



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



TSE 1st Section : Ticker 7780

Menicon Co., Ltd.

February 14, 2022

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I. Summary of Consolidated Financial Results for FY2021 3Q



Key Factors

➤ Financial Results for FY2021 3Q (Nine Months Ended)

Net sales : YoY **+JPY 11.28 bn / +17.8% (Increase in Sales)**

- ✓ Overseas sales growth due to grouping of sales offices (Itabashi Trading) in China
- ✓ Overseas sales: JPY 10.50 bn → JPY **19.07 bn** (+81.6%)
- ✓ Overseas sales ratio: 16.6% → **25.5%**

Gross profit : YoY **+JPY 5.59 bn / +16.6% (Increase in Profit)**

Cost to sales ratio: 46.7% → 47.3%

Operating profit: YoY **+JPY 1.12 bn / +16.3% (Increase in Profit)**

Operating profit ratio: 10.9% → **10.8%**

Key Factors

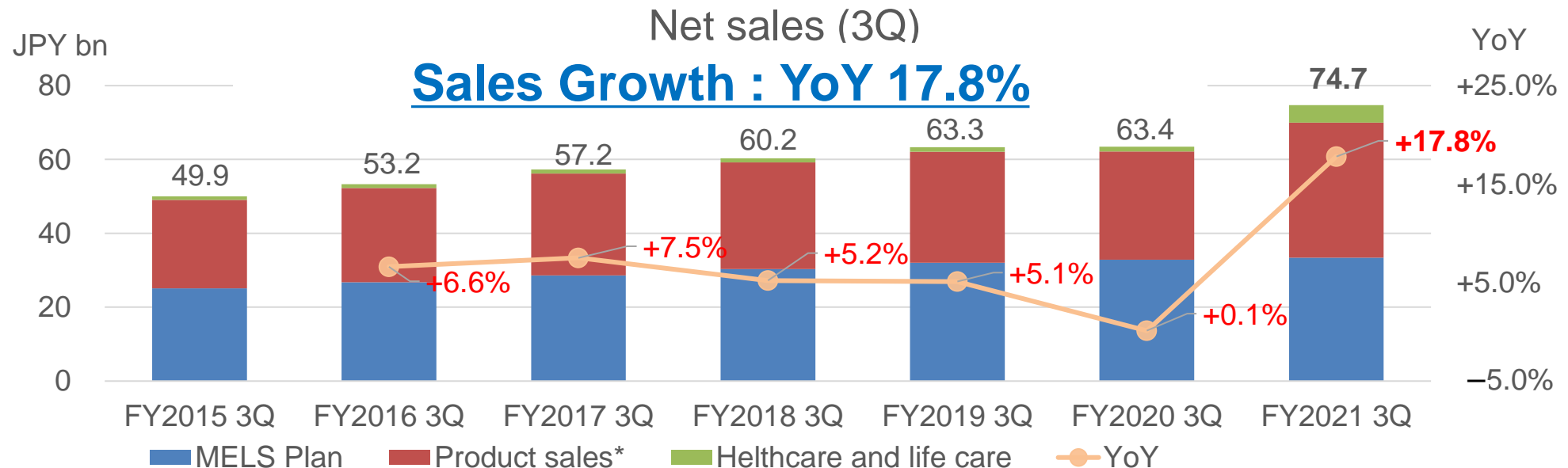
✓ Vision care sales ...

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 our wholly owned subsidiary in January 2021)



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

Transition to the new market segment “Prime Market”

- ✓ Our Board of Directors has resolved at a meeting held on August 12, 2021 to select Prime Market as a market segment
- ✓ The Tokyo Stock Exchange, Inc. has announced the results of selection of the new market on January 11, 2022
- ✓ We will move to “Prime Market” on the transition date of April 4, 2022

Summary of Financial Results for FY2021 3Q (Nine Months Ended)

	FY2020 3Q	FY2021 3Q	Different	YoY	JPY m
Net sales	63,421	74,705	+11,284	+17.8%	
Cost of sales	29,634	35,318	+5,684	+19.2%	
(Cost of sales ratio)	46.7%	47.3%	---	(+0.6pt)	
Gross profit	33,786	39,386	+5,599	+16.6%	
SGA	26,872	31,348	+4,475	+16.7%	
(SGA ratio)	42.4%	42.0%	---	(-0.4pt)	
Operating profit	6,914	8,038	+1,124	+16.3%	
(Operating profit ratio)	10.9%	10.8%	---	(-0.1pt)	
Ordinary profit	7,203	8,093	+890	+12.4%	
Profit attributable to owners of parent	4,918	5,358	+439	+8.9%	
Basic earnings per share	JPY 65.16	JPY 70.89	+JPY 5.73	---	

Breakdown of Net Sales

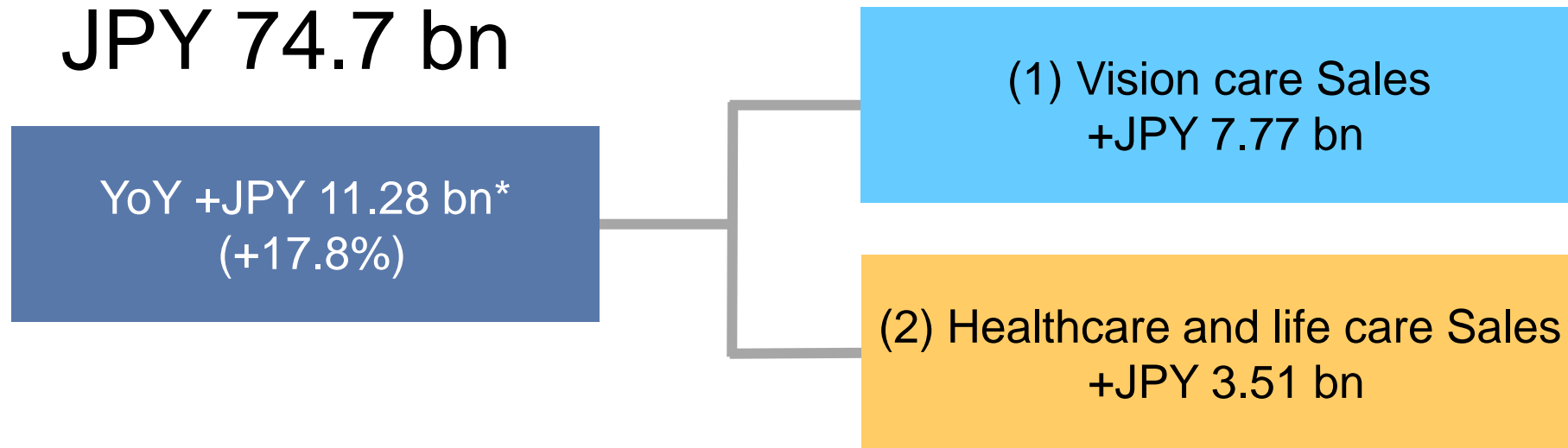
JPY m

	FY2020 3Q	FY2021 3Q	Different	YoY
Net sales	63,421	74,705	+11,284	+17.8%
(1) Vision Care	62,171	69,945	+7,774	+12.5%
Net sales in Japan	51,700	53,366	+1,665	+3.2%
MELS Plan	32,810	33,420	+609	+1.9%
Product sales* ¹ and others	18,890	19,945	+1,055	+5.6%
Overseas sales	10,470	16,578	+6,108	+58.3%
Europe	5,479	6,696	+1,216	+22.2%
North America	555	887	+332	+59.8%
Asia * ²	4,129	8,614	+4,484	+108.6%
Oceania and Africa, etc.	305	381	+75	+24.6%
(2) Healthcare and life care	1,250	4,760	+3,510	+280.8%
Net sales in Japan	1,216	2,267	+1,051	+86.4%
Overseas sales	33	2,492	+2,458	+7288.0%

*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 1.01 bn

Key factors

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

MELS Plan Sales

JPY 33.4 bn

YoY +JPY 0.6 bn*
(+1.9%)

MELS membership: **1.34 millions**

(1) Daily disposable
contact lenses
+JPY 1.02 bn

(2) 2weeks disposable
contact lenses
+JPY 0.07 bn

Others
-JPY 0.49 bn

*Includes the impact of the application of the Revenue Recognition Accounting Standard, etc. : -JPY 0.21 bn

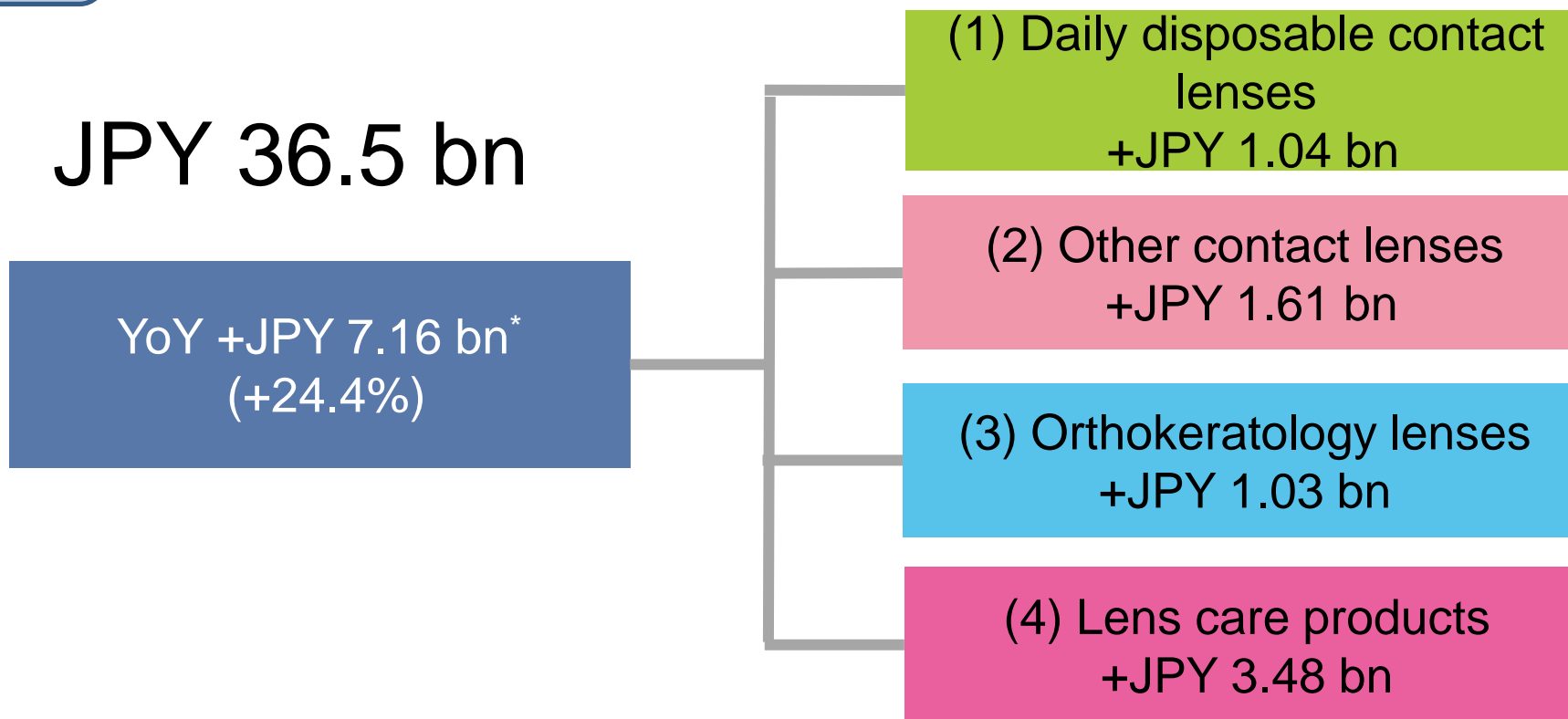
Key factors

- (1) Increase in Daily disposable contact lenses membership
- (2) Increase 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 0.66 bn

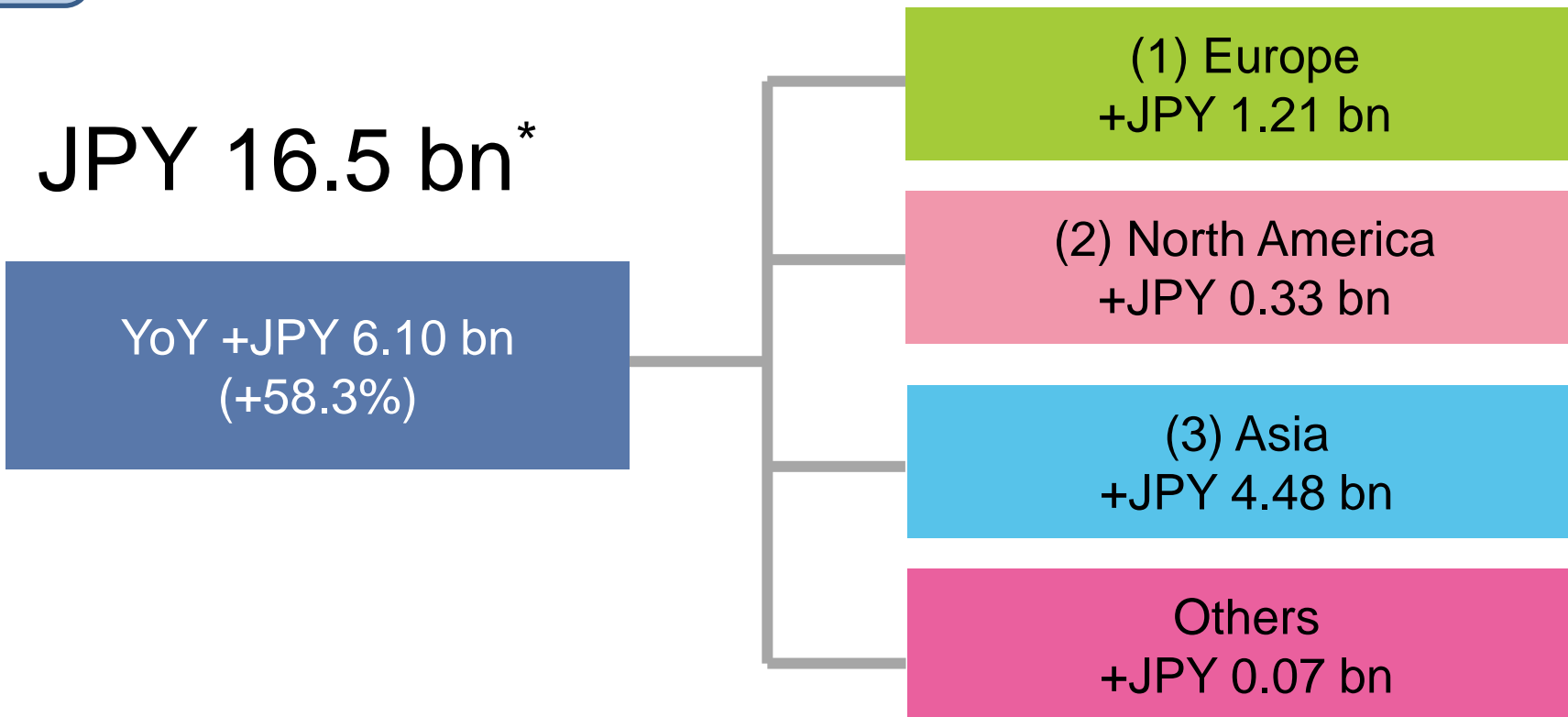
Key factors

- (1) Sales growth due to recovery in demand in Japan and overseas
- (2) Sales growth of “Conventional lenses”
- (3)(4) Strong sales in China

Vision care
Product sales
(Overseas)

Breakdown of
net sales

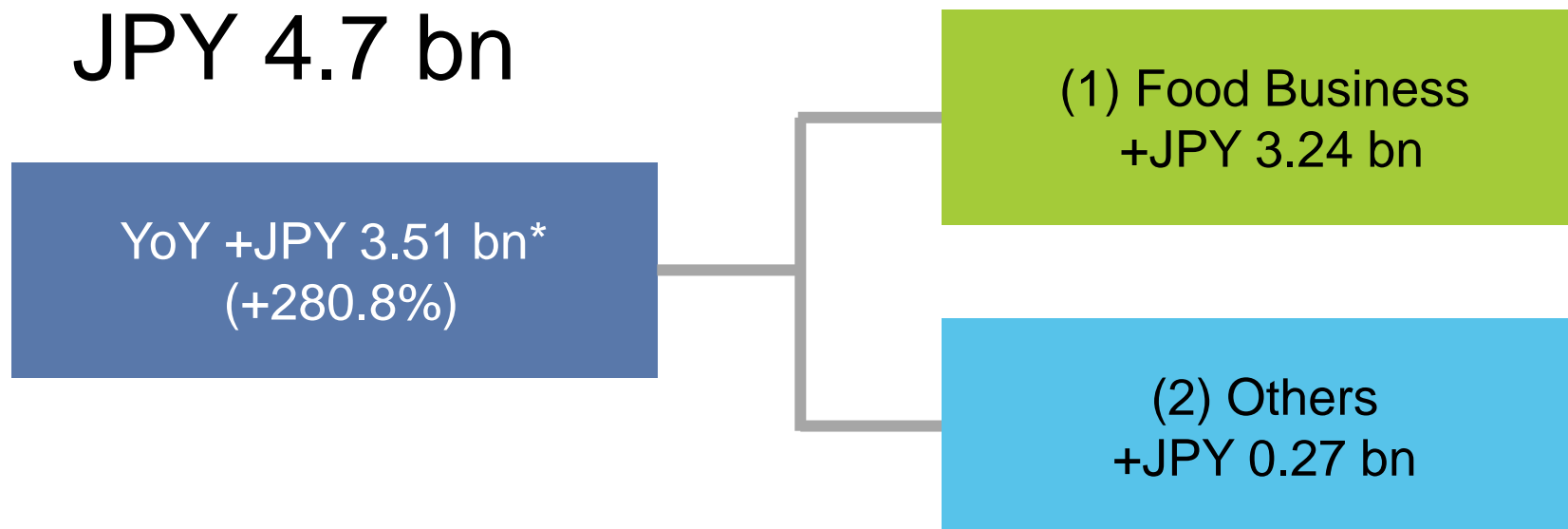
Overseas Sales (by Region)



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

Key factors

- (1) Europe: Sales growth "Disposable lenses" (Daily and 1 month)
- (2) North America: Sales growth of "Daily disposable lenses" and "Lens care products"
- (3) Asia: Sales growth of "Orthokeratology lenses" and "Lens care products"



*Includes the impact of the application of the Revenue Recognition Accounting Standard, etc. : -JPY 0.13 bn

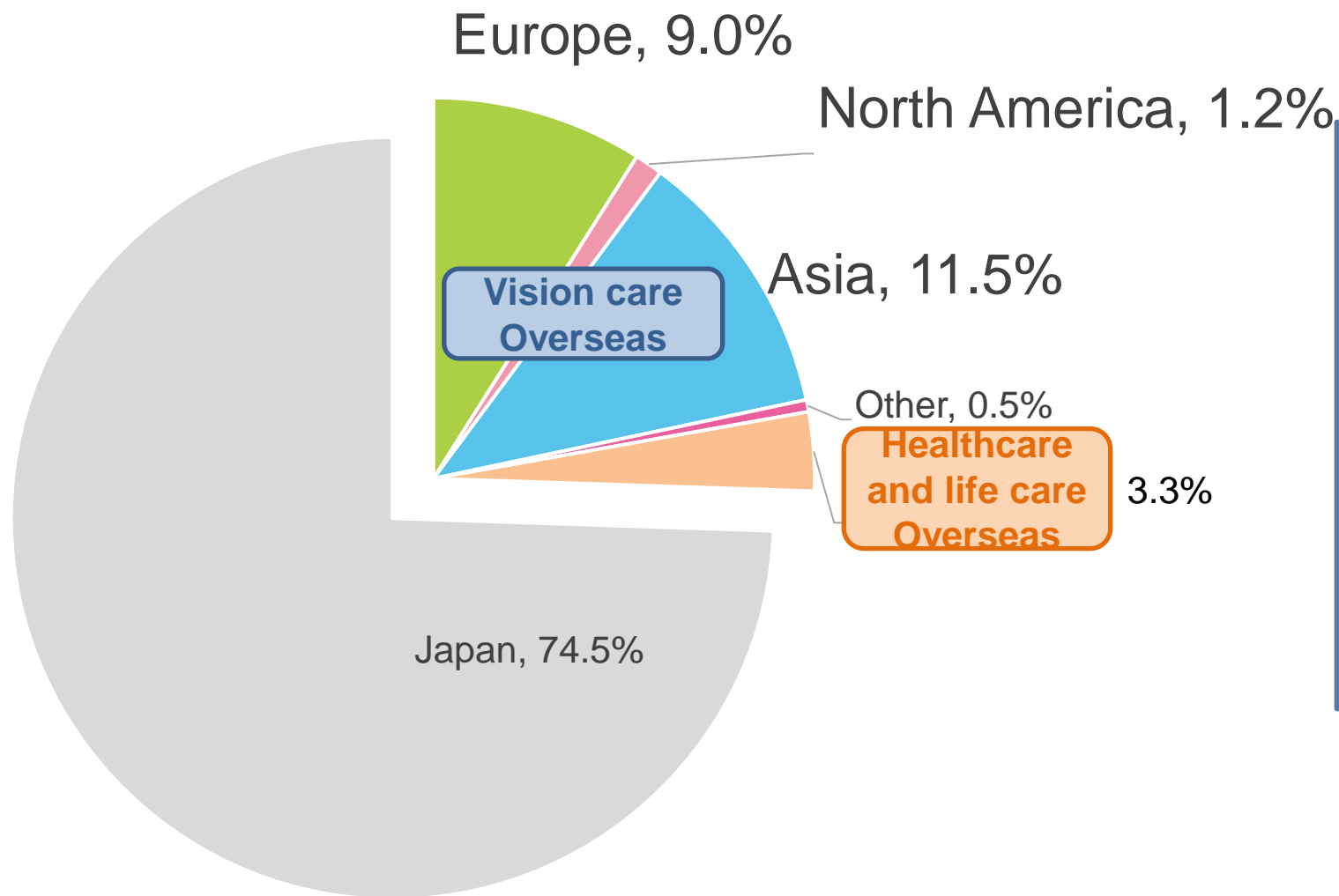
Key factors

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

Vision care

Healthcare and life care

Overseas Sales Ratio



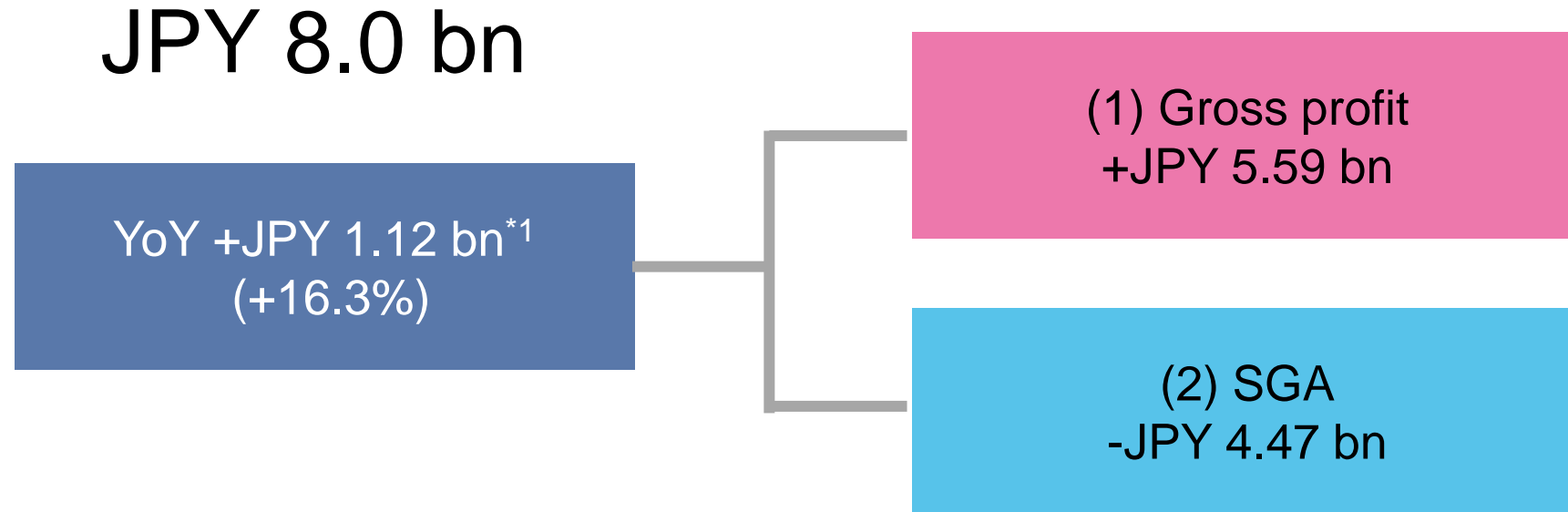
Overseas sales ratio (sales)

FY2020 3Q
16.6% (JPY 10.50 bn)

↓ **+8.9pt**

FY2021 3Q
25.5% (JPY 19.07bn)

Operating Profit

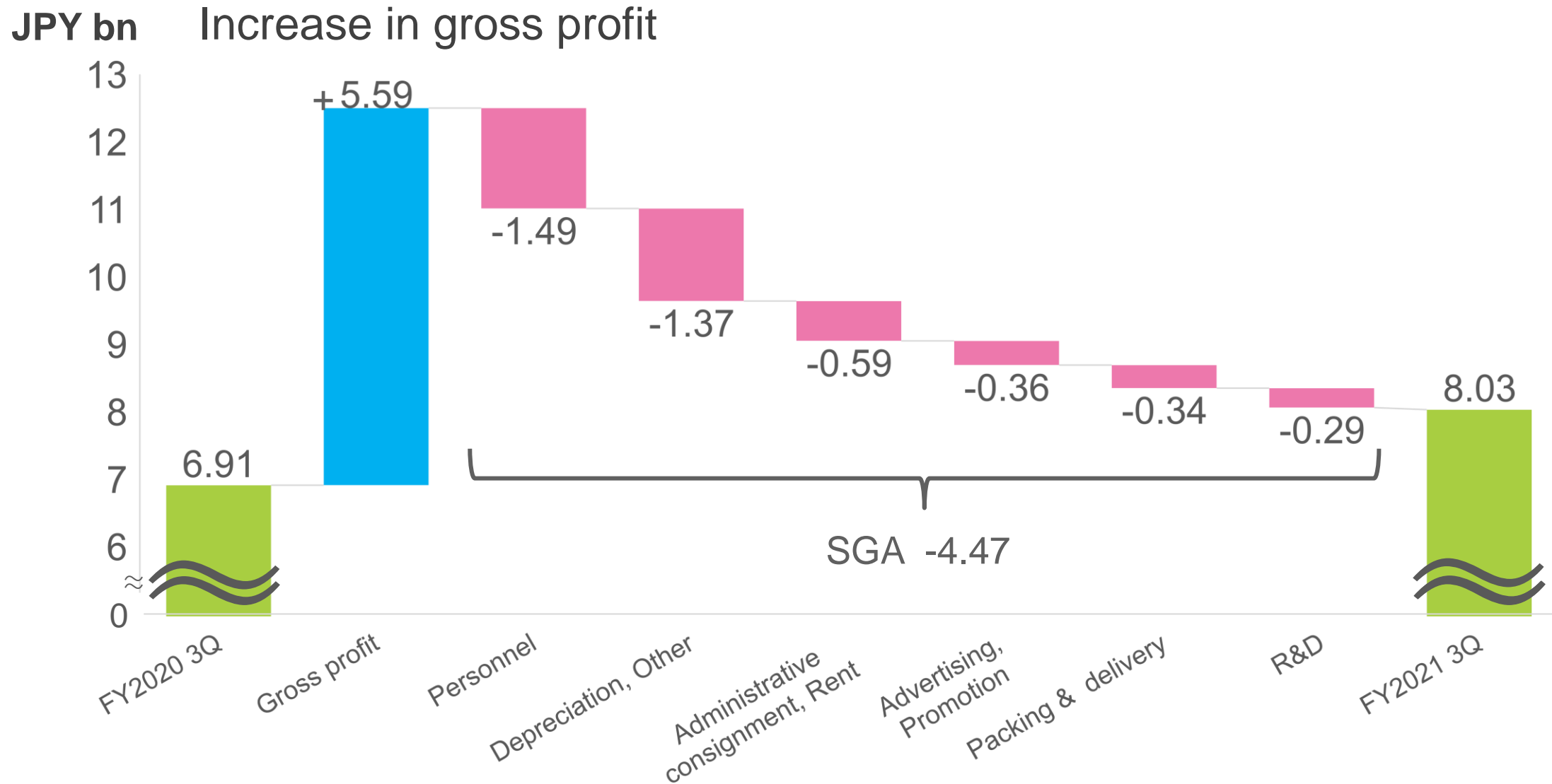


*1 Includes the impact of the application of the Revenue Recognition Accounting Standard, etc. : -JPY 0.09 bn

Key factors
 (1)(2) Gross profit and SGA expenses increased due to increase in number of group companies*2
 Operating profit ratio: 10.9% → 10.8% (-0.1pt)
 No significant change in profit structure

*2 Hamano Contact and Itabashi Trading Group

Operating Profit Analysis



II . Revised Forecast of Consolidated Financial Results for FY2021



Financial Forecast (February 14, 2022 announcement)

➤ Consolidated performance forecast for FY2021

→ Upward revision of financial forecast

Net Sales Forecast JPY 99.4 bn / **+0.2%** (Different from previous forecast)

✓MELS Plan:

We predict 1.34millions MELS Plan members (Impact of the renewed spread of COVID-19)

✓Contact lenses and Lens care products :

Sales of “Orthokeratology lenses” and “Lens care products” in China are strong in addition to the firm demand for Contact lenses

Operating Profit Forecast JPY 9.6 bn / **+6.7%** (Different from previous forecast)

✓ In the Fourth Quarter:

we plan to incur expenses in order to...

attract customers during Japan’s period of highest demand in the spring,
and expand sales of “Daily disposable contact lenses” overseas

✓ In Full-year:

SGA ratio to net sales is expected reduction due to efficient use of SGA

Financial Forecast (February 14, 2022 announcement)

	FY2021 Forecast on May 13, 2021		FY2021 Forecast on Feb. 14, 2022	Different (Forecast)	YoY (Forecast)	JPY m
Net sales	99,200		99,400	+200	+ 0.2%	
Cost of sales	46,600		46,900	+300	+0.6%	
(Cost of sales ratio)	47.0%		47.2%	(+ 0.2pt)	---	
Gross profit	52,600		52,500	-100	-0.2%	
SGA	43,600		42,900	-700	-1.6%	
(SGA ratio)	44.0%	⇒	43.2%	(-0.8pt)	---	
Operating profit	9,000		9,600	+600	+6.7%	
(Operating profit ratio)	9.1%		9.7%	(+0.6pt)	---	
Ordinary profit	8,800		9,500	+700	+ 8.0%	
Profit attributable to owners of parent	5,700		6,000	+300	+ 5.3%	
Basic earnings per share	JPY 75.42 (JPY 150.83*)		JPY 79.36 (JPY 158.72*)	+JPY 3.94 (+JPY 7.89*)	---	

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

Net Sales Forecast

JPY 99.4 bn

Change from previous forecast
+JPY 0.2 bn
(+0.2%)

(1) Contact lenses
and Lens care products
+JPY 0.13 bn

(2) MELS Plan
-JPY 0.07 bn

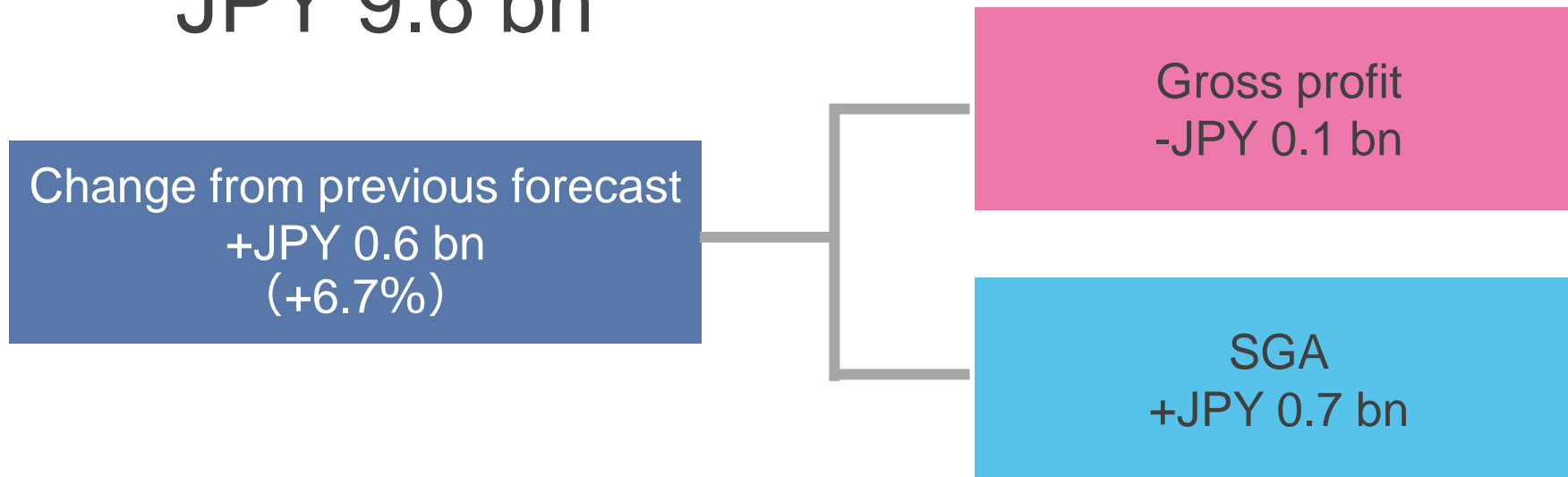
(3) Others
+JPY 0.13 bn

Key factors

- (1) Sales of “Orthokeratology lenses” and “Lens care products” in China are strong in addition to the firm demand for “Contact lenses”
- (2) Predict impact of the renewed spread of COVID-19

Operating Profit Forecast

JPY 9.6 bn



Key factors

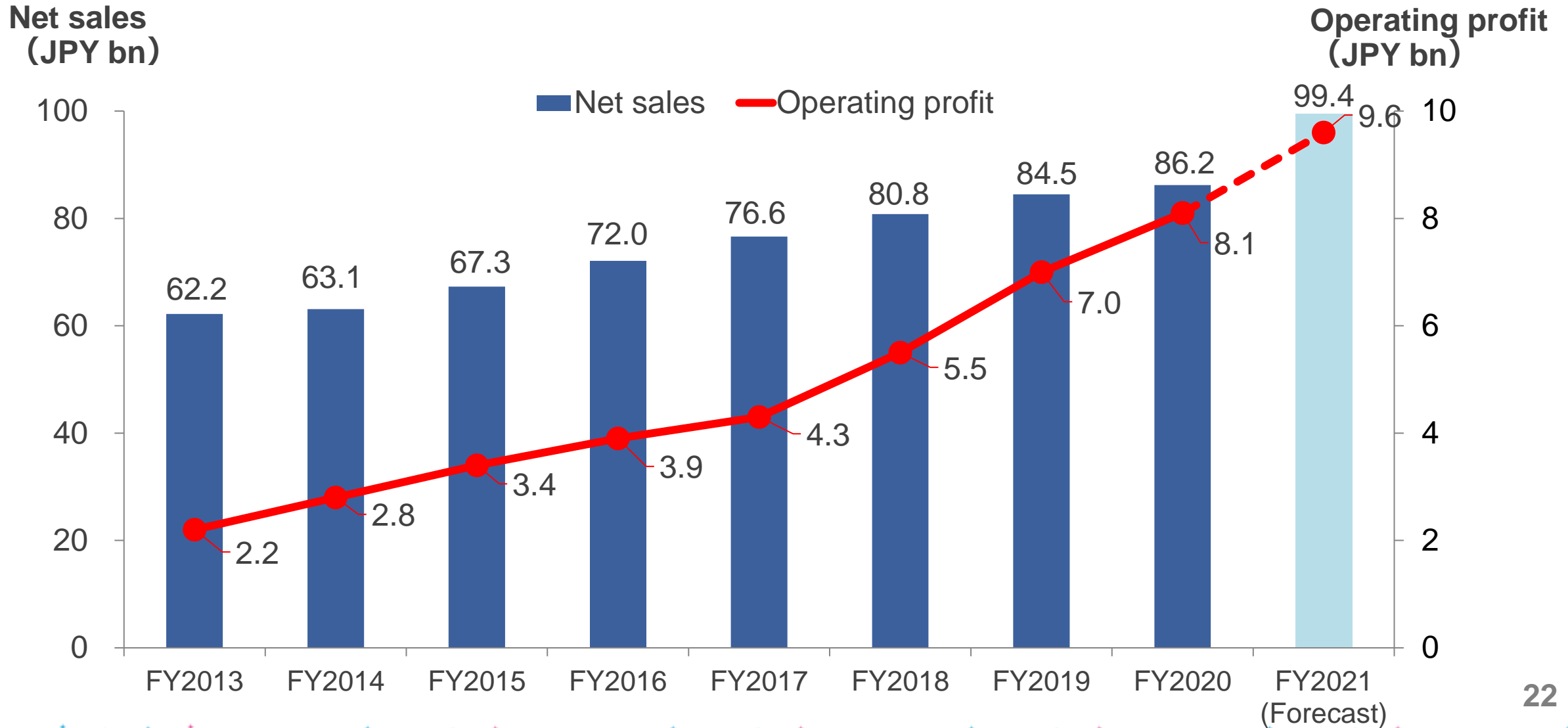
✓ We predict reduction of SGA ratio to net sales in full-year
(We plan to incur expenses for expand sales in the fourth quarter)

Financial Progress

JPY m

	FY2020		FY2021 3Q		FY2021 Forecast on Feb. 14, 2022		Progress rate
Net sales	86,209		74,705		99,400		75.2%
(Cost of sales ratio)	46.9%		47.3%		47.2%		---
Gross profit	45,817	⇒	39,386	⇒	52,500		75.0%
Operating profit	8,106		8,038		9,600		83.7%
(Operating profit ratio)	9.4%		10.8%		9.7%		---
Profit attributable to owners of parent (quarterly period)	5,952		5,358		6,000		89.3%

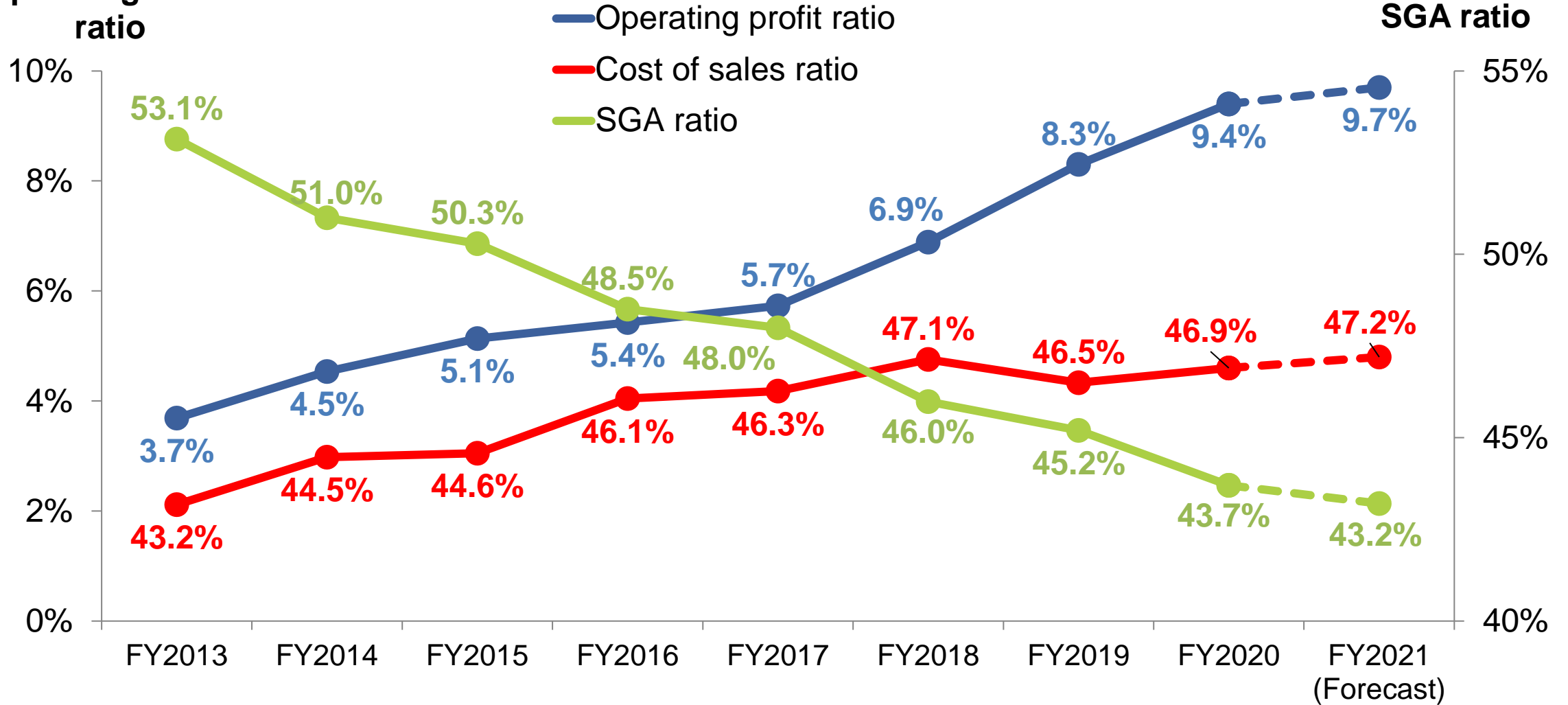
Annual Sales / Operating Profit Development



Cost of Sales Ratio / SGA Ratio / Operating Profit Ratio

Operating Profit ratio

**Cost of sales ratio
SGA ratio**

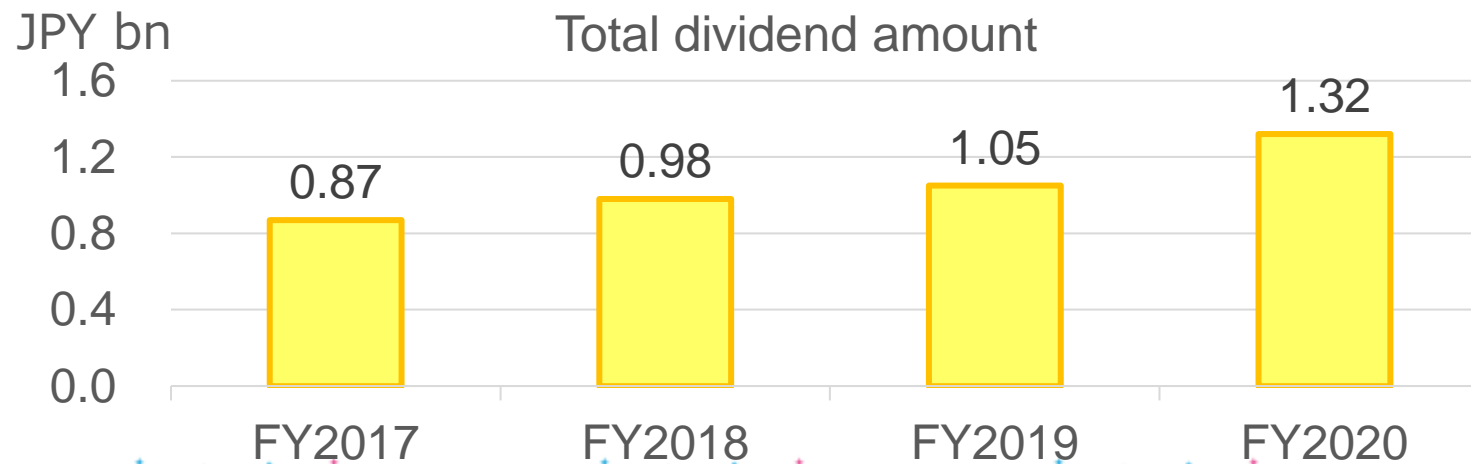


Dividend Forecast

- ✓ Conducted a 1:2 stock split (2-for-1) effective October 1, 2021
- ✓ Annual dividend forecast per share for FY2021: JPY 17.5 (before the split: JPY 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%	22.1%

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



Ⅲ. Topics

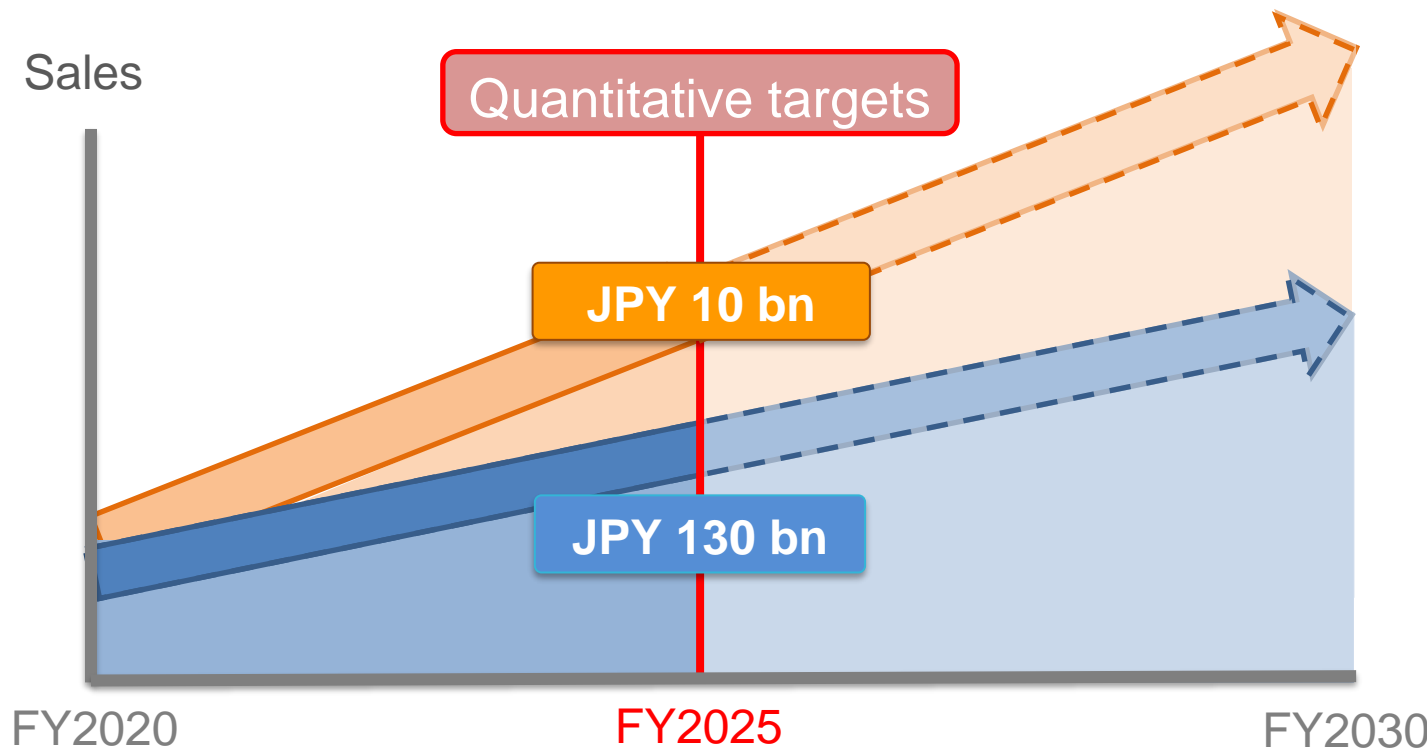


Medium-Term Management Plan “Vision 2030”

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

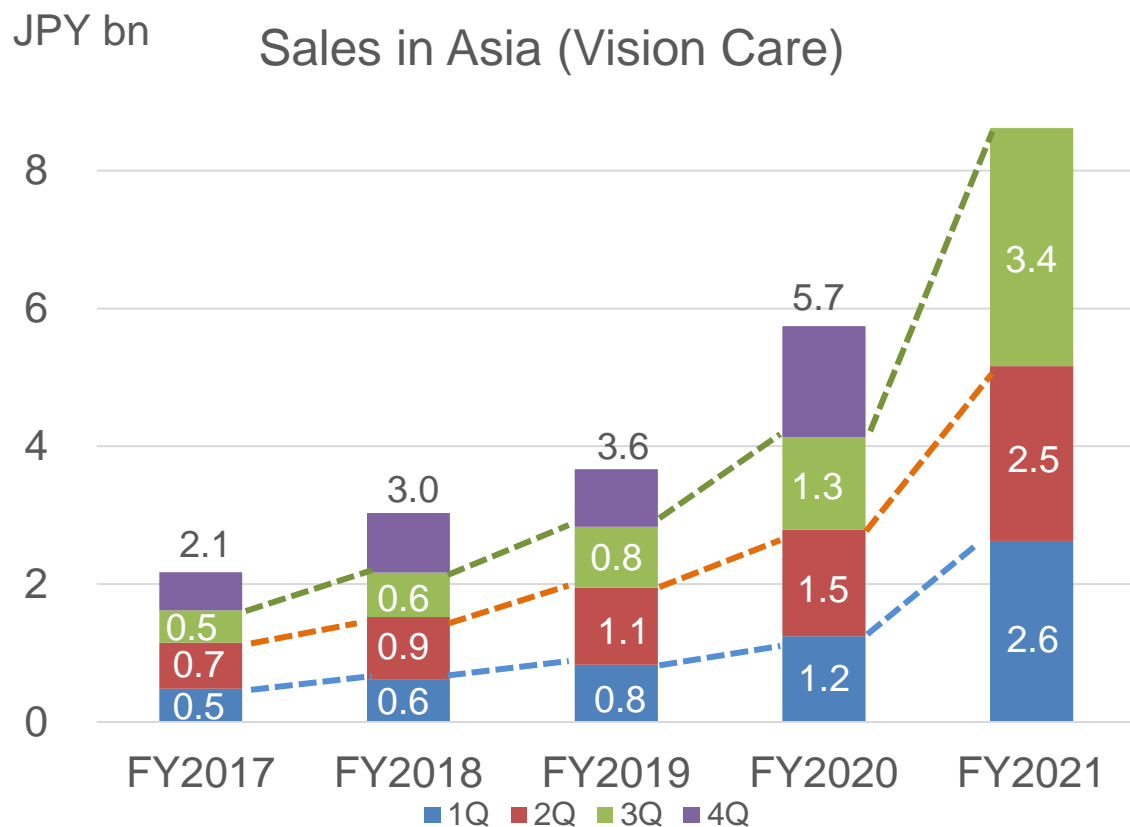
[Vision care]
 Contact lenses and further expansion of the lens care business

- (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

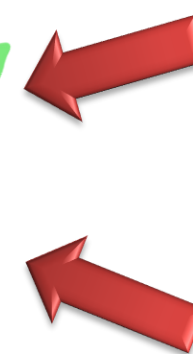
- ✓ Growth of sales in Asia by grouping the Itabashi Trading, which has sales offices in China
- ✓ Continue to expand sales of “Orthokeratology lenses” and “Lens care products” in China



The Itabashi Trading, which sales, imports and exports medical equipment, became our wholly owned subsidiary in January 2021



α ORTHO-K



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

Expansion of Daily disposable contact lens lineup

- ✓ Daily disposable multifocal contact lenses “1DAY Menicon PremiO multifocal” was released from January 2022

1DAY Menicon

PremiO

multifocal

プレミオ マルチフォーカル



Vision Care
(3)1DAY

New Plant for Daily disposable lenses in Malaysia

- ✓ In order to increase the production capacity of “Daily disposable contact lenses”, a new plant will be established in Malaysia.
- ✓ The annual production volume of the plant will be about 0.5 billion pieces. (The same scale as the Kakamigahara Plant)
- ✓ Aug. 2022 Construction begins
Dec. 2023 Handover
2025 Operation begins
- ✓ Environmentally friendly design, including the installation of solar panels.

Rendering of the completed building



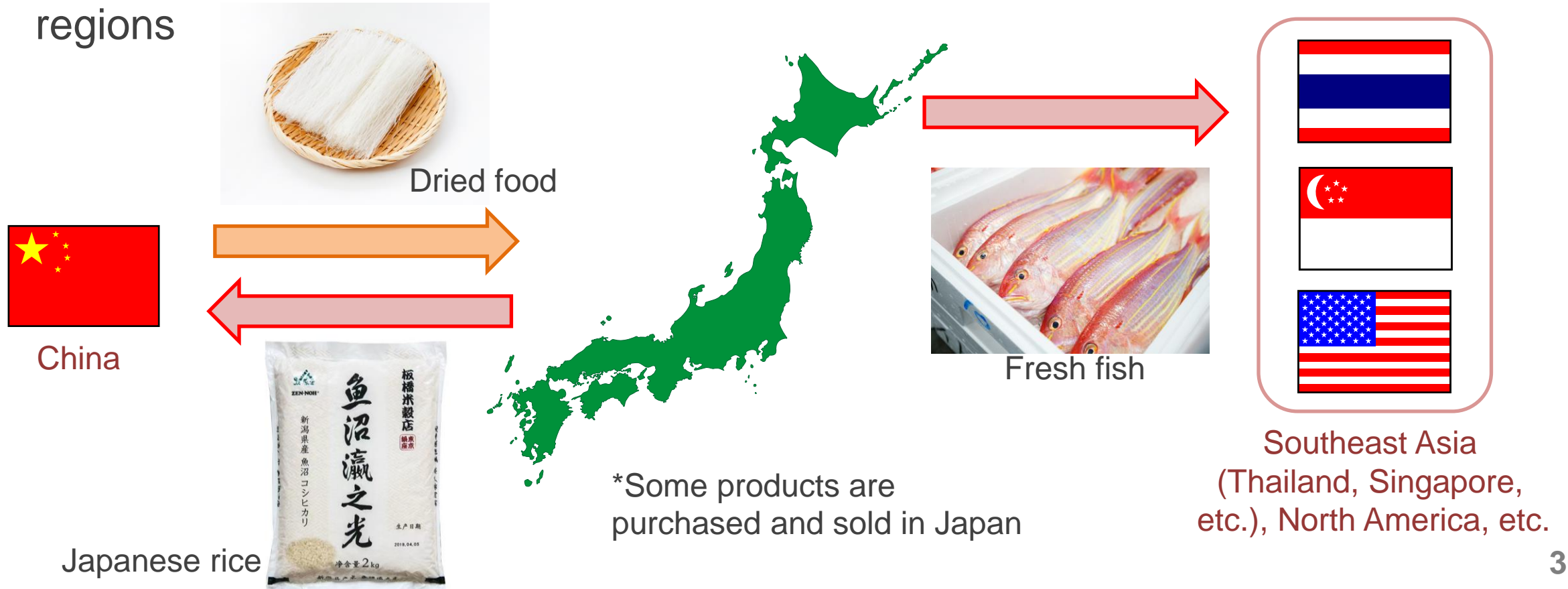
Outline of the new plant

Site Area	About 200,000m ²
Total floor space	About 45,000m ²
Outline of the factory	1 floor above ground(factory) 2 floors above ground (office, etc.)

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



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 February 14, 2022 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.

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- ✓ The document and information provided in this presentation include so-called "forward-looking statements". These are based on current expectations, forecasts and risks assumptions and contain uncertainties that could lead to results that are substantially different from these statements. These risks and uncertainties include general industry and market conditions, general domestic and international economic conditions such as interest rates and currency exchange fluctuations. Even if there is new information or future events, we are not obligated to update or revise the "outlook information" included in this announcement.

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