

Consolidated Financial Results for the Nine Months Ended December 31, 2023

Securities Code : 7780

Menicon Co., Ltd.

February 13, 2024

- I . Summary of Consolidated Financial Results
for FY2023 3Q
- II . Forecast of Consolidated Financial Results for FY2023
- III . Growth Strategies for the Medium-Term Business Plan

I . Summary of Consolidated Financial Results for FY2023 3Q

Key Factors

➤ Consolidated Financial Results for FY2023 3Q

Japan: Growth in Daily disposable contact Lens (1DAY-lens) and new Lens care products,
Overseas: Growth in Europe and North America, slowing growth in China

Net Sales : JPY **87.4 bn** / YoY **+6.0%** (increase in sales)

【 Vision Care 】

✓ Japan... ↑ MELS Plan : Increase in 1DAY-lens sales

↑ Product sales : Steady sales of new Lens care products, etc.

✓ Overseas...

↑ Europe : Increase in Lens care products sales to existing business partners

↑ North America : Increase in 1DAY-lens sales by developing new business partners

↓ Asia : Impact of economic stagnation in China*

【 Healthcare and life care 】

✓ ↑ China... Expand food business

(Reference) **Overseas sales (consolidated) : JPY 24.62 bn → JPY 27.70 bn (+12.5%)**

Growth in local currency +7.2% , Impact of yen depreciation +5.3%

Overseas sales ratio: 29.9% → 31.7% (+1.8 pt)

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

➤ Consolidated Financial Results for FY2023 3Q

Gross Profit: Increase, Operating Profit: Decrease due to promote growth investments (New Plants, R&D, Personnel Reinforcement)

Gross profit: **JPY 45.8 bn**, YoY **+3.3% (increase in profit)**

Cost of sales ratio: 46.2% → **47.6%** (+1.4pt)

- ✓ Europe/North America ...↑ Increase in sales
- ✓ China ...↓ Impact of economic stagnation
- ✓ Composition ratio ...↓ Growth rate : Vision care < Healthcare and life care

Operating profit : **JPY 7.5 bn**, YoY **-28.9% (decrease in profit)**

Operating profit ratio : 12.8% → **8.6%** (-4.2pt)

Investment costs for growth etc.

- ✓ New Plants... Malaysia: Preparation for 1DAY-lens plant
China : Orthokeratology lens (Ortho-K) plant operations
- ✓ R & D... Strengthen new product development
- ✓ Personnel Reinforcement... China : Reinforcement of Ortho-K sales
Europe : Reinforcement of 1DAY-lens sales
- ✓ Foreign Exchange... Impact of yen depreciation

Summary of Financial Results for FY2023 3Q

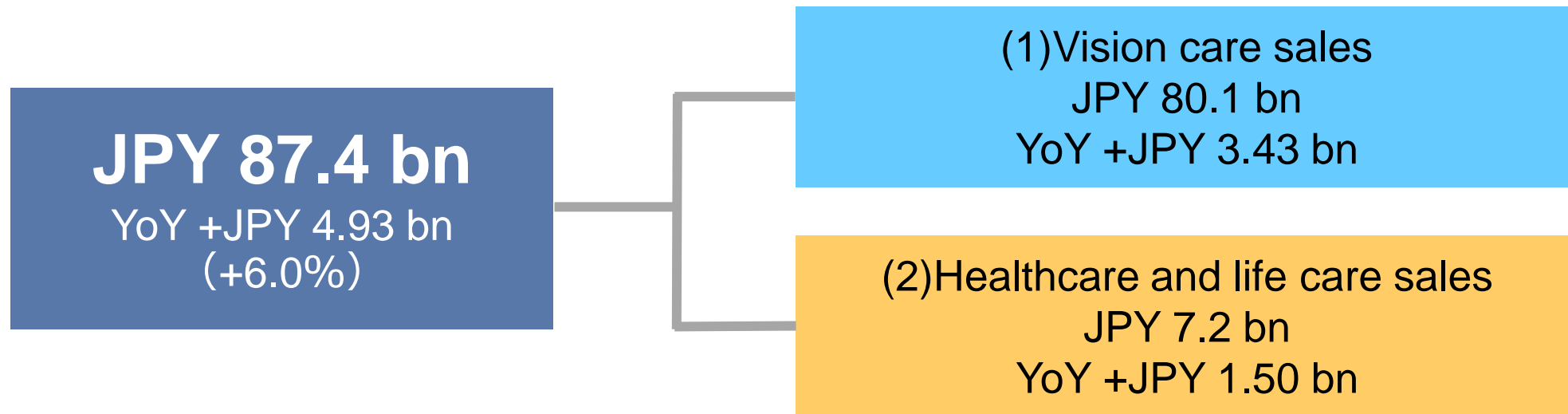
	FY2022 3Q	FY2023 3Q	YoY
			JPY m
Net sales	82,463	87,401	+6.0%
Cost of sales	38,091	41,563	+9.1%
(Cost of sales ration)	46.2%	47.6%	(+1.4pt)
Gross Profit	44,372	45,837	+3.3%
SGA	33,786	38,308	+13.4%
(SGA ratio)	41.0%	43.8%	(+2.8pt)
Operating profit	10,585	7,529	-28.9%
(Operating profit ratio)	12.8%	8.6%	(-4.2pt)
Ordinary profit	10,411	7,269	-30.2%
Profit attributable to owners of parent	6,858	4,576	-33.3%

Breakdown of Net Sales

	FY2022 3Q	FY2023 3Q	YoY	JPY m
Net sales	82,463	87,401	+6.0%	
(1) Vison Care	76,693	80,126	+4.5%	
Net sales in Japan	55,107	56,308	+2.2%	
MELS Plan	34,211	34,716	+1.5%	
Product sales* and Others	20,896	21,591	+3.3%	
Overseas sales	21,586	23,818	+10.3%	
Asia	12,155	11,937	-1.8%	
Europe	7,944	9,891	+24.5%	
North America	1,031	1,480	+43.5%	
Oceania and Africa. Etc.	454	509	+12.0%	
(2) Healthcare and life care	5,769	7,274	+26.1%	
Net sales in Japan	2,731	3,391	+24.2%	
Overseas sales	3,038	3,883	+27.8%	

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

Vision Care Growth, Japan/Europe/North America :
Increase in sales of 1DAY-lens and Lens care products



Key factors

(1) Japan : Increase in average monthly fee of MELS Plan (See p.10)

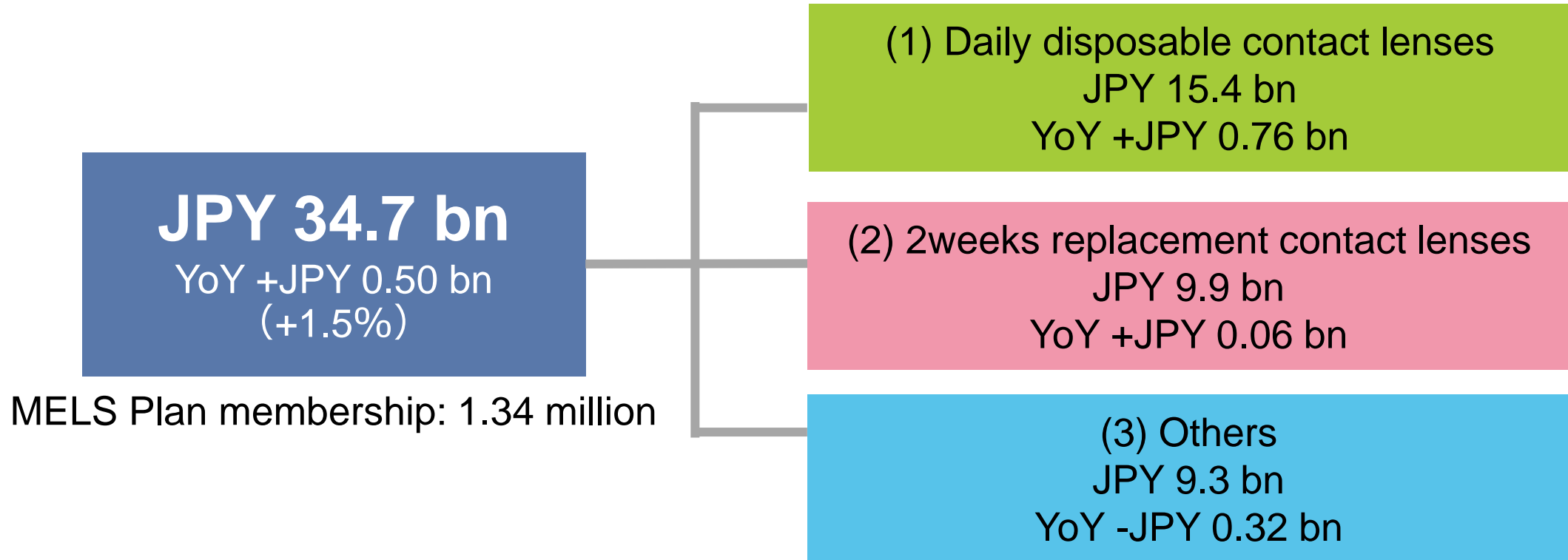
Increase in sales of new Lens care products (See p.29)

Europe : Increase in Lens care products sales to existing business partners(See p.31)

North America : Increase in sales of 1DAY-lens by developing new business partners (See p.31)

(2) Expand Food business in China

Increase in membership for higher monthly fee plan (1DAY-lens, Multifocal type)

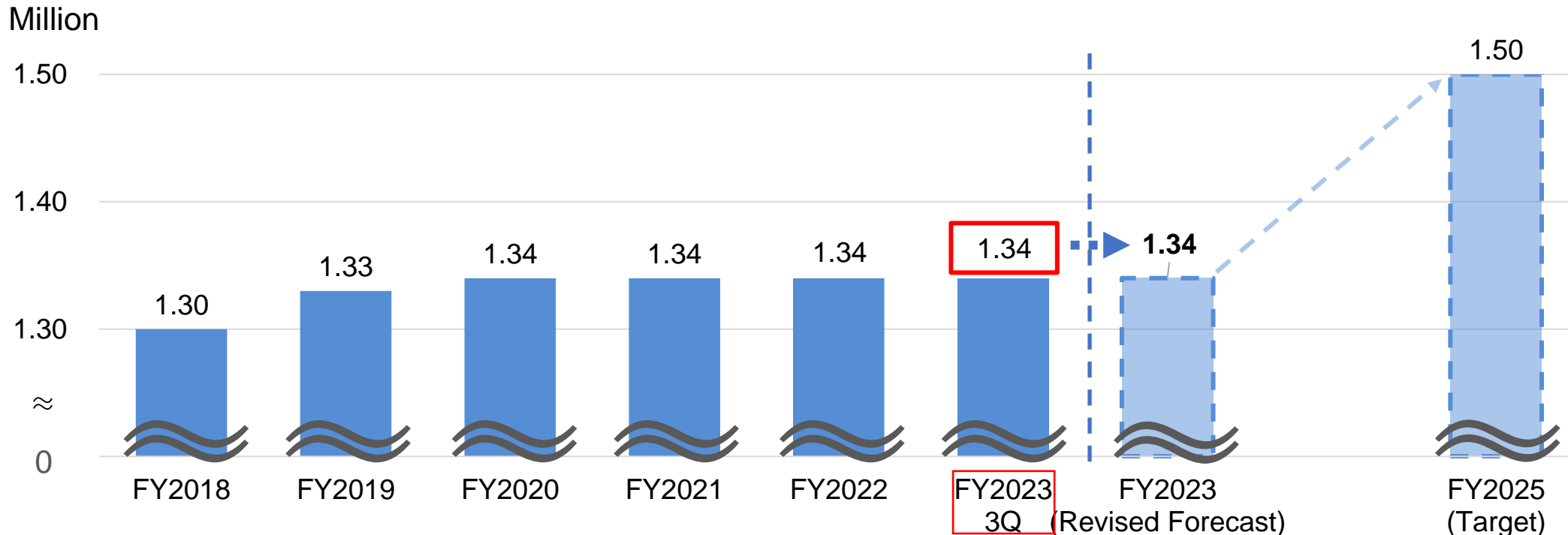


Key factors

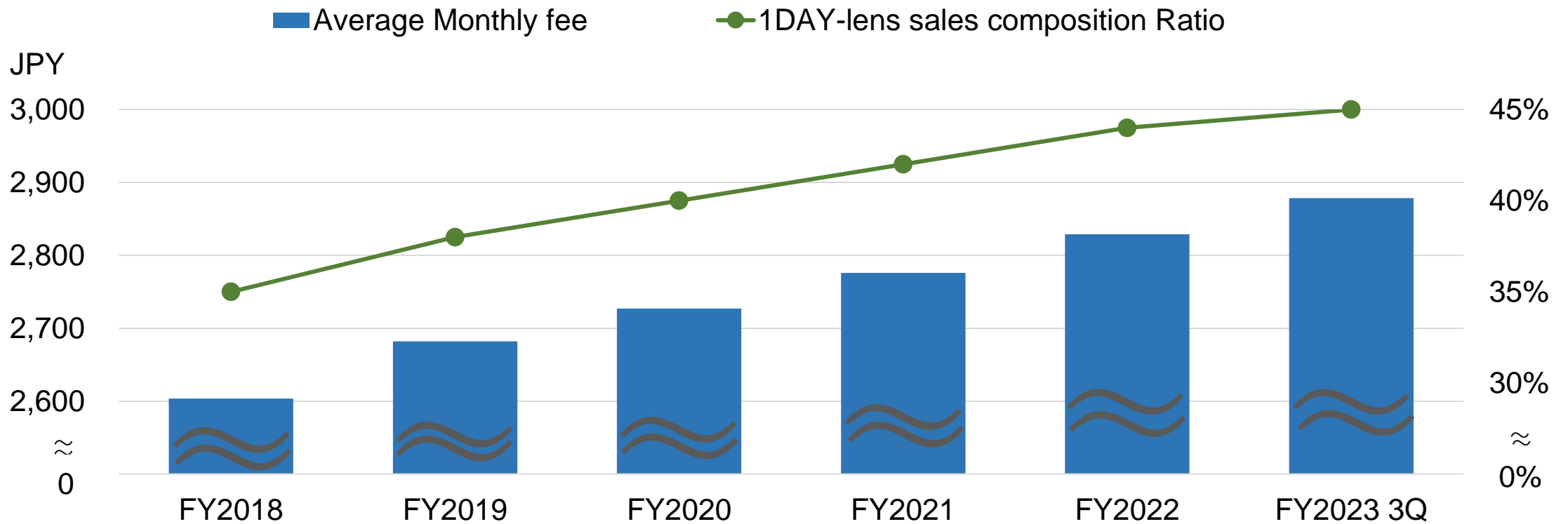
- (1) Increase in quantity of supply, Increase membership due to demand for simplicity of use
- (2) Increase in membership of multifunctional multifocal types (For astigmatism, Color contact lenses)
- (3) Decrease in membership due to strong 1DAY-lens demand

1.34 million landing expected due to temporary impact of price revision

- ✓ FY2023 3Q(Actual) : 1.34million FY2023(Revised Forecast) : 1.34 million (Previous forecast: 1.36 million)
- ✓ Counter measure : Strengthen sales structure by increasing the number of stores handling MELS Plan and utilizing online customer service, and implement referral campaigns to promote membership in 4Q demand period, etc. (See p.29)



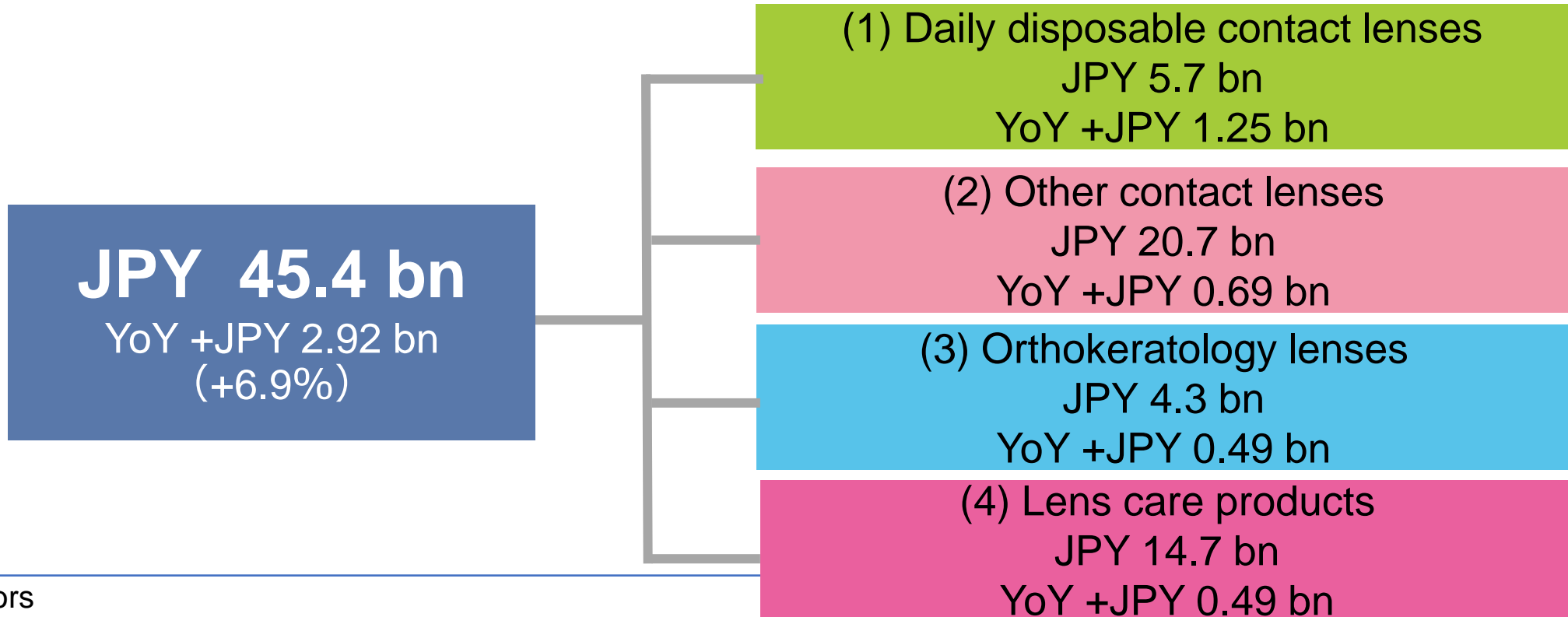
Increase in average monthly fee each year due to increasing 1DAY-lens sales ratio



Average monthly fee = Sales of MELS ÷ 12 months (for 3Q, 9 months) ÷ Number of MELS Members

1DAY-lens sales composition ratio = Sales of MELS (1DAY-lens) ÷ Sales of MELS

Europe/North America: Increase in sales 1DAY-lens and lens care products



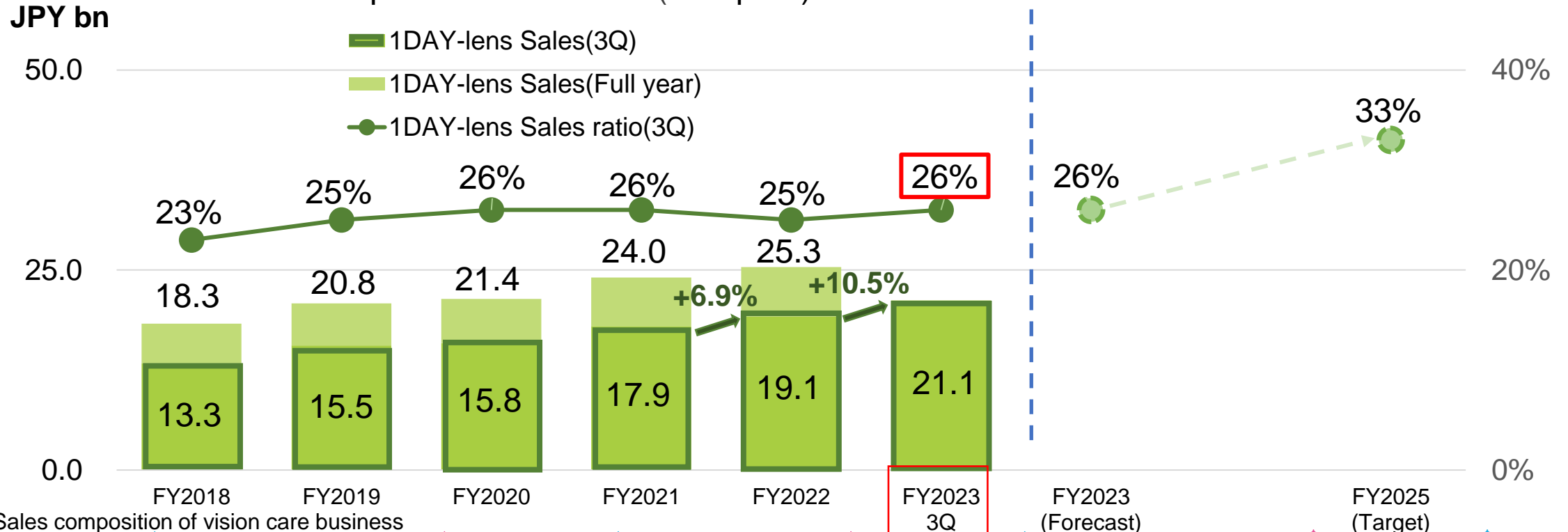
Key factors

- (1) Europe : Expand sales areas at existing business partners
North America : Increase in sales by developing new business partners (See p.31)
- (2) Japan : Increase in 3C Plan membership, Europe : Increase in 1 month replacement contact lenses (1MONTH-lens) sales
- (3) China :+JPY 0.25 bn / Increase in sales of new product “Menicon Z Night” (See p.32)
Japan, others :+JPY 0.24 bn / Popularize Ortho-K in Japan
- (4) Europe, others :+JPY1.26 bn / Start handling at existing business partners in Europe (See p.31)
China :-JPY0.74bn /Impact of economic stagnation

26% landing expected due to promoting MELS membership and increase in sales in Europe/North America

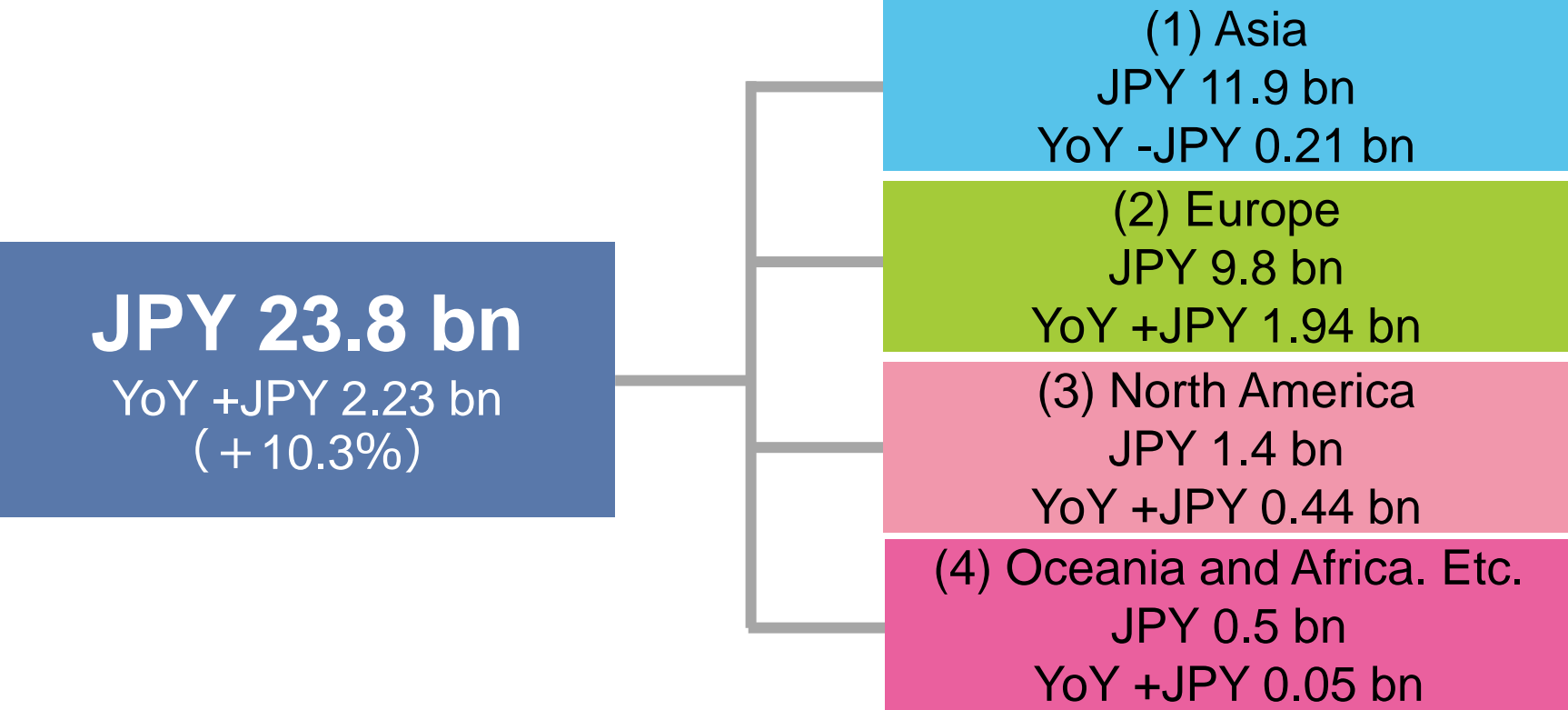
- ✓ FY2023 3Q(Actual) : 26% FY2023(Forecast) : 26%
- ✓ Future : Production : Expand capacity of existing plants and establish of new plant in Malaysia (See p.30)

Sales :Promote MELS membership in Japan and expand new business partners in Europe/ North America (See p.31)



* Sales composition of vision care business

Europe/North America: Increase in sales 1DAY-lens and lens care products

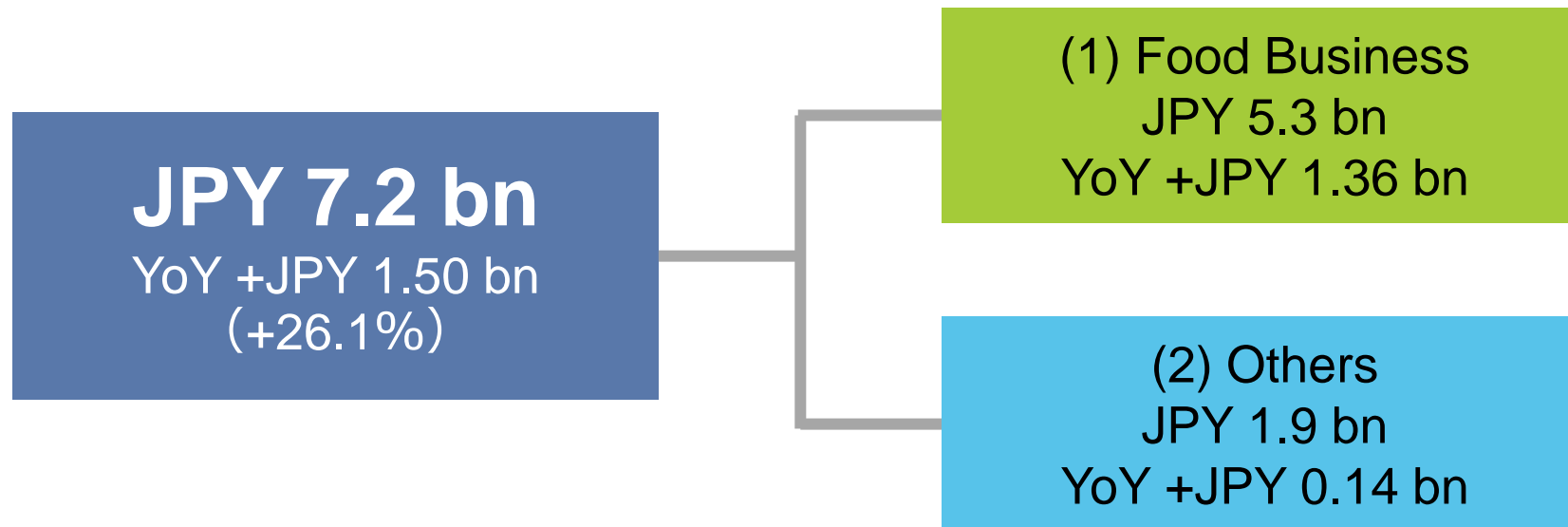


Key Factors

- (1) Asia except China : +JPY 0.12 bn / Increase in sales of Ortho-K and Lens care products mainly in Singapore and Korea
China : -JPY 0.39 bn / Impact of economic stagnation (Ortho-K : +JPY 0.25 bn, Lens care products -JPY 0.74 bn)
- (2) Increase in sales of 1DAY-lens, 1MONTH-lens and Lens care products at existing business partners (See p.31)
- (3) Increase in 1DAY-lens sales by developing new business partners (See p.31)

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

China : Expansion of business
Japan : Expansion of Food business through favorable import sales



Key Factors
 (1) China : Expand sales of imported food products from Japan
 Japan : Effect of sales price revision of imported food products

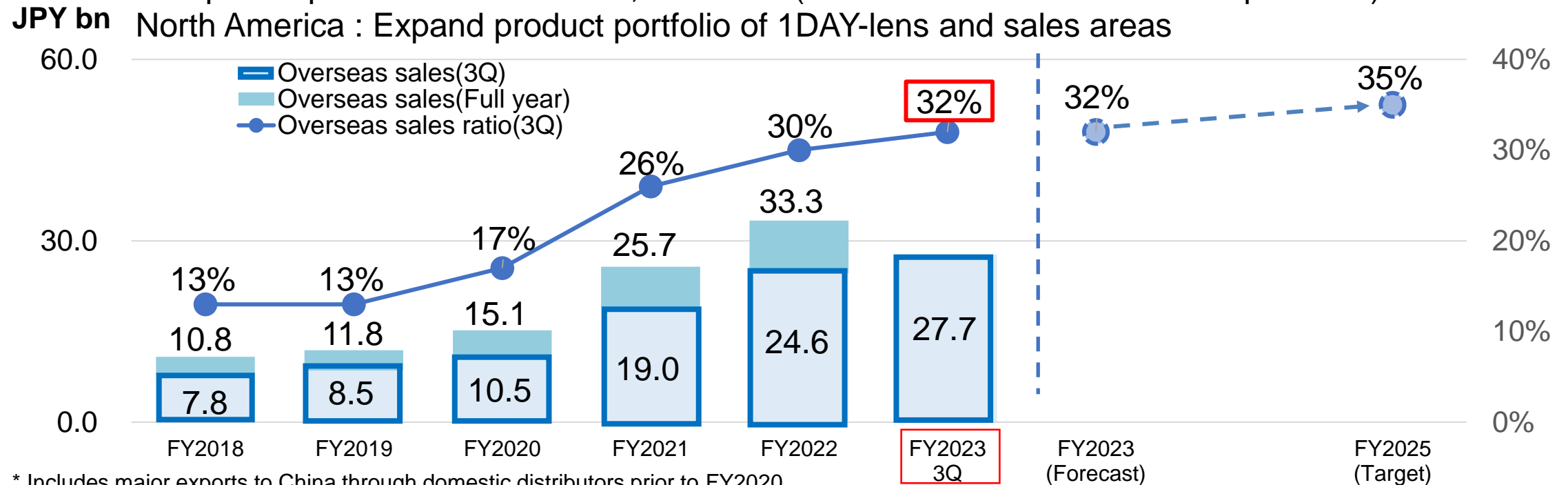
32% landing expected due to
 Europe : Expansion of sales and China : Maintenance of sales

- ✓ FY2023 3Q(Actual) : 32% FY2023(Forecast) : 32%
- ✓ Future : China : Maintain sales of Ortho-K and Lens care products through lineup expansion and personnel reinforcement

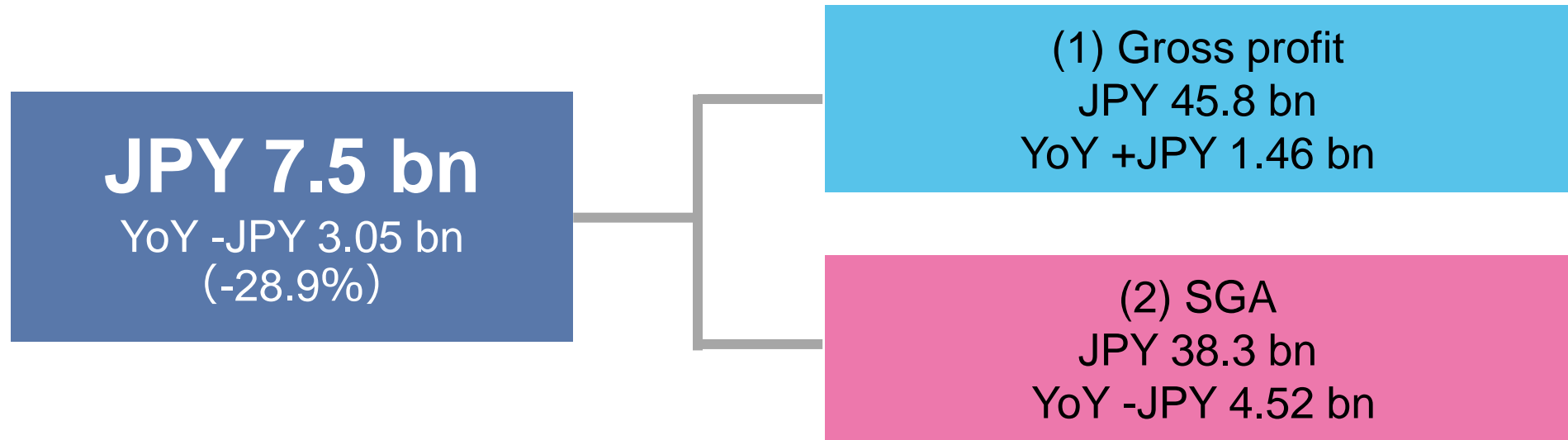
Asia except China : Expand sales of Ortho-K, Lens care products and Disposables lenses

Europe : Expand 1DAY-lens sales, Set sales (1MONTH-lens and Lens care products)

North America : Expand product portfolio of 1DAY-lens and sales areas



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



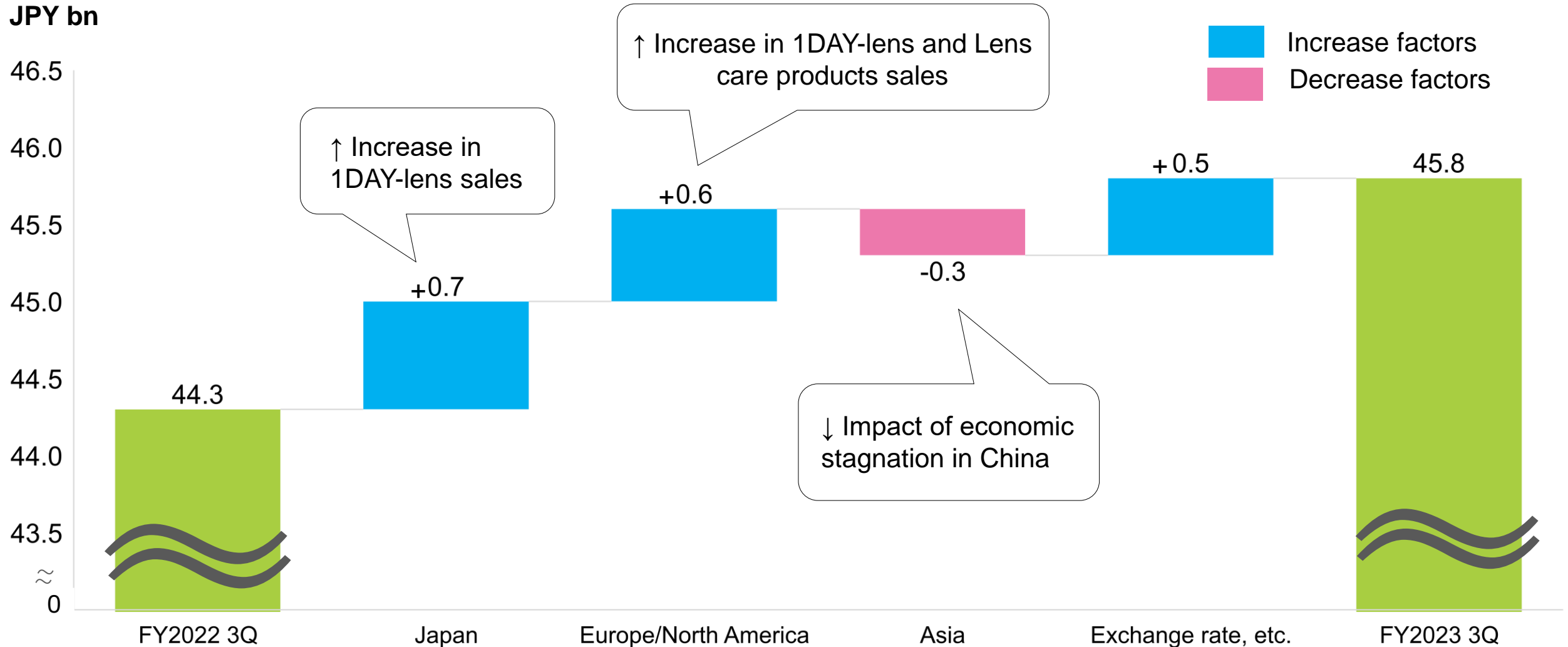
Key factors

(1) Global : Increase in 1DAY-lens sales

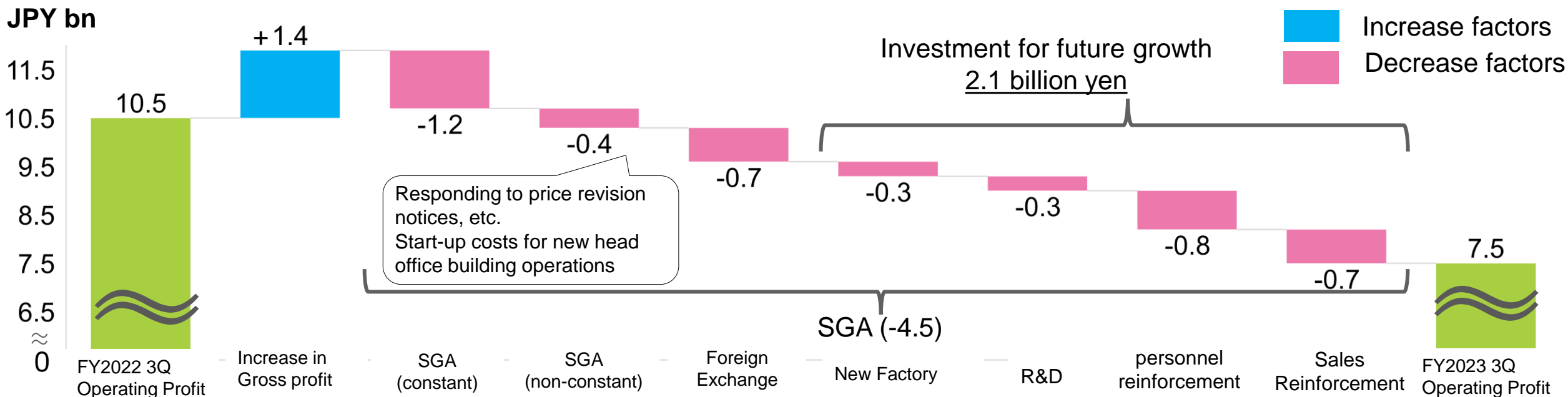
Europe/North America: Increase in sales 1DAY-lens and Lens care products (See p.17)

(2) Promote growth investments (New Plants, R&D, Personnel Reinforcement, Sales Reinforcement)
(See p.18)

Analysis of Changes in Consolidated Gross profit



Analysis of Changes in Consolidated Operating Profit



✓ Investment expenses for future growth, etc. *Except exchange rate effects

Items		Amount (JPY bn)	
New plant	Prepare for operation (Malaysia 1DAY-lens plant, China Ortho-K plant)	-0.3	See p.33
R & D	Expand product deployment countries, develop new products	-0.3	
Personnel reinforcement	Increase personnel and invest in personnel in China (Ortho-K sales), Europe (disposable lenses sales), and Japan	-0.8	See p.31,32
Sales Reinforcement	Strengthen activities to increase sales in each region, Normalization of activity due to mitigation of COVID-19 impact	-0.7	

II. Forecast of Consolidated Financial Results for FY2023

Revision of Consolidated Earnings Forecast (Announced February 13, 2024)



✓ **Net sales : No change (See p.21) 、 Gross Profit : Revised (See p.22)**

Reason... ○ **Europe/North America** : Expand business with major volume retail chains , △ **China** : Impact of economic stagnation,
△ **Japan** : 1DAY-lens Demand > supply , ○ Impact of Foreign Exchange

✓ **Operating profit and other profit : Revised (See p.22)**

Reason ... **SGA** : Responding to price revision notices, etc., **Europe/North America** : Expand sales,
China : Strengthen activities to maintain sales (Including impact of yen depreciation)
Extraordinary loss : Consideration of possibility recording in 4Q extraordinary losses in the provision for loss on guarantees resulting from the end of the Stock Benefit

	FY2022 (1)Track record	FY2023 (2)Previous Forecast		FY2023 (3)Current Forecast	FY2022 (3)-(1)	FY2023 (3)-(2)	JPY m
Net sales	110,194	116,000	⇒	116,000	+5,806	0	
Cost of sales	51,719	53,800		54,500	+2,781	+700	
(Cost of sales ration)	46.9%	46.4%		47.0%	---	---	
Gross Profit	58,474	62,200		61,500	+3,026	-700	
SGA	46,411	49,900		51,000	+4,589	+1,100	
(SGA ratio)	42.1%	43.0%		44.0%	---	---	
Operating profit	12,062	12,300		10,500	-1,562	-1,800	
(Operating profit ratio)	10.9%	10.6%		9.1%	---	---	
Ordinary profit	11,755	12,000		10,300	-1,455	-1,700	
Profit attributable to owners of parent	7,377	7,600	6,000	-1,377	-1,600		

※FY2022(1) Exchange rate EUR:JPY141.6, USD: JPY136.0, CNY:JPY19.5, FY2023 (2) Exchange rate for previous forecast EUR:JPY148.0, USD:JPY134.0, CNY:JPY19.4
FY2023(3) Exchange rate for current forecast EUR: JPY157.0, USD:JPY145.0, CNY:JPY19.9

Reasons for changes between previous and current forecasts



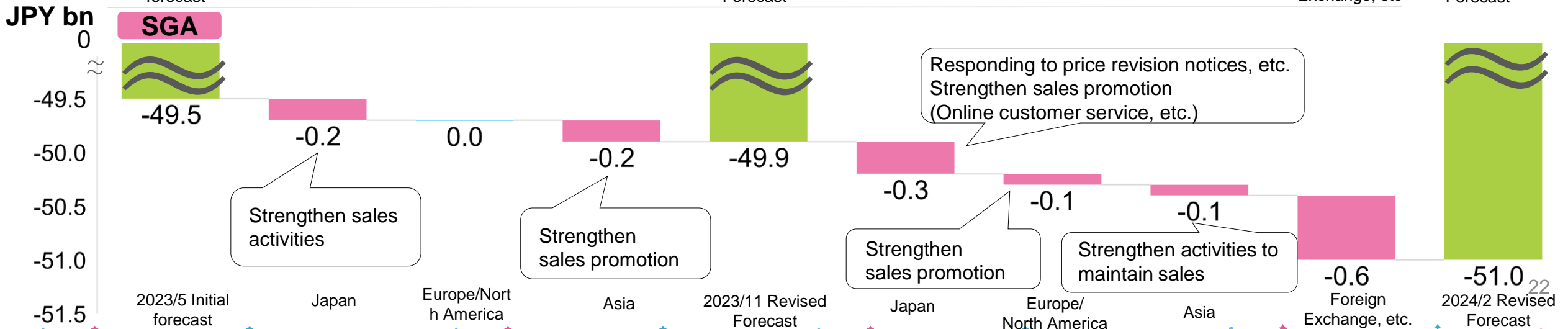
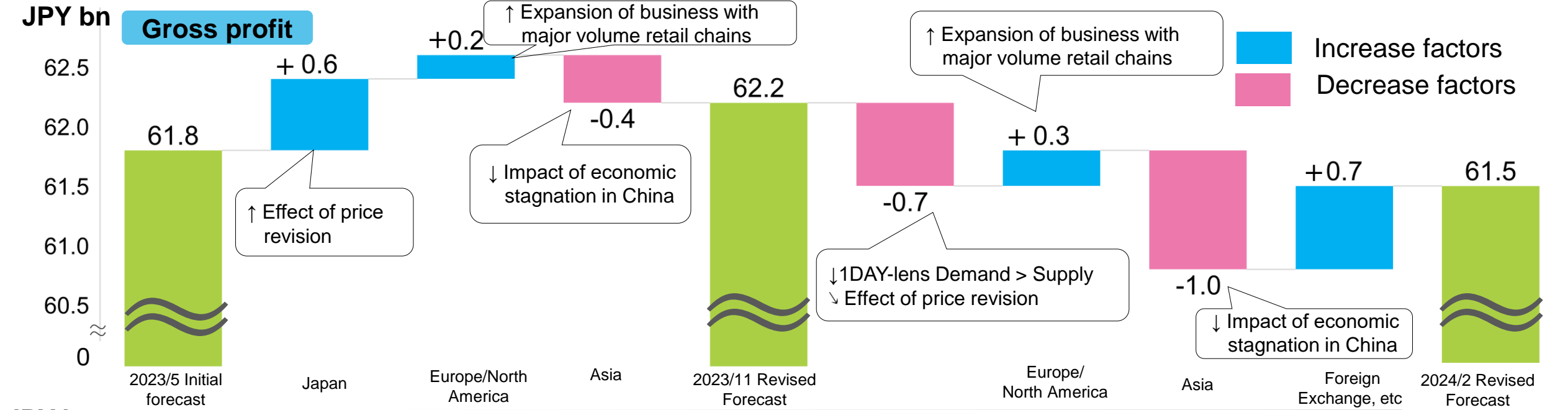
JPY bn

	FY2023 Previous Forecast	FY2023 Current Forecast	Difference	FY2023 Reason for change from previous forecast	
MELS Plan Sales	46.2	46.5	+0.3	↑ Increase in 1DAY-lens membership due to successful promotions → Effect of price revision	
Contact lenses and Lens care products Sales	61.4	60.3	-1.1	Japan	↓ 1DAY-lens Demand > Supply ↘ Effect of price revision
				Asia (China)	↓ Impact of economic stagnation
				Europe North America	↑ Expand business with new and existing business partners for 1DAY-lens and Lens care products
Healthcare and life care	8.2	9.2	+1.0	↑ Expand Food business in China	

The Company's fiscal year ends in April 2023-March 2024, and the fiscal year of the Chinese corporation ends in January-December 2023.



Analysis for changes between previous and current forecasts (Gross profit / SGA)



Consolidated Financial Forecasts and Progress



JPY m

	FY2023 3Q		FY2023 Current Forecast	Progress rate		FY2023 Previous Forecast	Progress rate
Net sales	87,401		116,000	75.3%		116,000	75.3%
(Cost of sales ration)	47.6%		47.0%	---		46.4%	---
Gross Profit	45,837		61,500	74.5%		62,200	73.7%
SGA	38,308	⇒	51,000	75.1%		49,900	76.8%
(SGA ratio)	43.8%		44.0%	---		43.0%	---
Operating profit	7,529		10,500	71.7%		12,300	61.2%
(Operating profit ratio)	8.6%		9.1%	---		10.6%	---
Profit attributable to owners of parent	4,576		6,000	76.3%		7,600	60.2%

※FY2022 (1) Exchange rate
 FY2023 (2) Exchange rate for previous forecast
 FY2023 (3) Exchange rate for current forecast

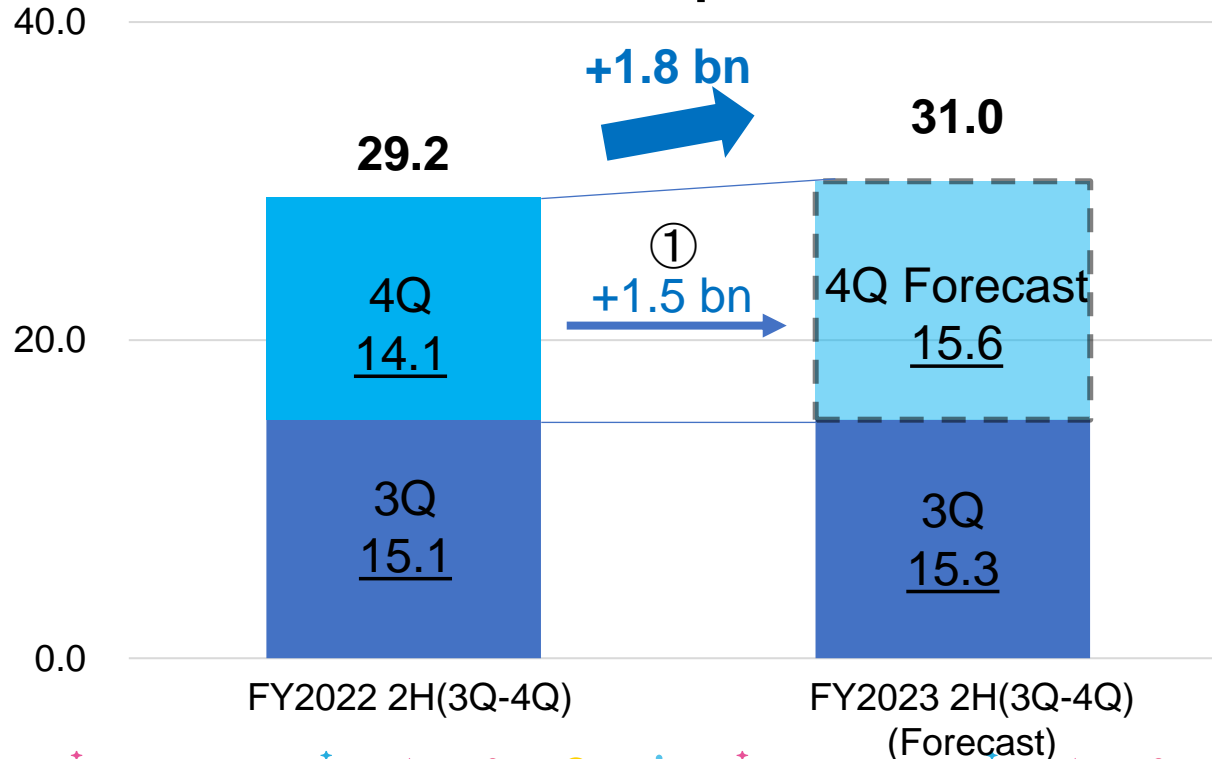
EUR : JPY141.6, USD : JPY136.0, CNY : JPY19.5
 EUR : JPY148.0, USD : JPY134.0, CNY : JPY19.4
 EUR : JPY157.0, USD : JPY145.0, CNY : JPY19.9

Forecast : Gross Profit and Operating Profit

(1) Gross Profit Forecast

- ↑ Japan: Effect of price revision
- ↑ Europe / North America : Increase in sales mainly 1DAY-lens
- China: COVID-19 impact in FY2022 4Q
- ⇔ Impact of the economy in FY2023 4Q

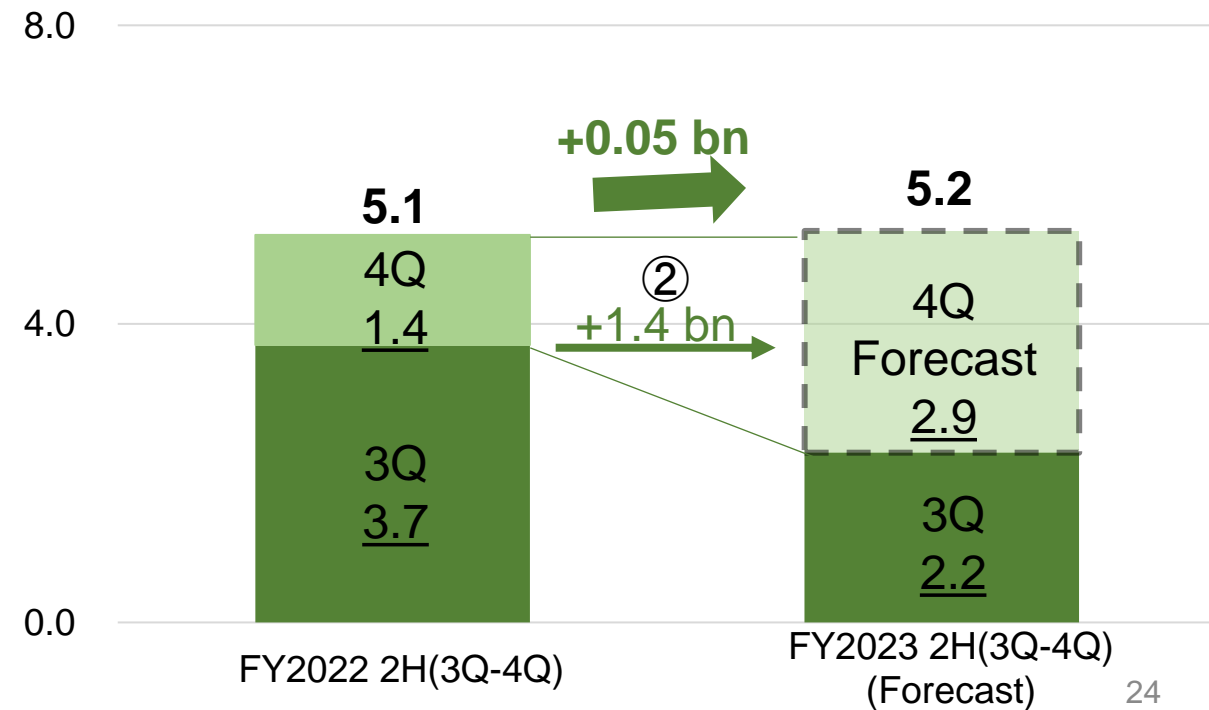
Gross profit



(2) Operating Profit Forecast

- ↑ Increase in gross profit (1)
- ↑ Advertising / promotional expenses to expand sales
FY2022 4Q > FY2023 4Q

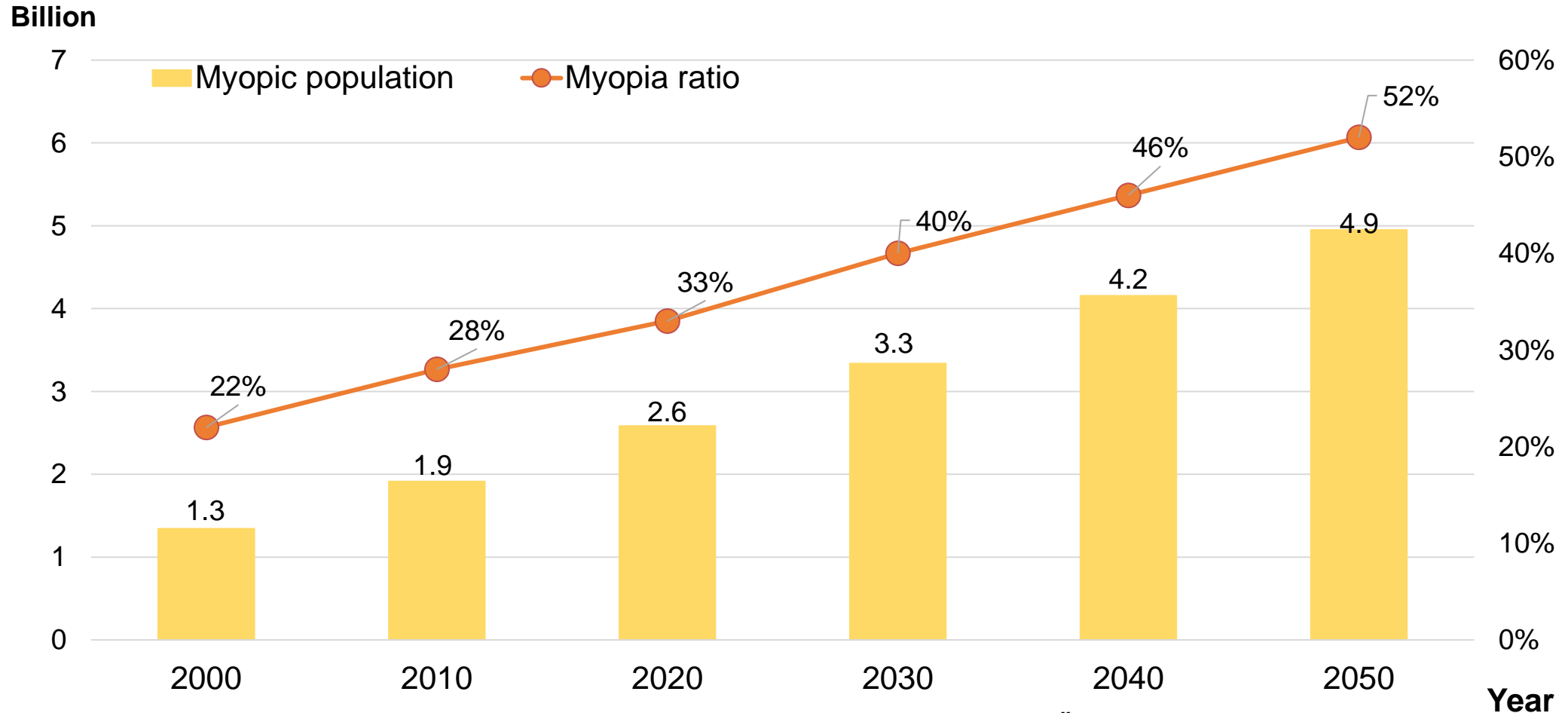
Operating profit



III. Growth Strategies for the Medium-Term Business Plan

Background of Medium-term Business Plan

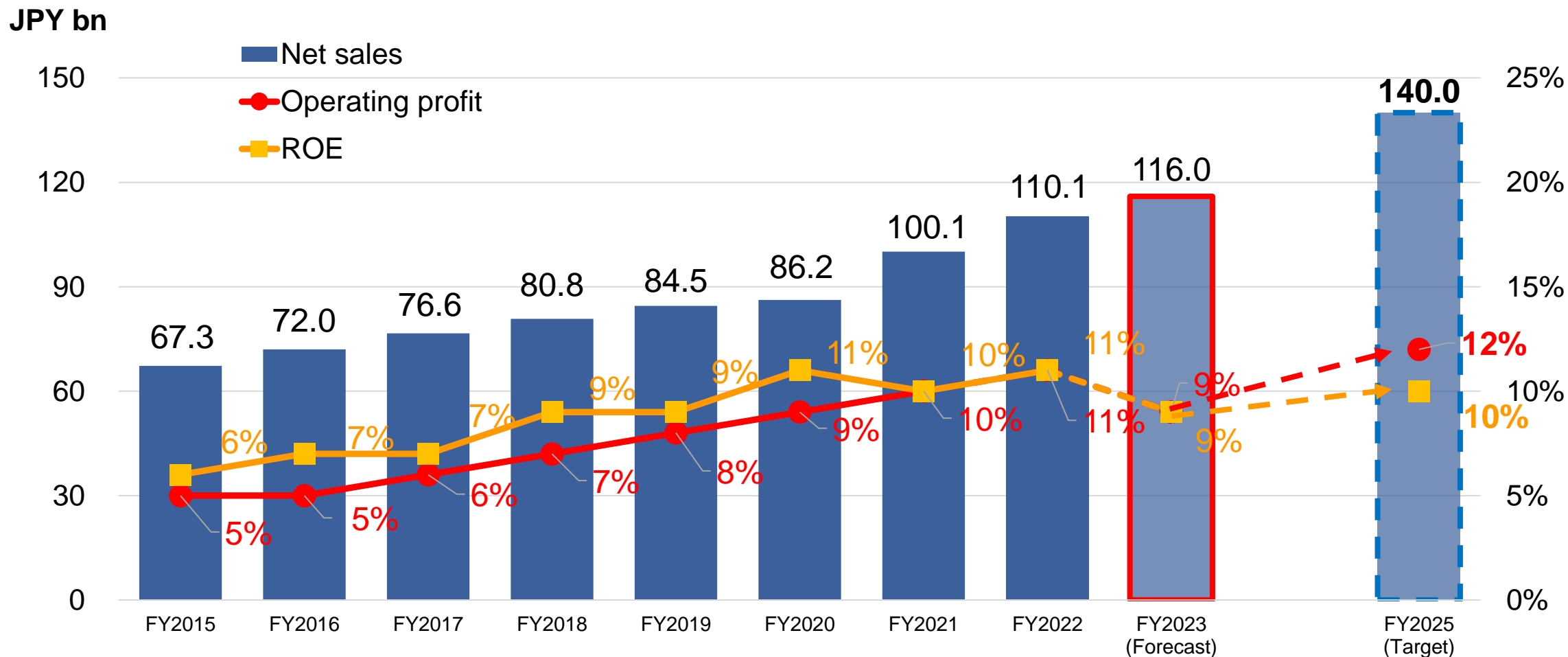
- ✓ The number of people with myopia is increasing worldwide, It is expected to continue to rise in the future.



Source; World Health Organization "THE IMPACT OF MYOPIA AND HIGH MYOPIA"

Quantitative Targets of the Medium-Term Business Plan and Forecasts for the Current Fiscal Year

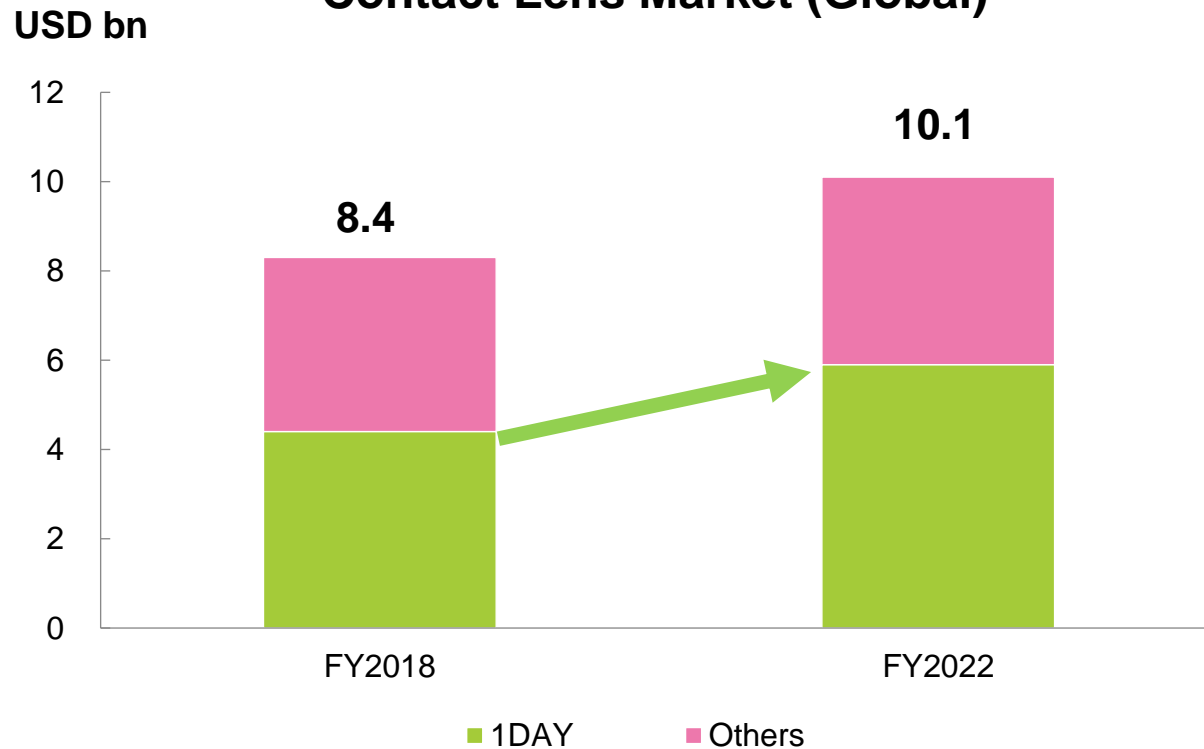
Net sales: JPY 140 bn Operating profit ratio: 12% ROE: 10%



Activities to achieve the Medium-Term Business Plan

- ✓ Contact lens market is growing globally, mainly 1DAY-lens, and is expected to continue to expand
- ✓ Promoting activities to achieve the Medium-Term Business Plan against a backdrop of market expansion

Contact Lens Market (Global)



Source: Internal survey data
*Manufacturer shipments

Activities to Achieve the Medium-Term Business Plan

MELS Plan Expansion

See p.29

Short/Medium-term

- ▶ Improve profitability through price revisions
- ▶ Increase in the number of members for high unit price lenses (1DAY-lens.multifocal type)

1DAY Sales expansion

See p.30

Short-term

- ▶ Increase supply capacity by operating new lines at Singapore and Kakamigahara plant

Medium- to long-term

- ▶ Expand production scale by operating Malaysia plant

Overseas sales expansion

See p.31-33

Short-term

- ▶ Increase daily disposable contact lenses sales volume in Europe/North America
- ▶ Expand ortho-K business in Asia

Medium- to long-term

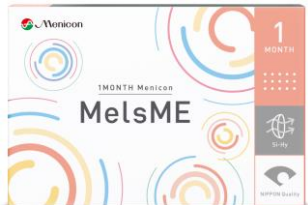
- ▶ Increase global daily disposable contact lenses sales volume
- ▶ Expand Ortho-K Business

- ✓ Stable growth with mainly MELS Plan
- ✓ Product Sales / MELS : (1) Differentiate through unique products (2) Promote sales by strengthening store measures (3) Strengthen communication with users
- ✓ MELS : (4) Acquire new MELS members through campaigns, etc.

(1) Differentiate through unique products

- Existing and New products

Launched in Dec.2023



1 MONTH-lens (Silicone Hydrogel)

Launched in Jun. 2023



Lens Care products (Hydrogen peroxide type)

Launched in Feb. 2023



2 WEEK Color lens (multifocal)

(2) Promote sales by strengthening store measures

- Expand MELS member facilities
- Open new stores
- Relocate to a better location



(3) Strengthen communication

- Utilize online consultation



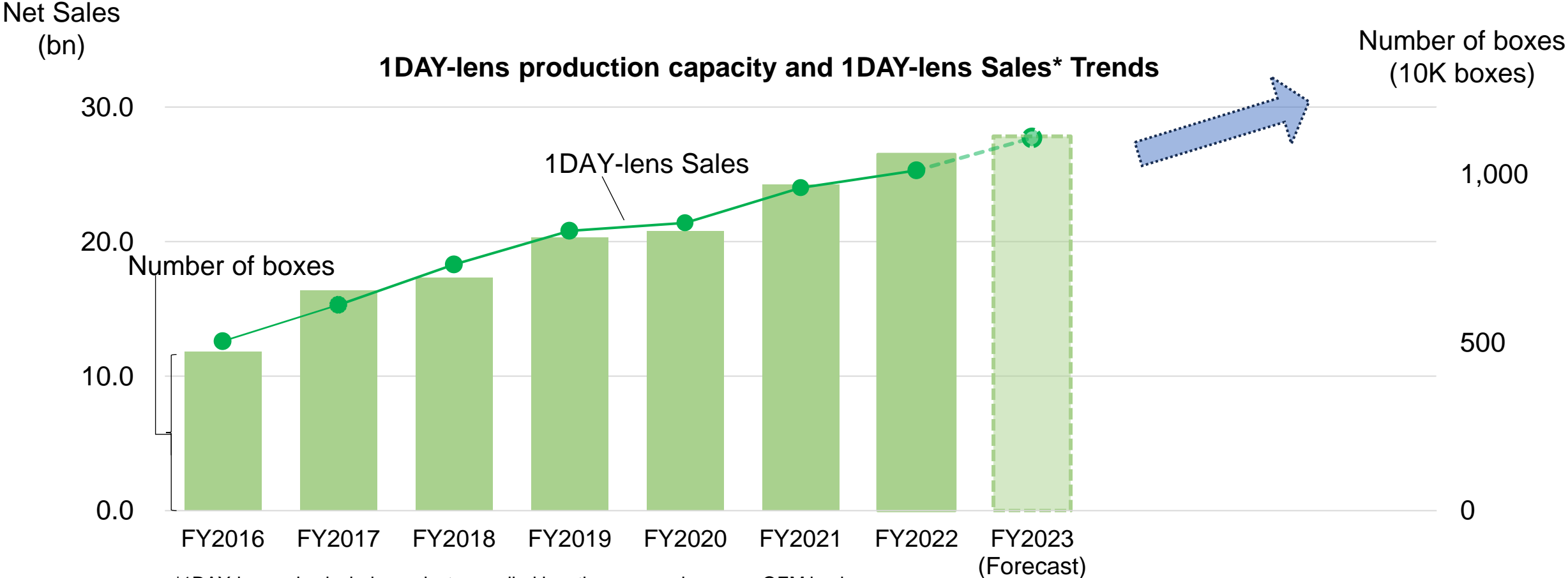
(4) Campaigns

- Referral campaign
- New Life Campaign



1DAY-lens production capacity and 1DAY-lens Sales Trends

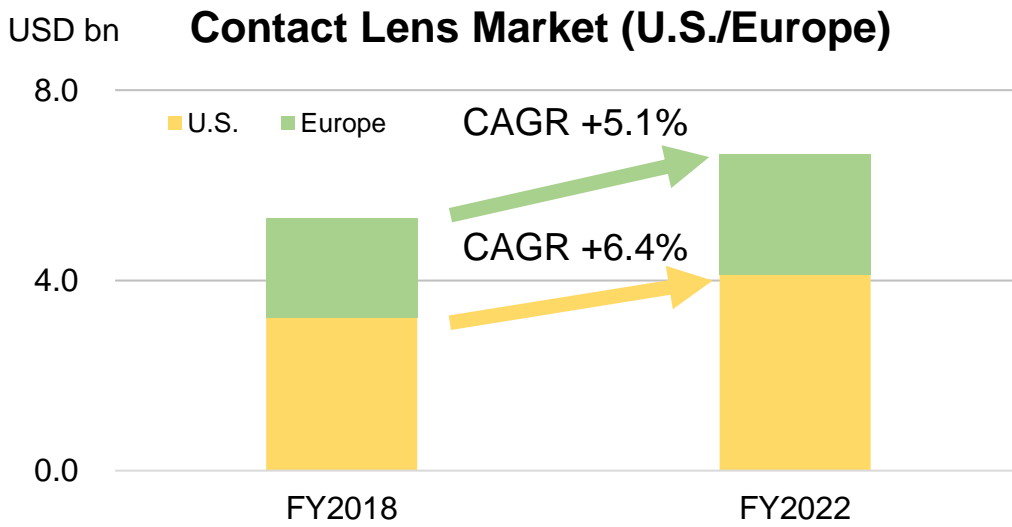
- ✓ Increase in 1DAY-lens sales by increasing production capacity
- ✓ After 2025, expand sales by establishing new plant in Malaysia



*1DAY-lens sales include products supplied by other companies on an OEM basis.

Sales Strategies in Each Region (Europe / North America)

- ✓ Growth more than market expansion, large room for share expansion
- ✓ Expand sales to major mass retail chains by taking advantage of our product features / broad product lineup and strengthening sales activities through personnel reinforcement

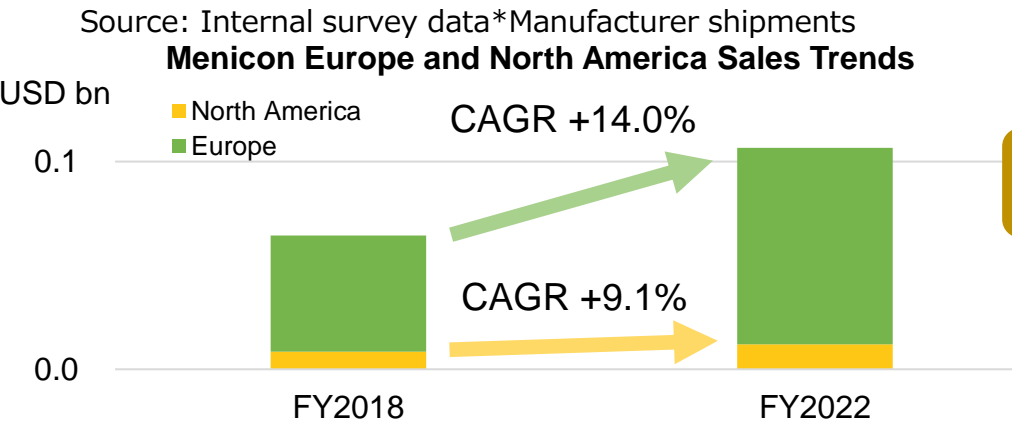


Europe

<1DAY-lens>
 Promote the superiority of ECO friendly products and switch products handled by new clients to our products



<1MONTH-lens/Lens care products>
 Sell both products as a set to existing business partners to increase the unit price per customer



North America

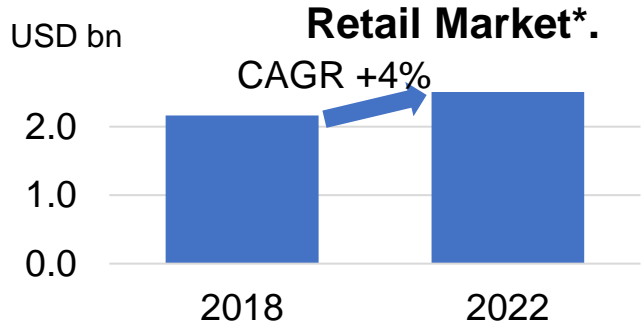
<1DAY-lens>
 Expand product portfolio to sell to existing business partners and expand sales area



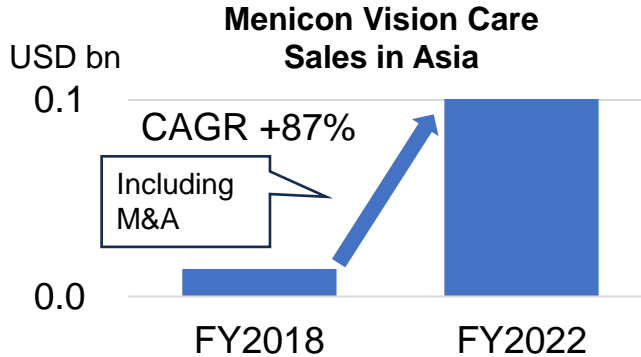
Sales Strategies in Each Region (Asia)

- ✓ **Asia:** Increase in young myopia population; **China:** Measures to control myopia population growth by the government
→ **Expanding potential market for myopia treatment**
- ✓ **China:** Expand sales of Ortho-K and Lens care products by expanding the product lineup, and strengthen the sales structure through personnel reinforcement
- Singapore and others:** Expand sales of Ortho-K, Lens care products, and disposable lenses by utilizing group sales companies

Contact Lenses and Lens care products



Source: Euromonitor International, Eyewear (2023)
Countries covered: China, Singapore, Indonesia, India, Malaysia, Korea, Vietnam, Thailand, Philippines



*FY2018 includes major exports to China through domestic distributors

China

- <Alpha Ortho-K>
Expand business partners with Alpha Ortho-K and Menicon Z Night, which have different characteristics
- <Lens care products>
Expand product lineup and increase in sales through various sales channels such as e-commerce channel and ortho-K prescription ophthalmologists



Asia except China

- <Ortho-K>
Enhance recognition of the Menicon brand as a specialist company with multiple lineups including Alpha Ortho-K, Menicon Z Night, and Menicon Bloom
- <Lens care products>
Expand sales in line with increasing Ortho-K sales
- <Disposal lenses>
Develop new sales channels

- ✓ Looking beyond FY2025, strengthen production systems of 1DAY-lens which strong demand is expected worldwide and Ortho-K and Lens care products which expected to market expand in accordance with increasing the population of myopia / lowering trend in the age of myopia.

1 DAY-lens



Singapore Plant
 Manufactured by : Magic
 Sales area: Global
2025, New Line No. 9-10 in operation (plan)



Kakamigahara Plant
 Product : 1DAY Menicon Premio
 Sales area: Global
2025, New Line No. 11 in operation (plan)



Malaysia Plant
 Product : 1DAY-lens
 Sales area: Global
2025, Start production (plan), expand production sequentially (plan)

Ortho-K



Wuxi Plant
 Product : Alpha Ortho K
 Sales area: China
Strengthen of production system for the demand

Lens care product



Gujo Plant
 Products : Lens care for hard/soft lenses
 Sales area: Global
2024, Complete renovation and new line in operation (plan)

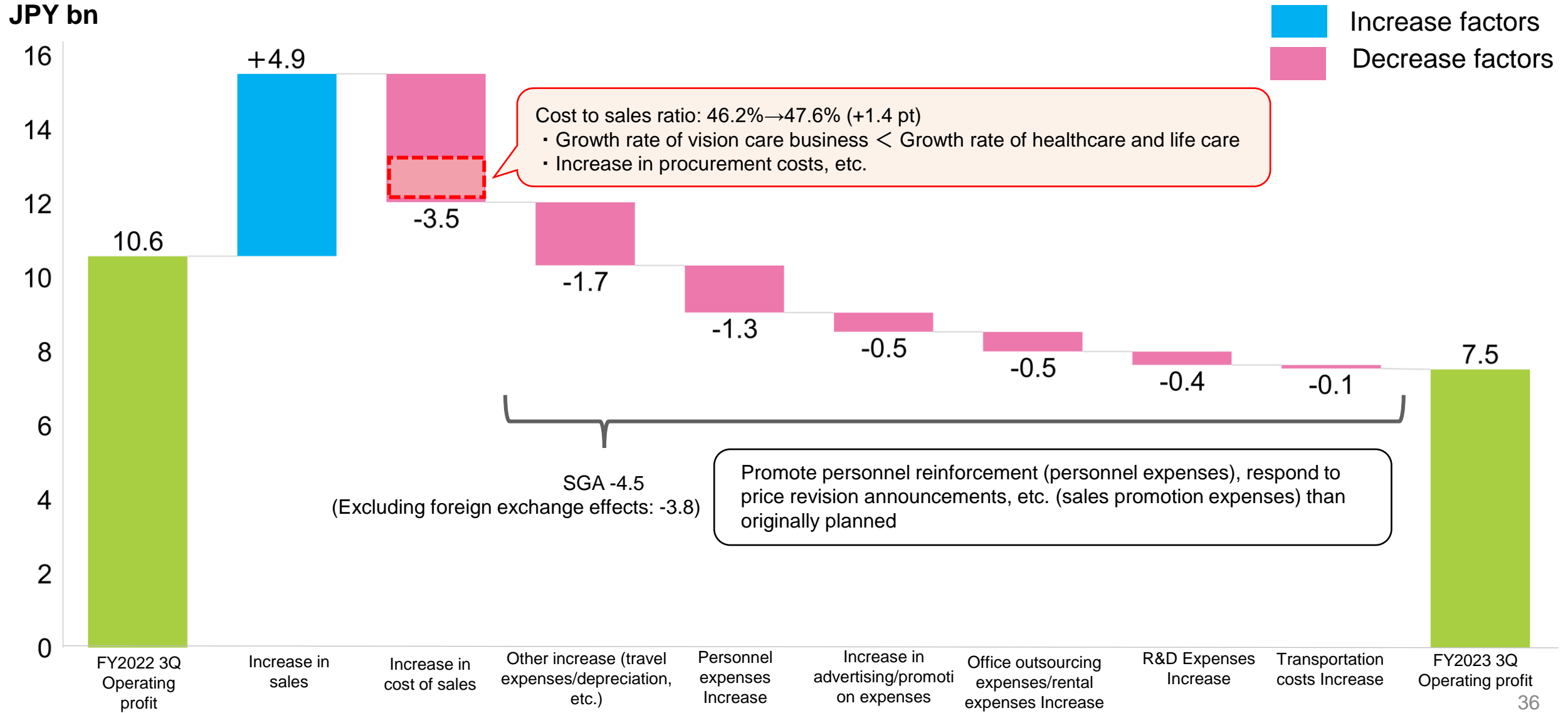
Achievement of the Medium-Term Business Plan

- ✓ Aim to achieve sales growth in Vision care business and quantitative targets for FY2025 by strengthening sales measures and supporting production systems.

Activities to Achieve the Medium-Term Business Plan		Target for FY2025	
MELS Plan Expansion	Short/Medium-term <ul style="list-style-type: none"> ▶ Improve profitability through price revisions ▶ Increase in the number of members for high unit price lenses (1DAY-lens, multifocal type) 	Total number of MELS plan members 1.5 million	Net sales JPY 140 bn Operating profit ratio 12% ROE 10%
1DAY Sales expansion	Short-term <ul style="list-style-type: none"> ▶ Increase supply capacity by operating new lines at Singapore and Kakamigahara plant Medium- to long-term <ul style="list-style-type: none"> ▶ Expand production scale by operating Malaysia plant 	1DAY-lens sales ratio 33%	
Overseas sales expansion	Short-term <ul style="list-style-type: none"> ▶ Increase daily disposable contact lenses sales volume in Europe/North America ▶ Expand ortho-K business in Asia Medium- to long-term <ul style="list-style-type: none"> ▶ Increase global daily disposable contact lenses sales volume ▶ Expand Ortho-K Business 	Overseas sales ratio 35%	

Reference Data

Analysis of Changes in Consolidated Operating Profit (By subject)



Reasons for changes between FY2022 result and current forecasts

JPY bn

	FY2022 Result	FY2023 Current Forecast	Difference	FY2024/3 Reason for change from FY2022 result
MELS Plan Sales	45.4	46.5	+1.1	↑ Increase in 1DAY-lens membership which demand expanding ↑ Effect of price revision
Contact lenses and Lens care products Sales	56.1	60.3	+4.2	Japan ↑ Increase in 3C PLAN membership ↑ Effect of price revision
				Asia (China) ↑ Market expansion against the backdrop of increasing in young myopia population ↓ Impact of economic stagnation
				Europe North America ↑ Steady sales of 1DAY-lens and lens care
Healthcare and life care	8.5	9.2	+0.7	↑ Expanding Food business in China

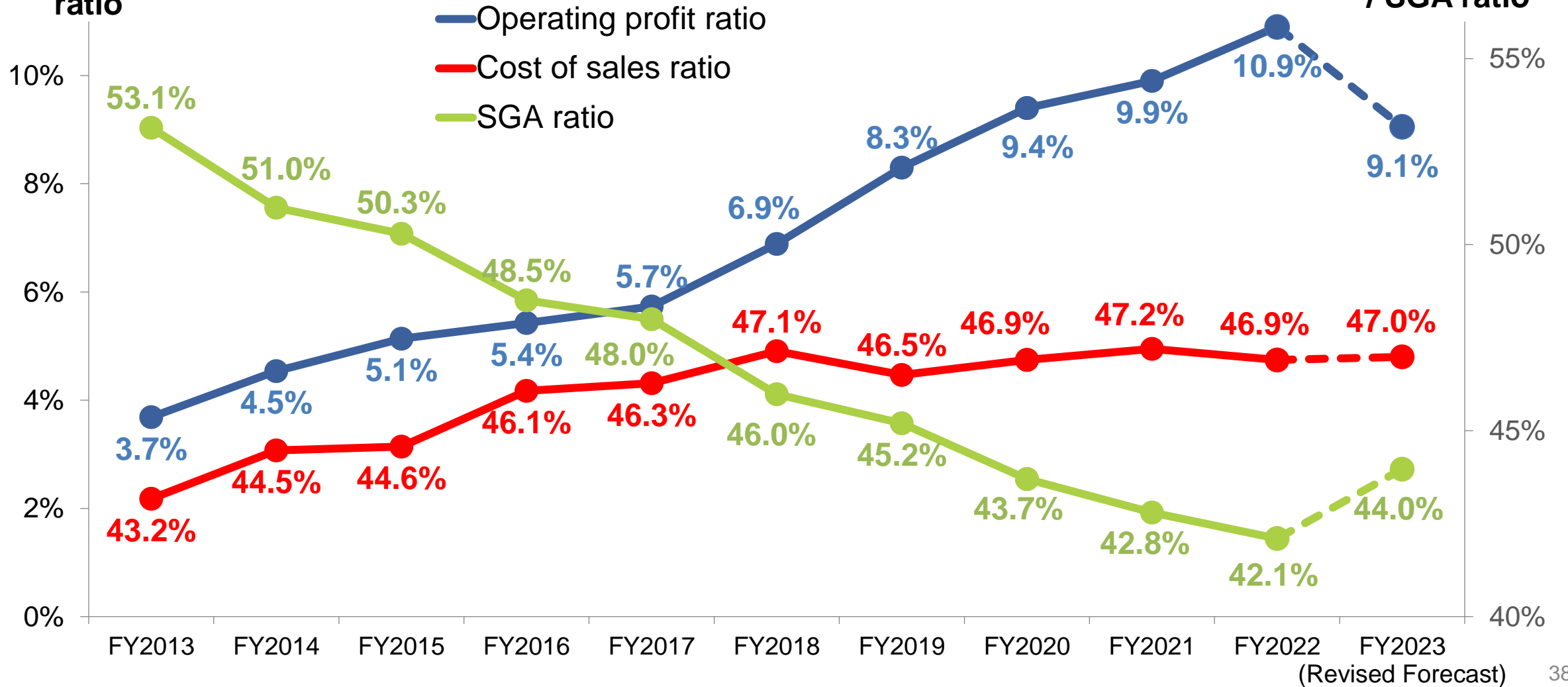
The Company's fiscal year ends in April 2023-March 2024, and the fiscal year of the Chinese corporation ends in January-December 2023.

Cost of Sales Ratio / SGA Ratio / Operating Profit Ratio



Operating Profit ratio

Cost of sales ratio / SGA ratio

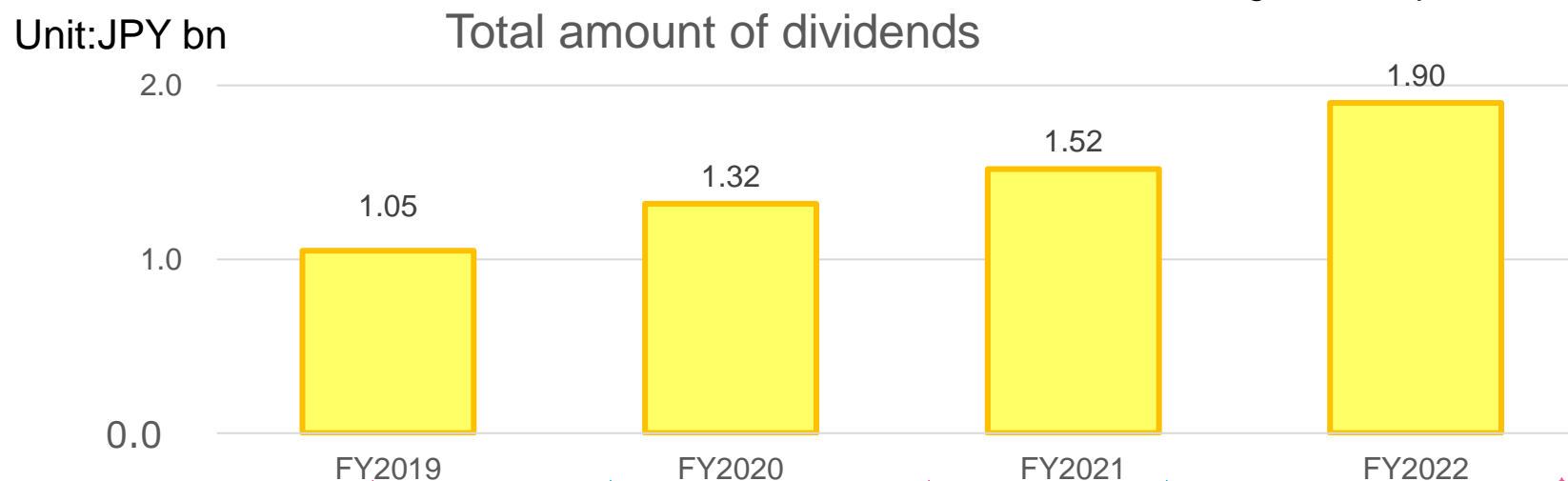


Dividend forecast (No Change from May 15, 2023)

- ✓ FY2022 **25 yen** per share
- ✓ Annual dividend forecast of **25 yen** per share for the FY2023

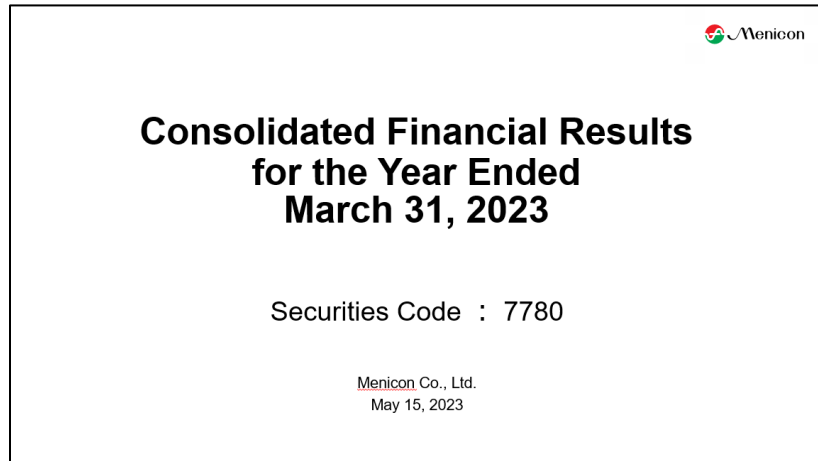
	FY2019	FY2020	FY2021	FY2022	FY2023 (Forecast)
Dividend per share*	14 yen	17.5 yen Ordinary dividend 15 yen Commemorative dividend 2.5 yen	20 yen	25 yen	25 yen
Dividend payout ratio	24.9%	22.2%	23.3%	25.7%	31.7%

*Calculated assuming a stock split at the beginning of the FY2019



Information Dissemination Tools of Menicon

✓ Financial results



- Consolidated Financial Results (every quarter)
- Financial data (every quarter)

✓ Business/Strategy/No-financial information



- Integrated Report (once a year)
- Sustainability Report (once a year)
- Corporate Governance Report (once a year)
- Company Presentation (as occasion demands)
- IR news (as occasion demands)

Information → [Investors | Menicon Co., Ltd.](#)

* Consolidated Financial Results, Company Presentation → [Presentation Materials | Investors | Menicon Co., Ltd.](#)

* Integrated Report → [Menicon Integrated-Report 2023.pdf](#)

* Sustainability Report → [Sustainable Development Goals | Menicon Co., Ltd.](#)

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 13, 2024 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.

Menicon Co., Ltd.

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