the split: ¥35)

	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecast)
Dividend per Share*	JPY 12.5	JPY 14	JPY 14	JPY 17.5 Ordinary dividend JPY 15 Commemorative dividend JPY 2.5	JPY 17.5
Dividend payout ratio	33.0%	27.6%	24.9%	22.2%	23.2%

*Calculations are based on assumption that the stock split was conducted at the beginning of FY2017.



III. Growth Strategies

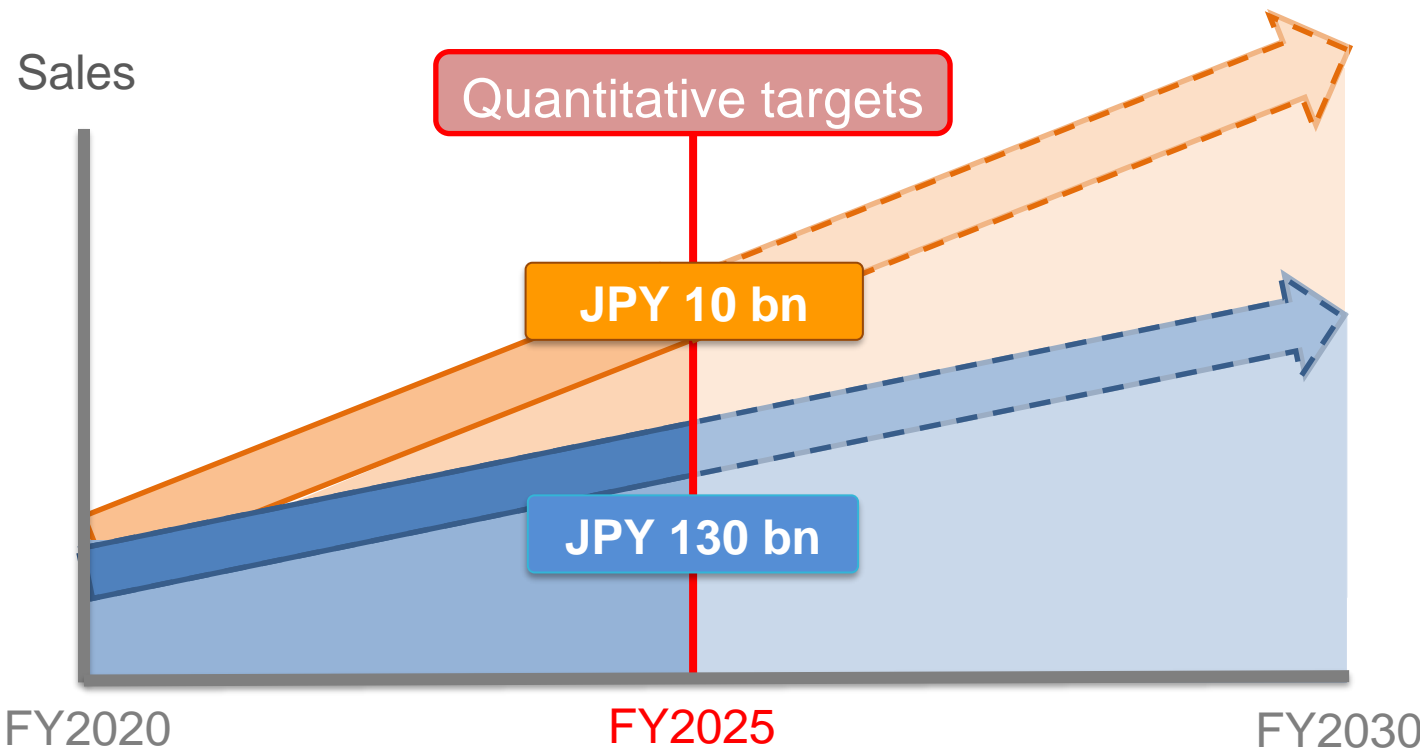


Medium-Term Management Plan “Vision 2030”

New Vision of Miru for the World

Quantitative Targets FY2025

Net sales: **JPY 140 bn** Operating profit ratio: **12%** ROE: **10%**



[Healthcare and life care]
 Developing new businesses

- Pet life
- Health / Food business
- Environmental business

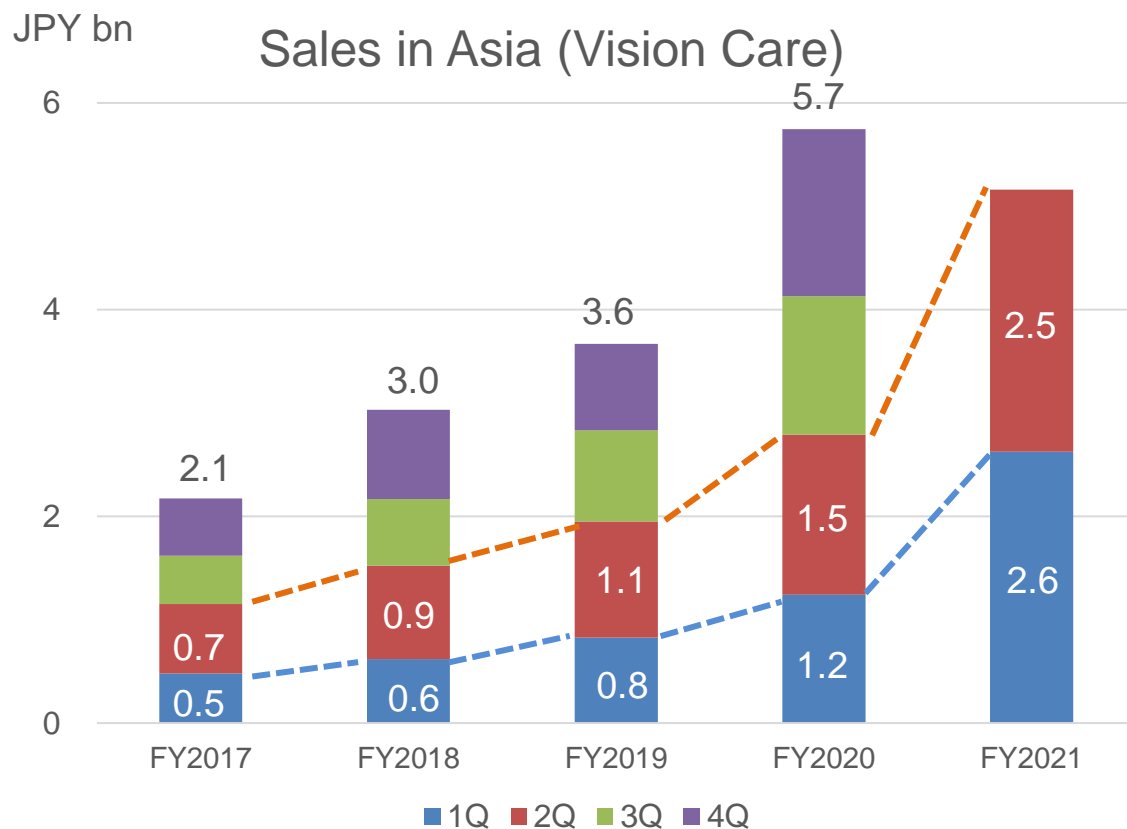
[Vision care]
 Contact lenses and further expansion of the lens care business

- (1) Overseas sales expansion
- (2) Expansion of MELS Plan
- (3) Sales expansion of Daily disposable contact lenses

Vision care
(1) Overseas

Sales Growth in Asia

- ✓ Further growth of sales in Asia by joining the Itabashi Trading Group, which has sales offices in China
- ✓ Continue to expand sales of Orthokeratology lenses and Lens care products in China

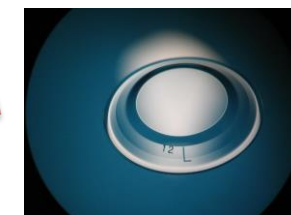


Prior to FY2020, major exports to China through domestic distributors are included.



Itabashi Trading Group became a wholly owned subsidiary in January 2021

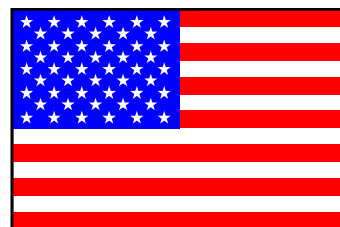
Sales, import and export of medical equipment **α ORTHO-K**



Vision care
 (1)Overseas
 (3)Daily disposable contact lens

Sales Expansion in Europe and North America

- ✓ Aiming to further sales expansion by supplying our Daily disposable contact lenses on an OEM basis to major merchandising chain stores mainly operating in Europe and North America.



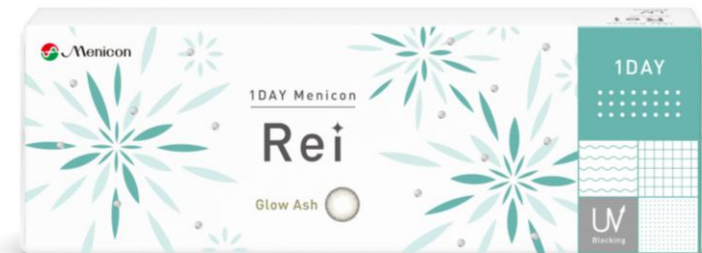
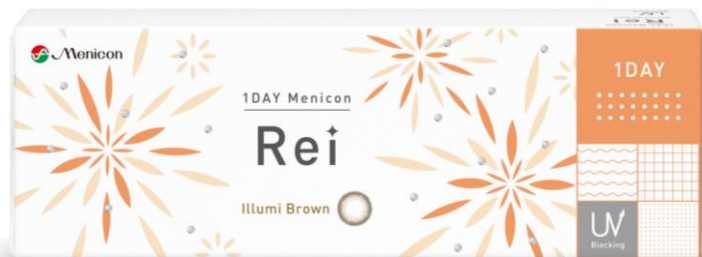
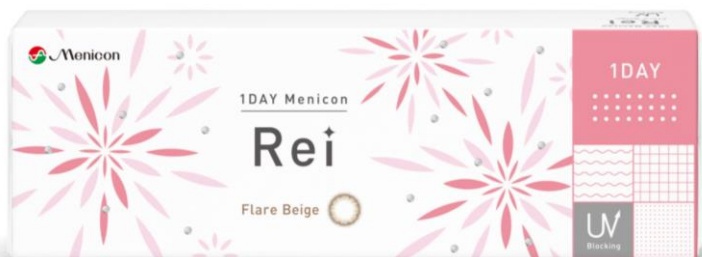
Miru 1day Menicon Flat Pack
 (Overseas brand of Magic)



Miru 1day UpSide
 (Overseas brand of 1DAY Menicon PremiO)

Expansion of Daily Disposable Contact Lens Lineup

- ✓ “1DAY Menicon Rei”, a Daily disposable circle lens, was added to the MELS Plan line-up in May 2021



Vision care
(3) Daily disposable contact lenses

Circle Lens “1DAY FRUTTIE”

- ✓ Launched “1DAY FRUTTIE”, a Daily disposable circle lens, in Japan and overseas last year.
- ✓ Available in three colors in Japan and five colors in China, with a limited edition design added.



Sweet Berry



Bright Orange



Glossy Cherry



China only



China only



Vision Care
(2) MELS Plan

MELS Plan 20th Anniversary Campaign

✓ With the aim of further raising awareness and attracting new customers, the various campaigns to commemorate the 20th anniversary of MELS Plan



Referral Campaign

Newly enrolled customer by referral and their introducers can receive gifts



Campaign for Students

Some of newly enrolled customer who are students can receive gifts

Campaign of Bifocal and Multifocal contact lens plans

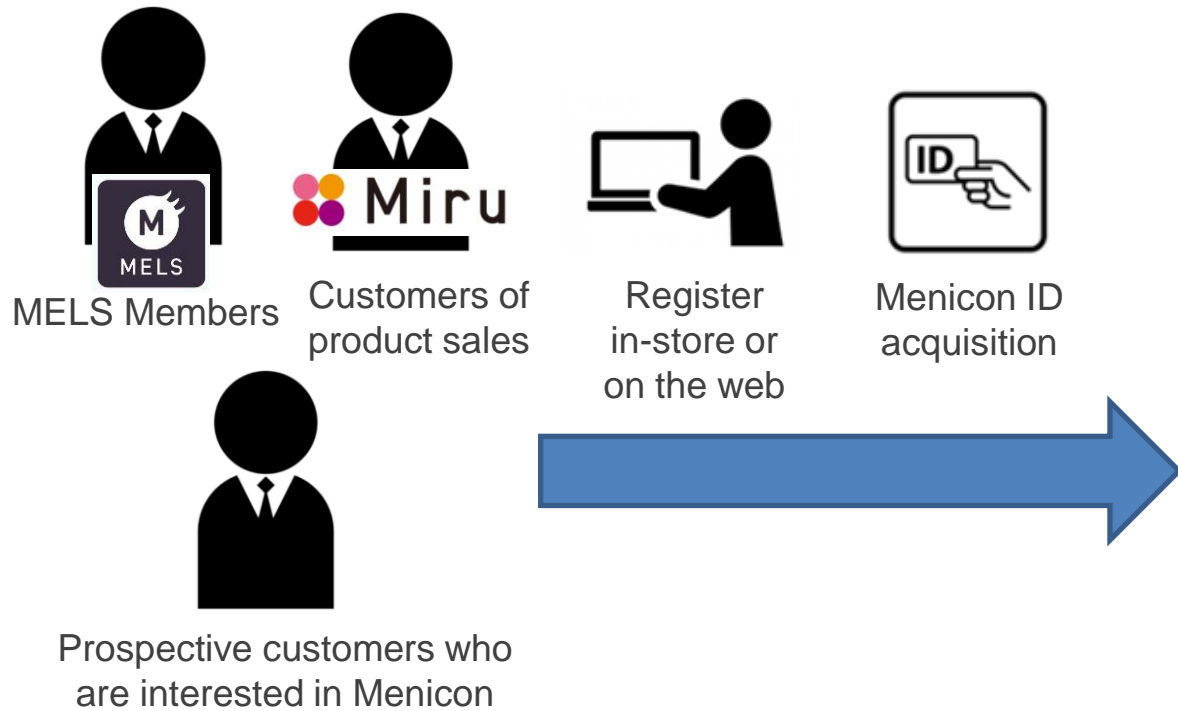
Newly enrolled customer in Bifocal or Multifocal contact lens plans, or changed from other types of lens plans, can receive gifts



Vision care
(Japan)

Strengthen Customer Communication

- ✓ Introduction of web-based communication tools and services based on “Menicon ID”
- ✓ Provide personalized service and ongoing communication to customers





Club Menicon

Comprehensive service site for contact lenses
<https://www.clubmenicon.jp>

A variety of services are available



MELS PLAN



MENICOiN

MENICOiN, a point service provided by Menicon, can be exchanged for some products or other points



Click Miru

Contact Lens Web Ordering System

Healthcare
and life care

Expansion of Healthcare and Life Care Business

- ✓ Develop new businesses in addition to existing businesses
- ✓ Aim to achieve sales of JPY10 bn(FY2025) due to expand business domain

existing business

- Veterinary medical business



- Environmental and bioscience business



- Life science business



new business

- Pet life support



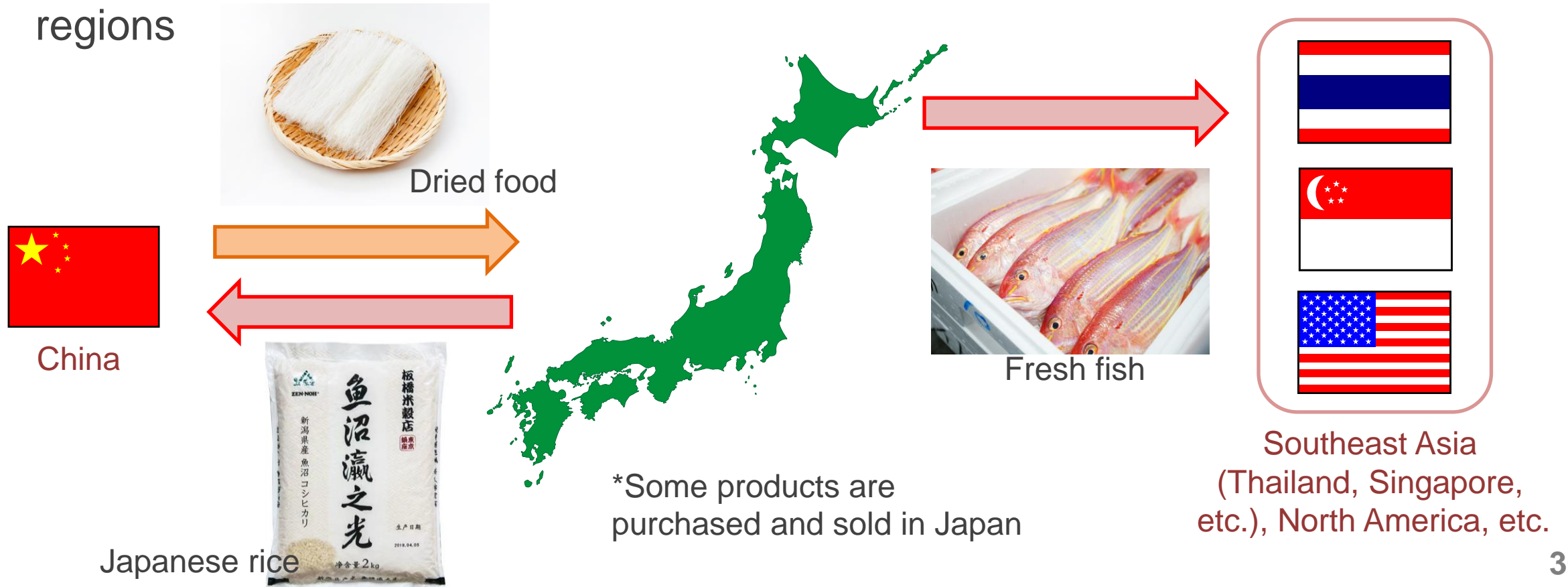
- Food business



Healthcare
and life care

Further Expansion of the Food Business

- ✓ Our main business is exporting (fresh fish and other marine products, rice) to Southeast Asia and North America, and importing (dry goods, etc.) from China
- ✓ Aim to improve profitability by developing new customers and expanding sales regions



Appendix

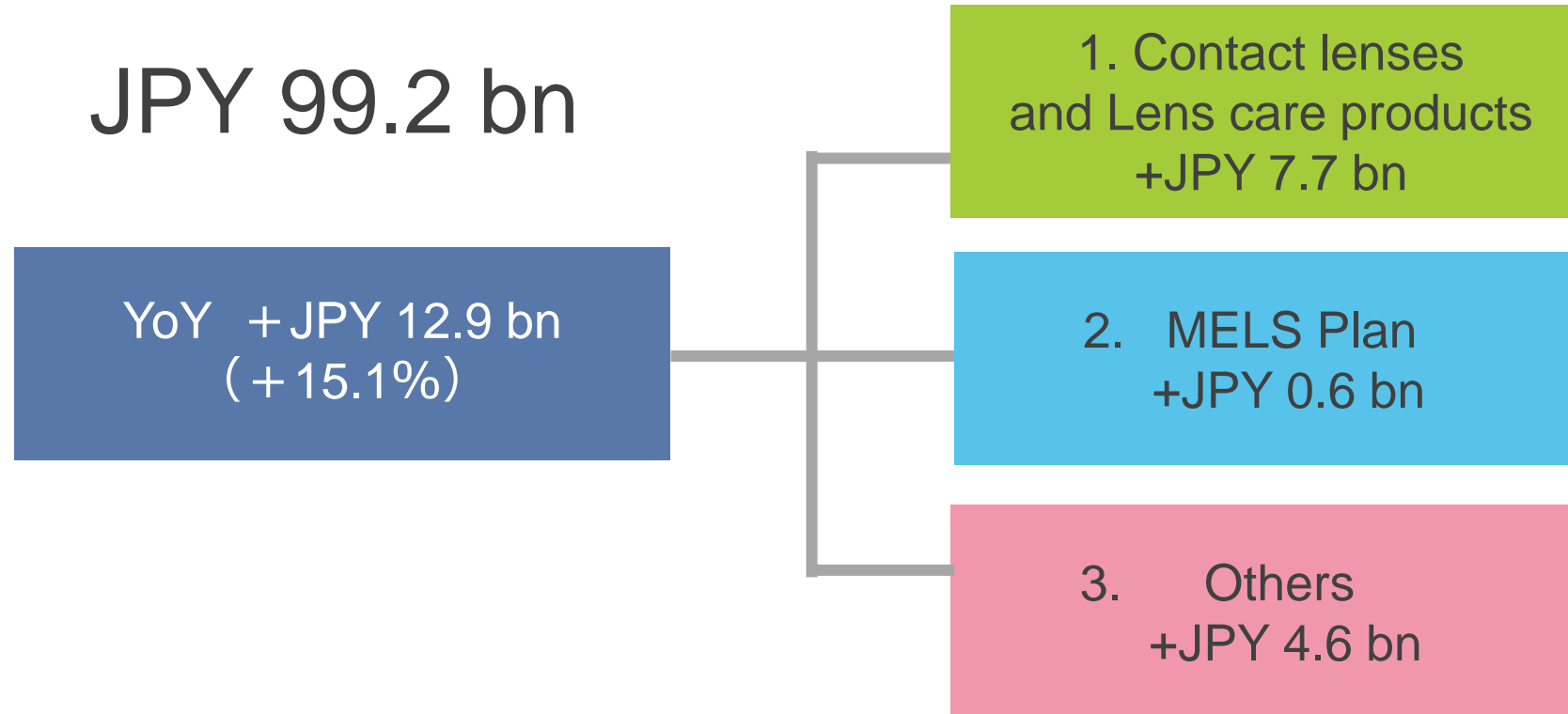


Financial Forecast (Unchanged from May 13, 2021 announcement)

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Net sales	86,209		99,200	+12,990	+15.1%	
Cost of sales	40,392		46,600	+6,207	+15.4%	
(Cost of sales ratio)	46.9%		47.0%	---	(+0.1pt)	
Gross profit	45,817		52,600	+6,782	+14.8%	
SGA	37,710		43,600	+5,889	+15.6%	
(SGA ratio)	43.7%	⇒	44.0%	---	(+0.3pt)	
Operating profit	8,106		9,000	+893	+11.0%	
(Operating profit ratio)	9.4%		9.1%	---	(-0.3pt)	
Ordinary profit	8,348		8,800	+451	+5.4%	
Profit attributable to owners of parent	5,952		5,700	-252	-4.2%	
Basic earnings per share	JPY 78.84 (JPY 157.67*)		JPY 75.42 (JPY 150.83*)	-JPY 3.42 (-JPY6.84*)	---	

* Reference: Values before the stock split with the effective date of Oct. 1st, 2021

Net Sales Forecast

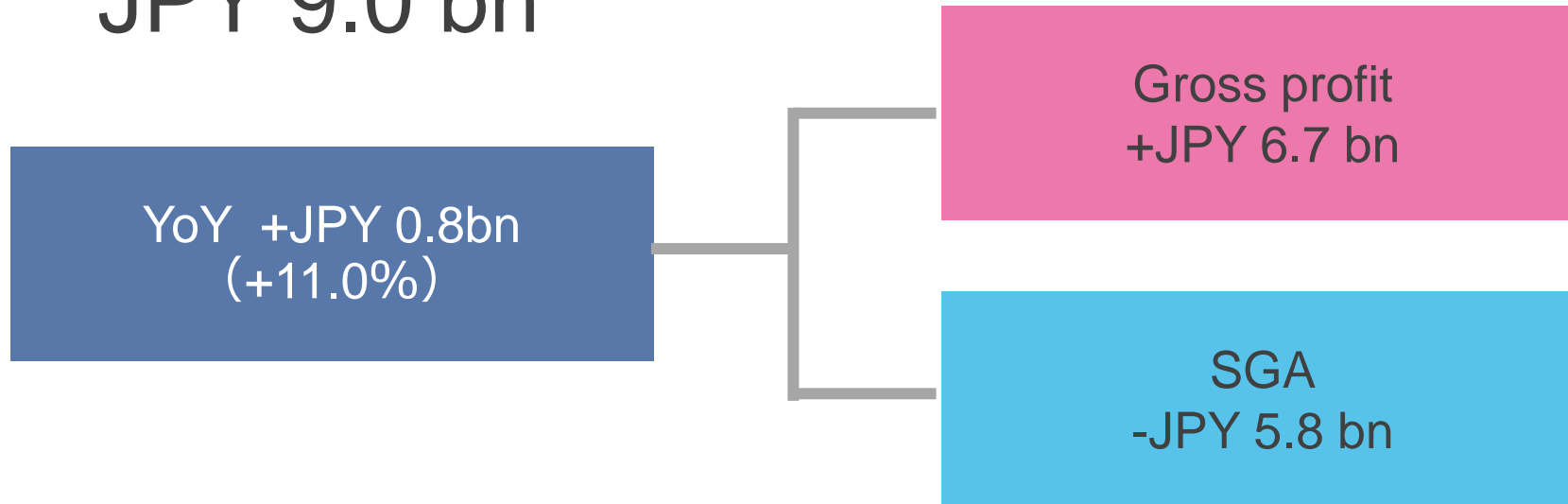


Key factors

- 1 : Orthokeratology lenses and Lens care products sales increase in China
- 2 : The number of MELS customers increase centered on Daily disposable contact lenses
- 3 : Food business sales increase

Operating Profit Forecast

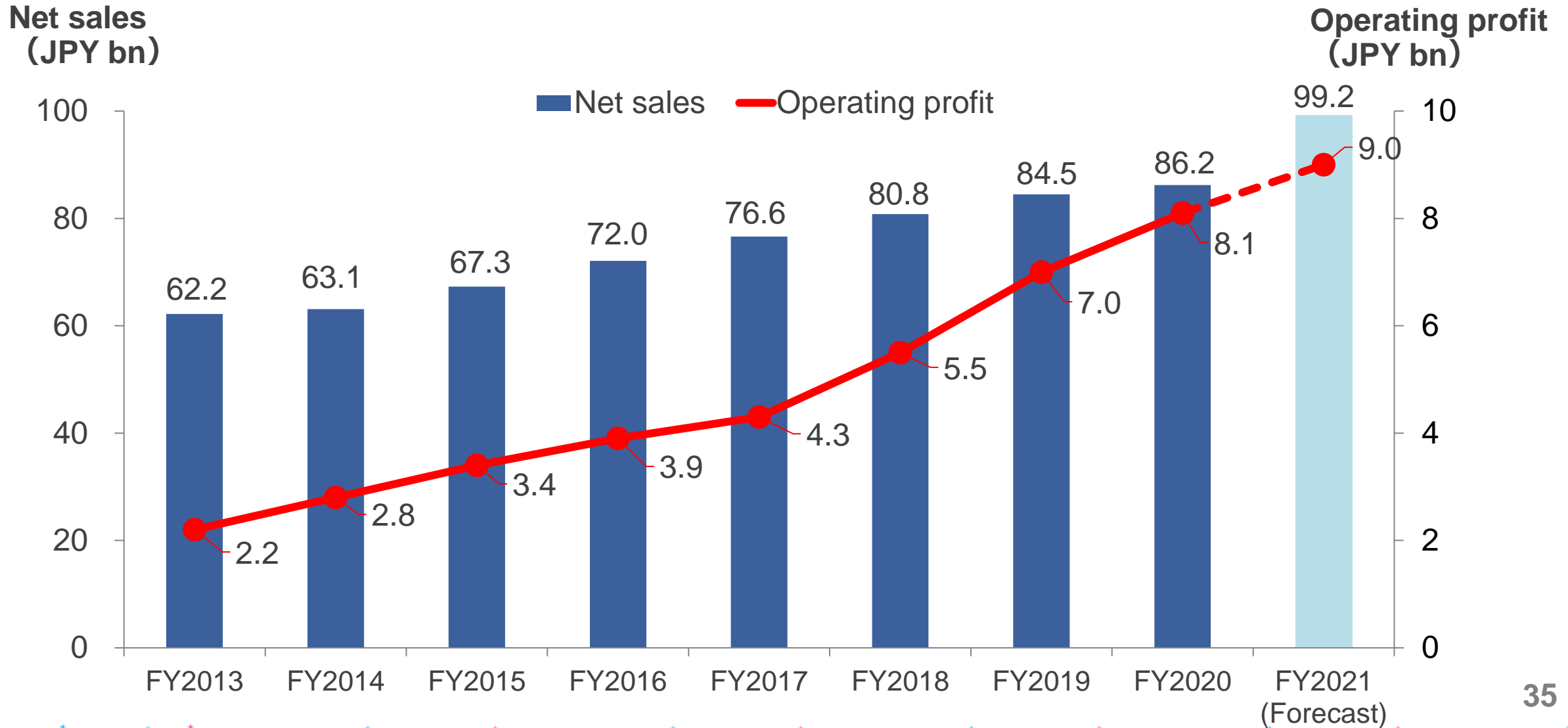
JPY 9.0 bn



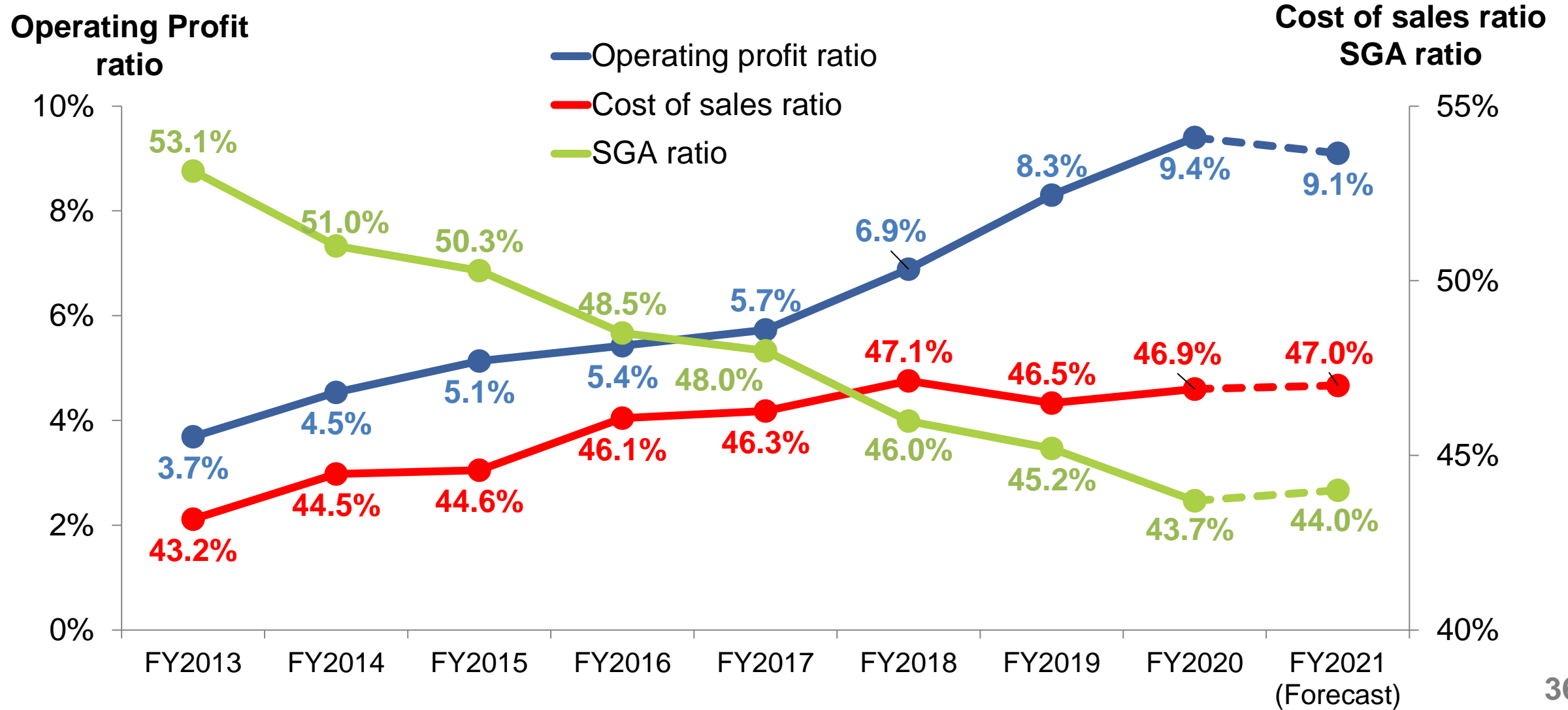
Key factors

✓ Predict operating profit growth by gross profit increase

Annual Sales / Operating Profit Development



Cost of Sales Ratio / SGA Ratio / Operating Profit Ratio



Disclaimer on Forward-Looking Statements

- Disclaimer

- ✓ This document was created by Menicon Co., Ltd. (hereinafter referred to as the "Company") for the purpose of understanding the current situation of the Company in order to serve as a reference for investors. The contents of this document have been prepared based on the generally recognized economic and social conditions as of November 12, 2021 and certain assumptions that the Company deems reasonable. The contents are subject to change without notice due to changes in the business environment. When making an investment, please be sure to make your own judgment.

- Notes on forward-looking statements

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