

Consolidated Financial Results for the Three Month Ended June 30, 2024

Securities Code: 7780

Menicon Co., Ltd.

August 9, 2024

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I . Summary of Consolidated Financial Results for FY2024 1Q

Summary of Consolidated Financial Results for FY2024 1Q

(JPY m)	FY2023 1Q	FY2024 1Q	YoY
Net sales	28,446	30,155	+6.0%
Cost of sales	13,365	13,627	+2.0%
(Cost of sales ratio)	47.0%	45.2%	(-1.8pt)
Gross profit	15,080	16,528	+9.6%
SGA	12,462	13,846	+11.1%
(SGA ratio)	43.8%	45.9%	(+2.1pt)
Operating profit	2,617	2,681	+2.4%
(Operating profit ratio)	9.2%	8.9%	(-0.3pt)
EBITDA	4,491	4,655	+3.6%
(EBITDA margin)	15.8%	15.4%	(-0.4pt)
Ordinary profit	2,392	2,745	+14.7%
Profit attributable to owners of parent	1,577	1,765	+11.9%

* EBITDA is calculated from operating profit, depreciation and amortization of goodwill, etc.



Breakdown of Net Sales

(JPY m)	FY2023 1Q	FY2024 1Q	YoY
Net sales	28,446	30,155	+6.0%
Vision Care	26,019	28,062	+7.9%
1DAY-lens	6,934	7,681	+10.8%
Japan_MELS Plan* ¹	5,070	5,571	+9.9%
Japan_Product sales* ²	1,071	1,326	+23.9%
Overseas	793	782	-1.3%
Orthokeratology-related	3,404	3,669	+7.8%
Ortho-K(Global)	1,241	1,398	+12.6%
Lens care products(Asia)	2,162	2,270	+5.0%
Other Contact lenses and Lens care products	15,679	16,711	+6.6%
MELS Plan* ¹	6,419	6,834	+6.5%
Contact lenses	6,707	7,119	+6.1%
Lens care products(Non-Asia)	2,552	2,757	+8.0%
Healthcare and life care	2,427	2,092	-13.8%

*¹ FY2024 1Q MELS Plan sales : JPY 12,406 mn (YoY +8.0%)

*² "Product sales" refers to contact lens and lens care products.



Key Factors

Sales increased due to sales expansion of 1DAY-lens in Japan and orthokeratology-related in Japan/Singapore/Korea

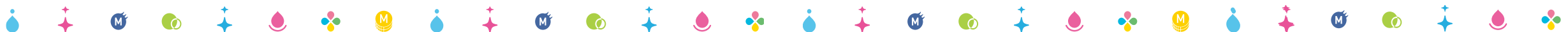
Net sales JPY 30.1 bn **YoY** +6.0%

Vision Care **Net sales** JPY 28.0 bn **YoY** +7.9% (growth in local currency +5.0%)

- 1DAY-lens: ↑ MELS Plan : Increase in membership, Japan, Product sales : Increase in sales
 - ↑ Increase in sales due to price revision in Japan (JPY+0.3 bn)
- Orthokeratology-related: ↑ Ortho-K(Global) : Expand sales in Japan/Singapore/Korea
 - ↑ Lens care products(Asia) : Effect of yen depreciation, stable sales
- Other Contact lenses and Lens care products : ↑ Contact Lenses: Expand sales of 1MONTH-lens in Europe
 - ↑ Lens care products(Non-Asia) : Expand sales in Europe and North America
 - ↑ Increase in sales due to price revision in Japan (JPY+0.7 bn)

Healthcare and Life care **Net sales** JPY 2.0 bn **YoY** -13.8% (growth in local currency -14.1%)

↓ Decrease in food business sales in China



Key Factors

Increase in operating profit and EBITDA due to sales expansion and price revision in Japan, despite investments for future growth.

Gross profit JPY 16.5 bn **YoY** +9.6% **Cost of sales ratio** 47.0% → 45.2% (-1.8pt)

- ↑ Increase in revenue due to 1DAY-lens sales expansion, and Improve profitability due to price revisions in Japan

Operating profit JPY 2.6 bn **YoY** +2.4% **Operating profit ratio** 9.2% → 8.9% (-0.3pt)

EBITDA JPY 4.6 bn **YoY** +3.6% **EBITDA margin** 15.8% → 15.4% (-0.4pt)

- Strengthen investments for future growth (new plants, personnel reinforcement, R&D)
- Increase in operating profit and EBITDA due to sales expansion and the effect of price revision in Japan

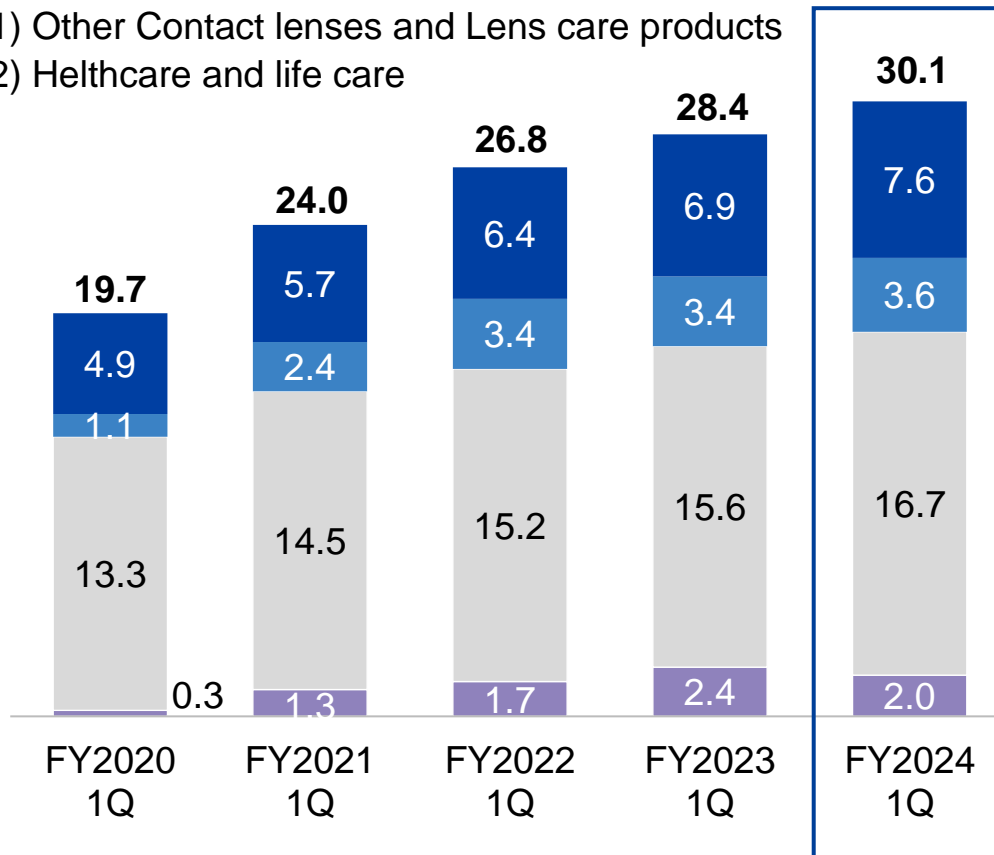
Profit attributable to owners of parent JPY 1.7 bn **YoY** +11.9% **Profit attributable to owners of parent ratio** 5.5% → 5.9% (+0.4pt)



Consolidated Net Sales

Growth due to expansion of 1DAY-lens sales and the effect of price revision in Japan

(JPY bn) ■ (1) 1DAY-lens
 ■ (1) Ortho-K-related
 ■ (1) Other Contact lenses and Lens care products
 ■ (2) Helthcare and life care

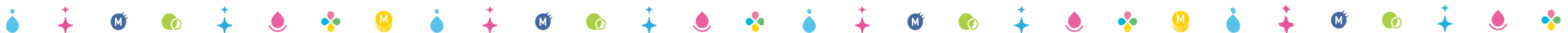


1 Vision Care (YoY : JPY +2.04 bn)

- Expand 1DAY-lens sales mainly in Japan
- Expand ortho-K sales in Japan/Singapore/Korea
- Effect of price revision in Japan (JPY +1.0 bn)

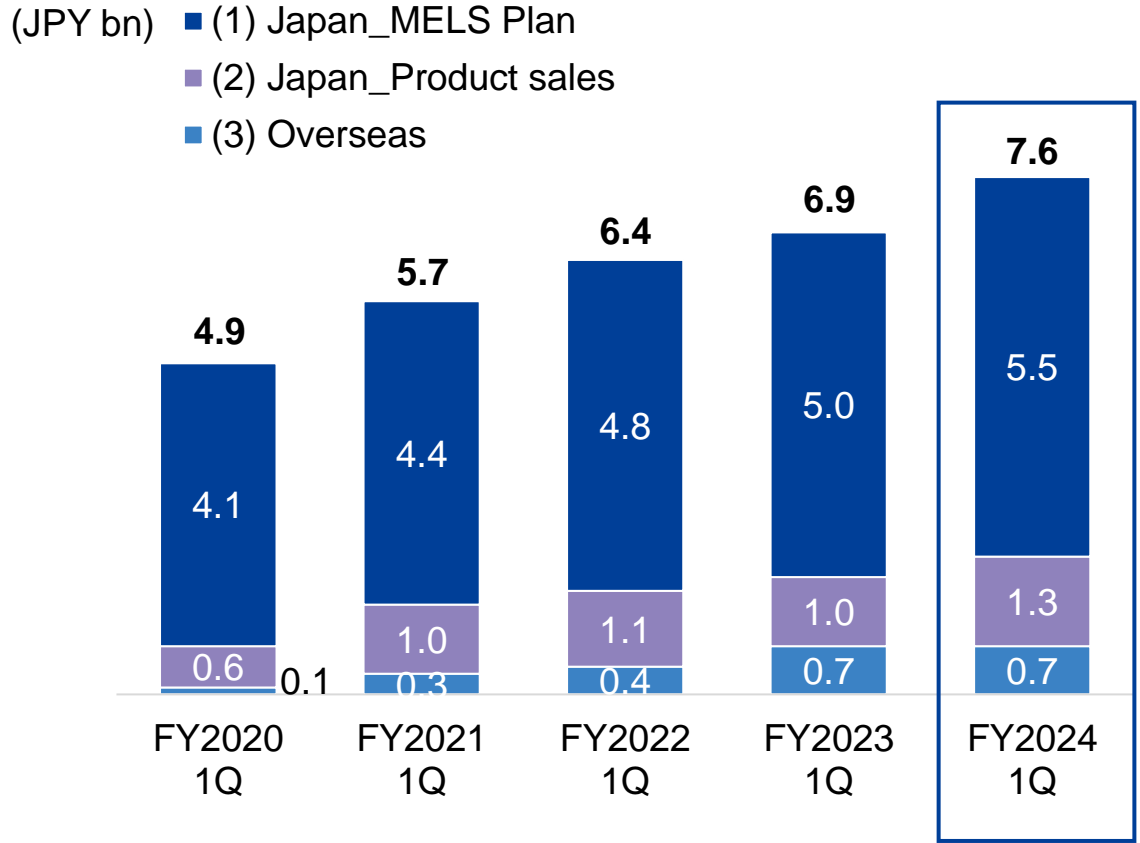
2 Healthcare and life care (YoY : JPY -0.33 bn)

- Decrease in food business sales in China



1DAY-lens Sales (Breakdown of Sales)

Growth due to increase in number of MELS Plan members and price revision effect in Japan



1 Japan_MELS Plan (YoY : JPY **+0.50** bn)

- Increase in membership due to increased supply
- Effect of price revision (JPY **+0.29** bn)

2 Japan_Product sales (YoY : JPY **+0.25** bn)

- Increase in sales due to increased supply
- Effect of price revision (JPY **+0.05** bn)

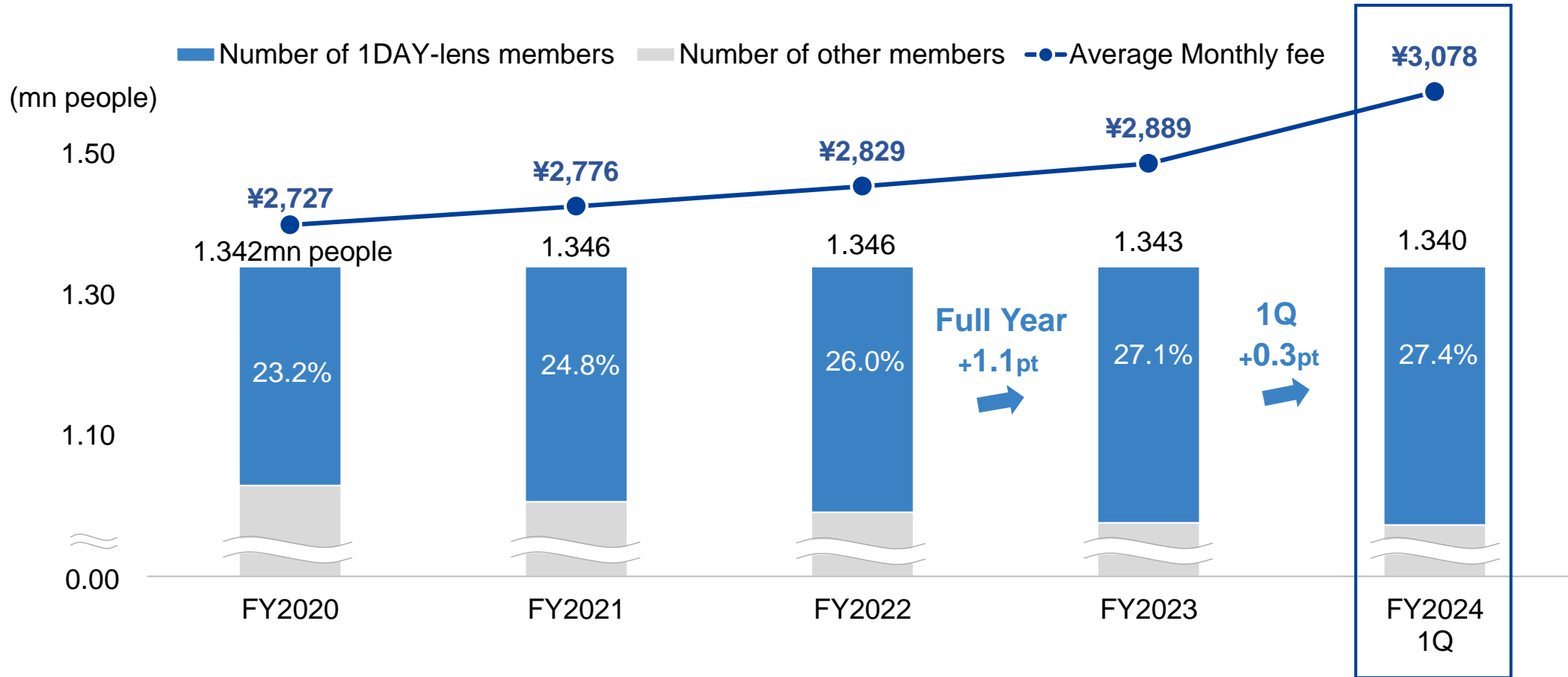
3 Overseas (YOY : JPY **-0.01** bn)

- Inventory adjustment in North America, etc.



Total number of MELS Plan Members

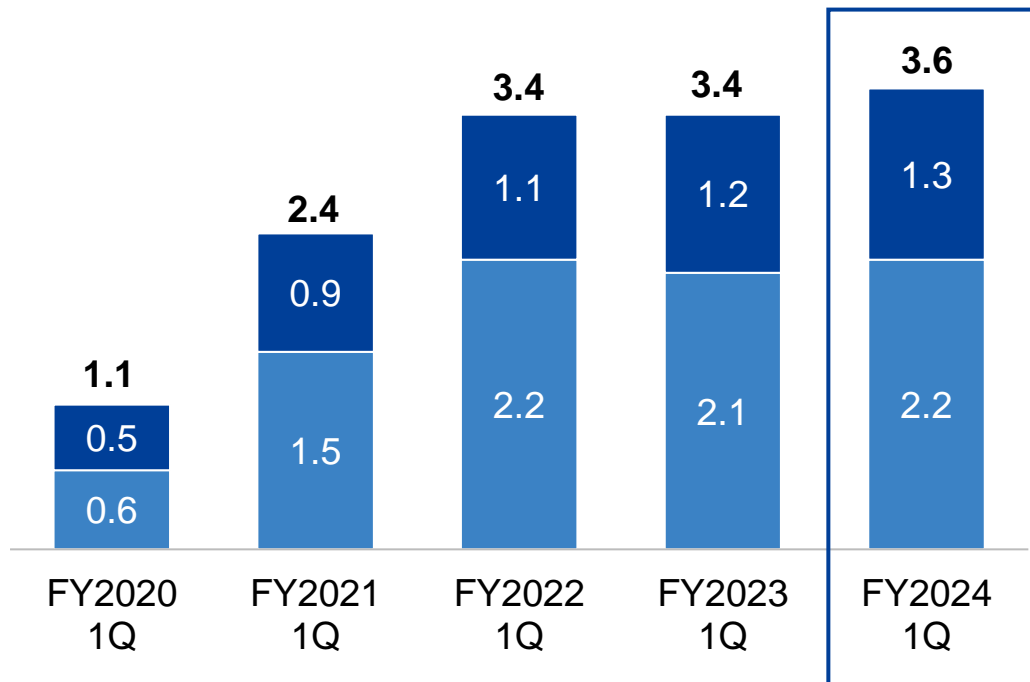
Increase in average monthly fee due to higher ratio of high-unit-price 1DAY-lens members and price revision



Orthokeratology-related sales (breakdown of sales)

Growth due to expansion of Ortho-K sales in Japan/Singapore/Korea

(JPY bn) ■ (1) Ortho-K(Global)
 ■ (2) Lens care products(Asia)



1 Ortho-K(Global) (YoY : JPY +0.15 bn)

- China : Stable sales continuity with suppliers, foreign exchange impact (JPY +0.08 bn)
- Japan : Expand the number of facilities handled (JPY +0.03 bn)
- Singapore/South Korea : increase in sales (JPY +0.02 bn)

2 Lens care products(Asia) (YoY : JPY +0.10 bn)

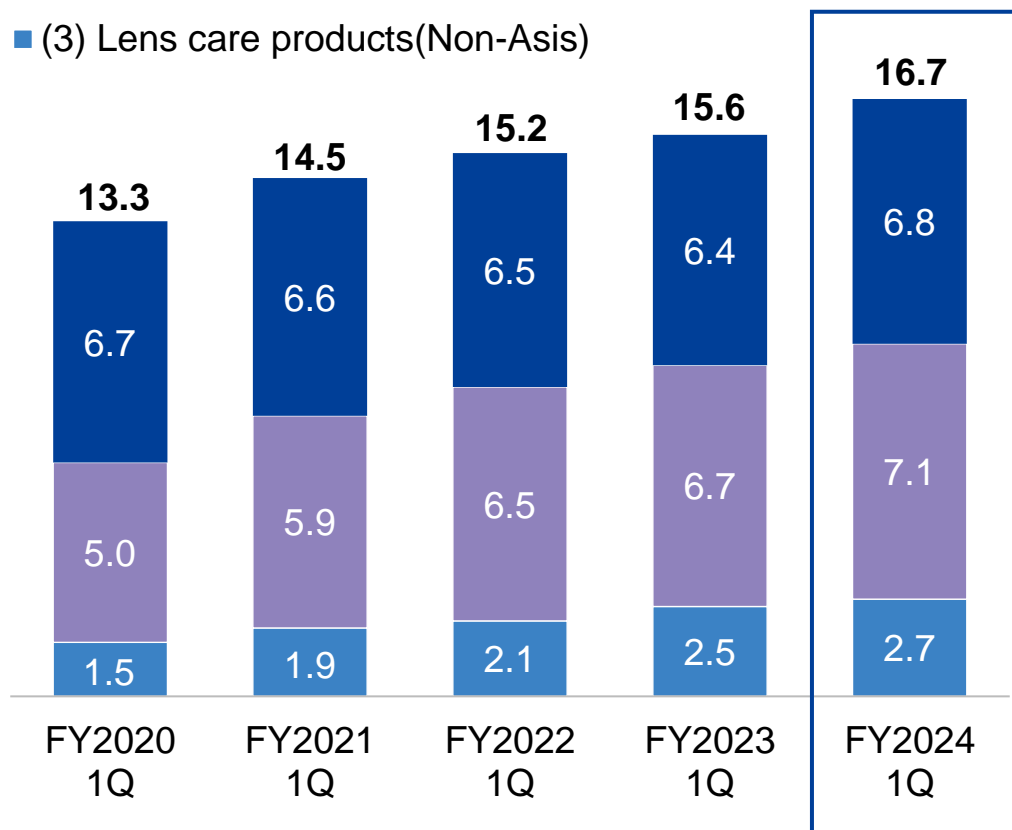
- China : Stable sales continuity with suppliers, foreign exchange impact (JPY +0.12 bn)
- Singapore/South Korea : Lump-sum purchase occurred in the same period of the previous year (JPY -0.01 bn)



Other Contact lenses and Lens care products (Breakdown of sales)

Growth due to expansion of 1MONTH-lens sales in Europe and the effect of price revision in Japan

(JPY bn) ■ (1) MELS Plan
 ■ (2) Contact lenses
 ■ (3) Lens care products(Non-Asis)



1 MELS Plan (YoY : JPY **+0.41** bn)

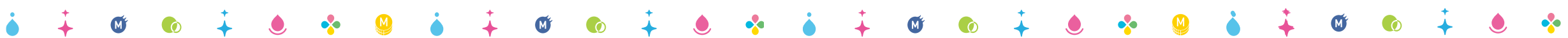
- Effect of price revision (JPY **+0.5** bn)
- Decrease in non-1DAY-lens membership due to increased 1DAY-lens demand

2 Contact lenses (YoY : JPY **+0.41** bn)

- Increase in 1MONTH-lens sales through expansion of sales network in Europe
- Effect of price revision in Japan (JPY **+0.1** bn)

3 Lens care products(Non-Asia) (YoY : JPY **+0.20** bn)

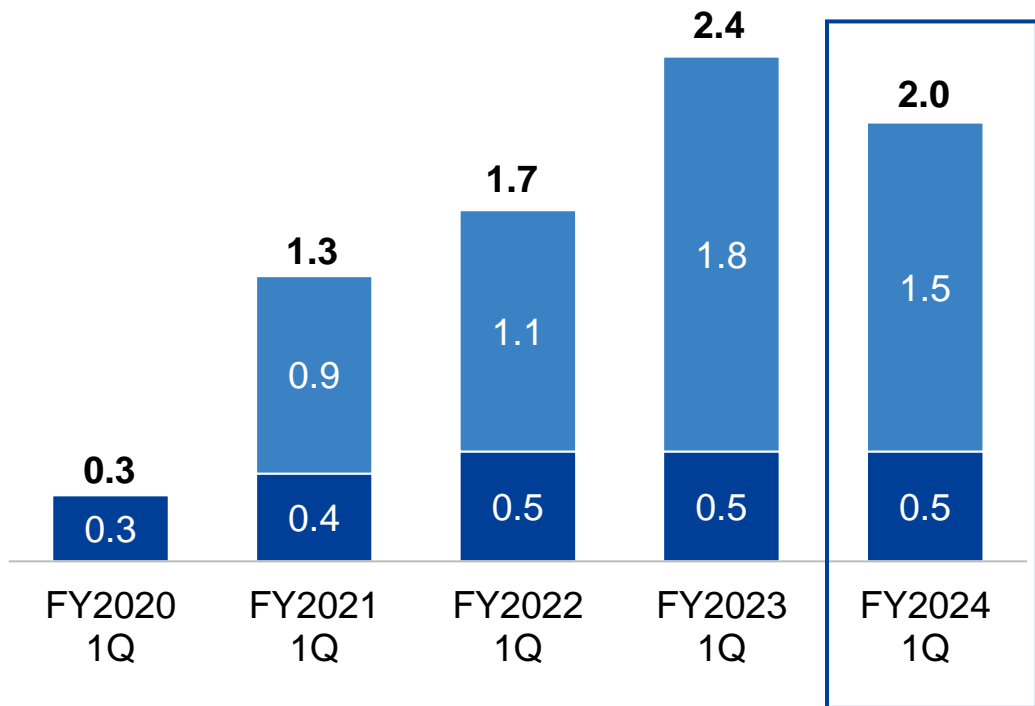
- Expand sales in Europe and North America



Health Care and Life Care Net Sales

Decrease due to lower sales in food business in China, etc.

(JPY bn) ■ (1) Food business
 ■ (2) Others



1 Food business (YoY : JPY **-0.30** bn)

- China : Decrease in sales of imported food business from Japan
- Japan : Growth due to price revision effects, etc.

2 Others (YoY : JPY **-0.02** bn)

- Secure stable sales in the animal health care and life care businesses, etc.

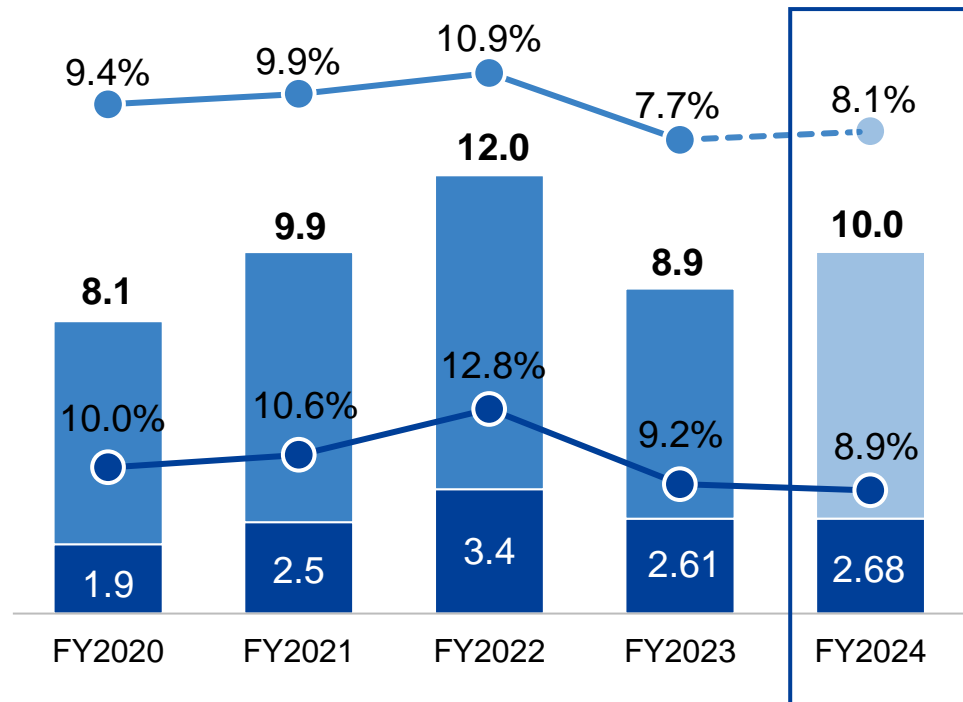


Operating profit

Increase due to expansion of 1DAY-lens sales, etc. and price revision in Japan, despite investments for future growth

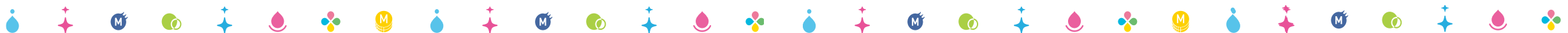
(JPY bn)

■ Operating profit(1Q) ■ Operating profit(Full Year)
-●- Operating profit margin(1Q) -●- Operating profit margin(Full Year)



Operating profit (YoY : JPY +0.06 bn)
Operating profit margin (YoY : -0.3 pt)

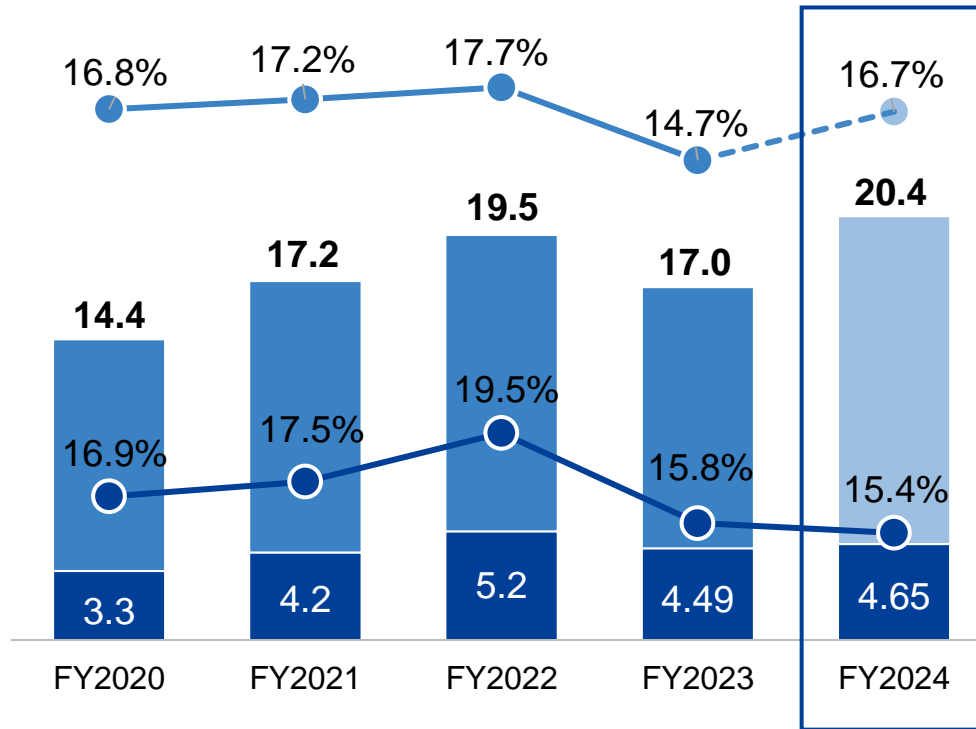
- Gross profit : JPY **+1.44** bn (JPY 15.0 bn → JPY **16.5** bn)
Expand sales of 1DAY-lens, etc., effect of price revision in Japan
- SGA : JPY **+1.38** bn (JPY 12.4 bn → JPY **13.8** bn)
Strengthen investment for growth
(new plants, personnel reinforcement, R&D)



EBITDA

Securing a certain level of earning power

(JPY bn) ■ EBITDA(1Q) ■ EBITDA(Full Year)
 ● EBITDA margin(1Q) ● EBITDA margin(Full Year)



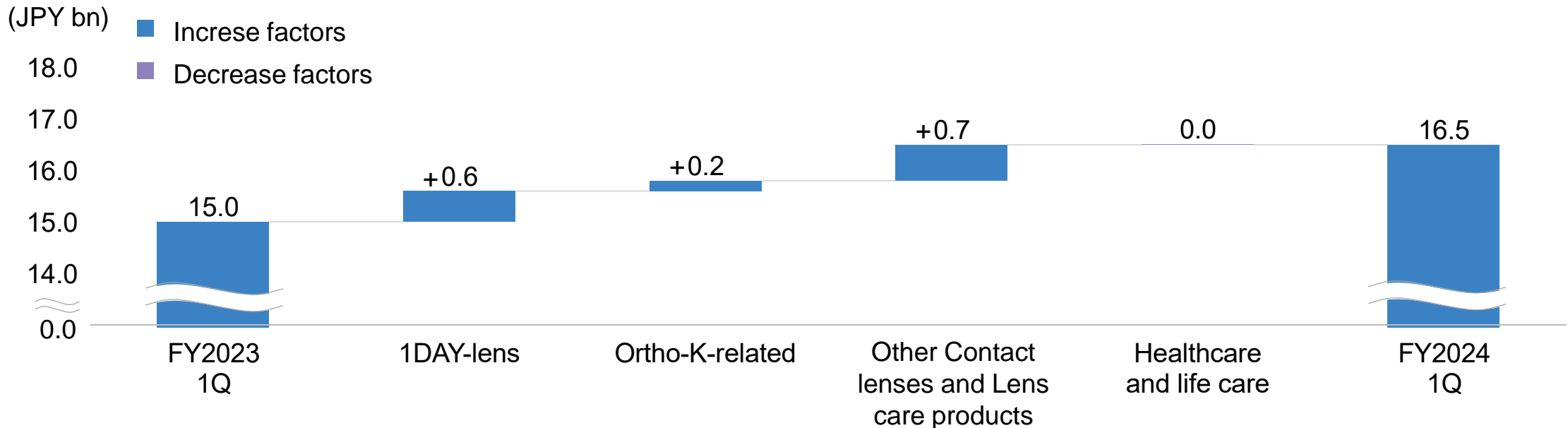
EBITDA (YoY : JPY +0.16 bn)
EBITDA margin (YoY : -0.4 pt)

- Depreciation : JPN +0.08 bn (JPY 1.7 bn → JPY 1.8 bn)
 Increase due to 1DAY-lens investment, etc.



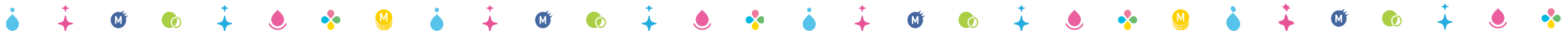
Analysis of Changes in Consolidated Gross profit

Progress in Vision Care has been generally in line with expectations



• Main reasons for increase/decrease

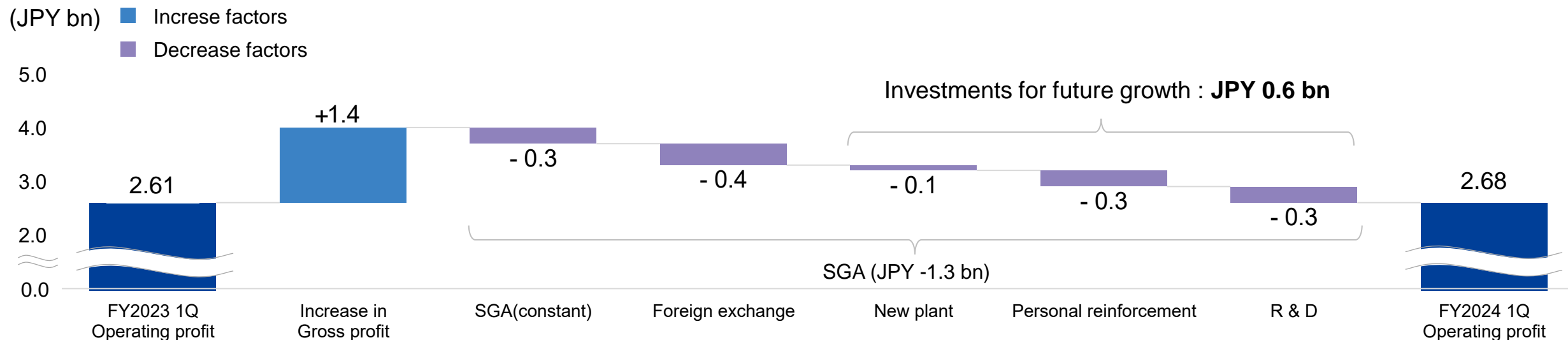
	Items
1DAY-lens	Increase in number of MELS Plan members and effect of price revision in Japan
Orthokeratology-related	Exchange impact
Other Contact lenses and Lens care products	Expand sales in Europe and effect of price revision in Japan
Healthcare and life care	Decrease in food business sales in China



Analysis of Changes in Operating Profit

1Q results SGA expenses were generally within expected range

Appropriately control SGA expenses from 2Q onward by managing SGA expenses on a quarterly basis.



Major breakdown of SGA expenses (constant)

Items	Amount (JPY bn)
Office outsourcing fee	-0.2
Rent	-0.07

Major breakdown of investment for future growth

Items	Amount (JPY bn)
New factory	-0.1
Personnel reinforcement	-0.3
R & D	-0.3

Ⅱ. Forecast of Consolidated Financial Results and Outlook for FY2024

Financial Forecast

No change from the consolidated financial forecast announced on May 14, 2024

(JPY m)	FY2023	FY2024 1Q	FY2024 (Forecast)	Progress rate
Net sales	116,192	30,155	122,700	24.6%
Cost of sales	55,181	13,627	57,500	23.7%
(Cost of sales ratio)	47.5%	45.2%	46.9%	---
Gross profit	61,010	16,528	65,200	25.3%
SGA	52,058	13,846	55,200	25.1%
(SGA ratio)	44.8%	45.9%	45.0%	---
Operating profit	8,951	2,681	10,000	26.8%
(Operating profit ratio)	7.7%	8.9%	8.1%	---
EBITDA	17,048	4,655	20,437	22.8%
(EBITDA margin)	14.7%	15.4%	16.7%	---
Ordinary profit	8,225	2,745	9,500	28.9%
Profit attributable to owners of parent	4,538	1,765	7,000	25.2%

* Exchange rates in FY2023

Exchange rates in FY2024 1Q

Exchange rates in financial forecast FY2024

EUR: JPY 157.7, USD: JPY 145.3, CNY: JPY 19.9

EUR: JPY 170.1, USD: JPY158.2, CNY: JPY 20.7

EUR: JPY 159.0, USD: JPY 147.0, CNY: JPY 20.3

Breakdown of Net Sales

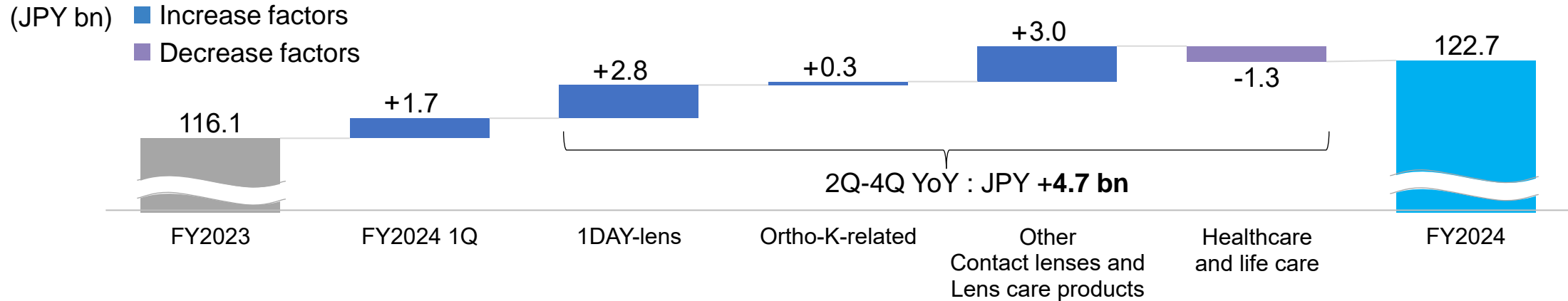
(JPY m)	FY2023	FY2024 1Q	FY2024 (Forecast)	Progress rate
Net sales	116,192	30,155	122,700	24.6%
Vision Care	106,887	28,062	115,100	24.4%
1DAY-lens	28,429	7,681	32,000	24.0%
MELS Plan	20,740	5,571	23,400	23.8%
Overseas	4,711	1,326	5,100	26.0%
Product sales in Japan	2,977	782	3,500	22.4%
Orthokeratology-related	15,001	3,669	15,600	23.5%
Other Contact lenses and Lens care products	63,456	16,711	67,500	24.8%
Healthcare and life care	9,304	2,092	7,600	27.5%

(Reference) MELS Plan sales for FY2024 are expected to be JPY 50.8 bn.
MELS Plan sales for FY2024 1Q were JPY12.4 bn (24.4% progress)



Sales Forecast for FY2024

Expansion of 1DAY-lens due to increased supply and price revision in Japan; stable growth expected for orthokeratology-related products



Category	Forecast for 2Q and beyond	Factors Affecting Business Performance
1DAY-lens	Supply increase Expand sales channels, continue to receive orders from existing overseas channels Effect of price revision in Japan	<ul style="list-style-type: none"> • Trends in the Chinese economy, changes in national policy and competitive environment • Foreign exchange fluctuations
Orthokeratology-related	Expand global penetration	
Other Contact lenses and Lens care products	Switch to high value-added products Expand sales of hydrogen peroxide-type lens care product Effect of price revision in Japan	
Healthcare and life care	Continue sluggishness in food business in China Increase in food exports to other regions	

1DAY-lens Growth Strategies

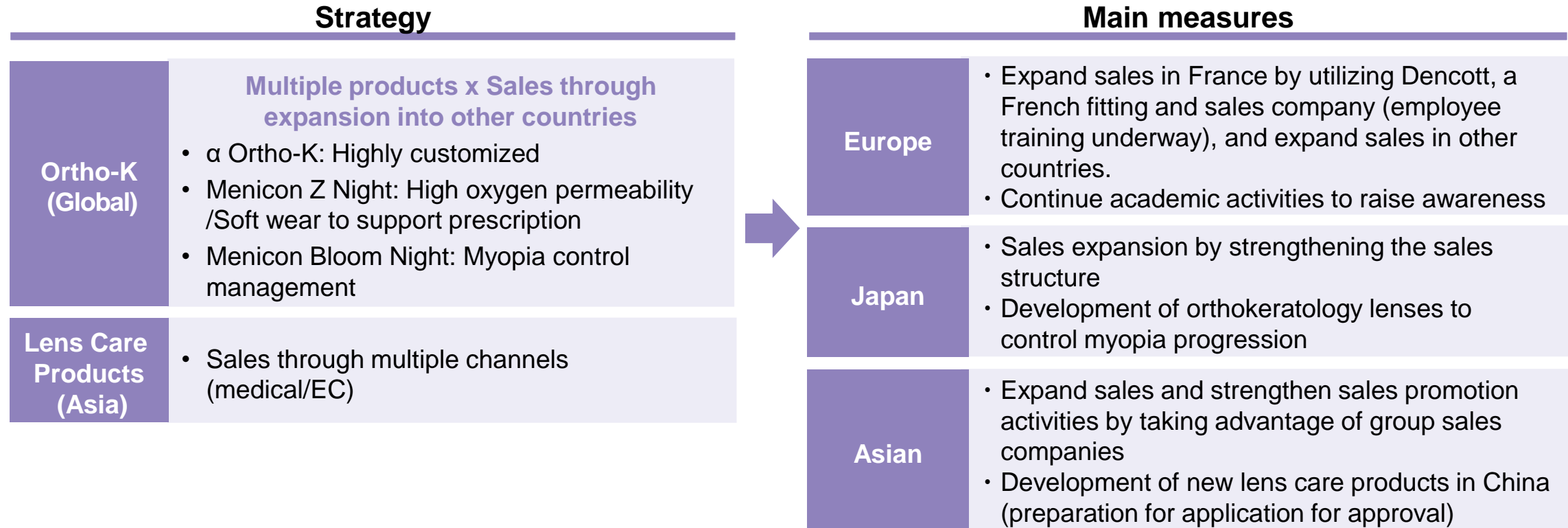
Expand sales through unique SMART TOUCH package and region-specific sales strategies

Sales Strategy by Region	Main measures
<p>Japan</p> <ul style="list-style-type: none"> MELS Plan in approx. 1,600 stores Utilization of approx. 170 group stores 	<ul style="list-style-type: none"> Promote MELS Plan enrollment through expansion of MELS Plan member shop and online consultation, and retraining of shop staff Open of new group shop/relocation to favorable locations
<p>Europe & North America</p> <ul style="list-style-type: none"> Expand sales to major volume retail chains 	<ul style="list-style-type: none"> Europe: Strengthen sales activities and acquire new customers through personnel reinforcement North America: Expand product portfolio to existing customers, Expand sales regions
<p>Asia</p> <ul style="list-style-type: none"> Sales expansion by group sales companies 	<ul style="list-style-type: none"> Development of new sales channels by taking advantage of the geographical location of the group sales companies



Orthokeratology-related Growth Strategies

Expand market share by increasing orthokeratology lenses penetration and establishing a position as a specialist company offering multiple products



Strengthening the Supply Chain: Production

Expand production system for 1DAY-lens, Ortho-K lenses and Lens care products in anticipation of mid- to long-term demand growth

1DAY-lens



Singapore Plant

Products: Magic
 Sales Area: Global
 Operation schedule: [Line No.9-10 by FY2025 1H](#)



Kakamigahara Plant

Products : 1DAY Menicon Premio
 Sales area: Global
 Operation schedule: [Line No.11 in FY2024 2H](#)
[Line No.12 in FY2026 2H](#)



Malaysia Plant

Products: 1DAY-lens
 Sales Area: Global
 Operation schedule: [Line No.1 in FY2025 2H](#)
[Line No.2-5 by FY2026 2H](#)

Orthokeratology-related



Wuxi Plant

Products : α Ortho-K
 Sales area: China
[Reinforcement of production system to meet demand](#)



Gujo Plant

Products : Lens care products for Hard/Soft lenses
 Sales Area: Global
 Operation schedule: [New Line in FY2025 1H](#)



Strengthening the Supply Chain: Logistics

Develop a logistics structure that has the capacity to handle an increase in the number of products and the volume of inventory, and to enable efficient operations in anticipation of medium- to long-term demand growth

Menicon SC GmbH

Established in March 2024

Transfer of Menicon GmbH's distribution center management and operation functions

Target Area Mainly Europe



Global Logistics Center

Established in May 2024

Consolidation of logistics functions in Northern Japan (Miyagi pref.) and Komaki (Aichi pref.)

Target Area Overseas and throughout Japan (Kanto and north area)



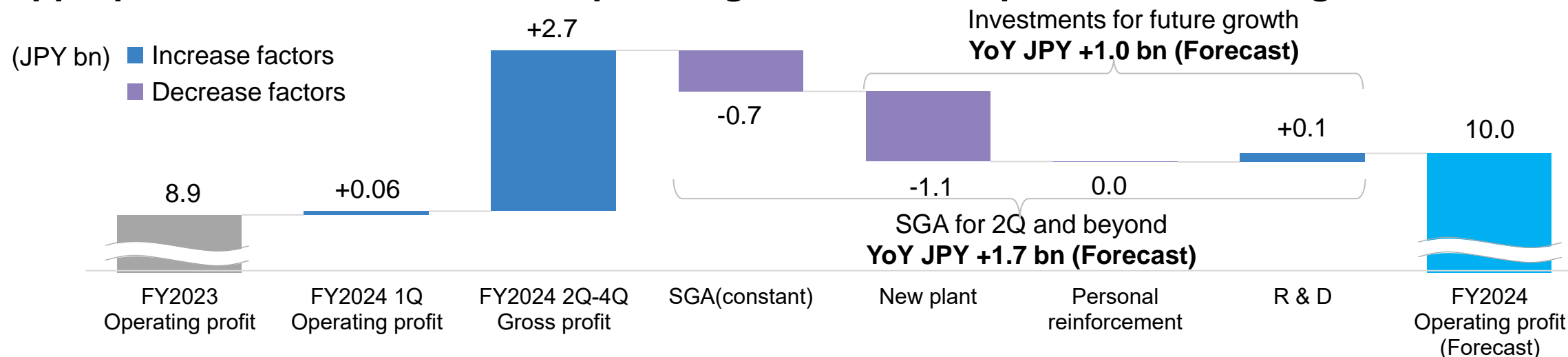
- ✓ Increase capacity to handle increase number of products and inventory levels
- ✓ Save manpower through automation and digitalization of operations, etc.
- ✓ Close to major sales areas for efficient operations



Operating Profit Forecast for FY2024

Expect increase in gross profit gross profit due to expansion of 1DAY-lens sales and price revisions in Japan

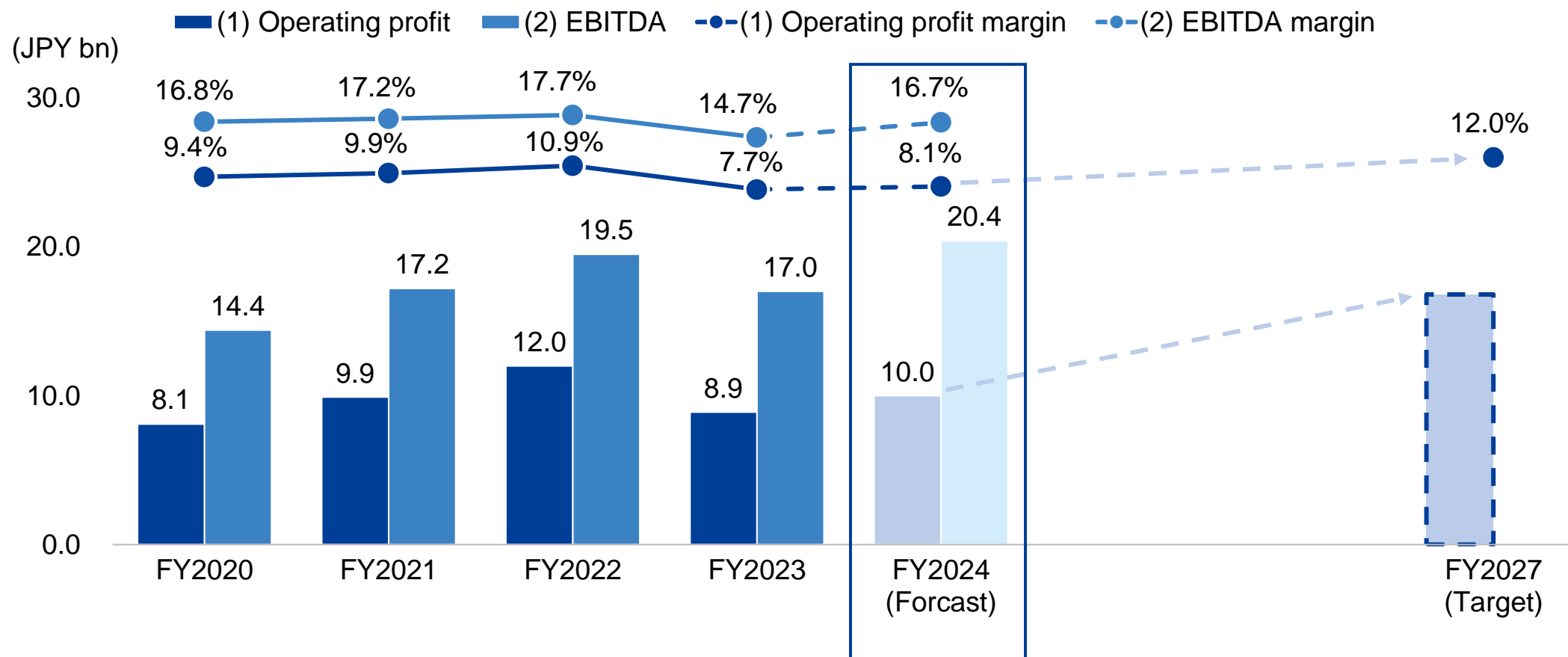
Appropriate control of SGA while planning investment expenses for future growth



Items	Forecast for 2Q and beyond	Factors Affecting Business Performance	
Gross profit	Sales expansion of 1DAY-lens, Effect of price revision in Japan	<ul style="list-style-type: none"> • Trends in the Chinese economy, changes in national policy, and changes in the competitive environment • Progress of Capital Investment • Variation in the amount of expenses used based on sales conditions • Foreign exchange fluctuations 	
SGA	New factory		Preparation for the operation of the Malaysia plant, a new 1DAY-lens production site
	Personnel reinforcement		Expect about the same level as the previous fiscal year
	R&D		Implemented as planned

Operating profit / EBITDA Forecast

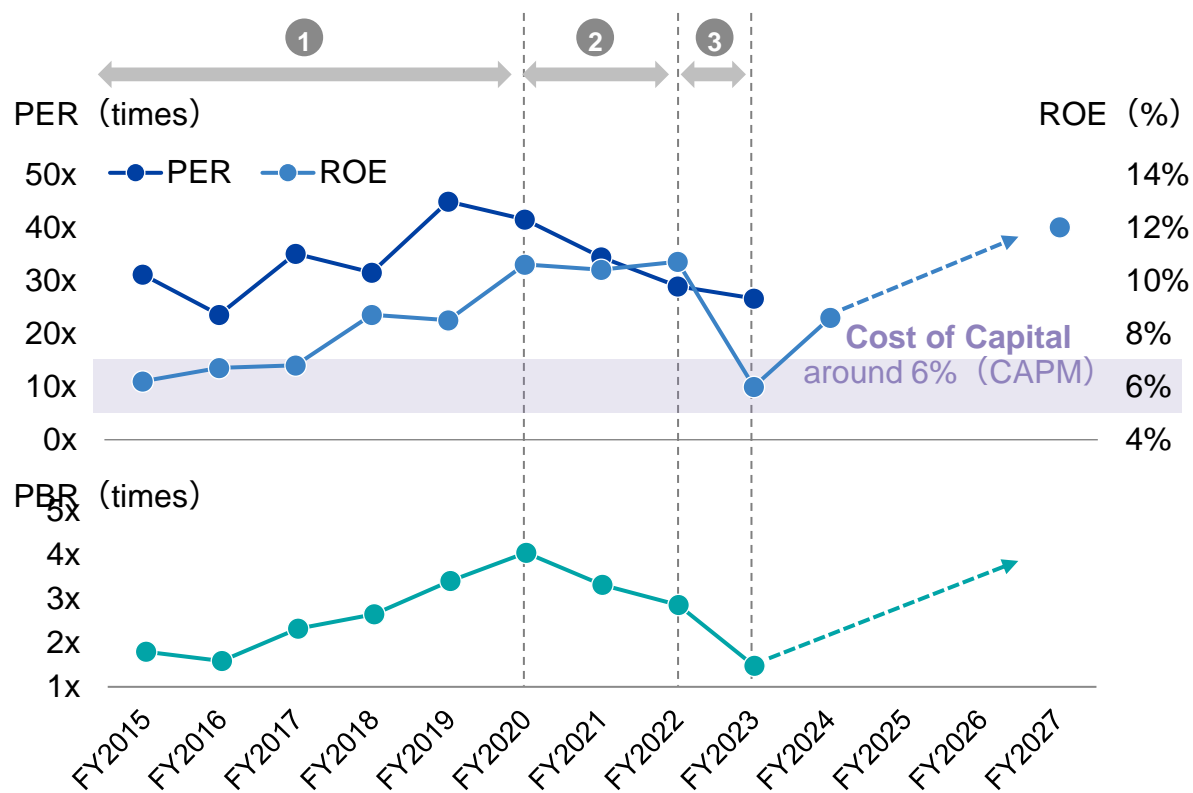
Expect increase EBITDA due to expect depreciation of the Malaysian plant etc.



III. Management with cost of capital and stock price in mind

Return on Capital and Market Valuation Trends

- PBR increased due to higher ROE from profit growth and higher PER from growth expectations for Vision Care business, in the past
- FY2023, PBR declined to around 1.3x due to a temporary slowdown in profit growth caused by accelerated growth investment and changes in growth expectations



PER/ROE Trends

PBR Trends

ROE Profit Growth

FY2015 ~ FY2022 (Increase) ① ②

- Increase in 1DAY-lens sales ratio
- Growth of orthokeratology-related business in China

FY2023 (Temporary decrease) ③

- Temporary decrease in profitability due to 1DAY-lens growth investments
- Slowdown in growth of orthokeratology-related business due to economic stagnation in China

PER Growth Expectations

FY2015 ~ FY2020 (Increase) ①

- Increase in number of MELS Plan members
- Growth of orthokeratology-related business in China

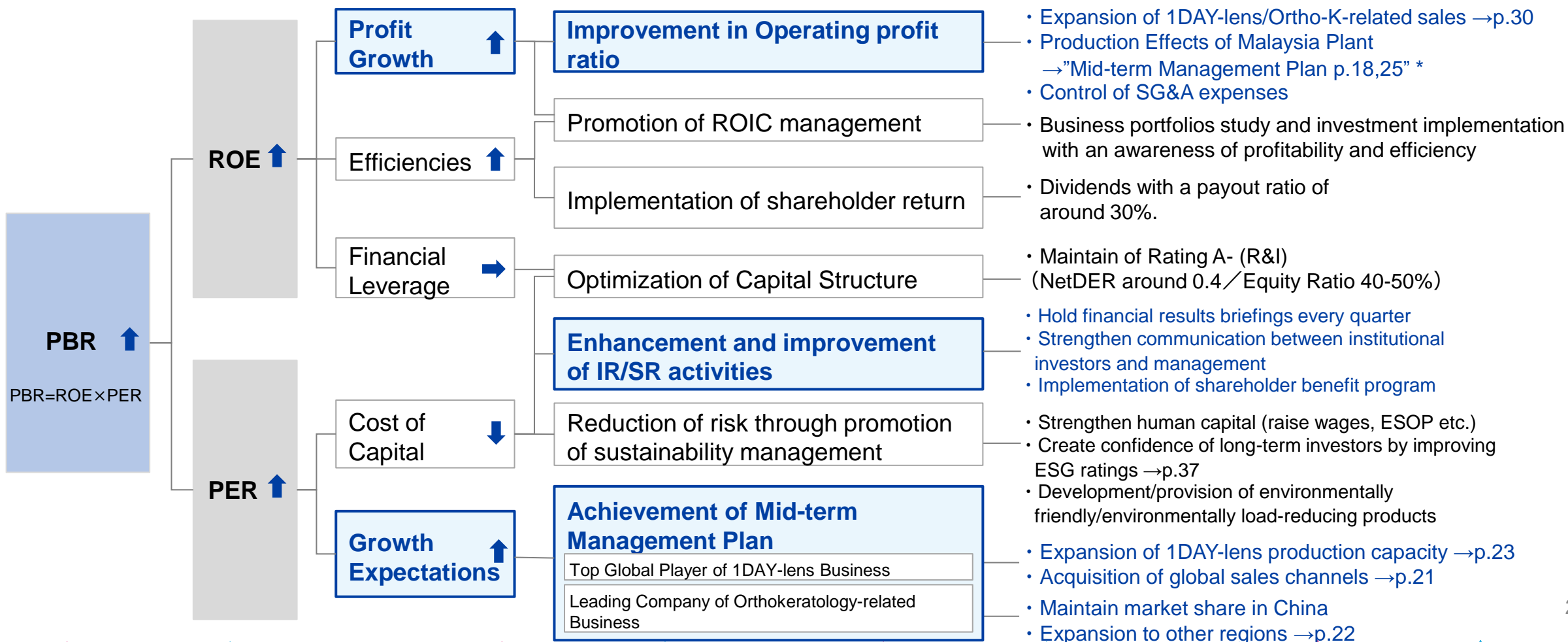
FY2021 ~ FY2023 (Decrease) ② ③

- Change in expectations due to 1DAY-lens supply restrictions
- Change in expectations due to stabilization of Orthokeratology-related market growth in China



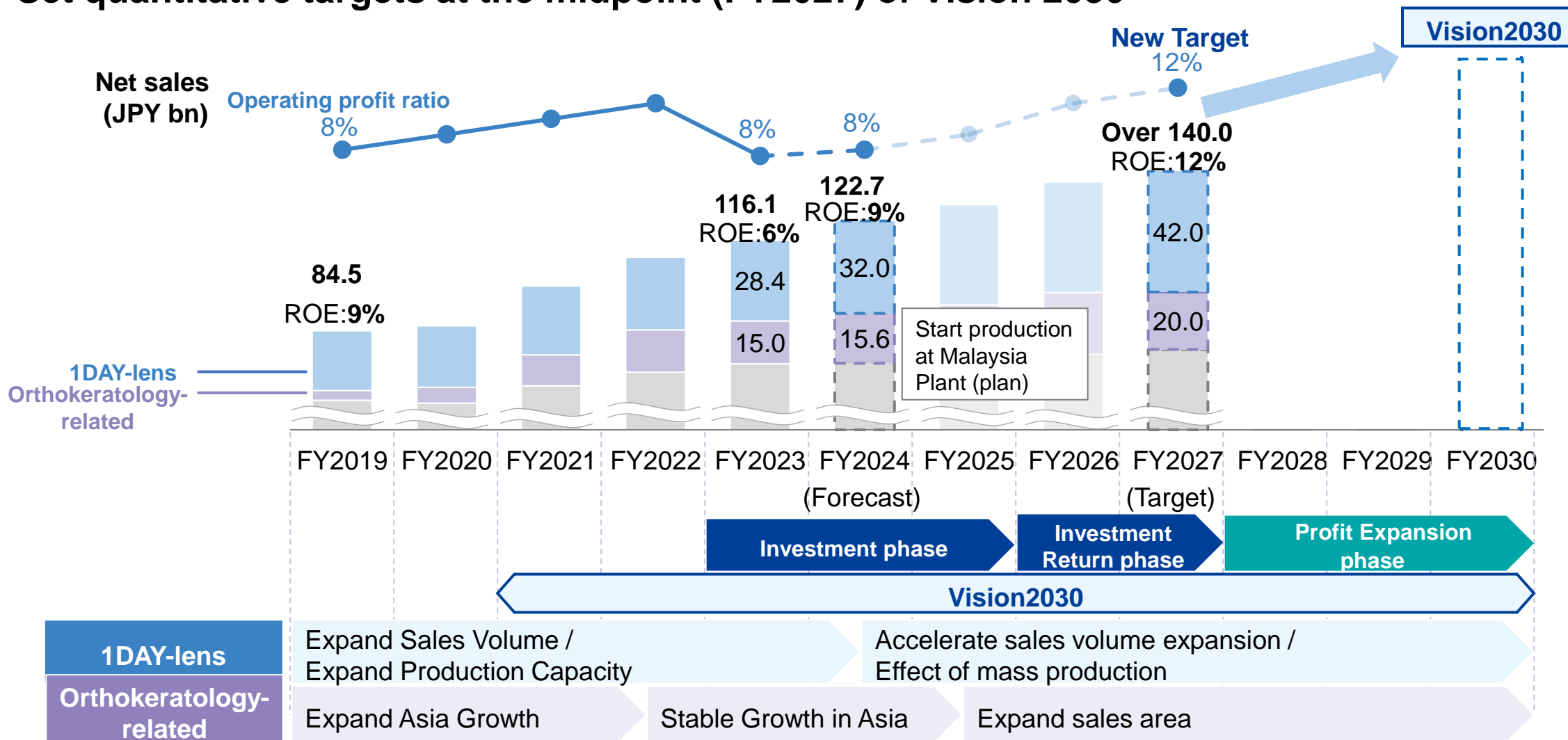
Actions to Improve PBR

Profit growth through execution of 1DAY-lens/Orthokeratology-related strategies (ROE improvement) and creating growth expectations (PER improvement) by achieving mid-term management plan milestones



Performance Trends and Medium-term Outlook

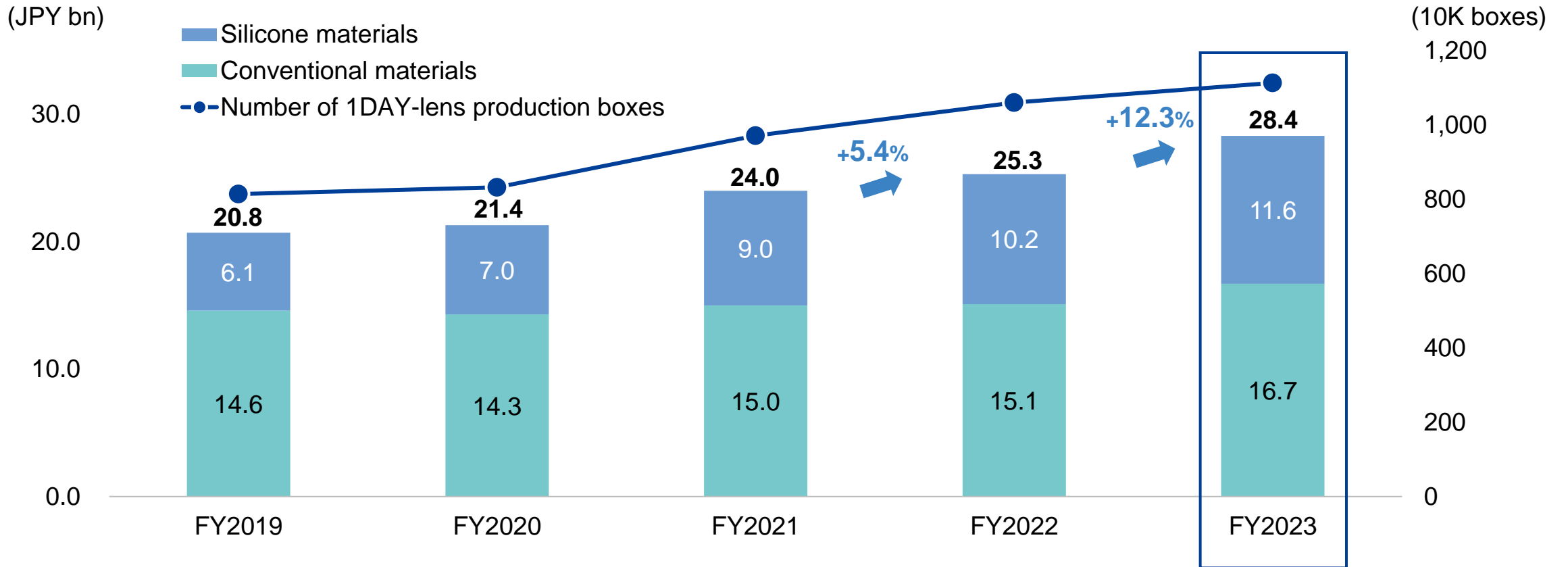
Set quantitative targets at the midpoint (FY2027) of Vision 2030



Reference

1DAY-lens Sales Trends

Increase in 1DAY-lens sales due to increase production capacity



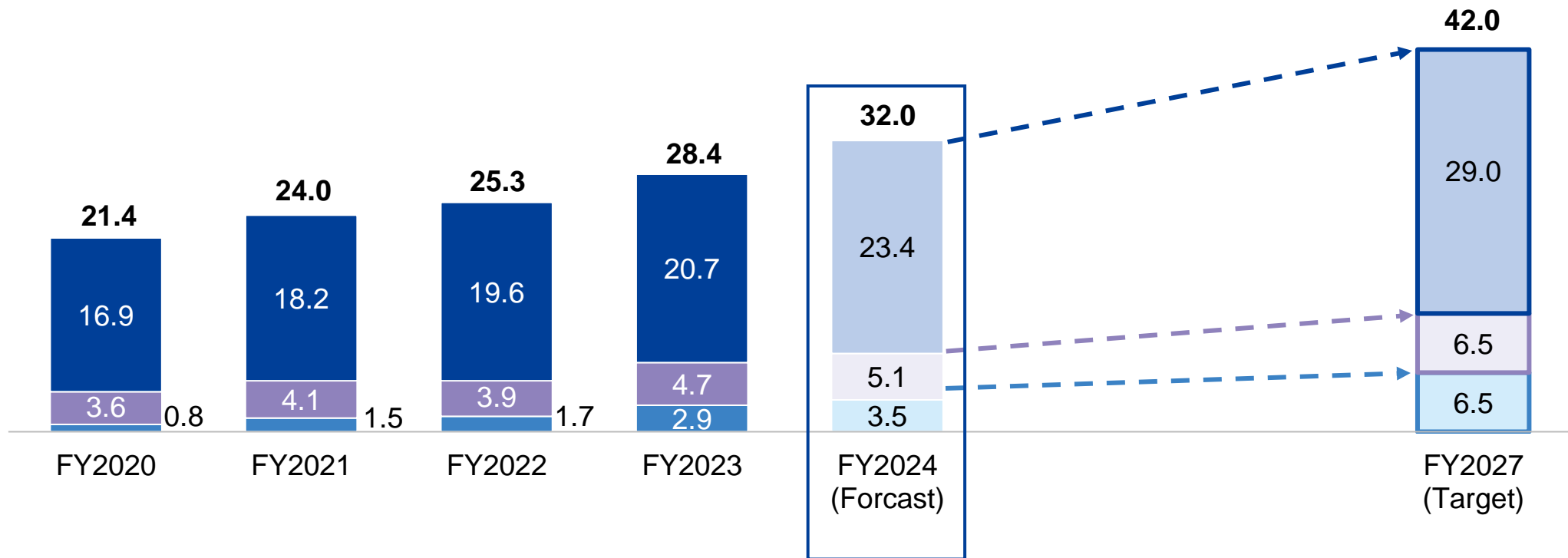
*1DAY-lens sales include products supplied by other companies on an OEM basis.



1DAY-lens Sales Forecast (Sales Breakdown)

Forecast growth in MELS Plan (increase in 1DAY-lens membership) and Overseas (sales expansion mainly in Europe and North America) due to increase production capacity.

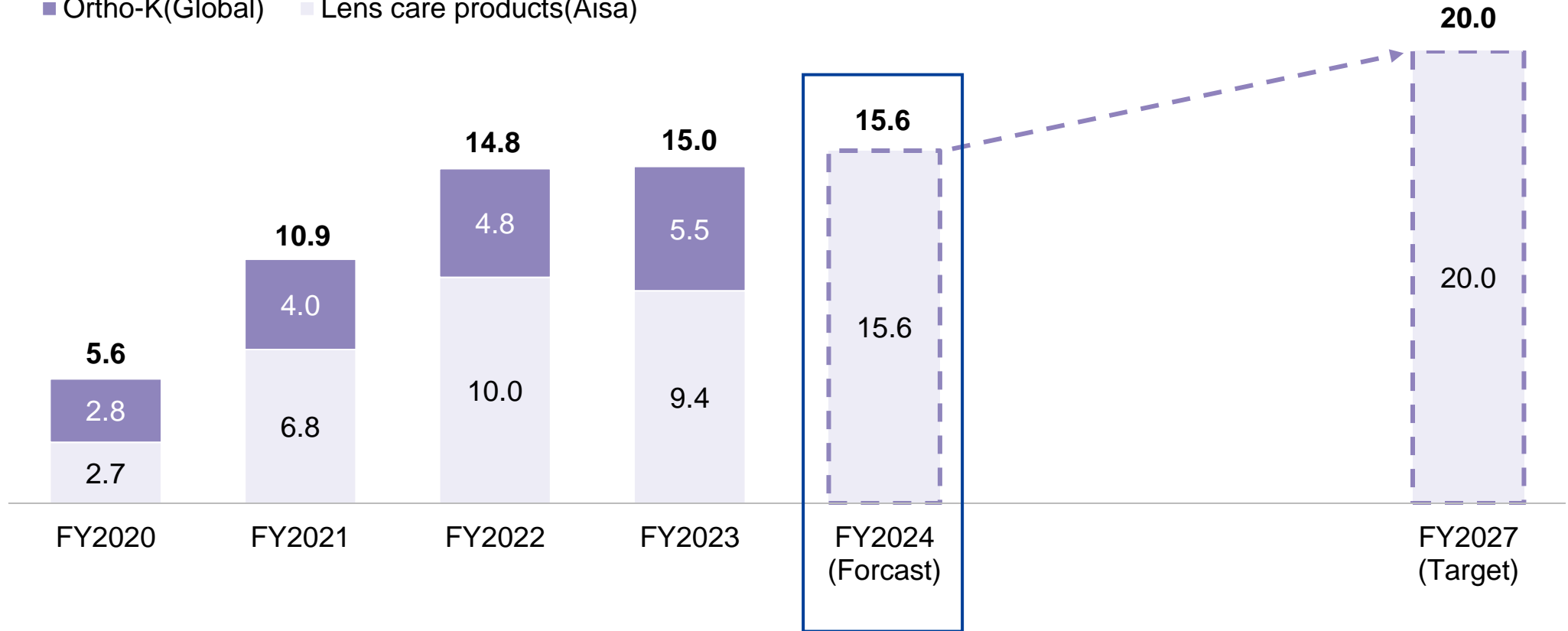
(JPY bn) ■ Japan_MELS Plan ■ Japan_Product sales ■ Overseas



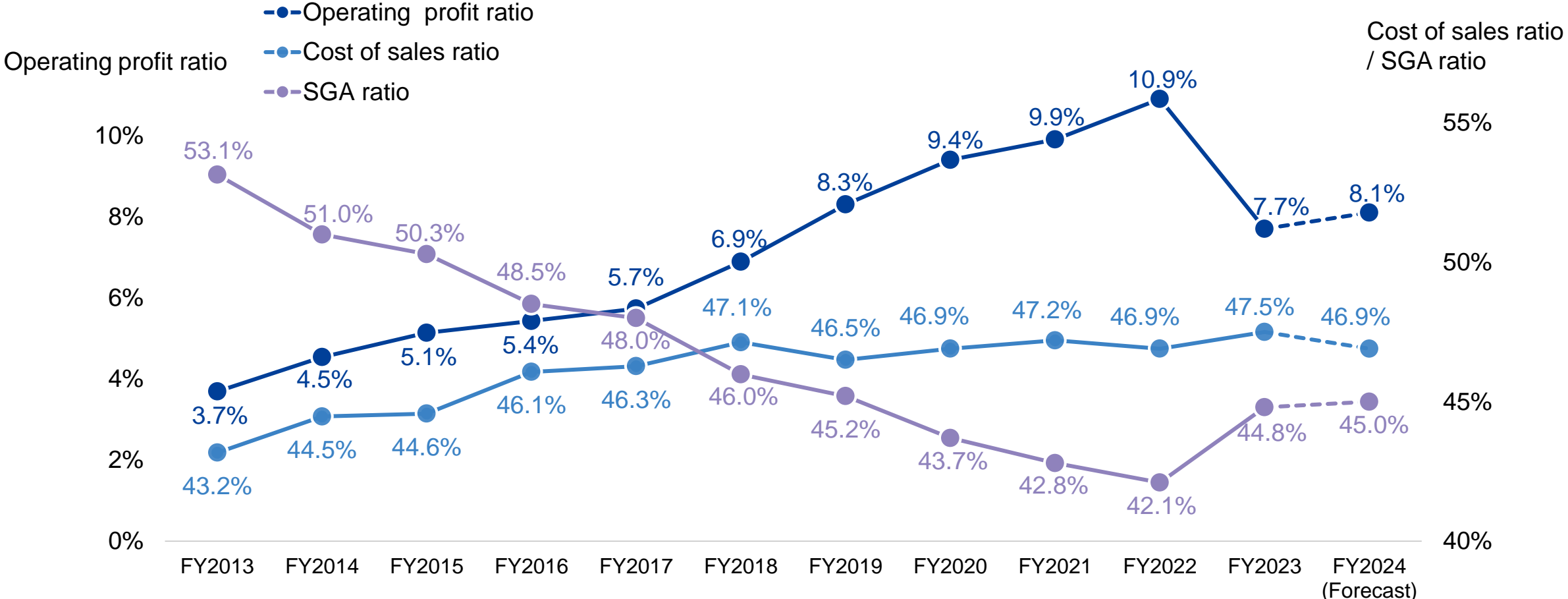
Orthokeratology-related sales forecast (breakdown of sales)

Orthokeratology Lenses : Growth in Japan and Europe in addition to China
Lens Care Products : Sales expansion expected in Asia

(JPY bn) ■ Ortho-K(Global) ■ Lens care products(Aisa)



Cost of Sales Ratio / SGA Ratio / Operating Profit Ratio



Expansion of Business Domain

Promote business expansion based on growth potential, uniqueness, and social contribution

Assisted reproductive technology



Development and Sales

For clinics

- **Sperm preparation equipment**

Spread to general gynecology facilities, driven by insurance coverage of infertility treatment

Healthcare



Development and Sales

For clinics/EC/retailers

- **Health care**
- **Pregnancy**
- **Beauty supplements, etc.**

Expansion of sales through growth in femtech area and diversification of sales methods

Life care



Development and Sales

For farmers/
livestock producers

- **Composting accelerator**
- **Rice straw decomposition accelerator, etc.**

Expand sales of environment-related businesses and reduce environmental impact

Food



Sales

For supermarkets/
wholesalers

- **Fresh fish and rice ,etc.(export)**
- **Dry goods, etc. (imported)**

Increase in profitability through expansion of transaction volume

Veterinary medical

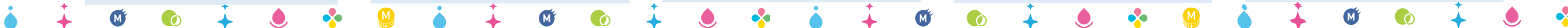


Development and Sales

For Veterinary Hospitals

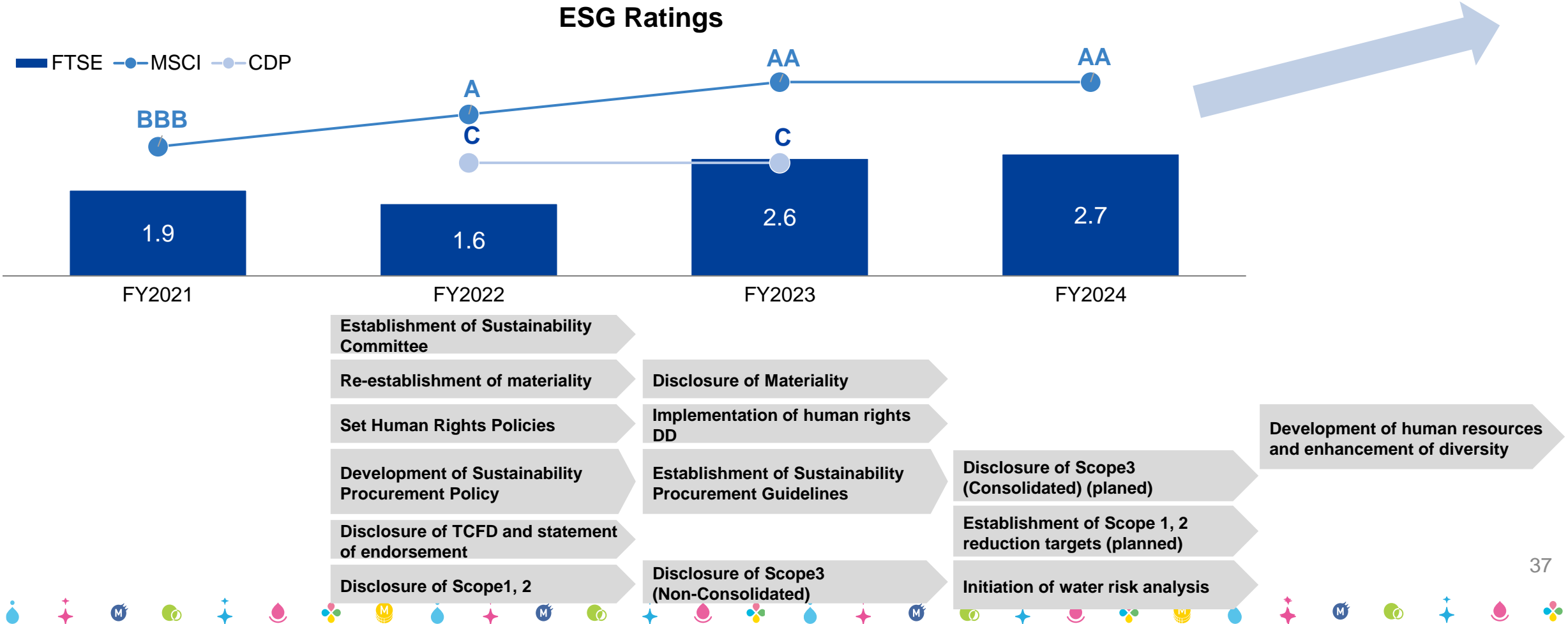
- **Intraocular lenses for animals**
- **Contact lenses**
- **Supplements, etc.**

Develop new channels and expand sales in Asia



Promote sustainability management and improve ESG ratings

Review policies and initiatives in line with materiality, and promote initiatives for items that have not yet been addressed.



Information Dissemination Tools of Menicon

Financial Results

- [Consolidated Financial Results \(every quarter\)](#)
- [Financial data \(every quarter\)](#)
- [Databook](#) **NEW**

General business, strategic and non-financial

- [Integrated report \(once a year\)](#)
- [Sustainability Report \(once a year\)](#)



- [Company introduction materials \(updated as needed\)](#)
- [Medium-term Management Plan](#)

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 9, 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.

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