

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



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

Comments on Financial Results

✓ Demand :

Robust demand for contact lenses due to daily necessities.

✓ 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

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%

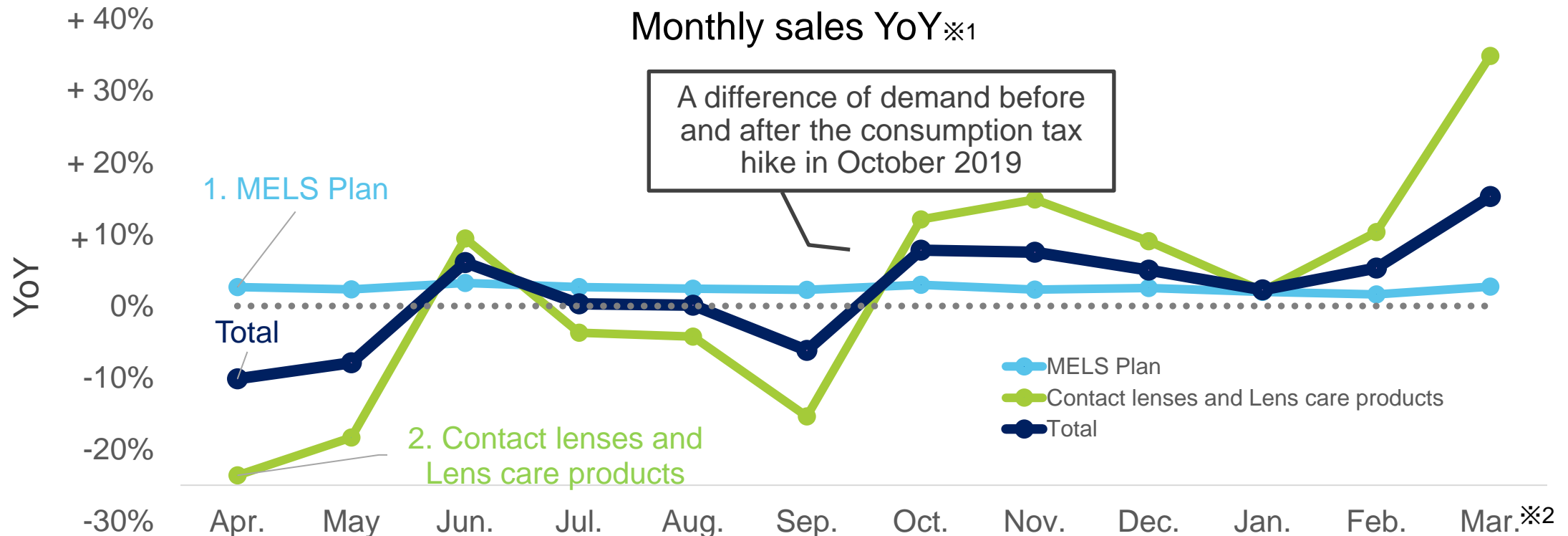
Operating profit YoY **+ JPY 1.07 bn / +15.3%**

✓ Lowered SGA ratio by improving efficiency in business

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

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 : $(\text{Monthly sales FY2020} \div \text{Monthly sales FY2019} - 1) \times 100 (\%)$

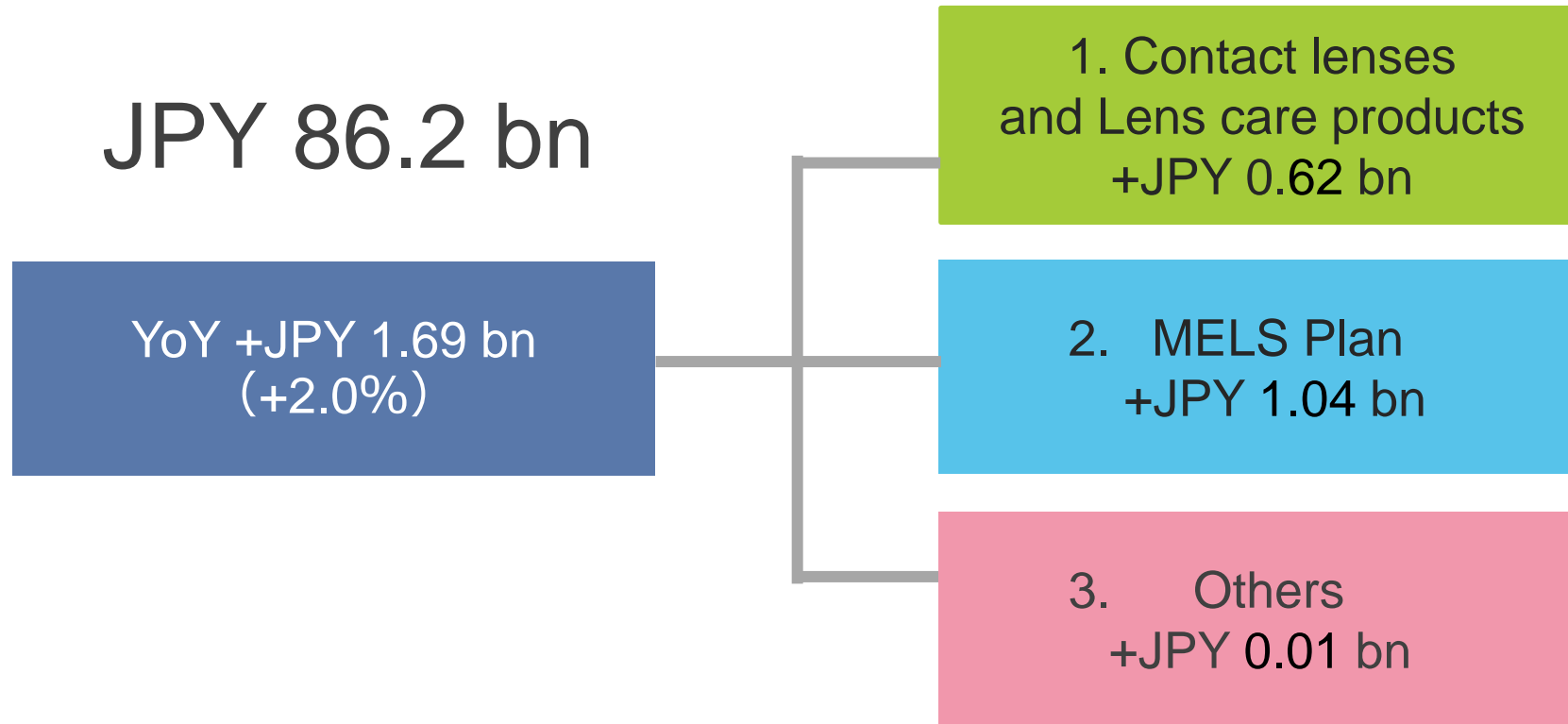
※2 Monthly sales of "Contact lenses and Lens care products" includes increased sales of SOLEKO S.p.A (subsidiary in Italy) with change in accounting period

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 | --- |

Net Sales



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

Net Sales Details - 1

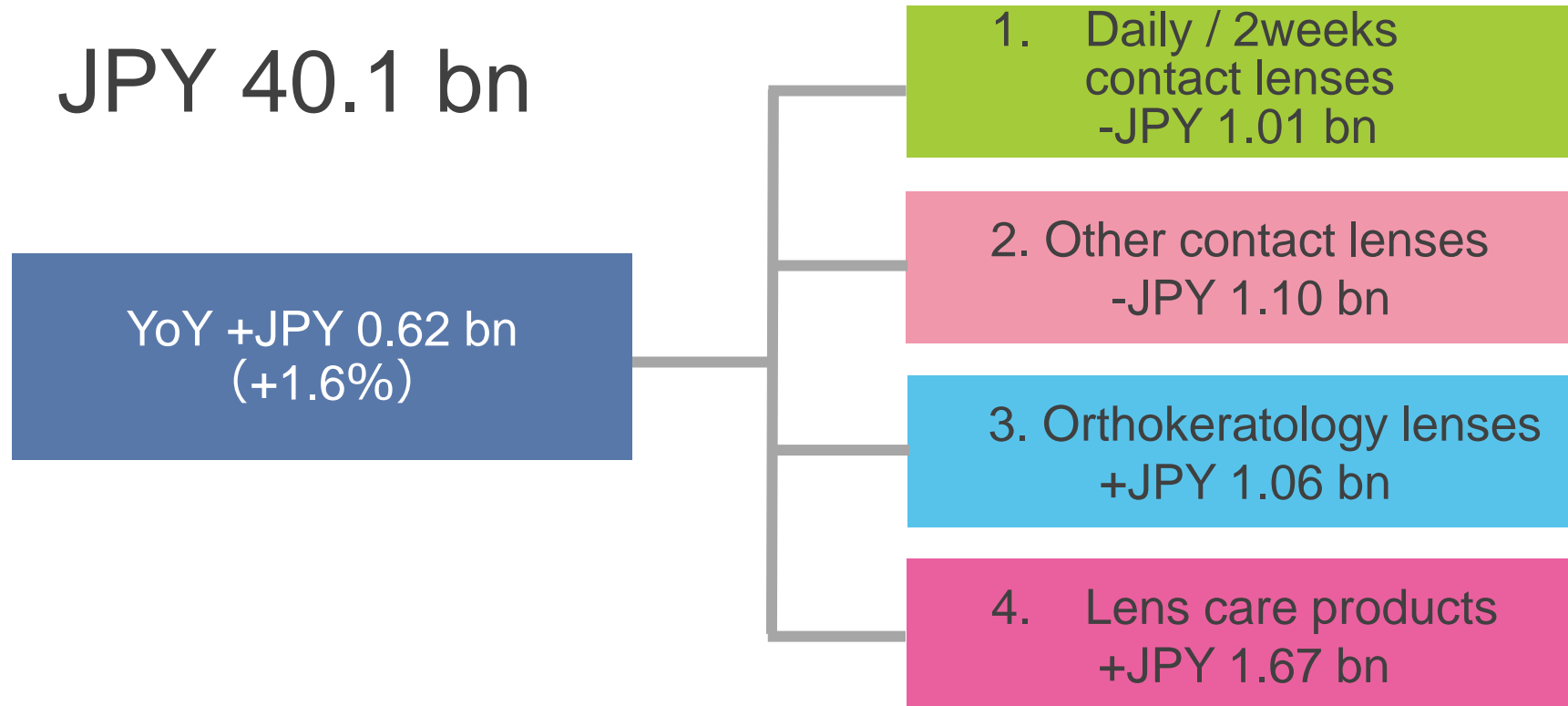
Products and services

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.

Contact Lenses and Lens Care Products Sales



Key factors

1, 2 : Decreased sales due to COVID-19

3, 4 : Steady sales growth in China

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

Net Sales Details - 2

Products and Services / Geographical

JPY m

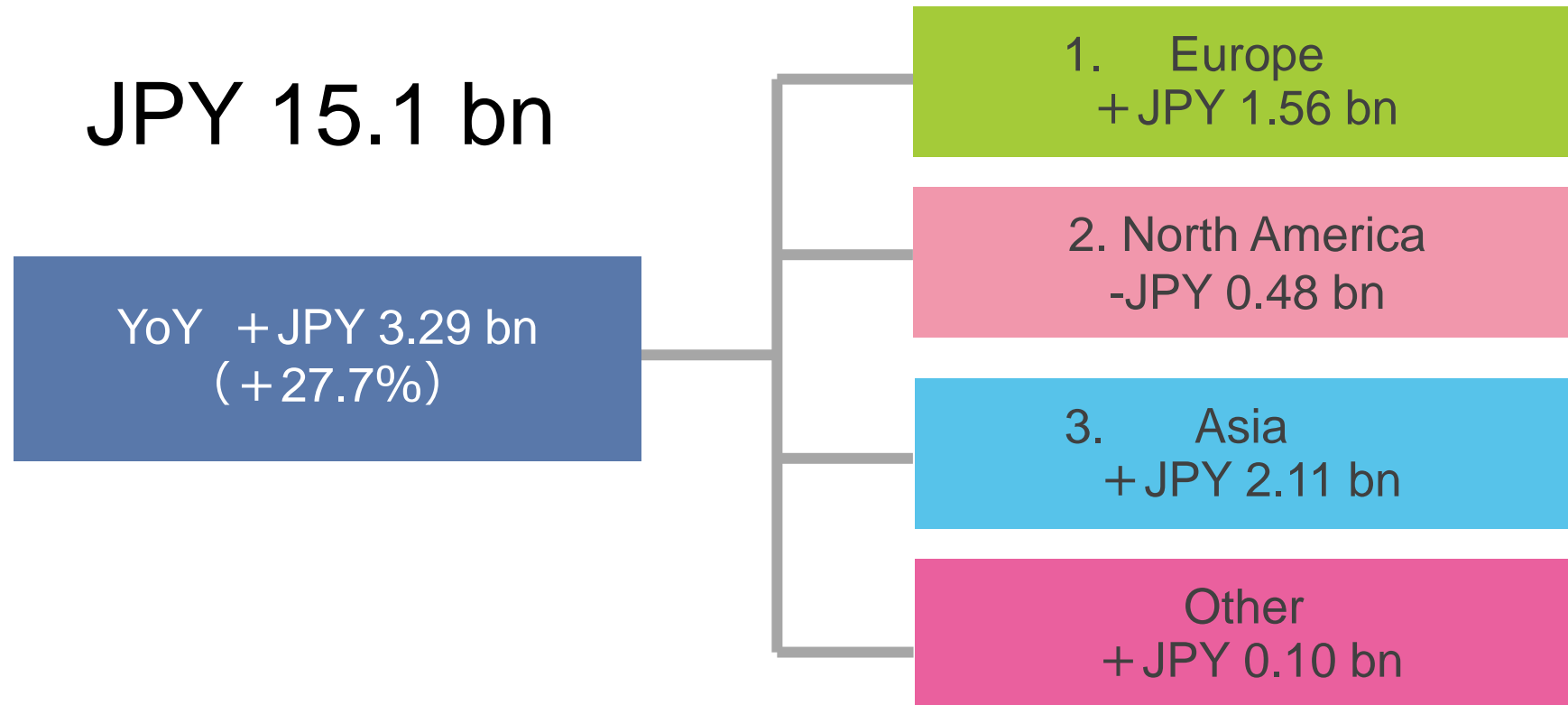
| | | FY2019 | FY2020 | Different | YoY |
|--|---|--------|--------|-----------|--------|
| | Net sales | 84,519 | 86,209 | +1,690 | +2.0% |
| | Total Japan sales | 72,622 | 71,015 | -1,607 | -2.2% |
| | MELS Plan | 42,806 | 43,850 | +1,044 | +2.4% |
| | Contact lenses and Lens care products / Other | 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.

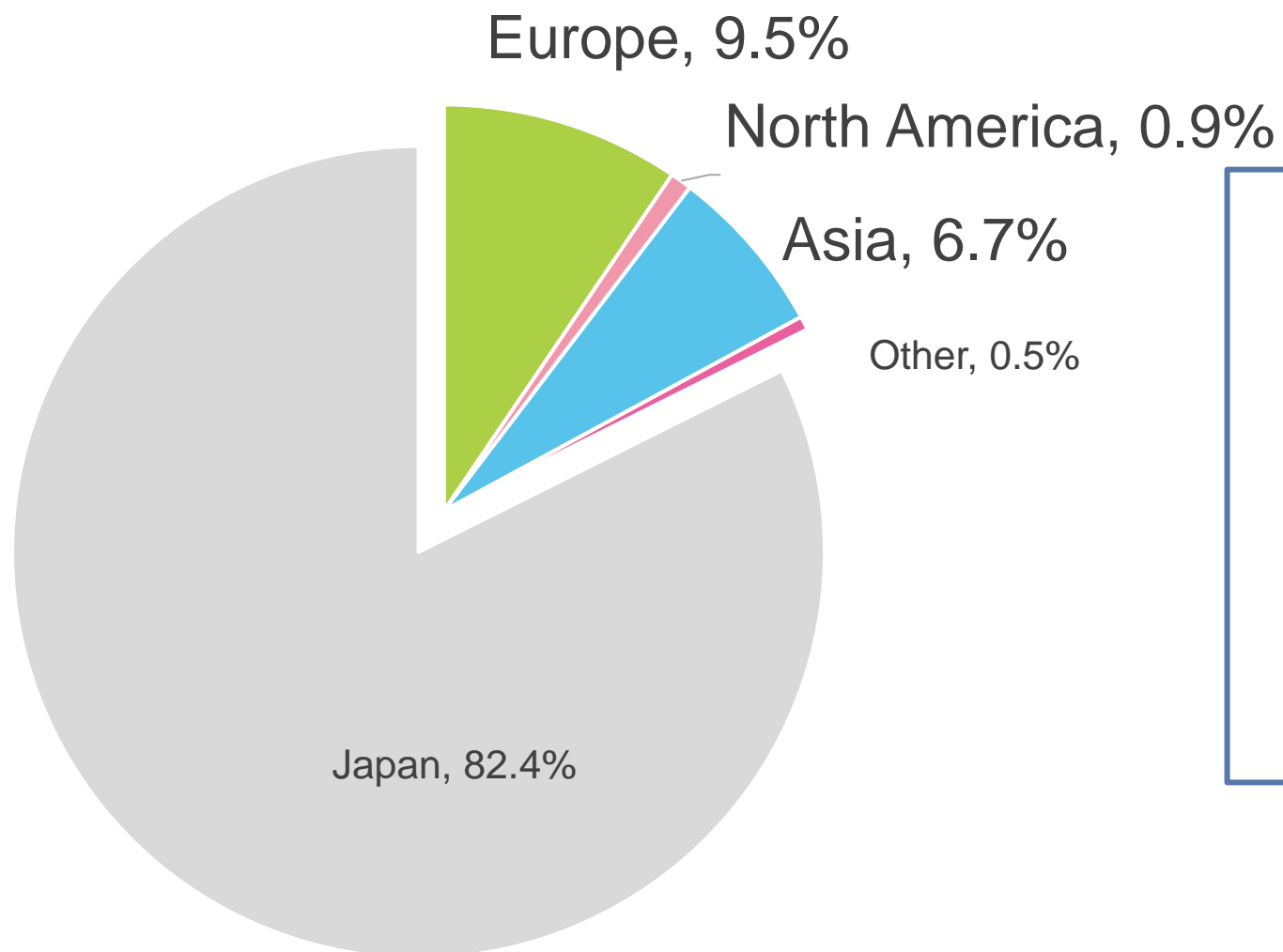
Overseas Sales



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

Overseas Sales Ratio



Overseas sales ratio

FY2019

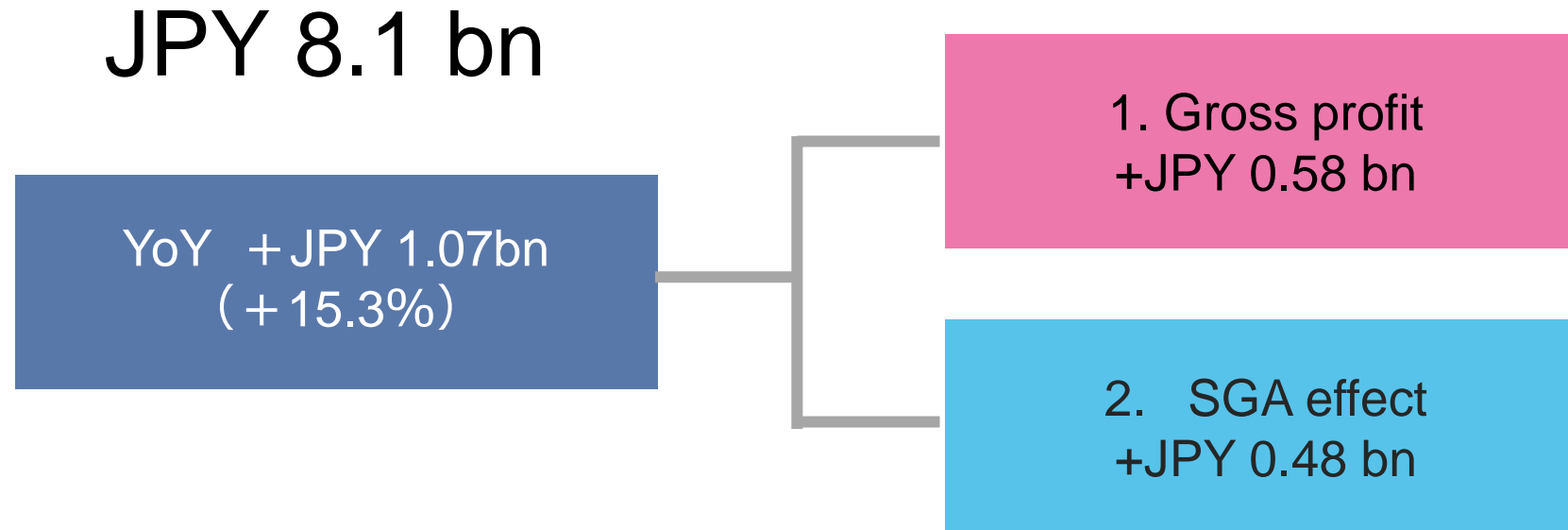
14.1%

↓ +3.5%

FY2020

17.6%

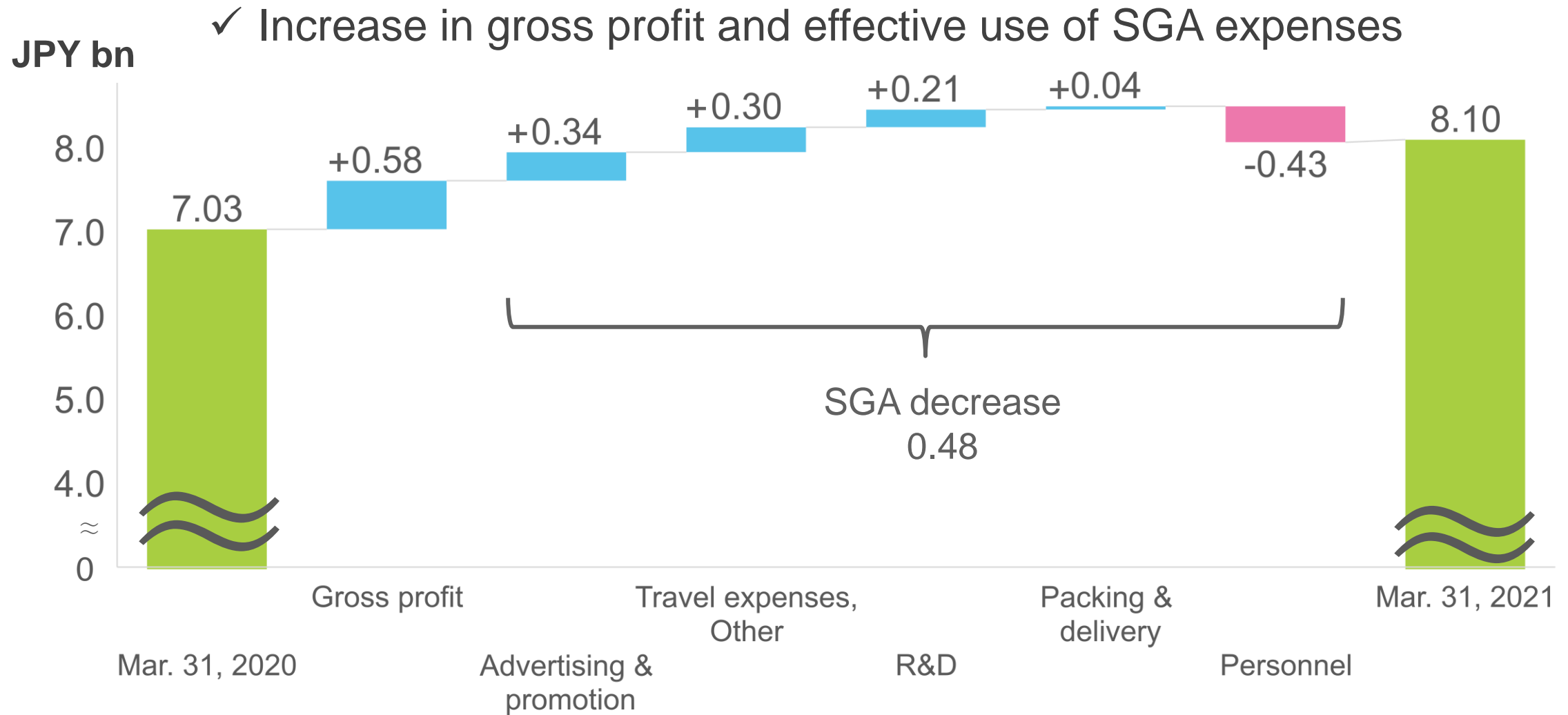
Operating Profit



Key factors

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

Operating Profit Details



Summary Balance Sheet

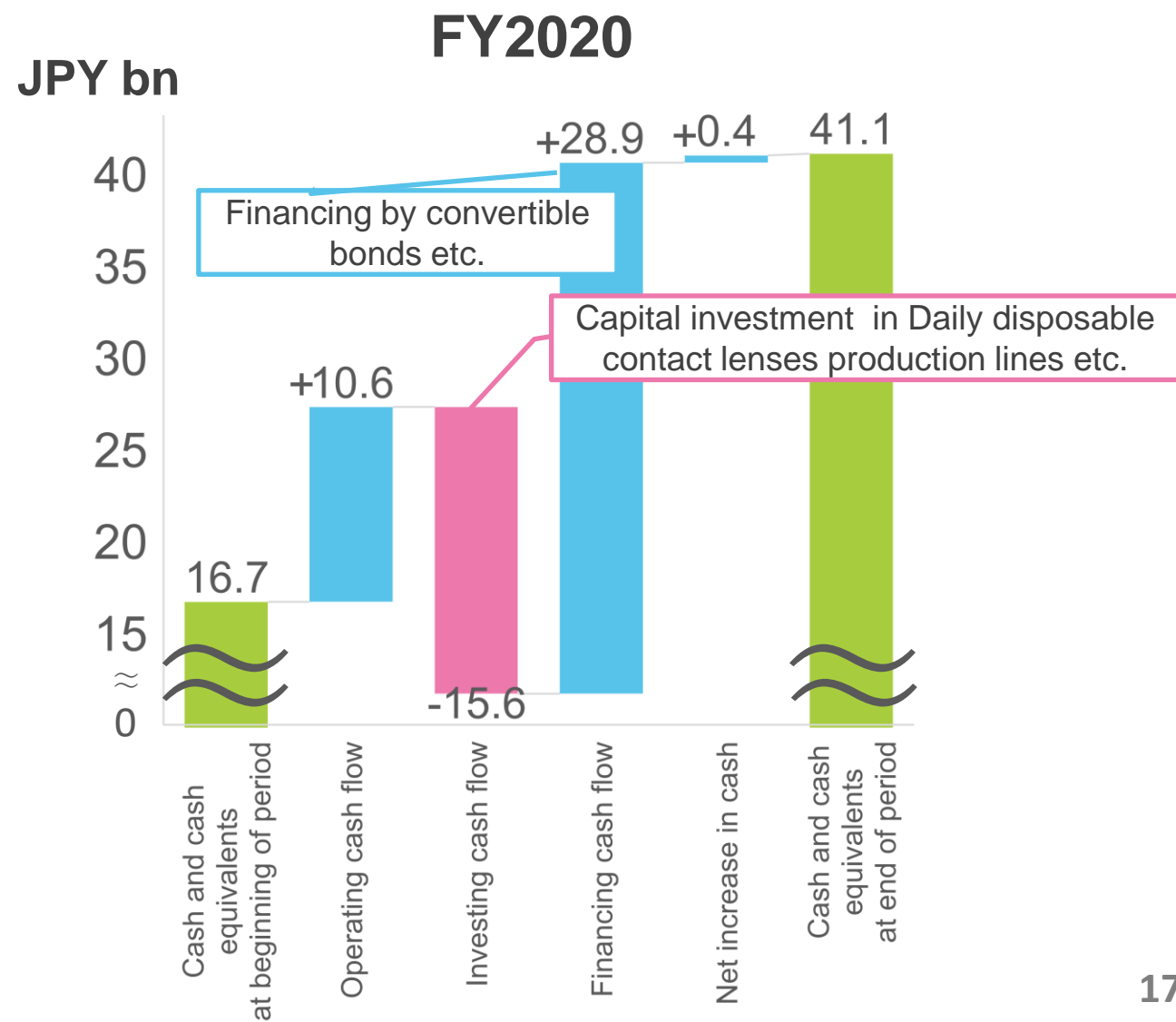
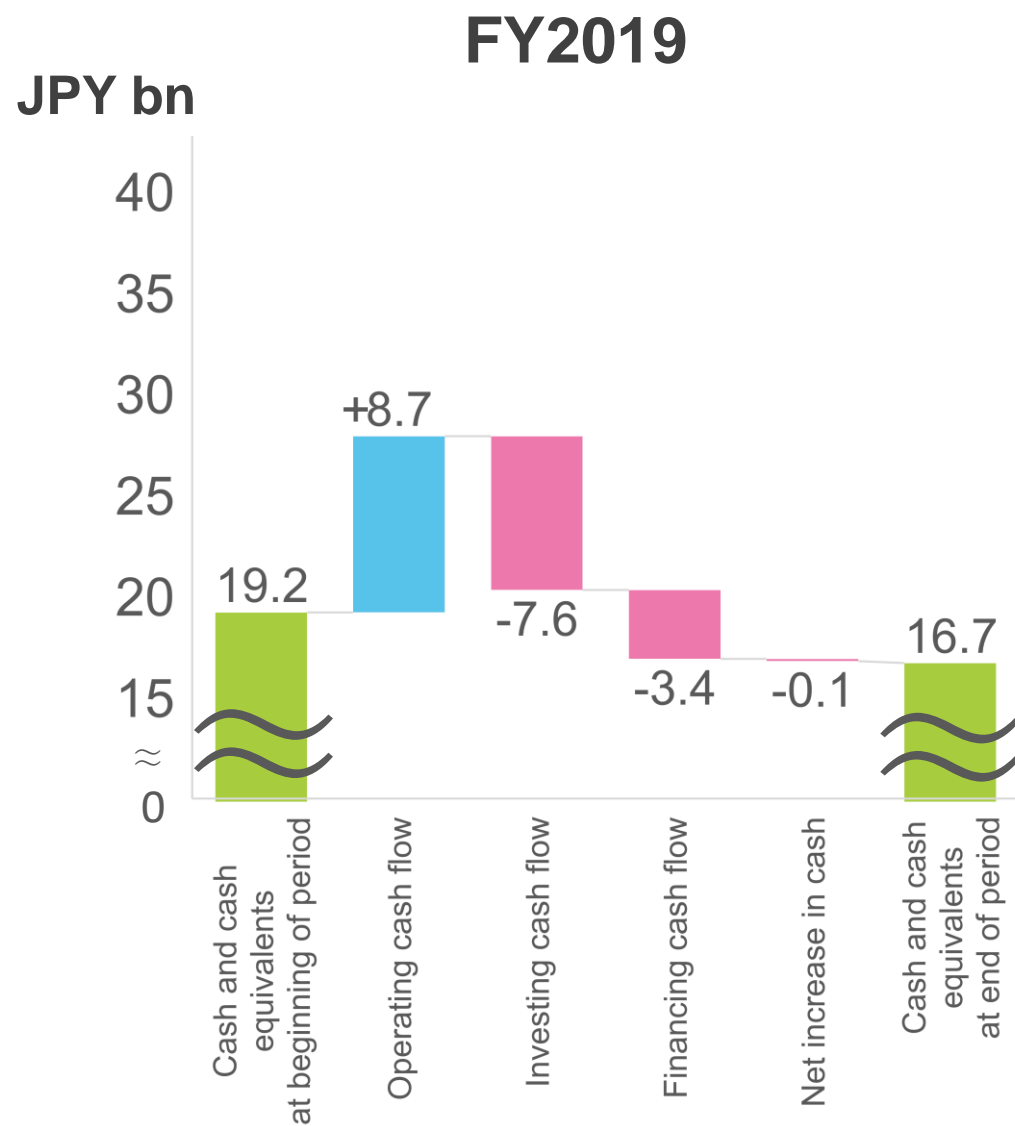
| | | | | JPY m | | | |
|---------------------------------------|---------------|---------------|-----------|------------------------------------|---------------|---------------|-----------|
| | | | | Convertible bonds etc. | Mar. 31, 2020 | Mar. 31, 2021 | Different |
| | Mar. 31, 2020 | Mar. 31, 2021 | Different | | Mar. 31, 2020 | Mar. 31, 2021 | Different |
| Cash and deposits | 17,327 | 41,455 | +24,127 | Notes and accounts payable - trade | 4,373 | 4,205 | -167 |
| Notes and accounts receivable - trade | 9,733 | 10,735 | +1,001 | Short-term debt | 4,060 | 4,968 | +907 |
| Inventories | 12,930 | 15,501 | +2,571 | Accounts payable - other | 4,583 | 5,167 | +584 |
| Other | 1,730 | 2,515 | +785 | Other | 8,733 | 8,188 | -544 |
| Total current assets | 41,722 | 70,207 | +28,485 | Total current liabilities | 21,751 | 22,530 | +779 |
| Property, plant & equipment | 34,672 | 39,301 | +4,628 | Long-term debt | 9,368 | 17,470 | +8,102 |
| Intangible assets | 7,064 | 12,204 | +5,139 | Long-term accounts payable - other | --- | 22,868 | +22,868 |
| Investments and other assets | 3,826 | 5,017 | +1,190 | Other | 2,645 | 2,876 | 230 |
| Total non-current assets | 45,564 | 56,523 | +10,959 | Total non-current liabilities | 12,014 | 43,215 | +31,200 |
| Total assets | 87,286 | 126,731 | +39,444 | 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 |

| |
|--|
| Capital investment in Daily disposable contact lenses production line. |
|--|

| |
|---|
| Capital investment and working capital etc. |
|---|

Cash Flows



II . Consolidated Financial Forecast for FY2021

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

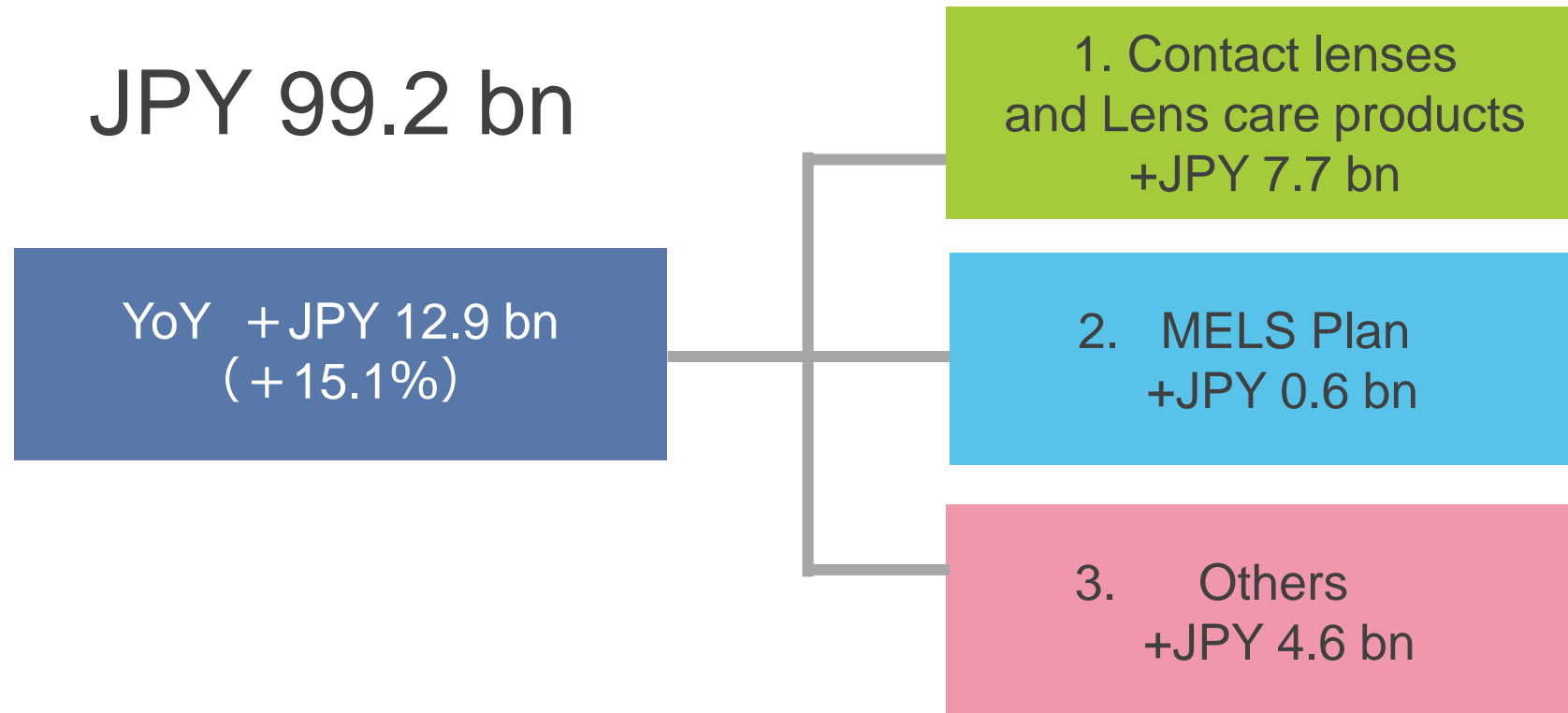
JPY 9.0 bn

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

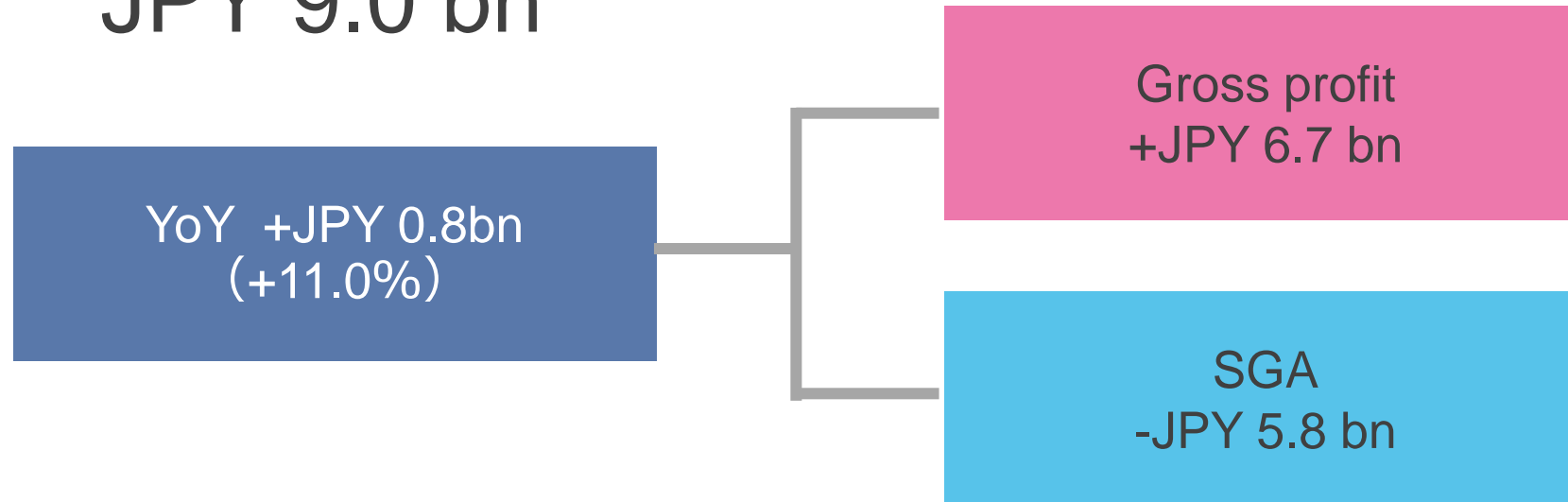


Key factors

- 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

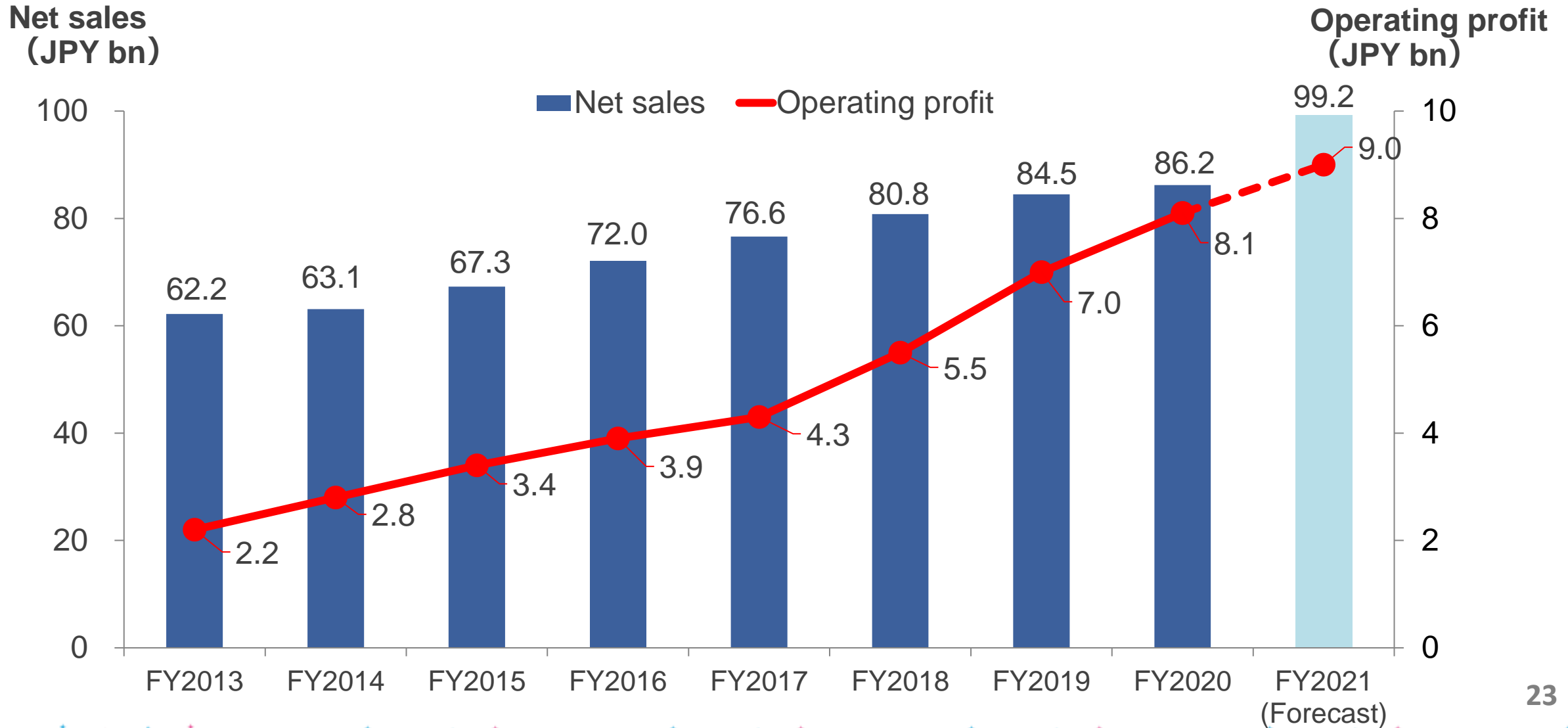
JPY 9.0 bn



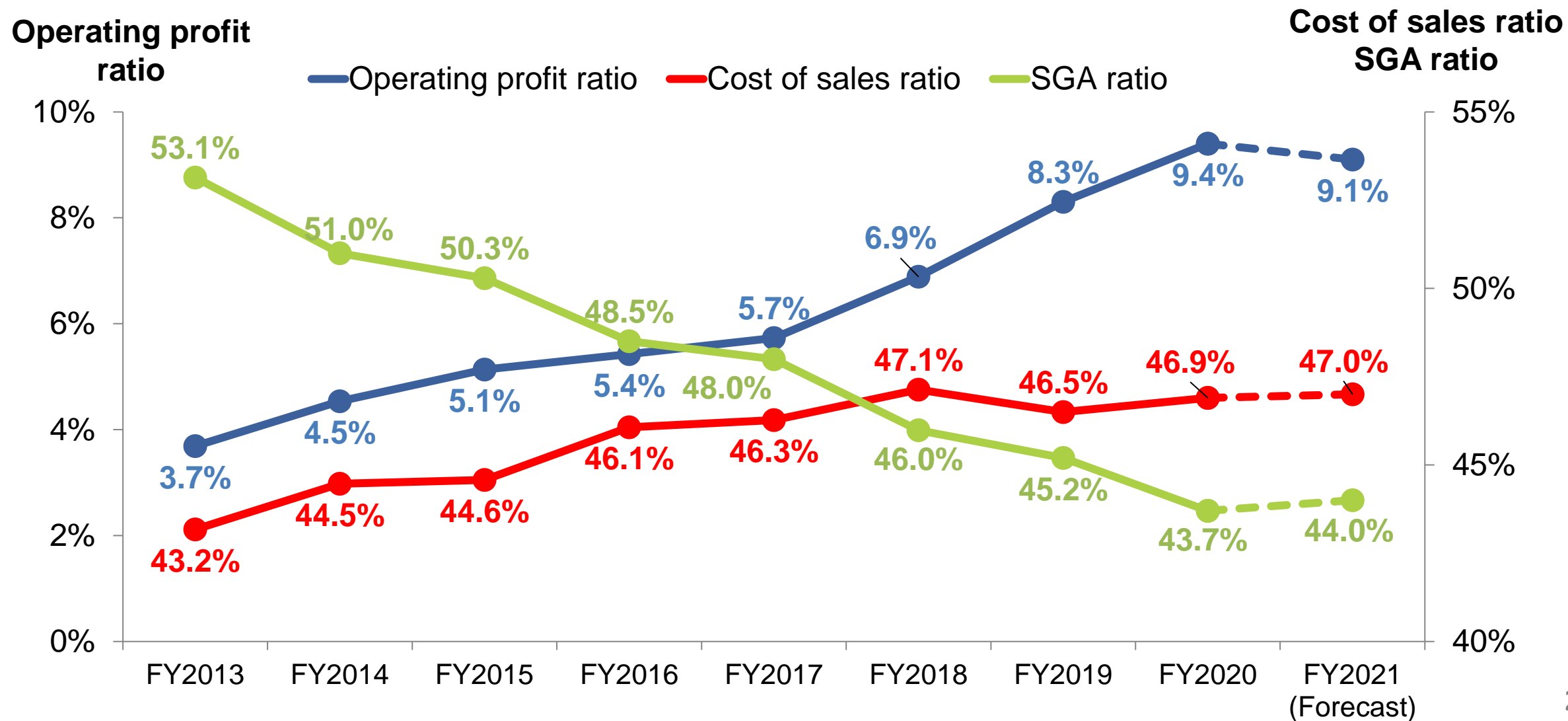
Key factors

✓ Predict operating profit growth by gross profit increase

Annual Sales / Operating Profit Development



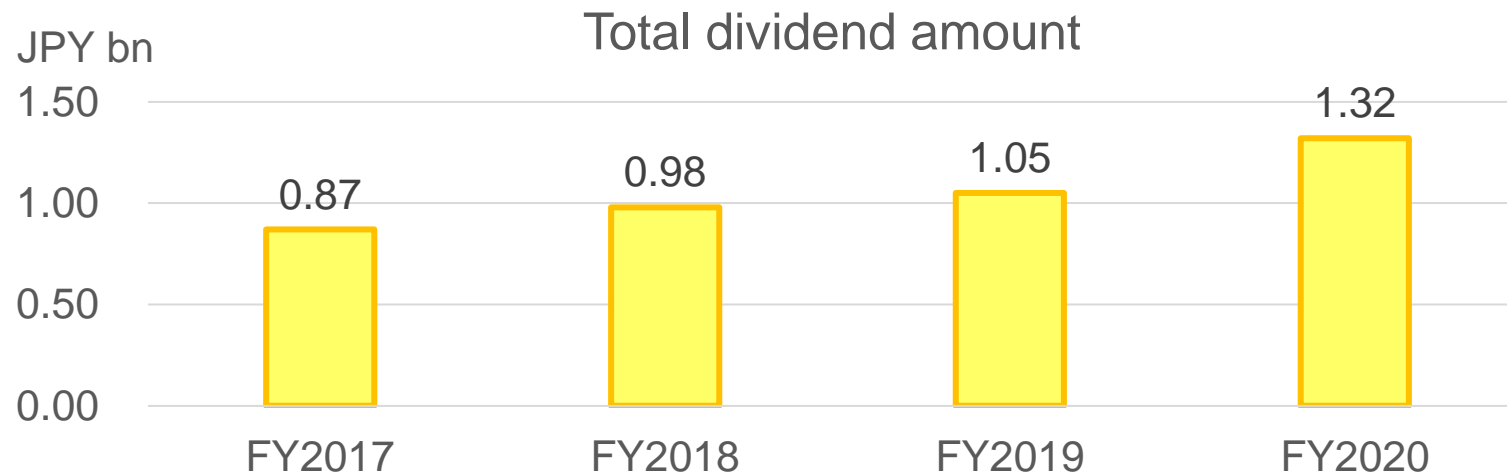
Cost of Sales Ratio / SGA Ratio / Operating Profit Ratio



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% |



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

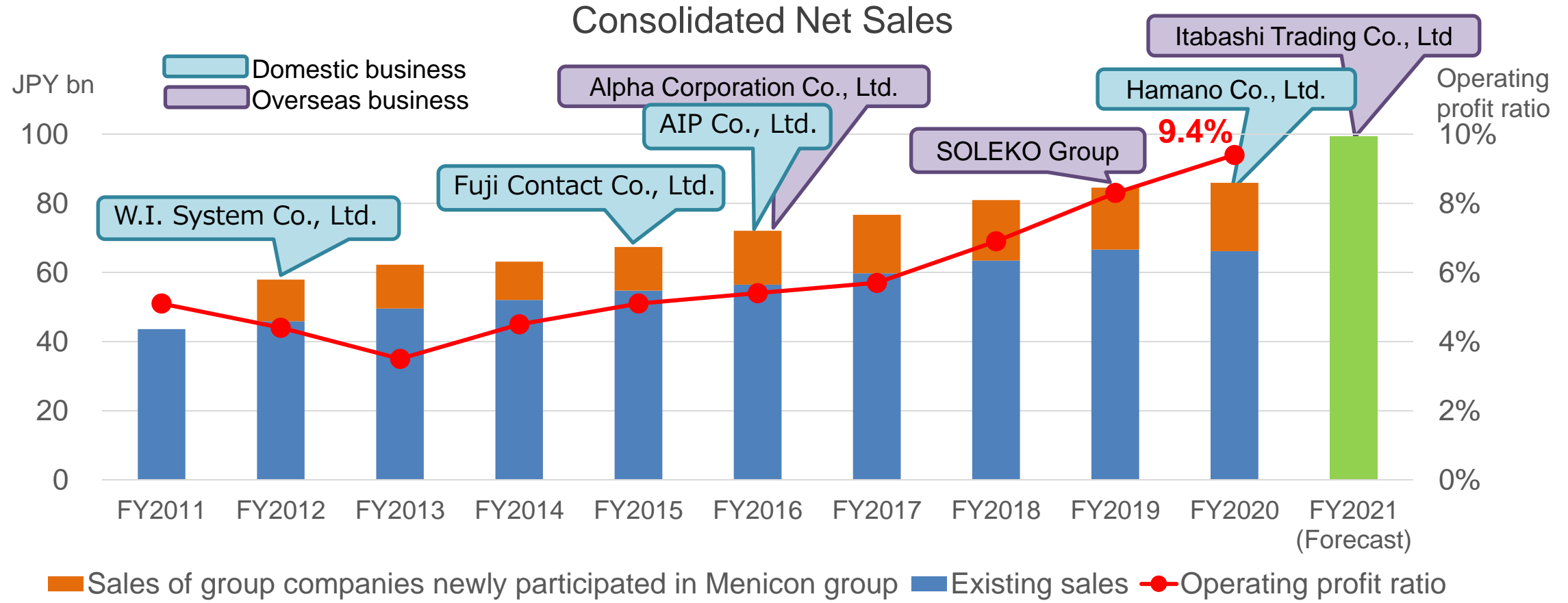


Ⅲ. Medium-term Business Plan



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



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.

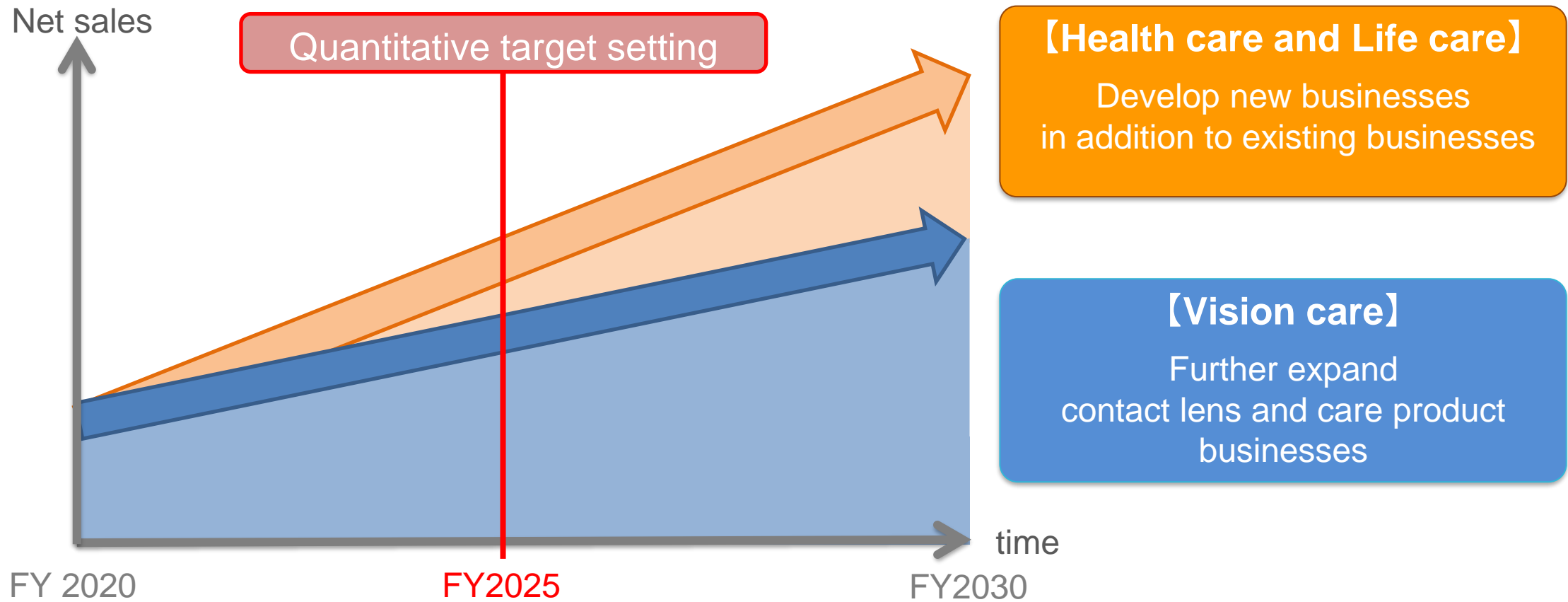
In addition to the Vision Care Business centered on contact lenses and Lens care products, we will boldly take on challenges in the areas of healthcare (Medicine/Health) and life care (Living/Culture/Environment).

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.

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



Quantitative Targets in FY2025

Vision care

**Health care and
Life care**

**FY2025
Net sales
target**

JPY 130 bn

JPY 10 bn

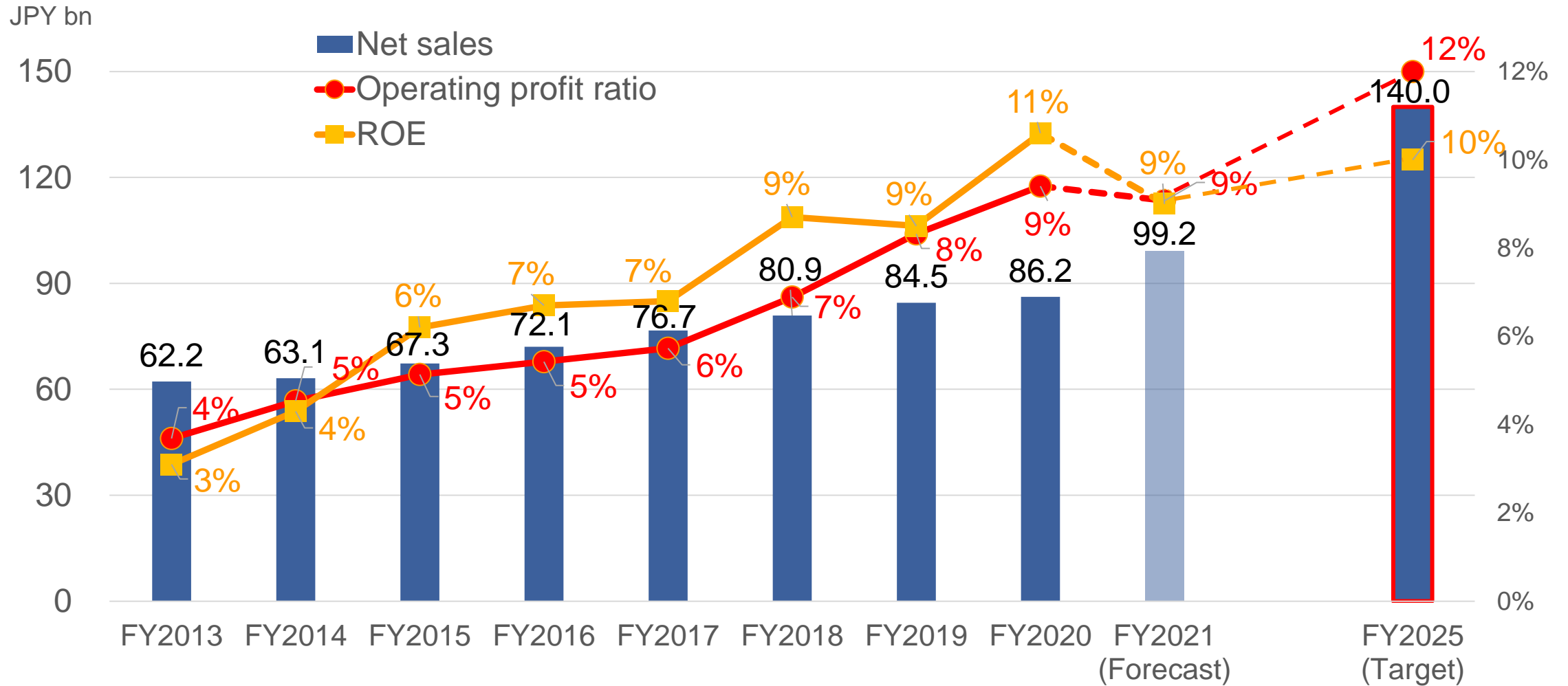
Activities

Expansion of...
1. Overseas sales
2. MELS Plan
3. Daily contact lense sales

- **Pet life**
- **Health / Food business**
- **Environmental business**

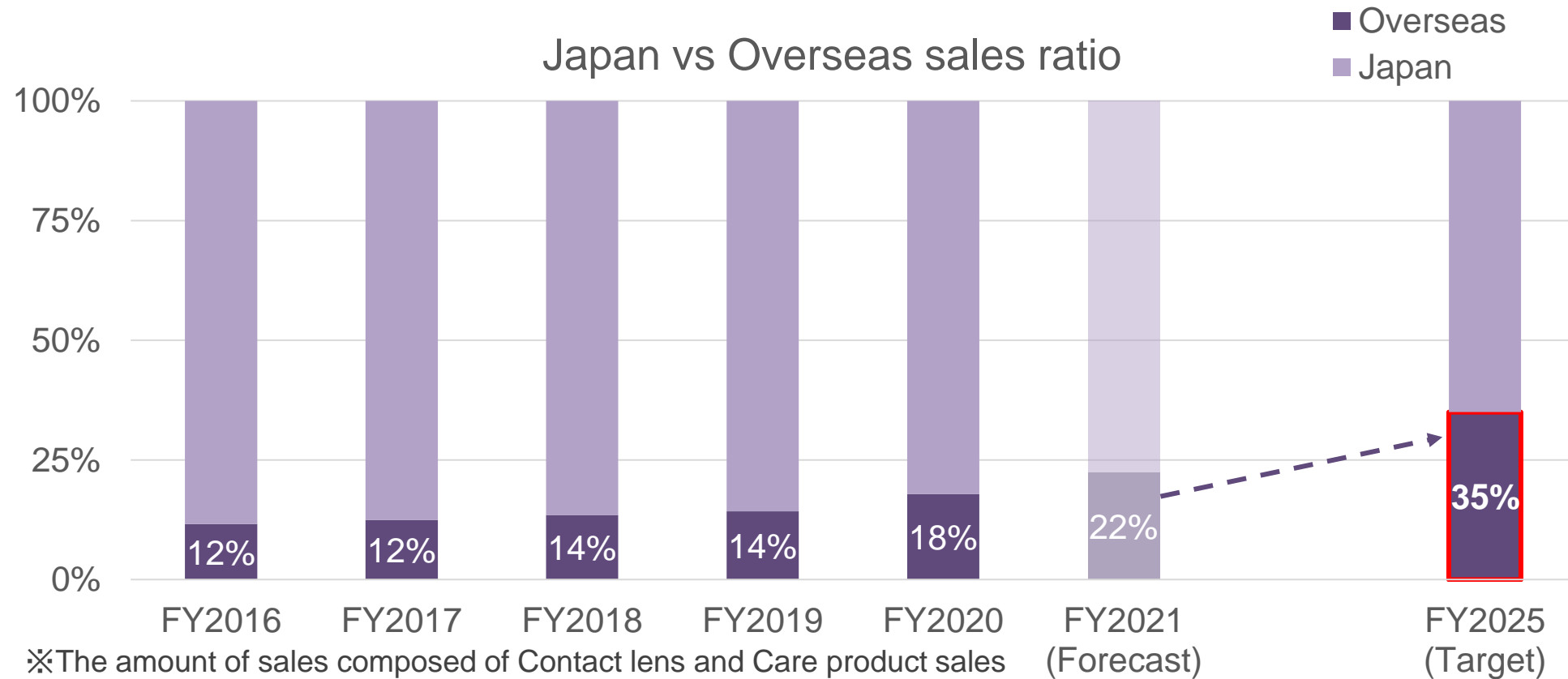
Quantitative Targets in FY2025

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



Vision Care - 1. Expansion of Overseas Sales

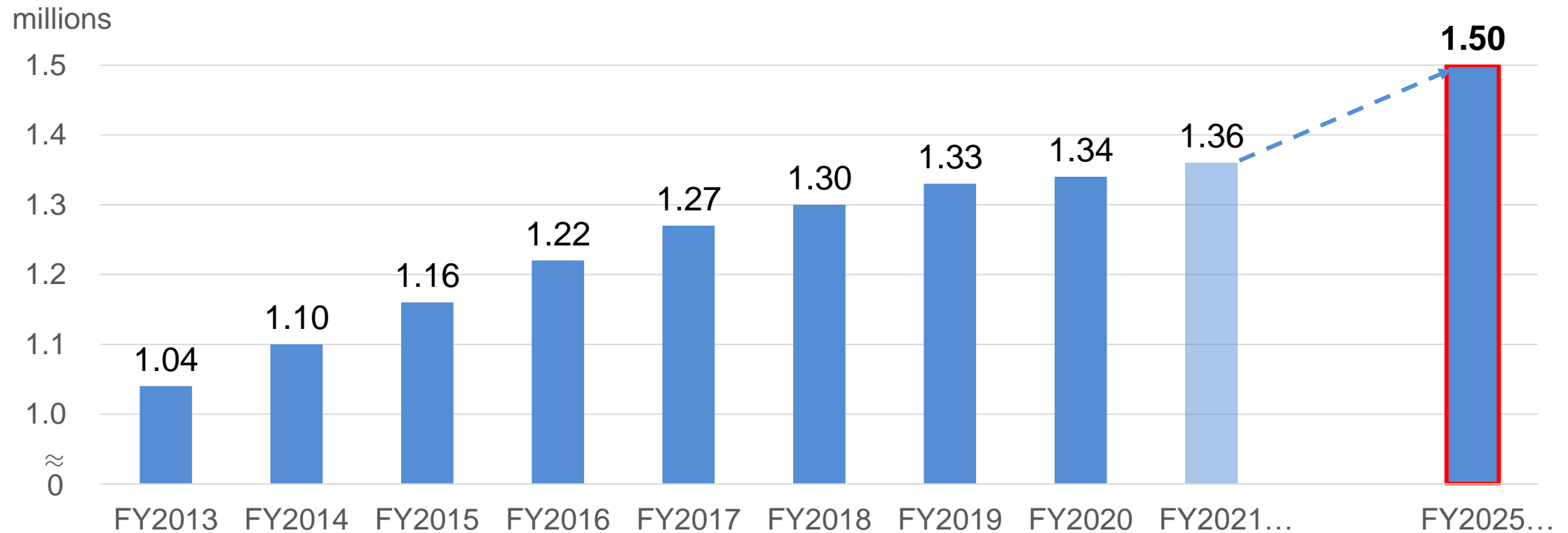
- ✓ To increase overseas sales ratio to **35%** due to sales increase of Daily disposable lenses, Orthokeratology lenses and Lens care products



Evolve to a global company and expand Menicon fans worldwide

Vision care - 2. Further Expansion of MELS Plan

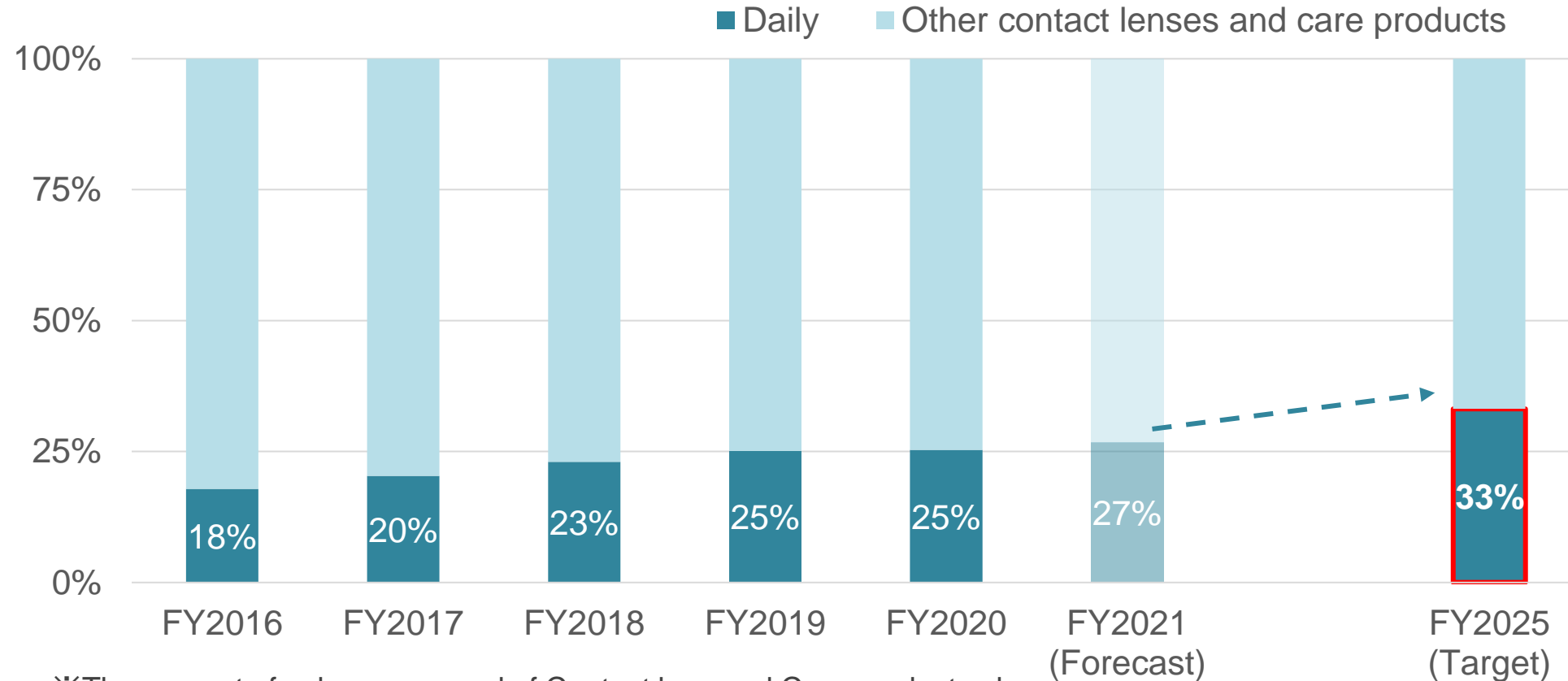
- ✓ To increase the number of MELS Plan customers to **1.5 millions** by expanding of product lineup and strengthening our sales network



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

Vision care – 3. Daily Disposable Contact Lens Sales Increase

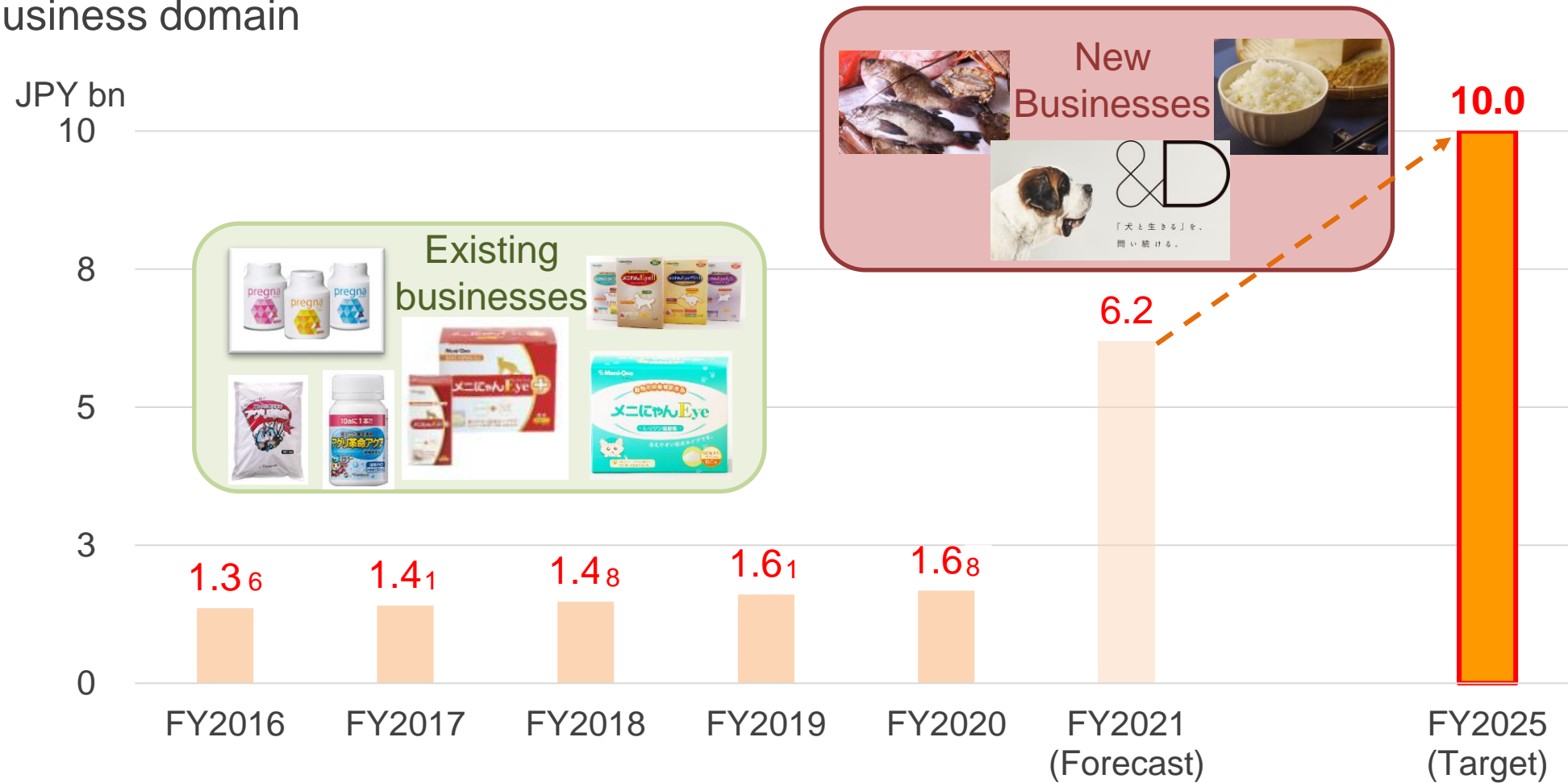
- ✓ To increase the Daily disposable contact lenses sales ratio to **33%**



To pursue convenience and safety with top priority on user benefits

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



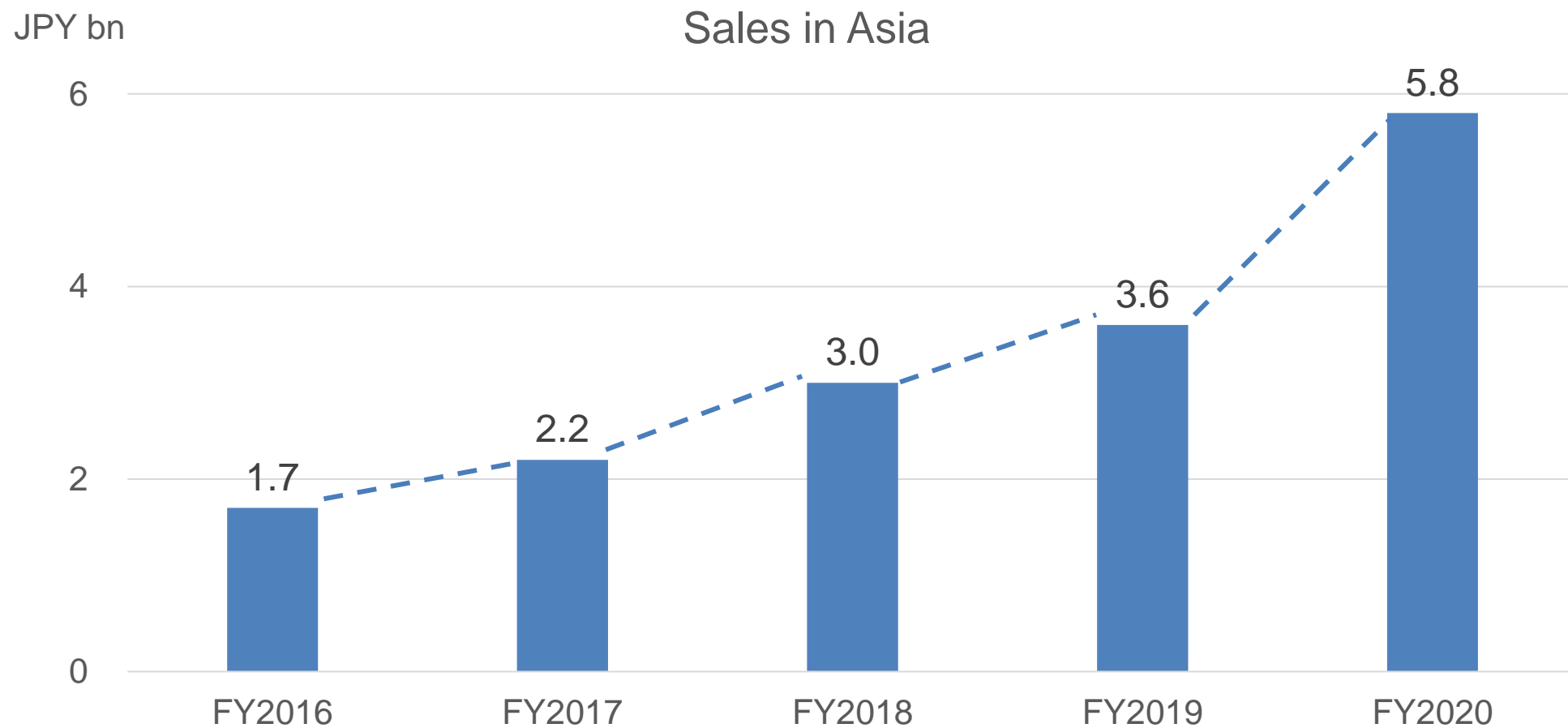
To realize a rich life that meets the five senses of people all over the world

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

Vision care
1.Overseas

Orthokeratology Lenses in China

✓ Continuous structural building in the expanding Chinese market.



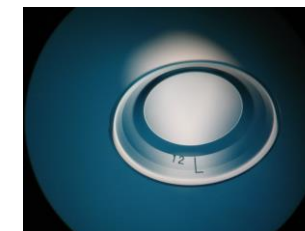
Itabashi Trading

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



Menicon Nect

- Lens care products manufacturer
- Strengthening production system



α ORTHO®-K

Alpha Corporation

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



**Wenzhou Medical University
Eye Hospital**
Business tie-up

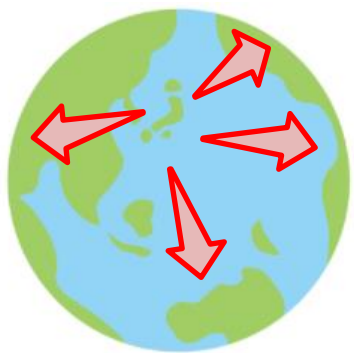


Strengthen Sales Channels

| | |
|---|-------------------|
|  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 |

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)



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

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

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 13, 2021 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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