



Consolidated Financial Results for the Six Months Ended September 30, 2020

TSE 1st Section: Ticker 7780



Key reason

➤ For the six months ended Sep. 30, 2020

Net sales : Year on year change **(3.0%)**

- A decrease in sales due to the COVID-19 outbreak
- There was an increase in the demand before the consumption tax hike in the same period of the previous year
- The total number of members in MELS Plan **1.34millions**
1.32millions : Sep. 30, 2019 / 1.33millions : Mar. 31, 2020

Gross profit : Year on year change **(4.9%)**

cost of sales ratio: 45.7% → 46.7%

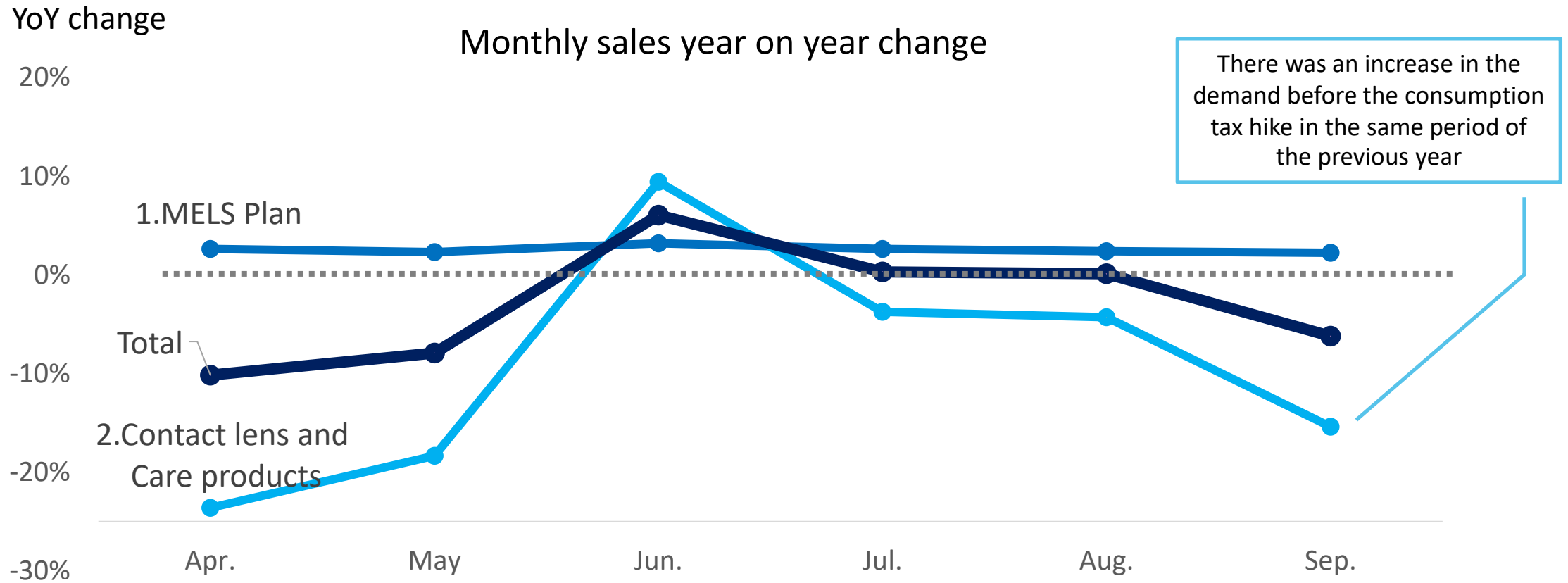
Operating profit : Year on year change **(1.3%)**

SGA ratio decreased due to revise business activities

Operating margin : 10.6% → **10.8%**

Impact of the COVID-19 outbreak

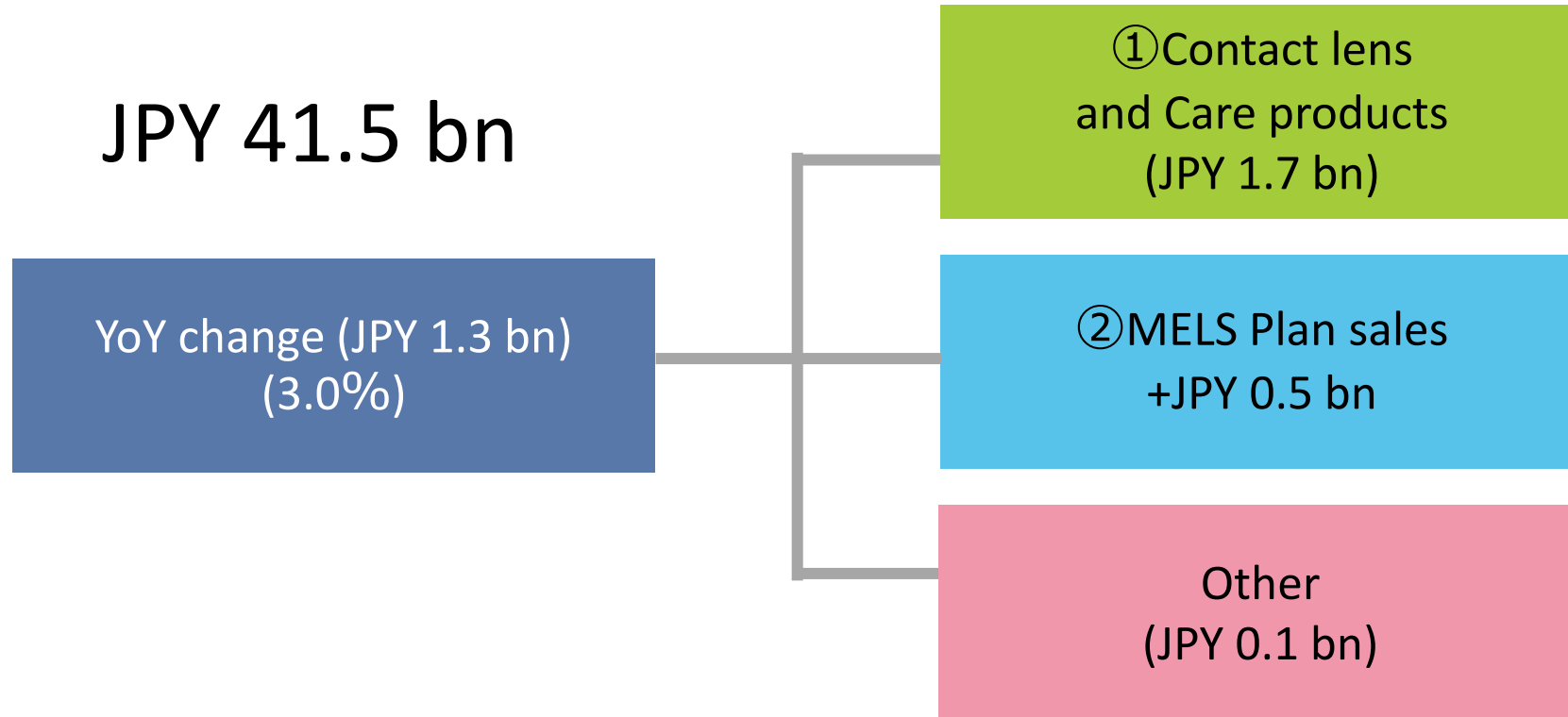
- ✓ 1. MELS Plan sales increased steadily from the previous year.
- 2. Contact lens and Care products sales decreased due to the COVID-19 outbreak.



Summary

| For the six months ended | Sep. 30, 2019 | Sep. 30, 2020 | | JPY m |
|--|---------------|---------------|------------|-------|
| | | | YoY change | |
| Net sales | 42,824 | 41,521 | (3.0%) | |
| Cost of sales | 19,560 | 19,405 | (0.8%) | |
| Cost of sales ratio | 45.7% | 46.7% | +1.0pt | |
| Gross profit | 23,264 | 22,116 | (4.9%) | |
| Selling, general and administrative expenses | 18,705 | 17,619 | (5.8%) | |
| SGA ratio | 43.7% | 42.4% | (1.3pt) | |
| Operating profit | 4,558 | 4,497 | (1.3%) | |
| OP margin | 10.6% | 10.8% | +0.2pt | |
| Ordinary profit | 4,564 | 4,738 | +3.8% | |
| Profit attributable to owners of parent | 2,992 | 3,196 | +6.8% | |
| Basic earnings per share | JPY84.47 | JPY84.70 | --- | |

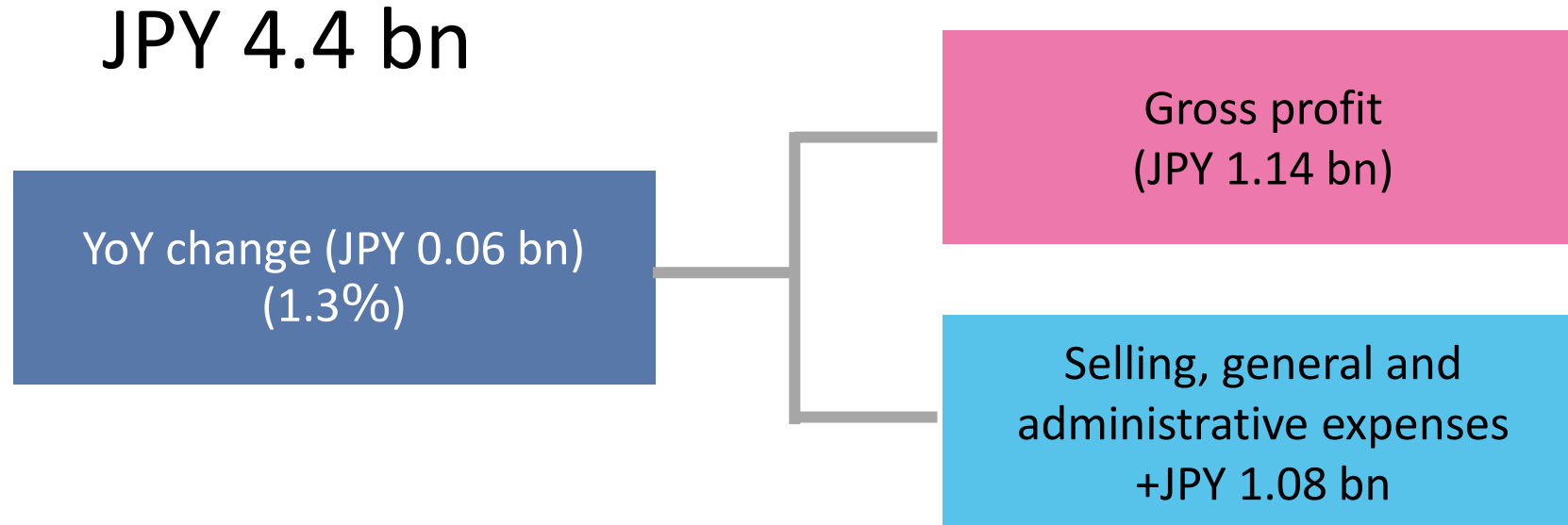
Net sales



Key reason

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

Operating profit



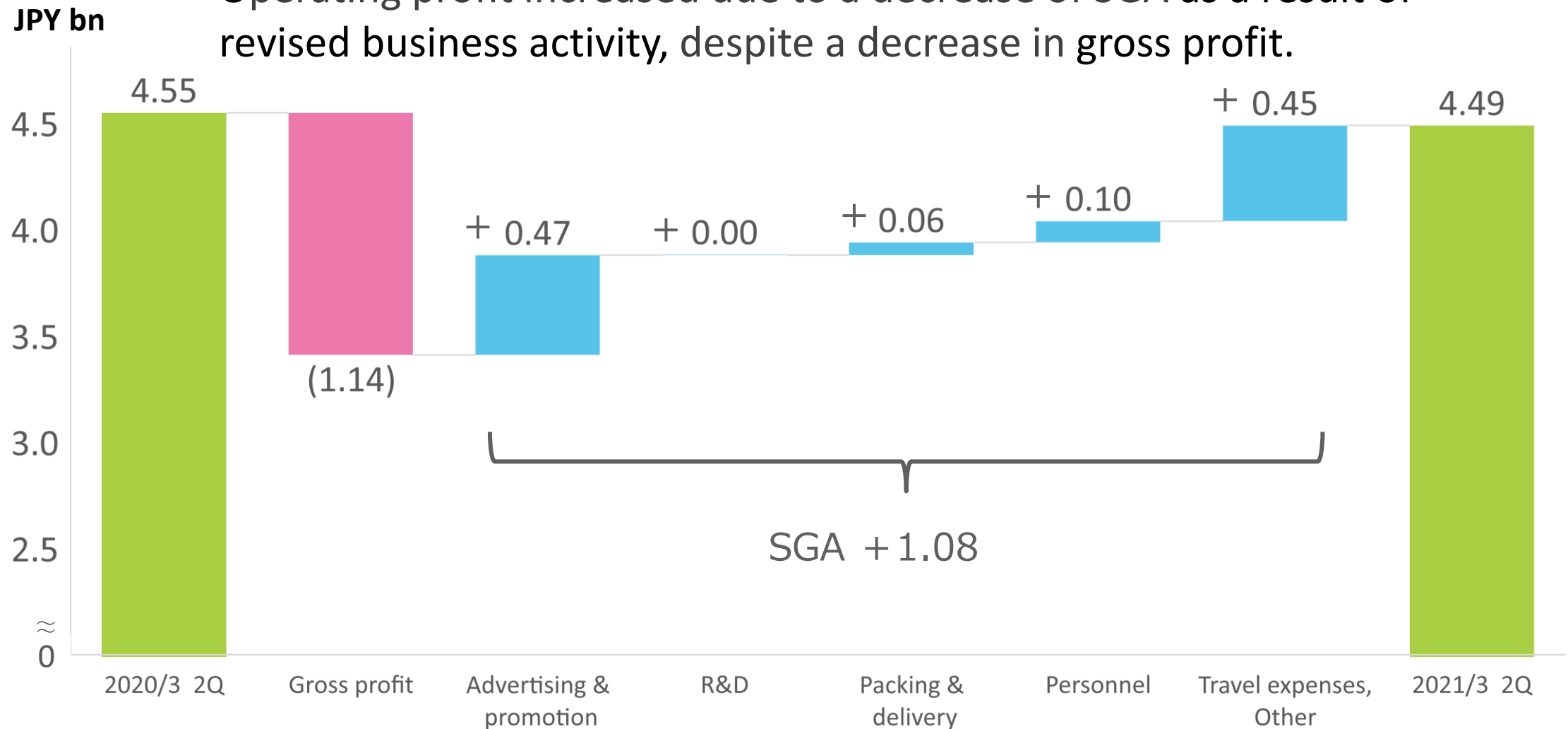
Key reason

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

SGA expenses decreased as a result of revised business activity.

Operating profit break down

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

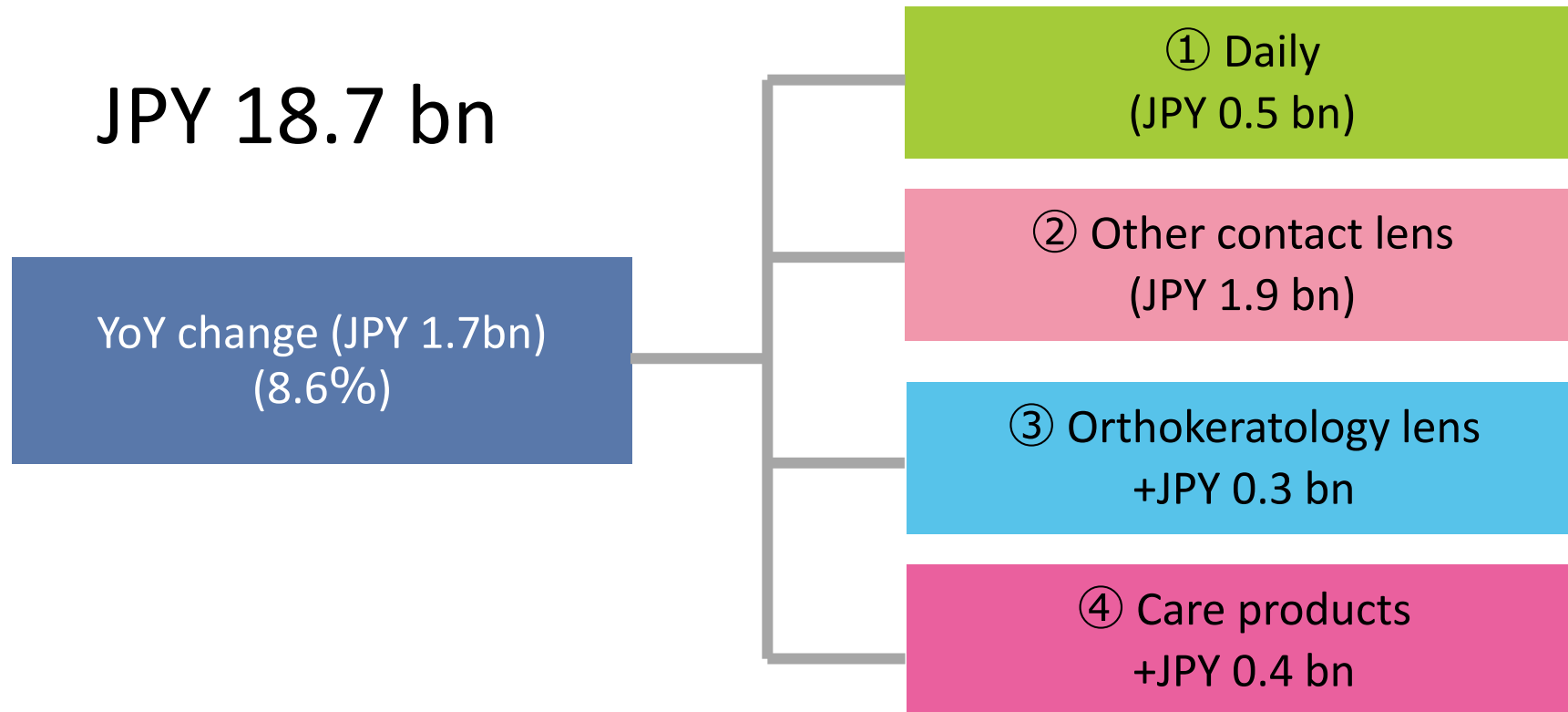


Net Sales break down

| Product and service | | JPY m | | |
|--------------------------|--------------------------------|---------------|---------------|------------|
| For the six months ended | | Sep. 30, 2019 | Sep. 30, 2020 | YoY change |
| Net sales | | 42,824 | 41,521 | (3.0%) |
| Product and service | Contact lens and Care products | 20,482 | 18,714 | (8.6%) |
| | MELS Plan | 21,250 | 21,795 | + 2.6% |
| | Other | 1,091 | 1,012 | (7.2%) |

Note: The amount of "Other" includes the amount of new businesses.

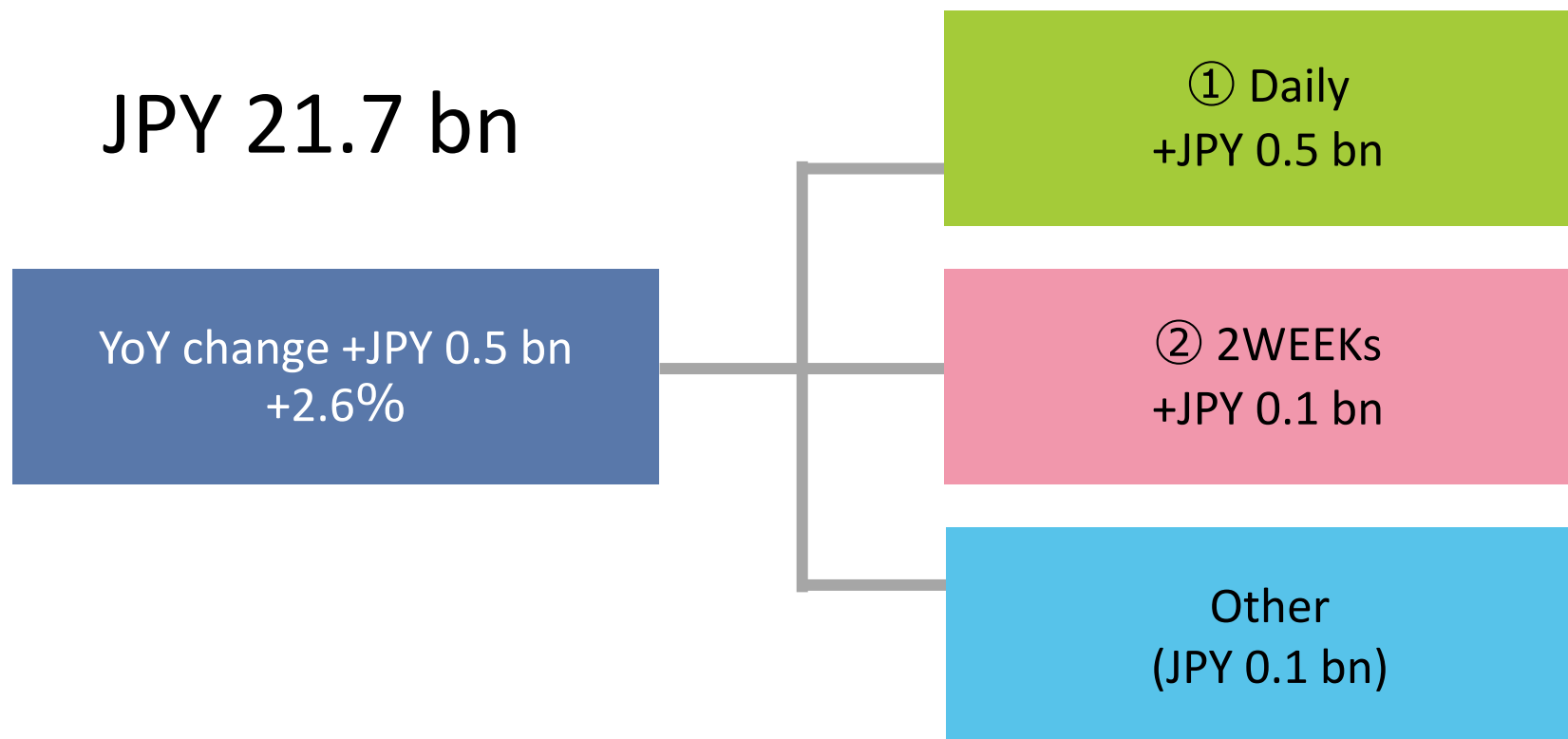
Contact lens and Care products



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 six months ended | Sep. 30, 2019 | Sep. 30, 2020 | |
|--------------------------|---------------|---------------|------------|
| | | | YoY change |
| Net Sales | 42,824 | 41,521 | (3.0%) |
| Japan | 37,156 | 34,731 | (6.5%) |
| Overseas Total | 5,668 | 6,790 | +19.8% |
| Europe | 3,074 | 3,439 | +11.9% |
| North America | 484 | 346 | (28.4%) |
| Asia ※ ₁ | 1,957 | 2,810 | +43.6% |
| Other ※ ₂ | 152 | 193 | +27.5% |

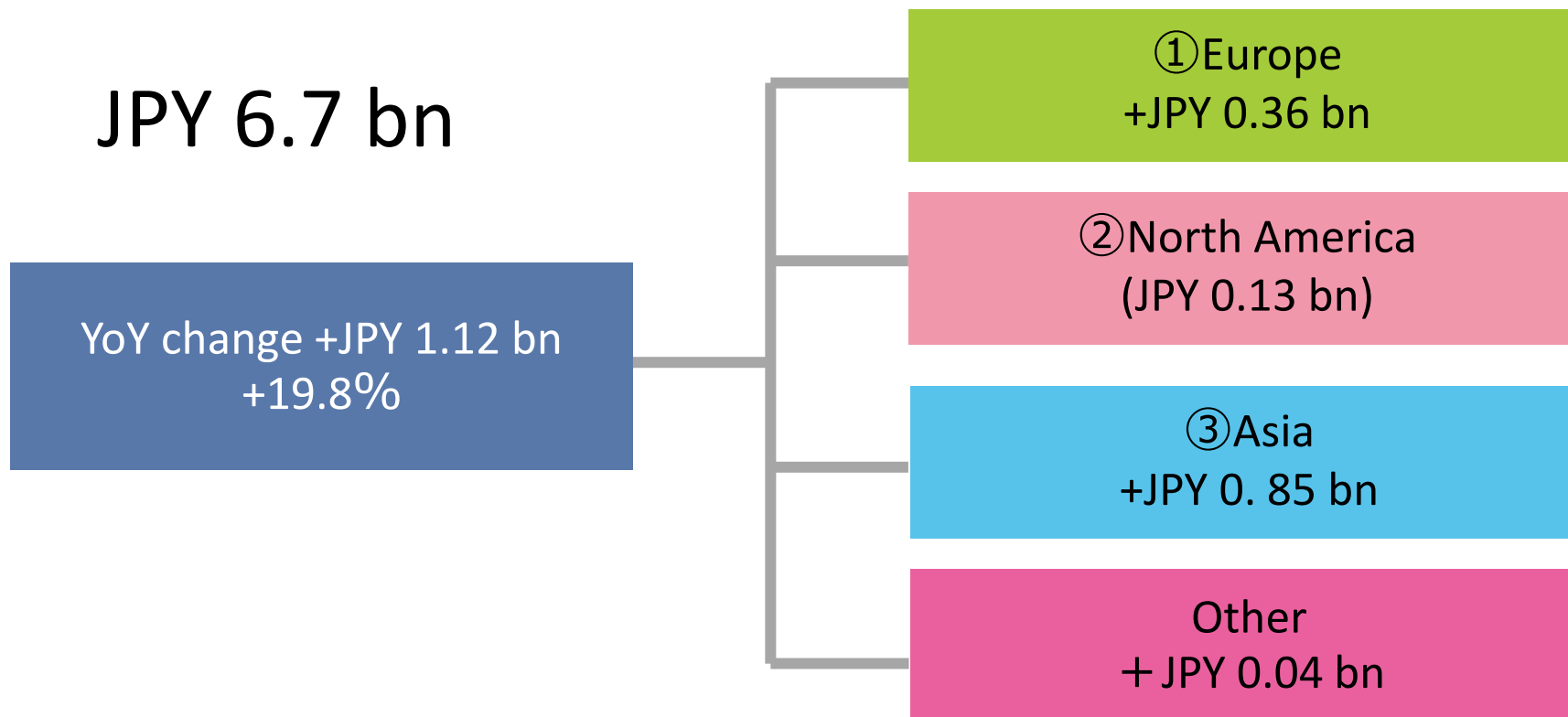
Average exchange rate JPY

| | Apr. 2019 - Sep. 2019 | Apr. 2020 - Sep. 2020 |
|-----|--------------------------|--------------------------|
| EUR | 120.91 | 121.66 |
| USD | 108.67 | 106.32 |

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

※ 2 "Other" includes Oceania and Africa etc.

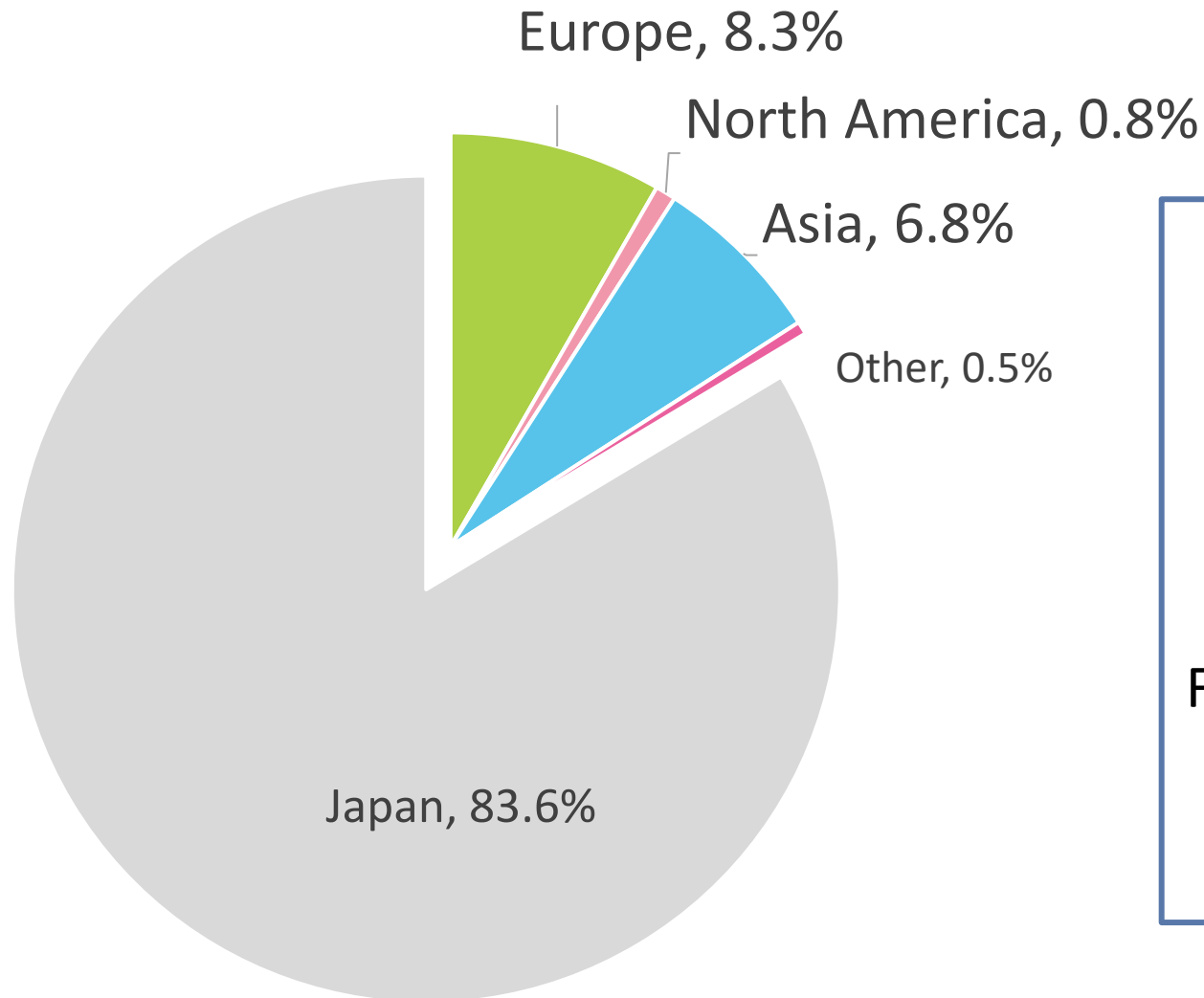
Overseas sales



Key reason

- ① Europe: The Group included SOLEKO S.p.A. in Italy.
- ② Sales decreased due to the COVID-19 outbreak.
- ③ Asia: Orthokeratology lenses and care products sales were robust.

Overseas sales ratio



Overseas sales ratio

For the six months ended Sep. 30, 2019

13.2%

⇓

For the six months ended Sep. 30, 2020

16.4%

Balance sheet

| | Mar. 31, 2020 | Sep. 30, 2020 | change |
|---------------------------------|---------------|---------------|---------------|
| Cash and deposits | 17,327 | 20,746 | +3,418 |
| Accounts receivables | 9,733 | 9,968 | +235 |
| Inventories | 12,930 | 14,556 | +1,626 |
| Other | 1,730 | 1,811 | +81 |
| Total current assets | 41,722 | 47,083 | +5,361 |
| Property, plant & equipment | 34,672 | 37,057 | +2,385※ |
| Intangible assets | 7,064 | 6,614 | (449) |
| Investments and other assets | 3,826 | 3,857 | +30 |
| Total non-current assets | 45,564 | 47,529 | +1,965 |
| Total assets | 87,286 | 94,613 | +7,326 |

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

| | |
|-------------------|--------|
| Capital ratio | 59.0% |
| Cash and deposits | 20,746 |
| Total debt | 21,135 |

Sep. 30, 2020

| | Mar. 31, 2020 | Sep. 30, 2020 | change |
|--------------------------------------|---------------|---------------|----------------|
| Notes and accounts payable - trade | 4,373 | 4,119 | (253) |
| Short-term debt | 4,060 | 3,796 | (264) |
| Accounts payable | 4,583 | 4,139 | (443) |
| Other | 8,733 | 6,663 | (2,070) |
| Total current liabilities | 21,751 | 18,718 | (3,032) |
| Long-term debt | 9,368 | 17,339 | +7,970※ |
| Long-term Accounts payable | 1,485 | 1,419 | (65) |
| Other | 1,160 | 1,136 | (24) |
| Total non-current liabilities | 12,014 | 19,894 | +7,879 |
| Total liabilities | 33,765 | 38,613 | +4,847 |
| Total net assets | 53,520 | 55,999 | +2,478 |

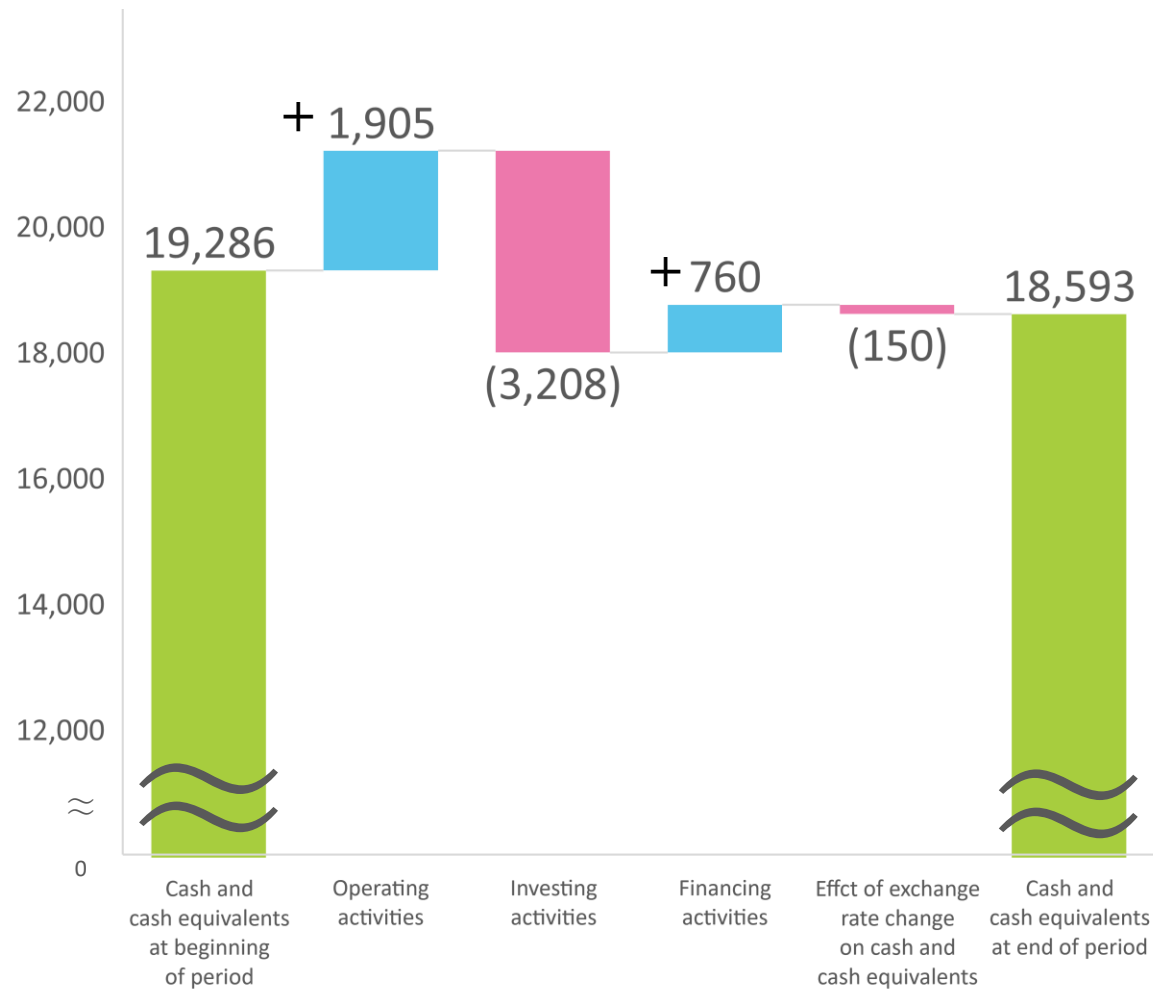
JPY m

※Capital investment and working capital etc.

Cash Flows

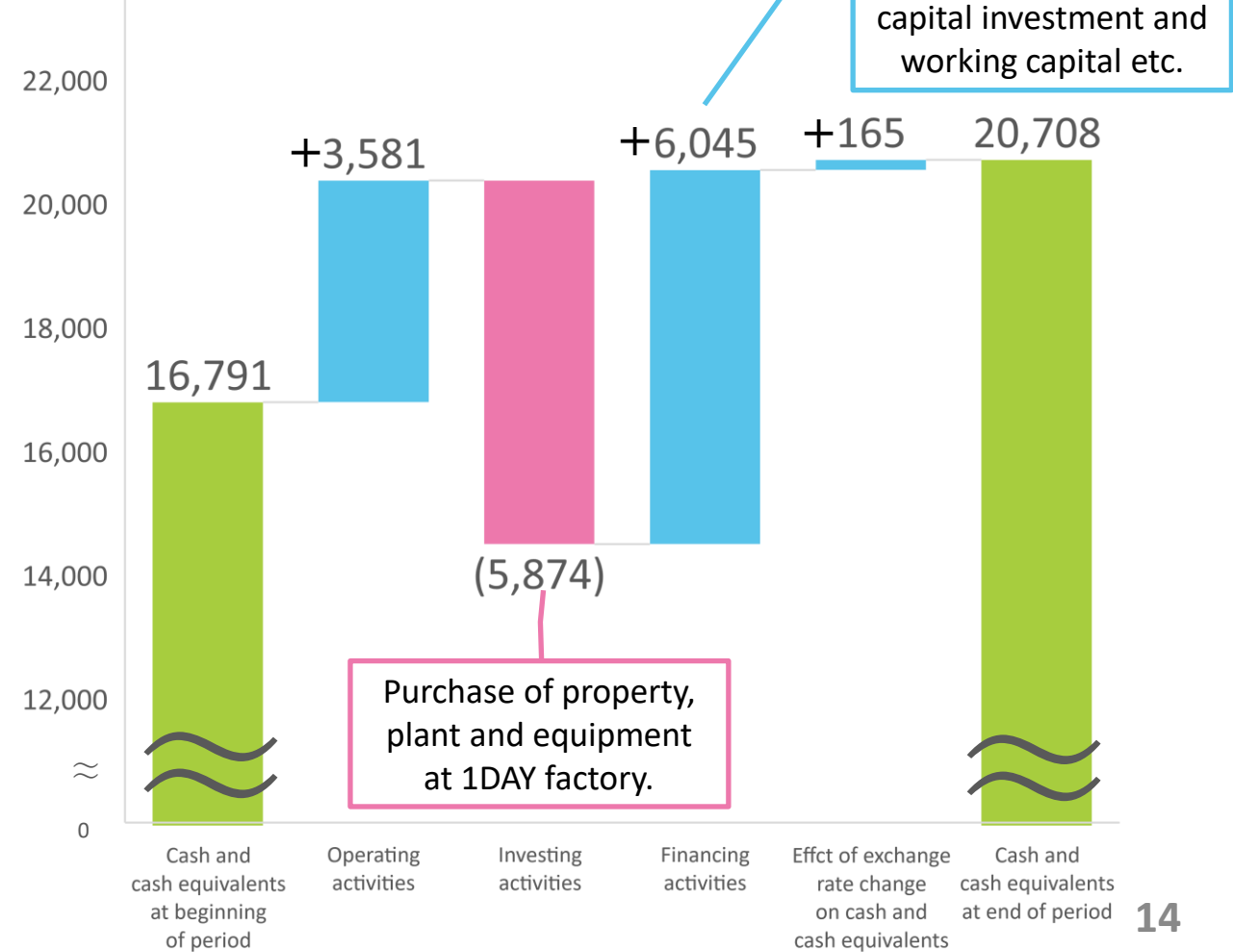
For the six months ended Sep. 30, 2019

JPY m



For the six months ended Sep. 30, 2020

JPY m



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 ⇒ 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 the future business expansion.



Consolidated financial forecasts

JPY m

| | Fiscal year ended Mar. 31, 2020 | | For the six months ended Sep. 30, 2020 | | Fiscal year ended Mar. 31, 2021 Forecast | | vs Plan |
|--|------------------------------------|---|--|---|--|--|---------|
| Net sales | 84,519 | | 41,521 | | 84,839 | | 48.9% |
| Cost of sales ratio | 46.5% | | 46.7% | | 46.5% | | --- |
| Gross profit | 45,227 | ⇒ | 22,116 | ⇒ | 45,427 | | 48.7% |
| Operating profit | 7,033 | | 4,497 | | 6,838 | | 65.8% |
| OP margin | 8.3% | | 10.8% | | 8.1% | | --- |
| Profit attributable to owners of parent | 4,060 | | 3,196 | | 4,256 | | 75.1% |

Consolidated financial results are on track to the forecast.

In the second half of the year, expenses are expected to be incurred for the sales expansion of the daily disposable contact lenses category and for strengthening sales promotion efforts aimed at increasing the number of MELS Plan memberships.

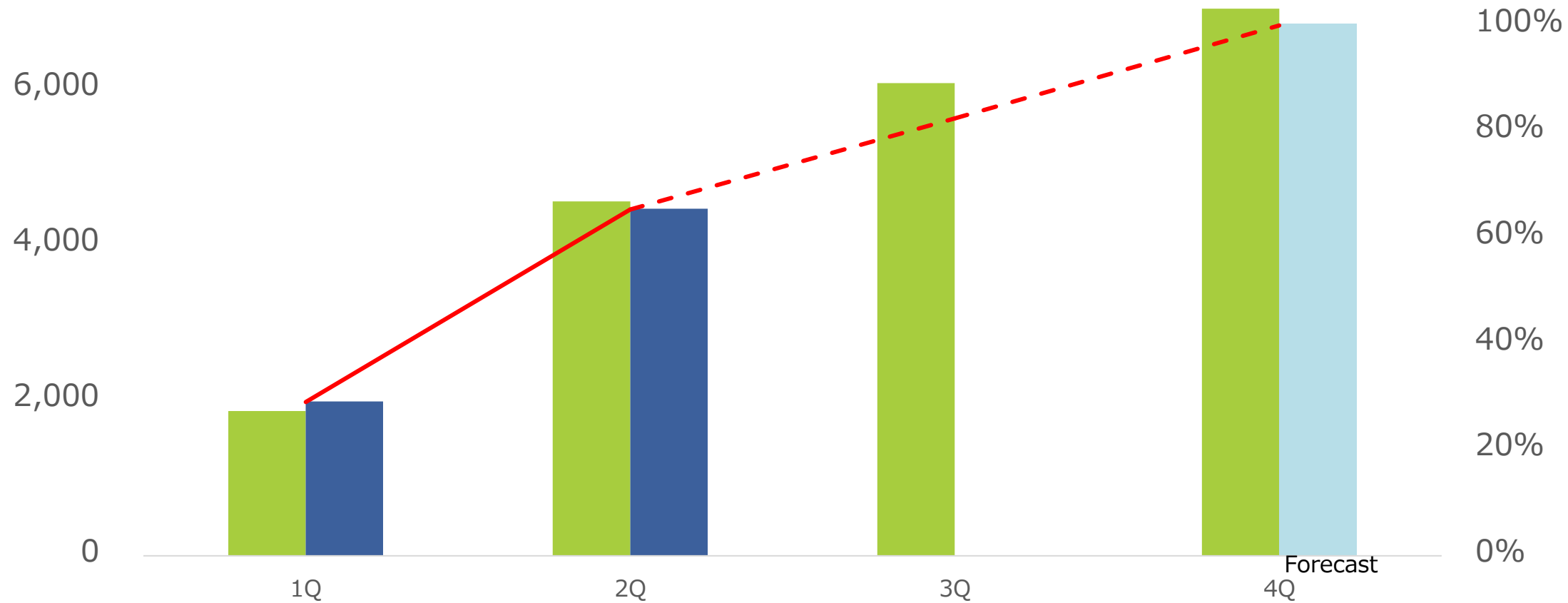


Operating profit vs Plan

✓ Operating profit is on track.

Operating profit
JPY m

vs Plan

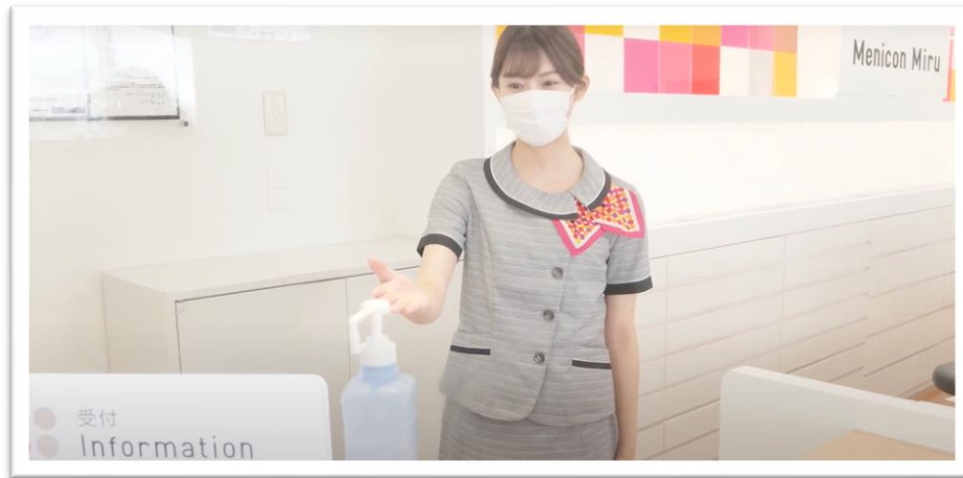


■ 2020/3 Operating Profit
 ■ 2021/3 Operating Profit2
 - - - ● 2021/3 vs Plan

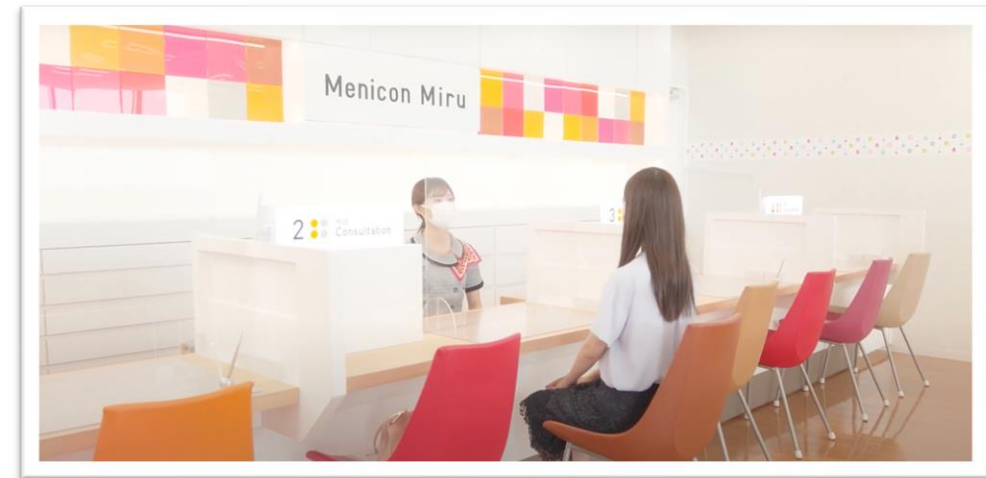
Infection prevention measures

- ✓ The Group implemented a variety of measures to prevent the spread of infection.

For example



Alcohol sprayers for disinfection / wearing masks



Acrylic boards were installed at shop counters to prevent aerosolized spread.

- ✓ The Group pushed forward with efforts to create a shop environment that allows customers to feel safe.

MELS Plan

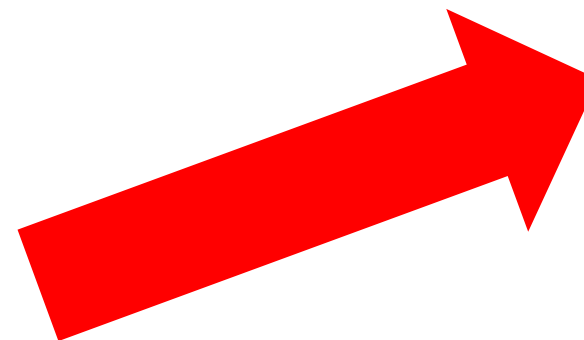
- ✓ The delivery service utilization ratio is increasing.



This is a service that regularly delivers disposable contact lenses for MELS Plan members.

MELS Delivery service “Mutan” utilization ratio

Mar. 31, 2019 ⇒ Sep. 30, 2020



+20% UP

This is the ratio of “Mutan” utilizer among disposable contact lens users in MELS Plan.

Strengthen domestic sales channels

✓ We strengthened the sales channel in the Kansai area.

ハマノコンタクト

Hamano Contact
 Kansai area : 3 shops
 Establishment: 1957

As a pioneer of contact lens specialty stores, it has contributed to the penetration of contact lenses for many years.
 Joined the group from October.



Menicon Miru Miru⁺
51 shops



Ace Contact
82 shops



City Contact
Kyushu and Chugoku area : 20 shops

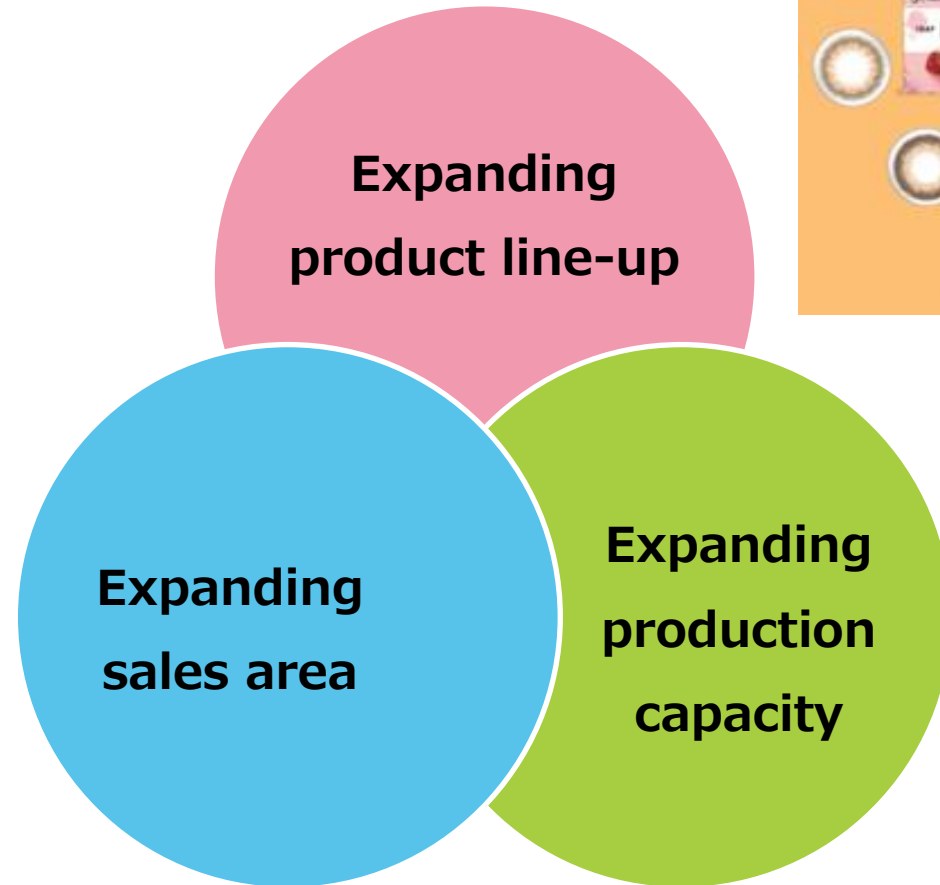


Fuji Contact
Kanto area : 14 shops

Daily disposable contact lens

✓ Continuing sales expansion strategy of Daily disposable contact lens

- Promoting market penetration in Europe and the USA.
- Expansion of supplying daily disposable contact lenses as private-brand products.
- Launch of daily disposable color contact Lens in China.



Daily disposable color contact Lens "1DAY FRUTTIE" launch



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

Daily disposable contact lens

✓ Color contact Lens “1DAY FRUTTIE”

From Sep. 2020 “1DAY FRUTTIE” was marketed in Japan.
We emphasized “large eyes” that fit naturally.



Sweet Berry



Bright Orange



Glossy Cherry

From Oct. 2020 It was also launched in the continental region of China.
For the colors exclusive to China, we have added a lineup that creates
“more gorgeous eyes”.



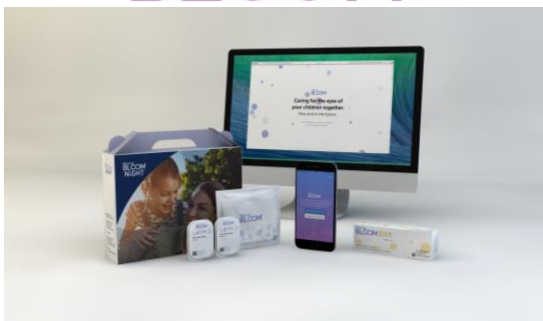
Orthokeratology lens

✓ Strengthen the orthokeratology lens business globally.

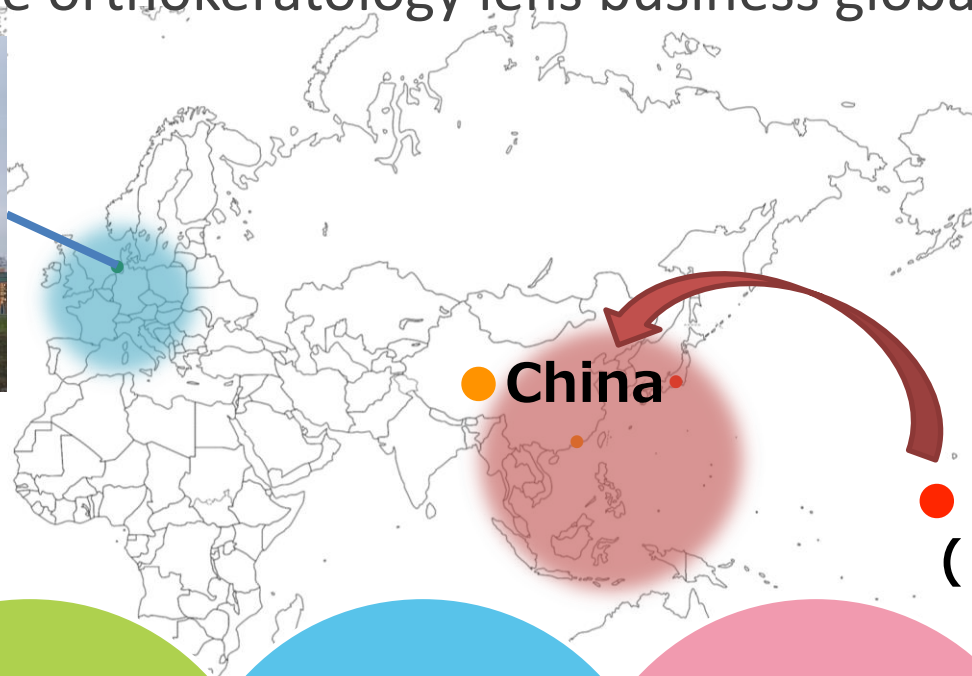


● **Netherlands**
(Menicon B.V.)

Menicon
BLOOM™



For suppressing the progression of myopia system "Menicon Bloom"

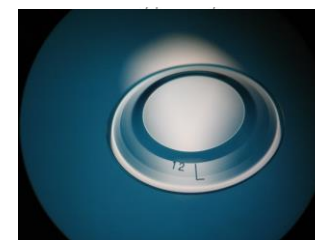


● **China**

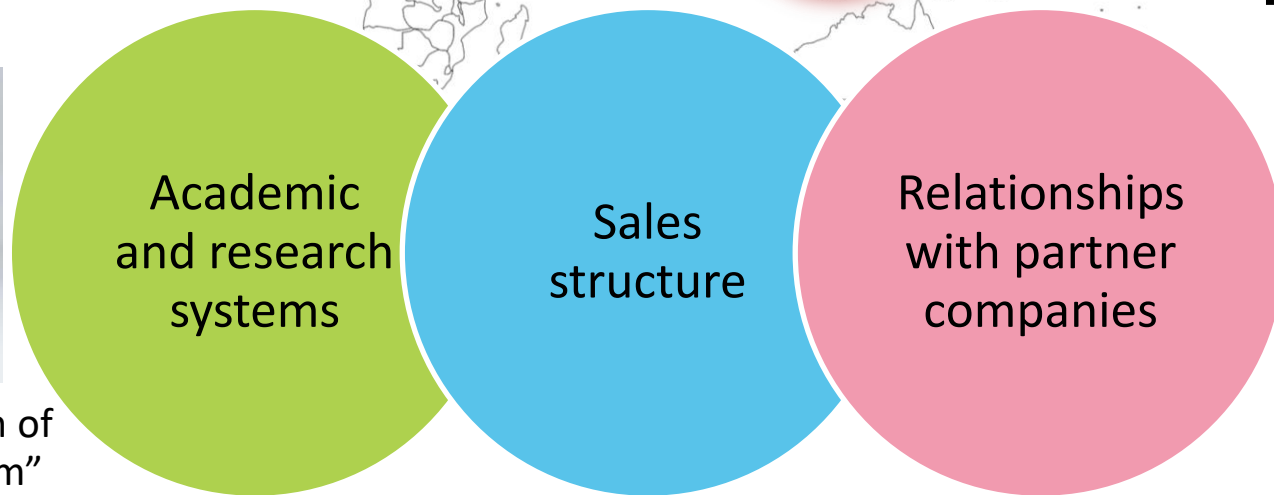


● **Japan**
(Alpha corporation)

α ORTHO-K®



Orthokeratology lens
"α Ortho-K"



Human Resource

✓ Creating a better work environment that makes the most of human resources

Promoting telework



A telework policy was settled.

The new work style that makes it easier to work and increase productivity by telework was promoted, not just as an infection prevention measure.

Renovation of R&D center



A free-address office system introduced at the R&D center, an R&D base of the company.

This is one of the actions which implements "Smart Creation," to shift to a smarter and more creative work style and operations.

Online president meeting



A president meeting was held connecting online between sales all over Japan and the head office.

An opportunity to share the president's ideas and exchange opinions was created.

Sustainability

✓ Continuing to support areas related to the business

Donation for the protection of ibises



Right: Mr. Tomomichi Yonezawa, Deputy Governor of Niigata pref. A part of the sales of products in the environmental and bioscience business and the shareholder benefit were donated together. It will be used to protect the natural environment for the ibis.

Donation for the animal welfare committee



Enjin 01

“The animal welfare committee”
The shareholder benefit were donated.
It will be used for activities to prevent being culled dogs and cats and educational activities for animal welfare.

Menicon Cup

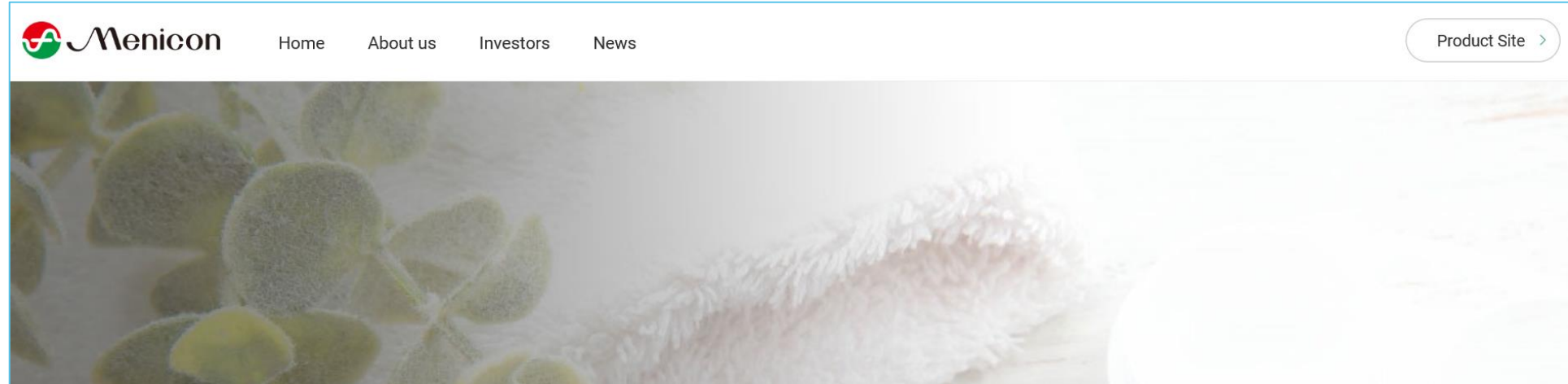


Japan club youth soccer (U-15)

A special program of the Menicon Cup, which has been a special sponsor for 25 years, was broadcasted.

Menicon's Communication Channels

Overall : Corporate Website <https://www.menicon.com/corporate/>



Digest version : Integrated Report



Financial Information : Consolidated Financial Results report, Presentation Material, Securities report, IR site

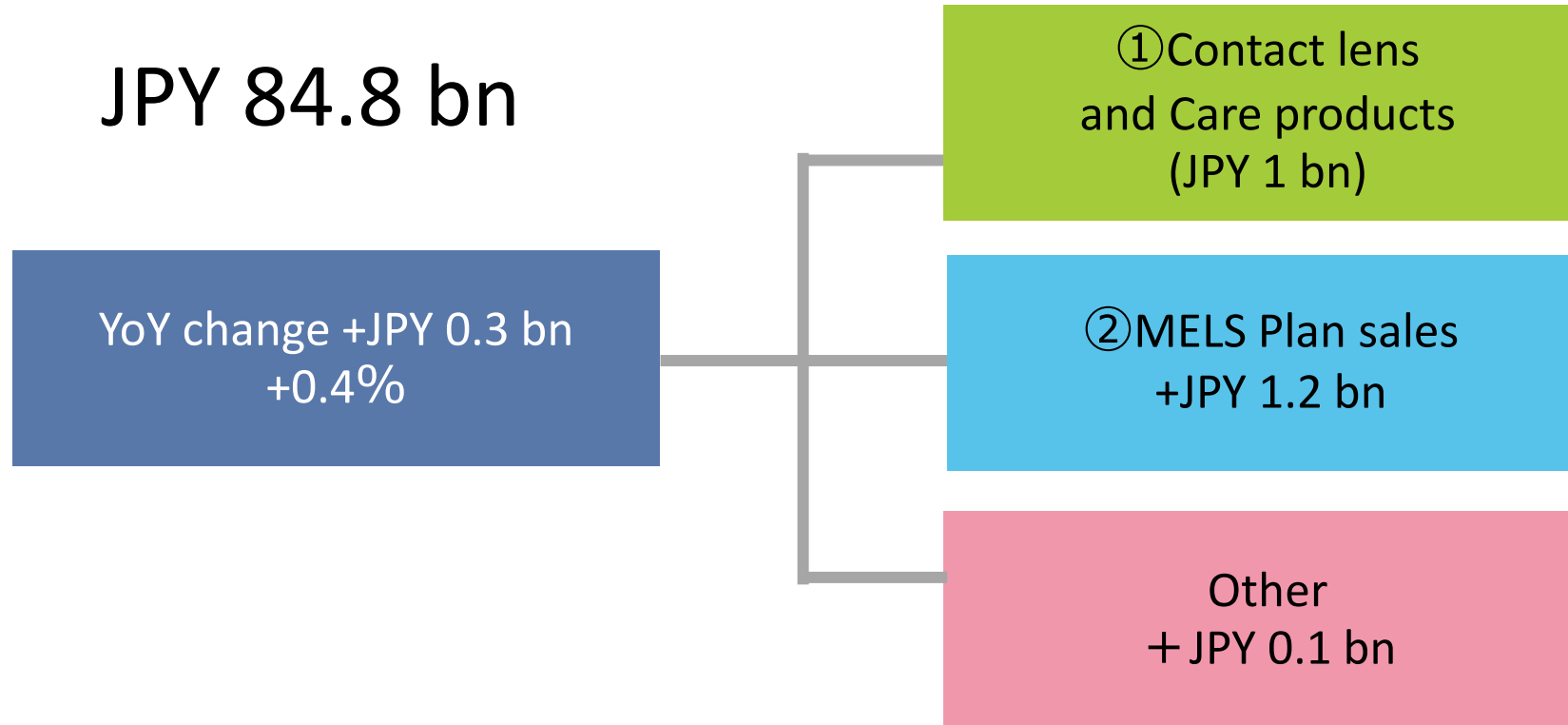
Non-financial Information : CSR report, Internet radio "Menicon Radio"
Japanese version only



Forecast Summary

| Fiscal year ended | Mar. 31, 2020 | | Mar. 31, 2021 Forecast | Change | YoY Change | JPY m |
|---|---------------|---|---------------------------|-----------|------------|-------|
| Net sales | 84,519 | | 84,839 | +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 | --- | |
| Operating profit | 7,033 | | 6,838 | (194) | (2.8%) | |
| OP margin | 8.3% | | 8.1% | (0.2pt) | --- | |
| Ordinary profit | 6,554 | | 6,821 | +266 | +4.1% | |
| Profit attributable to owners of parent | 4,060 | | 4,256 | +195 | +4.8% | |
| Basic earnings per share | JPY 112.25 | | JPY 112.76 | +JPY 0.51 | --- | |

Net sales



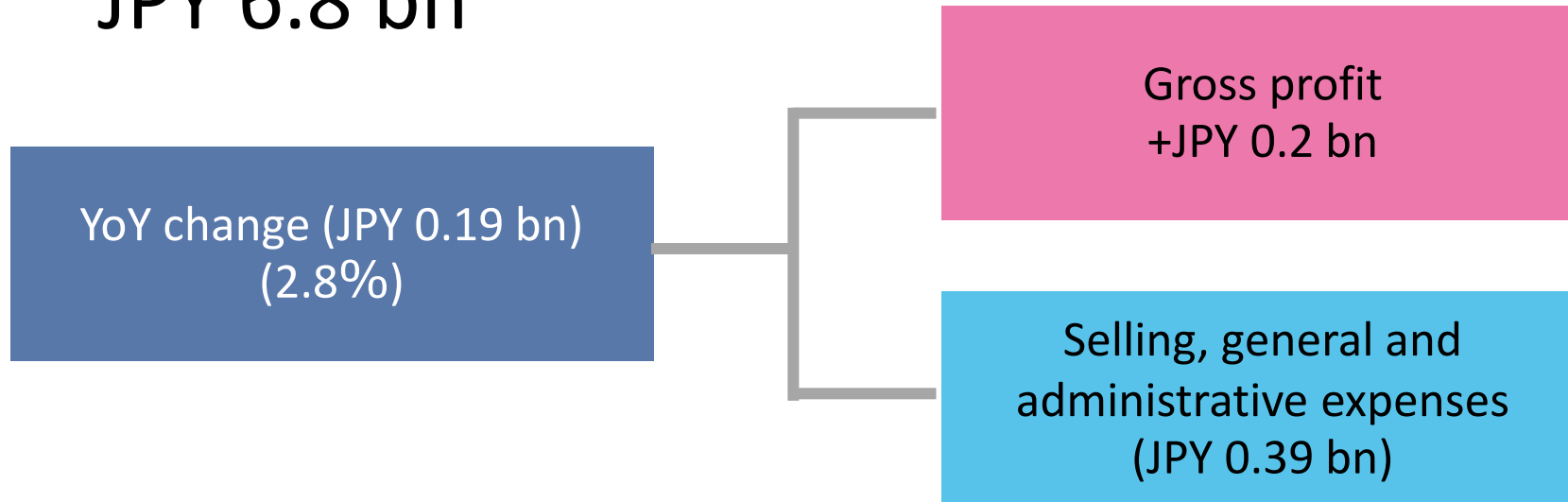
Key reason

- 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

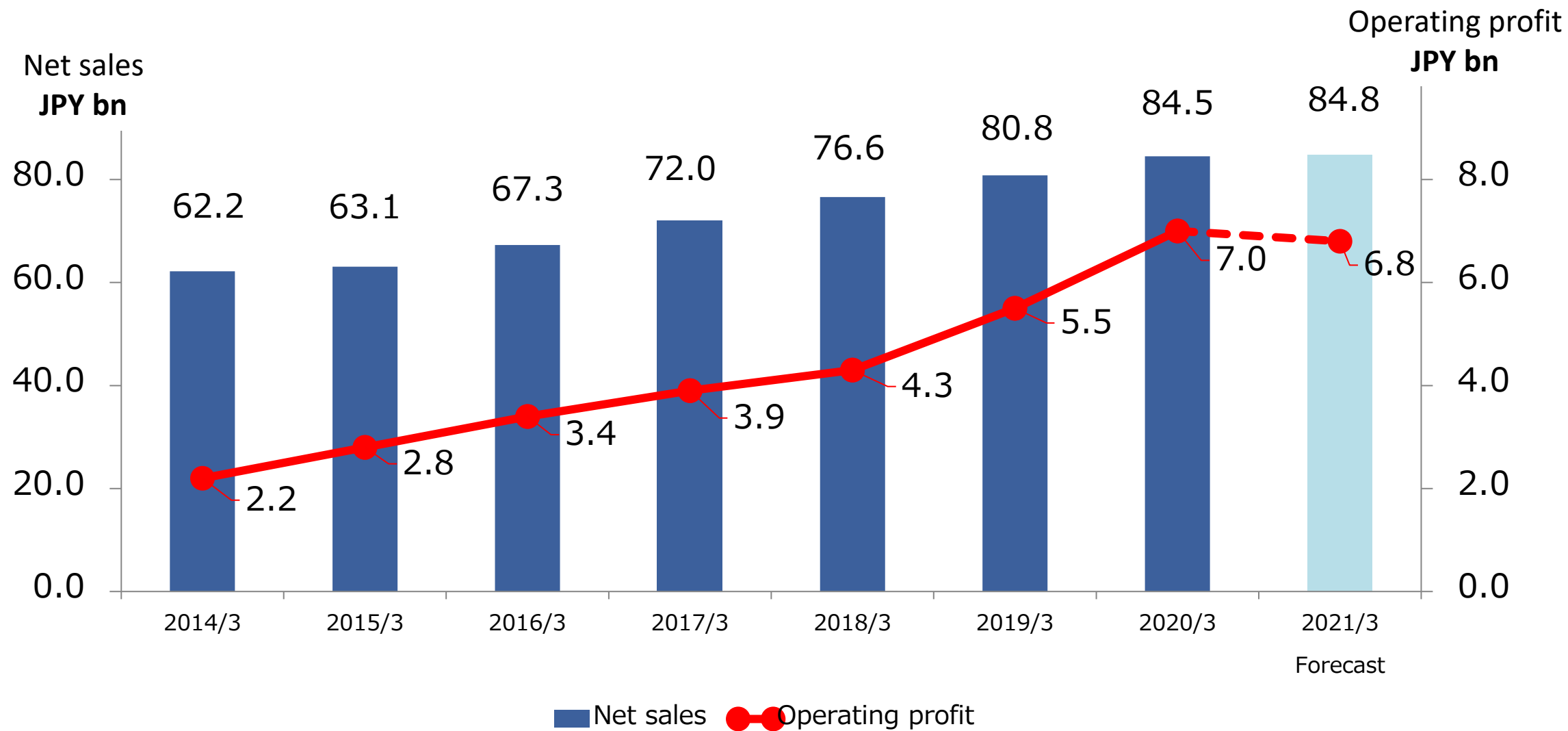


Key reason

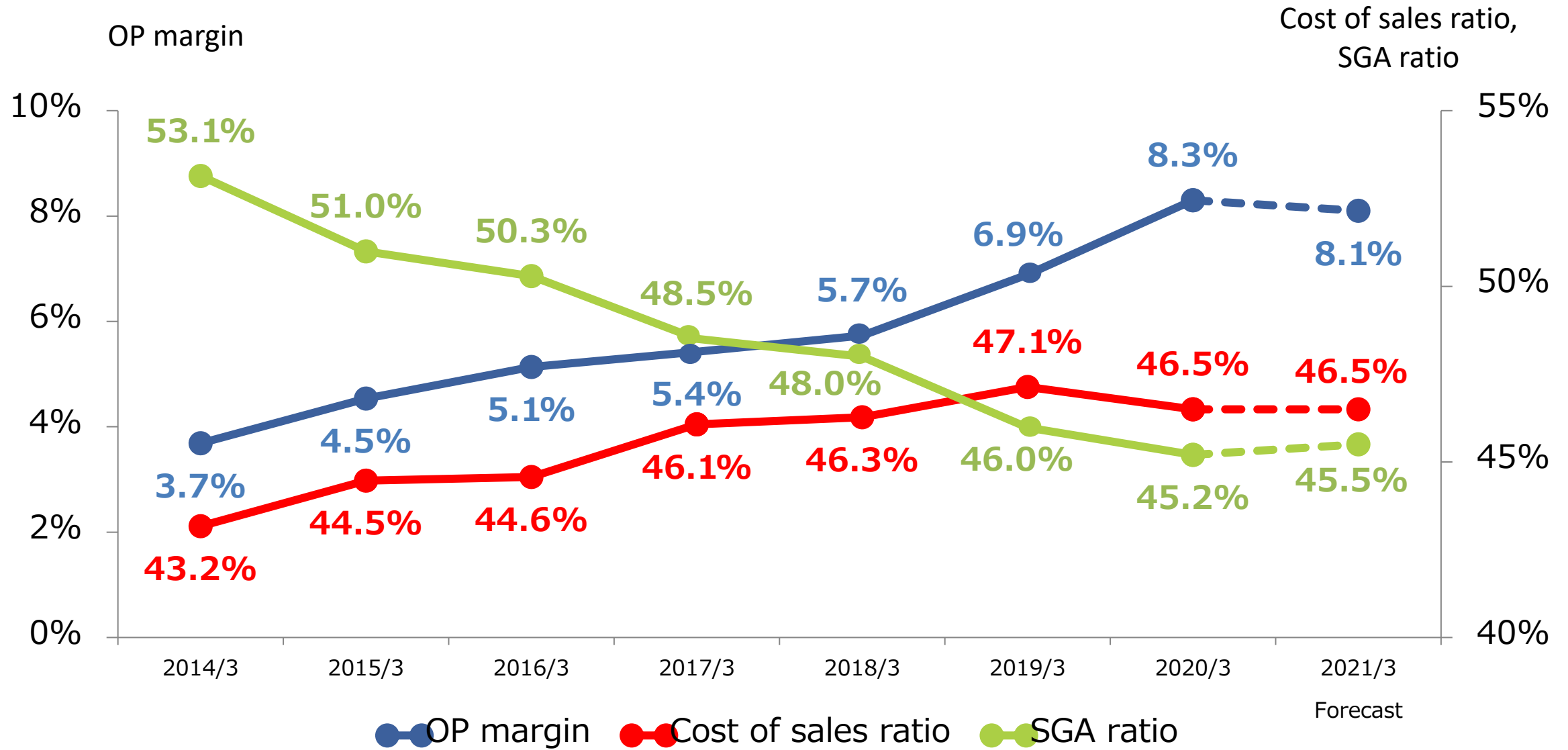
We expect that gross profit will be similar to the previous year.
In the second half, we will engage in business activities aimed at the future business expansion.



Annual Sales and Operating Profit

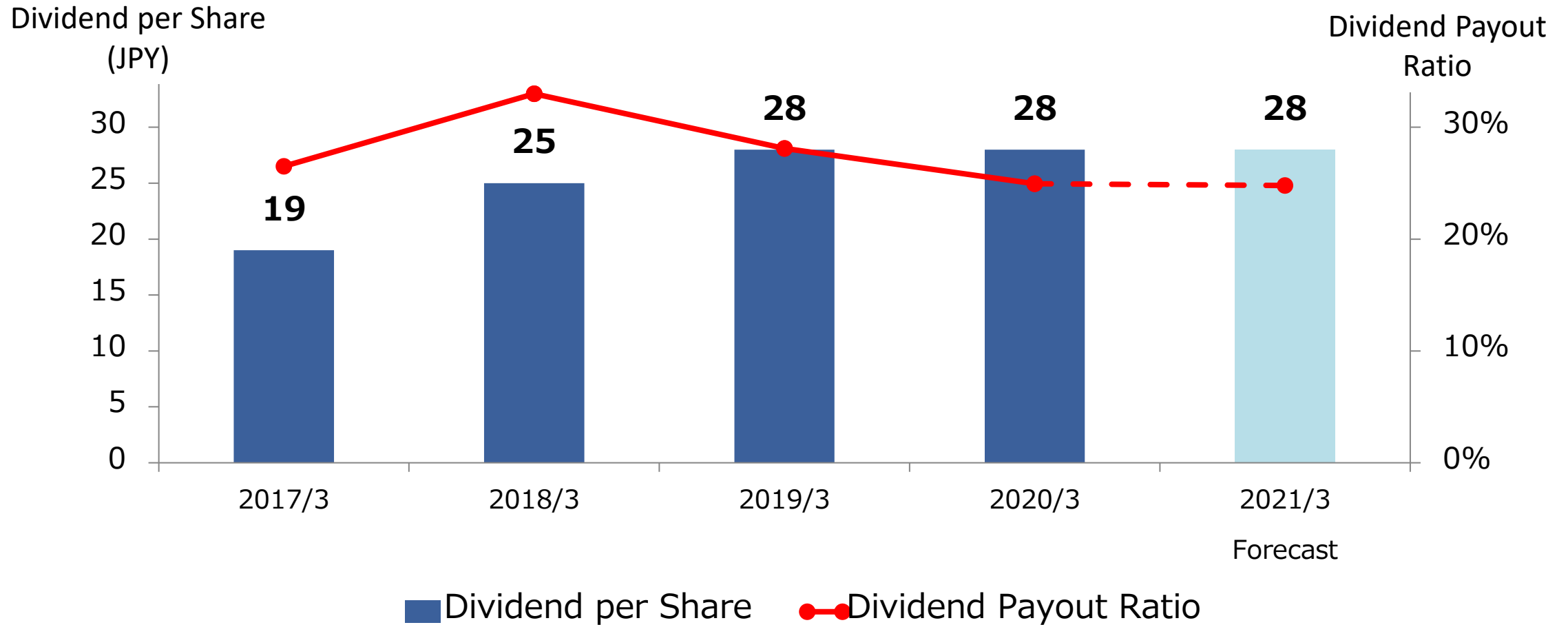


OP margin/Cost of sales ratio/SGA ratio



Shareholder Return

✓ Forecast a dividend payment of JPY 28 per share



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

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.

Menicon Co., Ltd.
Finance & Investor Relations Dept.
E-mail: menicon-ir@menicon.co.jp
www.menicon.com/corporate/ir/