

Consolidated Financial Results for the Six Months Ended September 30, 2022

Securities Code : 7780



Menicon Co., Ltd.
November 14, 2022




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for FY2022 2Q

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for FY2022

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I . Summary of Consolidated Financial Results for FY2022 2Q

Key Factors

➤ Consolidated Financial Results for FY2022 2Q

- Net sales : **JPY 54.1 bn** / YoY **+11.8%** (increase in sales)
- ✓ Total number of MELS Plan members: **1.34 million**
“Daily disposable contact lenses” membership increased
 - ✓ Overseas sales growth mainly in Asia
 - Overseas sales : JPY 11.7 bn → **JPY 15.7 bn** (+34.2%)
 - Impact of JPY depreciation +11.9%
 - Growth in local currency +22.3%
 - Overseas sales ratio : 24.2% → **29.0%** (+4.8pt)
- Gross profit : **JPY 29.2 bn** / YoY **+13.2%** (increase in profit)
Cost of sales ratio : 46.7% → **46.0%** (-0.7pt)
- Operating profit : **JPY 6.8 bn** / YoY **+35.8%** (increase in profit)
Operating profit ratio : 10.5% → **12.7%** (+2.2pt)

Summary of Financial Results for FY2022 2Q

	JPY m		
	FY2021 2Q	FY2022 2Q	YoY
Net Sales	48,395	54,129	+11.8%
Cost of sales	22,581	24,896	+10.2%
(Cost of sales ratio)	46.7%	46.0%	(-0.7pt)
Gross profit	25,813	29,233	+13.2%
SGA	20,754	22,363	+7.8%
(SGA ratio)	42.9%	41.3%	(-1.6pt)
Operating profit	5,059	6,870	+35.8%
(Operating profit ratio)	10.5%	12.7%	(+2.2pt)
Ordinary profit	5,060	6,597	+30.4%
Profit attributable to owners of parent	3,401	4,263	+25.3%

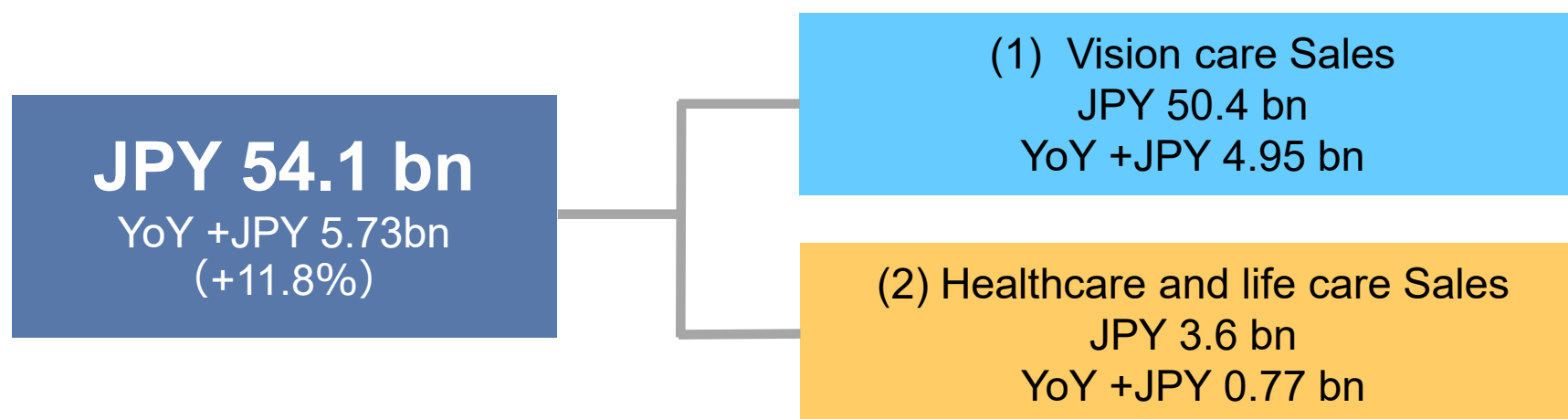
Breakdown of Net Sales

	FY 2021 2Q	FY 2022 2Q	YoY
Net sales	48,395	54,129	+11.8%
(1)Vision care	45,533	50,491	+10.9%
Net sales in Japan	35,260	36,677	+4.0%
MELS Plan	22,234	22,762	+2.4%
Product sales* and others	13,025	13,915	+6.8%
Overseas sales	10,272	13,814	+34.5%
Europe	4,368	5,263	+20.5%
North America	487	692	+42.0%
Asia	5,160	7,574	+46.8%
Oceania and Africa, etc.	255	282	+10.4%
(2)Healthcare and life care	2,862	3,637	+27.1%
Net sales in Japan	1,429	1,747	+22.2%
Overseas sales	1,432	1,890	+32.0%

JPY m

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

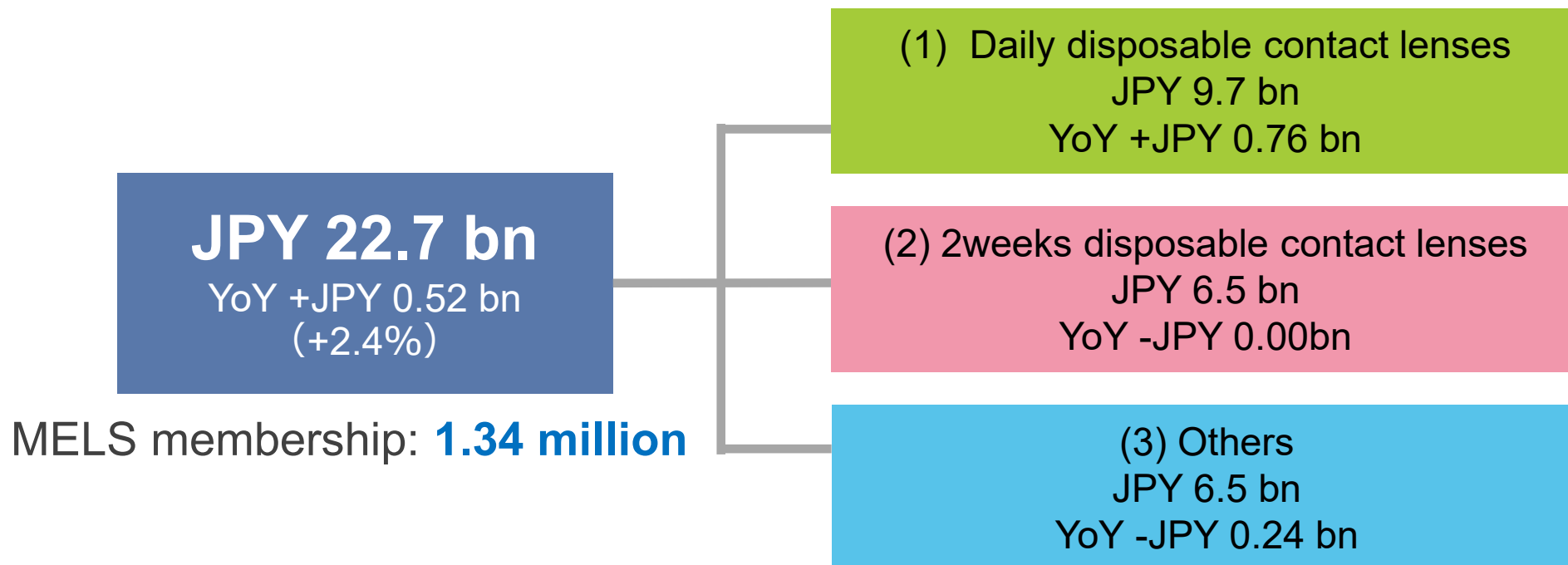
Net Sales



Key factors

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

MELS Plan Sales



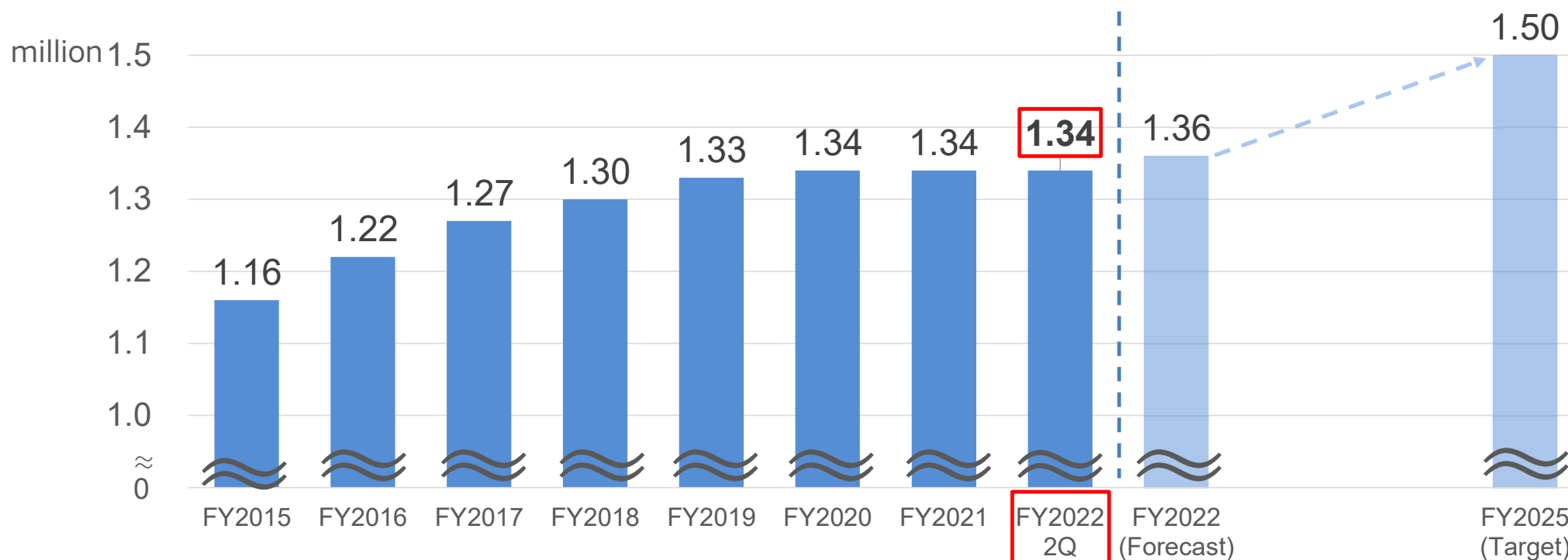
Key factors

- (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

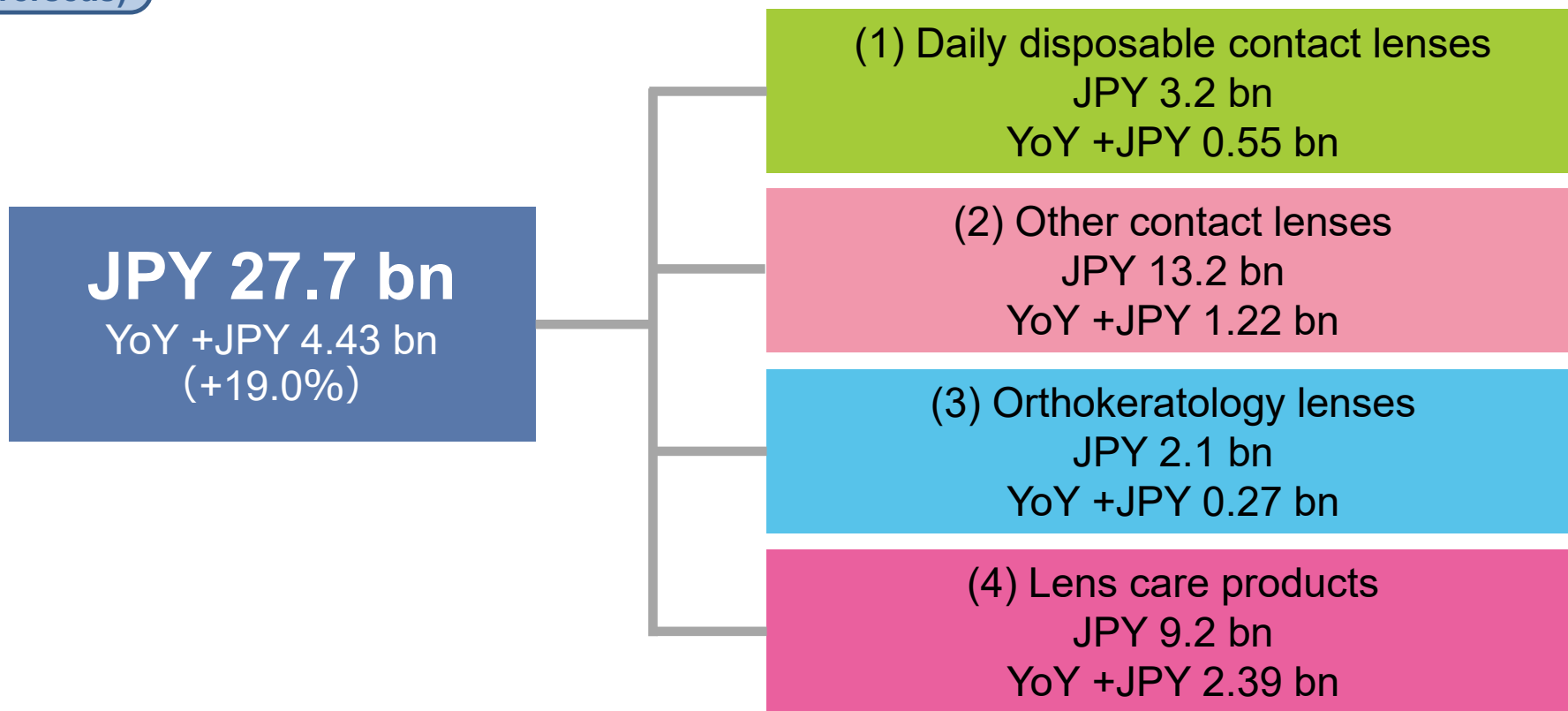
- ✓ FY2022 2Q(Actual) : 1.34 million / FY2022 (Forecast) : 1.36 million
- ✓ Expansion of product lineups (Circle contact lenses, Multifocal contact lenses)
Strengthen sales of Bifocal contact lenses



Vision care
Product sales
(Japan & Overseas)

Breakdown of
net sales

Contact Lenses and Lens Care Products Sales

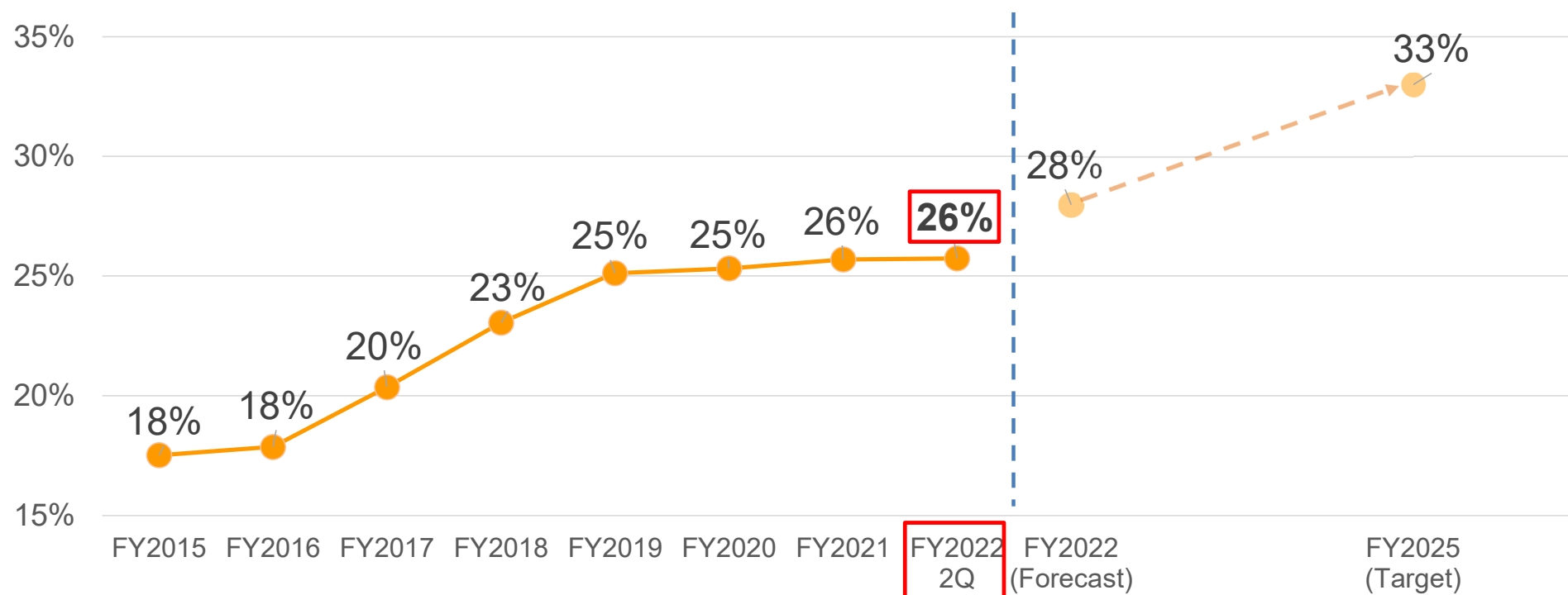


Key factors
 (1)(2) Sales growth due to recovery in domestic and overseas demand
 (3)(4) Sales growth in Asia

Vision care
Daily disposable

Daily Disposable Contact Lenses Sales Ratio

- ✓ FY2022 2Q(Actual) : 26% FY2022(Forecast) : 28%
- ✓ Increase in number of MELS Plan members in Japan, Increase in number of users in major mass retailers Overseas

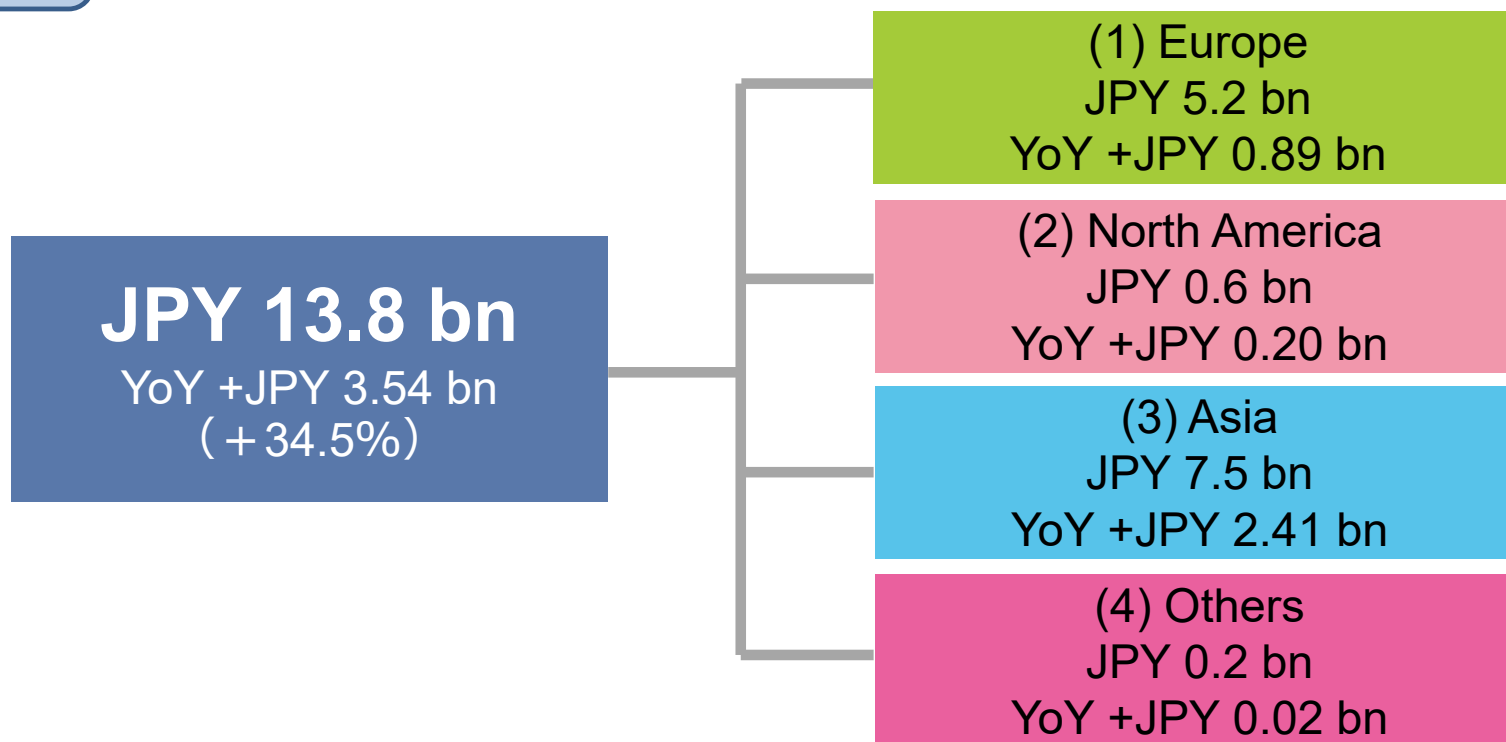


*Sales composition of vision care business

Vision care
Product sales
(Overseas)

Breakdown of
net sales

Overseas Sales (by Region)



Key factors

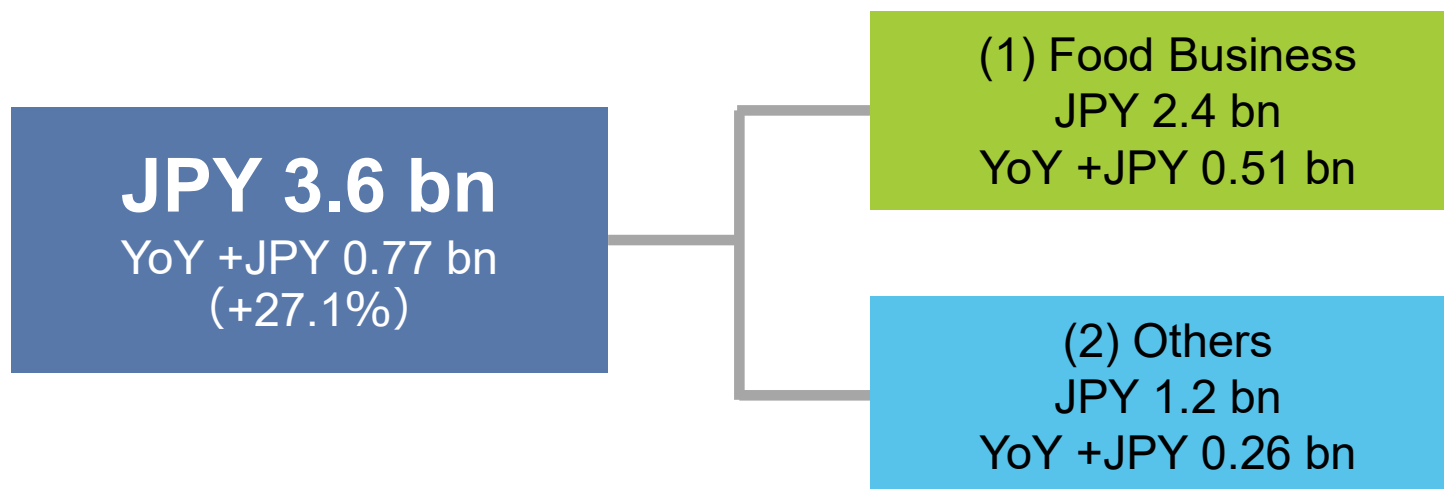
- (1) Europe: Sales growth in Disposable contact lenses (Daily and 1month)
- (2) North America: Sales growth in Daily disposable contact lenses and Lens care products
- (3) Asia: Sales growth in Orthokeratology lenses and Lens care products

* Since the fiscal year end of Menicon Japan and the Chinese subsidiary is different, Menicon Japan's second quarter results (Apr. to Sep.) include the second quarter results (Jan. to Jun.) 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.) due to increased transaction volume to existing customers
 (2) Sales growth in Environmental and bioscience business, etc.

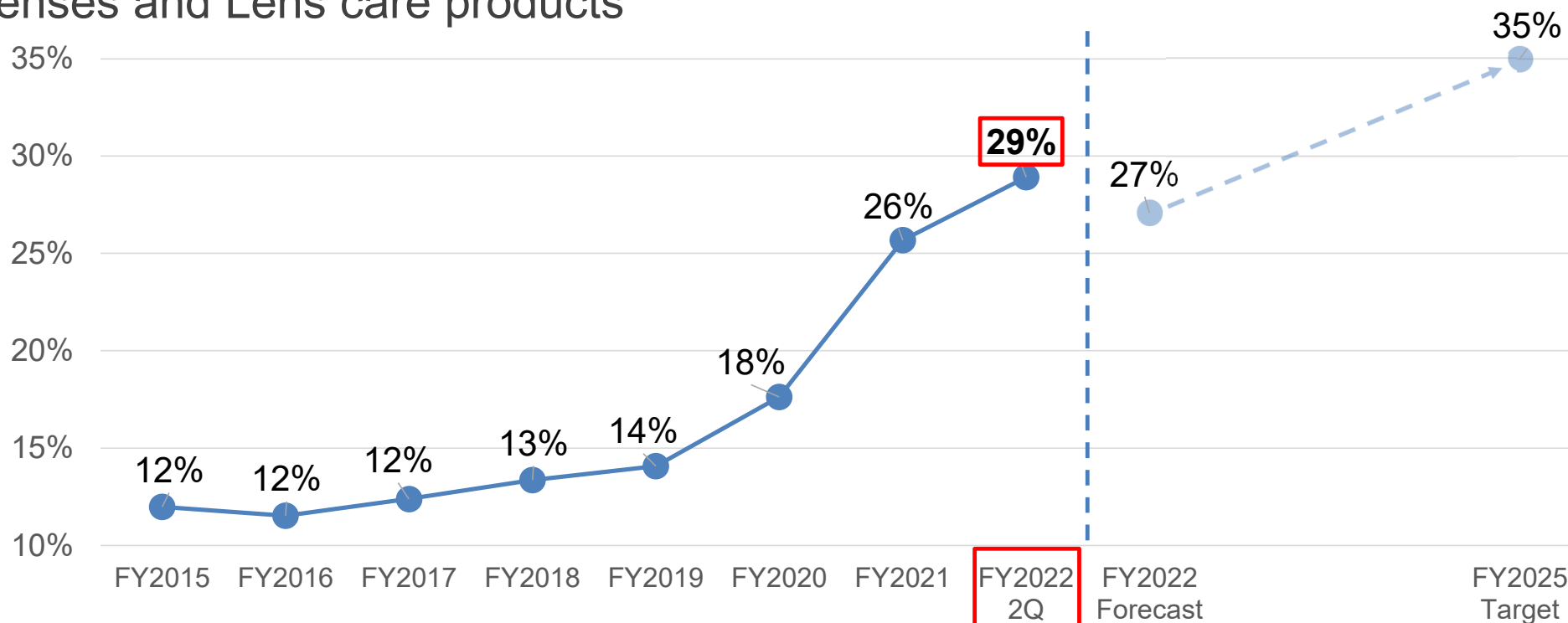
Vison care

Healthcare
and life care

Overseas Sales Ratio

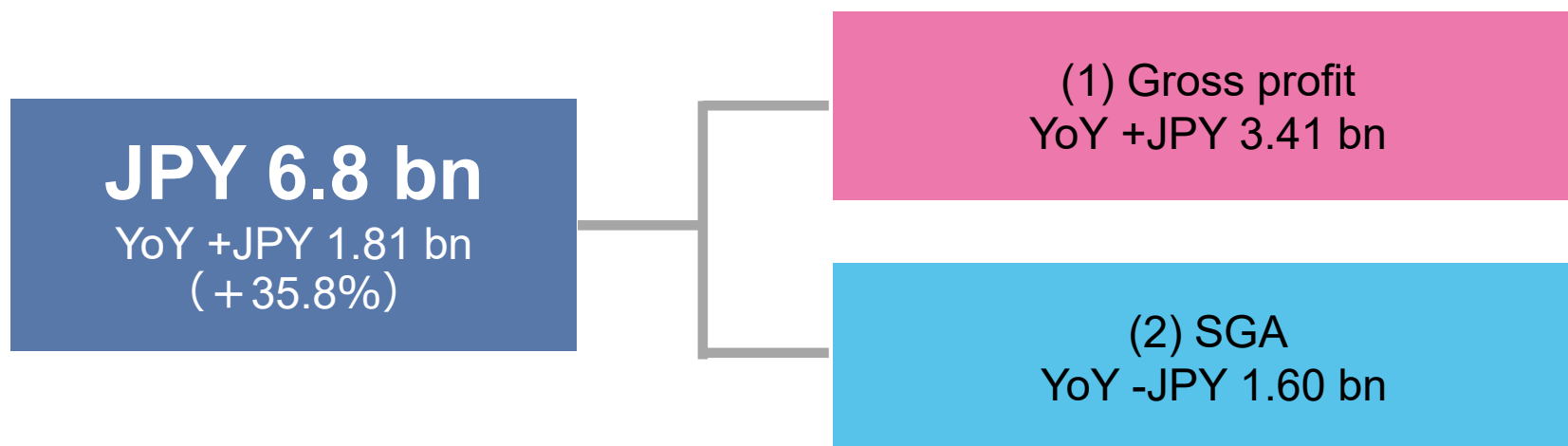
✓ FY2022 2Q(Actual) : 29% FY2022(Forecast) : 27%

✓ 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.

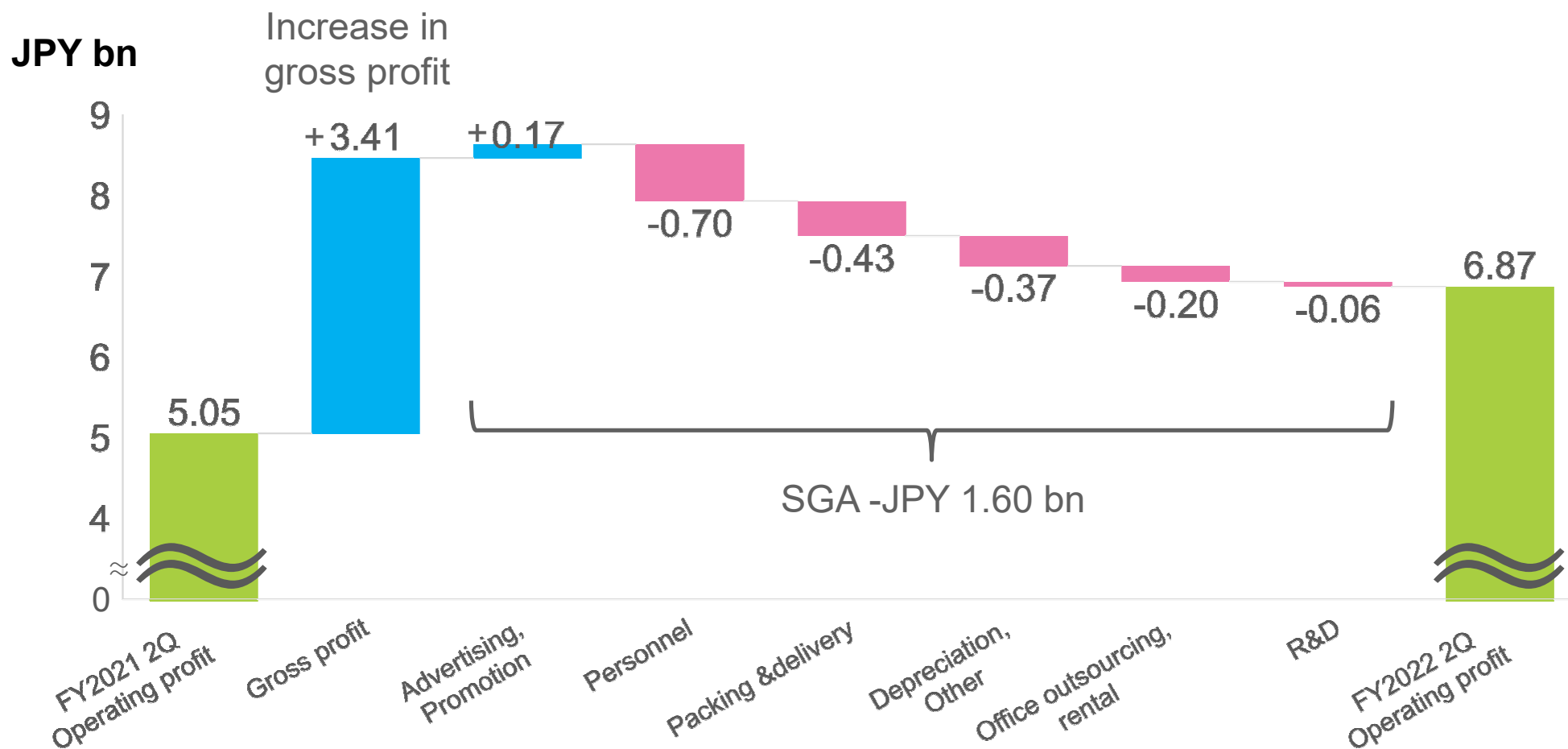
Operating Profit



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 : 10.5% → 12.7% (+2.2pt)

Operating Profit Analysis



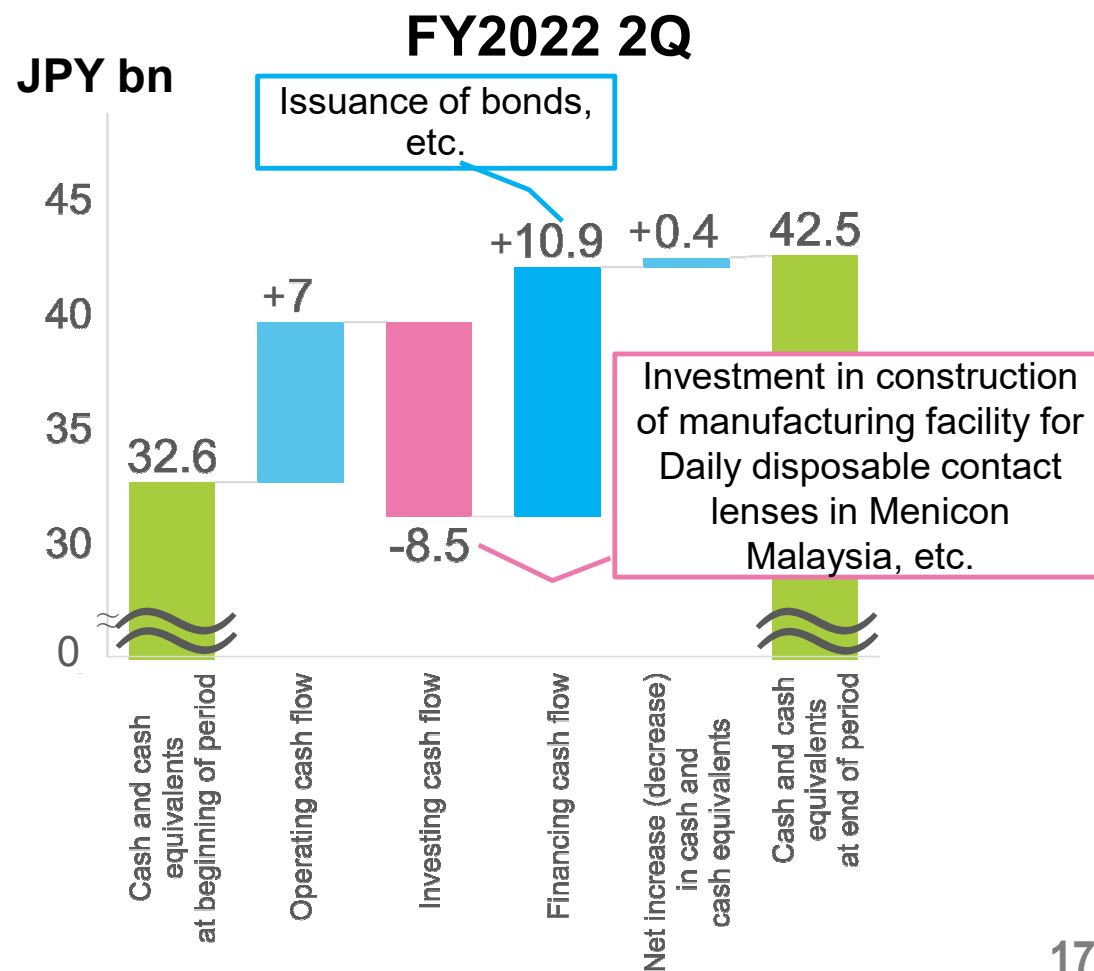
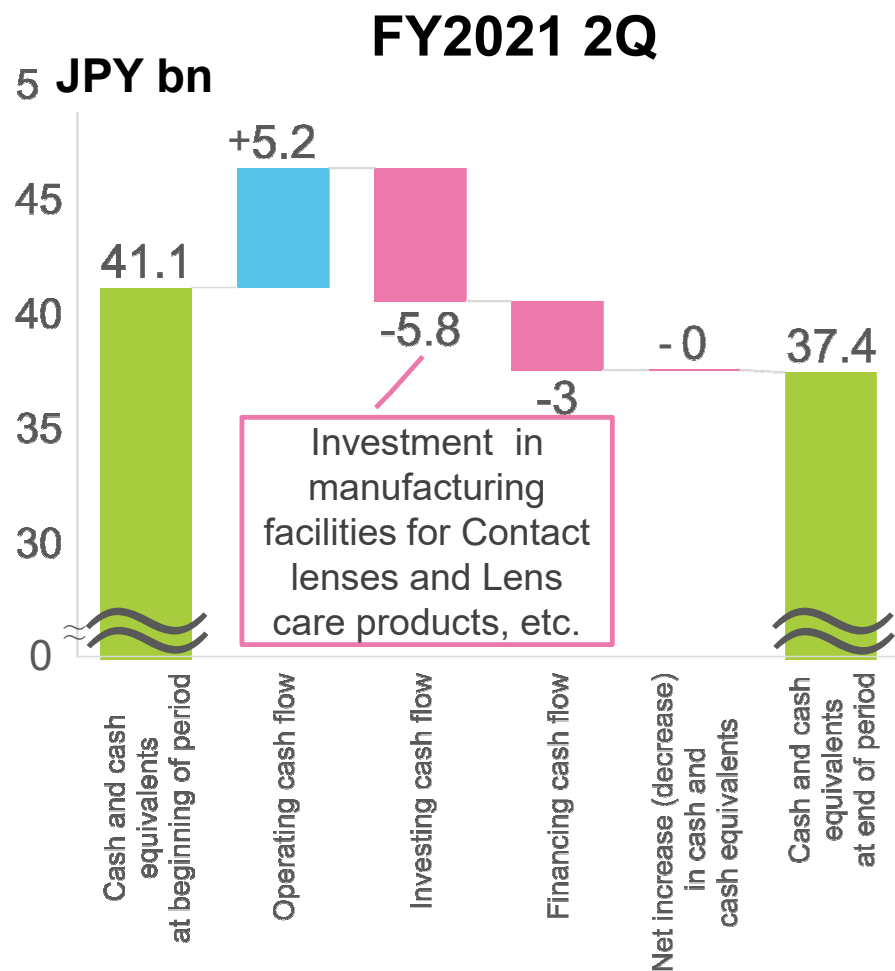
Summary of Balance Sheet

	Mar. 31, 2022	Sep. 30, 2022	Difference		Mar. 31, 2022	Sep. 30, 2022	Difference	JPY m
Cash and deposits	33,046	42,988	+9,941	Increase in cash and deposits resulting from issuance of bonds, etc.	Notes and accounts payable - trade	4,894	5,364	+469
Notes and accounts receivable - trade	11,269	11,945	+675		Short-term debt	4,800	4,246	-553
Inventories	15,785	16,604	+818		Accounts payable - other	4,748	4,310	-438
Other	4,086	4,703	+617		Other	8,244	8,629	+385
Total current assets	64,188	76,241	+12,052	Investment in construction of manufacturing facility for Daily disposable contact lenses etc.	Total current liabilities	22,688	22,551	-137
Property, plant & equipment	49,421	55,506	+6,085		Long-term debt	14,735	28,611	+13,875
Intangible assets	11,601	11,688	+86		Convertible Bonds with stock acquisition rights	22,902	22,919	+17
Investments and other assets	5,767	6,125	+358		Other	3,606	3,647	+41
Total non-current assets	66,790	73,320	+6,530	Total non-current liabilities	41,244	55,178	+13,933	Issuance of bonds, etc.
Total assets	130,978	149,561	+18,583	Total liabilities	63,933	77,729	+13,796	
					Total net assets	67,045	71,832	+4,787

September 30, 2022

Capital ratio	46.7%
Cash and deposits	42,988
Total debt	55,778

Cash Flow Comparison



Ⅱ . Forecast of Consolidated Financial Results for FY2022

Forecast of Consolidated Financial Results (unchanged from the May 12, 2022 announcement)

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 Europe and America), “Orthokeratology lenses” and “Lens care products” (in Asia) 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%**

Financial Forecast (Announced on May 12, 2022)

	FY2021		FY2022 (Forecast)	YoY	JPY m
Net sales	100,172		107,800	+ 7.6%	
Cost of sales	47,293		50,500	+6.8%	
(Cost of sales ratio)	47.2%		46.8%	---	
Gross profit	52,879		57,300	+8.4%	
SGA	42,922	⇒	46,900	+9.3%	
(SGA ratio)	42.8%		43.5%	---	
Operating profit	9,957		10,400	+4.4%	
(Operating profit ratio)	9.9%		9.6%	---	
Ordinary profit	10,055		10,100	+0.4%	
Profit attributable to owners of parent	6,481		6,800	+ 4.9%	

※Exchange rate in financial forecast for FY2022...EUR : JPY 136, USD : JPY 125, CNY : JPY 19

Financial Progress

✓ Progress rate is steady

	FY2021		FY2022 2Q		FY2022 (Forecast)		JPY m Progress rate
Net sales	100,172		54,129		107,800		50.2%
(Cost of sales ratio)	47.2%		46.0%		46.8%		---
Gross profit	52,879	⇒	29,233	⇒	57,300		51.0%
Operating profit	9,957		6,870		10,400		66.1%
(Operating profit ratio)	9.9%		12.7%		9.6%		---
Profit attributable to owners of parent (quarterly period)	6,481		4,263		6,800		62.7%

※Exchange rate in financial forecast for FY2022...EUR : JPY 136, USD : JPY 125, CNY : JPY 19

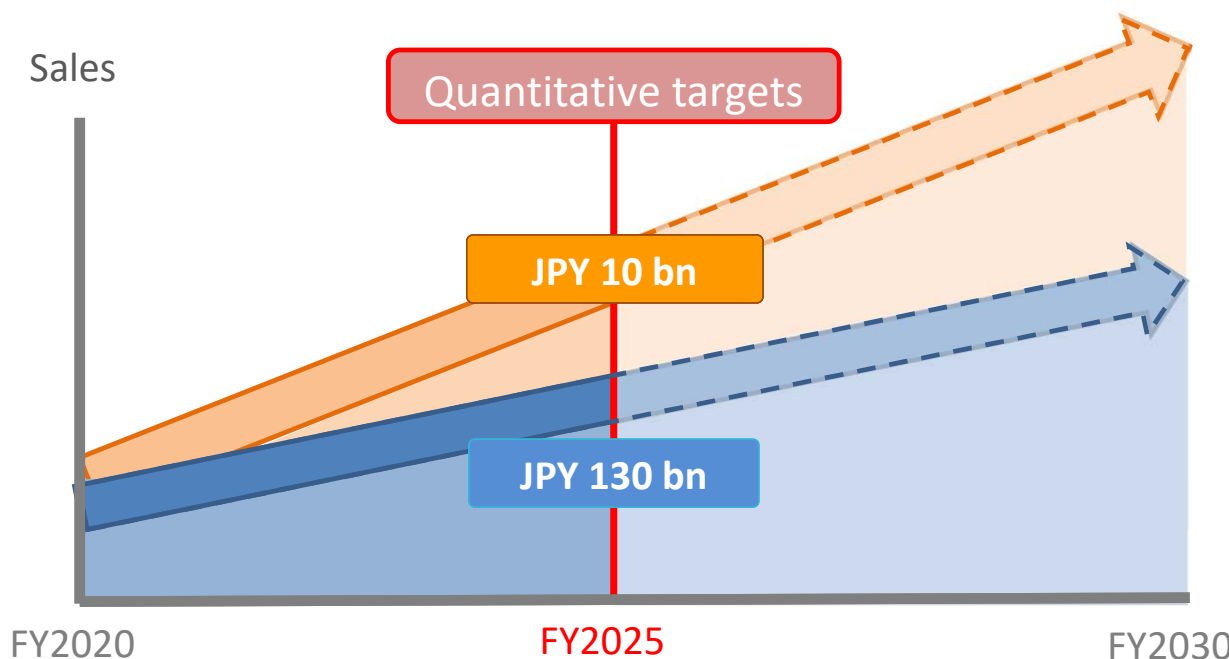
Ⅲ. Topics

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

- Overseas sales expansion
- Expansion of MELS Plan
- Sales expansion of Daily disposable contact lenses

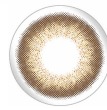
Vision care

Expansion of Daily Disposable Circle Lens Design Lineup

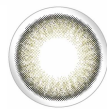
- ✓ Two new colors of Daily disposable circle lenses “1DAY FRUTTIE” lunched in August 2022
- ✓ Expansion of the design lineup is expected to further increase sales, mainly to consumers in their 10s and 20s.



Sweet Berry
スウィートベリー



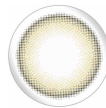
Bright Orange
ブライトオレンジ



Glossy Cherry
グロッシューチェリー



Misty Grape
ミスティグレープ



Honey Pear
ハニーペア

Added two new colors

Vision care

Expansion of Multifocal Contact Lens Product Lineup

- ✓ Three months replacement bifocal GP contact lenses “XC bifocal” was launched in October 2022
- ✓ Addition of “XC bifocal” to “Lactive” line of Multifocal contact lenses and strengthen of promotions, mainly targeting customers in their 30s and older

近くも遠くもアクティブに。

Lactive

遠近両用コンタクトレンズ

3MONTH Menicon

XC bifocal

クロスシー バイフォーカル



Vision care

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

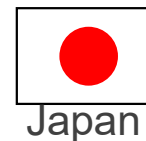


Kakamigahara Plant
Product: 1DAY Menicon premiO



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

Sales

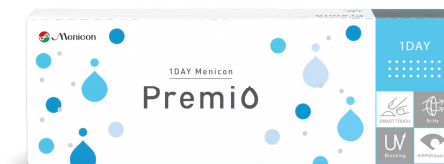


Japan

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

Promotion of Initiatives to Address the Growing Myopia Population

✓ Expansion of sales territories of Orthokeratology lenses

Sales territories	 Alpha Corporation (Japan)	 Menicon B.V. (Netherlands)
Europe	—	○
Asia※	○	○
China	○	○
Oceania	○	○

Introduction to
China
in 2023
(provisional)

※Excluding China

**Healthcare
and life care**

Expansion of Business Domain

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

Assisted reproductive technology



Development / Sales

Sperm preparation equipment
(For clinics)

Promotion of product awareness

Supplement



Development / Sales

Supplements for pre-pregnancy / healthcare / beauty care, etc.
(For clinics / EC / sales stores)

Development of original products and services

Environmental and bioscience



Development / Sales

Composting promotion system / degradation-accelerating agent for rice straws, etc.
(For farmers / livestock farmers)

Development and sales promotion of related products

Food



Sales

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

Increase in profitability through expansion of transaction volume

Veterinary medical



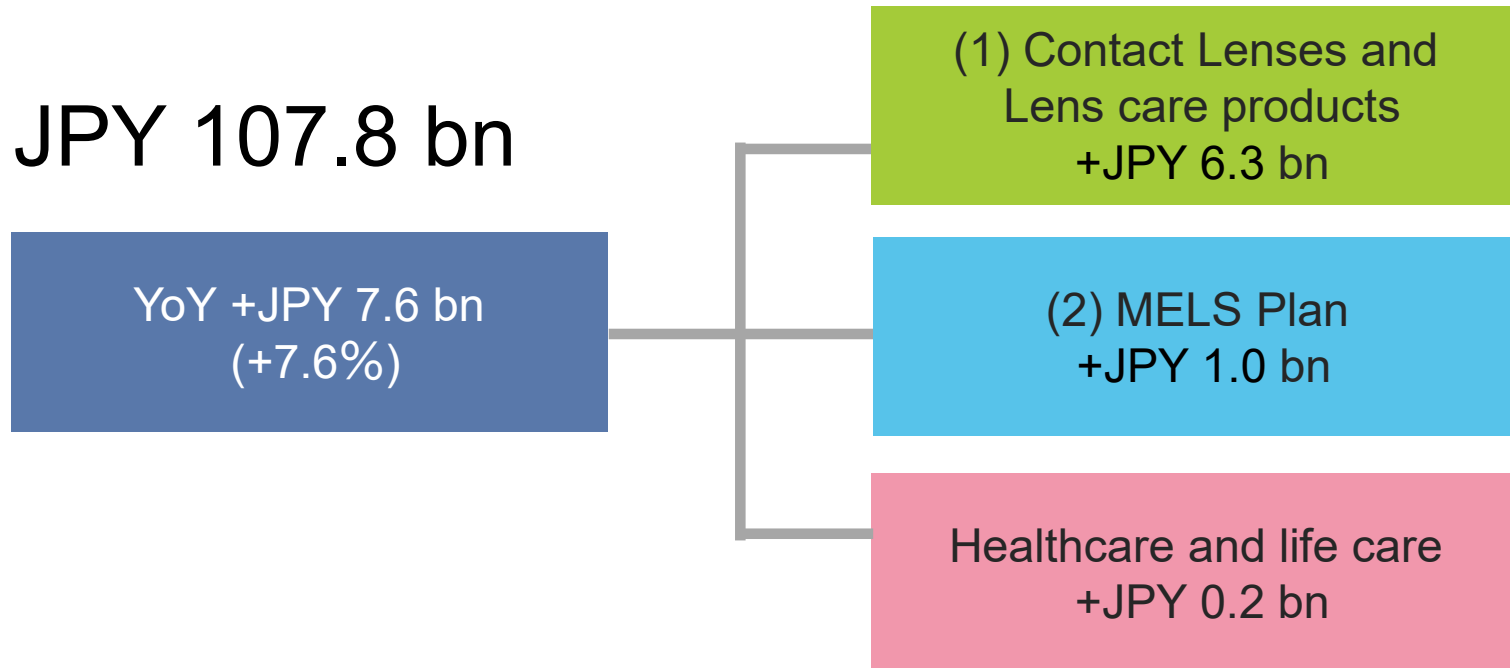
Development / Sales

Intraocular lenses / contact lenses / supplement for animals, etc.
(For veterinary clinics)

Sales promotion of supplement, and expansion of overseas business

Appendix

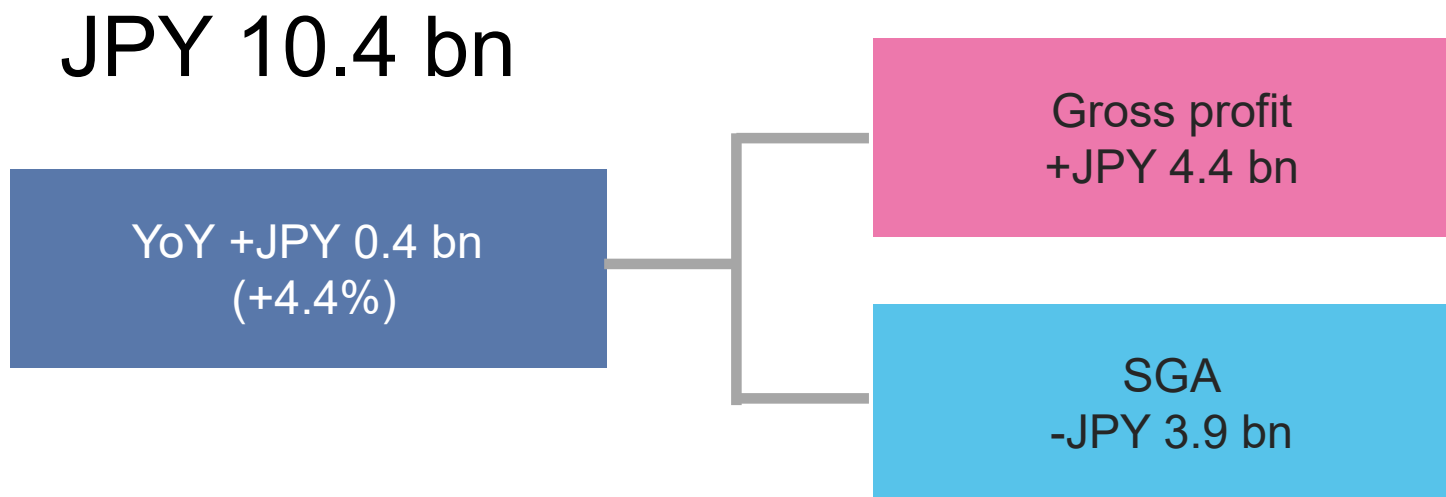
Net Sales Forecast



Key factors

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

Operating Profit Forecast



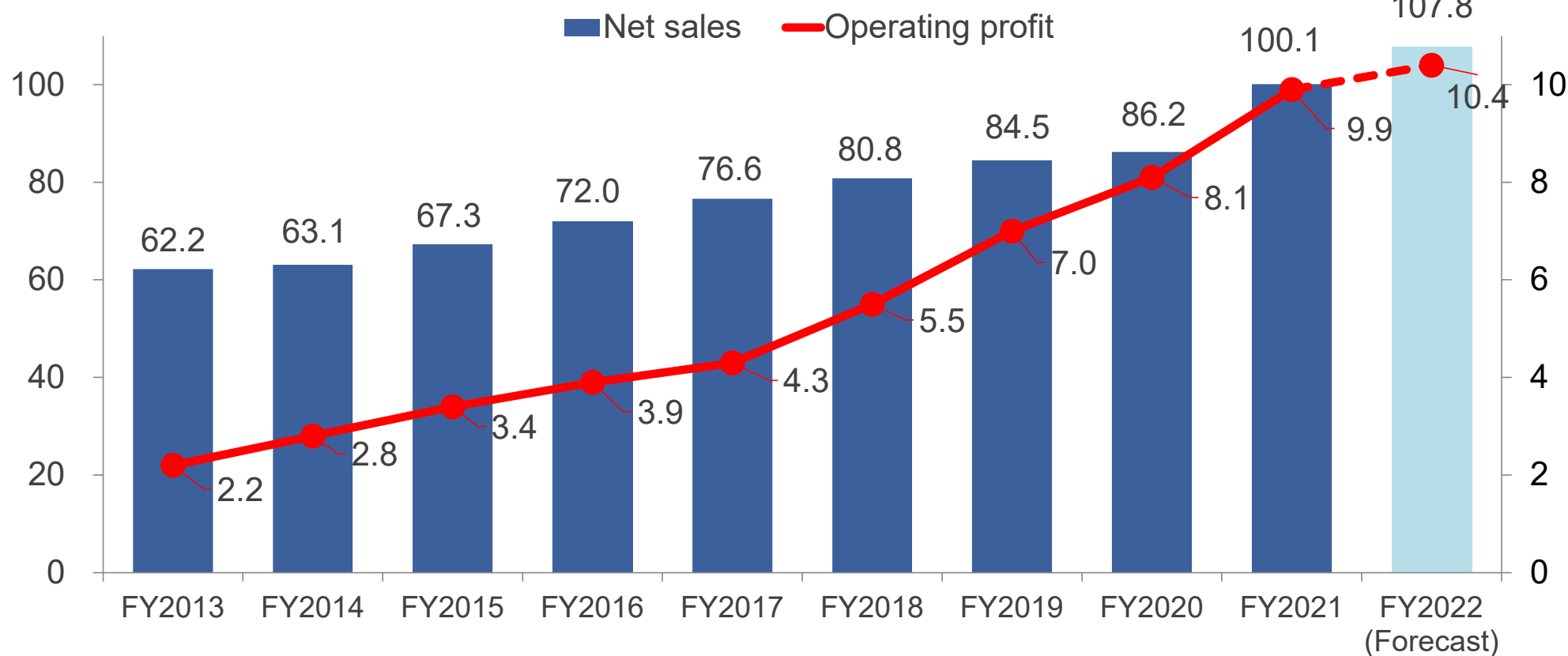
Key factors

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

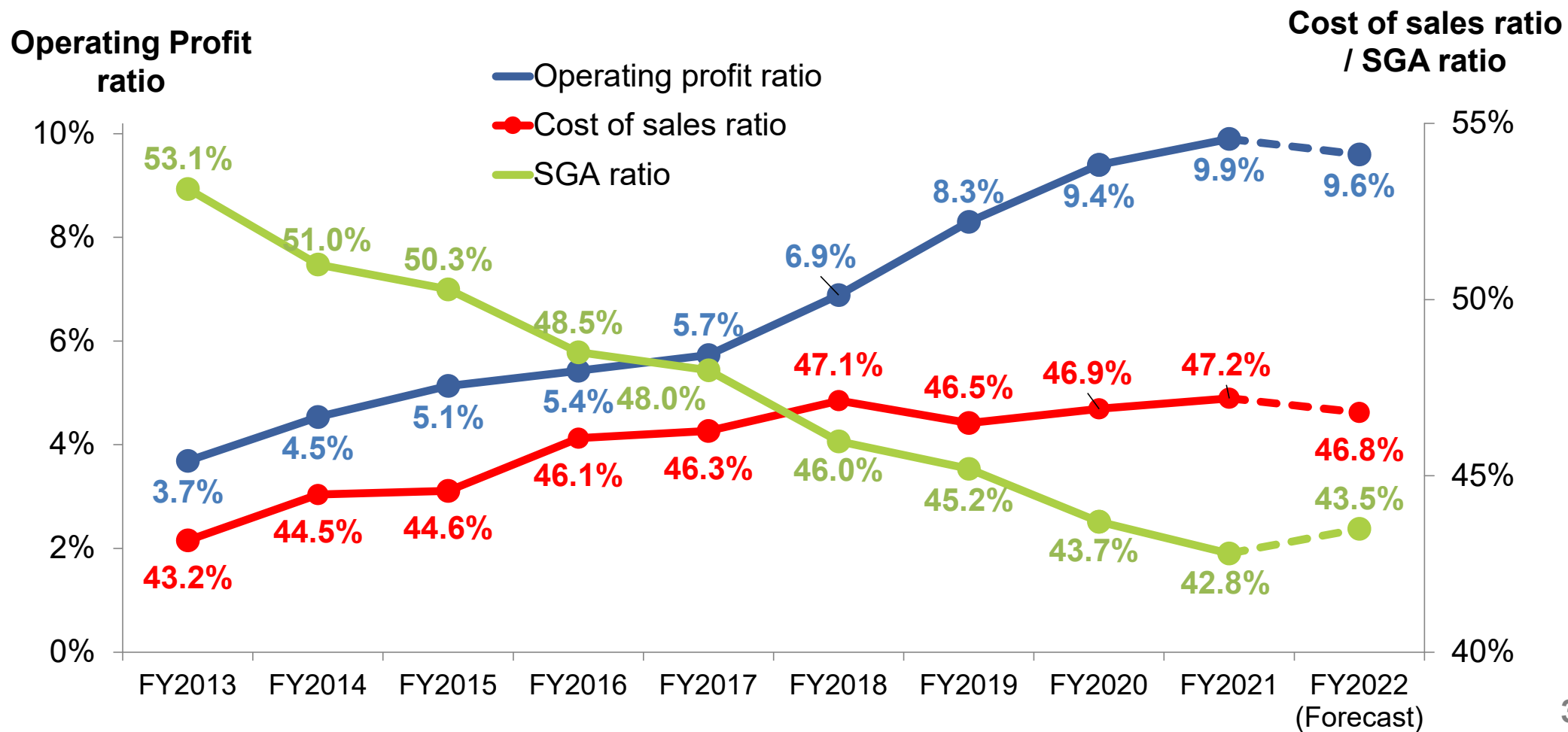
Net Sales / Operating Profit Trends

Net sales
(JPY bn)

Operating profit
(JPY bn)



Cost of Sales Ratio / SGA Ratio / Operating Profit Ratio

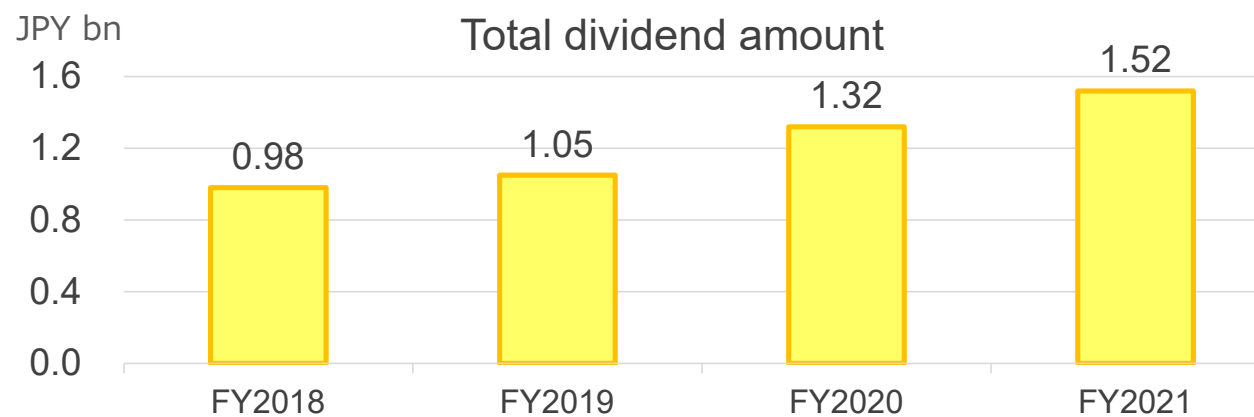


Dividend Forecast (unchanged from the May 12, 2022 announcement)

✓ 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.



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 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.

- 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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