



# Consolidated Financial Results for the Three Months Ended June 30, 2022

Securities Code : 7780



Menicon Co., Ltd.

August 12, 2022



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for FY2022 1Q

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# I . Summary of Consolidated Financial Results for FY2022 1Q

## Key Factors

### ➤ Consolidated Financial Results for FY2022 1Q

Net sales : **JPY 26.8 bn** / YoY **+11.5%** (increase in sales)

✓ Total number of MELS Plan members: **1.34 million**  
“Daily disposable contact lenses” membership increased

✓ Overseas sales growth mainly in Asia (China)

Overseas sales : JPY 5.91 bn → **JPY 7.76 bn** (+31.2%)

Overseas sales ratio : 24.6% → **28.9%** (+4.3pt)

Gross profit : **JPY 14.5 bn** / YoY **+13.9%** (increase in profit)

Cost of sales ratio : 47.1% → **46.0%** (-1.1pt)

Operating profit : **JPY 3.4 bn** / YoY **+34.4%** (increase in profit)

Operating profit ratio : 10.6% → **12.8%** (+2.2pt)

## Summary of Financial Results for FY2022 1Q

JPY m

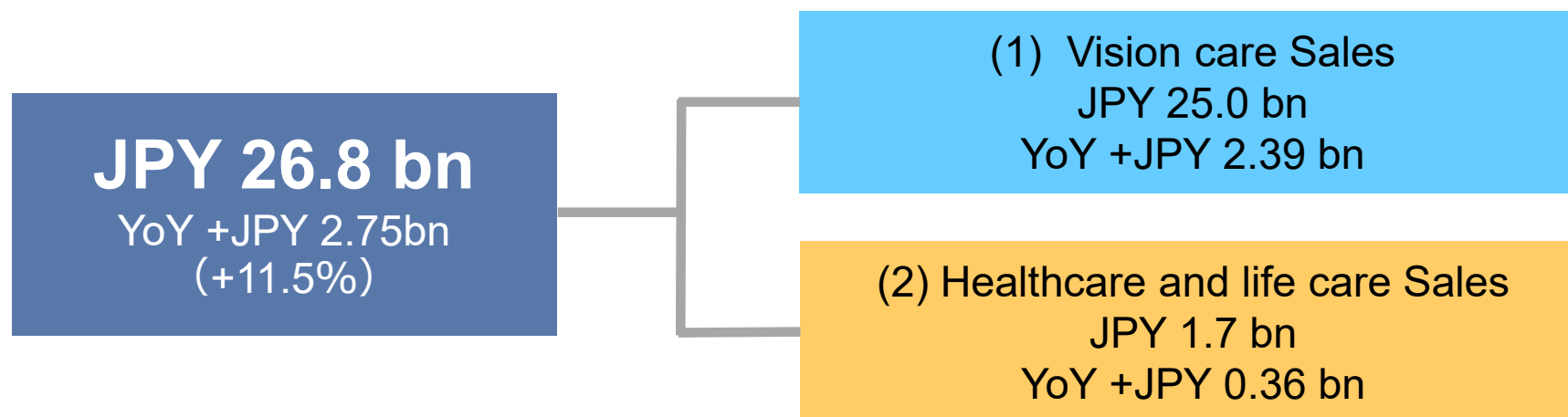
|  | FY2021<br>1Q  | FY2022<br>1Q  | YoY           |
|--|---------------|---------------|---------------|
| <b>Net Sales</b>                               | <b>24,085</b> | <b>26,844</b> | <b>+11.5%</b> |
| Cost of sales                                  | 11,343        | 12,337        | +8.8%         |
| (Cost of sales ratio)                          | 47.1%         | 46.0%         | (-1.1pt)      |
| Gross profit                                   | 12,741        | 14,507        | +13.9%        |
| SGA  | 10,189        | 11,078        | +8.7%         |
| (SGA ratio)                                    | 42.3%         | 41.3%         | (-1.0pt)      |
| <b>Operating profit</b>                        | <b>2,551</b>  | <b>3,428</b>  | <b>+34.4%</b> |
| (Operating profit ratio)                       | 10.6%         | 12.8%         | (+2.2pt)      |
| <b>Ordinary profit</b>                         | <b>2,588</b>  | <b>3,306</b>  | <b>+27.7%</b> |
| <b>Profit attributable to owners of parent</b> | <b>1,690</b>  | <b>2,121</b>  | <b>+25.4%</b> |

## Breakdown of Net Sales

|                              | JPY m      |            |        |
|------------------------------|------------|------------|--------|
|                              | FY 2021 1Q | FY 2022 1Q | YoY    |
| Net sales                    | 24,085     | 26,844     | +11.5% |
| (1) Vision care              | 22,689     | 25,087     | +10.6% |
| Net sales in Japan           | 17,477     | 18,256     | +4.5%  |
| MELS Plan                    | 11,087     | 11,357     | +2.4%  |
| Product sales* and others    | 6,389      | 6,899      | +8.0%  |
| Overseas sales               | 5,212      | 6,830      | +31.0% |
| Europe                       | 2,220      | 2,582      | +16.3% |
| North America                | 253        | 375        | +48.4% |
| Asia                         | 2,625      | 3,723      | +41.8% |
| Oceania and Africa, etc.     | 112        | 149        | +32.3% |
| (2) Healthcare and life care | 1,395      | 1,757      | +25.9% |
| Net sales in Japan           | 690        | 822        | +19.2% |
| Overseas sales               | 705        | 934        | +32.5% |

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

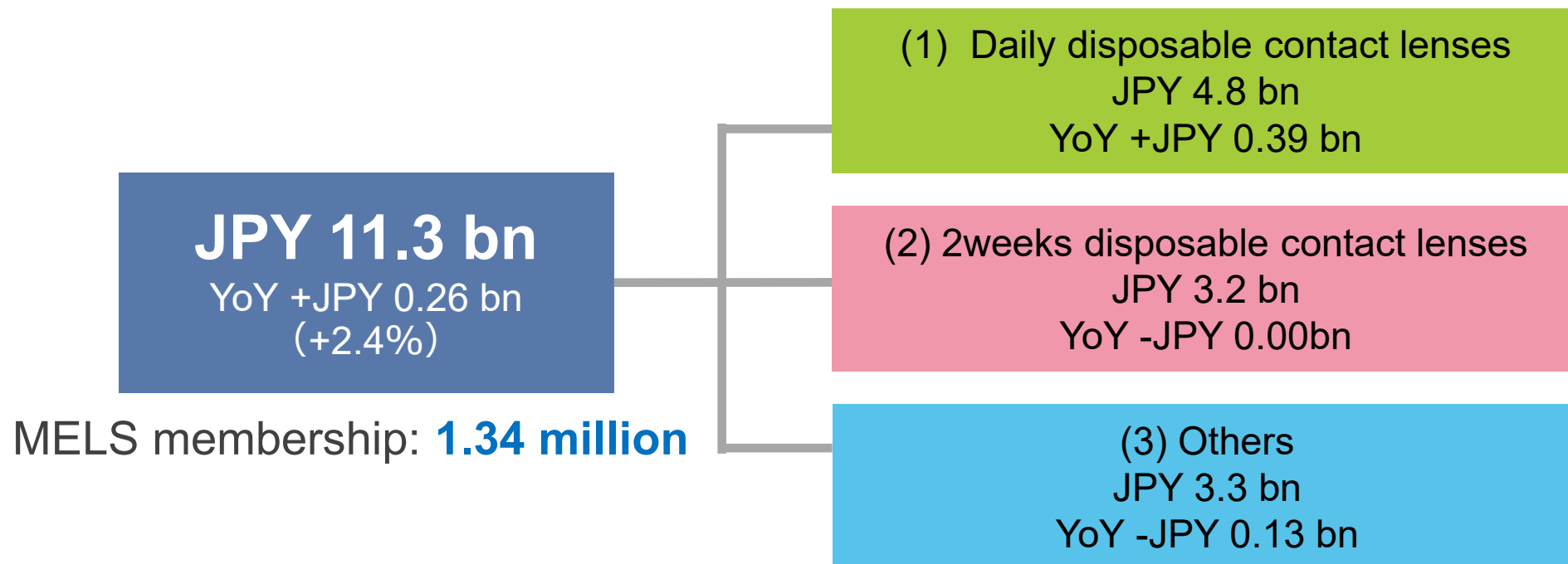
## Net Sales



### Key factors

- (1) Growth in domestic sales, particularly in Daily disposable contact lenses and in overseas sales centered in Asia (China)
- (2) Sales growth in Food business and Environmental and bioscience business

# MELS Plan Sales



### Key factors

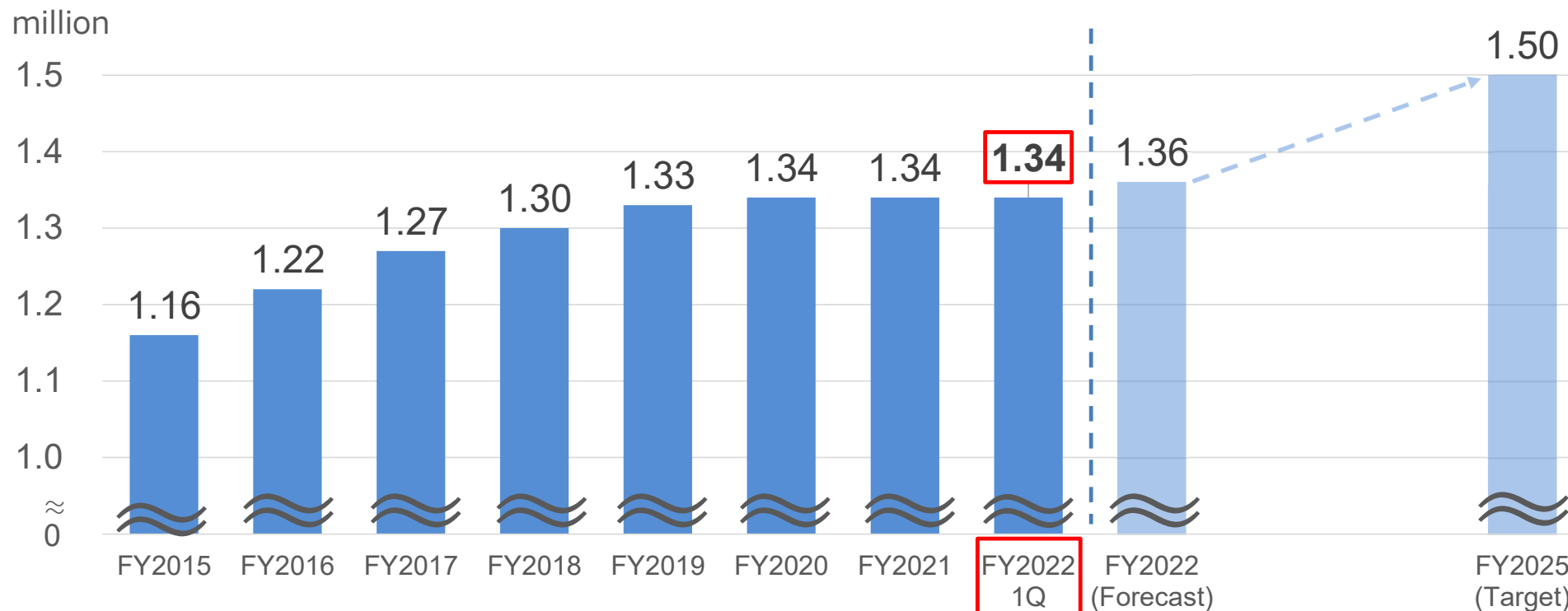
- (1) Increase in the number of Daily disposable contact lenses members
- (3) Decrease in the number of Conventional contact lenses members



Vision care  
MELS Plan(Japan)

# Total Number of MELS Plan Members

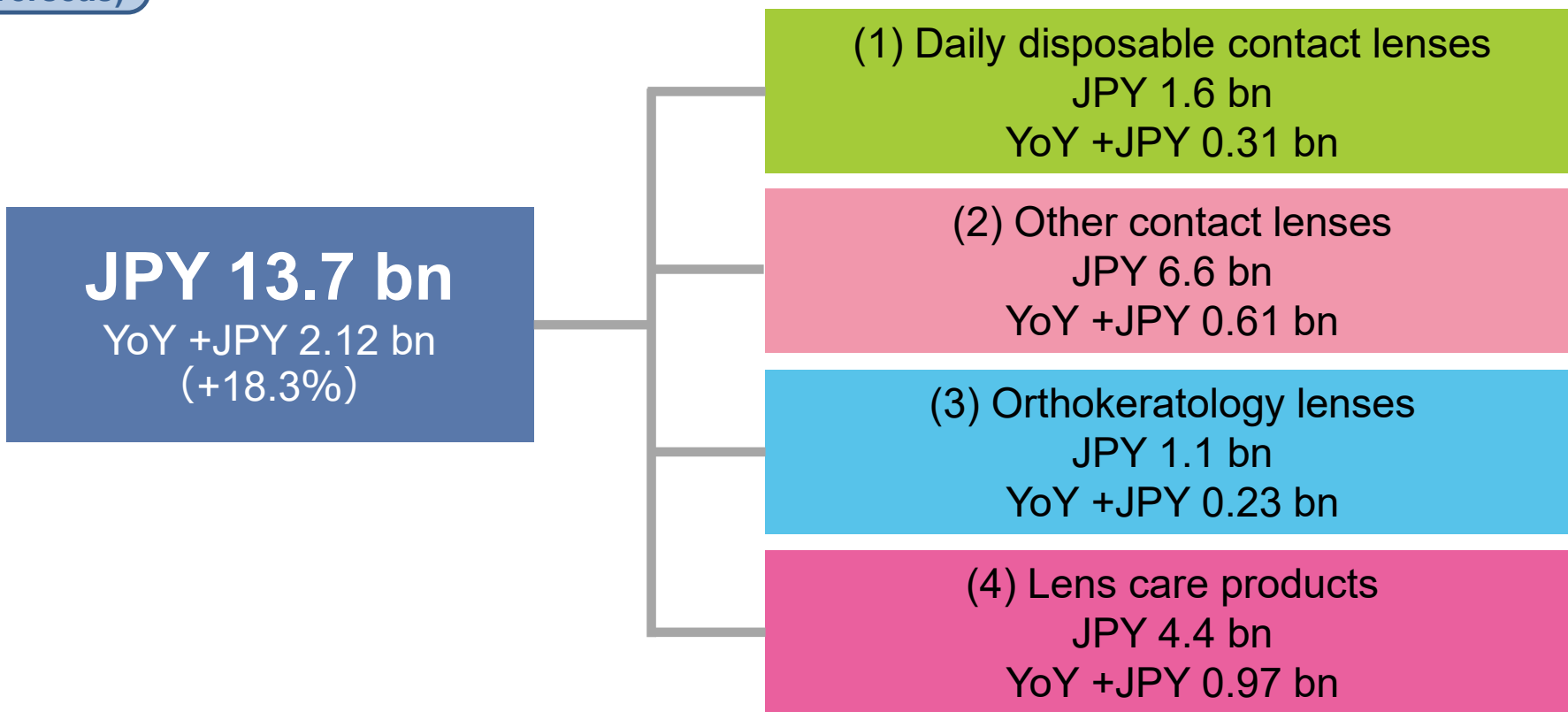
- ✓ FY2022 1Q(Actual) : 1.34 million / FY2022 (Forecast) : 1.36 million
- ✓ In addition to expanding the product lineup and strengthening the sales network, implementation of promotion



Vision care  
Product sales  
(Japan & Overseas)

Breakdown of  
net sales

# Contact Lenses and Lens Care Products Sales

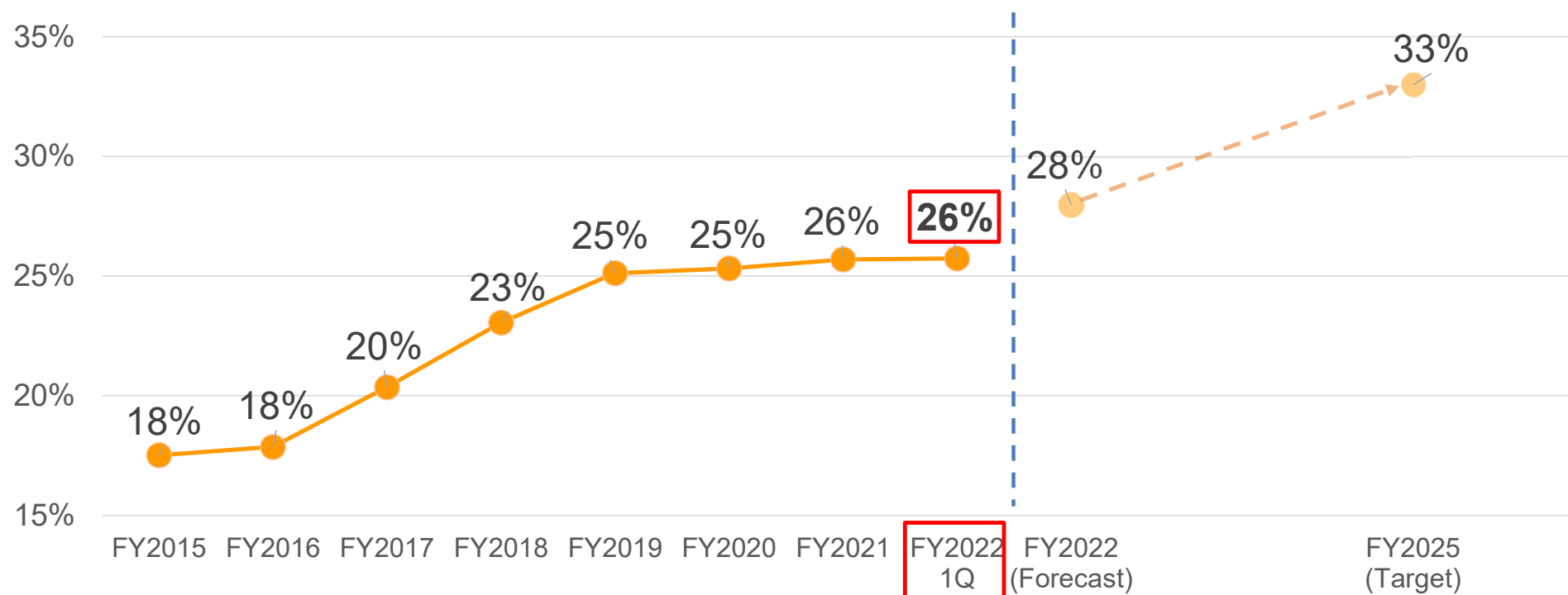


**Key factors**  
 (1)(2) Sales growth due to recovery in domestic and overseas demand  
 (3)(4) Sales growth in China

Vision care  
Daily disposable

## Daily Disposable Contact Lenses Sales Ratio

- ✓ FY2022 1Q(Actual) : 26% FY2022(Forecast) : 28%
- ✓ Increase in number of MELS Plan members in Japan, Increase in number of users in major mass retailers Overseas

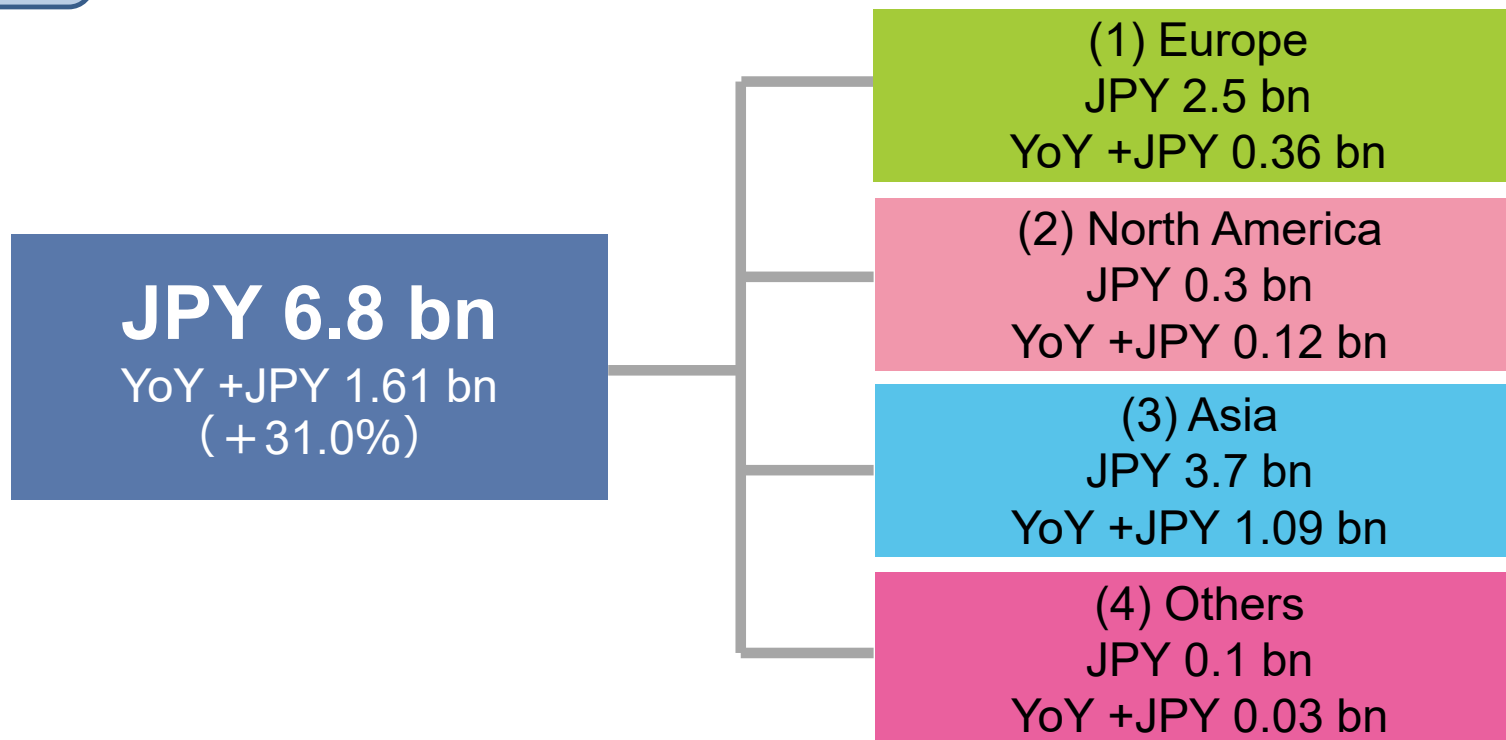


\*Sales composition of vision care business

Vision care  
Product sales  
(Overseas)

Breakdown of  
net sales

## Overseas Sales (by Region)



### Key factors

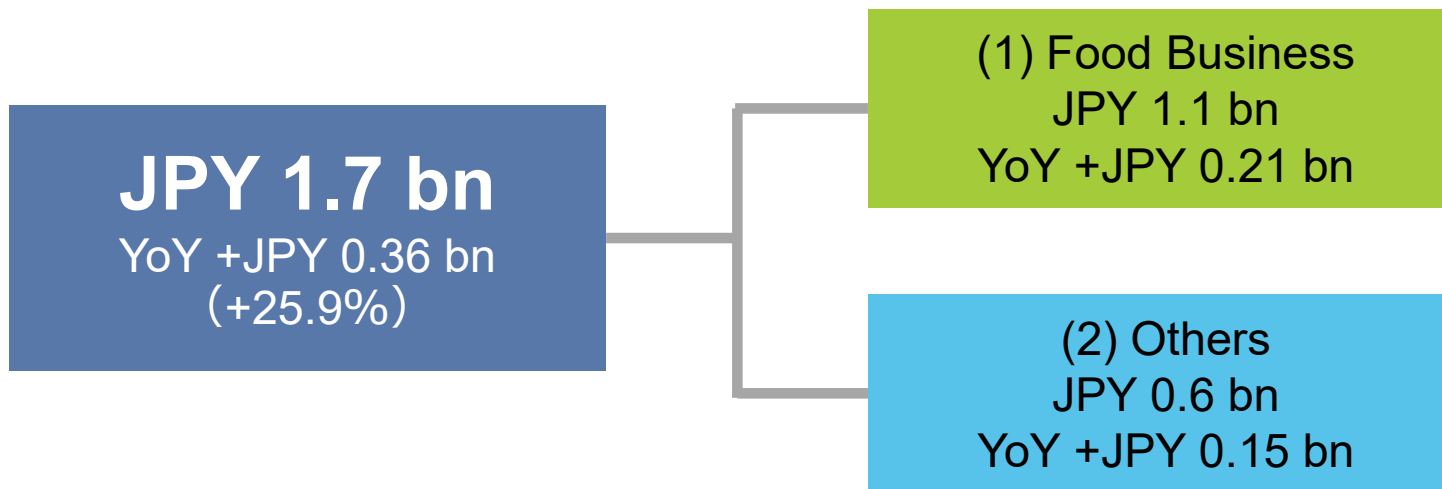
- (1) Europe: Sales growth in Disposable contact lenses (Daily and 1month)
- (2) North America: Sales growth in Daily disposable contact lenses and Lens care products
- (3) Asia: Sales growth in Orthokeratology lenses and Lens care products

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

**Healthcare  
and life care**

Breakdown of  
net sales

# Healthcare and Life Care Sales



**Key factors**  
 (1) Sales growth in export business (Fresh fish, etc.) by developing new customers  
 (2) Sales growth in Environmental and bioscience business, etc.

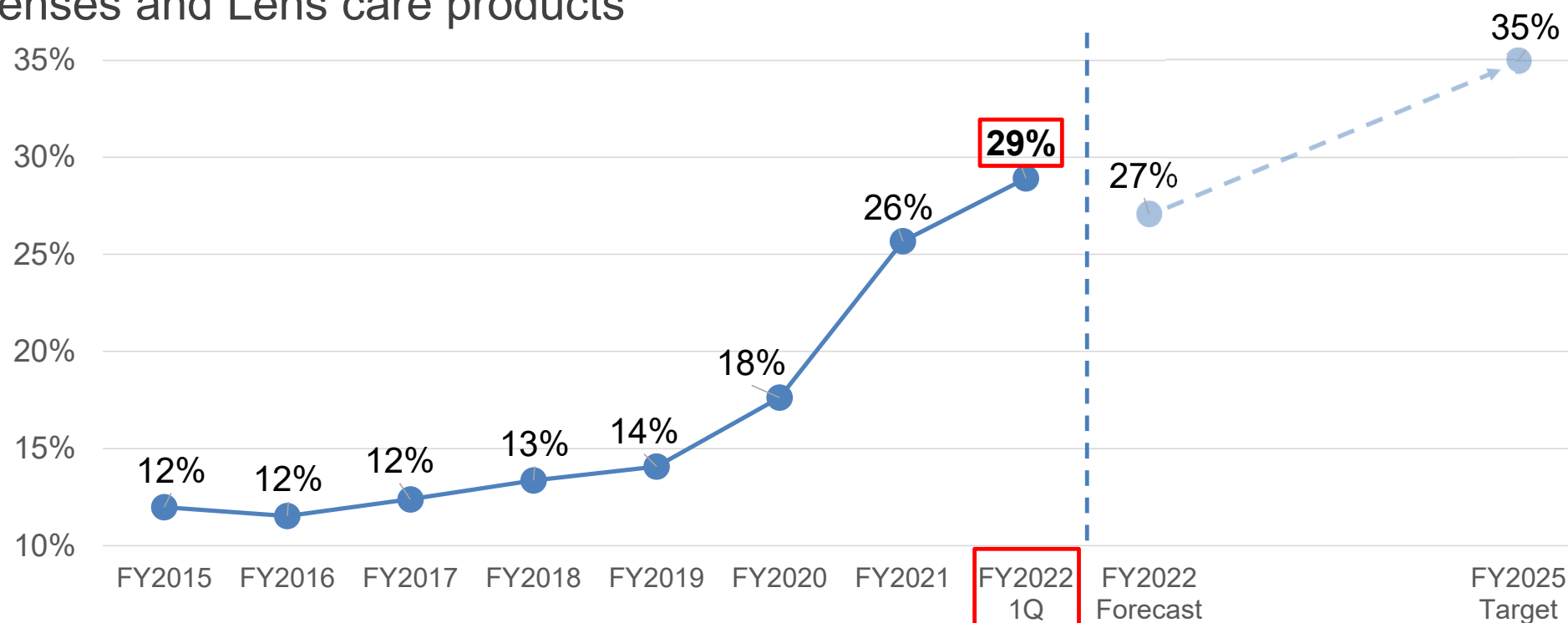
Vison care

Healthcare  
and life care

## Overseas Sales Ratio

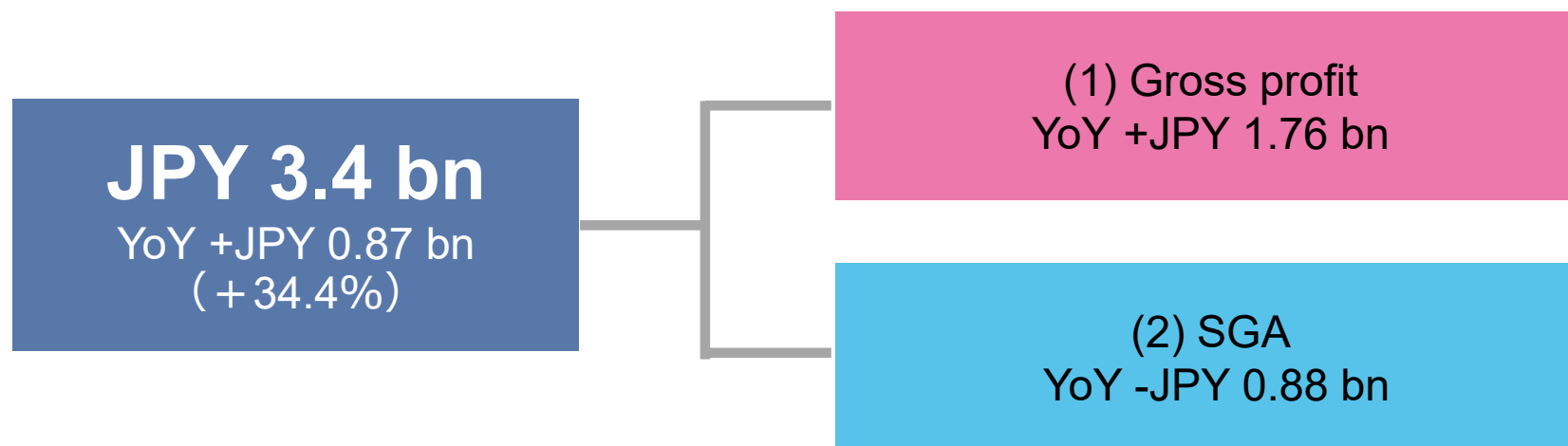
✓ FY2022 1Q(Actual) : 29%    FY2022(Forecast) : 27%

✓ Sales Expansion of Daily disposable contact lenses and Orthokeratology lenses and Lens care products



\*Includes major exports to China through domestic distributors prior to FY2020.

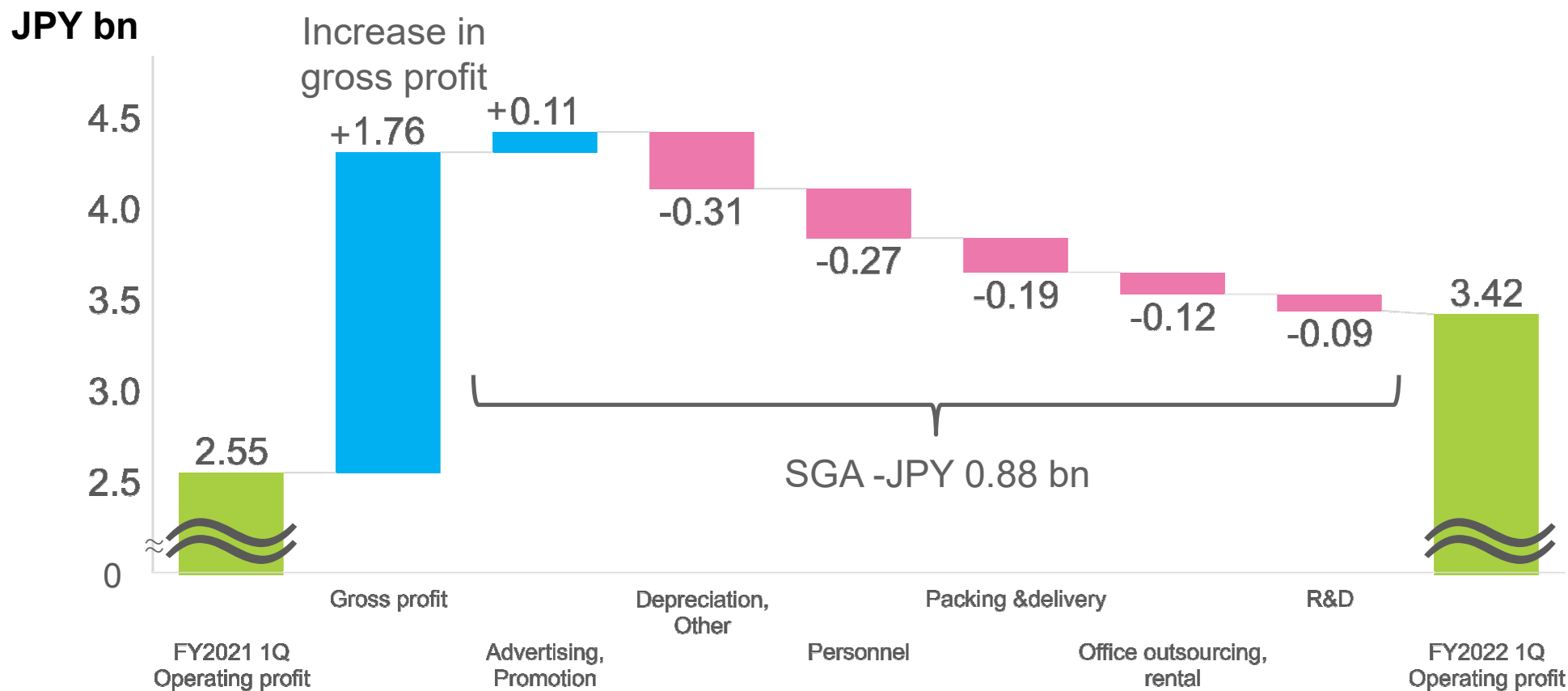
## Operating Profit



### Key factors

- (1) Increase in gross profit due to increased sales and reduced cost of sales ratio
  - (2) Increase profit margin due to efficient use of SGA
- Profit margin : 10.6% → 12.8% (+2.2pt)

# Operating Profit Analysis





## Ⅱ . Forecast of Consolidated Financial Results for FY2022

## Financial Forecast (Announced on May 12, 2022)

|  | FY2021         |   | FY2022<br>(Forecast) | Difference | YoY    |
|--|----------------|---|----------------------|------------|--------|
|  |                |   |                      |            | JPY m  |
| <b>Net sales</b>                                   | <b>100,172</b> |   | <b>107,800</b>       | +7,627     | + 7.6% |
| Cost of sales                                      | 47,293         |   | 50,500               | +3,206     | +6.8%  |
| (Cost of 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)   | ---    |
| <b>Operating profit</b>                            | <b>9,957</b>   |   | <b>10,400</b>        | +442       | +4.4%  |
| (Operating profit ratio)                           | 9.9%           |   | 9.6%                 | (-0.3pt)   | ---    |
| <b>Ordinary profit</b>                             | <b>10,055</b>  |   | <b>10,100</b>        | +44        | +0.4%  |
| <b>Profit attributable to owners<br/>of parent</b> | <b>6,481</b>   |   | <b>6,800</b>         | +318       | + 4.9% |

## Financial Progress

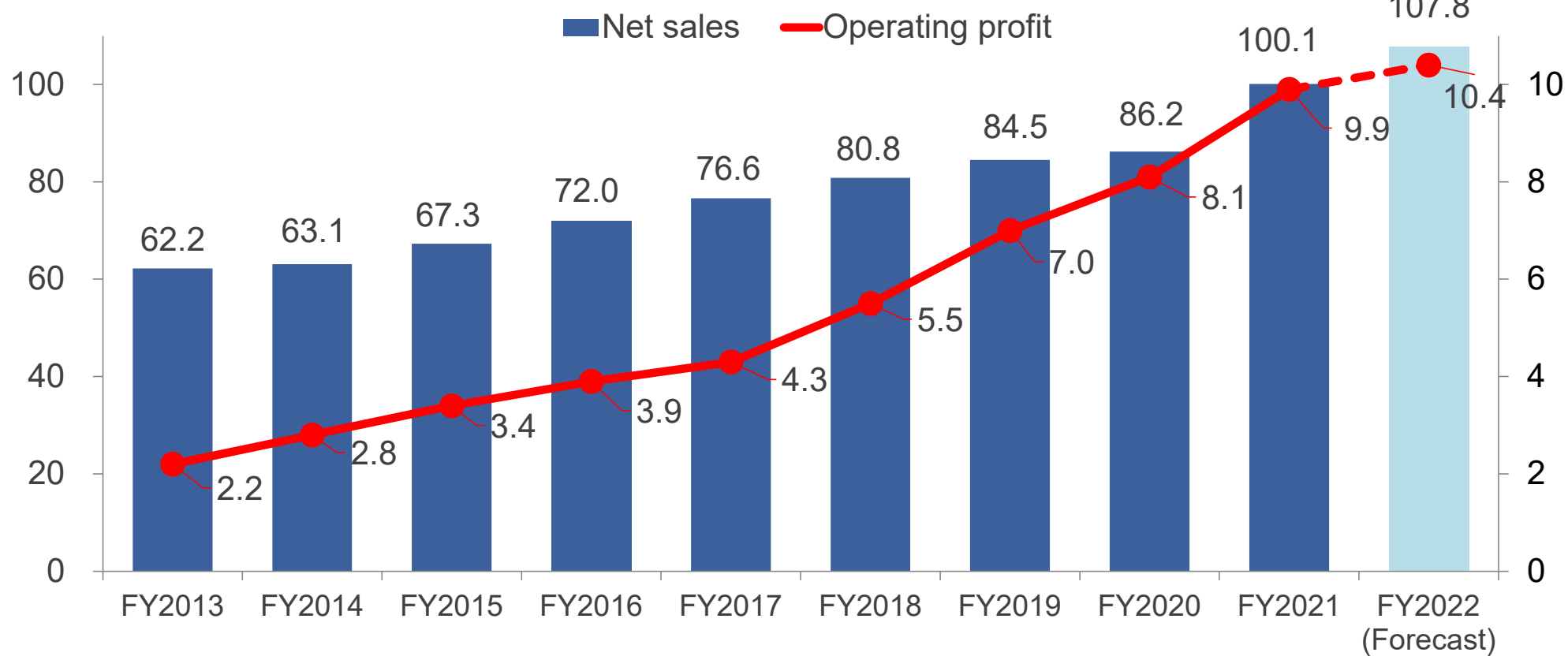
✓ Progress rate is steady

|   | FY2021         |   | FY2022<br>1Q  |   | FY2022<br>(Forecast) |  | JPY m<br>Progress<br>rate |
|---|----------------|---|---------------|---|----------------------|--|---------------------------|
| <b>Net sales</b>  | <b>100,172</b> |   | <b>26,844</b> |   | <b>107,800</b>       |  | 24.9%                     |
| (Cost of sales ratio)   | 47.2%          |   | 46.0%         |   | 46.8%                |  | ---                       |
| Gross profit  | 52,879         | ⇒ | 14,507        | ⇒ | 57,300               |  | 25.3%                     |
| <b>Operating profit</b>   | <b>9,957</b>   |   | <b>3,428</b>  |   | <b>10,400</b>        |  | 33.0%                     |
| (Operating profit ratio)  | 9.9%           |   | 12.8%         |   | 9.6%                 |  | ---                       |
| <b>Profit attributable to<br/>owners of parent<br/>(quarterly period)</b> | <b>6,481</b>   |   | <b>2,121</b>  |   | <b>6,800</b>         |  | 31.2%                     |

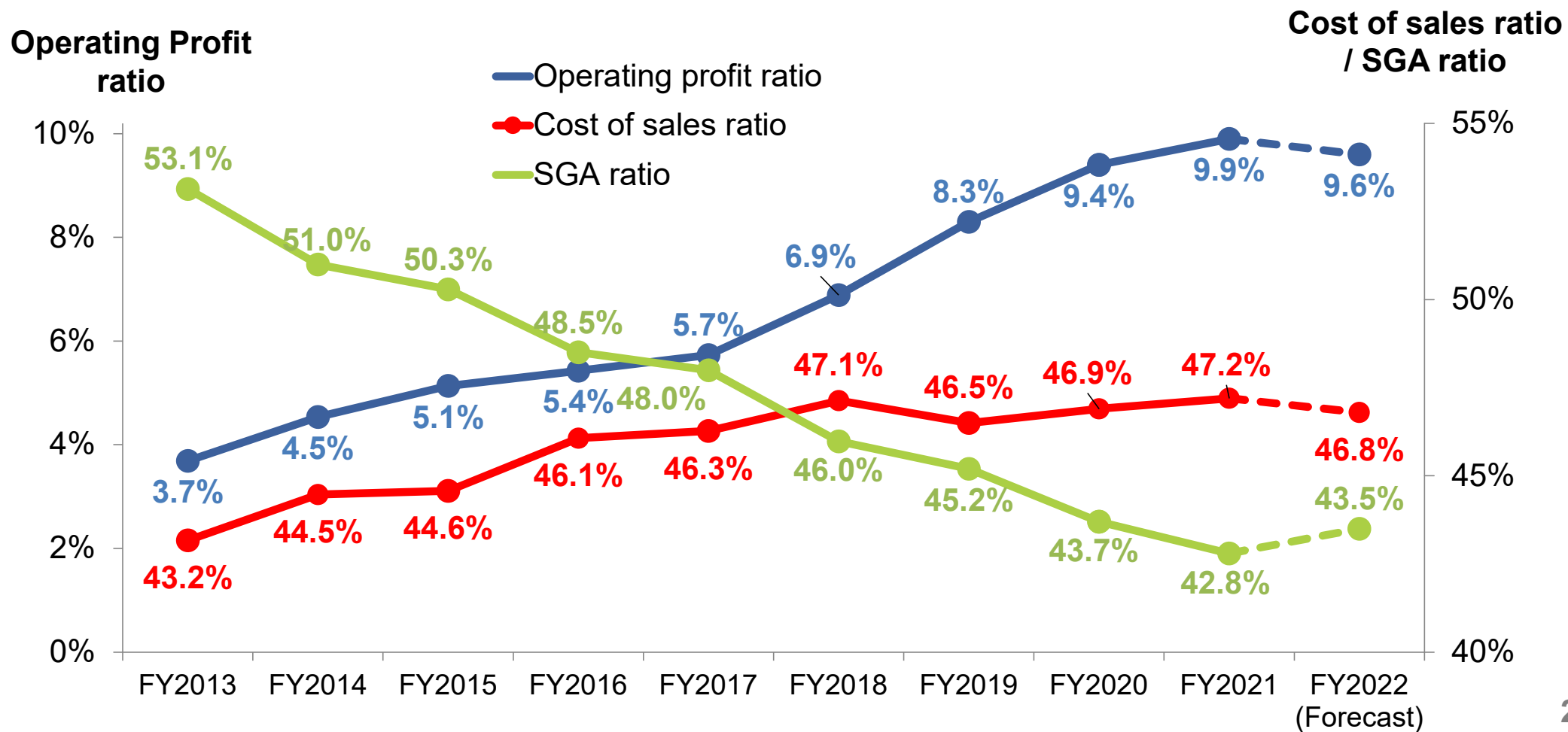
# Annual Net Sales / Operating Profit Trends

Net sales  
(JPY bn)

Operating profit  
(JPY bn)



# Cost of Sales Ratio / SGA Ratio / Operating Profit Ratio



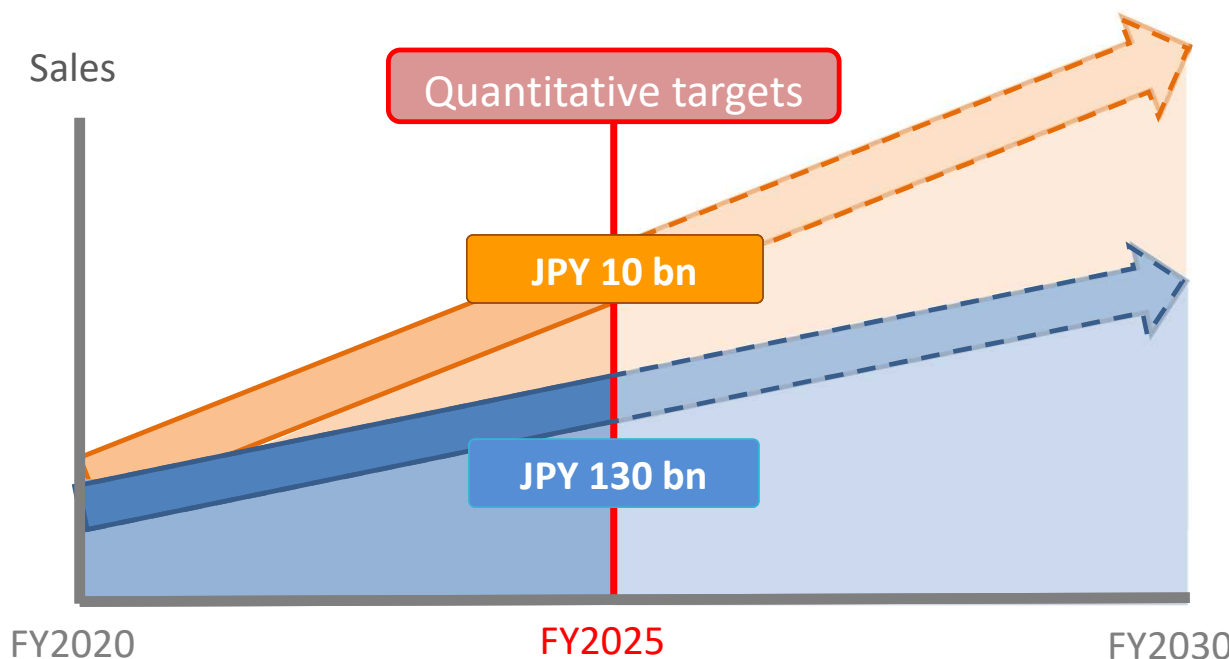
# Ⅲ. Topics

# 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

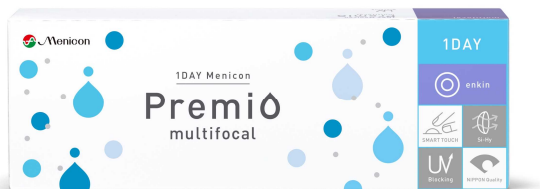
- (1) Overseas sales expansion
- (2) Expansion of MELS Plan
- (3) Sales expansion of Daily disposable contact lenses

Vision care Japan

# Product & Promotional Measures by Generation

- ✓ By introduction of products and promotions for different generations (30s and beyond, 10s-20s), we aim to expand our membership age bracket and increase LTV (life time value) of contact lens users.

30s and beyond



Daily disposable multifocal contact lenses  
“1DAY Menicon premiO multifocal”

遠近両用コンタクトレンズ  
ラクティブ

# Lactive

Promotion activities  
for Multifocal contact lenses

10s-20s



Daily disposable circle lenses  
“1DAY FRUTTIE”

# MENICON CUP 2022

JAPAN CLUB YOUTH SOCCER (U-15) EAST vs WEST

Special sponsorship of the “Menicon Cup”  
All-star game for junior high school  
students belonging to a soccer club team

**Two new colors added from August 2022**



Vision care  
1DAY

# Expansion of Production Capacity and Sales Territories

✓ Expansion of production capacity of Daily disposable contact lenses and sales territories to centered on Japan, Europe, North America

**Production**



**Singapore Plant**  
Product: Magic

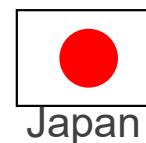


**Kakamigahara Plant**  
Product: 1DAY Menicon premiO



**Malaysia Plant**  
Product: Daily disposable contact lenses  
Scheduled to be in operation in 2025

**Sales**

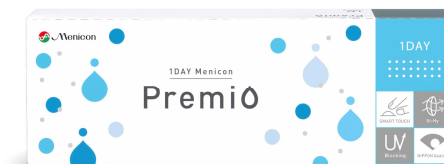


Japan

Expansion of sales centered on MELS Plan



Magic



1DAY Menicon premiO



Europe • USA

Expansion of sales through OEM supply of our products for major mass retailers



Miru 1day Menicon Flat Pack  
(Brand name of "Magic" for overseas)



Miru 1day UpSide  
(Brand name of "1DAY Menicon premiO" for overseas)

Vision care  
Japan & Overseas

# Initiatives to Address the Growing Myopia Population

Europe / Australia

2022



Menicon  
**BLOOM™**

✓ Menicon Bloom : Introduction of treatment Plan for Myopia Control (Expansion of sales countries)

Singapore

2022



✓ Collaboration with Myopia Specialist Centre

China

2021



✓ Becoming a subsidiary of Itabashi Trading Co., Ltd. (Strengthening sales structure)

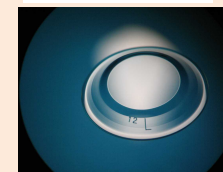


2020

✓ Conclusion of business tie-up agreement with Wenzhou Medical University (Clinical research, Training of prescribers )

2020

α ORTHO-K



✓ Establishment of Subsidiary ALPHA (WUXI) Co., Ltd. (Strengthening Orthokeratology lenses production system)

Japan

2022



✓ “Endowed Course on Suppression of Myopia Control,” at Aichi Medical University

2021~



✓ Strengthening production facilities in Menicon Nect Co., Ltd. (Strengthening supply system of Lens care products for overseas)

**Healthcare  
and life care**

# Expansion of Business Domain

## Assisted reproductive technology



Development and sales of sperm preparation equipment  
(For clinics)

## Supplement



Development and sales of supplements for pre-pregnancy / healthcare / beauty care, etc.  
(For clinics / EC / sales stores)

## Environmental and bioscience



Development and sales of composting promotion system / degradation-accelerating agent for rice straws, etc.  
(For farmers / livestock farmers)

## Food



Export of fresh fish / rice  
Import of dried food, etc.  
(For supermarkets / distributors)

## Veterinary medical



Development and sales of intraocular lenses / contact lenses / supplement for animals, etc.  
(For veterinary clinics)

**Challenges in areas other than vision care**

**Provide products and services that enable all people to experience happiness and affluence**

**Sustainability**

# Environmental Initiatives

- ✓ Establishment of Sustainability Committee
- ✓ Endorsement of TCFD Recommendations



**Governance**

- Establishment of a governance system centered Sustainability Committee
- Establishment of Climate Change subcommittee

**Strategy**

- Conducting of scenario analysis

**Risk Management**

- Integrated into whole risk management procedures

**Indicators and Targets**

- Calculation of Scope1 and 2
- Starting calculation of Scope3 (Menicon)



✓ Installation of solar power generation equipment (planned) (Malaysia factory)



✓ Reduction of plastic usage for packaging containers (Daily disposable contact lenses “Magic”)



✓ Contribution to the recycling-oriented agriculture and livestock industry (Composting promotion system “resQ”)

## 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 August 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

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