

# **Consolidated Financial Results for the Nine Months Ended December 31, 2020**

TSE 1st Section: Ticker 7780



## Key factors

➤ For the nine months ended Dec. 31, 2020

Net sales : Year on year change **+0.1%**

- The total number of members in MELS Plan **1.34millions**.  
1.32millions : Dec. 31, 2019 / 1.33millions : Mar. 31, 2020
- Affected by COVID-19 outbreak.

Gross profit : Year on year change **-1.6%**

cost of sales ratio: 45.8% → 46.7%

Operating profit : Year on year change **+13.8%**

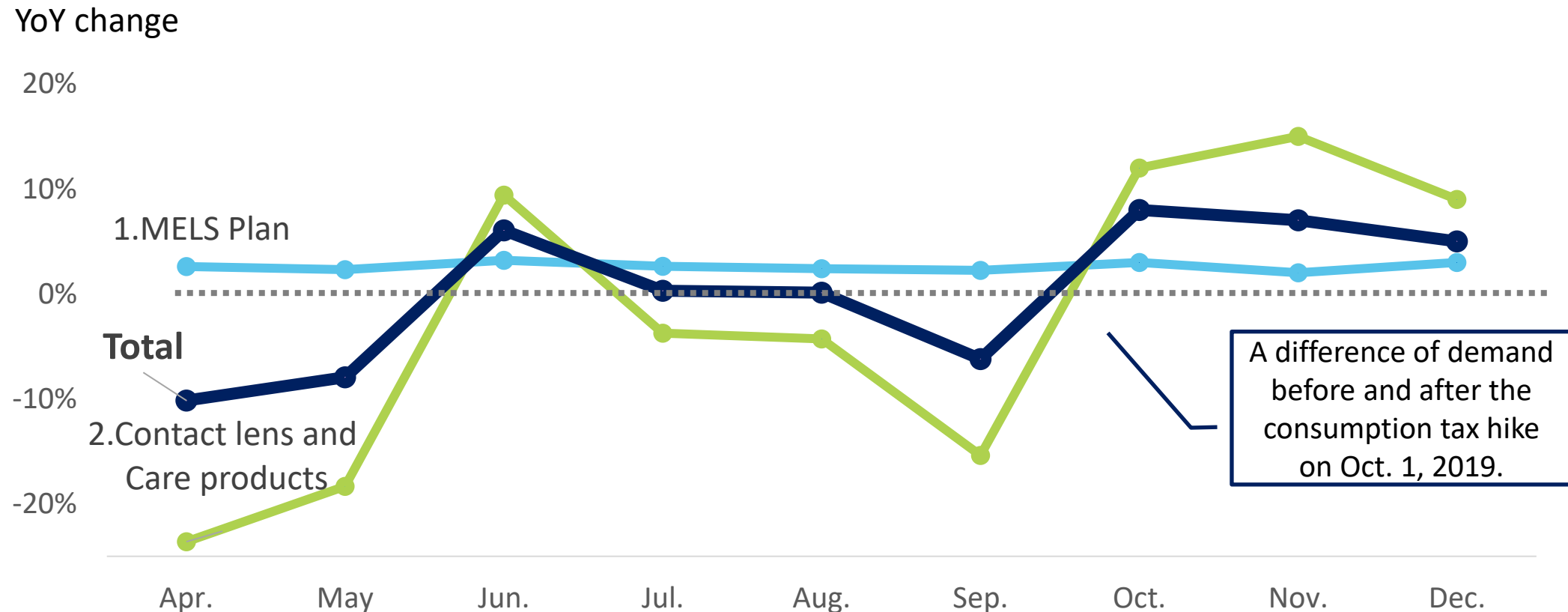
Lowered SGA ratio by improving efficiency in business.

Operating margin : 9.6% → **10.9%**

# Impact of the COVID-19 outbreak

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

Monthly sales YoY change

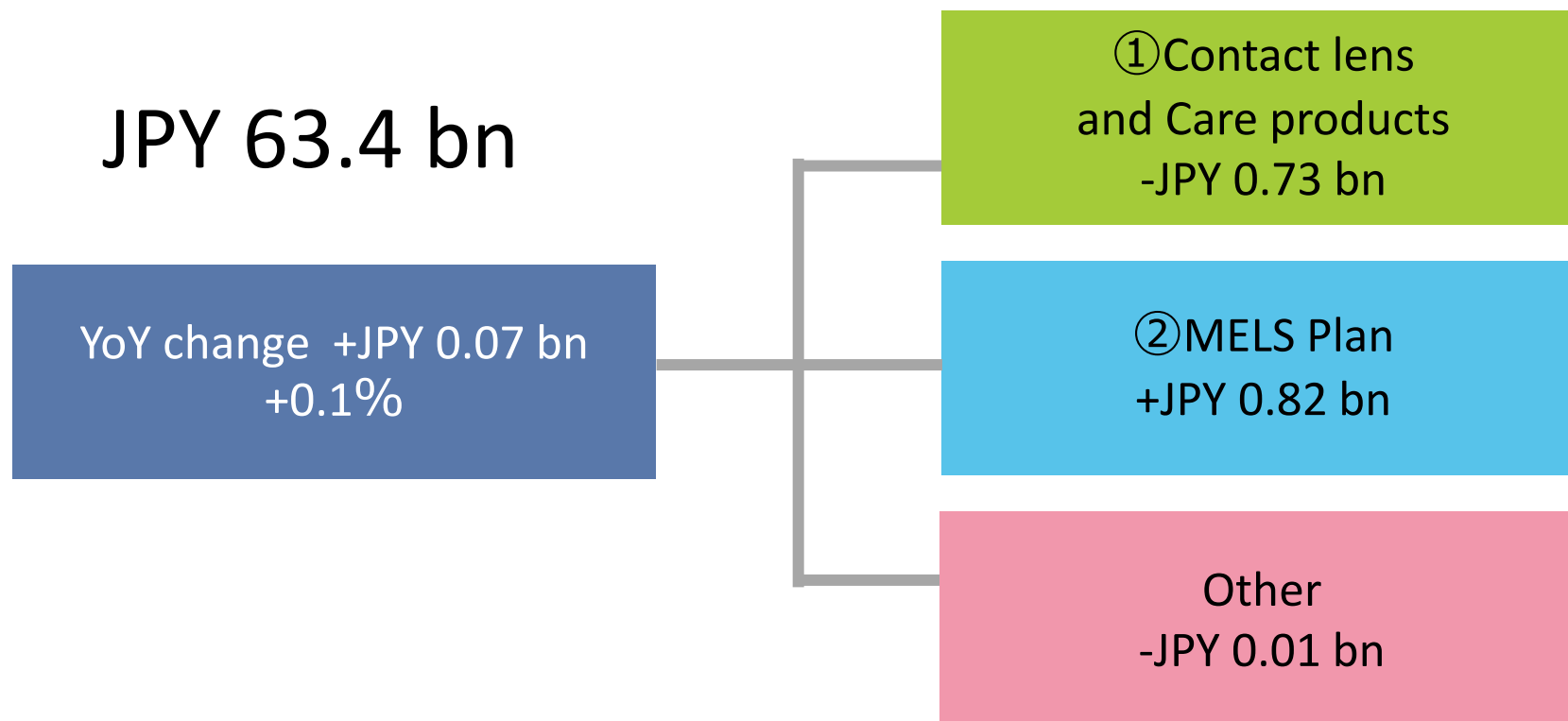


# Summary

JPY m

For the nine months ended	Dec. 31, 2019	Dec. 31, 2020	
			YoY change
<b>Net sales</b>	<b>63,344</b>	<b>63,421</b>	+0.1%
Cost of sales	29,019	29,634	+2.1%
Cost of sales ratio	45.8%	46.7%	+0.9pt
Gross profit	34,324	33,786	-1.6%
Selling, general and administrative expenses	28,248	26,872	-4.9%
SGA ratio	44.6%	42.4%	-2.2pt
<b>Operating profit</b>	<b>6,075</b>	<b>6,914</b>	+13.8%
OP margin	9.6%	10.9%	+1.3pt
<b>Ordinary profit</b>	<b>5,994</b>	<b>7,203</b>	+20.2%
<b>Profit attributable to owners of parent</b>	<b>4,000</b>	<b>4,918</b>	+22.9%
Basic earnings per share	JPY 111.78	JPY 130.33	---

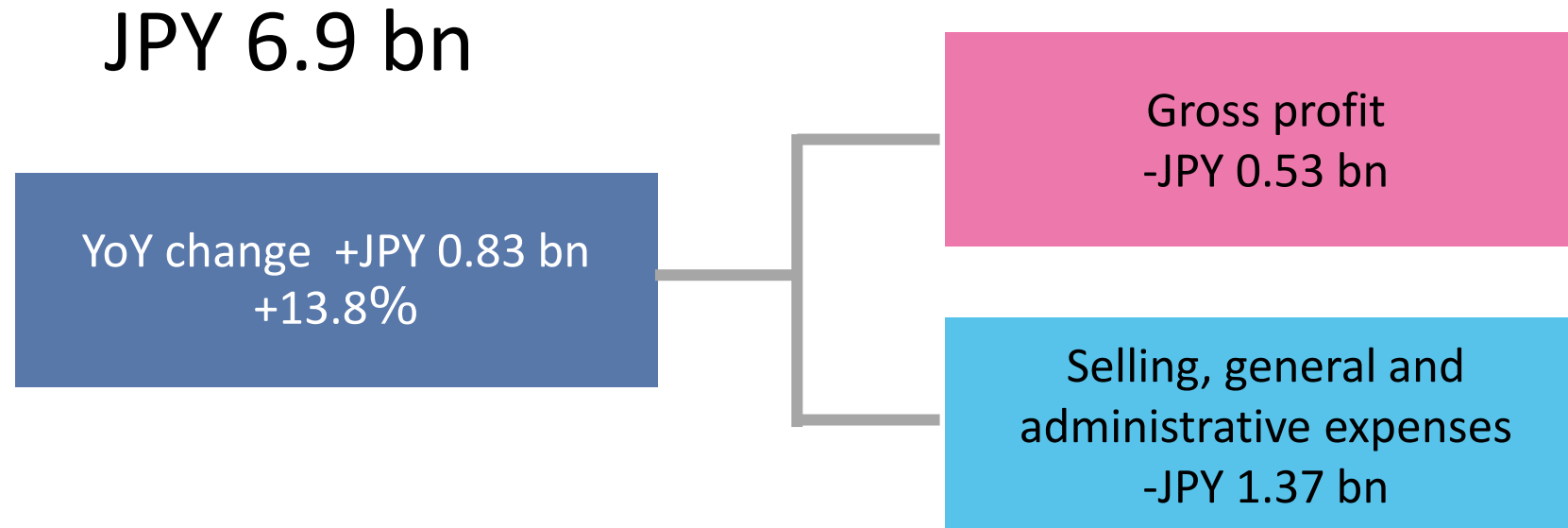
# Net sales



## Key factors

- ① Affected by COVID-19 outbreak.
- ② Increase in the number of MELS plan membership from the previous year.

# Operating profit



## Key factors

Decline in gross profit due to an increase cost ratio.

Lowered SGA ratio through improving efficiency in business.

# Operating profit break down

✓ Gross profit declined, meanwhile, operating profit increased, as a result of more effective use of SGA expenses.



# Net Sales break down

Product and service

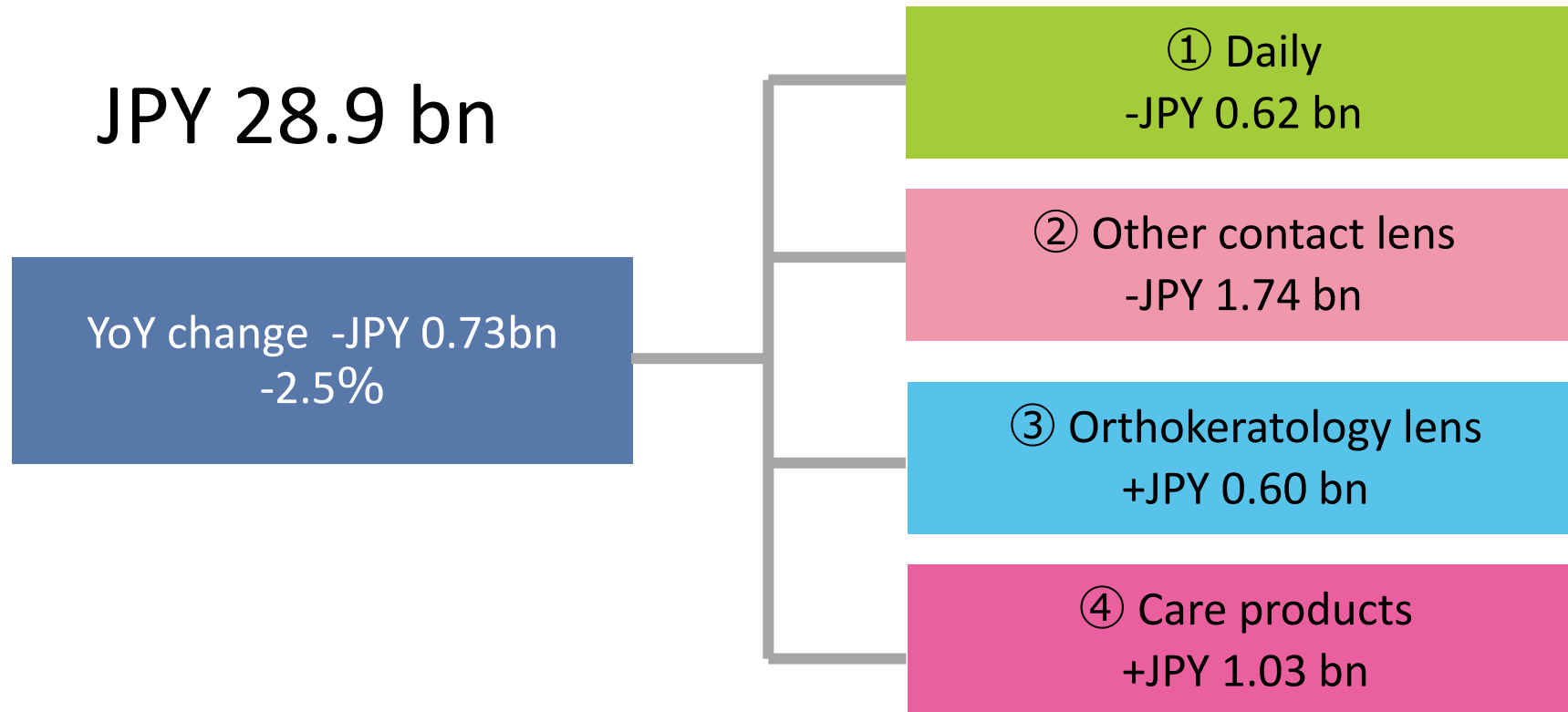
JPY m

For the nine months ended		Dec. 31, 2019	Dec. 31, 2020	
				YoY change
Net sales		63,344	63,421	+0.1%
	Contact lens and Care products	29,718	28,987	-2.5%
	MELS Plan	31,990	32,810	+2.6%
	Other	1,635	1,623	-0.8%

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



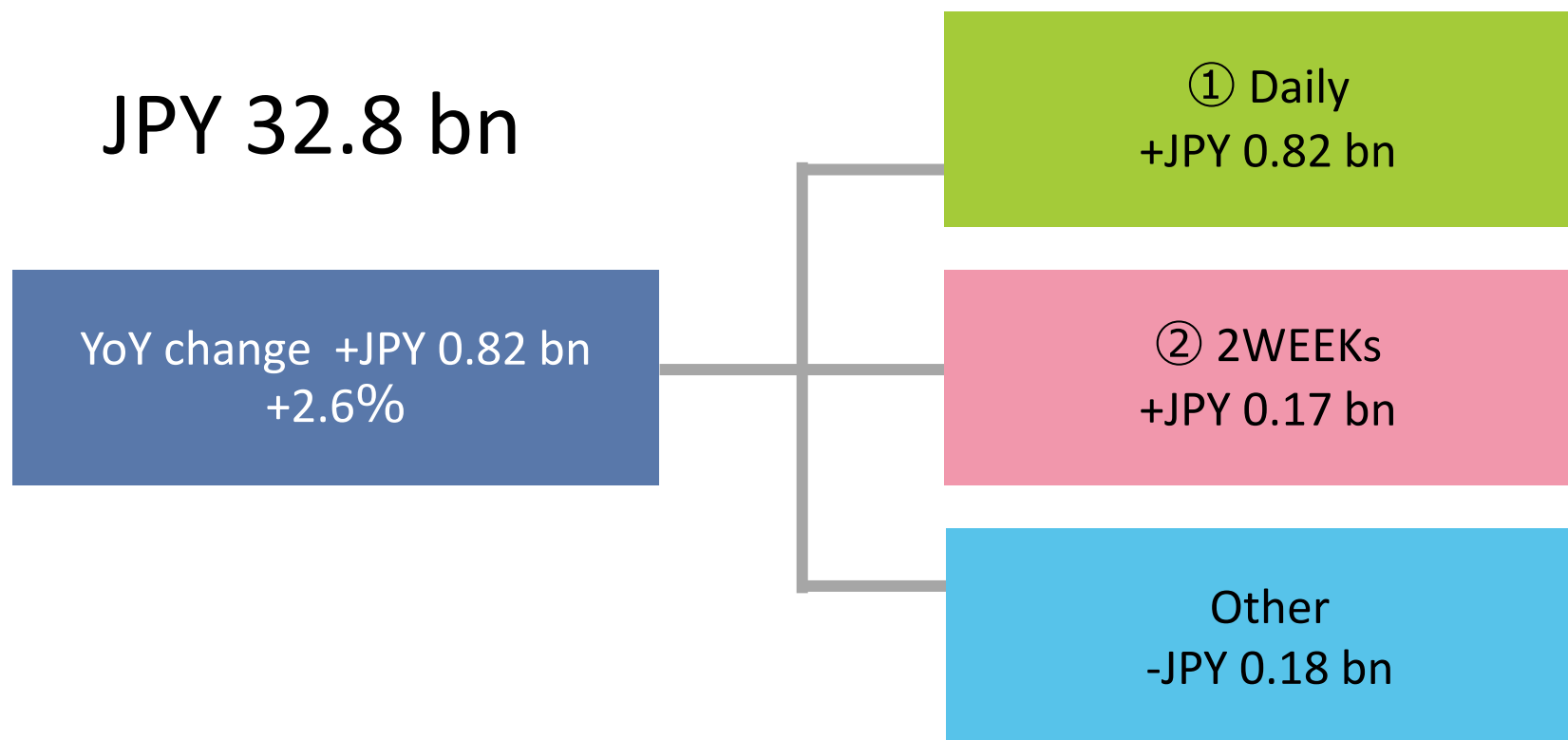
# Contact lens and Care products



## Key factors

- ①② Negative impact of COVID-19 affected sales.
- ③④ Steady growth in China sales.

# MELS Plan



## Key factors

- ① Daily disposable contact lens membership has increased.
- ② The steady growth in 2WEEKs.

# Net Sales break down

## Geographical information

JPY m

For the nine months ended		Dec. 31, 2019	Dec. 31, 2020	
				YoY change
Net Sales		63,344	63,421	+0.1%
	Japan	54,797	52,916	-3.4%
	Overseas Total	8,547	10,504	+22.9%
	Europe	4,618	5,479	+18.7%
	North America	853	555	-35.0%
	Asia ※1	2,845	4,163	+46.3%
	Other ※2	230	305	+32.9%

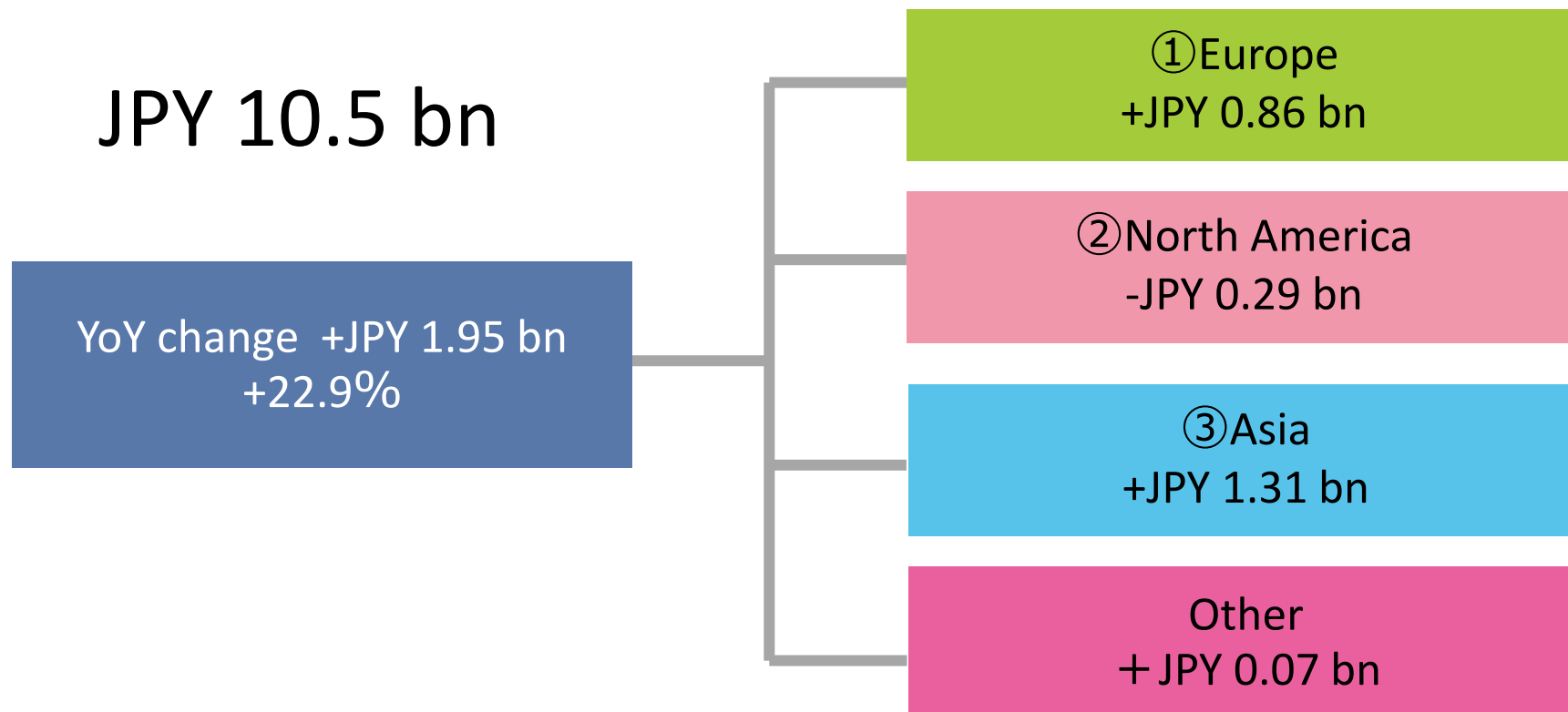
Average exchange rate **JPY**

	Apr. 2019 - Dec. 2019	Apr. 2020 - Dec. 2020
EUR	121.12	122.61
USD	108.89	105.54

※ 1 "Asia" includes sales through domestic sales agencies.

※ 2 "Other" includes Oceania and Africa etc.

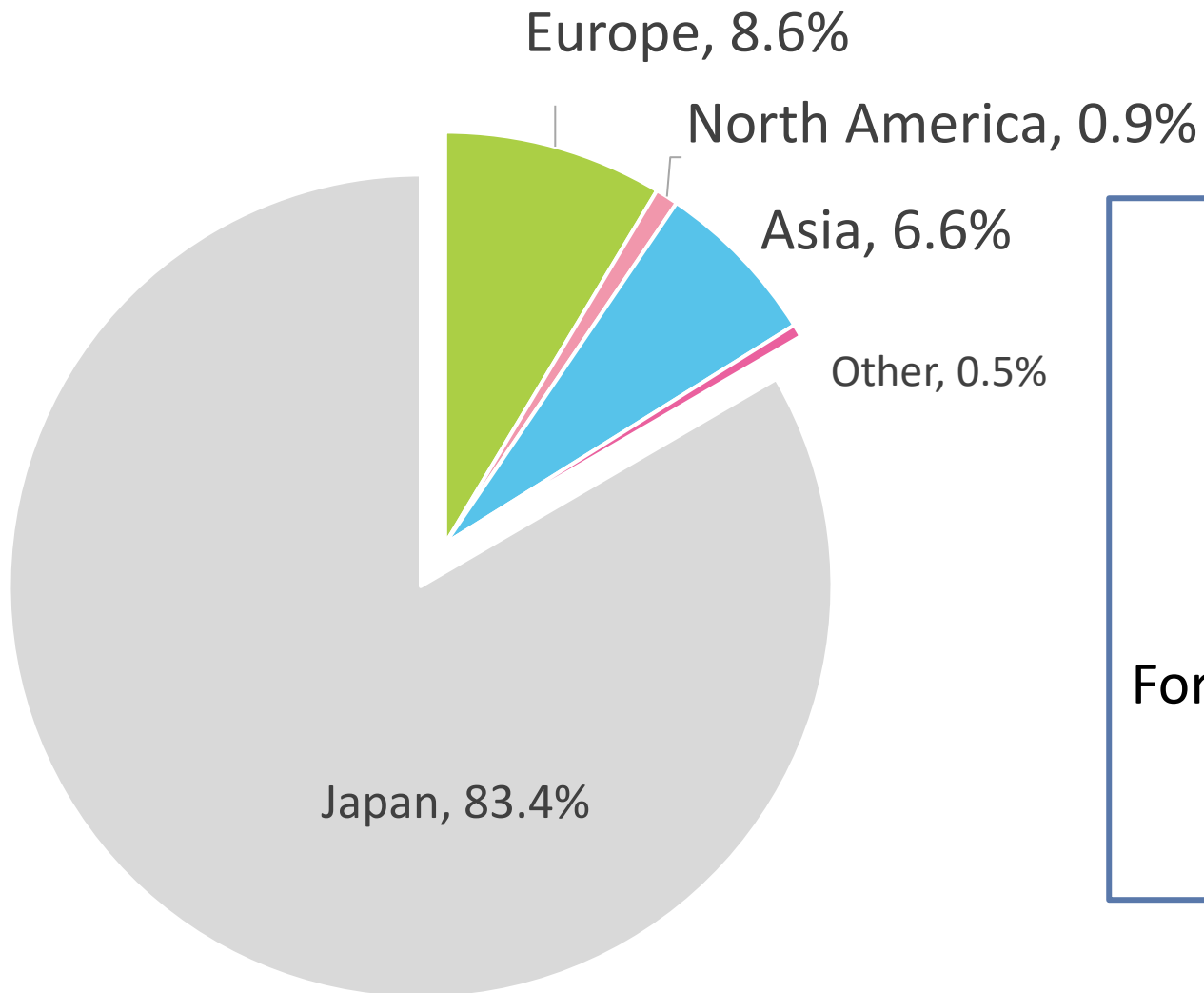
# International sales



## Key factors

- ① Europe: Acquisition of SOLEKO S.p.A. (Italy).
- ② North America: Affected by COVID-19 outbreak.
- ③ Asia: Still strong demand of orthokeratology lens and care products.

# International sales ratio



## International sales ratio

For the nine months ended Dec. 31, 2019

13.5%



For the nine months ended Dec. 31, 2020

16.6%

# Balance sheet

JPY m

	Mar. 31, 2020	Dec. 31, 2020	change
Cash and deposits	17,327	24,068	+6,740
Accounts receivables	9,733	10,275	+541
Inventories	12,930	14,436	+1,506
Other	1,730	1,867	+136
Total current assets	41,722	50,648	+8,925
Property, plant & equipment	34,672	38,412	※1 +3,740
Intangible assets	7,064	7,737	+673
Investments and other assets	3,826	3,922	+95
Total non-current assets	45,564	50,073	+4,508
Total assets	87,286	100,721	+13,434

※1: Purchase of property, plant and equipment at 1DAY factory.

	Dec. 31, 2020
Capital ratio	57.4%
Cash and deposits	24,068
Total debt	24,897

	Mar. 31, 2020	Dec. 31, 2020	change
Notes and accounts payable - trade	4,373	3,956	-416
Short-term debt	4,060	8,175	※2 +4,114
Accounts payable	4,583	3,807	-775
Other	8,733	7,377	-1,356
Total current liabilities	21,751	23,317	+1,566
Long-term debt	9,368	16,722	※3 +7,353
Long-term Accounts payable	1,485	1,462	-22
Other	1,160	1,254	+93
Total non-current liabilities	12,014	19,439	+7,424
Total liabilities	33,765	42,756	+8,990
Total net assets	53,520	57,964	+4,444

※2: Working capital etc.

※3: Capital investment and working capital etc.

## Forecast of consolidated business results

### ➤ Forecast of consolidated business results for the fiscal year ending March 31, 2021

Net sales : JPY 85.8 bn, Year on year change **+1.2%**

- MELS Plan : The total number of members in MELS Plan forecast  
1.33millions ⇒ 1.34millions
- Contact lens and Care products : Constant demand for contact lens, and a potential increase in sales of orthokeratology lens and lens care products in China.

Gross profit : JPY 46.0 bn, Year on year change **+1.3%**

A rise in gross profit associated with higher net sales.

Operating profit : JPY 8.0 bn, Year on year change **+17.1%**

Whereas we plan to tap sales promotion expenses in line with our budget looking toward the spring demand season, we expect that profits will exceed due to the expectation of ongoing effective use of SGA expenses. <sup>14</sup>

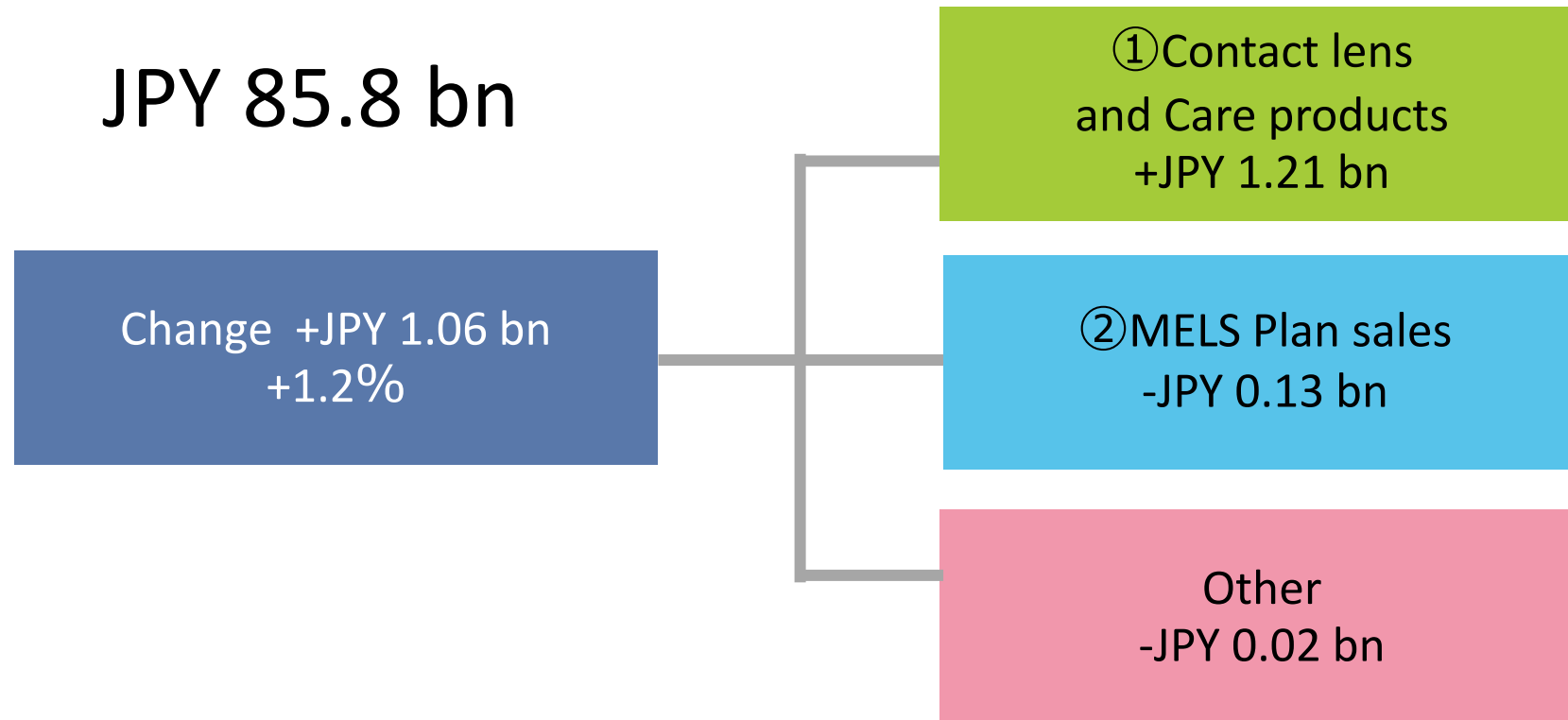
# Revisions to Financial Forecasts Feb. 12, 2021

JPY m

Fiscal year ended	Mar. 31, 2021 Previous forecast A		Mar. 31, 2021 Revised forecast B	Difference B - A	Change
<b>Net sales</b>	<b>84,839</b>	⇒	<b>85,899</b>	+1,060	+1.2%
Cost of sales	39,411		39,866	+454	+1.2%
Cost of sales ratio	46.5%		46.4%	-0.1pt	---
Gross profit	45,427		46,032	+605	+1.3%
Selling, general and administrative expenses	38,588		38,026	-562	-1.5%
SGA ratio	45.5%		44.3%	-1.2pt	---
<b>Operating profit</b>	<b>6,838</b>		<b>8,006</b>	+1,167	+17.1%
OP margin	8.1%		9.3%	+1.2pt	---
<b>Ordinary profit</b>	<b>6,821</b>		<b>8,223</b>	+1,402	+20.6%
<b>Profit attributable to owners of parent</b>	<b>4,256</b>		<b>5,308</b>	+1,052	+24.7%
Basic earnings per share	JPY 112.78		JPY 140.63	+27.85円	---



# Net sales

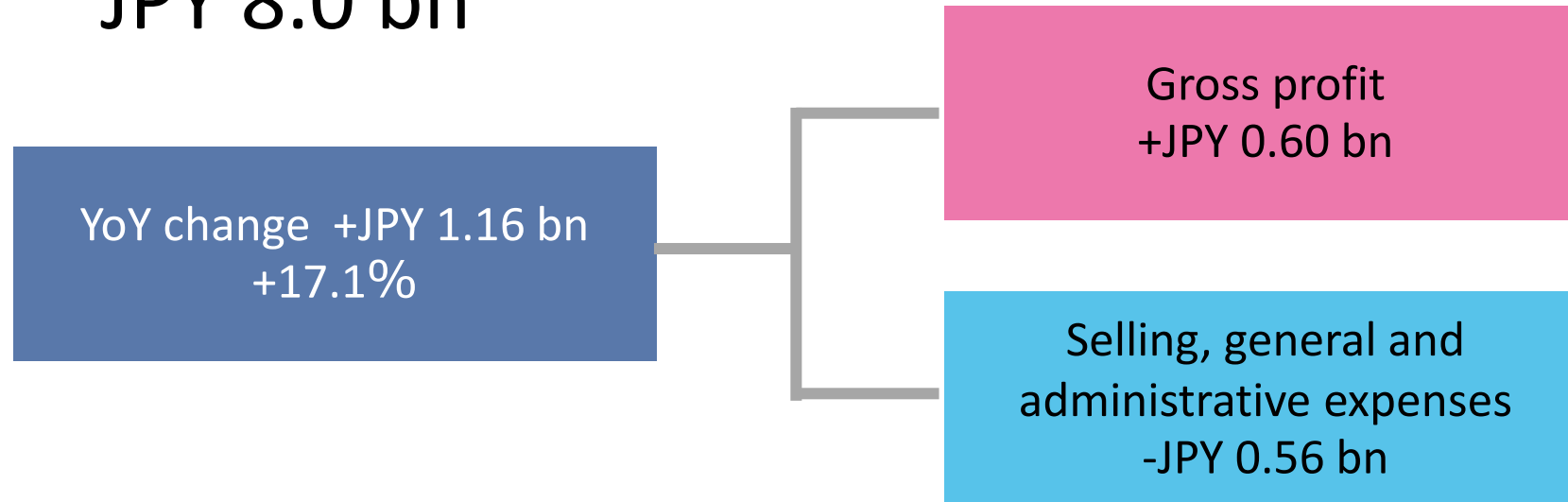


## Key factors

- ① A potential increase in sales of orthokeratology lens and lens care products amid mounting demand for such lenses in China.
- ② The negative impact of COVID-19 on membership is considered.

# Operating profit

JPY 8.0 bn



## Key factors

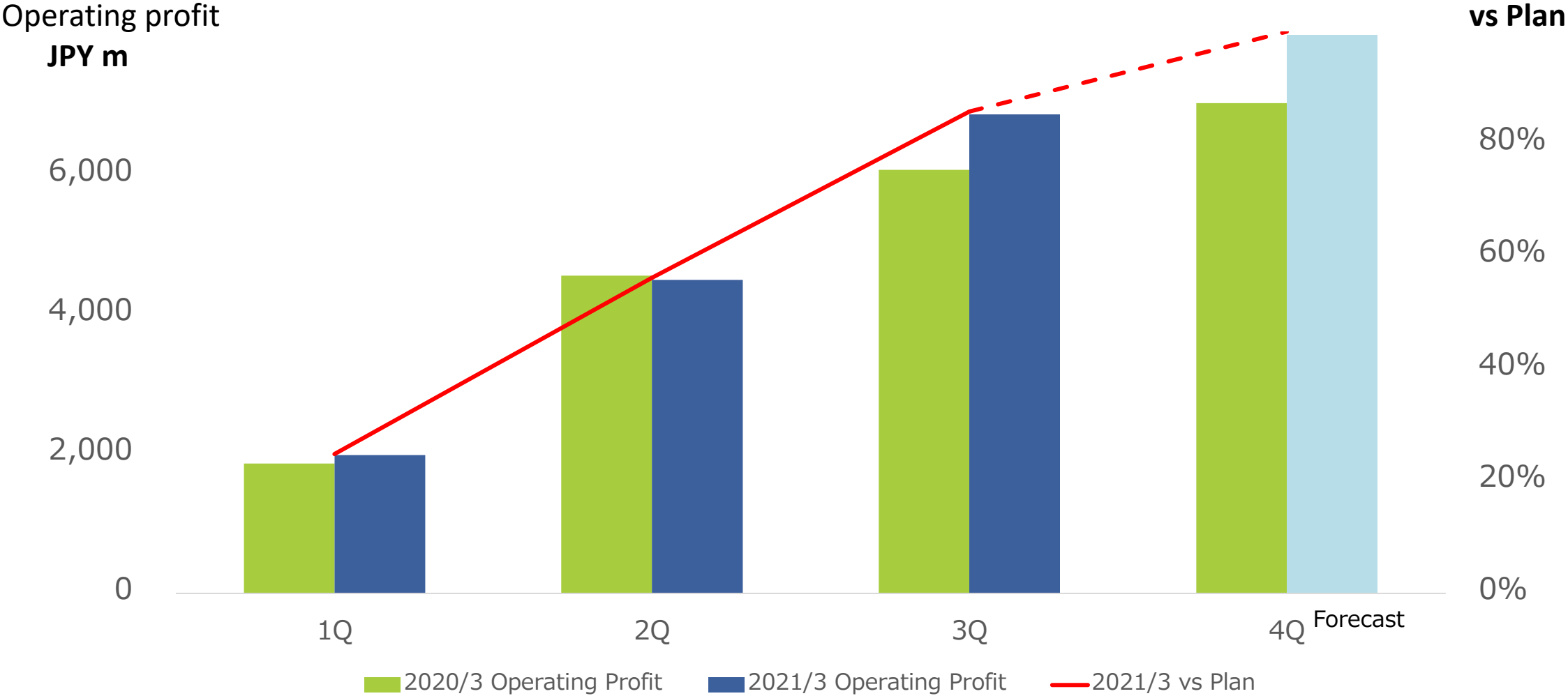
An increase in gross profit along with an increase in sales is expected. Whereas we plan to tap sales promotion expenses, we expect a decline of SGA ratio.

# Consolidated financial forecasts

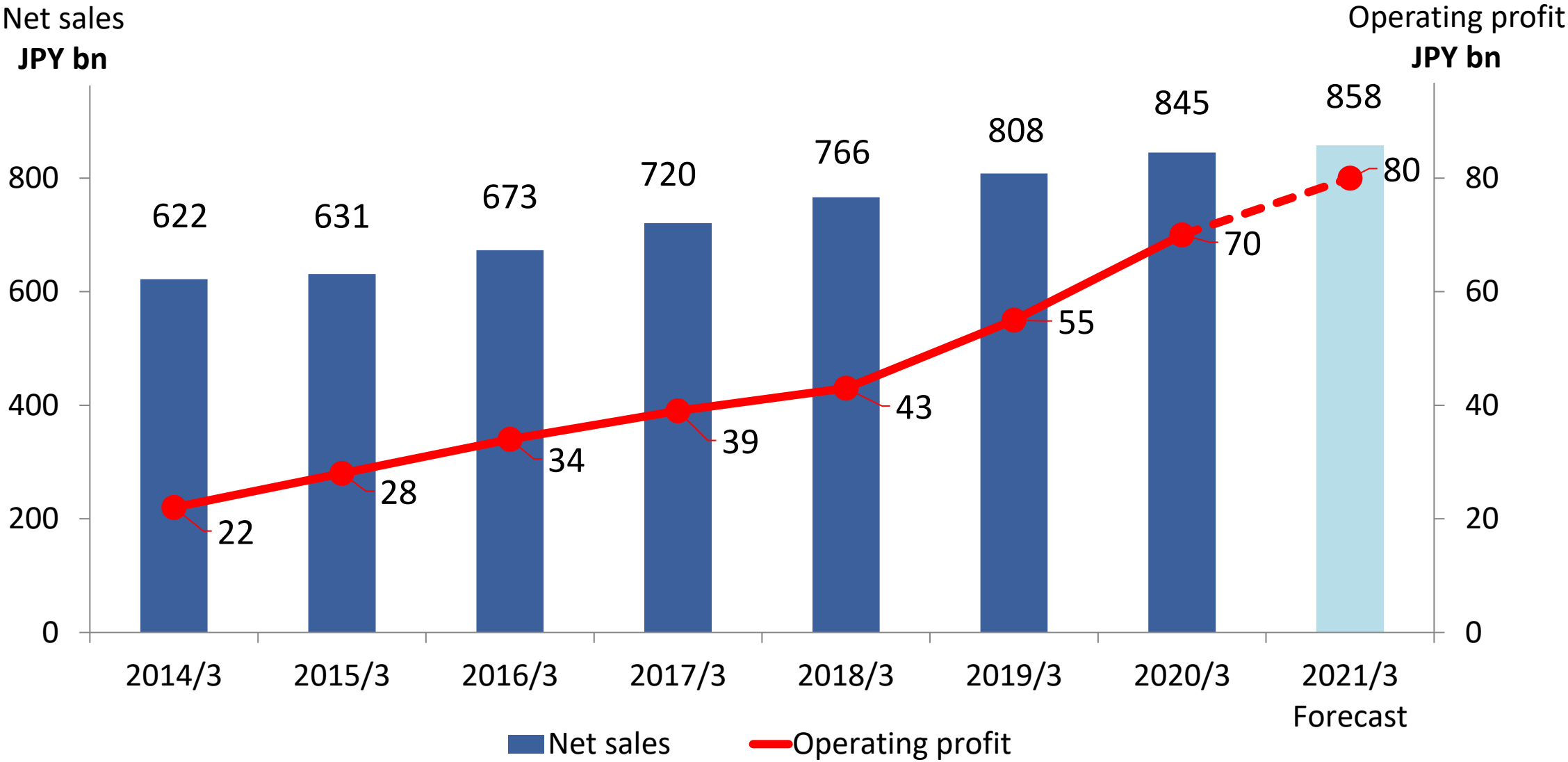
JPY m

	Fiscal year ended Mar. 31, 2020		For the nine months ended Dec. 31, 2020		Fiscal year ended Mar. 31, 2021 Forecast		vs Plan
Net sales	84,519		63,421		85,899		73.8%
Cost of sales ratio	46.5%		46.7%		46.4%		---
Gross profit	45,227	⇒	33,786	⇒	46,032		73.4%
Operating profit	7,033		6,914		8,006		86.4%
OP margin	8.3%		10.9%		9.3%		---
Profit attributable to owners of parent	4,060		4,918		5,308		92.7%

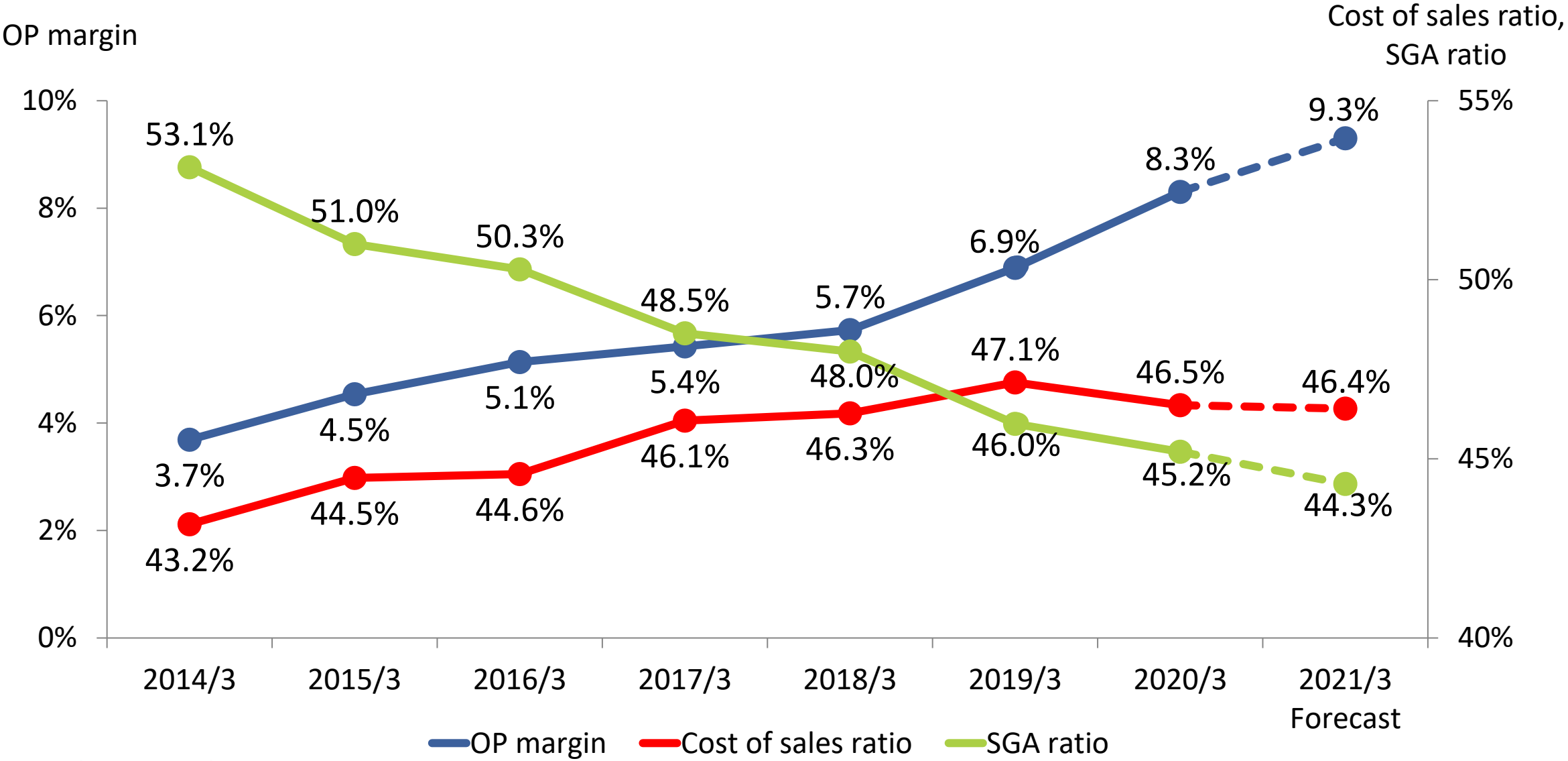
# Operating profit



# Annual Sales and Operating Profit

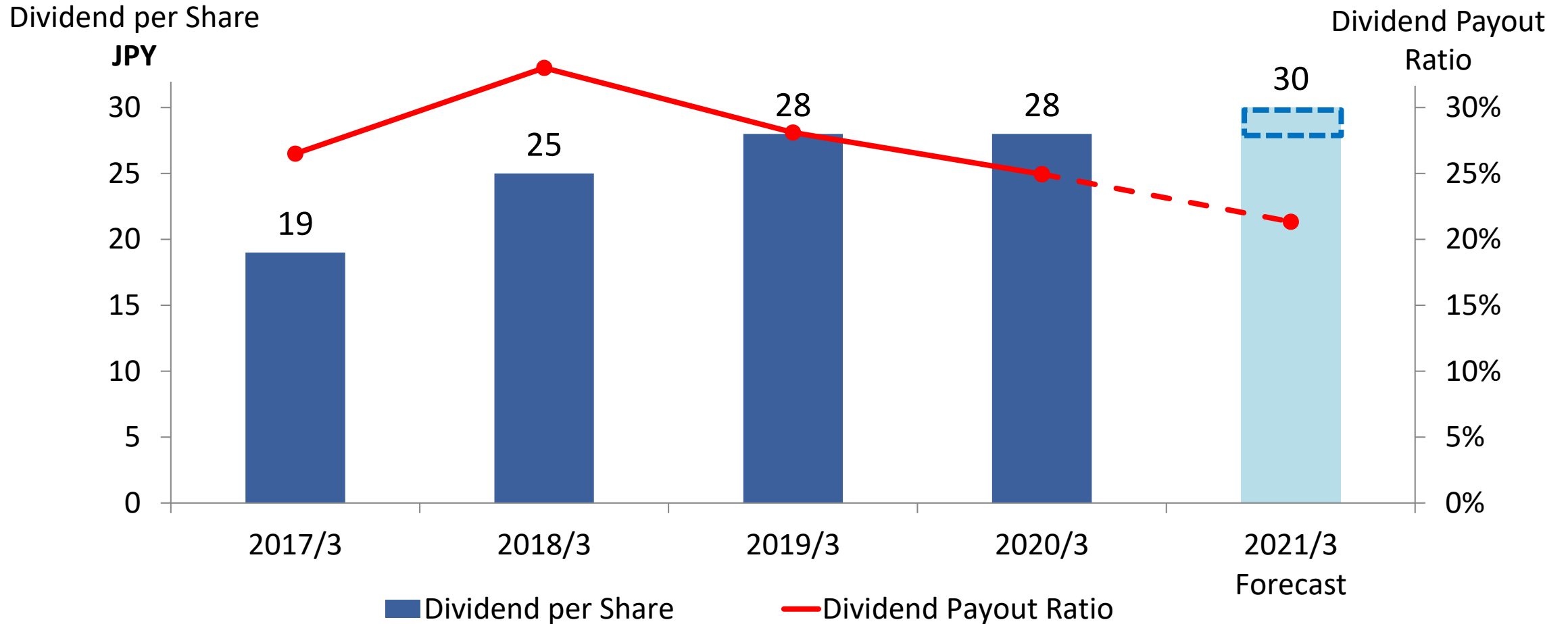


# OP margin/Cost of sales ratio/SGA ratio



# Revisions to consolidated dividend forecasts Feb. 12, 2021

✓ Dividend forecast increase from ¥28 to ¥30 per share.



Note: Dividends are calculated, assuming that the stock split was conducted at the beginning of 2017/3.

## Strengthen customer communication

- ✓ Launch of the Club Menicon website and our reward points services for contact lens users.



Website for contact lens users  
"Club Menicon"



- MELS plan membership service
- Movies for contact lens

<https://www.clubmenicon.jp>

available in Japanese



Reward points services "MENICOiN"



Melsuke



Care products

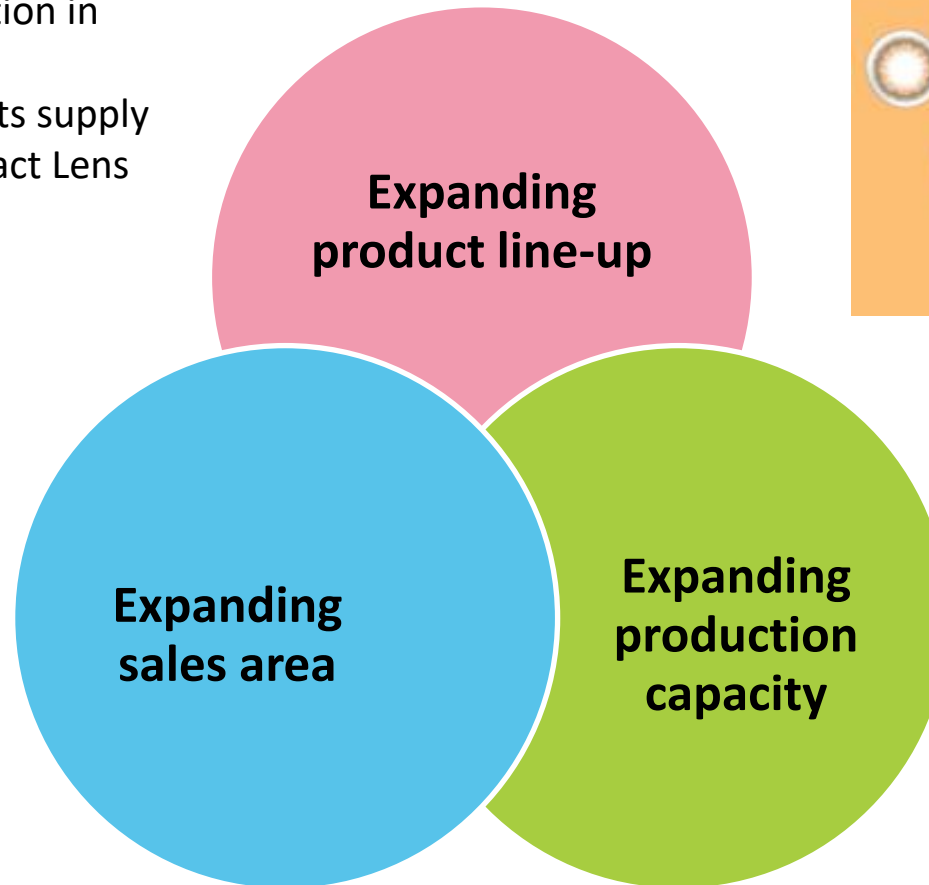
The points enable to exchange for care products, Menicon official character "Melsuke" goods and other points such as WAON points, nanaco points, etc.



# Daily disposable contact lens

## ✓ Growth strategy of Daily disposable contact lens sales.

- Promote the market penetration in Europe and U.S.
- Expand private-brand products supply
- Expand daily disposable contact Lens sales in China



Daily disposable color contact Lens "1DAY FRUTTIE"



The expansion of "1DAY Menicon PremiO" production capacity

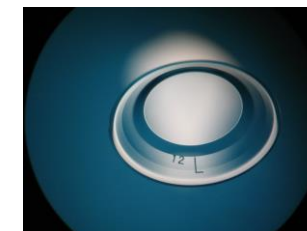
# Orthokeratology lens in China

- ✓ Promote building a structure in the expanding Chinese market.



## Itabashi Trading

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



$\alpha$  ORTHO-K

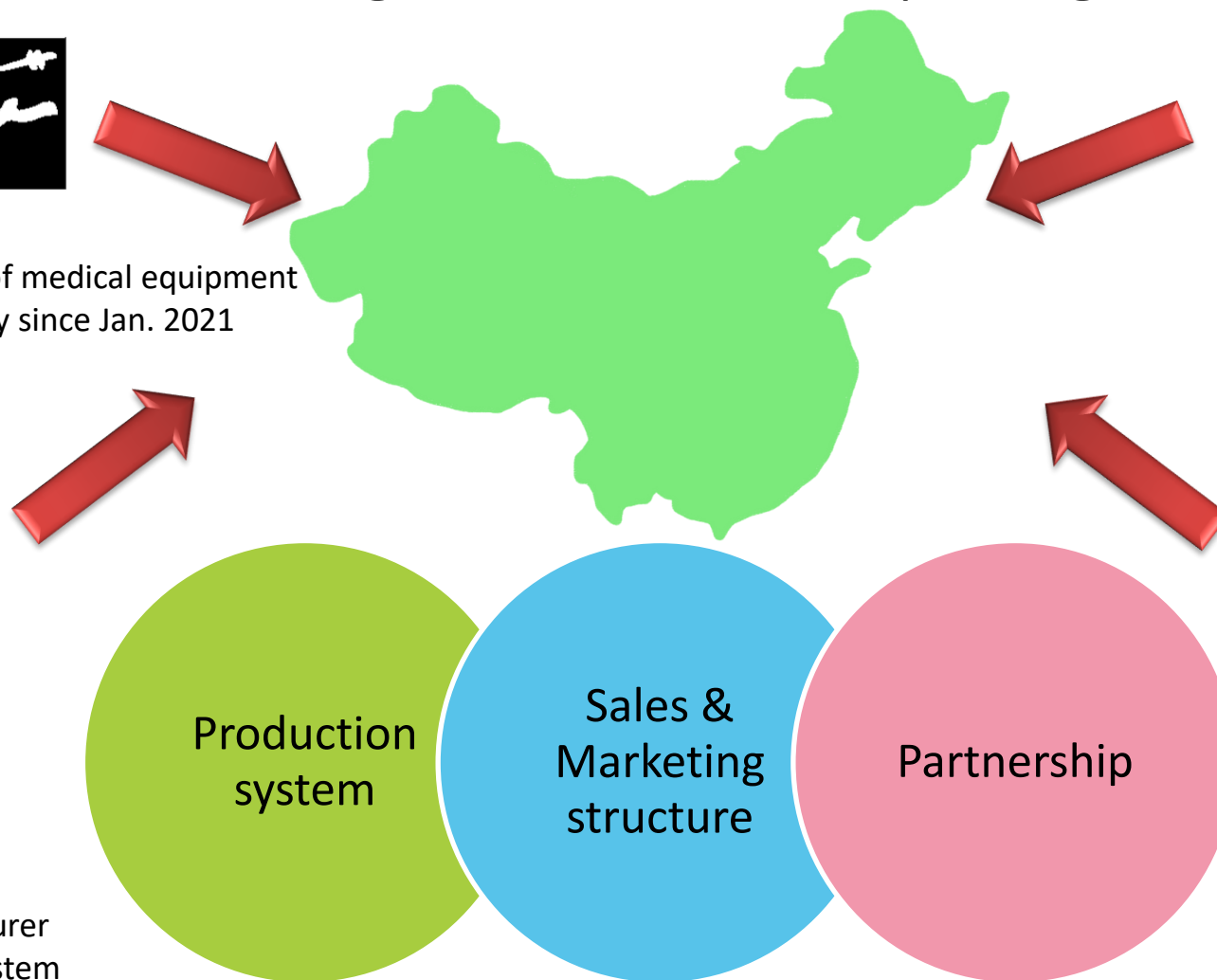
## Alpha Corporation

- Orthokeratology lens manufacturer
- Establishment of Local Chinese Subsidiary in Nov. 2020
- The aim of starting mass production in 2024



## Menicon Nect

- Care products manufacturer
- Strengthen production system



## Wenzhou Medical University

**Eye Hospital**  
Business tie-up

# Life Science Business

✓ Expand product line-up in the Foods with Function Claims (FFC) category.

“Meni suppl GABA”

Nov. 2020



“Meni suppl Crocetin”

Nov. 2020



“Meni suppl Bilberry +M”

Jan. 2021



Contains "GABA", a functional ingredient based on Euglena, which contains nutrients such as amino acids, vitamins, minerals, and unsaturated fatty acids.

Contains "crocetin", a functional ingredient that has been reported to support eye focus adjustment function, improve sleep quality, and relieve drowsiness and fatigue when waking up.

Contains "anthocyanin", a functional ingredient derived from bilberry, which has been reported to support eye moisturization and focus adjustment function and relieve eye fatigue.

# Life Science Business

✓ Menicon runs online shop.

<https://menicon-lifescience-online.com>

available in Japanese



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**Menicon**  
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ご注文・お問い合わせ(平日10:00~17:00)  
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Menicon's wish is to support your health and enduring beauty.

Blueberry  
Lutein  
Vitamin D2-D3  
Folic Acid  
PF-10  
Panafine

Selling various products related to healthcare, beauty care, and health support.

Expanding product line-up.



Dietary supplements “Meni suppl select”

“me to me CARE CLEANSING GEL”

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# Joint Development on Smart Contact Lens Products

- ✓ Mojo Vision and Menicon have entered into a joint development agreement.

## Smart contact lens “Mojo Lens”

Using augmented reality (AR), Mojo Lens overlays images, symbols and text on users’ vision to support seeing, and supply on-demand information.



Mojo develops microelectronics and systems for smart contact lens.



Menicon enables to manufacture of a wide range of contact lenses with its unique technology and develops optimal materials and manufacturing methods for smart contact lens.

**Conduct a series of feasibility studies**

# Disclaimer on Forward-Looking Statements

- ✓ This material includes certain forward-looking statements about the Menicon Group. To the extent that statements in this material do not relate to historical or current facts, they constitute forward-looking statements.
- ✓ These forward-looking statements are based on the current assumptions and judgments of the Menicon Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors, which may affect the statements made in this material.

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