Consolidated Financial Results for the Year Ended March 31, 2024

Securities Code : 7780

Menicon Co., Ltd.

May 14, 2024

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Table of Contents

Ⅰ Summary of Consolidated Financial Results for FY2023

Ⅱ Forecast of Consolidated Financial Results for FY2024

Ⅲ Dividend Policy and Forecast

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Ⅰ. Summary of Consolidated Financial Results for FY2023

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Summary of Consolidated Financial Results for FY2023

(JPY m)	FY2022	FY2023	YoY
Net sales	**110,194**	**116,192**	**+5.4%**
Cost of sales	51,719	55,181	+6.7%
(Cost of sales ratio)	46.9%	47.5%	(+0.6pt)
Gross profit	58,474	61,010	+4.3%
SGA	46,411	52,058	+12.2%
(SGA ratio)	42.1%	44.8%	(+2.7pt)
Operating profit	**12,062**	**8,951**	**-25.8%**
(Operating profit ratio)	10.9%	7.7%	(-3.2pt)
EBITDA	**19,593**	**17,150**	**-12.5%**
(EBITDA margin)	17.8%	14.8%	(-3.0pt)
Ordinary profit	**11,755**	**8,225**	**-30.0%**
Profit attributable to owners of parent	**7,377**	**4,538**	**-38.5%**

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

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Breakdown of Net Sales

(JPY m)	FY2022	FY2023	YoY
Net sales	**110,194**	**116,192**	**+5.4%**
(1) **Vision Care**	**101,652**	**106,887**	**+5.1%**
Net Sales in Japan	73,105	75,017	+2.6%
MELS Plan	45,491	46,459	+2.1%
Product sales*1 and Others	27,613	28,558	+3.4%
Overseas sales	28,547	31,869	+11.6%
Asia*2	15,648	15,843	+1.2%
Europe	10,869	13,360	+22.9%
North America	1,390	1,946	+40.0%
Oceania and Africa. Etc.	639	719	+12.5%
(2) Healthcare and life care	**8,541**	**9,304**	**+8.9%**
Net Sales in Japan	3,729	4,417	+18.4%
Overseas sales	4,811	4,886	+1.6%

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

*2 Since the fiscal year end of Menicon Japan and the Chinese subsidiary is different, Menicon Japan's full-year financial results (Apr. to Mar.) include full-year financial results (Jan. to Dec.) of the Chinese subsidiary

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Key Factors

Sales increased due to expanded 1DAY-lens sales and Lens care products in priority regions (Japan, Europe, and North America)

Net Sales **JPY 116.1 bn** **YoY** **+5.4%**

Vision Care

- Japan: ⬆ MELS Plan : Increase in 1DAY-lens members
  Product sales: Steady sales of new high-price lens care products, etc.
  ⬆ Increase in sales due to price revision (+JPY 0.6 bn)
- Overseas: ⬆ Europe/North America : Expand sales of 1DAY-lens and lens care products
  ➡ Asia : Flat due to COVID-19 impact (1Q) and economic stagnation (3-4Q) in China

Healthcare and life care

⬆ Expand food business in China

(Reference) **Overseas sales (consolidated) : JPY 33.35 bn → JPY 36.75 bn (+10.2%)**

Growth in local currency +4.4%, Impact of yen depreciation +5.7%

Overseas sales ratio : 30.3% → 31.6% (+1.3pt)

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Key Factors

Execute investments for future growth

Gross profit JPY 61.0 bn **YoY** +4.3% **Cost of sales ratio** 46.9% → 47.5% (+0.6pt)

- ⬆ Effect of sales increase due to sales expansion
- ⬇ Cost of sales ratio increased due to higher procurement costs, etc,

Operating profit JPY 8.9 bn **YoY** -25.8% **Operating profit ratio** 10.9% → 7.7% (-3.2pt)

EBITDA JPY 17.1 bn **YoY** -14.8% **EBITDA margin** 17.8% → 14.8% (-3.0pt)

- Strengthen investments for future growth (new plants, R&D, Sales network)
- One-time expenses incurred in response to domestic price revision and operation of new office building and logistics center, etc.
- Impact of yen depreciation

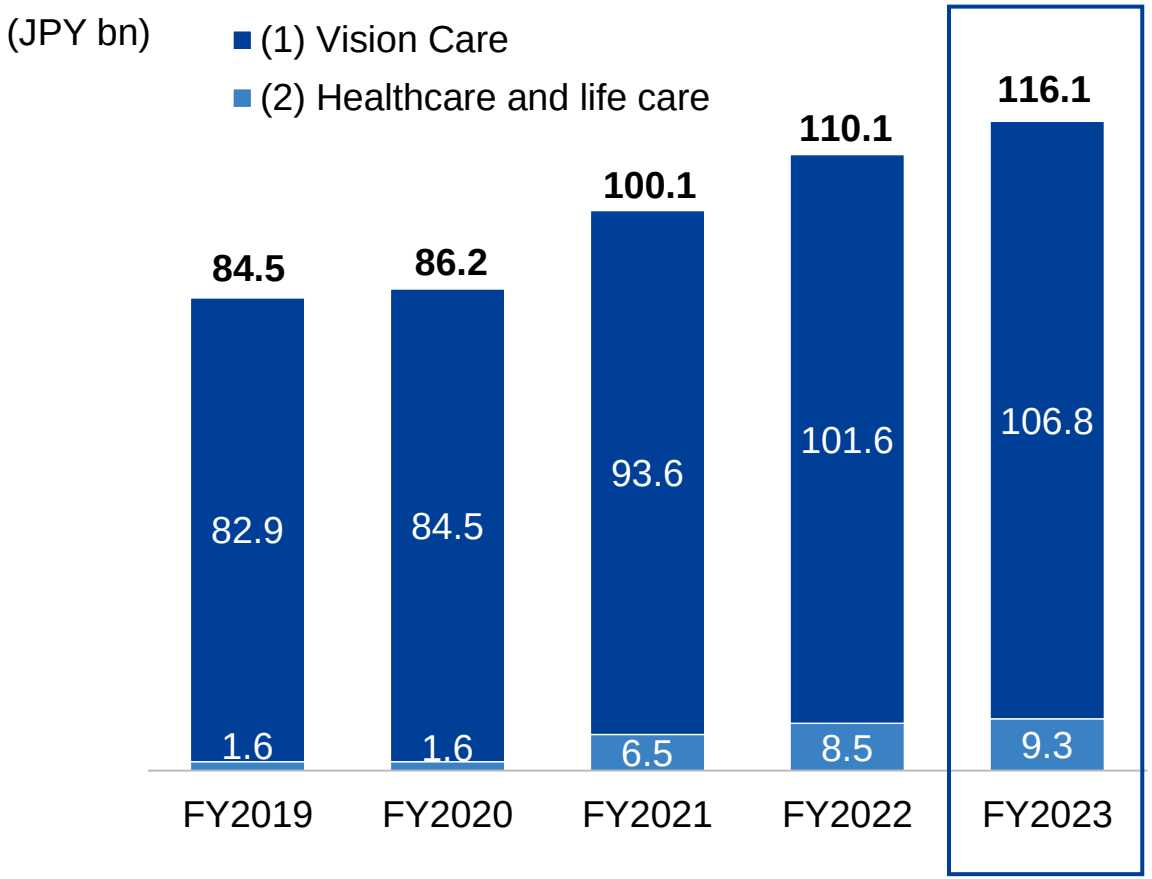
Profit attributable to owners of parent JPY 4.5 bn **YoY** -38.5% **Profit attributable to owners of parent ratio** 6.7% → 3.9%（-2.8pt）

- Provision for allowance for doubtful accounts related to food business and provision for loss on guarantees in connection with termination of stock benefit trust, totaling JPY 0.9 bn, were recorded as extraordinary losses.

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Consolidated Net Sales

Sales increased due to expanded 1DAY-lens sales in priority regions (Japan, Europe, and North America)



1 Vision Care (YoY : JPY **+5.23** bn)

- Expand 1DAY-lens sales globally
- Expand lens care products sales in Japan and Europe
- Effect of price revision in Japan (+JPY 0.6 bn)

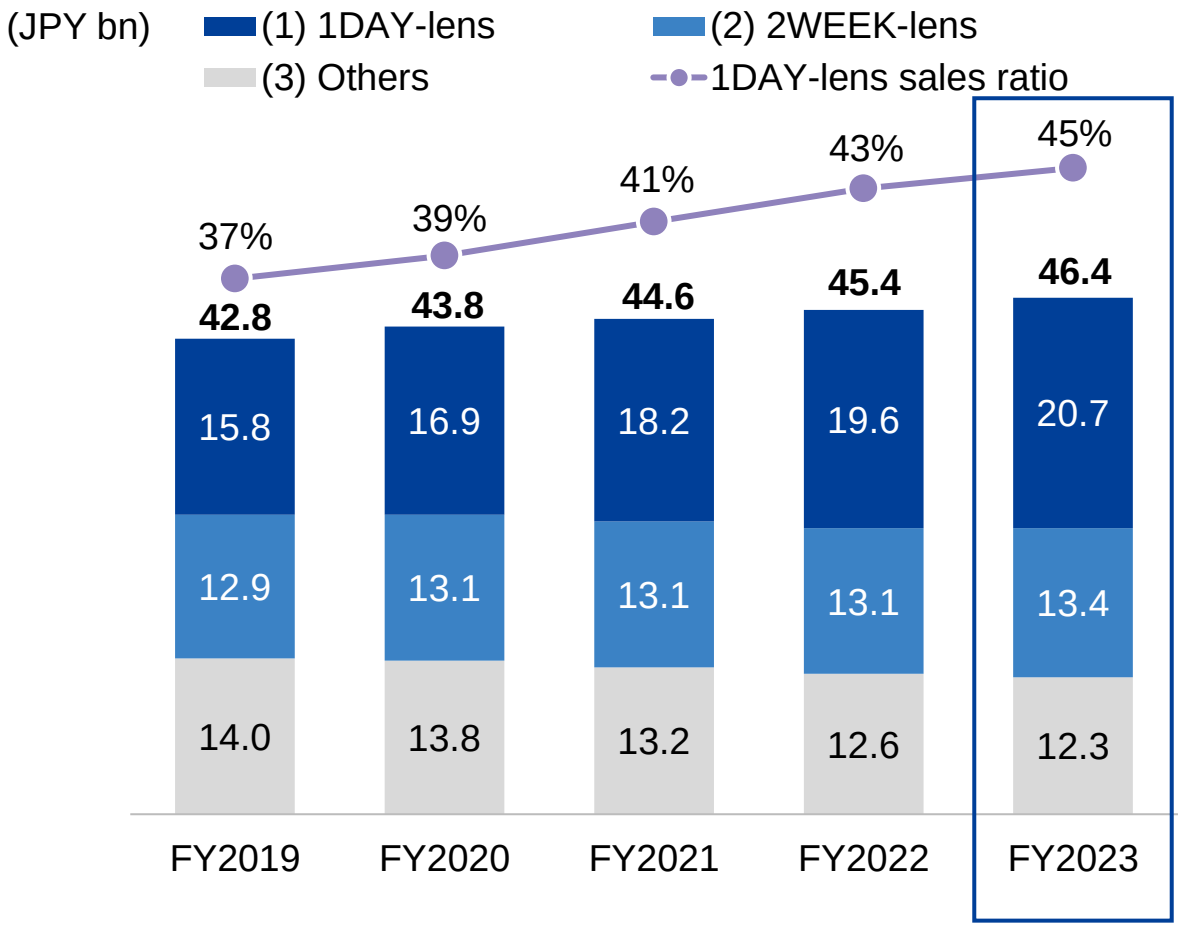
2 Healthcare and life care (YoY : JPY **+0.76** bn)

- Expand food business in China

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MELS Plan Sales (Breakdown of net sales)

Growth due to increase in membership and effect of price revision for high unit price lenses (1DAY-lens and bifocal type)



1 1DAY-lens (YoY : JPY **+1.07** bn)

- Increase in membership due to increased supply
- Effect of price revision (+JPY 0.07 bn)

2 2WEEK-lens (YoY : JPY **+0.22** bn)

- Increase in membership for high unit price lenses
- Effect of price revision (+JPY 0.16 bn)

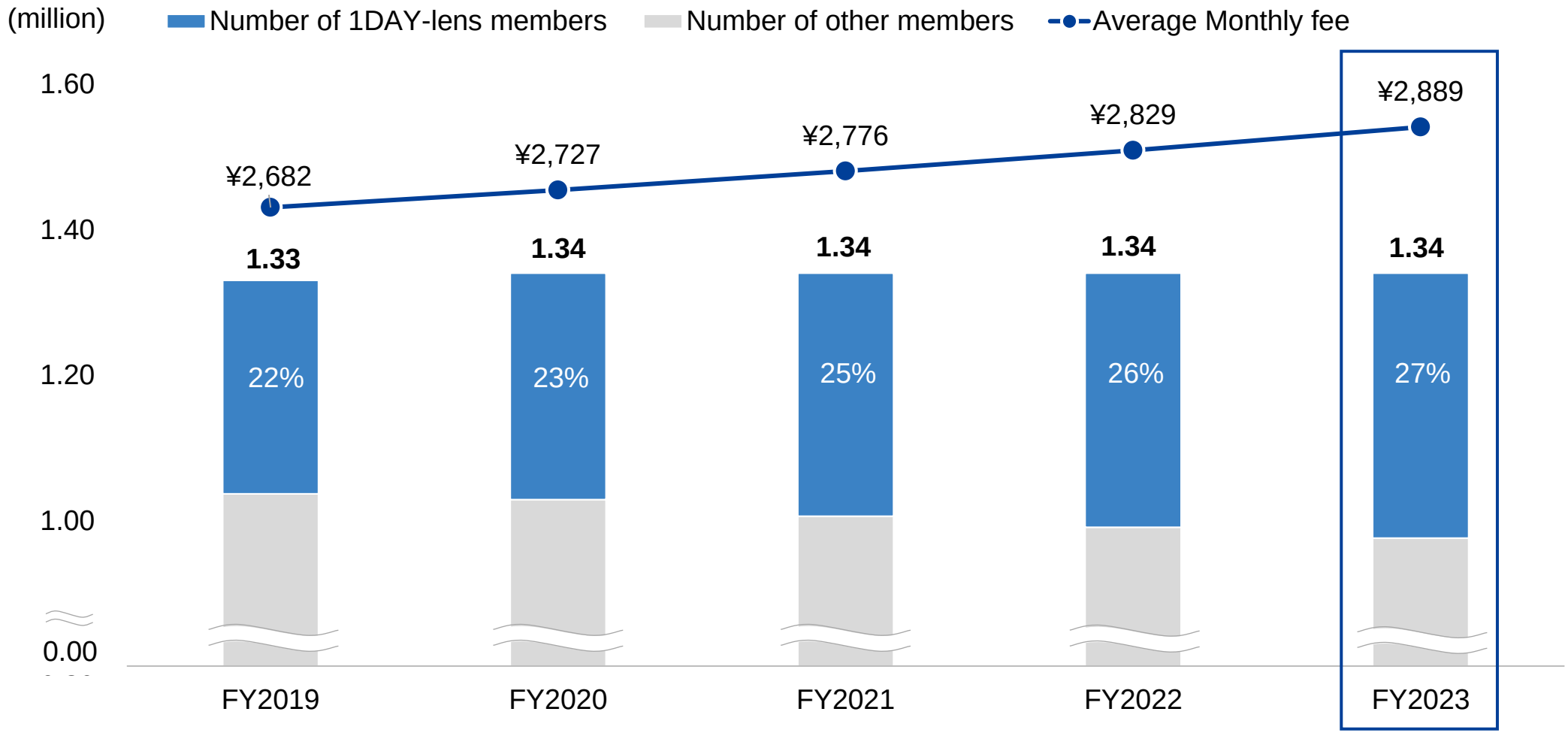
3 Others (YoY : JPY **-0.33** bn)

- Decrease in membership due to increased 1DAY-lens demand

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Total Number of MELS Plan Members

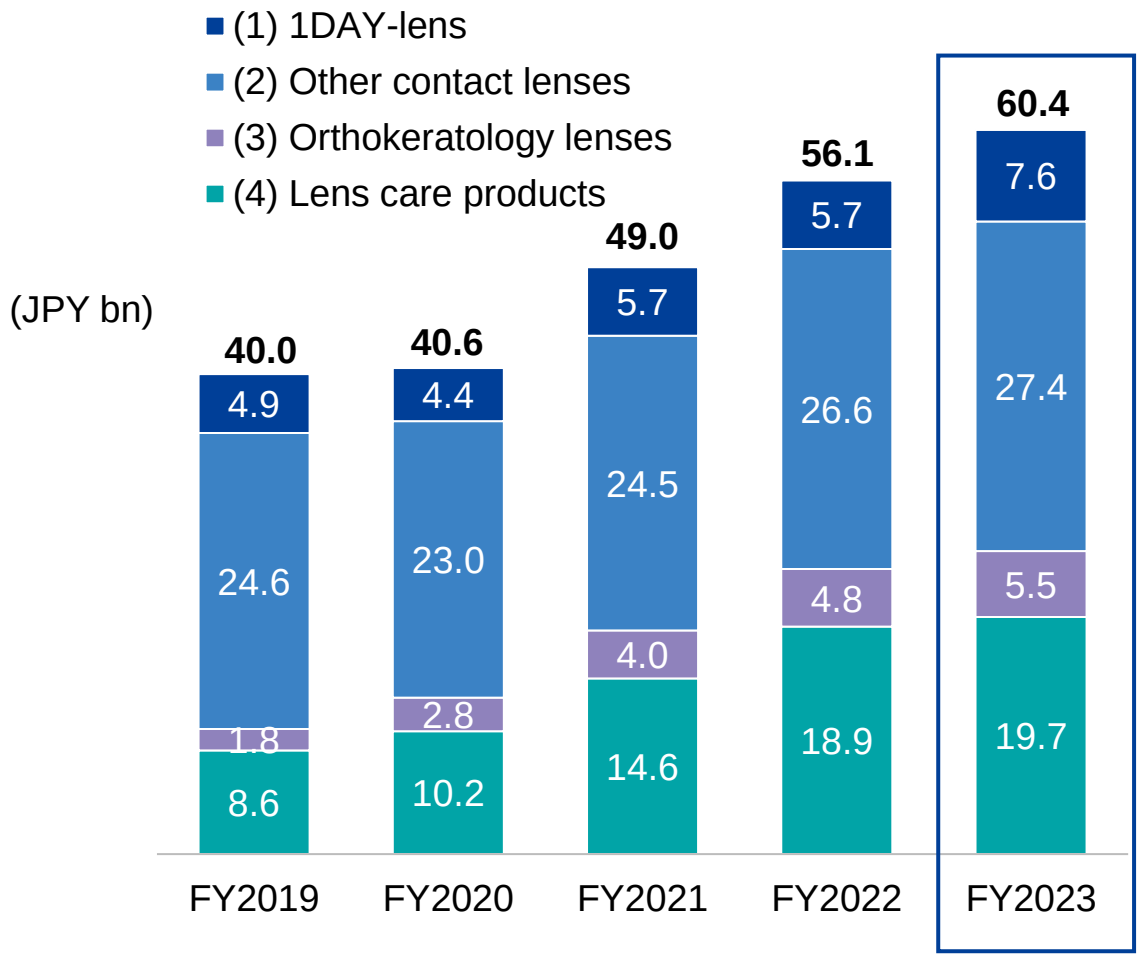
Increase the ratio of high unit price 1DAY-lens members



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Contact Lenses and Lens Care Products Sales (Breakdown of Sales)

Global : Expand 1DAY-lens & Ortho-K sales
Europe/North America : Expand Lens care products sales



1 1DAY-lens (YoY : JPY **+1.97** bn)

- Europe : Expansion of sales areas
- North America : Develop new business partners
- Japan : Sales expansion, Effect of price revision

2 Other contact lenses (YoY : JPY **+0.8** bn)

- Europe: 1MONTH-lens sales expansion
- Domestic: Effect of price revision

3 Orthokeratology lenses (YoY : JPY **+0.66** bn)

- China: Expansion of new product sales (JPY **+0.43** bn)
- Japan, etc.: Ortho-K dissemination (JPY **+0.23** bn)

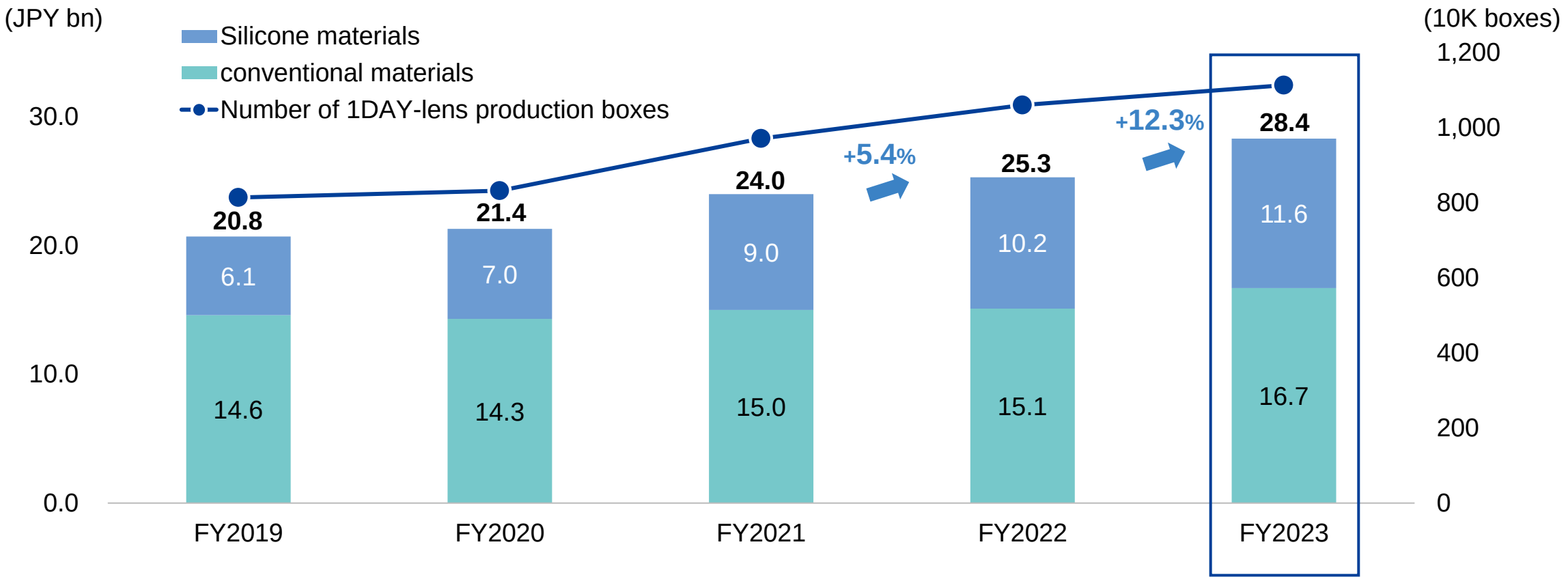
4 Lens care products (YoY : JPY **+0.83** bn)

- Europe, etc.: Sales expansion in Europe, etc. (JPY **+1.48** bn)
- China: Impact of economic stagnation (JPY **-0.65** bn)

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1DAY-lens Sales Trends

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

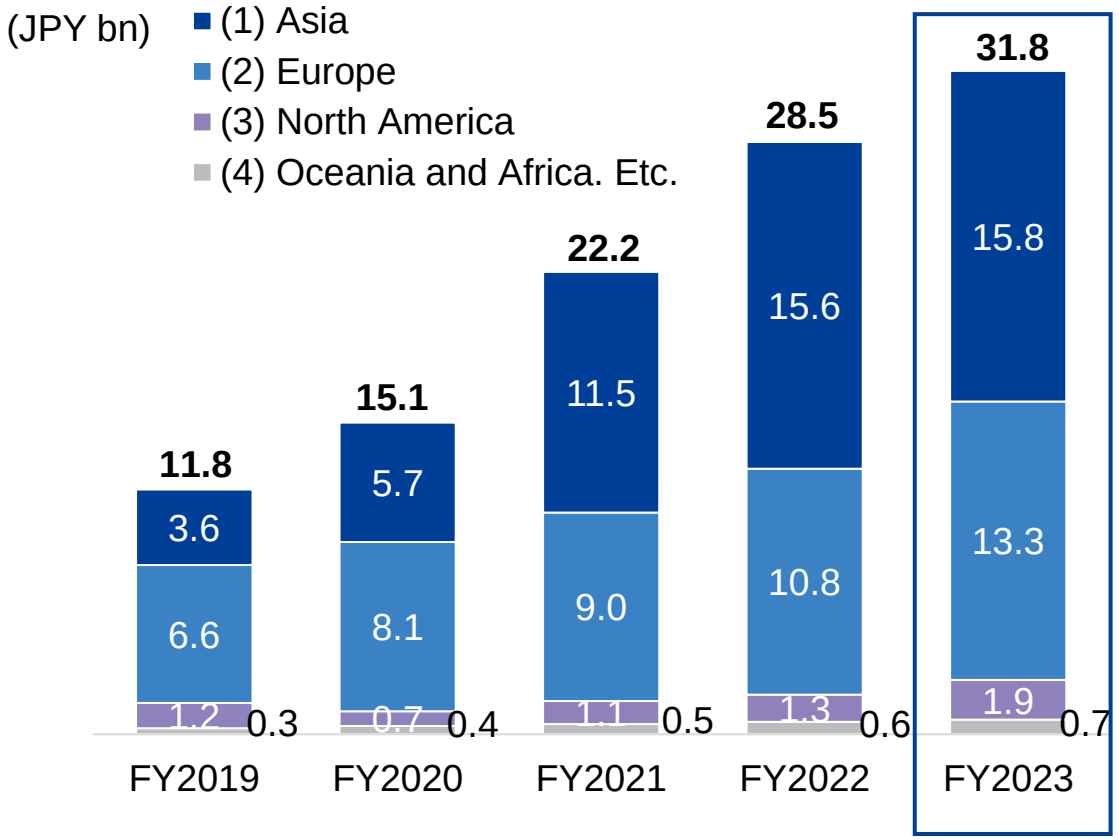


*1DAY-lens sales include products supplied by other companies on an OEM basis.

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Overseas Sales by Region (Breakdown of Sales)

Growth in each region, with a focus on key regions in Asia, Europe, and North America



1 Asia (YoY : JPY **+0.19** bn)

- Expand Ortho-K and lens care products sales in Singapore / Korea (JPY **+0.33** bn)
- COVID-19 impact (1Q) and economic stagnation (3-4Q) in China (JPY **-0.14** bn)
  *Ortho-K JPY **+0.43** bn, Lens care products JPY **-0.65** bn

2 Europe (YoY : **+JPY 2.49** bn)

- Expand 1DAY-lens, 1MONTH-lens, Lens care products sales

3 North America (YoY : **+JPY 0.55** bn)

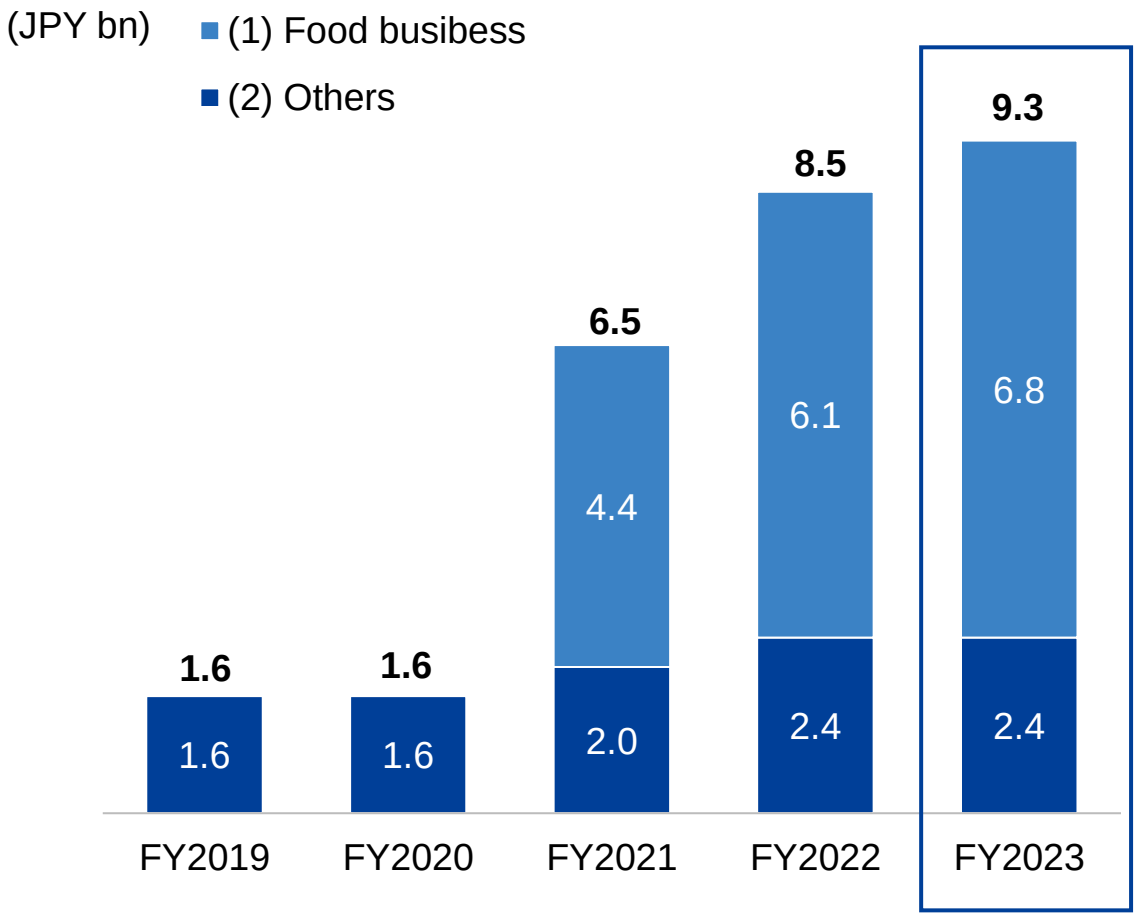
- Expanded 1DAY-lens and lens care products sales

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

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Healthcare and life care Sales

Growth in food business due to business expansion in China and the effect of price revision in Japan



1 Food business (YoY : JPY **+0.69** bn)

- China : Expand sales of imported food products from Japan
- Japan : Effect of sales price revision of imported food products

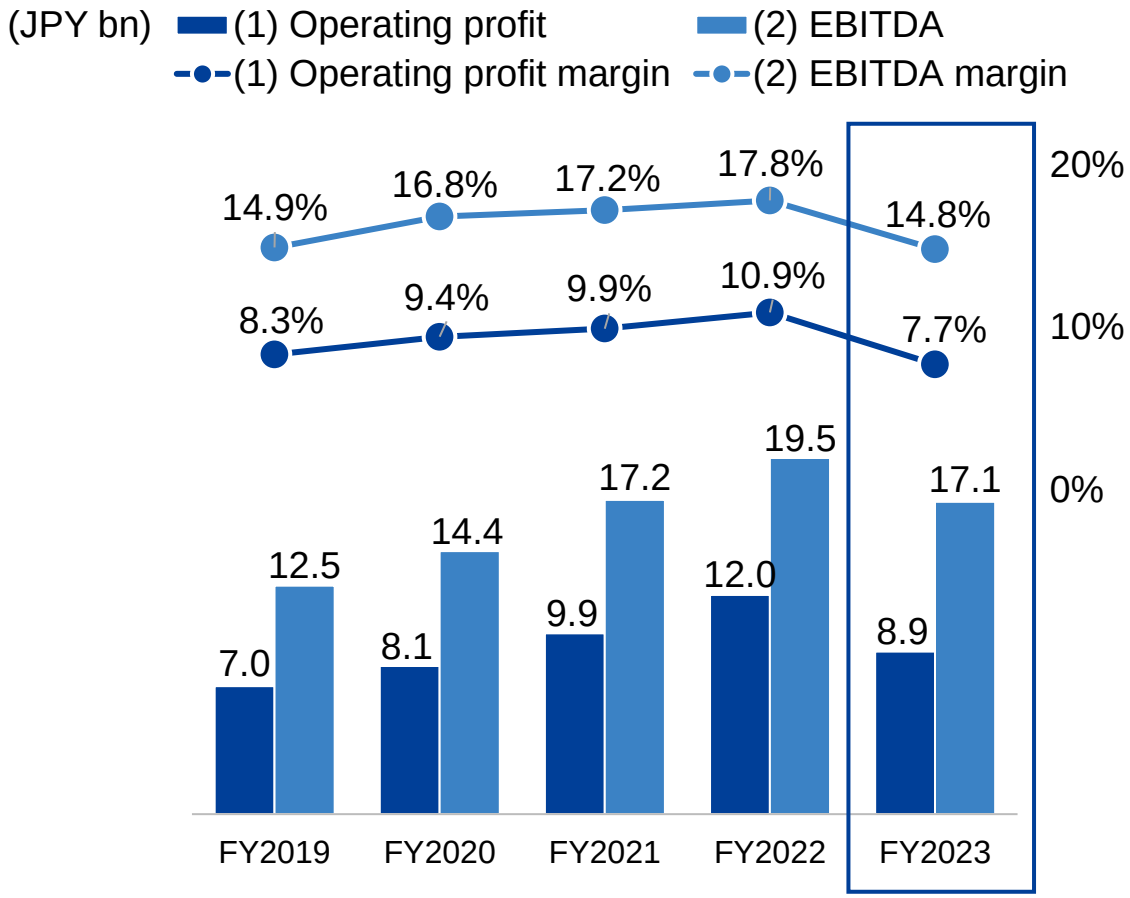
2 Others (YoY : JPY **+0.07** bn)

- Growth in sales of supplements etc.

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Operating profit / EBITDA

Execute investments for future growth



1 **Operating profit** (YoY : JPY **-3.11** bn)
Operating profit margin (YoY : **-3.2** pt)

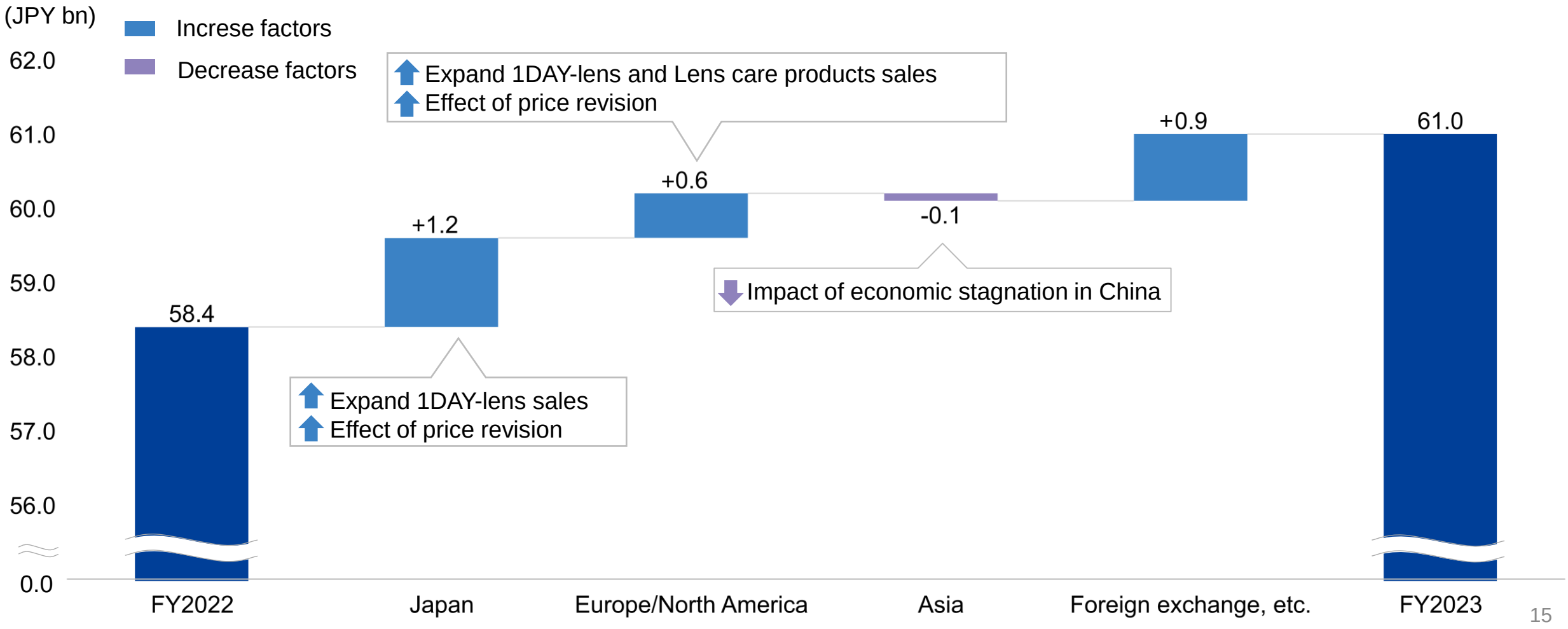
- Gross profit: JPY **+2.53** bn (JPY 58.4 bn → JPY **61.0** bn)
  Expand sales of 1DAY-lens, etc., and effect of price revision in Japan
- SGA: JPY **+5.64** bn (JPY 46.4 bn → JPY **52.0** bn)
  Strengthen investments for future growth (new plants, R&D, strengthening sales network)
  One-time expenses incurred in response to price revision, etc.

2 **EBITDA** (YoY: JPY **-2.44** bn)
EBITDA margin (YoY: **-3.0** pt)

- Depreciation: JPY **+0.51** bn (JPY 7.0 bn → JPY **7.5** bn)
  Increase due to 1DAY-lens investment, etc.

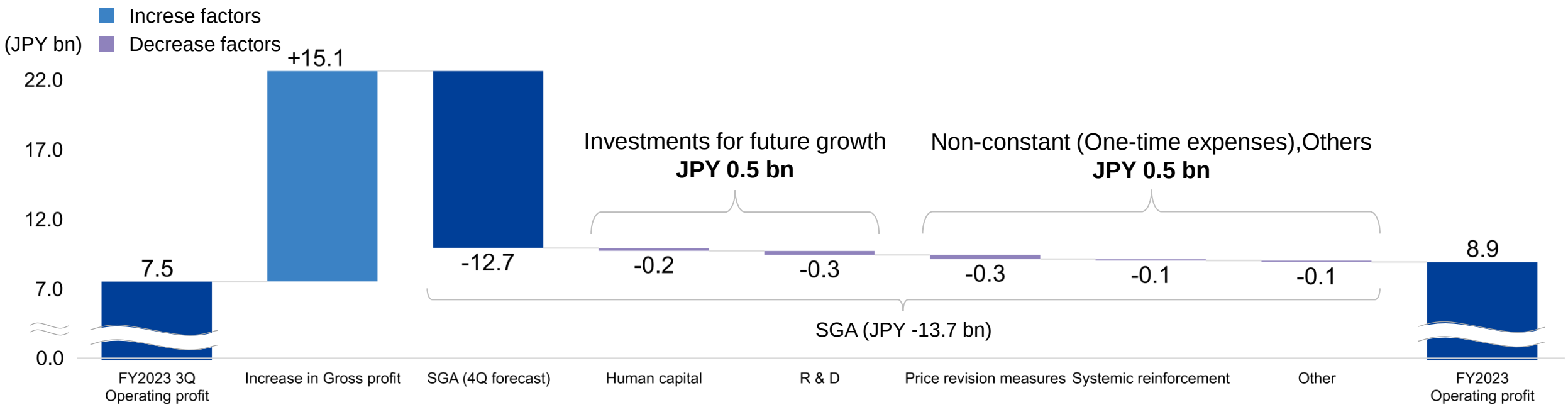
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Analysis of Changes in Consolidated Gross profit



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Analysis of Changes between 3Q results and 4Q results (Operating Profit)

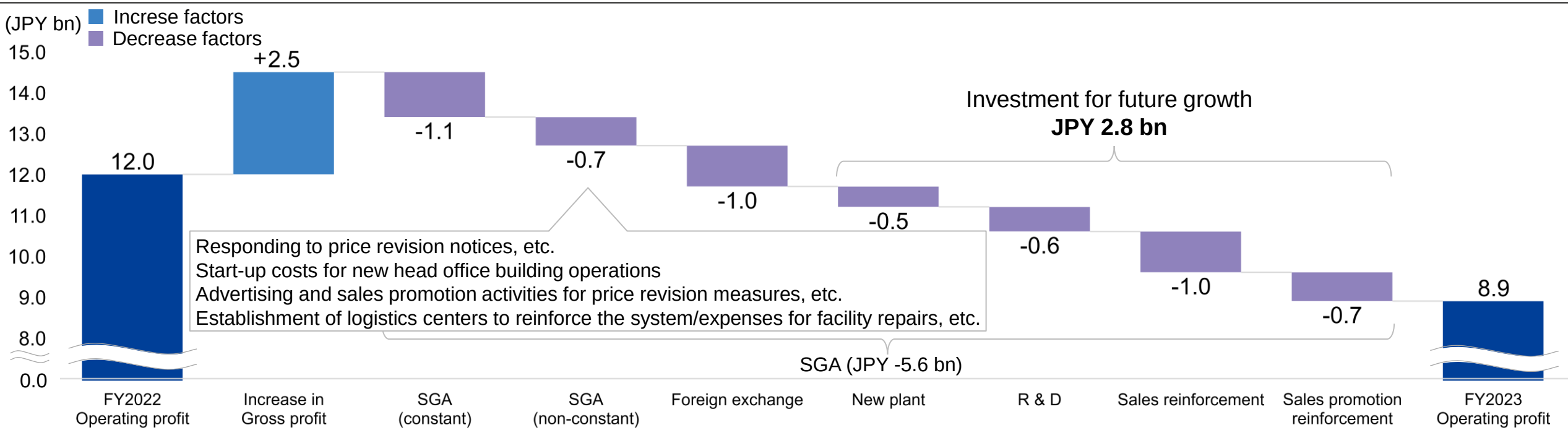


- Major breakdown

		Items	Amount (JPY bn)
Investments for future growth	Human capital	One-time bonus payments for incentive purposes in Europe, etc.	-0.2
	R & D	Accelerate lens care products development costs for China, etc.	-0.3
Non-constant (One-time expenses)	Price revision measures	Implement advertising / promotional activities to attract MELS members, etc.	-0.3
	Systemic reinforcement	Establish Global Logistics Center, facility repair costs, etc.	-0.1
Others		Soaring prices due to inflation, etc.	-0.1

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Analysis of Changes between FY2022 and FY2023 (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)	-0.5
R & D	Expand product deployment countries, develop new products (Includes acceleration of lens care products development costs for China)	-0.6
Sales reinforcement	Increase personnel and invest in personnel in China (Ortho-K sales), Europe (disposable lenses sales), and Japan	-1.0
Sales promotion reinforcement	Strengthen activities to increase sales in each region, Normalization of activity due to mitigation of COVID-19 impact	-0.7

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Summary of Balance Sheet

(JPY m)	Mar. 31, 2023	Mar. 31, 2024	Difference
Cash and deposits	41,249	46,911	+5,662
Notes and accounts receivable - trade	12,411	13,340	+929
Inventories	17,418	18,803	+1,384
Other	6,622	6,716	+94
Total current assets	77,701	85,771	+8,070
Property, plant & equipment	57,143	75,508	+18,365
Intangible assets	11,470	11,668	+197
Investments and other assets	6,207	6,863	+656
Total non-current assets	74,821	94,040	+19,219
Total assets	**152,522**	**179,812**	**+27,289**

1DAY-lens Plant capital investment, etc.

	March 31, 2024
Capital ratio	44.1%
Cash and deposits	46,911
Total debt	70,798

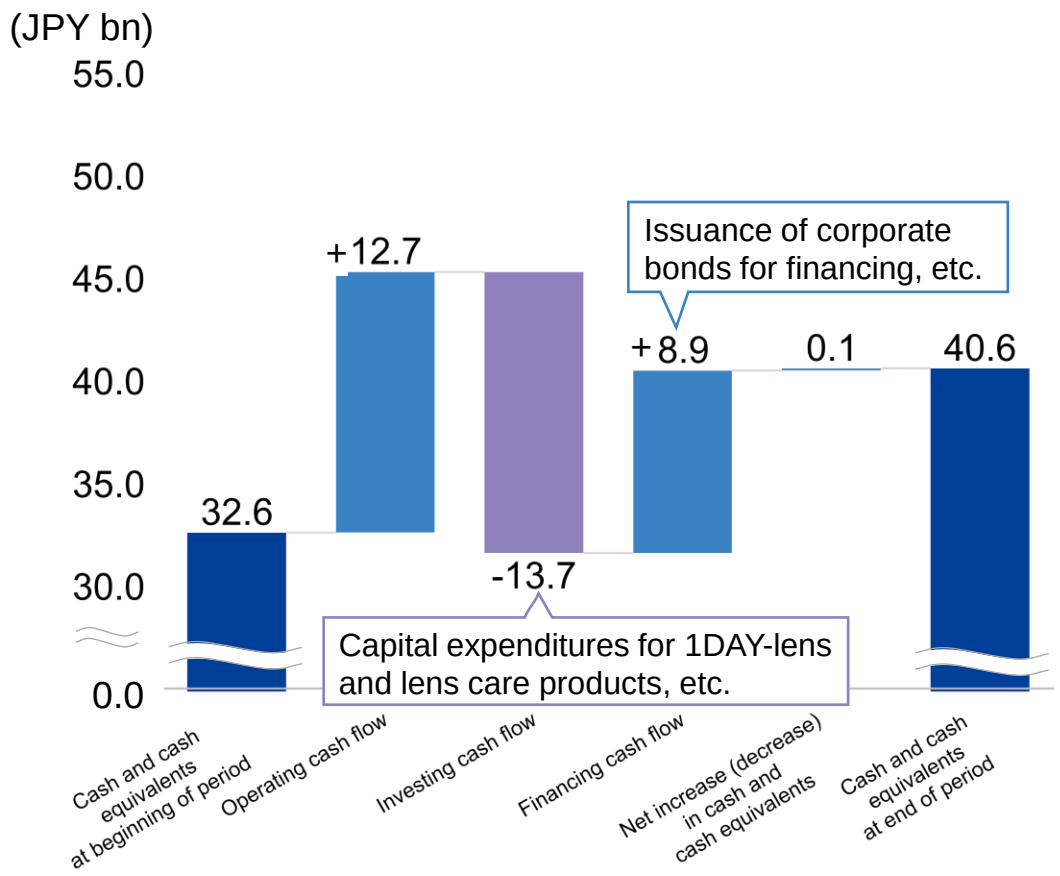
(JPY m)	Mar. 31, 2023	Mar. 31, 2024	Difference
Notes and accounts payable - trade	5,609	6,181	+571
Short-term debt	3,643	26,217	+22,574
Accounts payable - other	5,517	7,338	+1,821
Other	9,582	10,316	+733
Total current liabilities	24,352	50,053	+25,700
Long-term debt	27,003	44,580	+17,577
Convertible Bonds with stock acquisition rights	22,936	-	-22,936
Other	3,563	3,372	-191
Total non-current liabilities	53,503	47,953	-5,550
Total liabilities	**77,856**	**98,007**	**+20,150**
Total net assets	**74,665**	**81,804**	**+7,139**

Issuance of corporate bonds, etc.

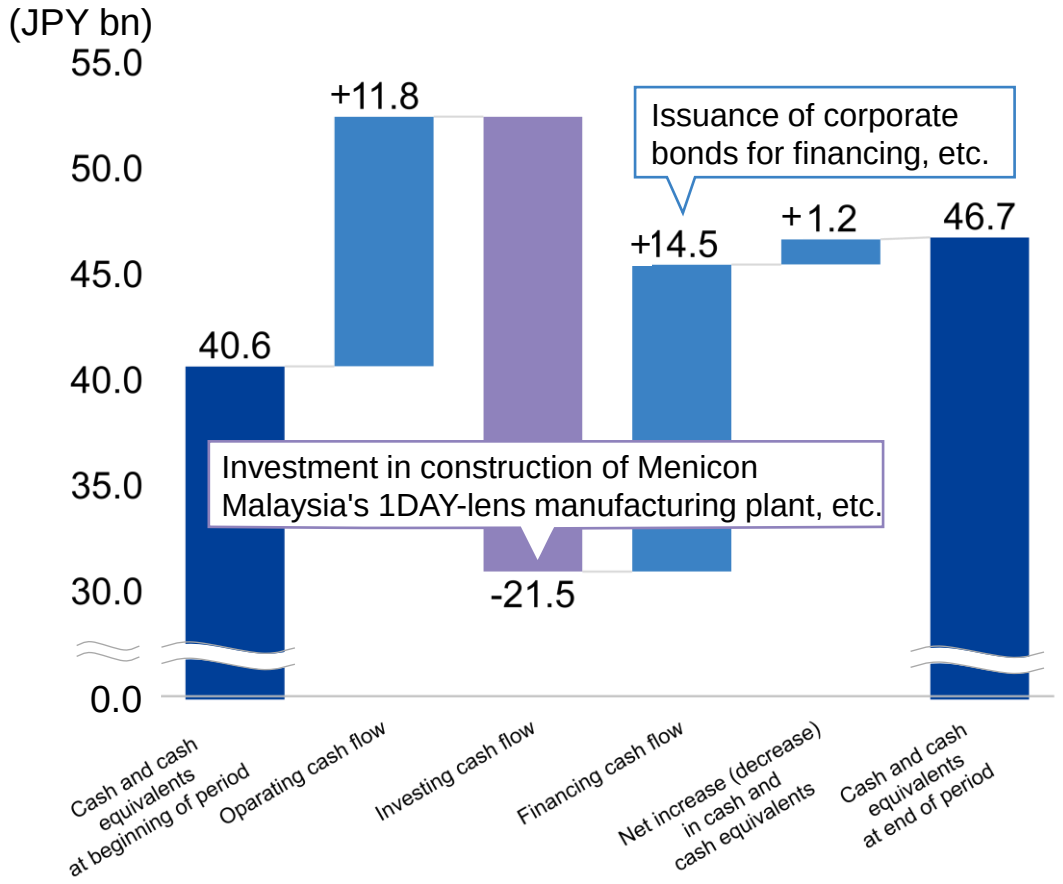
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Consolidated Cash Flow Comparison

FY2022



FY2023



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Ⅱ. Forecast of Consolidated Financial Results for FY2024

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Financial Forecast

(JPY m)	FY2023	FY2024 (Forecast)	YoY
Net sales	**116,192**	**122,700**	**+5.6%**
Cost of sales	55,181	57,500	+4.2%
(Cost of sales ratio)	47.5%	46.9%	(-0.6pt)
Gross profit	61,010	65,200	+6.9%
SGA	52,058	55,200	+6.0%
(SGA ratio)	44.8%	45.0%	(+0.2pt)
Operating profit	**8,951**	**10,000**	**+11.7%**
(Operating profit ratio)	7.7%	8.1%	(+0.4pt)
EBITDA	**17,150**	**20,437**	**+19.2%**
(EBITDA margin)	14.8%	16.7%	(+1.9pt)
Ordinary profit	**8,225**	**9,500**	**+15.5%**
Profit attributable to owners of parent	**4,538**	**7,000**	**+54.2%**

* Exchange rate in FY2023 EUR : JPY 157.7, USD : JPY 145.3, CNY : JPY 19.9
Exchange rate in financial forecast FY2024 EUR : JPY 159.0, USD : JPY 147.0, CNY : JPY 20.3

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Breakdown of Net Sales

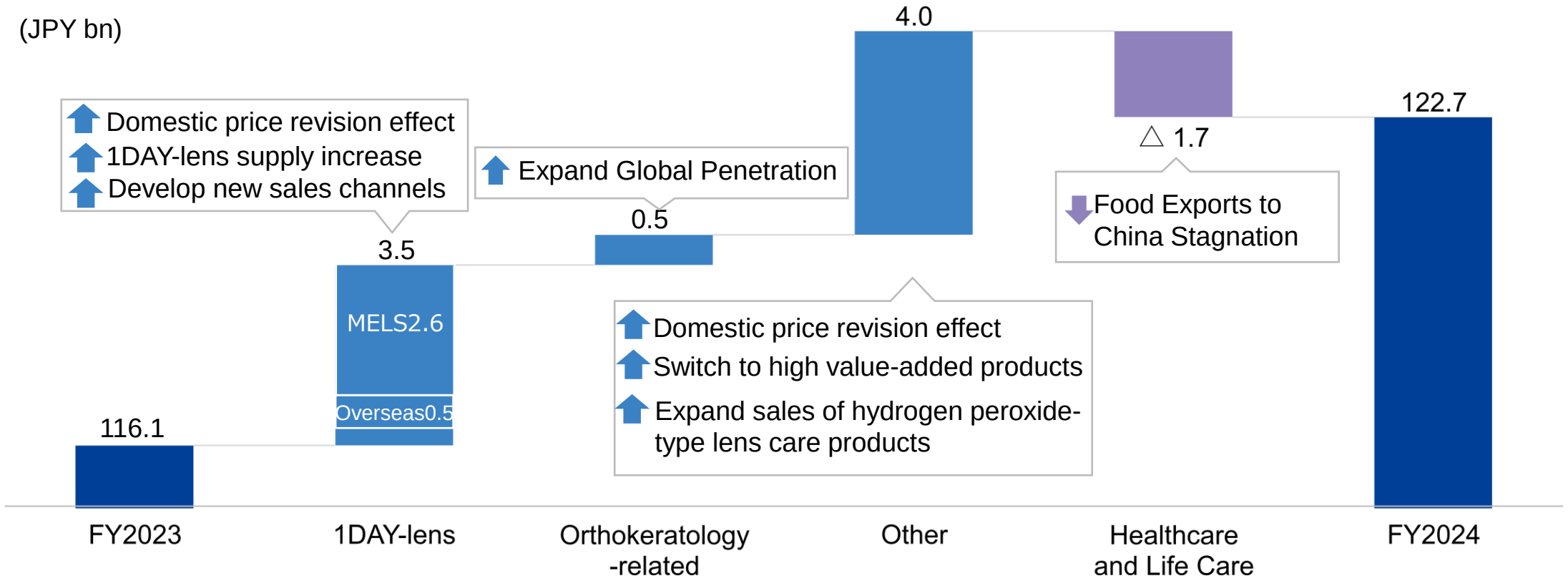
(JPY m)	FY2023	FY2024 (Forecast)	YoY
Net sales	**116,192**	**122,700**	**+5.6%**
Vision Care	**106,887**	**115,100**	**+7.7%**
1DAY-lens	28,429	32,000	+12.6%
MELS Plan	20,740	23,400	+12.8%
Overseas	2,977	3,500	+17.6%
Product sales in Japan	4,711	5,100	+8.3%
Orthokeratology-related	15,001	15,600	+4.0%
Other Contact lenses and Lens care products	63,456	67,500	+6.4%
Healthcare and life care	**9,304**	**7,600**	**-18.3%**

(Reference) MELS Plan sales for FY2024 are expected to be JPY 50.8 bn.

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Sales Forecast for FY2024

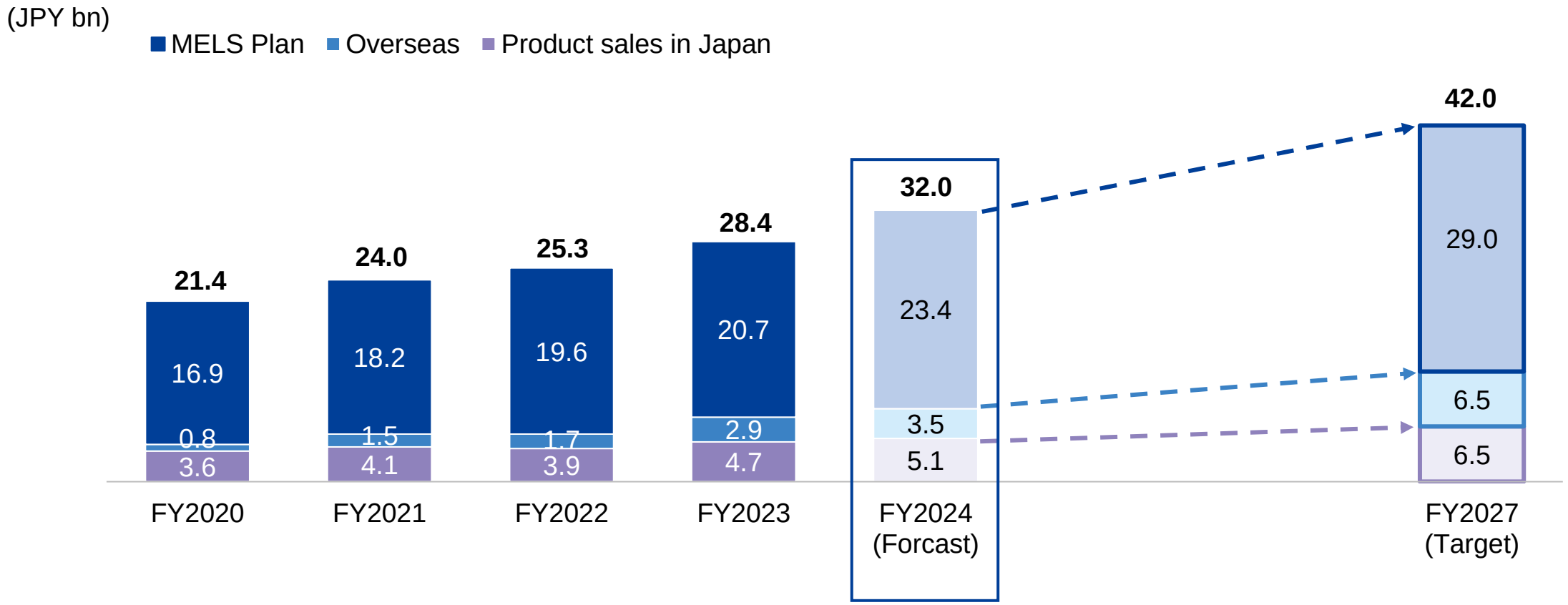
Expand 1DAY-lens sales due to price revision and increase supply of the product
Stable growth expected for orthokeratology-related products



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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.



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1DAY-lens Growth Strategies

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

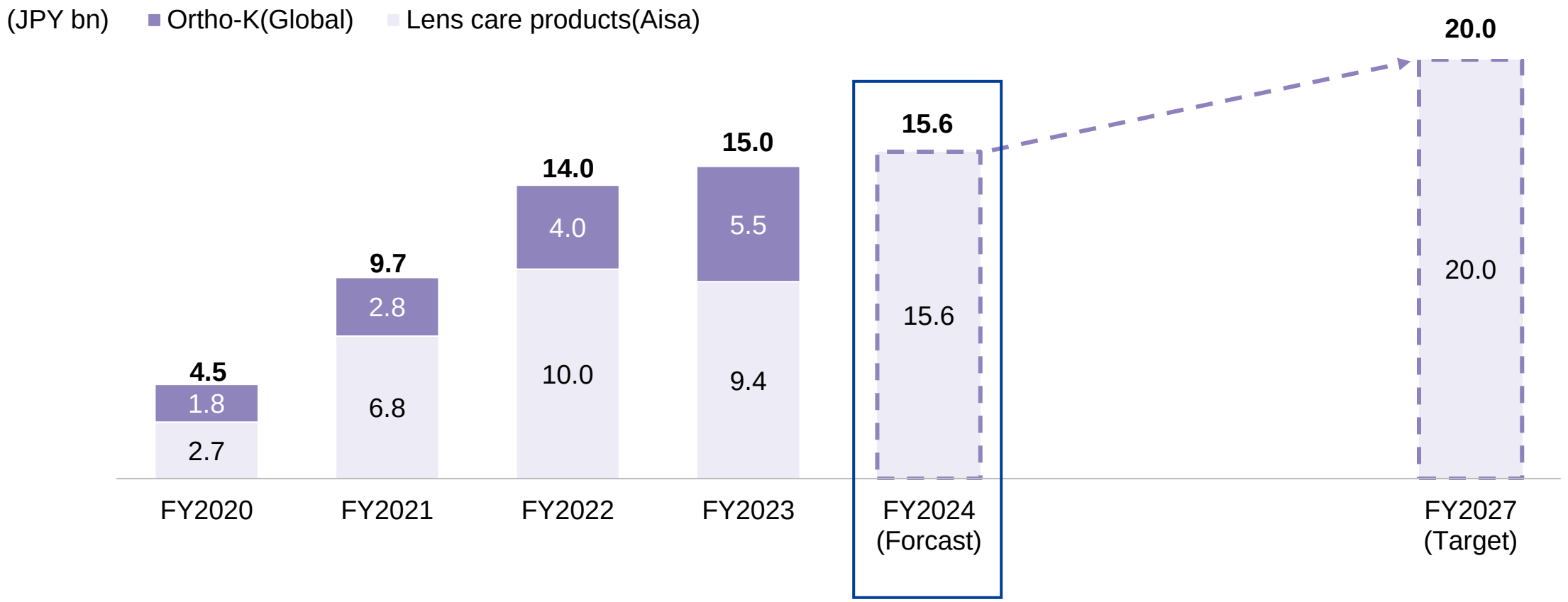
Sales Strategy by Region		Main measures
Japan	• MELS Plan in approx. 1,600 stores • Utilization of approx. 170 group stores	• Promote MELS Plan enrollment through expansion of MELS Plan member shop and online consultation • Open of new group shop/relocation to favorable locations
Europe & North America	• Expand sales to major volume retail chains	• Europe: Strengthen sales activities and acquire new customers through personnel reinforcement • North America: Expand product portfolio to existing customers, Expand sales regions
Asia	• Sales expansion by group sales companies	• Development of new sales channels by taking advantage of the geographical location of the group sales companies



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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



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Orthokeratology-related Growth Strategies

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

Strategy		Main measures	
Ortho-K (Global)	Multiple products x Sales through expansion into other countries • α Ortho-K: Highly customized • Menicon Z Night: High oxygen permeability /Soft wear to support prescription • Menicon Bloom Night: Myopia control management	Europe	Expand sales by utilizing Dencott (acquired in March 2024), a French company engaged in fitting and sales
Lens Care Products (Asia)	Sales through multiple channels (medical/EC)	Japan	Expand sales by strengthening sales structure
		Asian	Expand sales by utilizing group sales companies, Development of new Lens care products in China











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Strengthen production system to increase supply in the mid- to long-term

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

Line No. 9-10 scheduled to start operation in 2025



Kakamigahara Plant

Products : 1DAY Menicon Premio
Sales area: Global

Line No. 11 is scheduled to start operation in 2025.



Malaysia Plant

Products: 1DAY-lens
Sales Area: Global

Production is scheduled to start in 2025.

Production lines will be expanded sequentially thereafter.

Orthokeratology-related



Wuxi Plant

Products : α Ortho-K
Sales area: China

Reinforcement of production system to meet demand



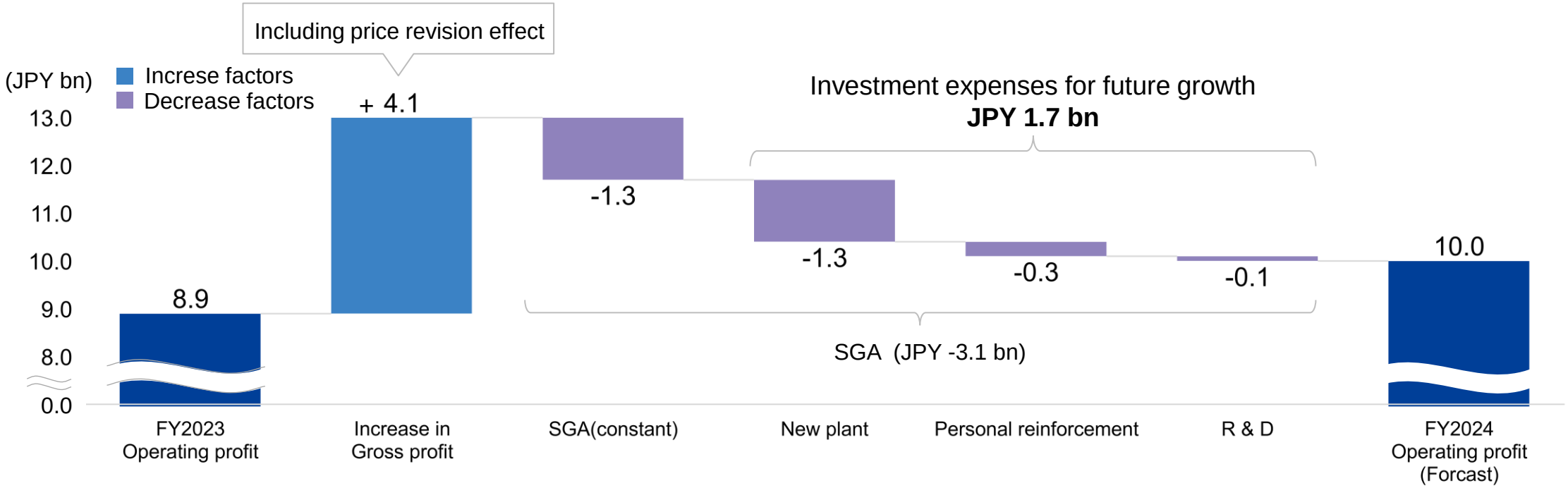
Gujo Plant

Products : Lens care products for Hard/Soft lenses
Sales Area: Global

Completion of expansion and renovation and new line is scheduled to start operation in 2024

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Analysis of Changes in Consolidated Operating Profit



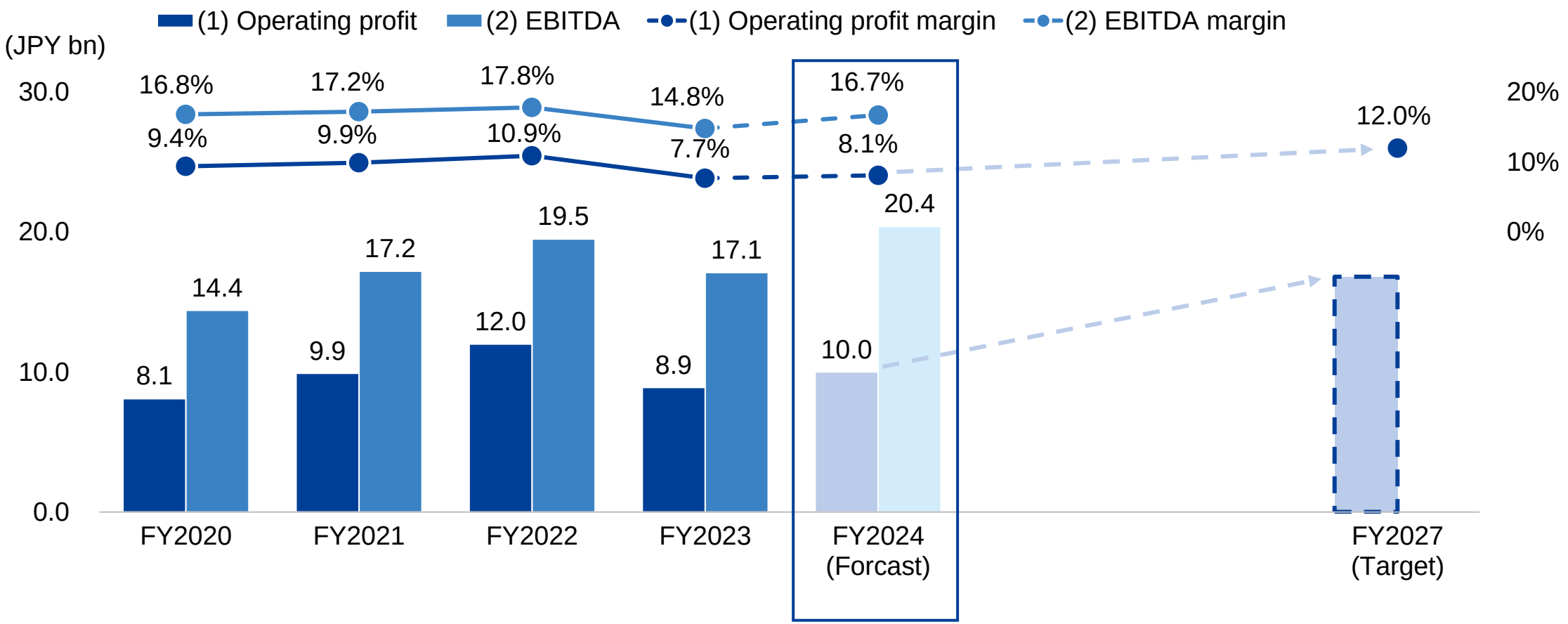
- Investment expenses for future growth, etc.

	Items	Amount (JPY bn)
New plant	1DAY-lens Preparation for the operation of the Malaysian plant, a new production site.	-1.3
Personnel reinforcement	Increase personnel and invest in personnel	-0.3
R & D	Expand product deployment countries, develop new products	-0.1

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Operating profit / EBITDA Forecast

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



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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

Supplement



Development and Sales

For clinics/EC/retailers
- **Health care**
- **Pregnancy**
- **Beauty supplements, etc.**

Expand sales through growth in femcare area and diversification of sales methods

Environmental and bioscience



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

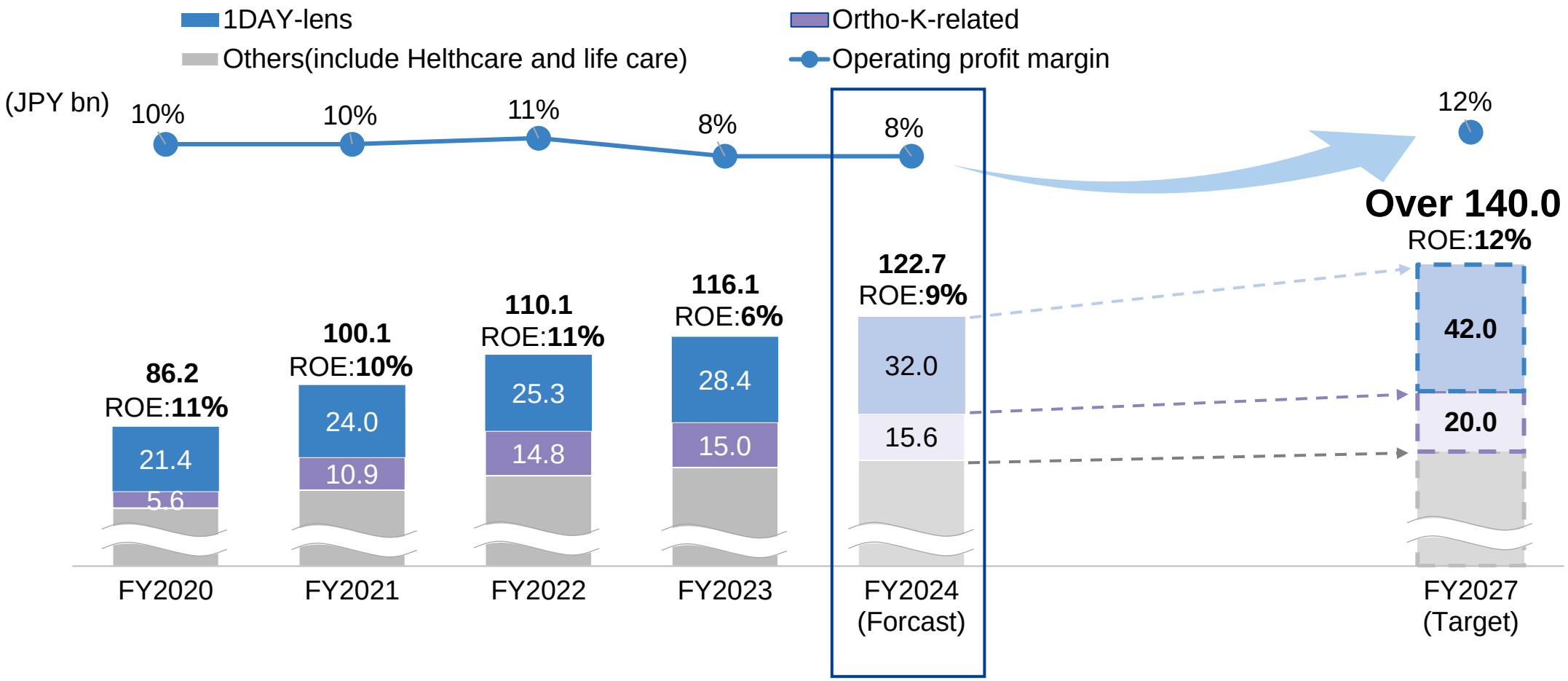
For Veterinary Hospitals
- **Intraocular lenses for animals**
- **Contact lenses**
- **Supplements, etc.**

Develop new channels and expand sales in Asia

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Consolidated Sales Forecast

Expect growth of Vision Care, especially 1DAY-lens and Orthokeratology-related.



Medium-Term Management Plan :https://www.menicon.com/corporate/Investors/mid-term-management-plan

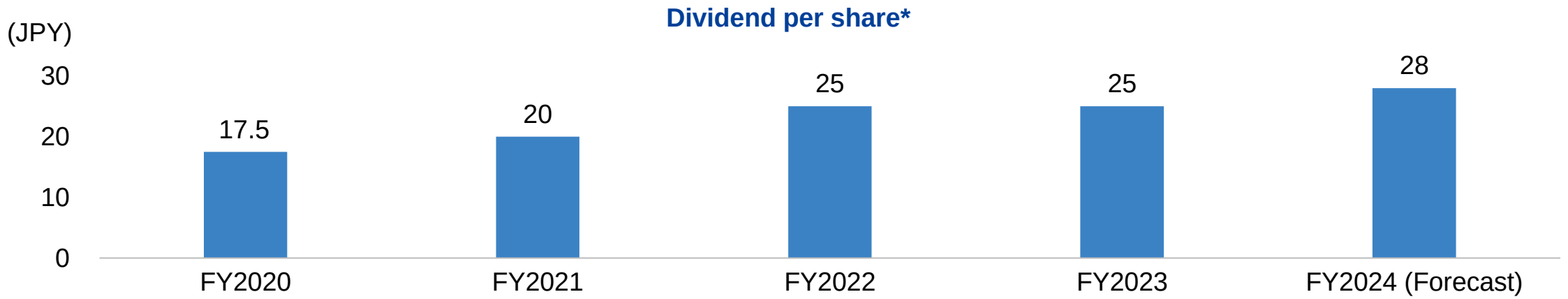
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Ⅲ. Dividend Policy and Forecast

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Dividend Policy and Forecast

Dividend forecast of 28 JPY per share for FY2024, in accordance with the dividend payout ratio policy of approx. 30%



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

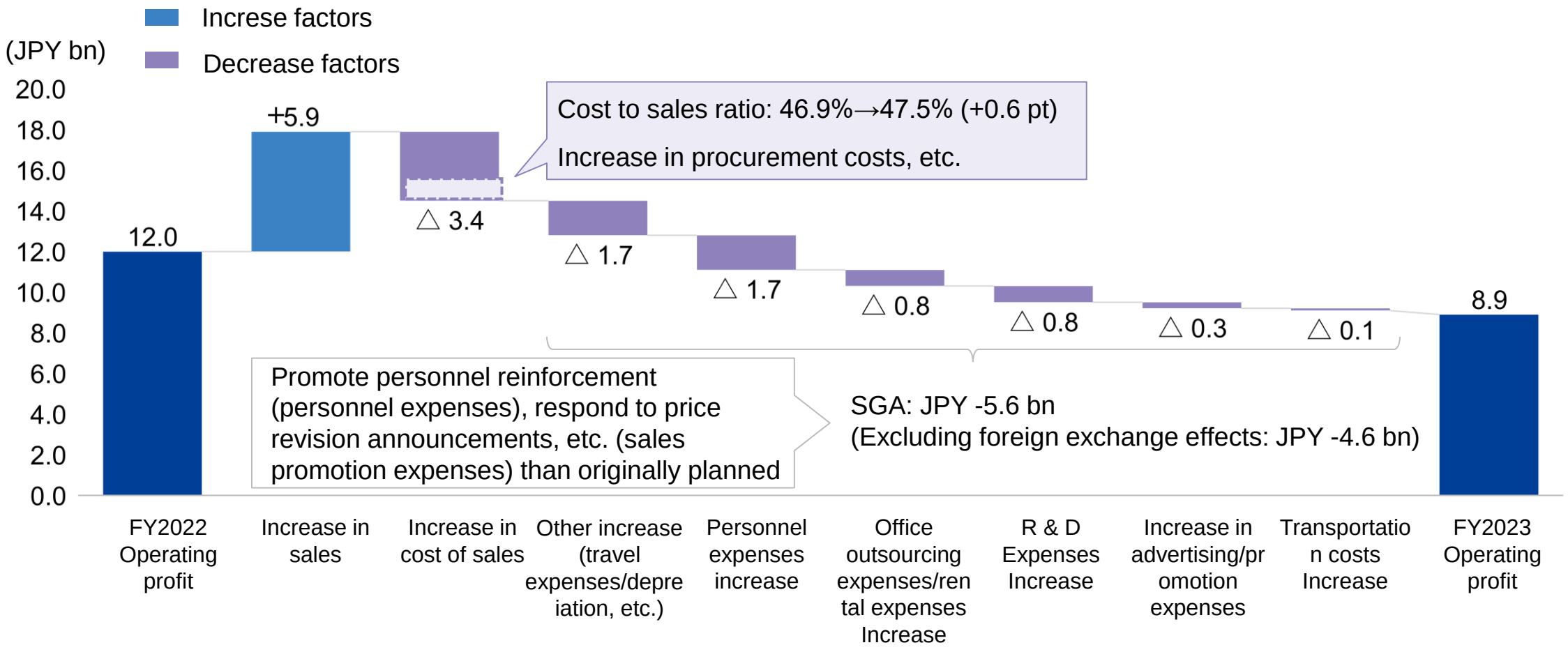
	FY2020	FY2021	FY2022	FY2023	FY2024 (Forecast)
Total amount of dividends	JPY 1.3 bn	JPY 1.5 bn	JPY 1.9 bn	JPY 1.9 bn	JPY 2.1 bn
Dividend payout ratio	22.2%	23.3%	25.7%	41.9%	30.5%

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Reference data

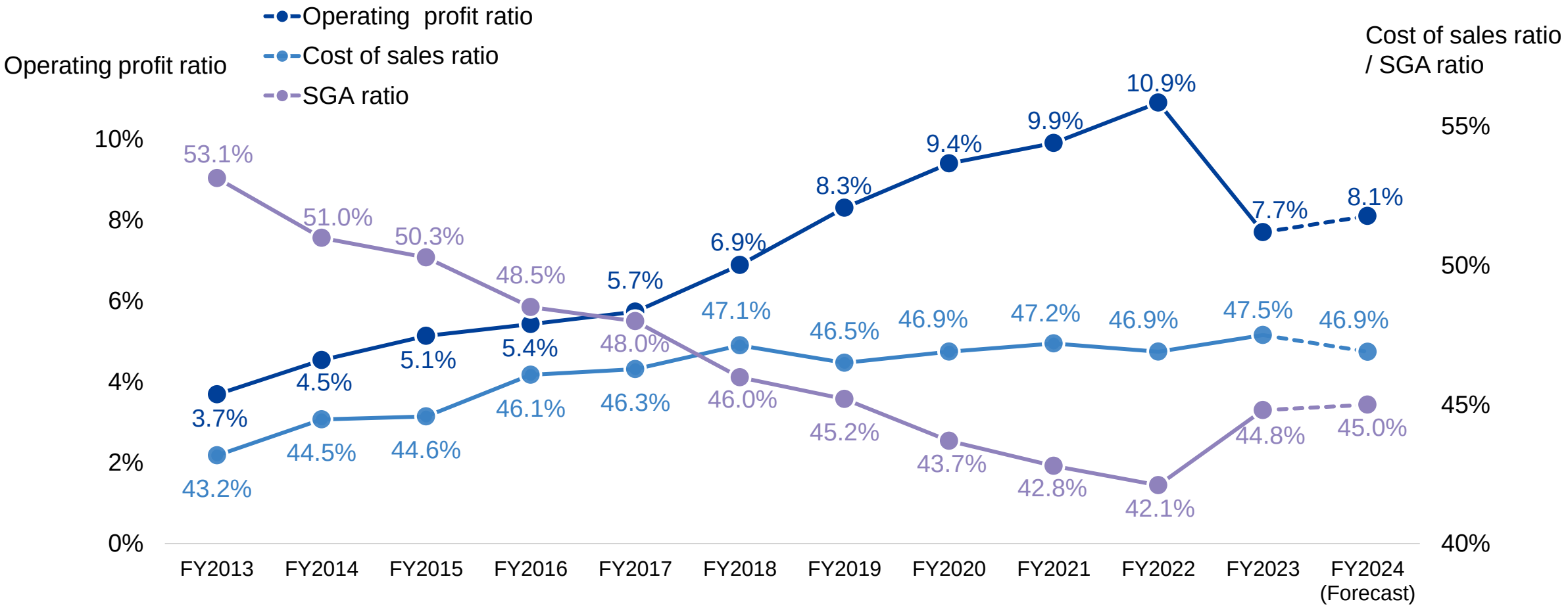
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Analysis of Changes in Consolidated Operating Profit (By subject)



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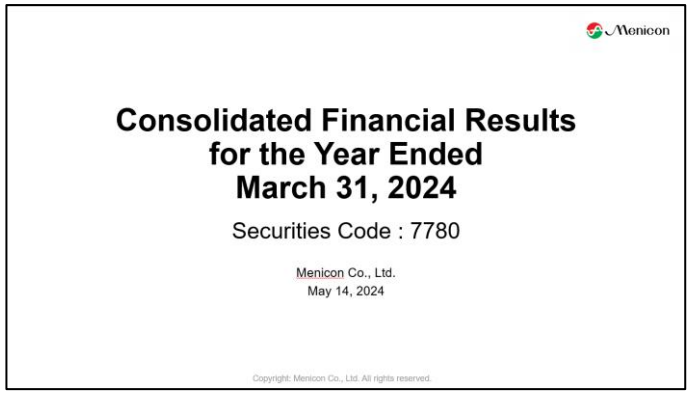
Cost of Sales Ratio / SGA Ratio / Operating Profit Ratio



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Information Dissemination Tools of Menicon

Financial Results


Menicon

Consolidated Financial Results
for the Year Ended
March 31, 2024

Securities Code : 7780

Menicon Co., Ltd.
May 14, 2024

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

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

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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 May 14, 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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