

Consolidated Financial Results

for the Year Ended March 31, 2022 (FY2021)

Securities Code : 7780



Menicon Co., Ltd.

May 12, 2022



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I. Summary of Consolidated Financial Results for FY2021

➤ Key Factors

Net sales : YoY **+JPY 13.96 bn / +16.2% (increase in sales)**

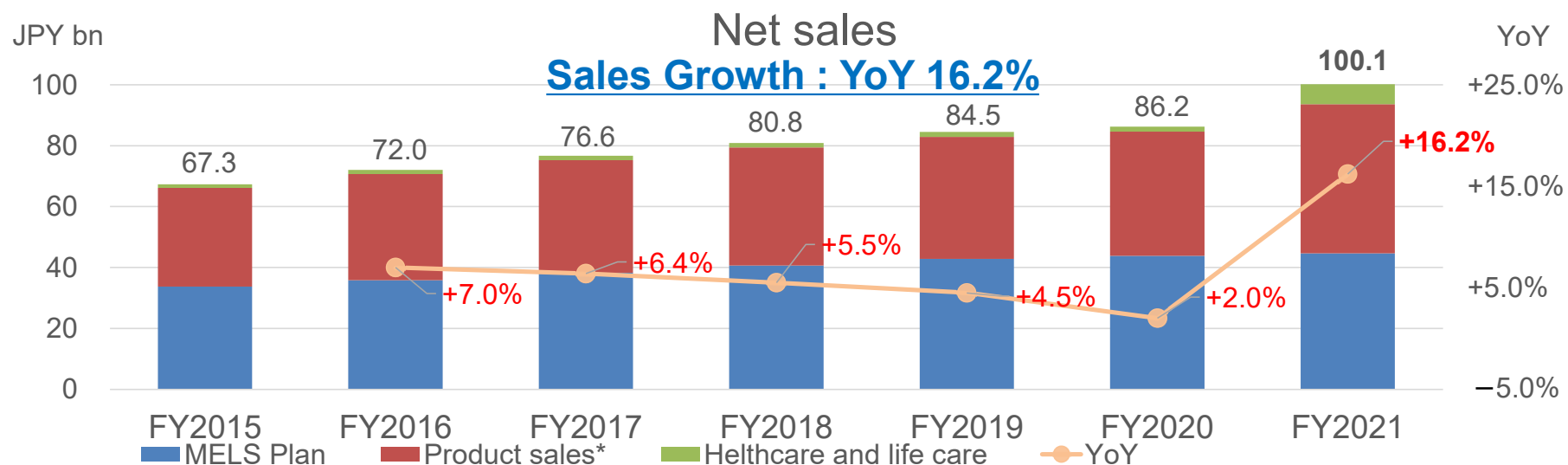
- ✓ Total number of MELS Plan members: **1.34 million**
“Daily disposable contact lenses” membership increased
- ✓ Overseas sales growth due to grouping of Itabashi Trading in China
- ✓ Overseas sales: JPY 15.19 bn → JPY **25.72 bn** (+69.3%)
- ✓ Overseas sales ratio: 17.6% → **25.7%**

Gross profit : YoY **+JPY7.06 bn yen / +15.4% (increase in profit)**
Cost of sales ratio: 46.9% → 47.2%

Operating profit: YoY **+JPY 1.85 bn / +22.8% (increase in profit)**
Operating profit ratio: 9.4% → 9.9%

Key Factors

- ✓ Vision care sales ...
 - Japan : Increase in average monthly membership fee 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 Jan. 2021)



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

Summary of Financial Results for FY2021

	FY2020	FY2021	Difference	YoY
				JPY m
Net sales	86,209	100,172	+13,963	+16.2%
Cost of sales	40,392	47,293	+6,901	+17.1%
(Cost of sales ratio)	46.9%	47.2%	---	(+0.3pt)
Gross profit	45,817	52,879	+7,062	+15.4%
SGA	37,710	42,922	+5,211	+13.8%
(SGA ratio)	43.7%	42.8%	---	(-0.9pt)
Operating profit	8,106	9,957	+1,850	+22.8%
(Operating profit ratio)	9.4%	9.9%	---	(+0.5pt)
Ordinary profit	8,348	10,055	+1,707	+20.5%
Profit attributable to owners of parent	5,952	6,481	+529	+8.9%
Basic earnings per share	JPY 78.84	JPY 85.72	+JPY 6.88	---

Breakdown of Net Sales

	JPY m			
	FY2020	FY2021	Difference	YoY
Net sales	86,209	100,172	+13,963	+16.2%
(1) Vision Care	84,529	93,639	+9,110	+10.8%
Net sales in Japan	69,395	71,404	+2,008	+2.9%
MELS Plan	43,850	44,639	+788	+1.8%
Product sales*1 and others	25,545	26,765	+1,220	+4.8%
Overseas sales	15,133	22,234	+7,101	+46.9%
Europe	8,177	9,052	+875	+10.7%
North America	744	1,126	+381	+51.3%
Asia *2	5,745	11,554	+5,809	+101.1%
Oceania and Africa, etc.	466	501	+34	+7.5%
(2) Healthcare and life care	1,680	6,533	+4,852	+288.8%
Net sales in Japan	1,619	3,045	+1,426	+88.1%
Overseas sales	61	3,487	+3,426	+5592.2%

*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

JPY 10.01 bn

YoY +JPY 13.96 bn*
(+16.2%)

(1) Vision Care Sales
+JPY 9.11 bn

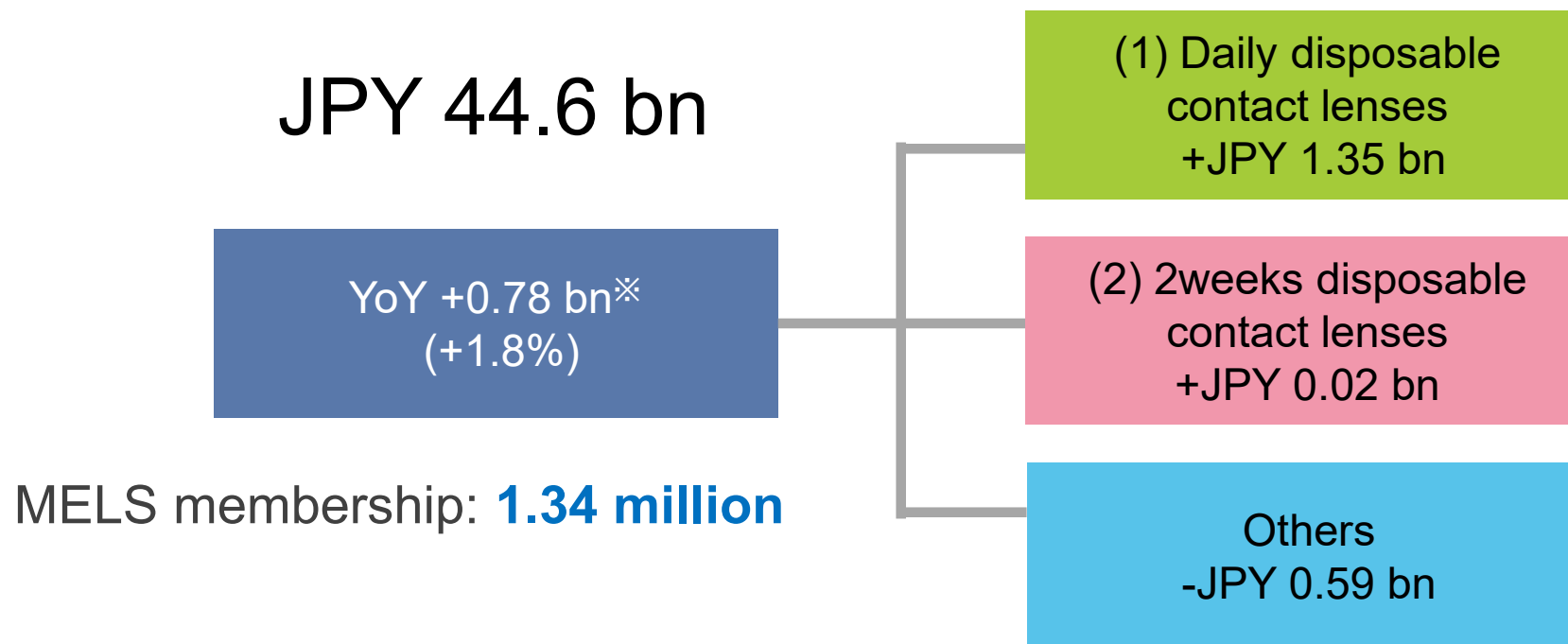
(2) Healthcare and life care Sales
+JPY 4.85 bn

Key factors

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

*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 1.37 bn

MELS Plan Sales

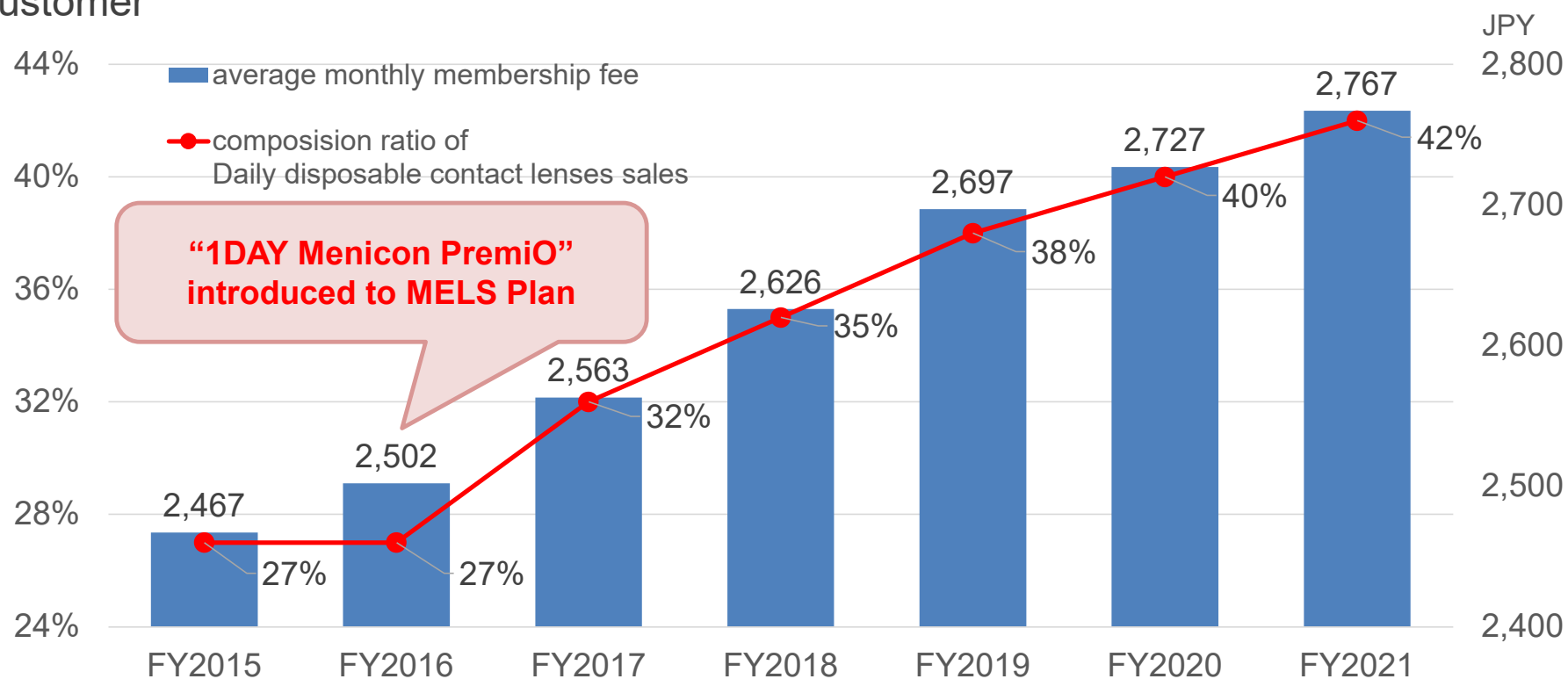


Key factors
 (1) Increase in the number of Daily disposable contact lenses members
 (2) Increase in the number of Multi/bi focal contact lenses members with high monthly membership fee

*Includes the impact of application of the Revenue Recognition Accounting Standard, etc. : -JPY 0.32 billion

MELS Plan Daily Disposable Contact Lenses Composition

- ✓ Increase in the composition of Daily disposable contact lenses sales
- ✓ Increase in sales of MELS Plan due to increase in average monthly membership fee customer



Vision care
Product sales
(Japan & Overseas)

Breakdown of
net sales

Contact Lenses and Lens Care Products Sales

JPY 49.0 bn

YoY +JPY 8.32 bn*
(+20.5%)

(1) Daily disposable contact lenses
+JPY 1.28 bn

(2) Other contact lenses
+JPY 1.51 bn

(3) Orthokeratology lenses
+JPY 1.19 bn

(4) Lens care products
+JPY 4.34 bn

Key factors

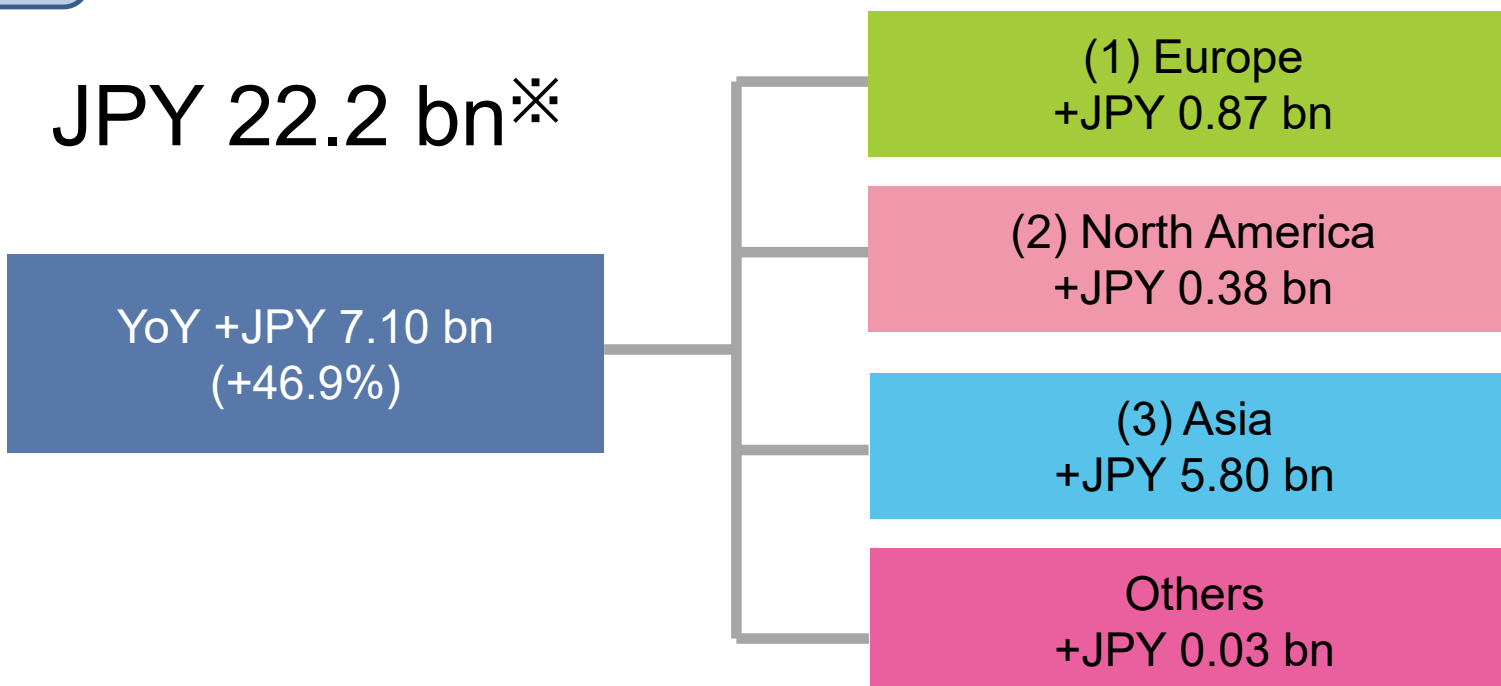
- (1)(2) Sales growth due to recovery in demand in Japan and overseas
- (3)(4) Sales growth in China

*Includes the impact of the application of the Revenue Recognition Accounting Standard, etc. : -JPY -0.89 bn.

Vision care
Product sales
(Overseas)

Breakdown of
net sales

Overseas Sales (by Region)



Key factors

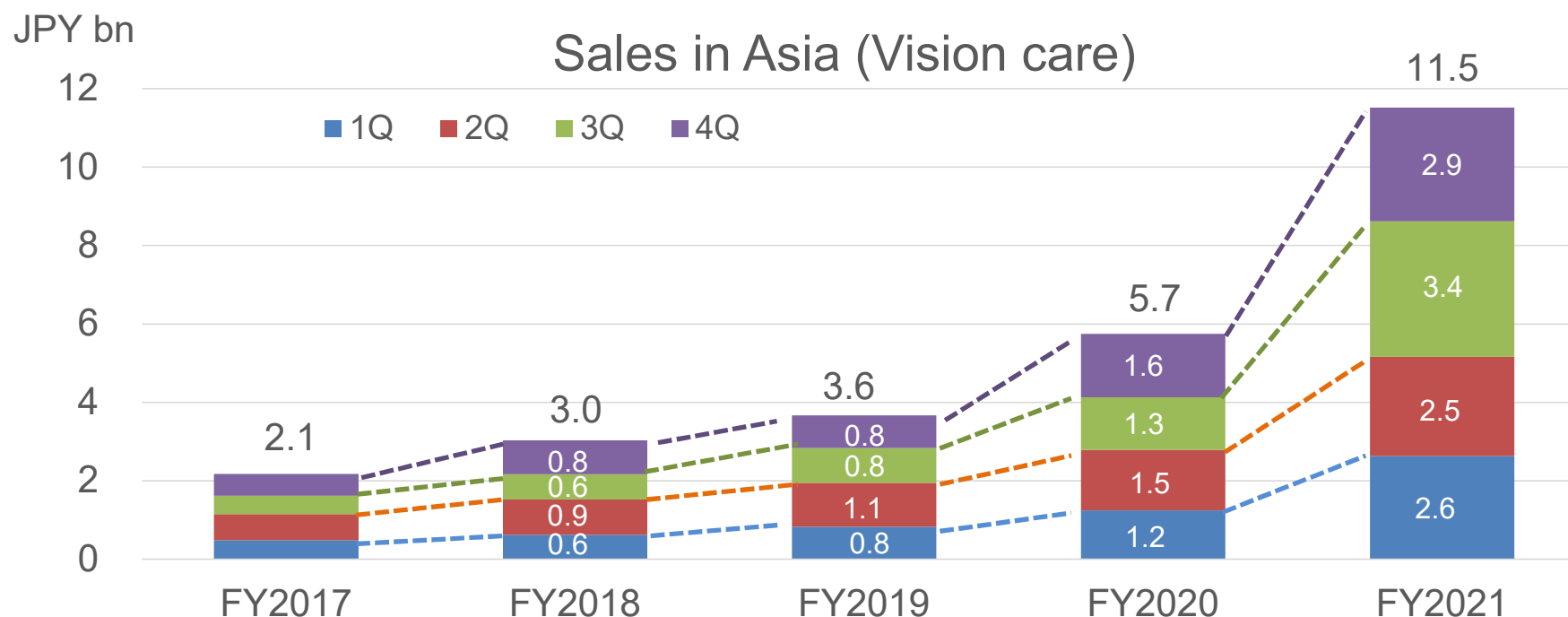
- (1) Europe: Sales growth of “Disposable contact lenses” (Daily and 1month)
- (2) North America: Sales growth of “Daily disposable contact lenses” and “Lens care products”
- (3) Asia: Sales growth of “Orthokeratology Lenses” and “Lens care products”

* Since the fiscal year end of Menicon Japan and the Chinese subsidiary is different, our consolidated full-year financial results (Apr. to Mar.) include the full-year financial results (Jan. to Dec.) of the Chinese subsidiary.

Vision care
Product sales
(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

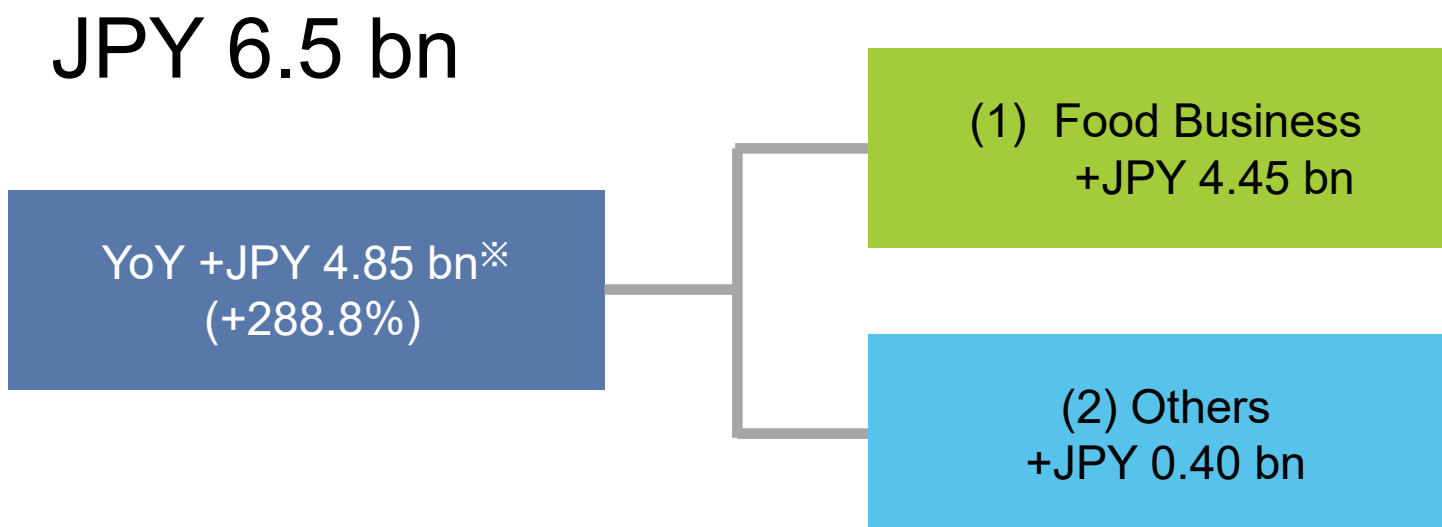


Prior to FY2020, major exports to China through domestic distributors are included.

**Healthcare
And life care**

Breakdown of
net sales

Healthcare and Life Care Sales



Key factors

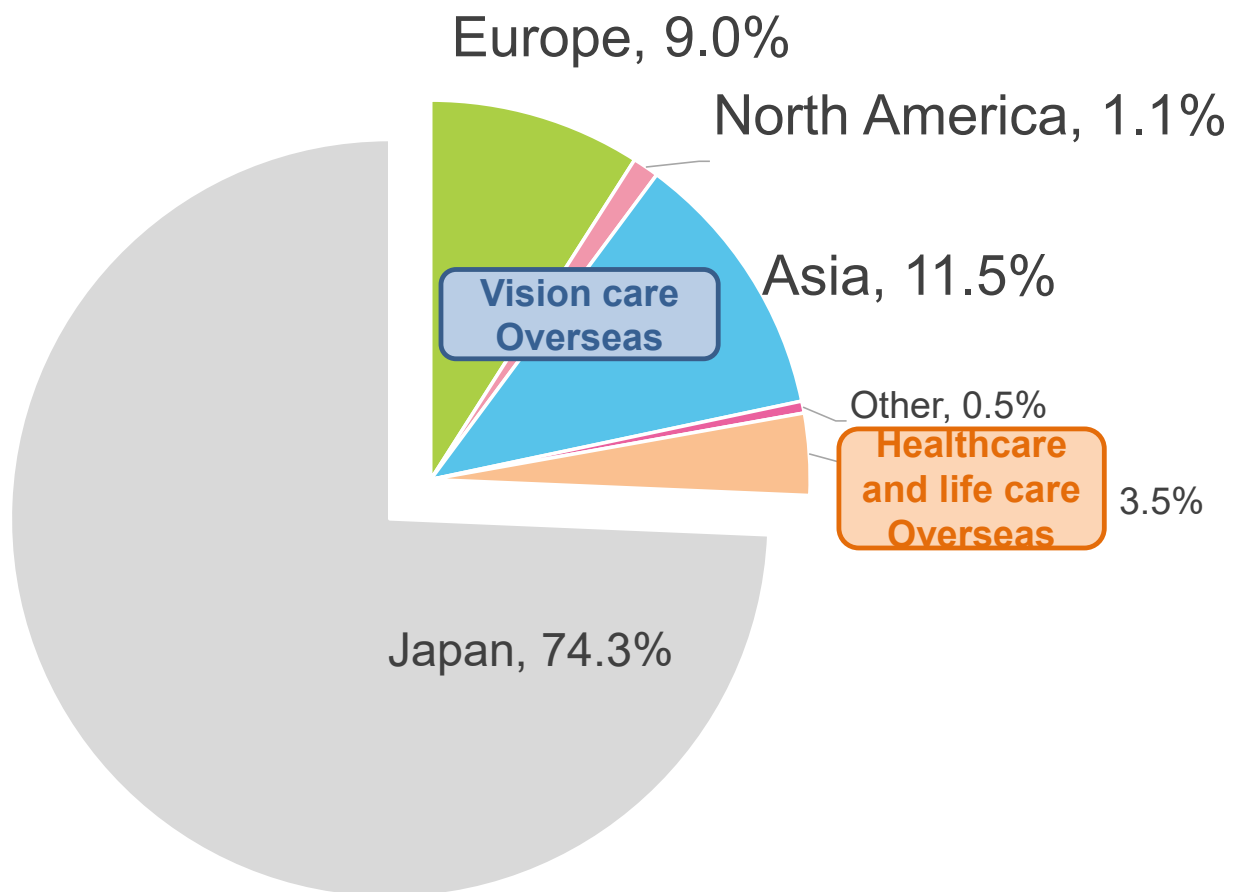
- (1) Addition of Food business by Itabashi Trading
- (2) Sales growth in Veterinary medical business (Meni-One) and Environmental business, etc.

* Includes the impact of the application of the Revenue Recognition Accounting Standard, etc. : -JPY 0.16 bn.

Vision care

Healthcare and life care

Overseas Sales Ratio



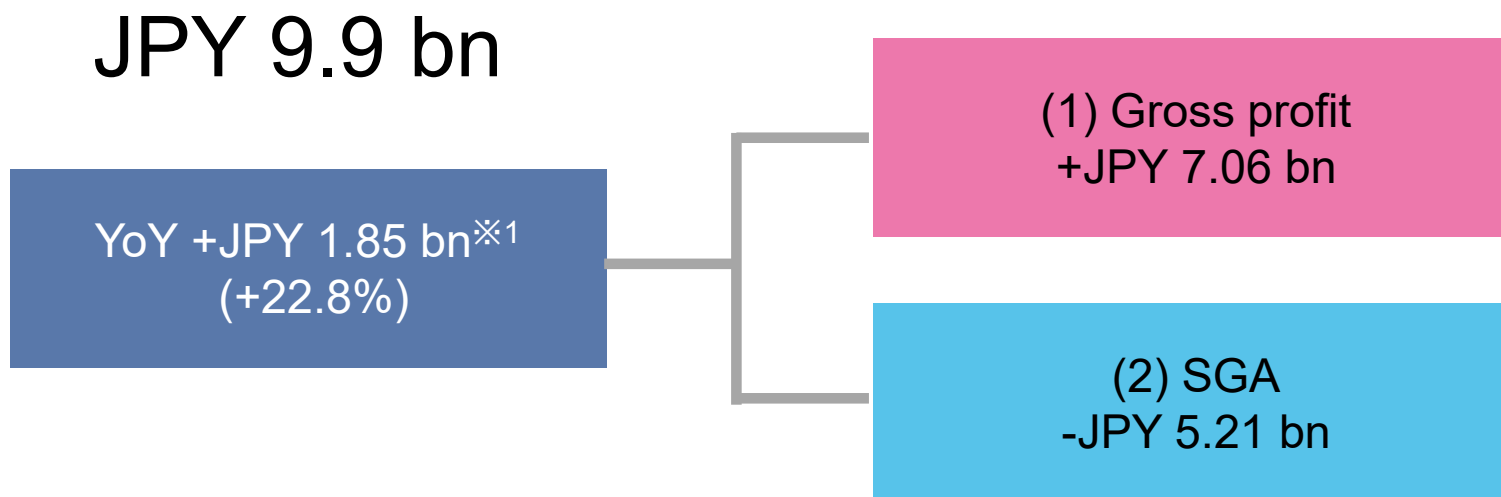
Overseas sales ratio

FY2020
17.6% (JPY 15.19 bn)

↓ **+8.1pt**

FY2021
25.7% (JPY 25.72 bn)

Operating Profit



Key factors

(1)(2) Gross profit and SGA increased due to increase in number of group companies ※2

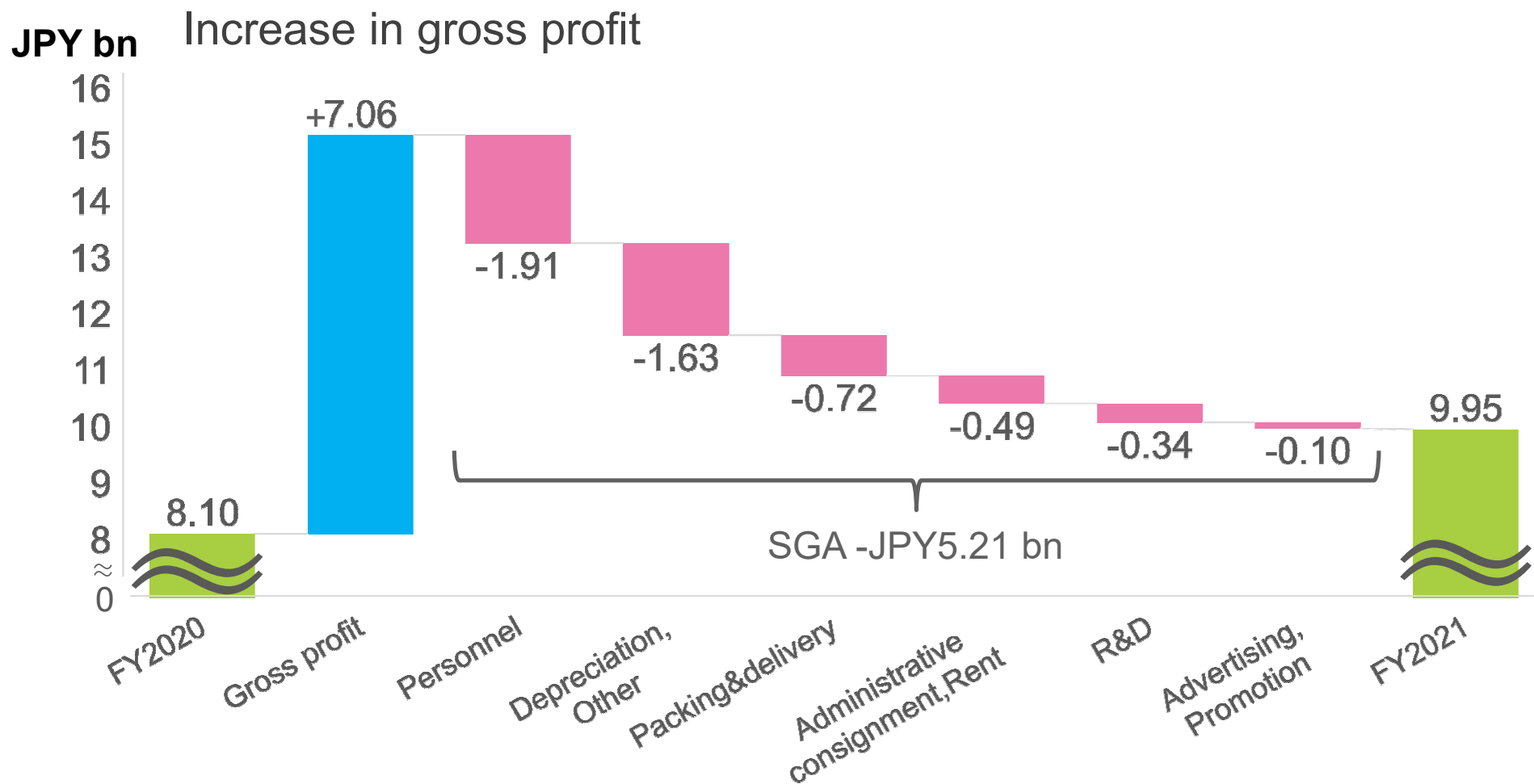
Operating profit ratio: 9.4% → 9.9% (+0.5pt)

Efficient use of SGA increased profit ratio

※1 Including the impact of the of the Revenue Recognition Accounting Standard, etc. : -JPY 0.08 bn

※2 Hamano Contact and Itabashi Trading Group

Operating Profit Analysis



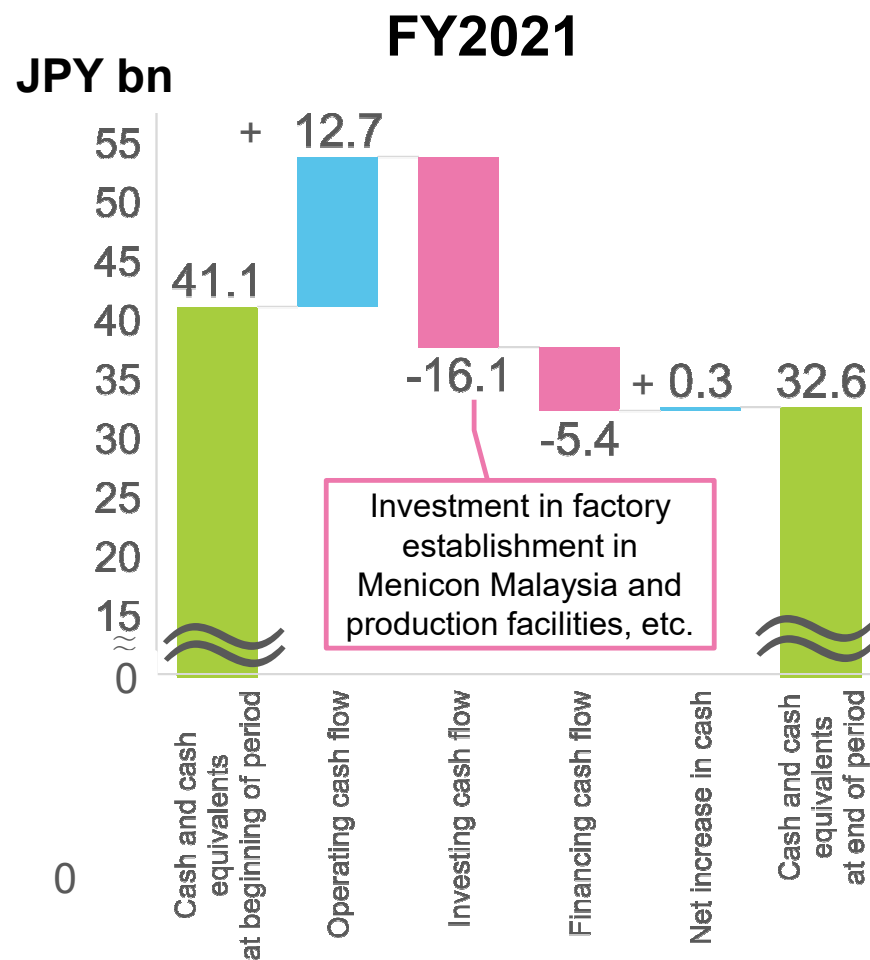
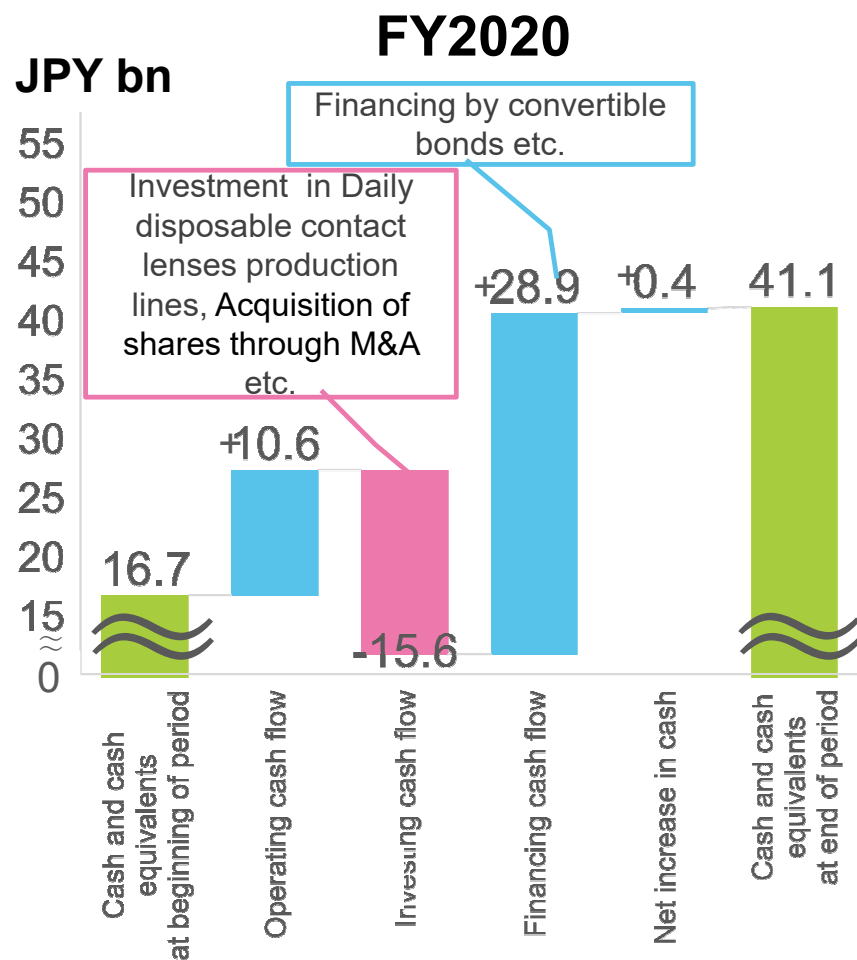
Summary of Balance Sheet

	Mar. 31, 2021	Mar. 31, 2022	Difference		Mar. 31, 2021	Mar. 31, 2022	Difference	JPY m
Cash and deposits	41,455	33,046	-8,408	Cash outflows due to fixed assets acquisition	Notes and accounts payable - trade	4,205	4,894	+ 689
Notes and accounts receivable - trade	10,735	11,269	+ 534		Short-term debt	4,968	4,800	-167
Inventories	15,501	15,785	+ 283		Accounts payable - other	5,167	4,748	-418
Other	2,515	4,086	+ 1,570		Other	8,188	8,244	+ 55
Total current assets	70,207	64,188	-6,019	Investment in Factory Establishment and production facilities, etc.	Total current liabilities	22,530	22,688	+ 158
Property, plant & equipment	39,301	49,421	+ 10,119		Long-term debt	17,470	14,735	-2,735
Intangible assets	12,627	11,601	-1,025		Convertible Bonds with stock acquisition rights	22,868	22,902	+ 34
Investments and other assets	5,017	5,767	+ 749		Other	3,299	3,606	+ 306
Total non-current assets	56,946	66,790	+ 9,844	Total non-current liabilities	43,638	41,244	-2,393	Redemption of bonds and repayment of the loan , etc.
Total assets	127,153	130,978	+ 3,824	Total liabilities	66,168	63,933	-2,235	
					Total net assets	60,985	67,045	+6,060

March 31, 2022

Capital ratio	49.7%
Cash and deposits	33,046
Total debt	42,439

Cash Flow Comparison



II. Forecast of Consolidated Financial Results for FY2022

Net sales : Full-year forecast JPY 107.8 bn

YoY: **+JPY 7.6 bn / +7.6%**

- MELS Plan:

Total number is expected to reach 1.36 million members.

- Contact lenses and Lens care products :

Sales Growth of “Daily disposable contact lenses” in Japan and overseas, “Orthokeratology lenses” and “Lens care products” in China is expected.

Gross profit : Full-year forecast JPY 57.3 bn

YoY **+JPY 4.4 bn / +8.4%**

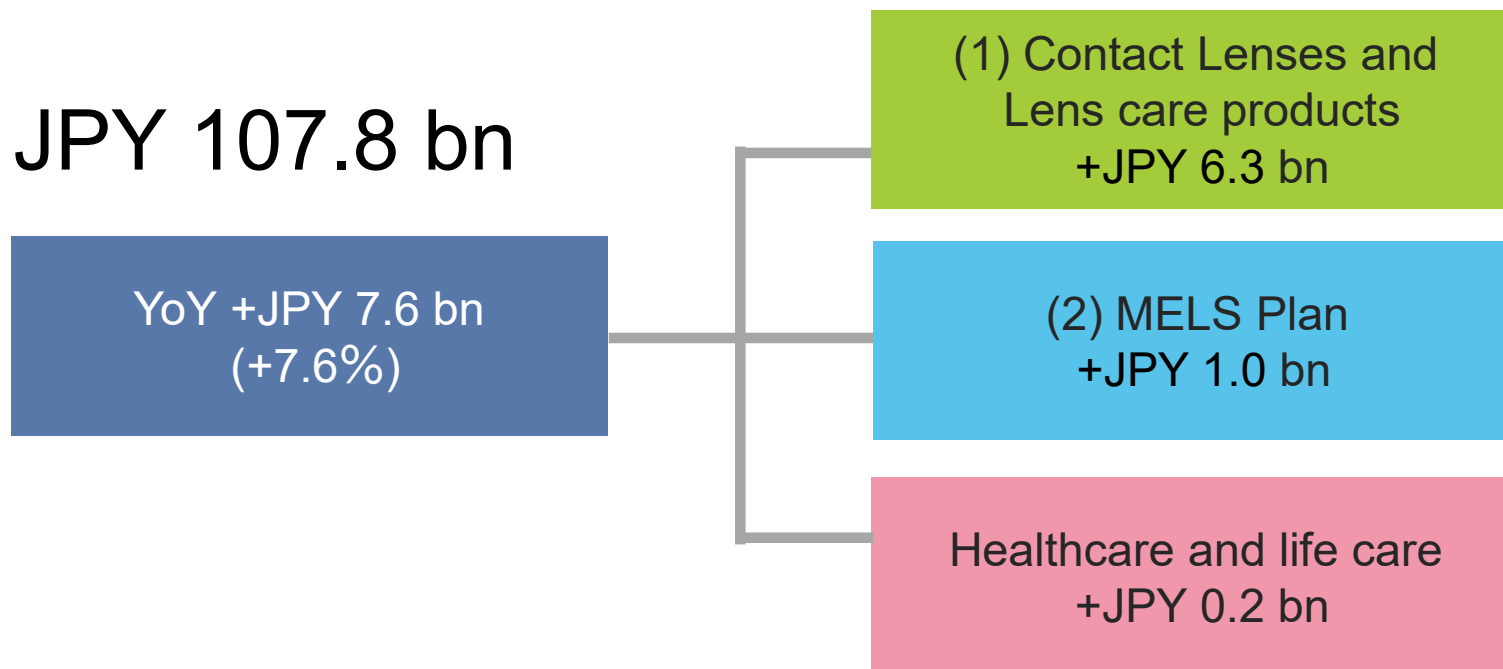
Operating profit : Full-year forecast JPY 10.4 bn

YoY **+JPY 0.4 bn / +4.4%**

Forecast of Financial Results

		JPY m			
	FY2021		FY2022 (Forecast)	Difference	YoY
Net sales	100,172	⇒	107,800	+7,627	+7.6%
Cost of sales	47,293		50,500	+3,206	+6.8%
(Cost to sales ratio)	47.2%		46.8%	(-0.4pt)	---
Gross profit	52,879		57,300	+4,420	+8.4%
SGA	42,922		46,900	+3,977	+9.3%
(SGA ratio)	42.8%		43.5%	(+0.7pt)	---
Operating profit	9,957		10,400	+442	+4.4%
(Operating profit ratio)	9.9%		9.6%	(-0.3pt)	---
Ordinary profit	10,055		10,100	+44	+0.4%
Profit attributable to owners of parent	6,481		6,800	+318	+4.9%
Basic earnings per share	JPY 85.72		JPY 89.65	+JPY 3.93	---

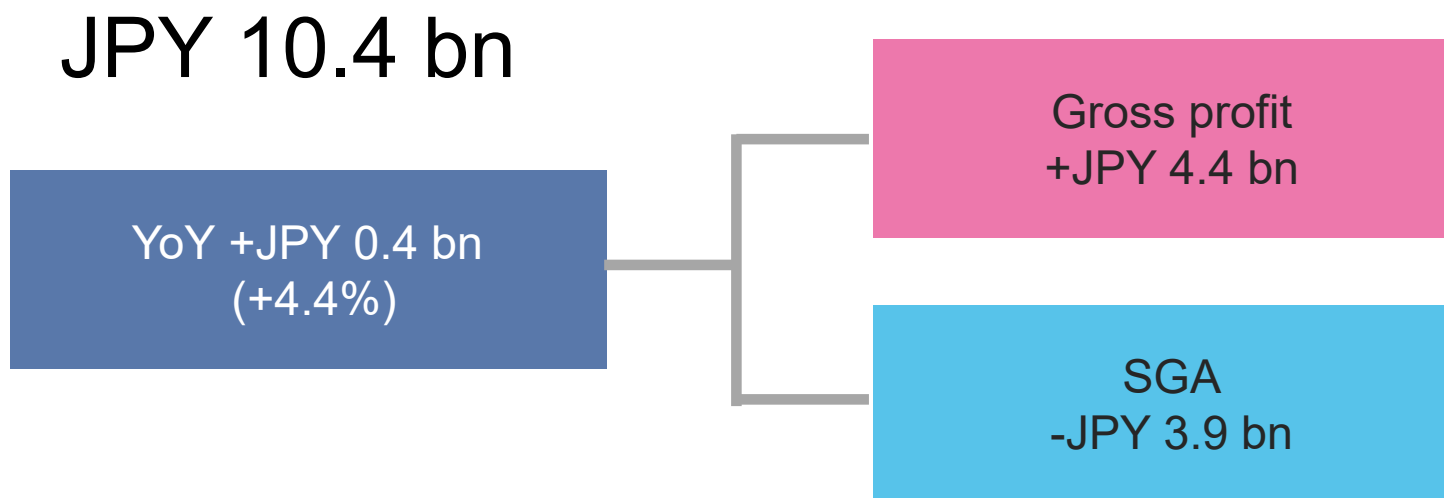
Net Sales Forecast



Key factors

- (1) Sales growth of “Orthokeratology lenses” and “Lens care products” in China is expected.
- (2) Increase in the number of MELS Plan members, mainly Daily disposable contact lenses, is expected.

Operating Profit Forecast



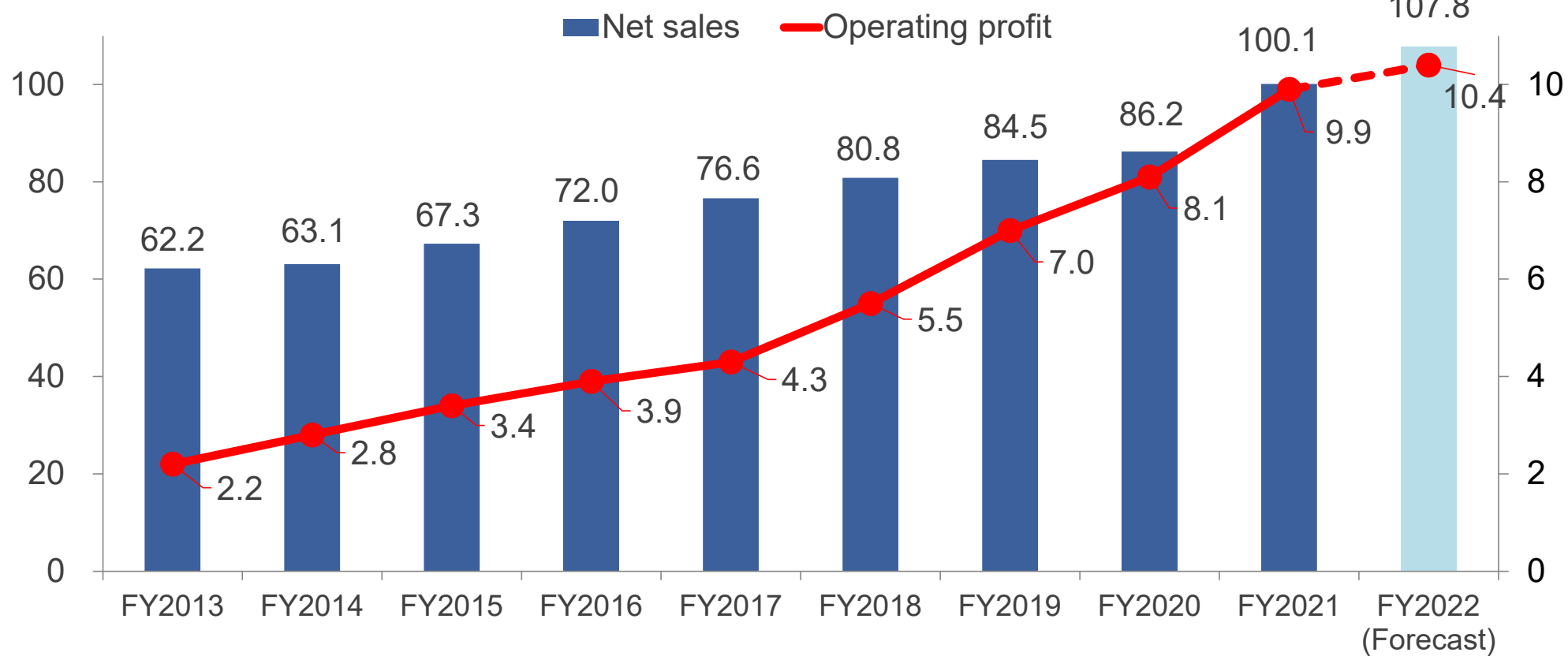
Key factors

- Gross profit is expected to increase due to increase in net sales.
- Amount of expenses, mainly promotion expenses, is plan to increase.

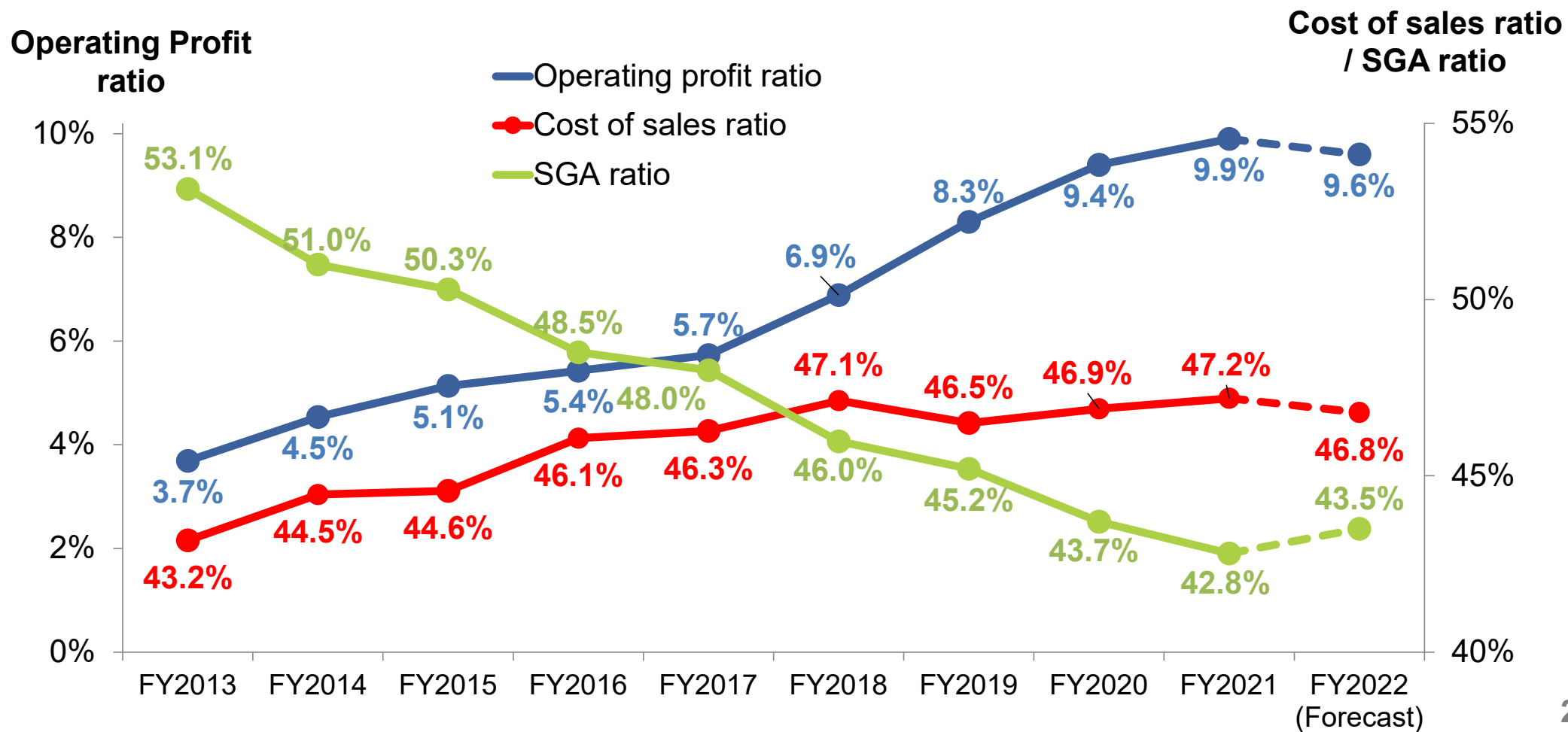
Annual Net Sales / Operating Profit Trends

Net sales
(JPY bn)

Operating profit
(JPY bn)



Cost of Sales Ratio / SGA Ratio / Operating Profit Ratio

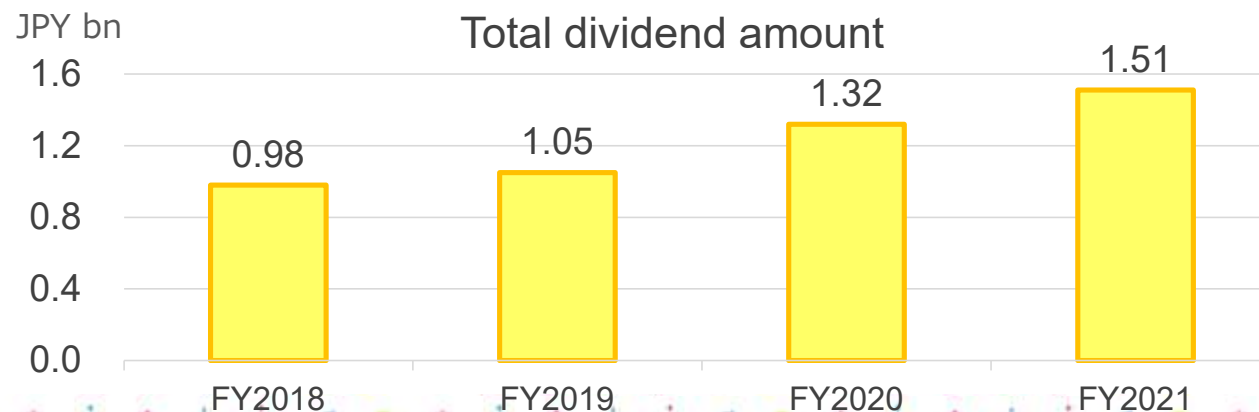


Dividend Forecast

- ✓ Annual dividend per share for FY2021: **JPY 20.0** (before the split: JPY 40.0)
- ✓ Annual dividend forecast per share for FY2022: **JPY 20.0**

	FY2018	FY2019	FY2020	FY2021	FY2022 (Forecast)
Dividend per Share*	JPY 14.0	JPY 14.0	JPY 17.5 Ordinary dividend JPY 15.0 Commemorative dividend JPY 2.5	JPY 20.0	JPY 20.0
Dividend payout ratio	27.6%	24.9%	22.2%	23.3%	22.3%

*Calculations are based on assumption that the stock split was conducted at the beginning of FY2018.

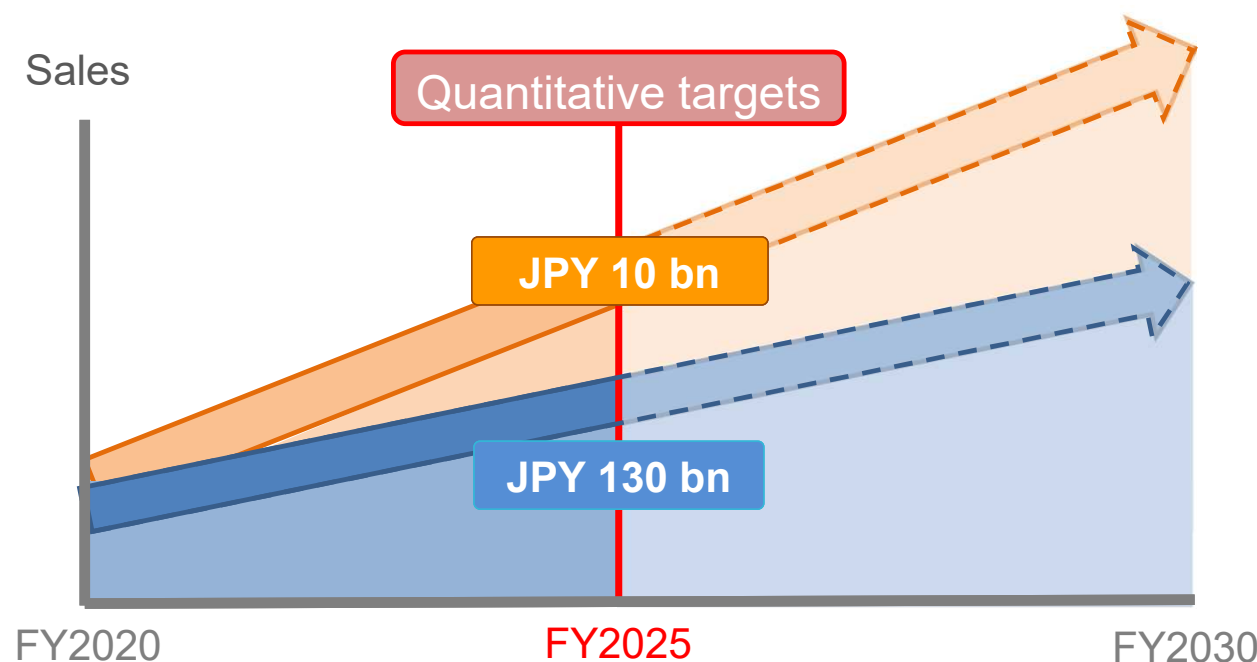


III. Progress of the Medium-Term Management Plan “Vision 2030”

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

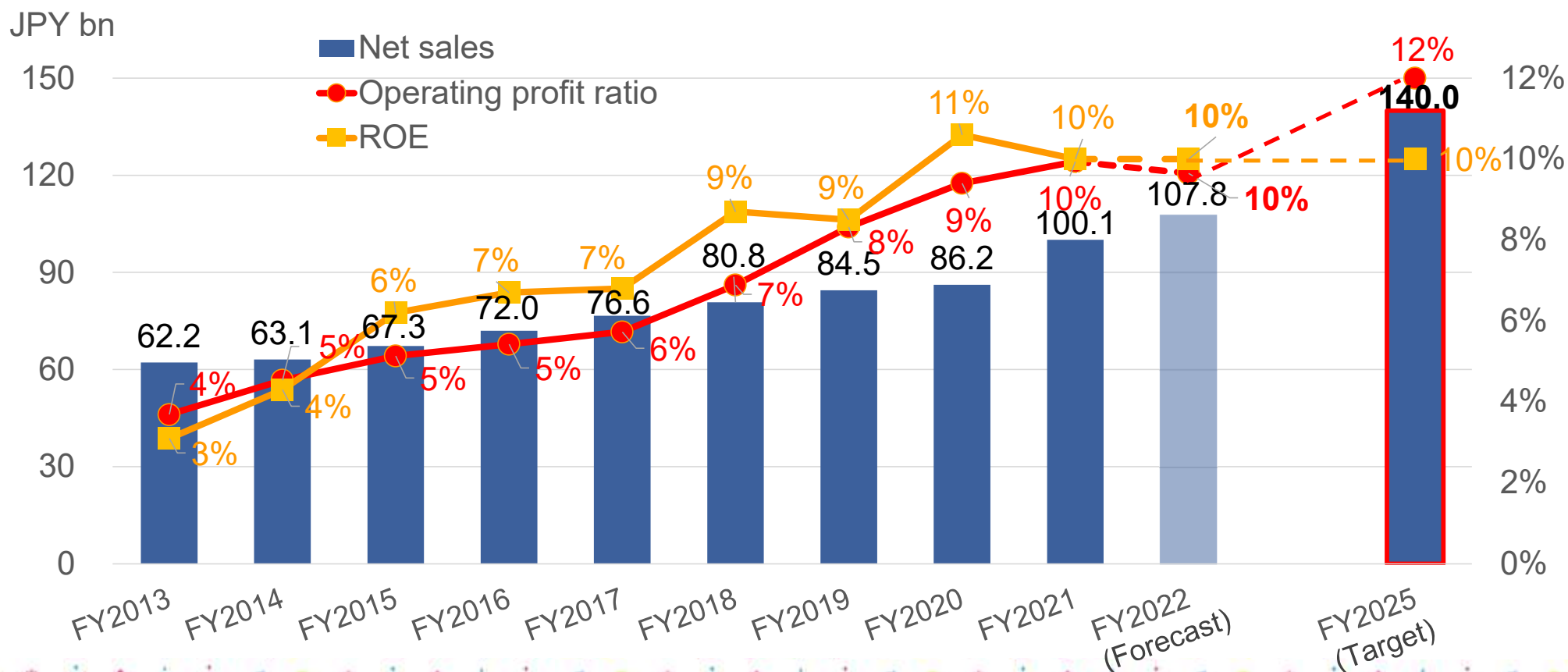
- Pet life
- Health / Food business
- Environmental business

[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

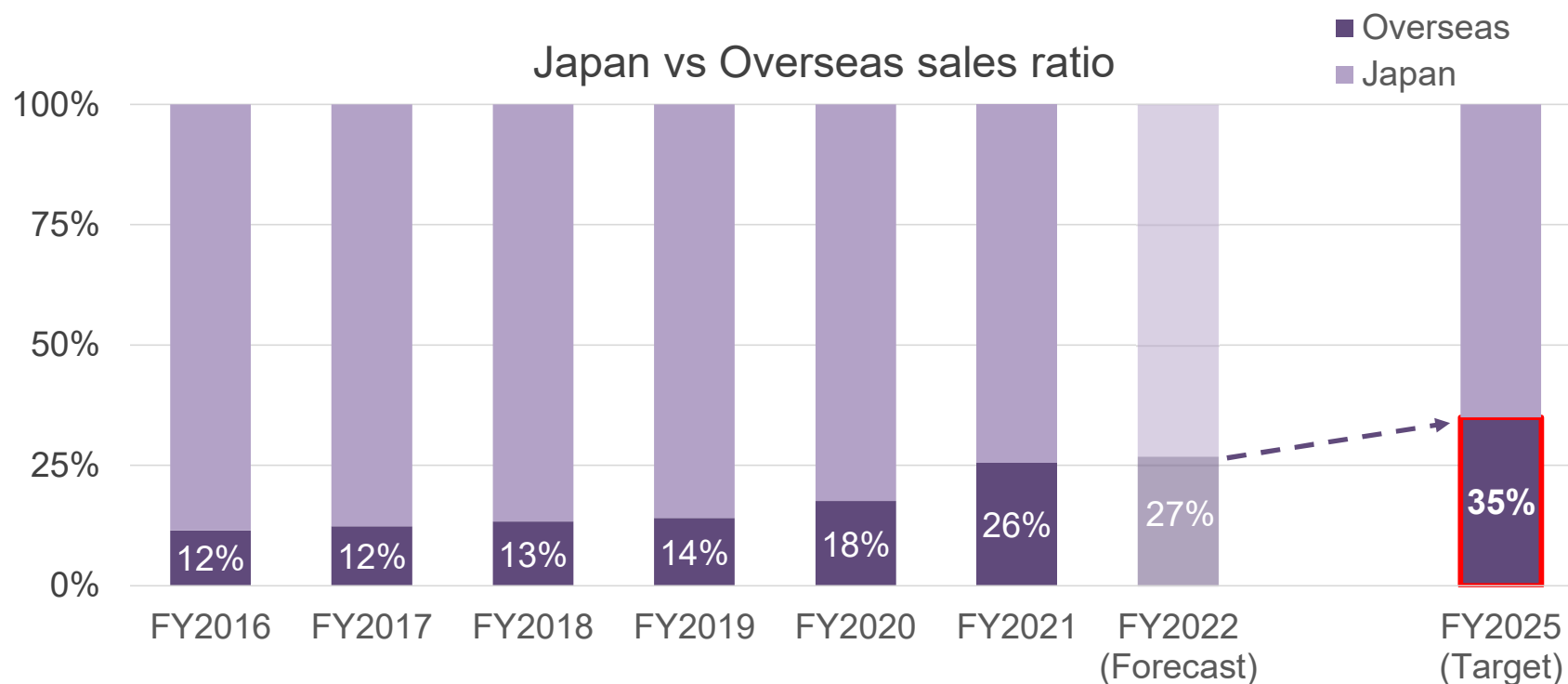
Net Sales / Operating Profit Ratio / ROE

- ✓ FY2021 Net sales : **JPY 100.1 bn** / Operating profit ratio : **10%** / ROE : **10%**
- ✓ Steady progress toward the target for FY2025



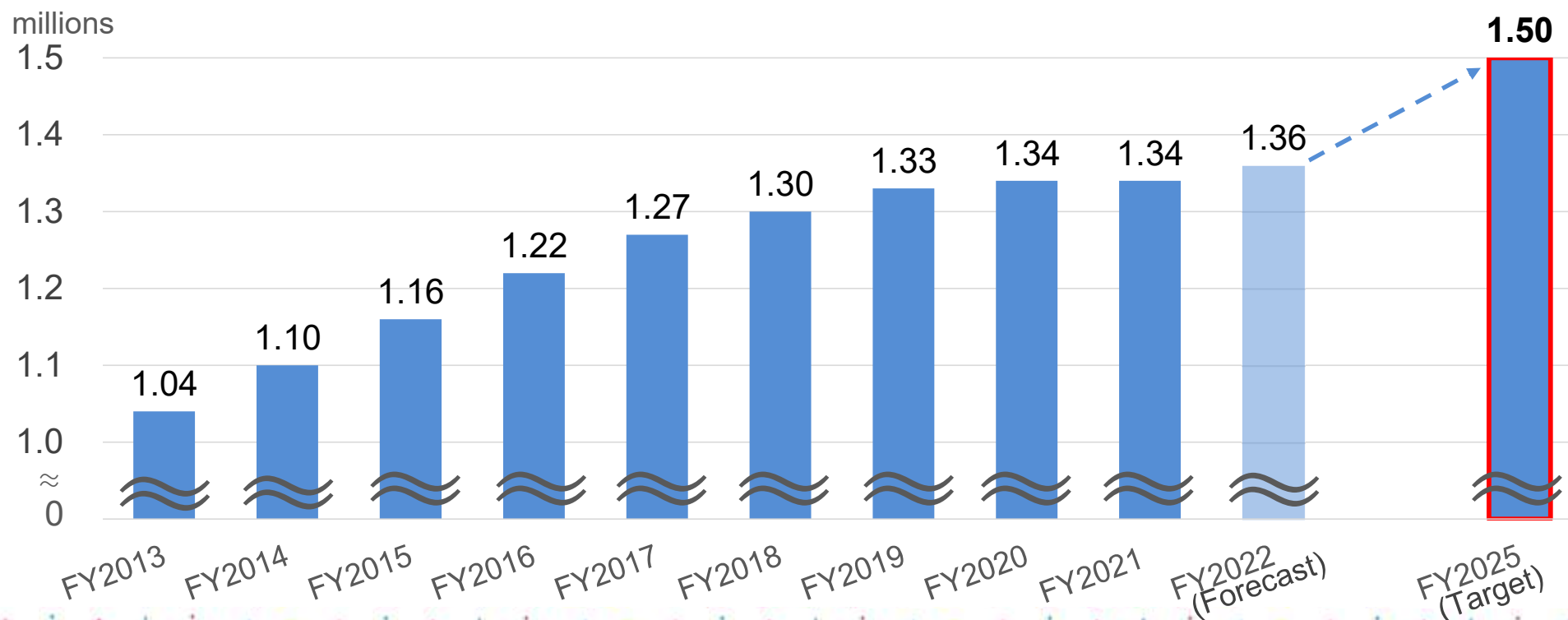
(1) Expansion of Overseas Sales (Increase in Ratio)

- ✓ FY2021 : **26%** / FY2025 (Target) : **35%**
- ✓ Expanding sales of “Daily disposable contact lenses”, “Orthokeratology lenses” and “Lens care products”



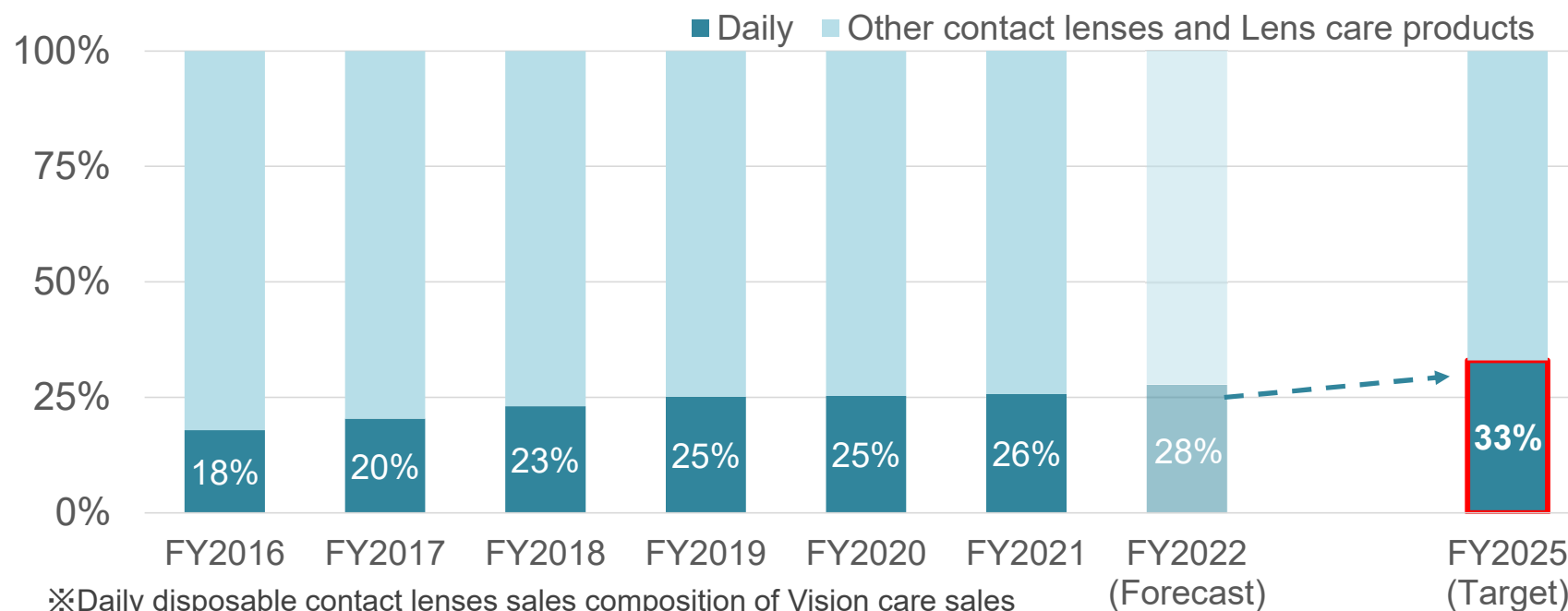
(2) Further expansion of MELS Plan

- ✓ FY2021 : **1.34 million members** / FY2025 (Target) : **1.50 million members**
- ✓ In addition to expanding the product lineup and strengthening the sales network, promotional activities will be implemented.



(3) Expansion of Daily Disposable Contact Lenses Sales (Increase in Ratio)

- ✓ FY2021 : **26%** / FY2025 (Target) : **33%**
- ✓ Increasing MELS Plan members in Japan and customer acquisition through major mass retail chain stores in overseas markets



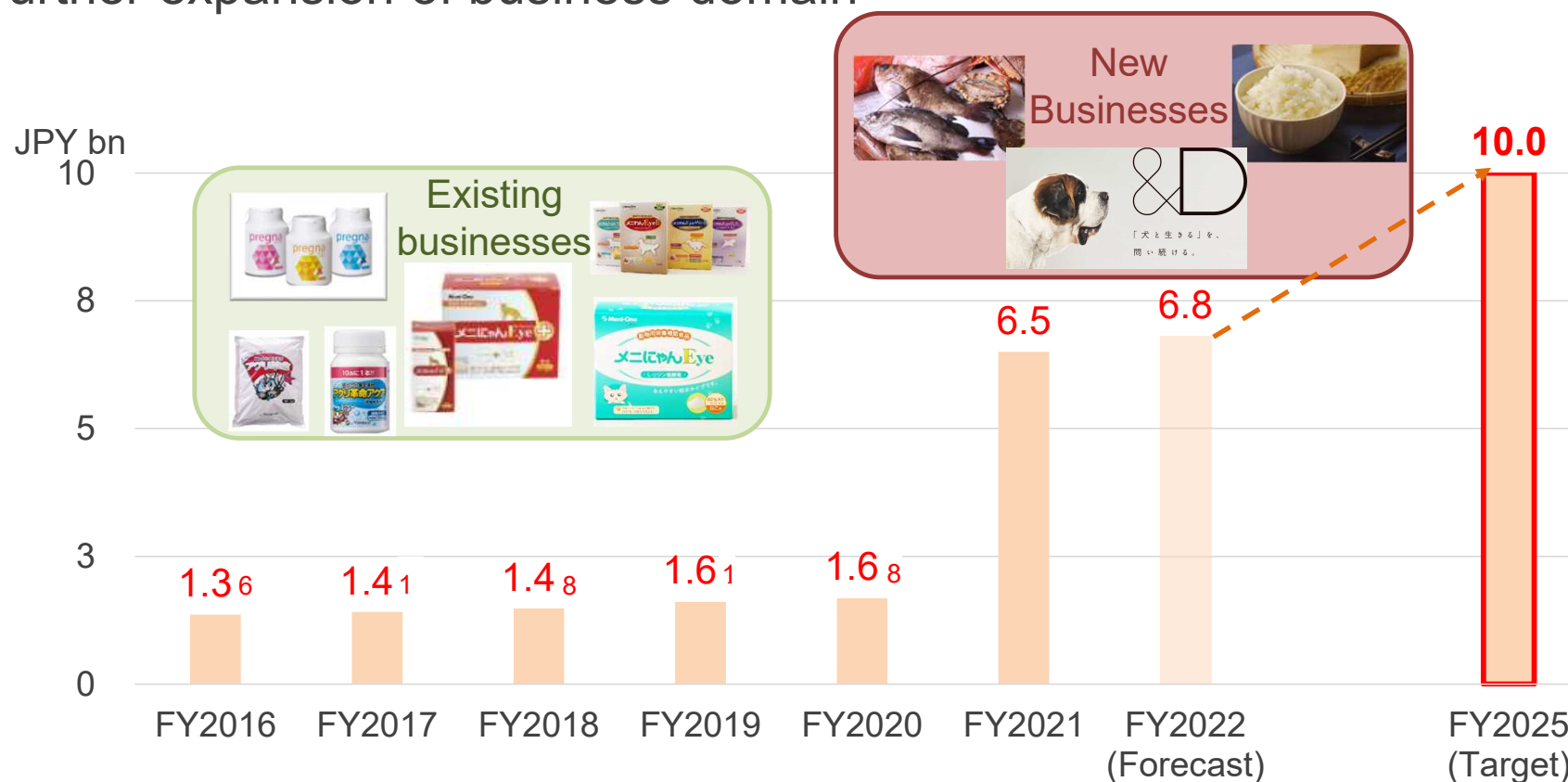
※Daily disposable contact lenses sales composition of Vision care sales

(Forecast)

(Target)

Expansion of Healthcare and Life Care Business

- ✓ FY2021 : **JPY 6.5 bn** / FY2025 (Target) : **JPY 10.0 bn**
- ✓ Further expansion of business domain



IV. Growth Strategies

Vision care

- ✓ New plant for Daily disposable contact lenses in Malaysia
- ✓ Bifocal contact lens series “Lactive”
- ✓ Deployment of content for young people
- ✓ “Menicon Bloom™”, Treatment Plan for Myopia Control

Healthcare and life care

- ✓ Life support business
- ✓ Further expansion of Food business

Vision care
1DAY

New Plant for Daily Disposable Contact 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 Completion of the building
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(plant) 2 floors above ground (office, etc.)



Vision care
Japan

Multi/Bi focal Contact Lens Series “Lactive”

- ✓ The Multi/bi focal contact lens series is named “Lactive”.
TV commercials featuring Sho Sakurai as the new commercial character.

Lactive

FY2025 Domestic sales target
JPY 10 bn based on retail sales
25% share (No.1 share in Japan)

Daily contact lenses	2WEEK contact lenses	3MONTH contact lenses (RGP)	Conventional contact lenses (RGP)	Colored contact lenses
 <p>From Jan. 2022 line-up</p>				<p>Coming soon!?</p>

Deployment of Content for Young People

- ✓ Deploying content aimed at younger customers and appealing to older customers with Multi/bi focal lenses, aiming to expand the membership base and increase the lifetime value of contact lens users.



https://www.menicon.co.jp/campaign/es_menicon/

Vision care
Overseas

“Menicon Bloom™”, Treatment Plan for Myopia Control

- ✓ “Menicon Bloom™”, treatment plan for myopia control, to be introduced in Netherlands in 2019 and seven other countries: the U.K., France, Spain, Italy, Austria, Australia, and Singapore, Australia, Singapore in Mar. 2022.

SEE THEIR
IMAGINATION
BLOOM

Menicon
BLOOM™



✓ Enhanced lineup of health care supplements

Supplement with Placenta
Released in May 2021



Carefully selected "Placenta" containing various useful substances. A luxurious blend of high-quality domestic placenta ingredients.

Supplement with Fiber Inulin and Lactobacillus
Released in Dec. 2021



Contains water-soluble dietary fiber "Inulin" that supports good bacteria and about 10 billion "lactic acid bacteria".

Further Expansion of Food Business

- ✓ Further expand the scale of sales in the Food business as a pillar of the Healthcare and life care business.
- ✓ Aiming to also improve profitability by developing new business partners and expanding sales regions.



Export
(Fresh fish, etc.)

Export to Southeast Asia
and North America



Export
(Japanese rice)

Export to China,
North America, and
other countries



Import
(Dried food, etc.)

Import from China
and other countries
and processing and
sales domestically



Domestic Purchasing
and Sales
(Sesame dressing)

Additive-free
Confidence in flavor
and richness

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 May 12, 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.

- Notes on forward-looking statements

- ✓ 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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