Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 and Medium-term Business Plan Presentation

TSE 1st Section：Ticker 7780

Menicon Co., Ltd.

May 13, 2021

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AGENDA

Ⅰ. Summary Consolidated Financial Results
for the Fiscal Year Ended March 31, 2021 (FY2020)

Ⅱ. Consolidated Financial Forecast
for the Fiscal Year Ended March 31, 2022 (FY2021)

Ⅲ. Medium-Term Business Plan

Ⅳ. Growth Strategies

Ⅰ. Summary Consolidated Financial Results for FY2020

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Comments on Financial Results

✓ Demand :

Robust demand for contact lenses due to daily necessaries.

✓ Supply :

Continuous operation of production and logistics

✓ Japan:

Produced steady sales by providing our own service “MELS Plan”

✓ Overseas :

Increased overseas sales by strengthening sales network

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Key Factors

- Consolidated financial results in FY2020

Net sales YoY **+JPY 1.69 bn / +2.0%**

✓ Total number of MELS customers : 1.33millions→**1.34millions**

Gross profit YoY **+JPY 0.58 bn / +1.3%**

✓ Cost of sales ratio : 46.5% → 46.9%

Operating profit YoY **+ JPY 1.07 bn / +15.3%**

✓ Lowered SGA ratio by improving efficiency in business

✓ Operating profit ratio : 8.3% → **9.4%**

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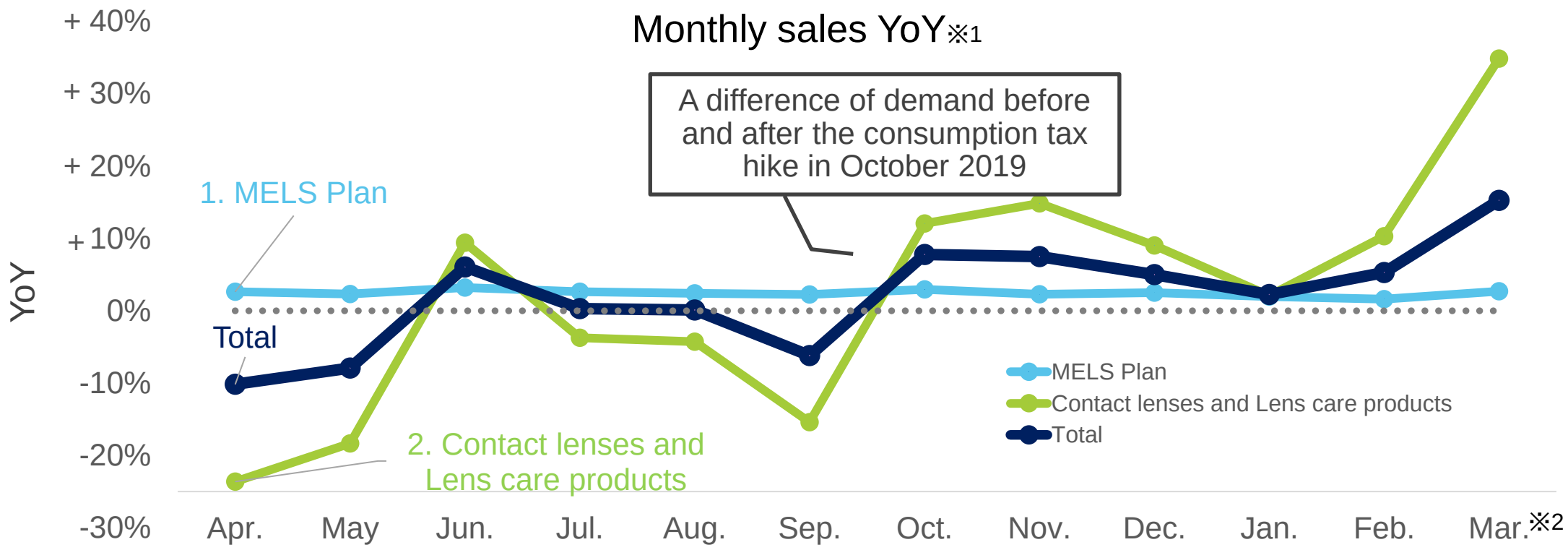
Impact of the COVID-19

1. Steady growth in MELS Plan from the previous year
2. Fluctuation in Contact lenses and Care products sales affected by COVID-19



※1 Monthly sales YoY：(Monthly sales FY2020 ÷ Monthly sales FY2019 - 1) × 100 (%)

※2 Monthly sales of “Contact lenses and Lens care products” includes increased sales of SOLEKO S.p.A (subsidiary in Italy) with change in accounting period

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Financial Results FY2020

JPY m

	FY2019	FY2020	Different	YoY
Net sales	**84,519**	**86,209**	**+1,690**	**+2.0%**
Cost of sales	39,291	40,392	+1,100	+2.8%
（Cost of sales ratio）	46.5%	46.9%	---	(+0.4pt)
Gross profit	45,227	45,817	+589	+1.3%
Selling, general and administrative expenses	38,194	37,710	-483	-1.3%
（SGA ratio）	45.2%	43.7%	---	(-1.5pt)
Operating profit	**7,033**	**8,106**	+1,073	**+15.3%**
(Operating profit ratio)	8.3%	9.4%	---	(+1.1pt)
Ordinary profit	**6,554**	**8,348**	+1,793	**+27.4%**
Profit attributable to owners of parent	**4,060**	**5,952**	+1,891	**+46.6%**
Basic earnings per share	JPY 112.25	JPY 157.67	+JPY 45.42	---

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Net Sales

JPY 86.2 bn

YoY +JPY 1.69 bn
（+2.0%）

1. Contact lenses and Lens care products
+JPY 0.62 bn

2. MELS Plan
+JPY 1.04 bn

3. Others
+JPY 0.01 bn

Key factors
1: Steady increase in sales of orthokeratology lenses and Lens care products in China
2: Increase in the total number of MELS Plan customers from the previous year

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Net Sales Details - 1

Products and services

JPY m

		FY2019	FY2020	Different	YoY
Net sales		84,519	86,209	+1,690	+2.0%
	Contact lenses and Lens care products	39,555	40,181	+626	+1.6%
	MELS Plan	42,806	43,850	+1,044	+2.4%
	Others	2,157	2,177	+19	+0.9%

Note: The amount of “Others” includes the amount of new businesses.

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Contact Lenses and Lens Care Products Sales

JPY 40.1 bn

YoY +JPY 0.62 bn
（+1.6%）

1. Daily / 2weeks contact lenses
-JPY 1.01 bn

2. Other contact lenses
-JPY 1.10 bn

3. Orthokeratology lenses
+JPY 1.06 bn

4. Lens care products
+JPY 1.67 bn

Key factors
1, 2 : Decreased sales due to COVID-19
3, 4 : Steady sales growth in China

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MELS Plan

JPY 43.8 bn

YoY +1.04 bn
（+2.4%）

1. Daily disposable contact lenses
+JPY 1.07 bn

2. 2weeks disposable contact lenses
+JPY 0.21 bn

Others
-JPY 0.24 bn

Key factors
1: Increase in the Daily disposable contact lenses membership
2: Steady growth in 2weeks disposable contact lenses membership

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Net Sales Details - 2

Products and Services / Geographical

JPY m

	FY2019	FY2020	Different	YoY
Net sales	84,519	86,209	+1,690	+2.0%
Total Japan sales	72,622	71,015	-1,607	-2.2%
MELS Plan	42,806	43,850	+1,044	+2.4%
Contact lenses and Lens care products / Other	29,816	27,164	-2,651	-8.9%
Total overseas sales※1	11,896	15,194	+3,298	+27.7%
Europe	6,615	8,177	+1,562	+23.6%
North America	1,231	744	-486	-39.5%
Asia※2	3,687	5,806	+2,118	+57.5%
Other※3	362	466	+103	+28.6%

※1 “Total overseas sales” includes the sales amount of the “Contact lens and Care product” and “Other”

※2 “ Asia” includes export sales to China through domestic sales agencies.

※3 “Other” includes Oceania and Africa etc.

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Overseas Sales

JPY 15.1 bn

YoY ＋JPY 3.29 bn
（＋27.7%）

1. Europe
＋JPY 1.56 bn

2. North America
-JPY 0.48 bn

3. Asia
＋JPY 2.11 bn

Other
＋JPY 0.10 bn

Key factors
1: Europe...Acquisition of SOLEKO S.p.A
2: North America...Negative impact of COVID-19 on the sales
3: Asia...Steady sales increase of Orthokeratology lenses and Lens care products

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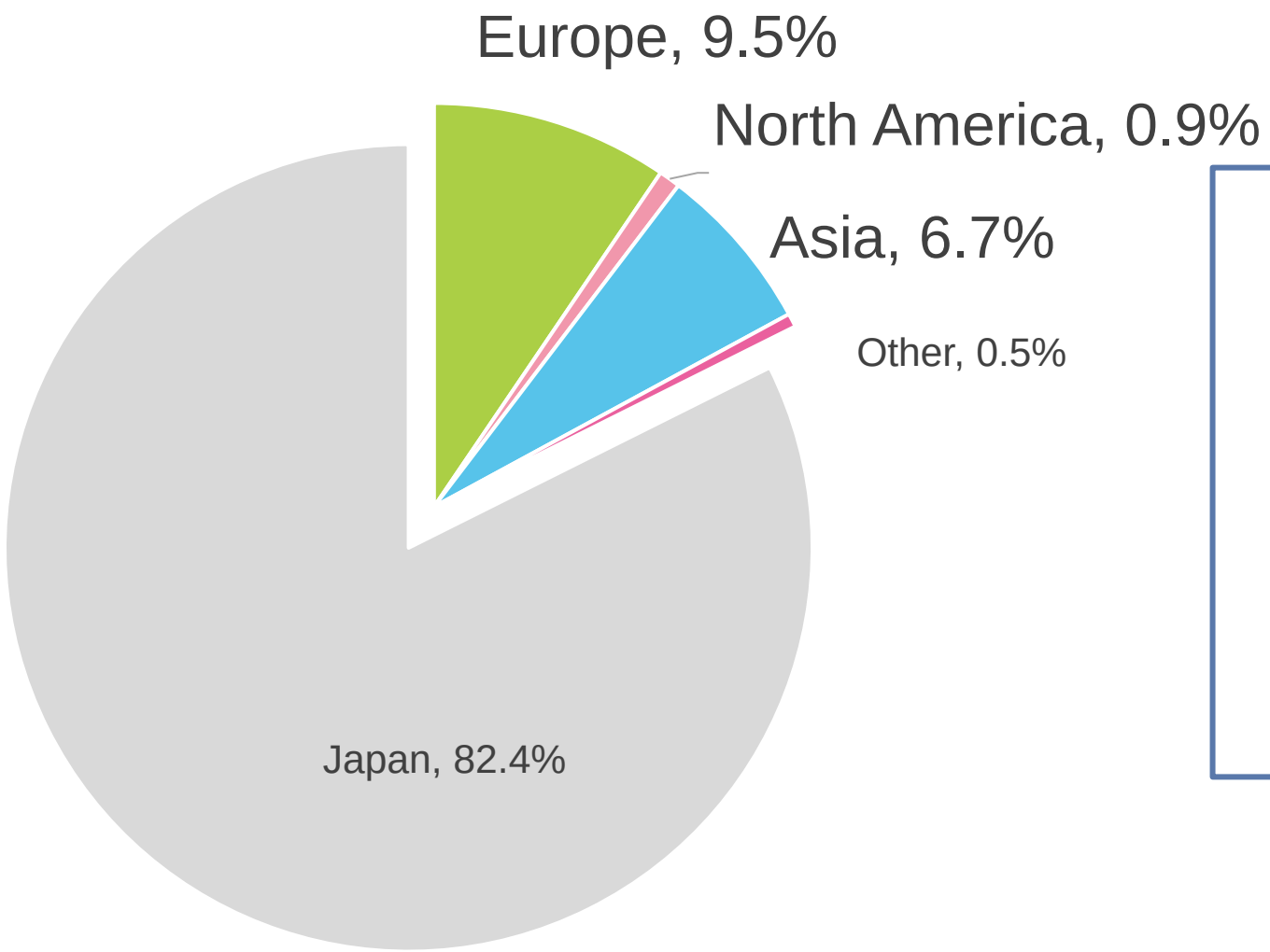
Overseas Sales Ratio



Overseas sales ratio

FY2019
14.1%
⇓+3.5%
FY2020
17.6%

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Operating Profit

JPY 8.1 bn

YoY ＋JPY 1.07bn
（＋15.3%）

1. Gross profit
+JPY 0.58 bn

2. SGA effect
+JPY 0.48 bn

Key factors
1. Gross profit increase due to sales increase
2. Efficient use of SGA

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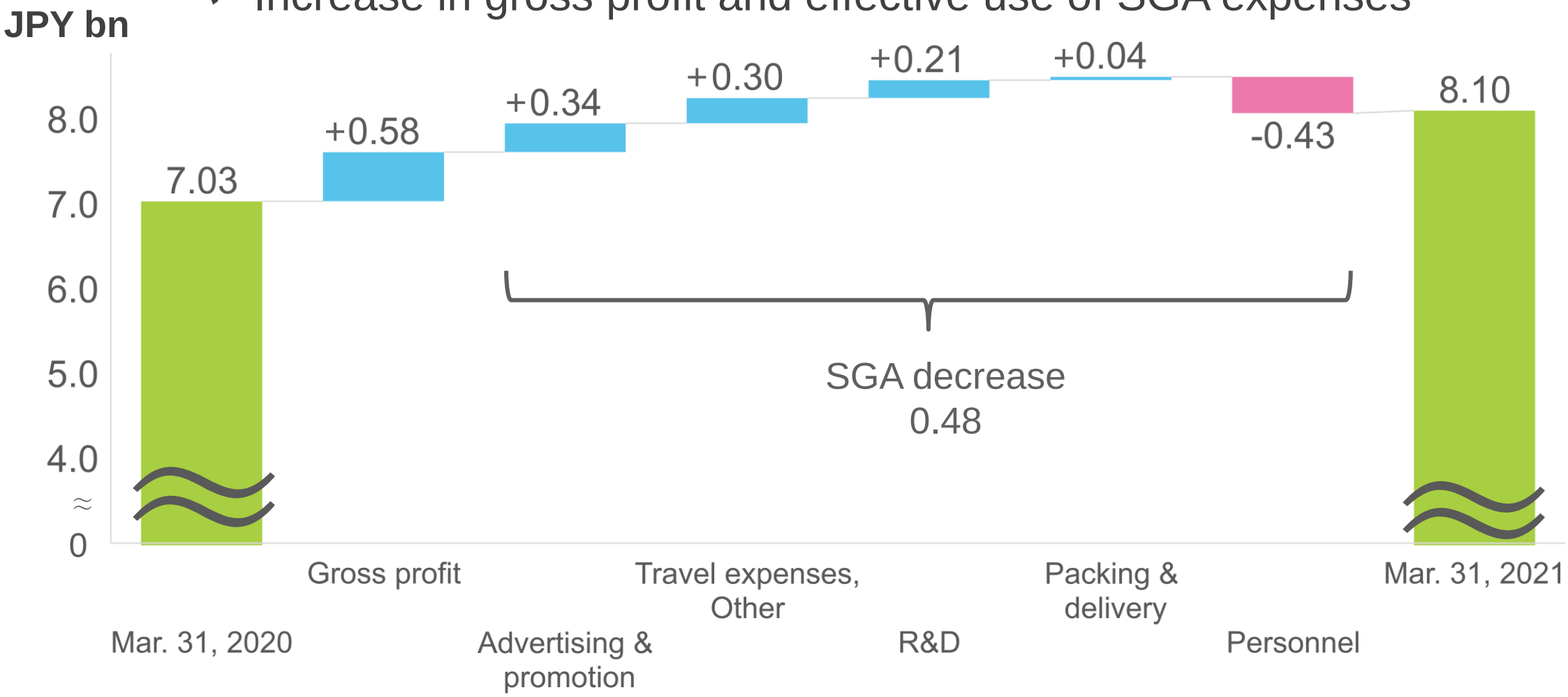
Operating Profit Details

✓ Increase in gross profit and effective use of SGA expenses



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Summary Balance Sheet

JPY m

	Mar. 31, 2020	Mar. 31, 2021	Different
Cash and deposits	17,327	41,455	+24,127
Notes and accounts receivable - trade	9,733	10,735	+1,001
Inventories	12,930	15,501	+2,571
Other	1,730	2,515	+785
Total current assets	41,722	70,207	+28,485
Property, plant & equipment	34,672	39,301	+4,628
Intangible assets	7,064	12,204	+5,139
Investments and other assets	3,826	5,017	+1,190
Total non-current assets	45,564	56,523	+10,959
Total assets	87,286	126,731	+39,444

	Mar. 31, 2020	Mar. 31, 2021	Different
Notes and accounts payable - trade	4,373	4,205	-167
Short-term debt	4,060	4,968	+907
Accounts payable - other	4,583	5,167	+584
Other	8,733	8,188	-544
Total current liabilities	21,751	22,530	+779
Long-term debt	9,368	17,470	+8,102
Long-term accounts payable - other	---	22,868	+22,868
Other	2,645	2,876	230
Total non-current liabilities	12,014	43,215	+31,200
Total liabilities	33,765	65,745	+31,980
Total net assets	53,520	60,985	+7,464

	Mar. 31, 2021
Capital ratio	46.7%
Cash and deposits	41,455
Total debt	45,307

Convertible bonds etc.

Capital investment in Daily disposable contact lenses production line.

Convertible bonds etc.

Capital investment and working capital etc.

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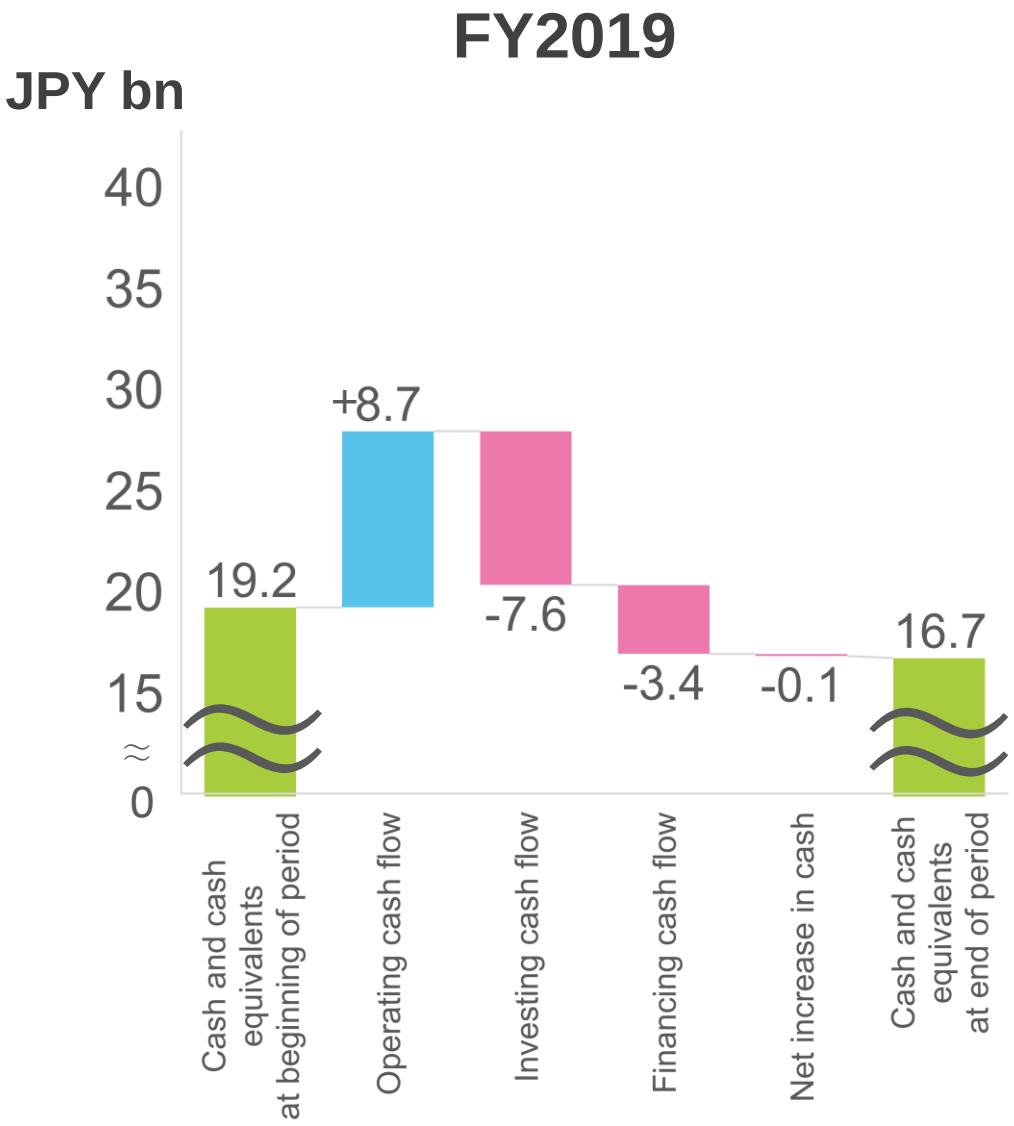
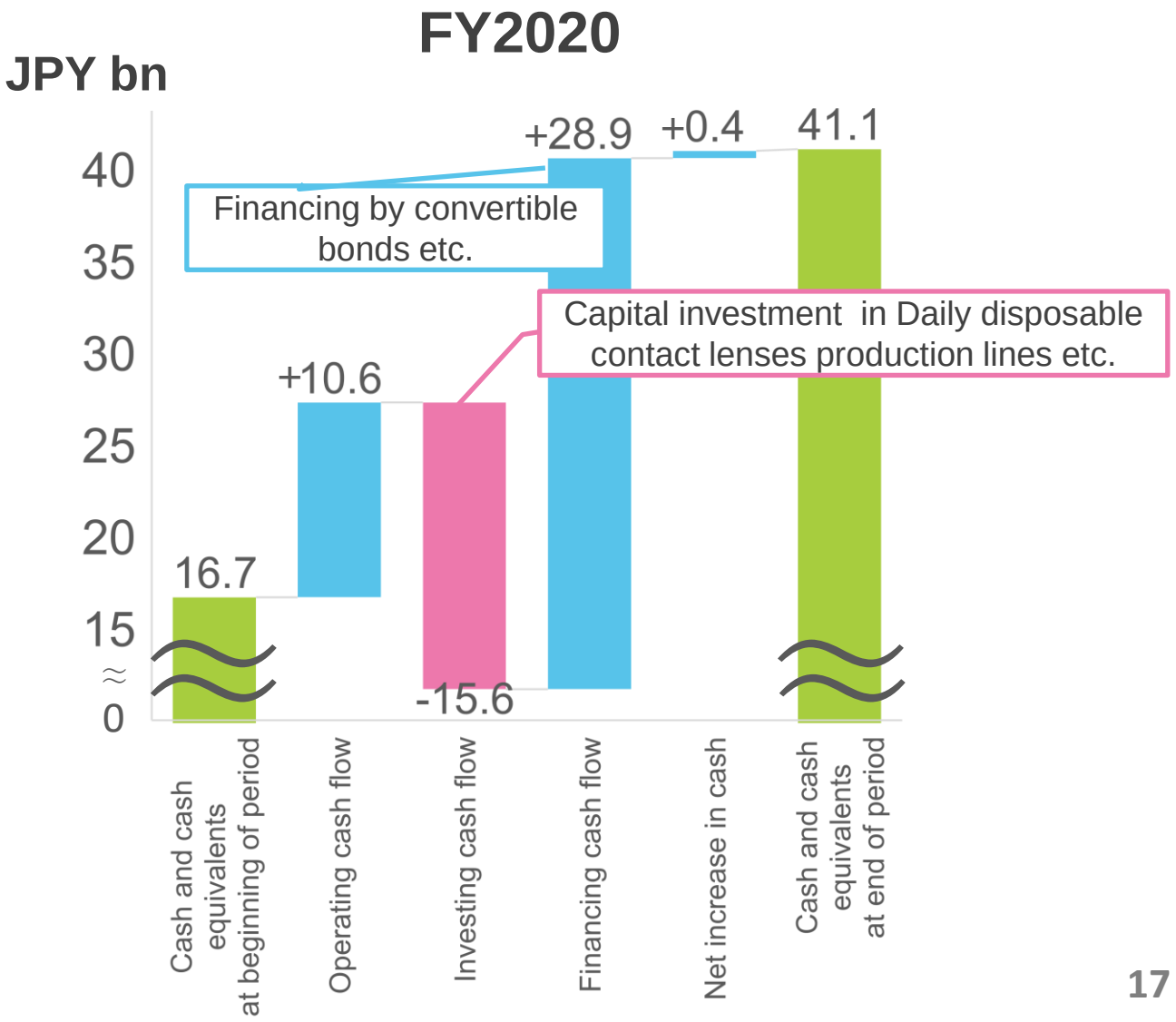
Cash Flows





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Ⅱ. Consolidated Financial Forecast for FY2021

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Financial Forecast

- Consolidated performance forecast for FY2021

Net sales forecast JPY 99.2 bn

YoY **+JPY 12.9 bn** / **＋15.1%**

✓MELS : Increase the total number of MELS customers to 1.36millions

✓Contact lenses and Lens care products : Predict stable demand and sales expansion in China

✓Other : Expand a food business by Itabashi Trading

Gross profit forecast JPY 52.6 bn

YoY **+JPY 6.7 bn** / **+14.8%**

Operating profit forecast JPY 9.0 bn

YoY **+JPY 0.8 bn** / **+11.0%**

Summary Financial Forecast

JPY m

	FY2020		FY2021 (forecast)	Different (forecast)	YoY (forecast)
Net sales	**86,209**		**99,200**	+12,990	+15.1%
Cost of sales	40,392		46,600	+6,207	+15.4%
（Cost of sales ratio）	46.9%		47.0%	---	(+0.1pt)
Gross profit	45,817		52,600	+6,782	+14.8%
Selling, general and administrative expenses	37,710	⇒	43,600	+5,889	+15.6%
（SGA ratio）	43.7%		44.0%	---	(+0.3pt)
Operating profit	**8,106**		**9,000**	+893	+11.0%
(Operating profit ratio)	9.4%		9.1%	---	(-0.3pt)
Ordinary profit	**8,348**		**8,800**	+451	+5.4%
Profit attributable to owners of parent	**5,952**		**5,700**	-252	-4.2%
Basic earnings per share	JPY 157.67		JPY 150.83	-JPY 6.84	---

Net Sales Forecast

JPY 99.2 bn

YoY ＋JPY 12.9 bn
（＋15.1%）

1. Contact lenses and Lens care products
+JPY 7.7 bn

2. MELS Plan
+JPY 0.6 bn

3. Others
+JPY 4.6 bn

Key factors
1 : Orthokeratology lenses and Lens care products sales increase in China
2 : The number of MELS customers increase centered on Daily disposable contact lenses
3 : Food business sales increase

Operating Profit Forecast

JPY 9.0 bn

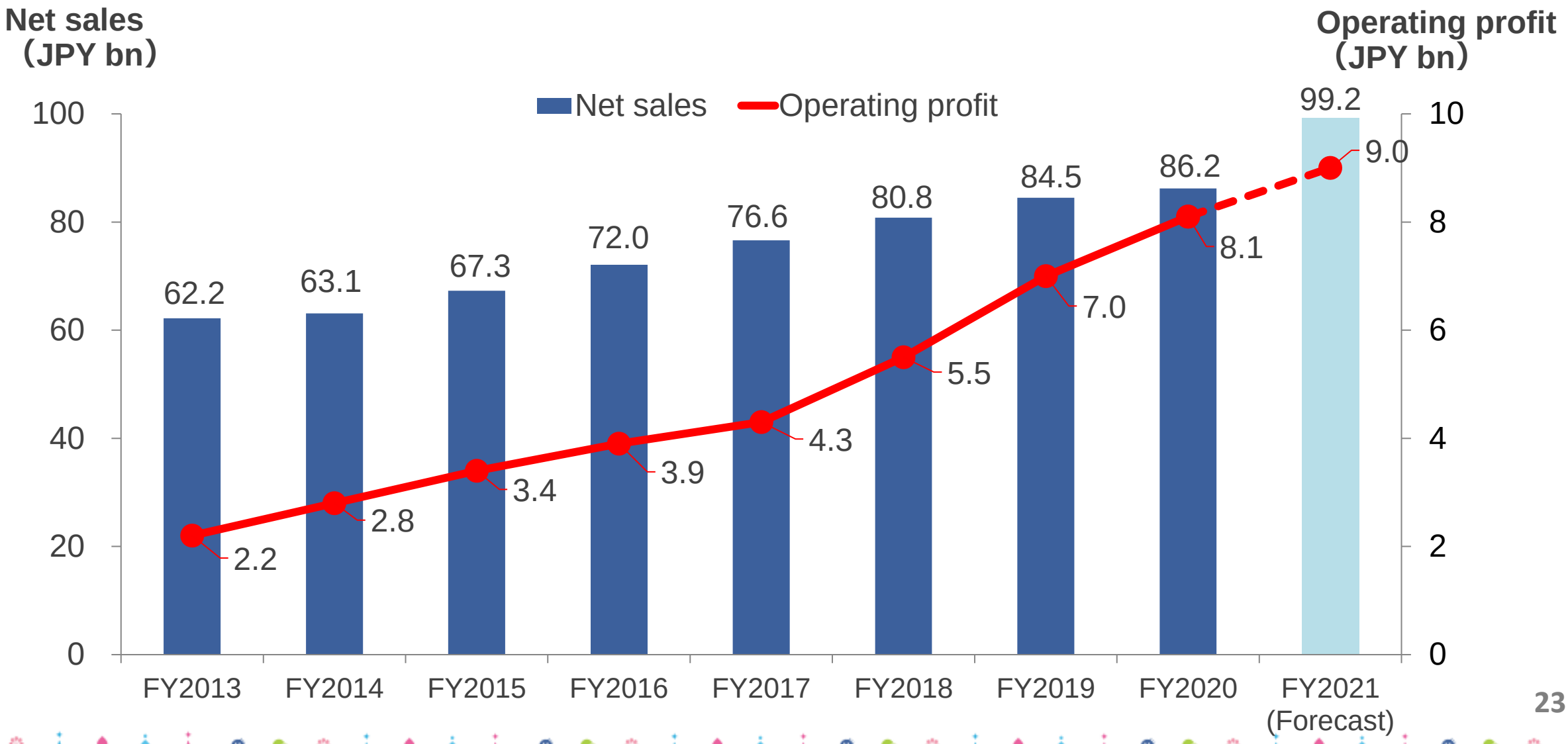
YoY +JPY 0.8bn
（+11.0%）

Gross profit
+JPY 6.7 bn

SGA
-JPY 5.8 bn

Key factors
✓Predict operating profit growth by gross profit increase

Annual Sales / Operating Profit Development



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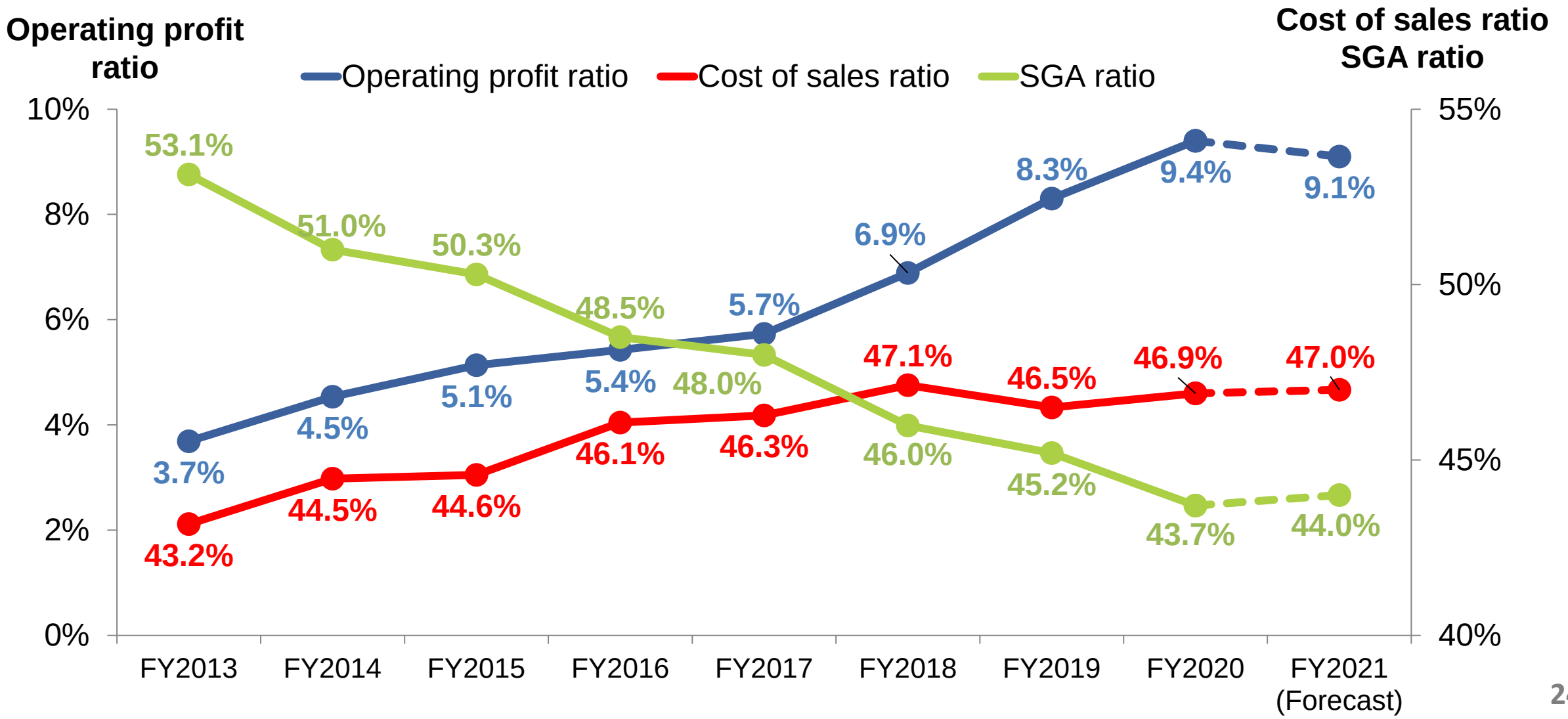
Cost of Sales Ratio / SGA Ratio / Operating Profit Ratio



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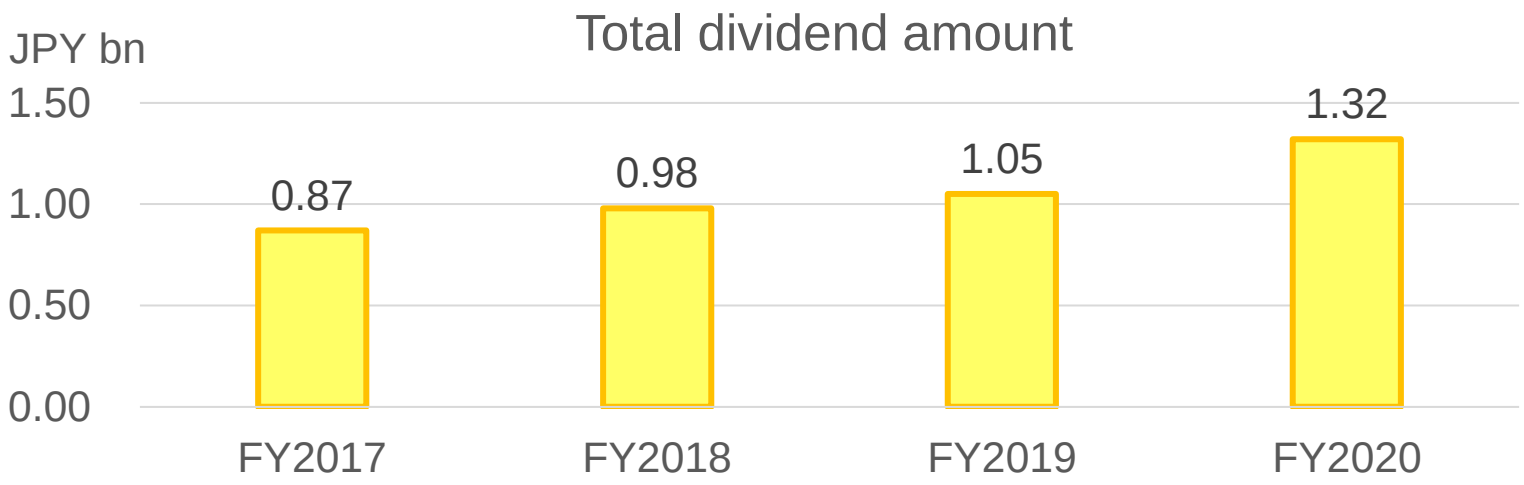
Shareholder Return

- ✓ Annual dividend for FY2020: ¥**30 (Ordinary dividend) + ¥5(Commemorative dividend)** per share
- ✓ Annual dividend forecast for FY2021 : **¥35**

	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecast)
Dividend per share	JPY 25	JPY 28	JPY 28	JPY 35 (Ordinary dividend) JPY 30 (Commemorative dividend) JPY 5	JPY 35
Dividend payout ratio	33.0%	27.6%	24.9%	22.2%	23.2%



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70th Anniversary of Menicon / 20th Anniversary of MELS Plan

- ✓ Menicon sets its 70th anniversary year from April 2021 to March 2022
- ✓ Special plan is prepared commemorating the 20th anniversary of MELS Plan in July 2021

みんなの瞳を、輝かそう。
70th ANNIVERSARY

MELS PLAN

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Ⅲ. Medium-term Business Plan

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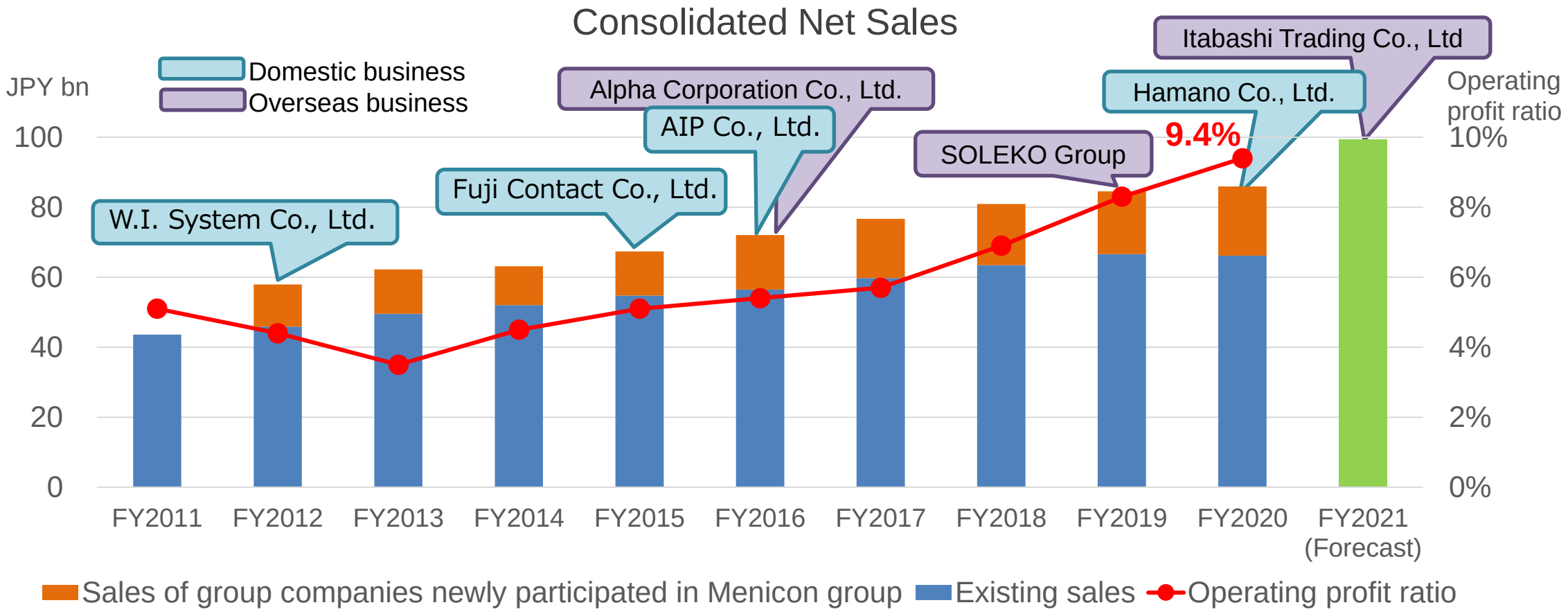
Vision2020 Review

- ✓ Net sales (target : JPY 100 bn) : Carryover of achievement to FY2021 due to COVID-19
- ✓ Operating profit ratio (target :10%) : Approaching the target by improving structural reform



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Vision2030

New Vision of Miru for the World

“Miru (=feel)” is about having fun and pleasure through the five senses and being empathetic

The Menicon Group continues to propose “Miru” that matches various situations and life stages to realize a fulfilling and happy life.

In addition to the Vision Care Business centered on contact lenses and Lens care products, we will boldly take on challenges in the areas of healthcare (Medicine/Health) and life care (Living/Culture/Environment).

Through corporate activities that care about the global social contribution and the environment, we will continue to maintain our importance worldwide.

We will introduce new “Miru” to the world so that everyone can feel happy and fulfilled.

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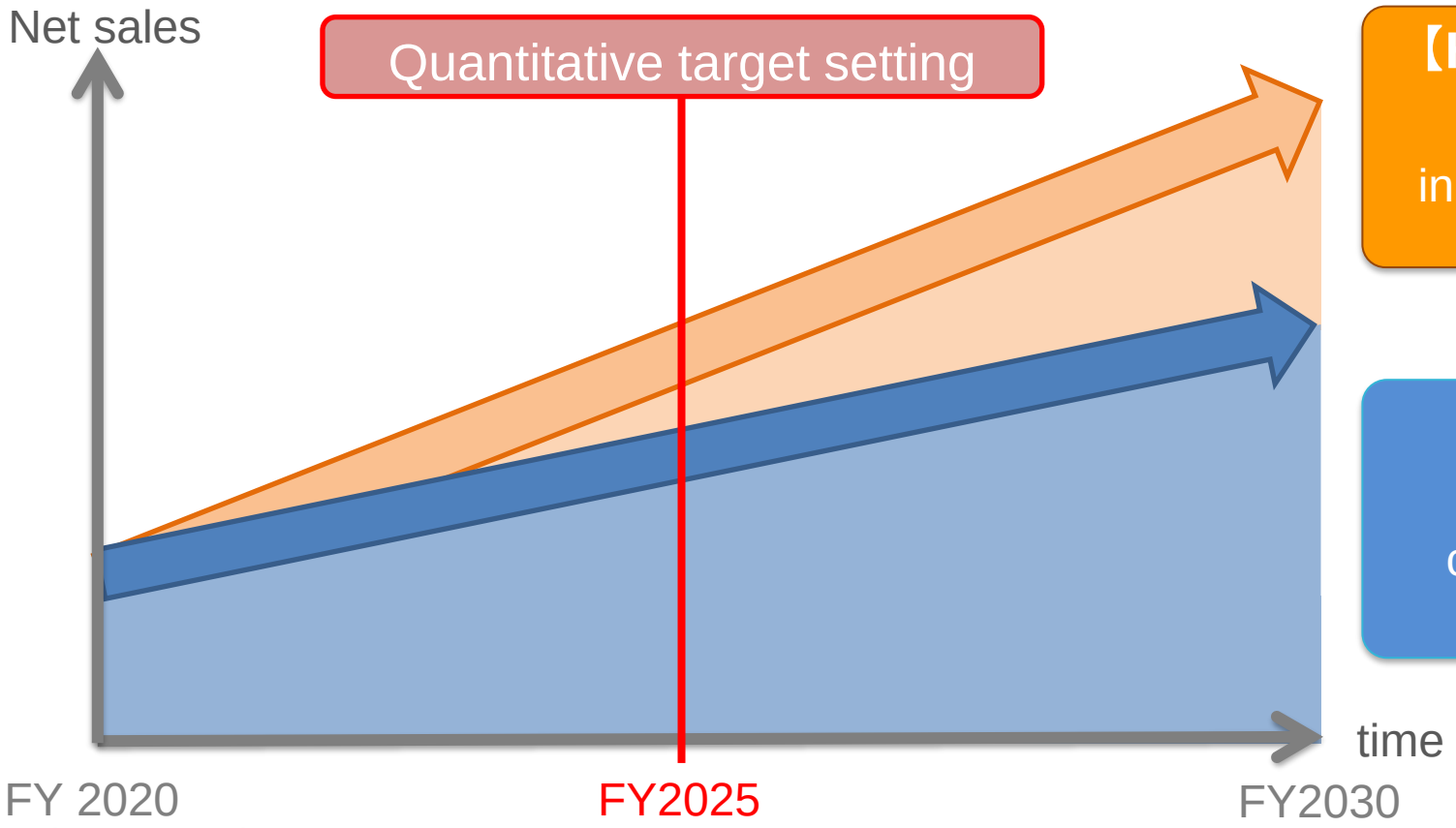
Business Domain to Achieve Vision2030 Goals

- ✓ Expand health care and Life care business in addition to the core Vision care business.
- ✓ Setting quantitative targets in FY2025 as a milestone to Vision2030



【Health care and Life care】

Develop new businesses
in addition to existing businesses

【Vision care】

Further expand
contact lens and care product
businesses

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Quantitative Targets in FY2025

	Vision care	Health care and Life care
FY2025 Net sales target	JPY 130 bn	JPY 10 bn
Activities	Expansion of… 1. Overseas sales 2. MELS Plan 3. Daily contact lense sales	• Pet life • Health / Food business • Environmental business

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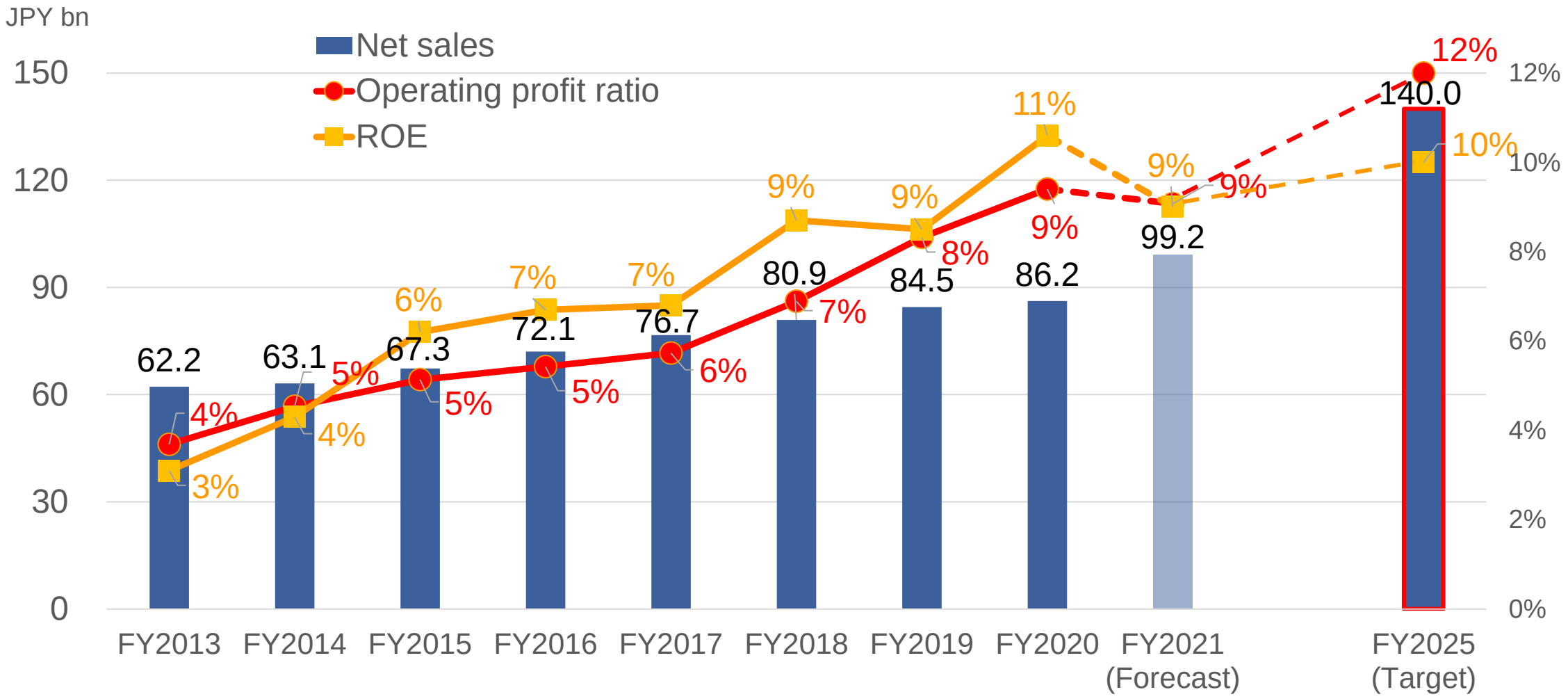
Quantitative Targets in FY2025

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



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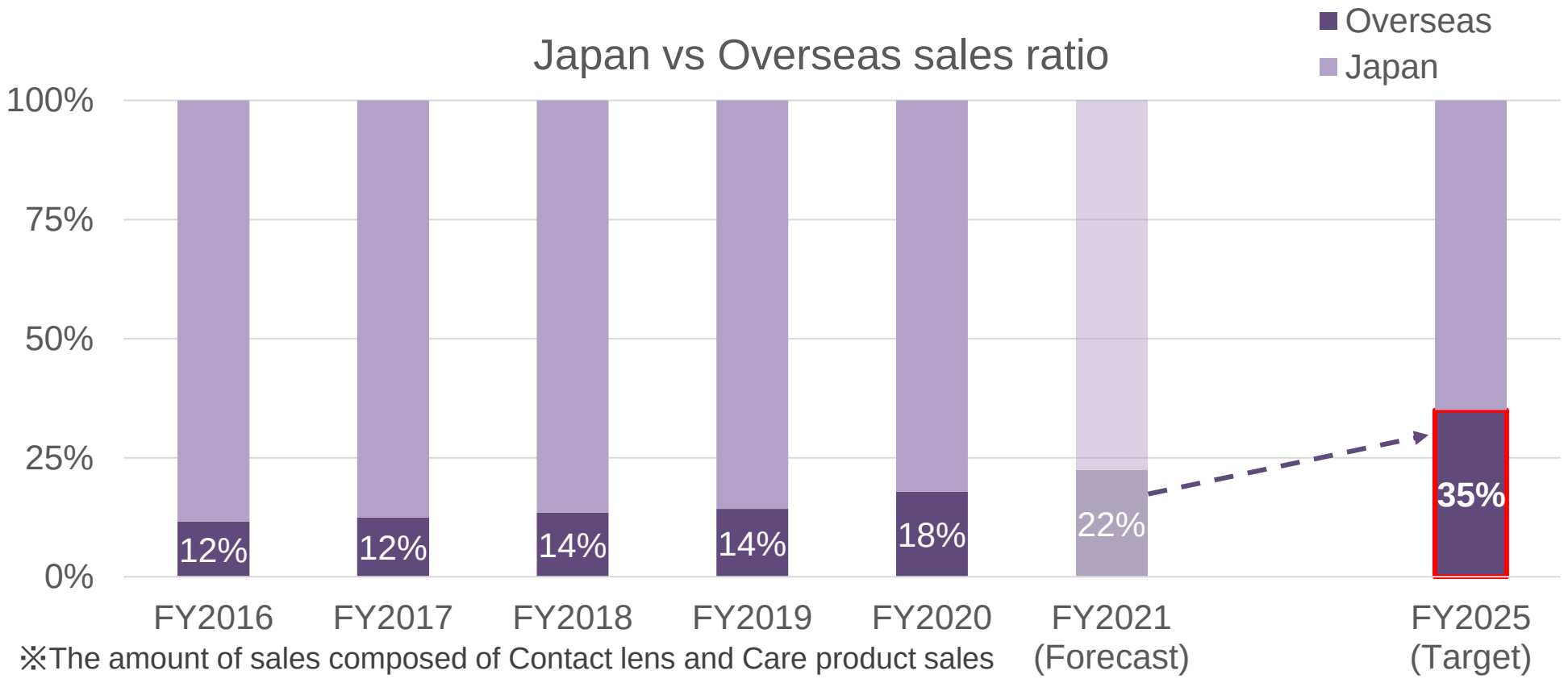
Vision Care - 1. Expansion of Overseas Sales

✓ To increase overseas sales ratio to **35%** due to sales increase of Daily disposable lenses, Orthokeratology lenses and Lens care products



※The amount of sales composed of Contact lens and Care product sales

Evolve to a global company and expand Menicon fans worldwide

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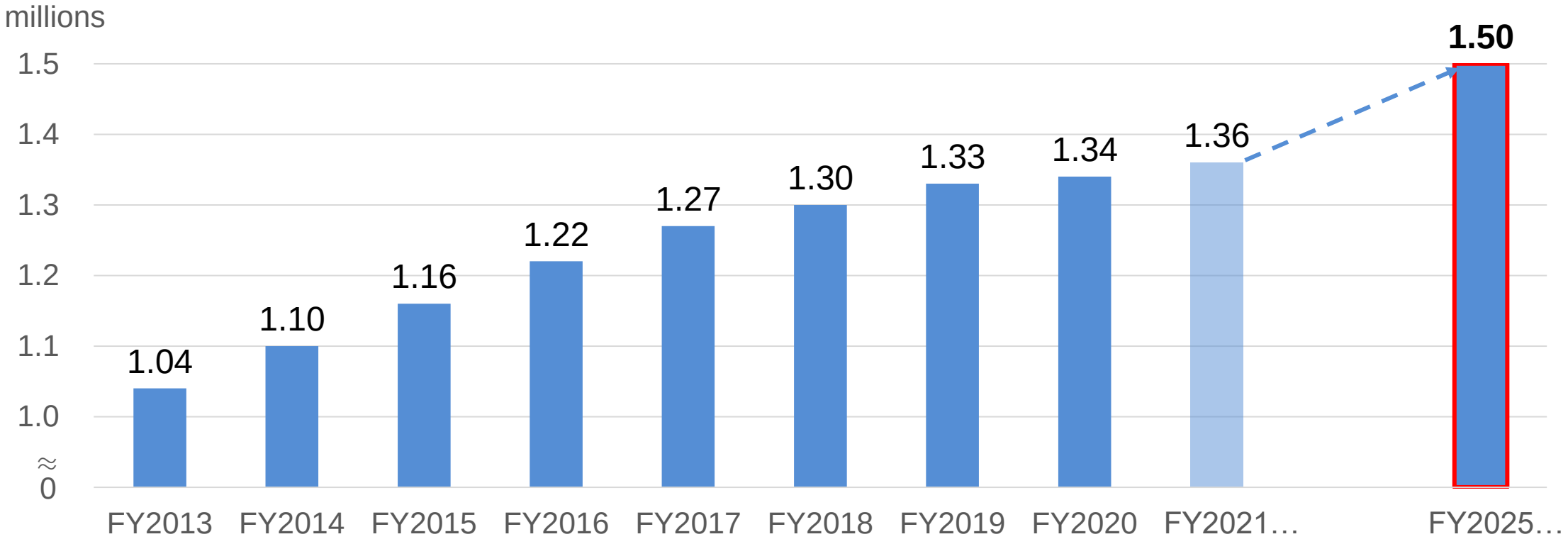
Vision care - 2. Further Expansion of MELS Plan

✓ To increase the number of MELS Plan customers to **1.5 millions** by expanding of product lineup and strengthening our sales network



Respond to various values of users, and become a company that users want to maintain a "connection" with

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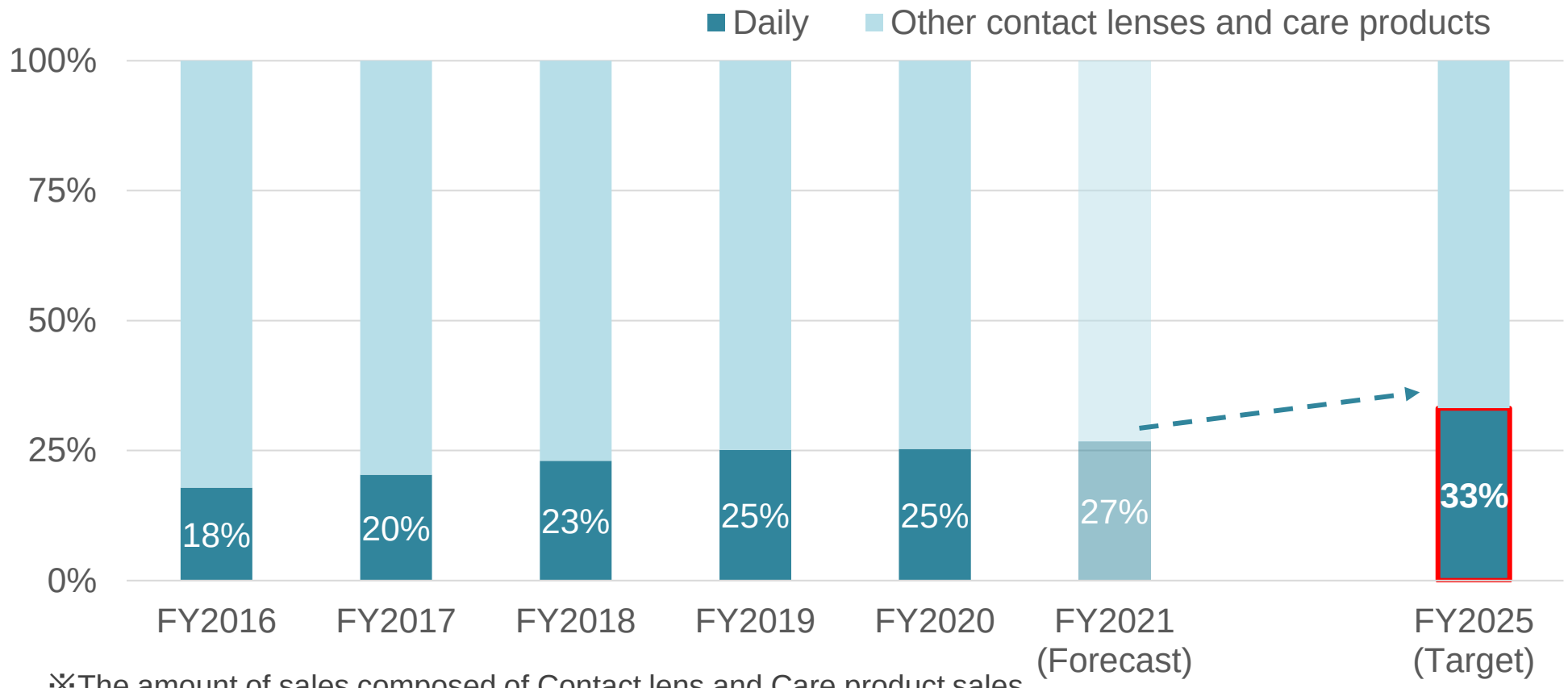
Vision care – 3. Daily Disposable Contact Lens Sales Increase

✓ To increase the Daily disposable contact lenses sales ratio to **33%**



※The amount of sales composed of Contact lens and Care product sales

To pursue convenience and safety with top priority on user benefits

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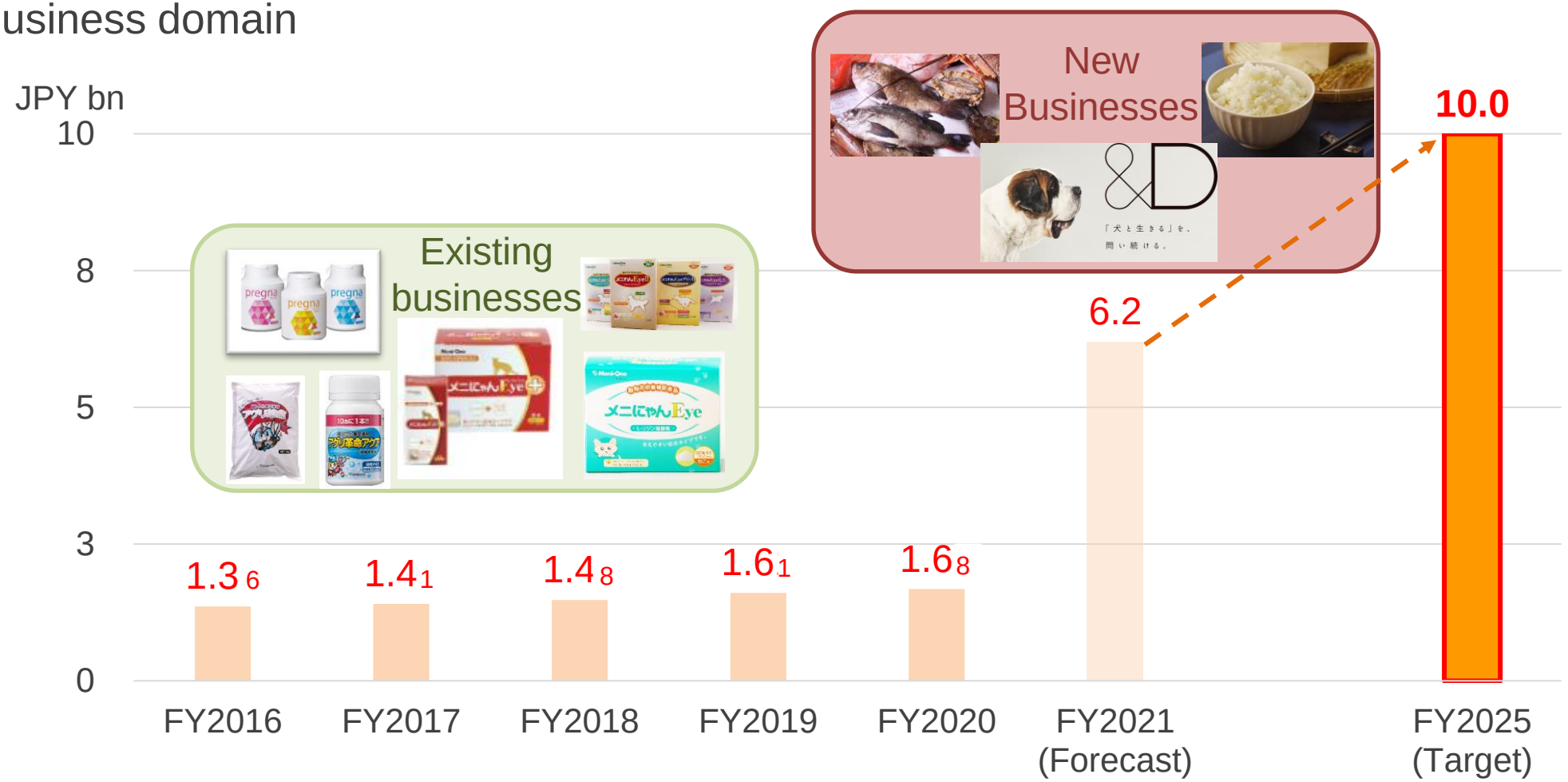
Expansion of Health Care and Life Care Business

✓ To increase sales in health care and life care business to **JPY 10 bn** by expanding the business domain



To realize a rich life that meets the five senses of people all over the world

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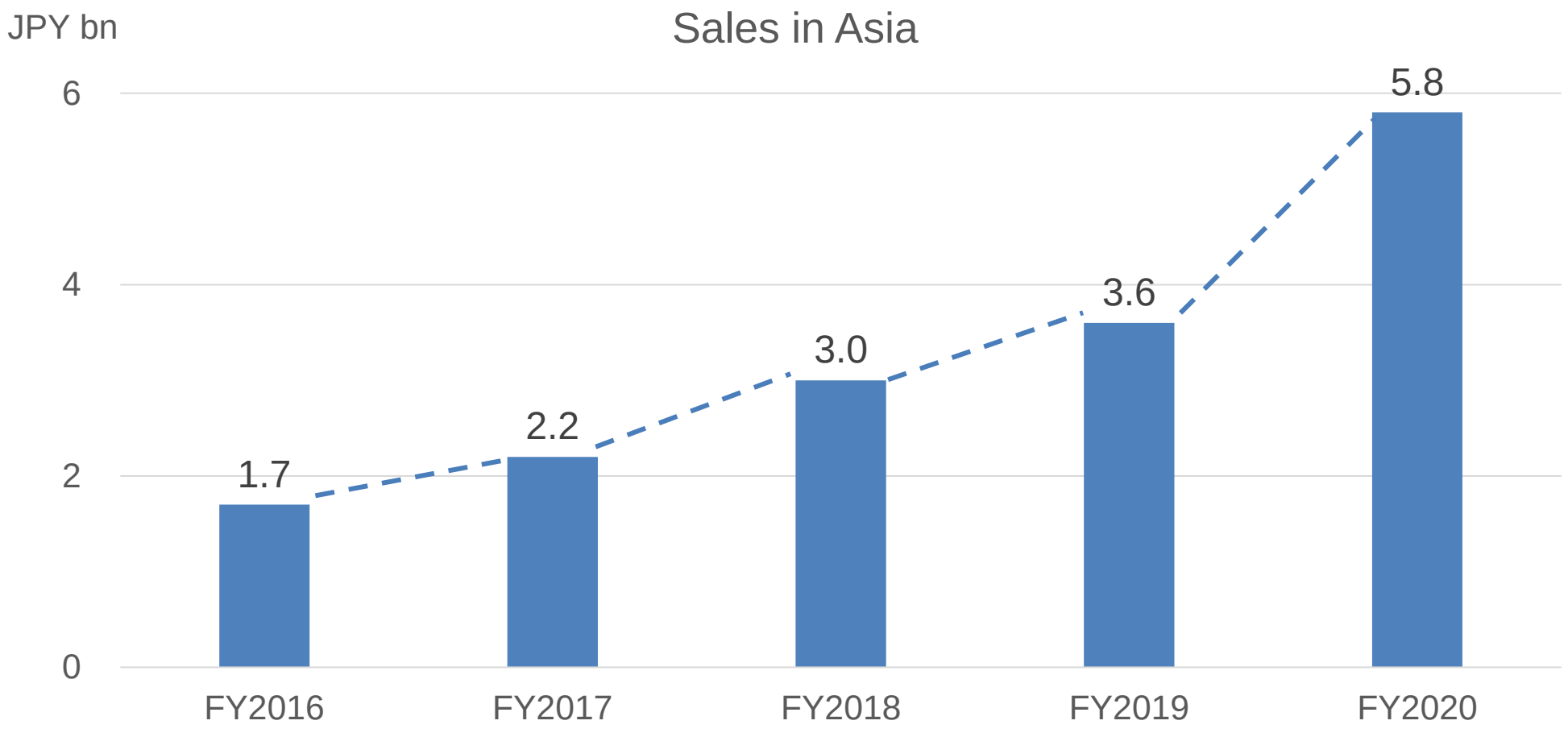
Ⅳ. Growth Strategies

Sales in Asia

✓ To increase sales due to Orthokeratology lenses and Lens care products in China



※Sales included major exports to China through domestic distributors

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Vision care
1.Overseas

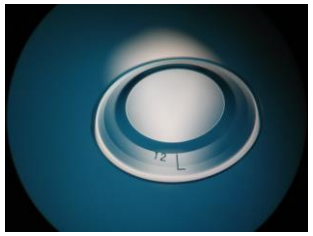
Orthokeratology Lenses in China

✓ Continuous structural building in the expanding Chinese market.

TRADING Itabashi

Itabashi Trading

- Sales and export/import of medical equipment
- A wholly owned subsidiary since Jan. 2021
- Strengthening sales network



α ORTHO®-K

Alpha Corporation

- Orthokeratology lenses manufacturer
- Establishment of local Chinese subsidiary in Nov. 2020

Menicon Nect

- Lens care products manufacturer
- Strengthening production system

Production system

Sales & Marketing structure

Partnership

Wenzhou Medical University Eye Hospital

Business tie-up

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Vision care
2. MELS

Strengthen Sales Channels

Menicon Miru　Miru+	52 shop
Ace Contact	84 shop
Fuji Contact	13 shop
City Contact	20 shop
Hamano Contact	3 shop
Group Total	**172 shop**
Other MELS Plan member shop	1,505 shop
MELS Plan member shop Total	**1,677 shop**

2021年3月31日現在

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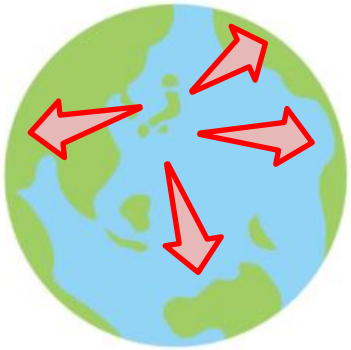
Daily Disposable Contact Lenses

✓ Continuing sales expansion strategy of Daily disposable contact lenses



Expanding sales area

Global expansion of sales channel into Europe, USA, China etc.

Expanding product line-up

Expansion of functional contact lenses as toric lenses, multifocal lenses, and color lenses

Expanding production capacity

Strengthening product capacity of Menicon Kakamigahara Factory (for Daily disposable contact lenses “PremiO” manufacture) and Singapore Factory (for Daily disposable contact lenses “Magic” manufacture)

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Health care and Life care

Food Business(Itabashi Trading)

- ✓ Itabashi Trading which has a sales network in Asia joined Menicon Group in January 2021
- ✓ Make food business a pillar of Health care and Life care business by further expanding food business

Japanese rice exported to China from Japan

Fresh fish exported to Asia and U.S.A from Japan

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Health care and Life care

“&D” To Support Your Comfortable Life with Your Dog

- ✓ Business that supports “dog happiness” aiming for coexistence between people and dogs
- ✓ Utilize our experience of veterinary medical business and subscription business

ITSUMO
[&Dベーシック]
: Basic service that supports a safe and comfortable life with your dog

MANABU
犬との暮らし方教室
: Video content that “people” and “dogs” learn to understand each other and spend their comfortable time

KIMITO
犬の保険
: Pet insurance to support the health of your dog and ensure that you can receive medical care

MOSIMO
犬のみらい保障
: Optional service to adopt your dog when something happens to the owner to ensure the lifelong security of your dog

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Disclaimer on Forward-Looking Statements

- Disclaimer

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- 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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