

# **Consolidated Financial Results for the Three Months Ended June 30, 2020**

TSE 1st Section: Ticker 7780



## Key reason

➤ For the three months ended June 30, 2020

Net sales : Year on year change **(4.1%)**

Sales decreased due to the COVID-19 outbreak.

The total number of members in MELS Plan **1.33millions**

1.31millions : June 30, 2019 / 1.33millions : March 31, 2020

Gross profit : Year on year change **(6.5%)**

cost of sales ratio: 45.9% → 47.2%

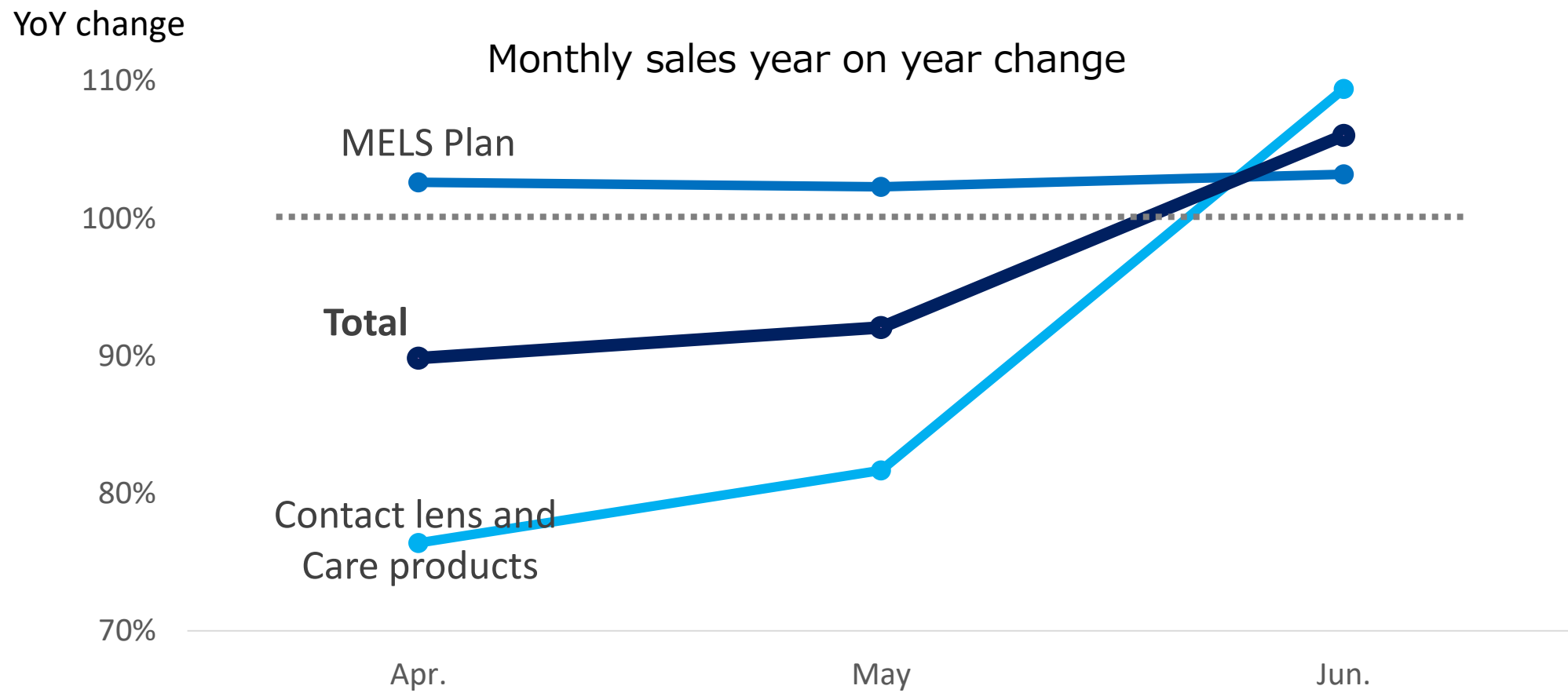
Operating profit : Year on year change **+6.6%**

SGA ratio decreased due to restricted business activities

Operating margin : 9.0% → **10.0%**

## Impact of the COVID-19 outbreak

- ✓ MELS Plan sales increased steadily from the previous year.  
Contact lens and Care products sales are in a recovery trend from June.

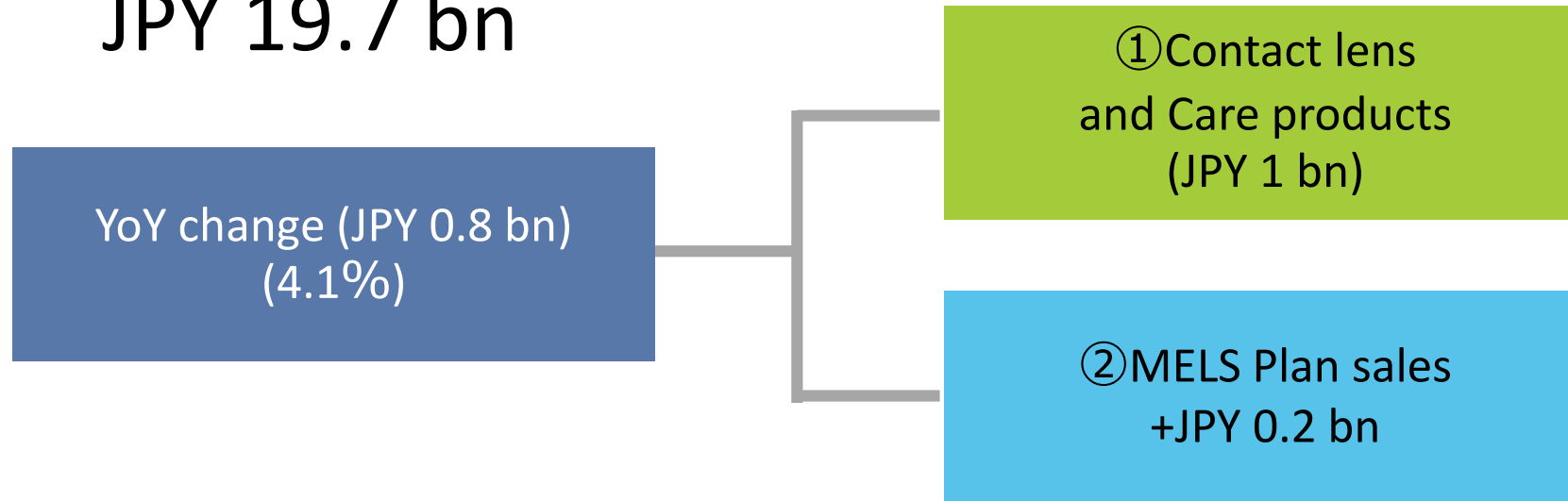


# Summary

For the three months ended	June 30, 2019	June 30, 2020		JPY m
			YoY change	
<b>Net sales</b>	<b>20,613</b>	<b>19,768</b>	(4.1%)	
Cost of sales	9,460	9,337	(1.3%)	
(Cost of sales ratio)	45.9%	47.2%	+1.3pt	
Gross profit	11,152	10,430	(6.5%)	
Selling, general and administrative expenses	9,290	8,445	(9.1%)	
(SGA ratio)	45.1%	42.7%	(2.4pt)	
<b>Operating profit</b>	<b>1,862</b>	<b>1,985</b>	+6.6%	
(OP margin)	9.0%	10.0%	+1.0pt	
<b>Ordinary profit</b>	<b>1,893</b>	<b>2,118</b>	+11.9%	
<b>Profit attributable to owners of parent</b>	<b>1,242</b>	<b>1,387</b>	+11.7%	
Basic earnings per share	JPY35.25	JPY36.78	---	

# Net sales

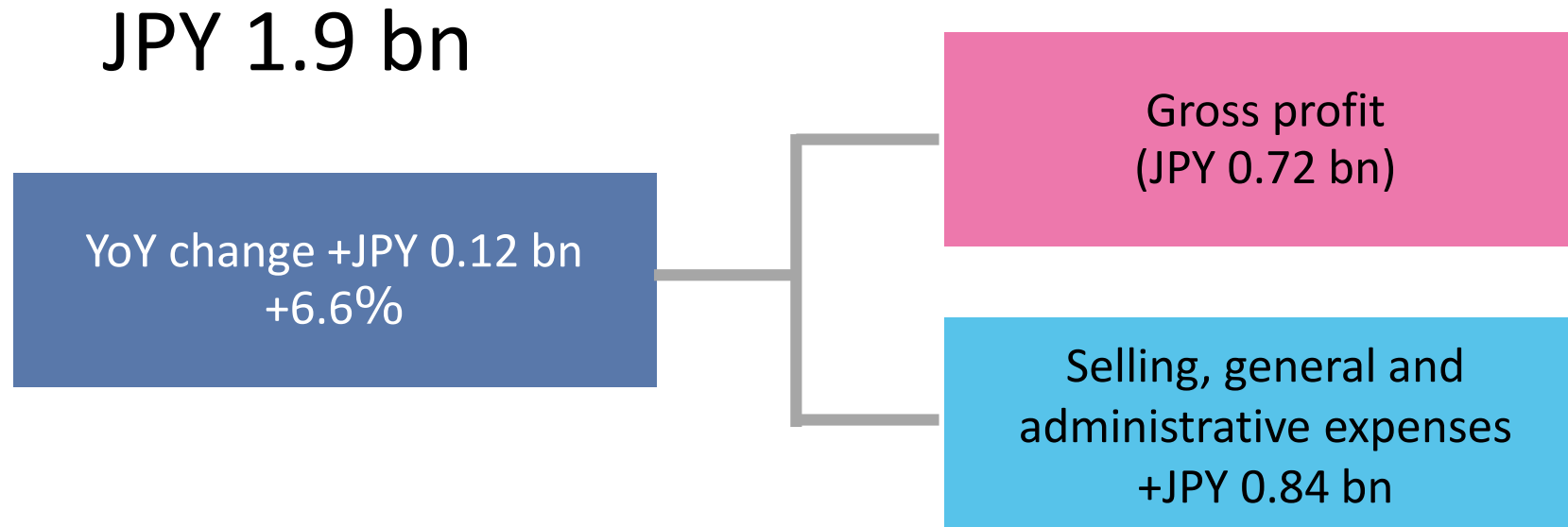
JPY 19.7 bn



## Key reason

- ① Sales decreased due to the COVID-19 outbreak.
- ② The number of membership increased from the previous year.

# Operating profit



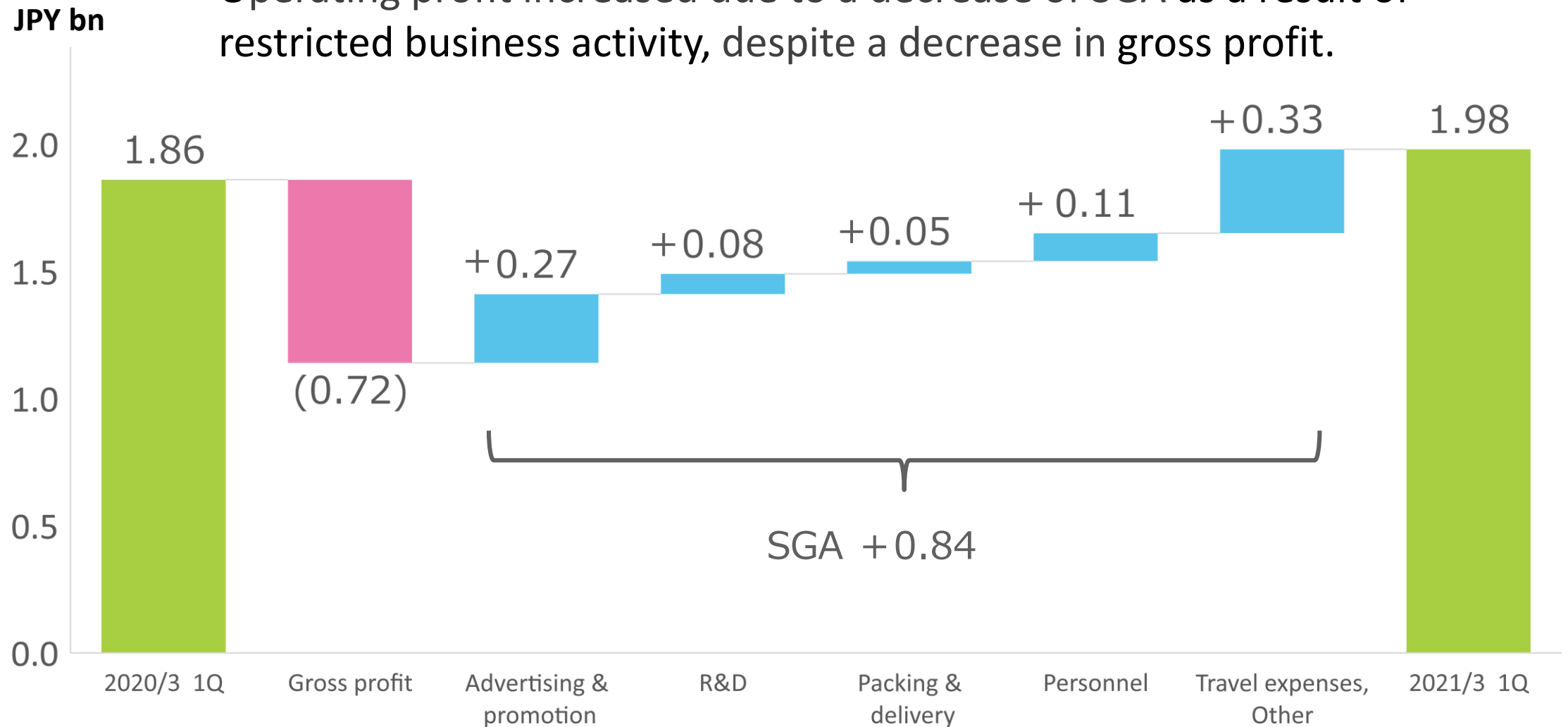
## Key reason

Gross profit decreased due to a decrease of sales and an increase of cost of sales ratio.

SGA expenses decreased as a result of restricted business activity.

# Operating profit break down

✓ Operating profit increased due to a decrease of SGA as a result of restricted business activity, despite a decrease in gross profit.



# Net Sales break down

Product and service

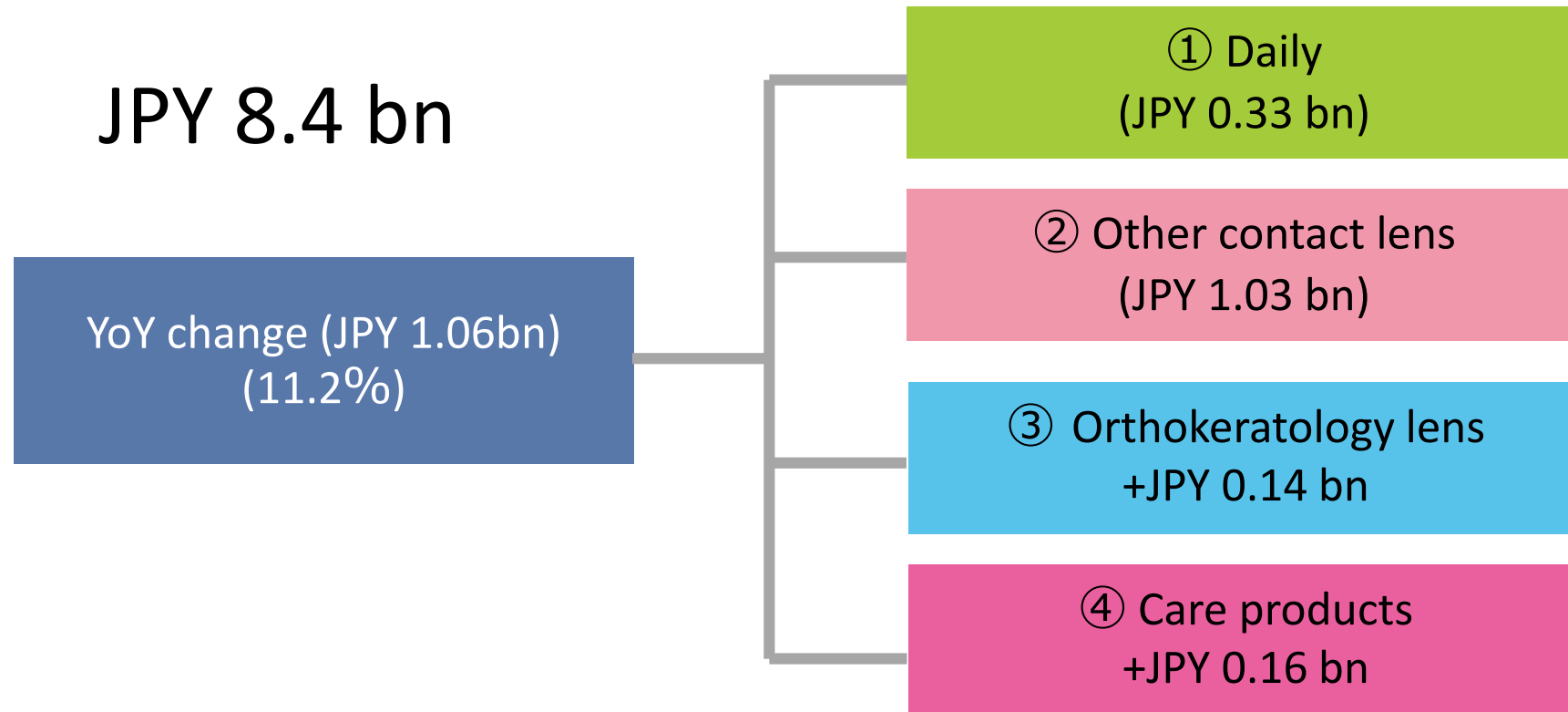
JPY m

For the three months ended		June 30, 2019	June 30, 2020	YoY change
Net sales		20,613	19,768	(4.1%)
Product and service	Contact lens and Care products	9,548	8,483	(11.2%)
	MELS Plan	10,549	10,834	+ 2.7%
	Other	515	450	(12.7%)

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



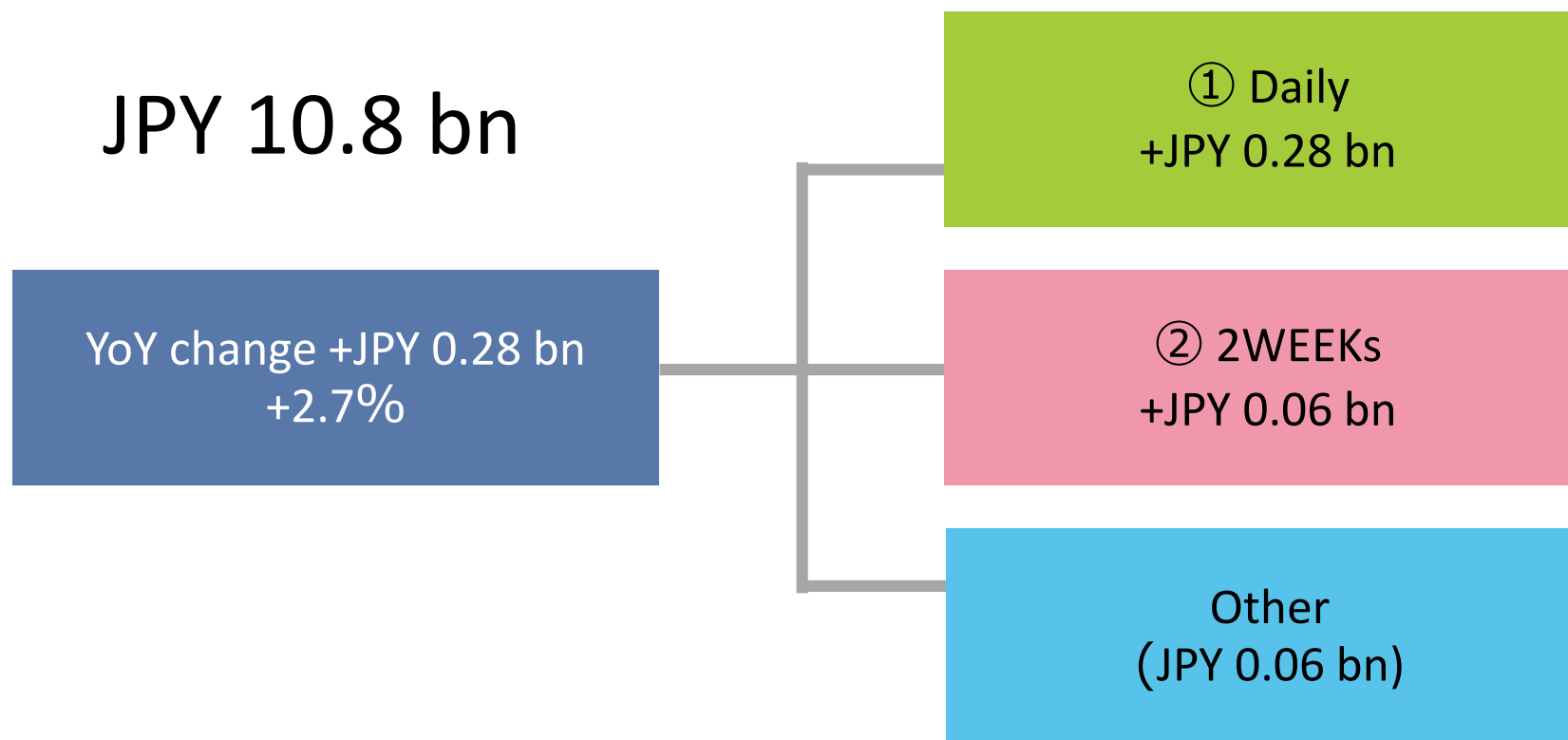
# Contact lens and Care products



## Key reason

- ①② Sales decreased in Japan and overseas due to the COVID-19 outbreak.
- ③④ Sales in China were robust.

# MELS Plan



## Key reason

- ① Membership of daily disposable contact lens has increased.
- ② Membership of 2WEEKs were robust.

# Net Sales break down

## Geographical information

JPY m

For the three months ended	June 30, 2019	June 30, 2020	
			YoY change
Net Sales	20,613	19,768	(4.1%)
Japan	17,924	16,677	(7.0%)
Overseas Total	2,688	3,090	+ 14.9%
Europe	1,560	1,611	+ 3.3%
North America	230	130	(43.3%)
Asia ※1	828	1,251	+ 50.9%
Other ※2	68	96	+ 41.1%

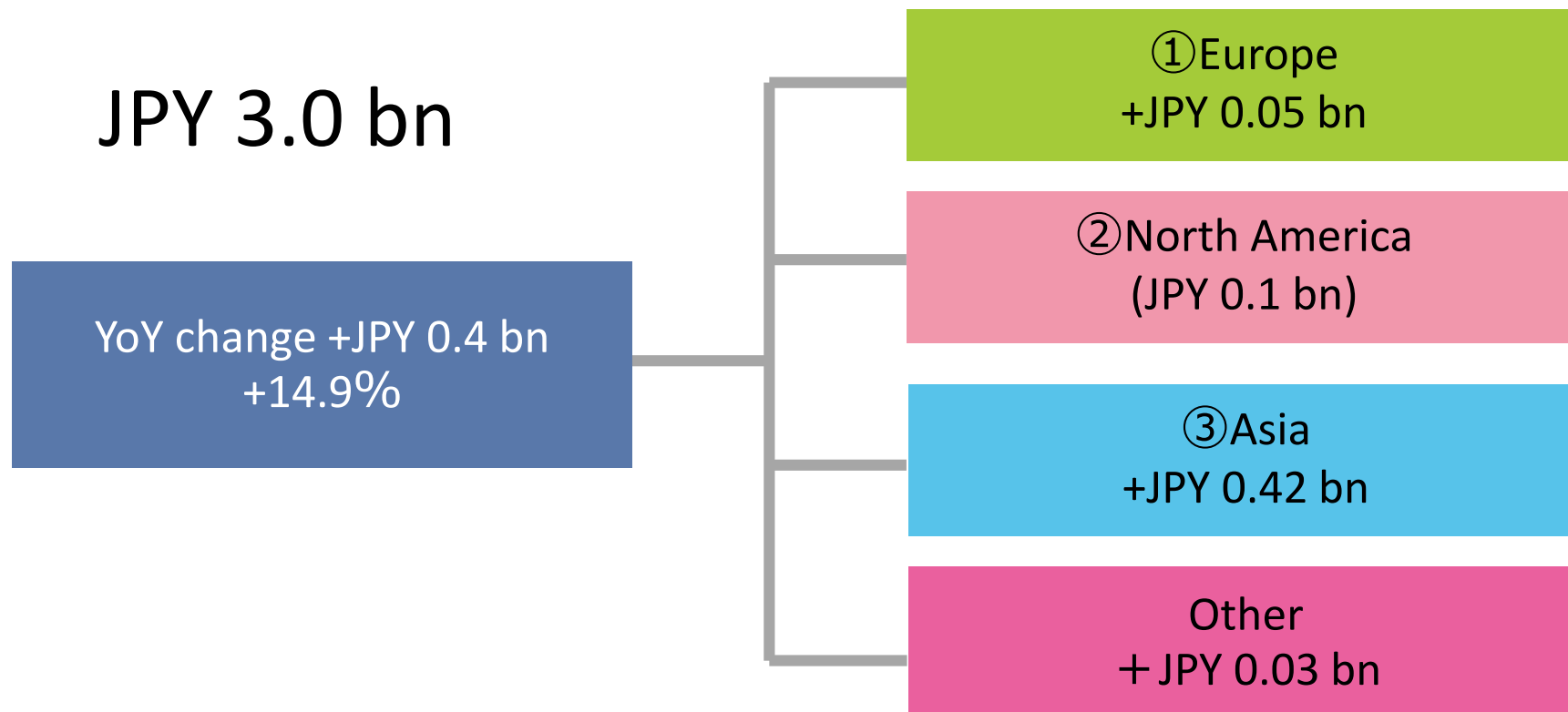
Average exchange rate JPY

	2019/3 1Q	2020/3 1Q
EUR	122.87	118.74
USD	109.67	107.38

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

※ 2 "Other" includes Oceania and Africa etc.

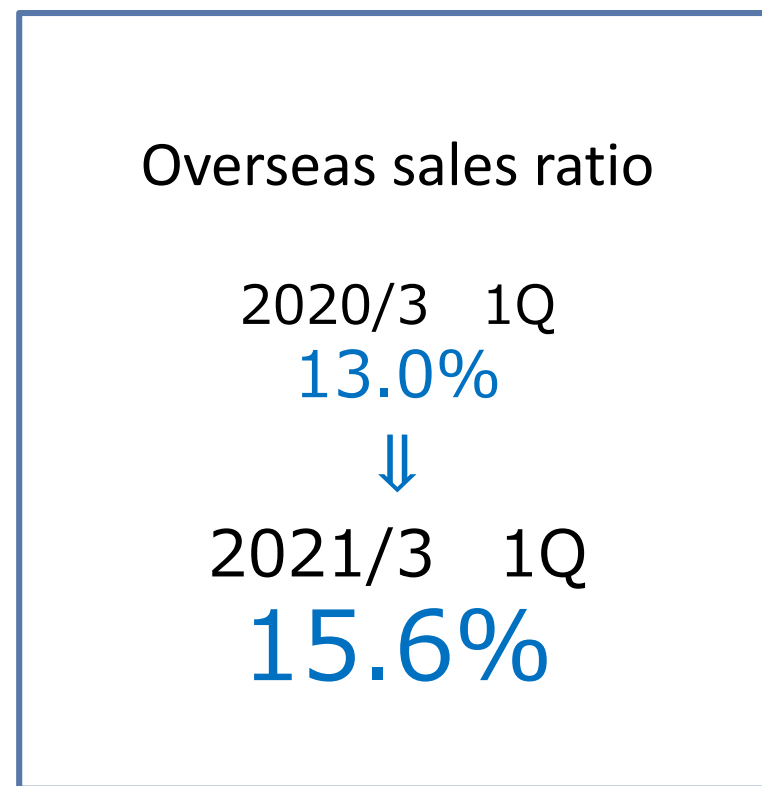
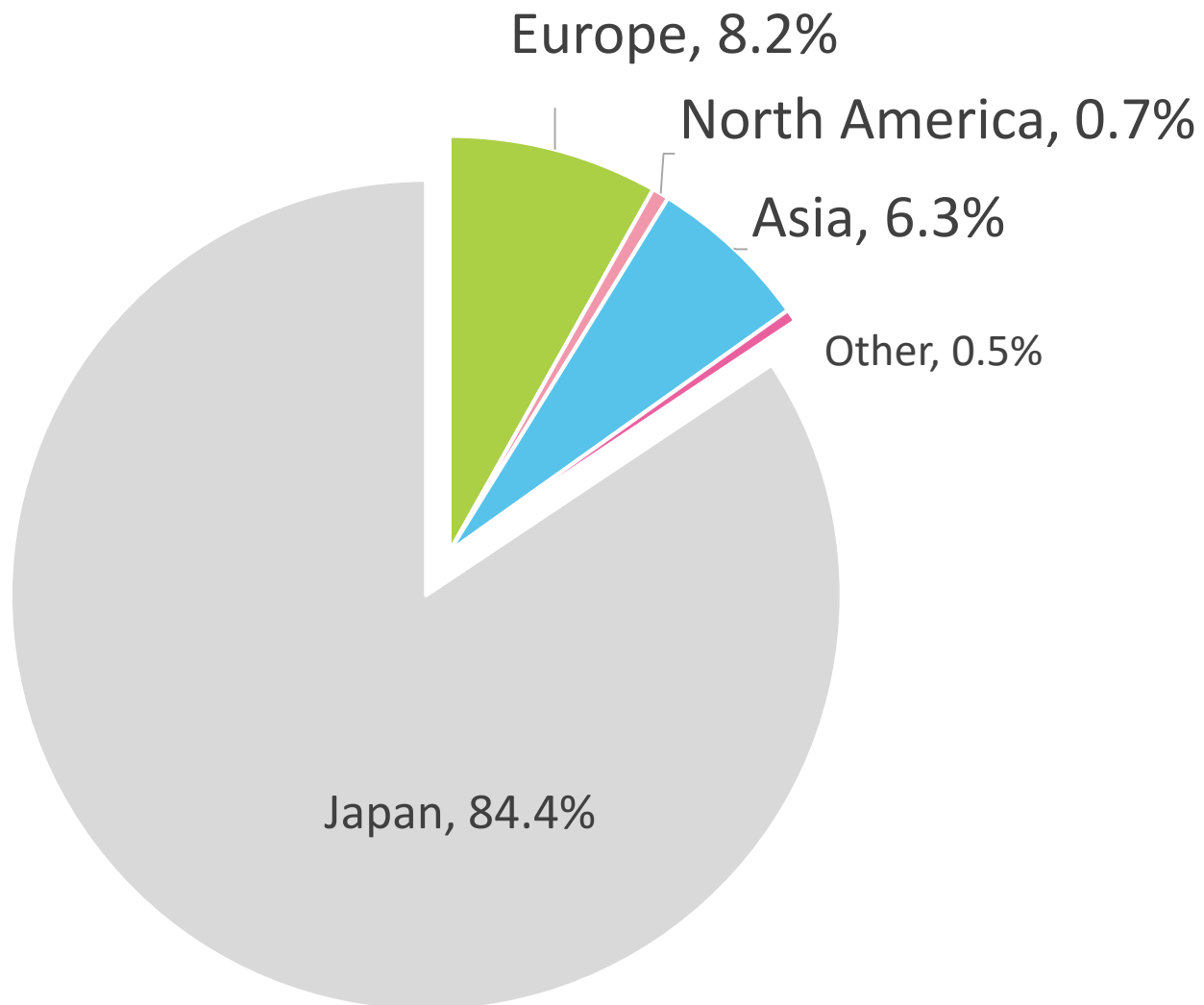
## Overseas sales



### Key reason

- ① Europe: The Group included SOLEKO S.p.A. in Italy.
- ①② Sales decreased due to the COVID-19 outbreak.
- ③ Asia: Orthokeratology lenses and care products sales were robust.

# Overseas sales ratio



## Forecast of consolidated business results

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

Net sales : JPY 84.8 bn, Year on year change **+0.4%**

- MELS Plan : The total number of members in MELS Plan forecast  
1.33millions  $\Rightarrow$  1.35millions
- Contact lens and Care products : In the second half period,  
we expect that sales will increase from the previous year.

Gross profit : JPY 45.4 bn, Year on year change **+0.4%**

We predict that cost of sales ratio will be the same as previous year.

Operating profit : JPY 6.8 bn, Year on year change **(2.8%)**

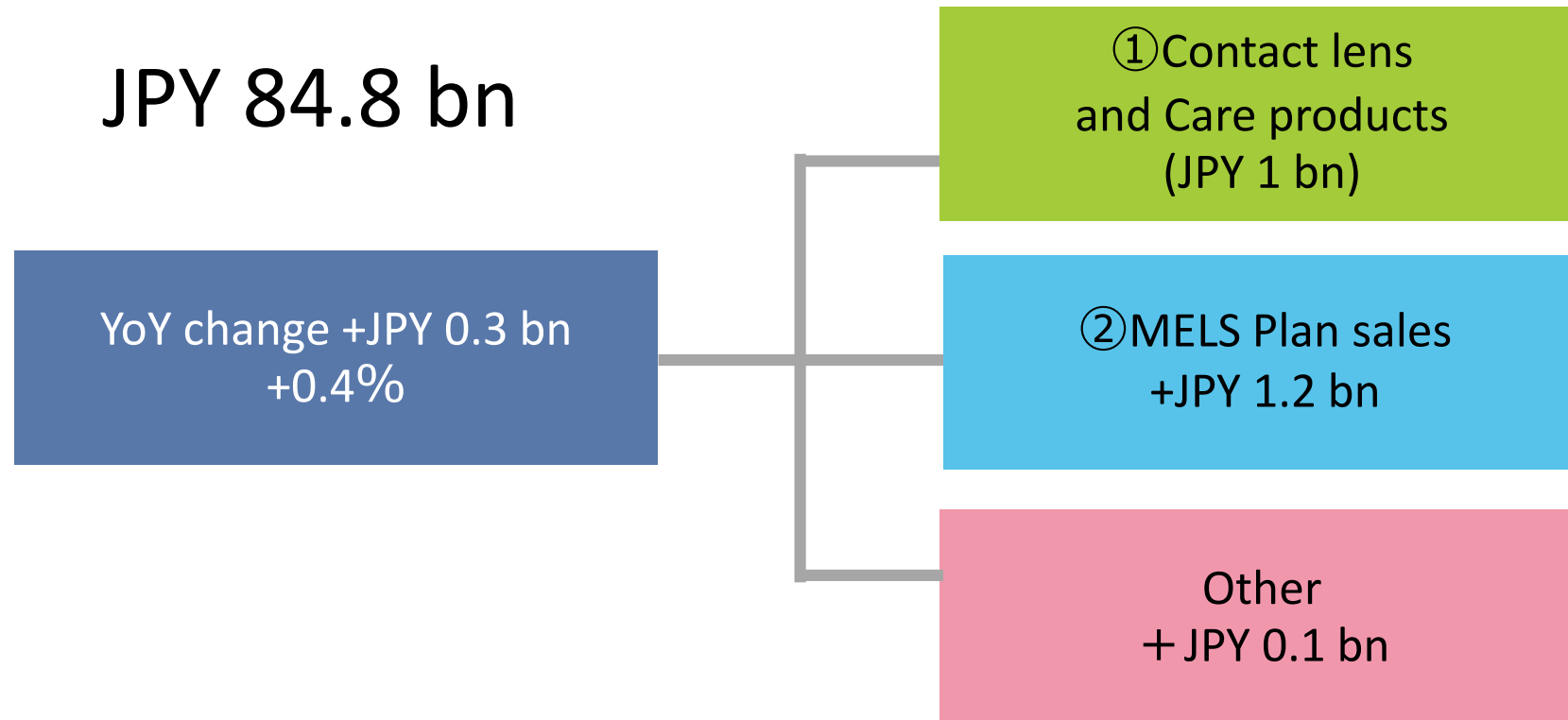
In the second half, we will engage in business activities aimed  
at future business expansion.



## Forecast Summary

Fiscal year ended	March 31, 2020		March 31, 2021 Forecast	Change	YoY Change	JPY m
<b>Net sales</b>	<b>84,519</b>	⇒	<b>84,839</b>	+319	+0.4%	
Cost of sales	39,291		39,411	+120	+0.3%	
(Cost of sales ratio)	46.5%		46.5%	±0pt	---	
Gross profit	45,227		45,427	+199	+0.4%	
Selling, general and administrative expenses	38,194		38,588	+393	+1.0%	
(SGA ratio)	45.2%		45.5%	+0.3pt	---	
<b>Operating profit</b>	<b>7,033</b>		<b>6,838</b>	(194)	(2.8%)	
(OP margin)	8.3%		8.1%	(0.2pt)	---	
<b>Ordinary profit</b>	<b>6,554</b>		<b>6,821</b>	+266	+4.1%	
<b>Profit attributable to owners of parent</b>	<b>4,060</b>		<b>4,256</b>	+195	+4.8%	
Basic earnings per share	JPY 112.25		JPY 112.78	+JPY 0.53	---	

# Net sales



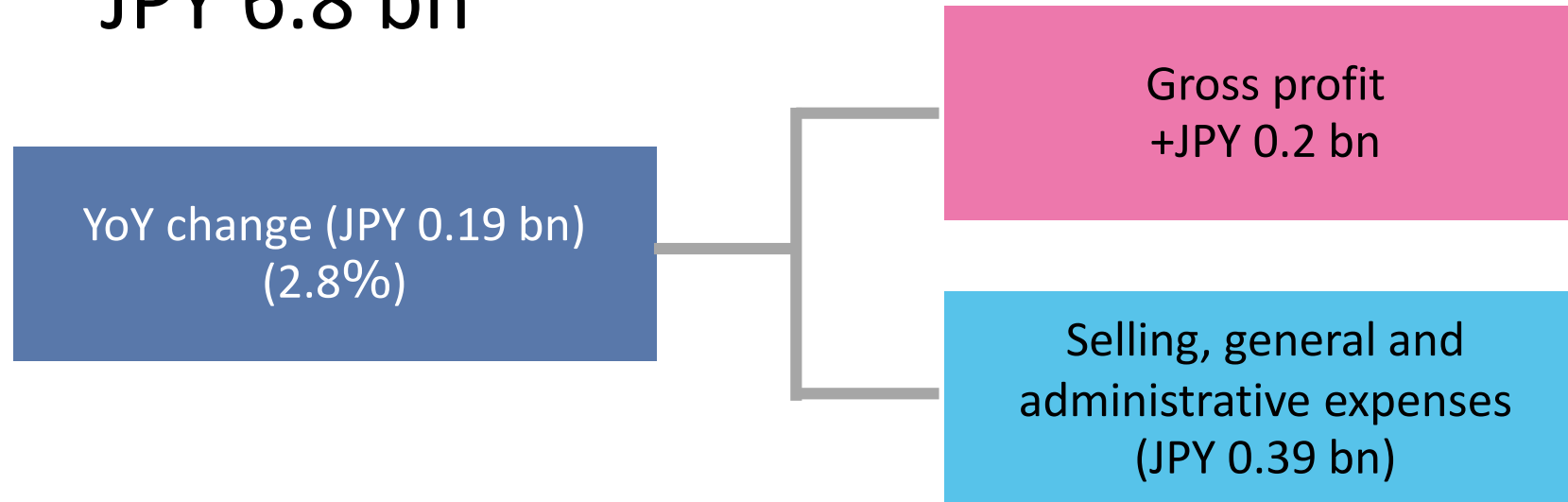
## Key reason

- ① We predict sales will decrease due to the COVID-19 outbreak.
- ② We anticipate memberships, mainly daily disposable contact lens will increase steadily.



# Operating profit

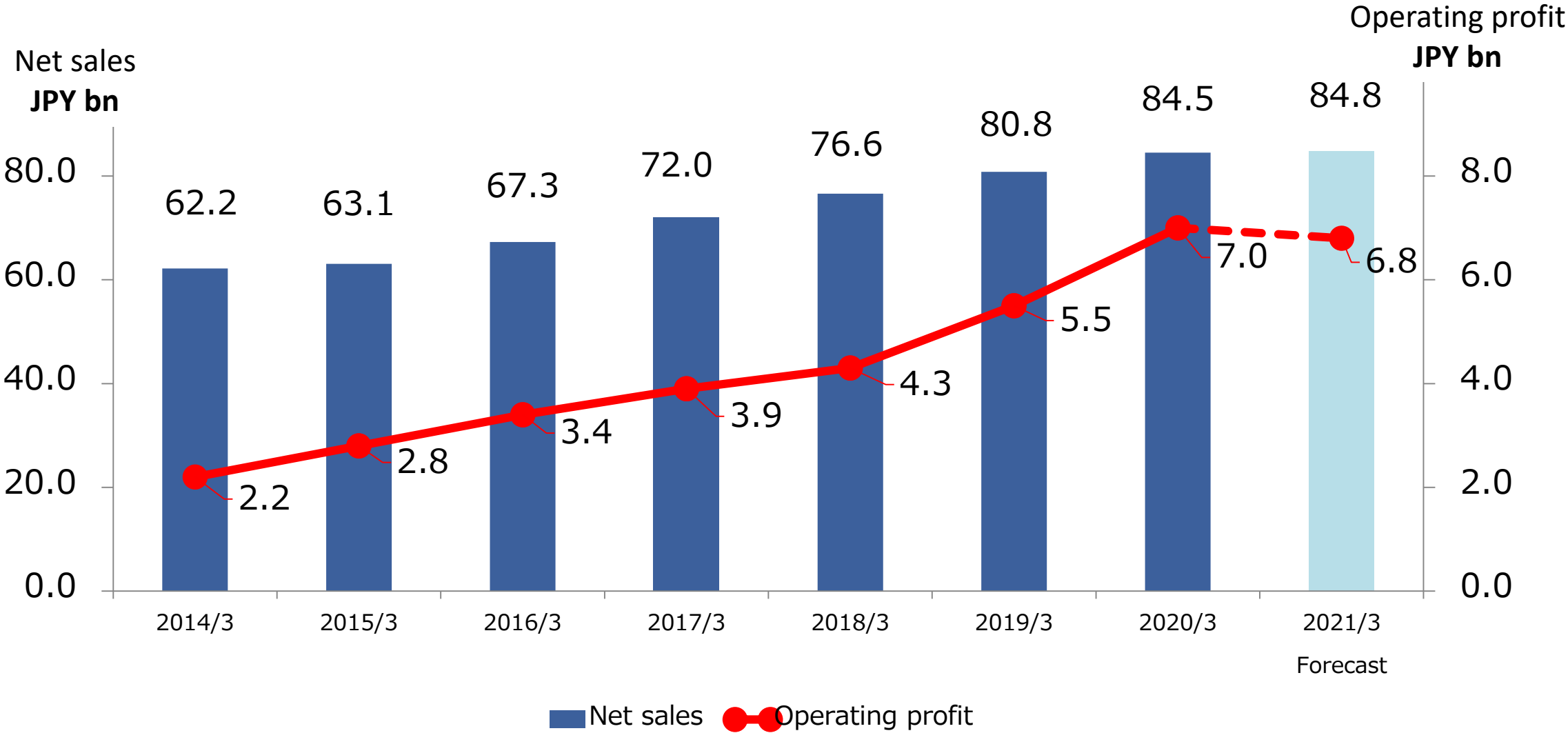
JPY 6.8 bn



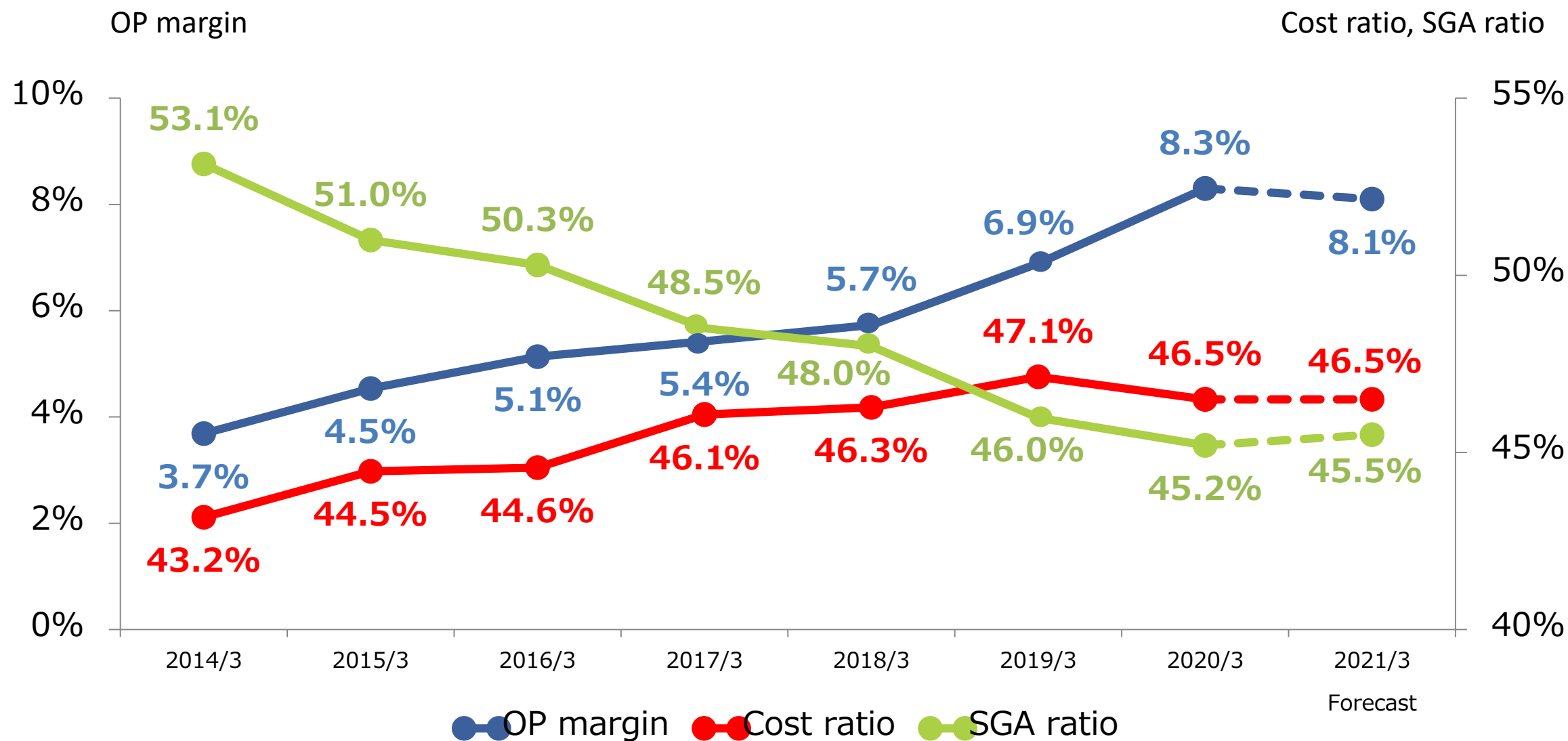
## Key reason

We expect that gross profit will be similar to the previous year.  
In the second half, we will engage in business activities aimed at future business expansion.

# Annual Sales and Operating Profit

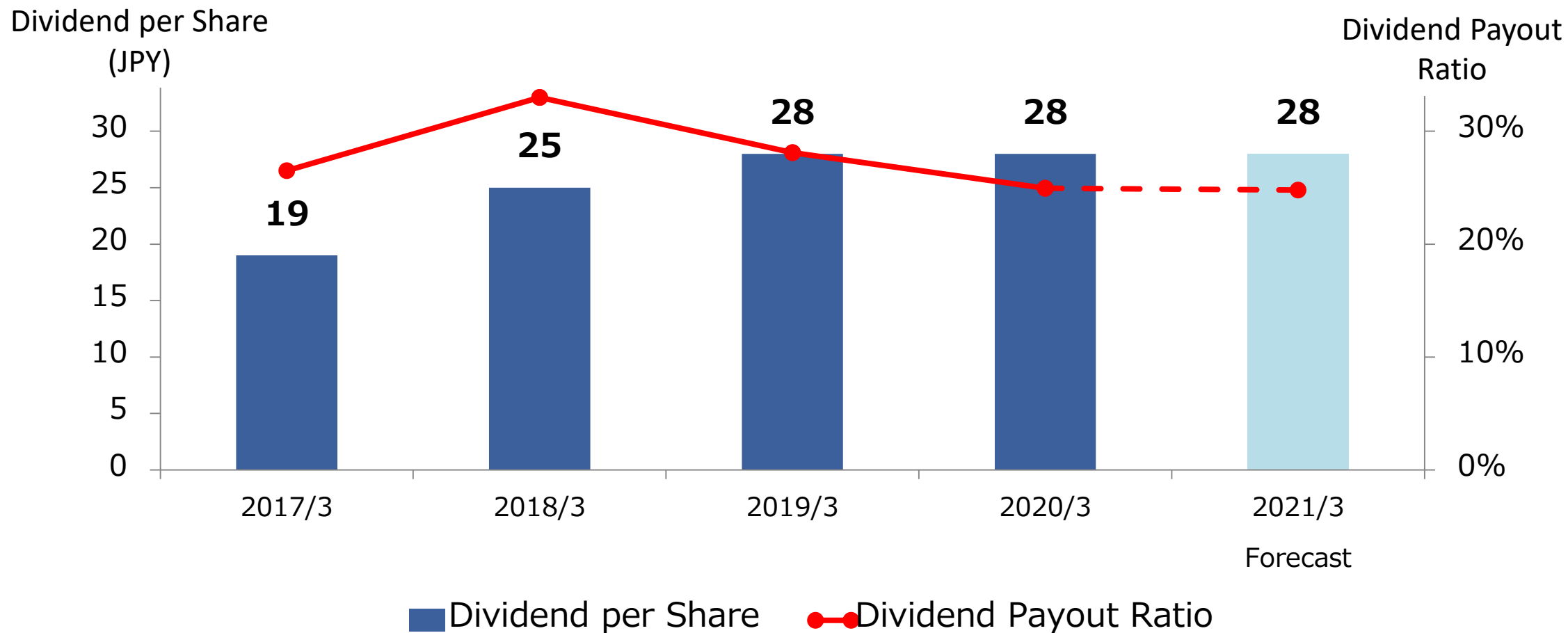


# OP margin/Cost ratio/SGA ratio



# Shareholder Return

✓ Forecast a dividend payment of ¥28 per share

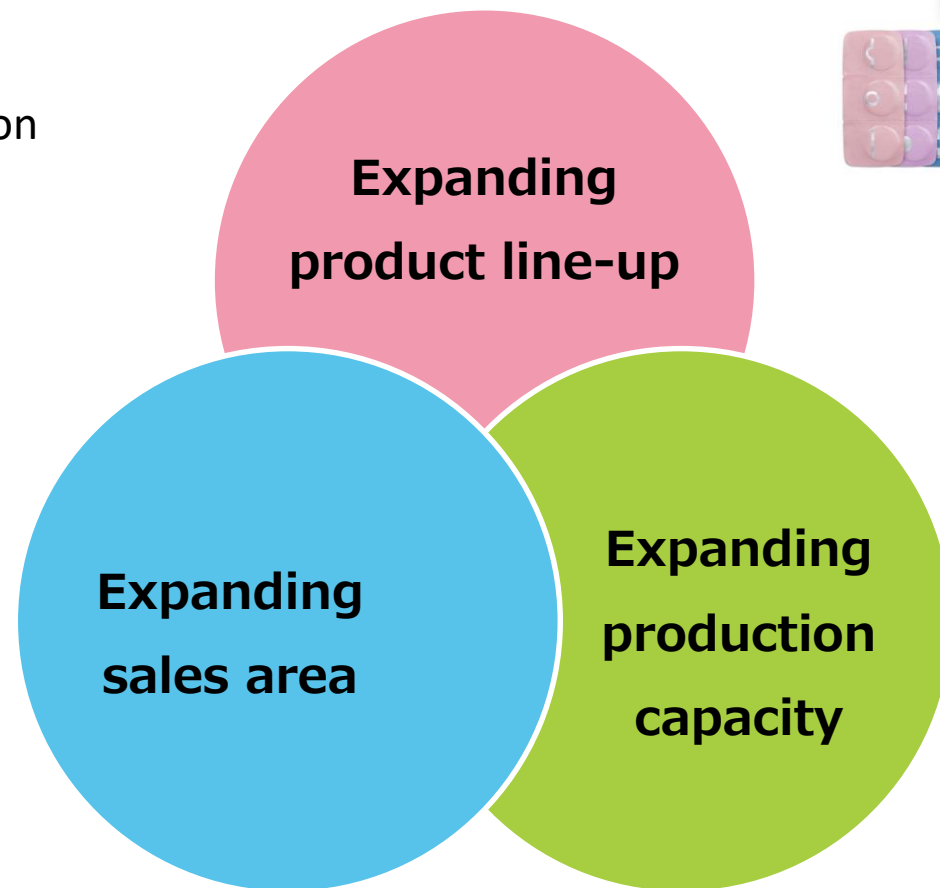


Note: Dividends are calculated, assuming that the stock split was conducted at the beginning of 2017/3.

# Daily disposable contact lens

## ✓ Growth strategy of Daily disposable contact lens sales

Promoting the market penetration  
in Europa and U.S.  
Expansion of supplying daily  
disposable contact lenses as  
private-brand products.



1DAY 「Magic toric」  
for astigmatism line-up.



The expansion of floor area and production  
facilities for the expansion of “1DAY  
Menicon PremiO” production capacity.



## Expansion of the European Distribution Center

- ✓ It enables to supply products with the increase in distribution volume accompanying the expansion of the disposable lens etc.
- ✓ The new facility has over 1.5 times more space than the former facility.



European Distribution Centers ; EUDC

# Orthokeratology lens

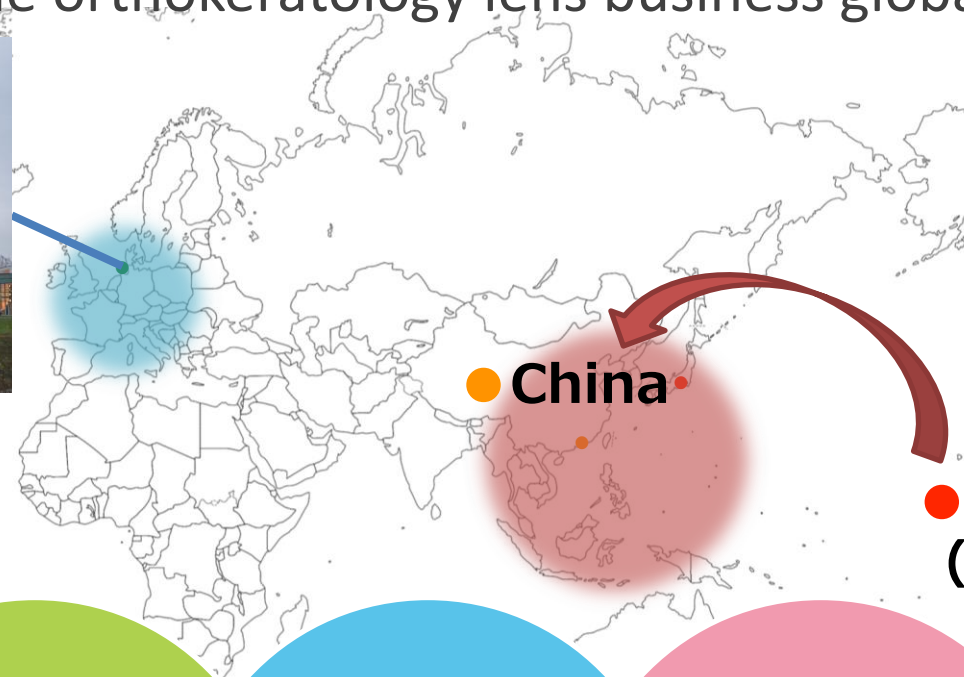
✓ Strengthen the orthokeratology lens business globally.



● **Netherlands**  
(Menicon B.V.)

**Menicon**  
**BLOOM™**

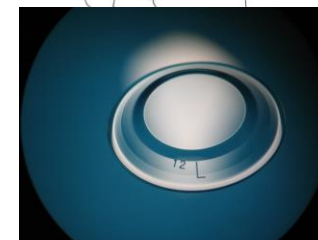
For suppressing the progression  
of myopia system



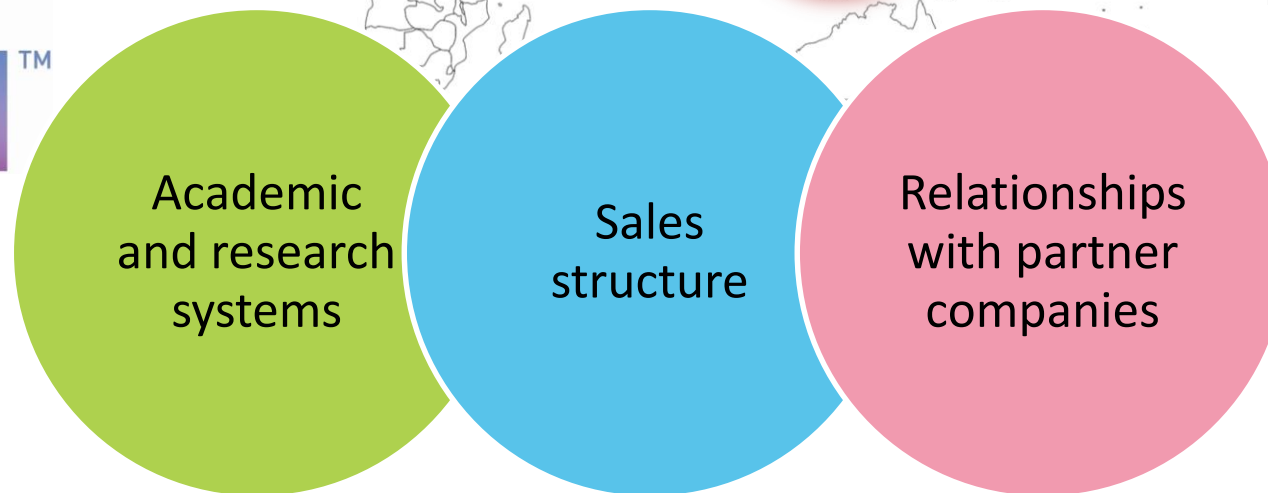
● **China**



● **Japan**  
(Alpha corporation)



α Ortho-K





## Business strategy in China

- ✓ Strengthen contact lens business in China

Wenzhou FocuSee Vision Care,  
a contact lens factory in China,  
is made our wholly-owned subsidiary



Wenzhou FocuSee Vision Care relocated to Eye Valley,  
Longwan District, Wenzhou Province

A business tie-up agreement  
concluded with China's Wenzhou  
Medical University



Wenzhou Medical University Eye Hospital in China



## 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 related 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 know and unknown risks, uncertainties and other factors, which may affect the statements made in this material.

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