

Consolidated Financial Results for the Three Month Ended June 30, 2024

Securities Code: 7780

Menicon Co., Ltd.
August 9, 2024

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This is Kawaura, President and COO of Menicon Co., Ltd..
Thank you all for attending our financial results briefing today.
Let us begin the presentation now.

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Today's announcement is as shown.

I . Summary of Consolidated Financial Results for FY2024 1Q

First of all, let me explain Summary of Consolidated Financial Results for FY2024 1Q.

Summary of Consolidated Financial Results for FY2024 1Q



(JPY m)	FY2023 1Q	FY2024 1Q	YoY
Net sales	28,446	30,155	+6.0%
Cost of sales	13,365	13,627	+2.0%
(Cost of sales ratio)	47.0%	45.2%	(-1.8pt)
Gross profit	15,080	16,528	+9.6%
SGA	12,462	13,846	+11.1%
(SGA ratio)	43.8%	45.9%	(+2.1pt)
Operating profit	2,617	2,681	+2.4%
(Operating profit ratio)	9.2%	8.9%	(-0.3pt)
EBITDA	4,491	4,655	+3.6%
(EBITDA margin)	15.8%	15.4%	(-0.4pt)
Ordinary profit	2,392	2,745	+14.7%
Profit attributable to owners of parent	1,577	1,765	+11.9%

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

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I will explain the details of the performance summary later.
 Net Sales increased 6.0% to JPY 30.1 bn from the previous year.
 Profits at each stage increased from the previous year.
 Gross profit increased 9.6% to JPY 16.5 bn, Operating profit increased 2.4% to JPY 2.6 bn, Profit attributable to owners of parent increased 11.9% to JPY 1.7 bn.
 Operating profit growth was moderate relative to gross profit growth.
 This is because we are investing for future growth, mainly 1DAY-lens.

Breakdown of Net Sales

(JPY m)	FY2023 1Q	FY2024 1Q	YoY
Net sales	28,446	30,155	+6.0%
Vision Care	26,019	28,062	+7.9%
1DAY-lens	6,934	7,681	+10.8%
Japan_MELS Plan* ¹	5,070	5,571	+9.9%
Japan_Product sales* ²	1,071	1,326	+23.9%
Overseas	793	782	-1.3%
Orthokeratology-related	3,404	3,669	+7.8%
Ortho-K(Global)	1,241	1,398	+12.6%
Lens care products(Asia)	2,162	2,270	+5.0%
Other Contact lenses and Lens care products	15,679	16,711	+6.6%
MELS Plan* ¹	6,419	6,834	+6.5%
Contact lenses	6,707	7,119	+6.1%
Lens care products(Non-Asia)	2,552	2,757	+8.0%
Healthcare and life care	2,427	2,092	-13.8%

*¹ FY2024 1Q MELS Plan sales : JPY 12,406 mn (YoY +8.0%)

*² "Product sales" refers to contact lens and lens care products.

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The breakdown of net sales is as shown.

As for the Vision Care business, sales in the product categories of “1DAY-lens”, “Orthokeratology-related”, and “Other Contact lenses and Lens care products” are shown in the table.

All of which increased compared to the previous year.

Overall “1DAY-lens” were driven by Japan sales of MELS Plan and Product sales, revenues increased by more than 10%.

Key Factors

Sales increased due to sales expansion of 1DAY-lens in Japan and orthokeratology-related in Japan/Singapore/Korea

Net sales JPY 30.1 bn **YoY** +6.0%

Vision Care **Net sales** JPY 28.0 bn **YoY** +7.9% (growth in local currency +5.0%)

- 1DAY-lens: ↑ MELS Plan : Increase in membership, Japan, Product sales : Increase in sales
 ↑ Increase in sales due to price revision in Japan (JPY+0.3 bn)
- Orthokeratology-related: ↑ Ortho-K(Global) : Expand sales in Japan/Singapore/Korea
 ↑ Lens care products(Asia) : Effect of yen depreciation, stable sales
- Other Contact lenses and Lens care products : ↑ Contact Lenses: Expand sales of 1MONTH-lens in Europe
 ↑ Lens care products(Non-Asia) : Expand sales in Europe and North America
 ↑ Increase in sales due to price revision in Japan (JPY+0.7 bn)

Healthcare and Life care **Net sales** JPY 2.0 bn **YoY** -13.8% (growth in local currency -14.1%)

↓ Decrease in food business sales in China



The following is an explanation of the key points of sales.

About the Vision Care business, sales of “1DAY-lens” increased due to an increase in the number of 1DAY-lens members in MELS Plan and an increase in sales volume of product sales in Japan, as well as a price revisions in Japan.

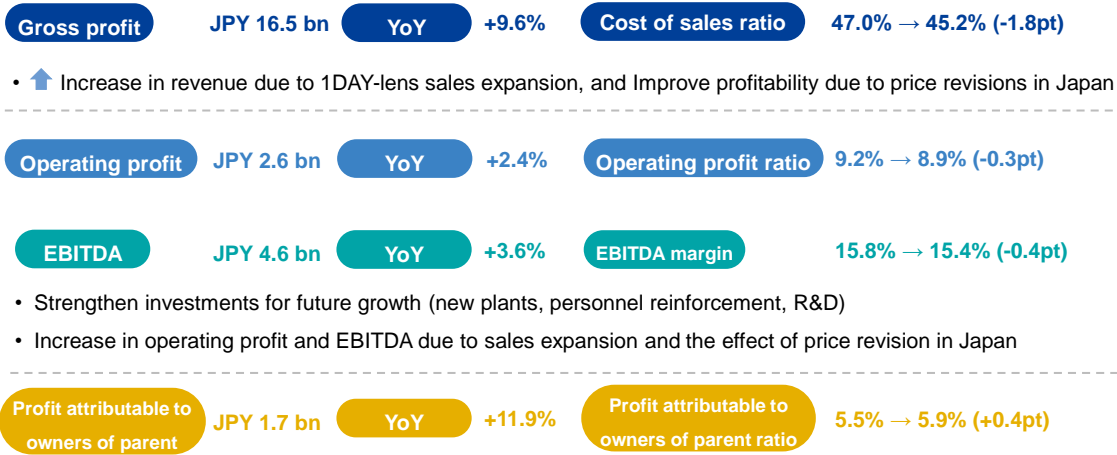
In addition, sales of “Other Contact lenses and Lens care products” increased due to sales expansion in Europe and North America, as well as a price revisions in Japan.

The Vision Care business also increased 5.0% in local currency terms compared with the previous year.

The Healthcare and Life care business decreased 13.8% to JPY 2.0 bn from the previous year due to a decline in food business sales in China.

Key Factors

Increase in operating profit and EBITDA due to sales expansion and price revision in Japan, despite investments for future growth.



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The following is an explanation of the key points of each stage of profit.

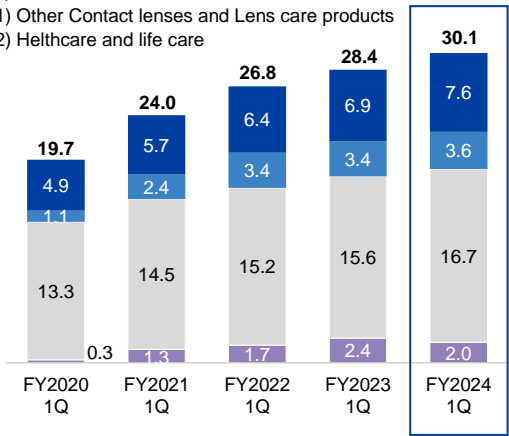
Gross profit increased due to expand sales of 1DAY-lens, which has a high sales unit price, and the effect of price revisions in Japan.

Operating profit increased as the increase in gross profit exceeded the increase in SGA expenses, despite ongoing use of expenses for growth, including the preparation of a new plant and the development of new products.

Consolidated Net Sales

Growth due to expansion of 1DAY-lens sales and the effect of price revision in Japan

(JPY bn) ■ (1) 1DAY-lens
■ (1) Ortho-K-related
■ (1) Other Contact lenses and Lens care products
■ (2) Helthcare and life care



1 Vision Care (YoY : JPY +2.04 bn)

- Expand 1DAY-lens sales mainly in Japan
- Expand ortho-K sales in Japan/Singapore/Korea
- Effect of price revision in Japan (JPY +1.0 bn)

2 Healthcare and life care (YoY : JPY -0.33 bn)

- Decrease in food business sales in China

Here is an explanation of the breakdown of sales.
Sales of the Vision Care business was JPY 28.0 bn, an increase of JPY 2.0 bn from the previous year.
About half of the increase in sales was due to the effect of price revisions for MELS Plan and product sales in Japan.
However, sales expansion of 1DAY-lens, mainly in Japan, and sales expansion of orthokeratology lenses in Japan, Singapore, South Korea, and other regions also contributed to the revenue increase.

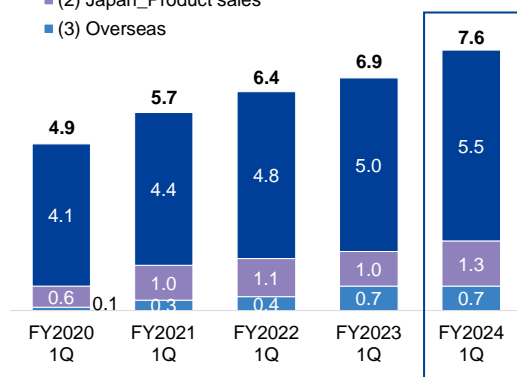
1DAY-lens Sales (Breakdown of Sales)

Growth due to increase in number of MELS Plan members and price revision effect in Japan

(JPY bn) ■ (1) Japan_MELS Plan

■ (2) Japan_Product sales

■ (3) Overseas



1 Japan_MELS Plan (YoY : JPY +0.50 bn)

- Increase in membership due to increased supply
- Effect of price revision (JPY +0.29 bn)

2 Japan_Product sales (YoY : JPY +0.25 bn)

- Increase in sales due to increased supply
- Effect of price revision (JPY +0.05 bn)

3 Overseas (YOY : JPY -0.01 bn)

- Inventory adjustment in North America, etc.

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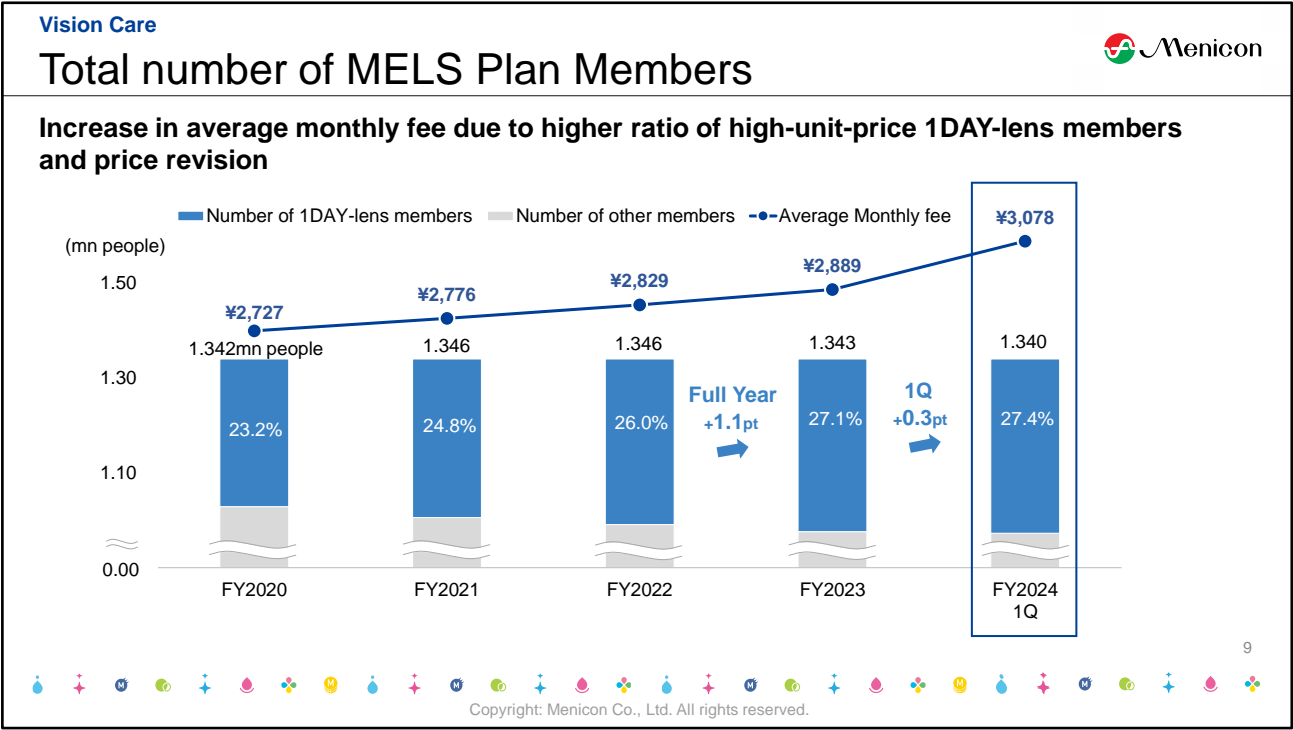
Sales of “1DAY-lens” was JPY 7.6 bn, an increase of JPY 0.7 bn from the previous year.

Sales of MELS Plan in Japan increased JPY 0.5 bn, and Product sales in Japan increased JPY 0.2 bn.

In addition to the effect of price revisions, the increase in sales was due to growth in supply volume resulting from the expansion of production lines.

On the other hand, sales of overseas was flat.

This was mainly due to a temporary decrease in sales volume to major customers in North America due to inventory adjustments.

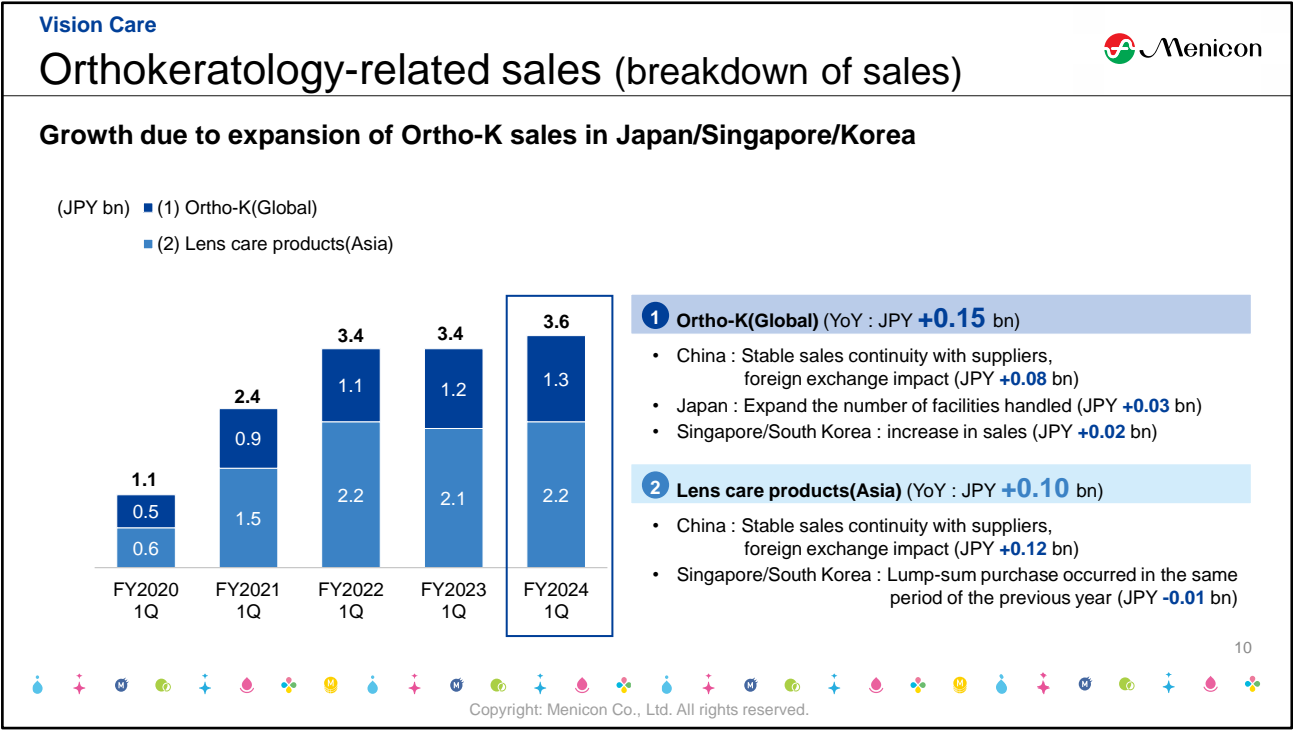


This shows the cumulative number of MELS Plan members. The price revisions from January of this year had an impact on membership acquisition, but additional promotional measures were also successful, and the overall number of MELS Plan members remained at 1.34 million.

The membership of 1DAY-lens, for which demand is strong, increased due to an increase in supply as a result of the expansion of production lines.

In addition, the average monthly fee has increased due to a rise in the ratio of 1DAY-lens members with high unit costs and price revisions.

We believe that we can continue to grow the number of members by increasing the supply of 1DAY-lens in line with the increased production capacity, and by aggressive promotion after the increase in supply.



Sales of “Orthokeratology-related” was JPY 3.6 bn, an increase of JPY 0.2 bn from the previous year.

In the “Orthokeratology lenses”, the market growth in China remained slow due to economic stagnation and the competitive environment became more intense, but we maintained our sales volume by strengthening our sales activities in cooperation with our sales channels despite this situation.

In Japan, we are strengthening our orthokeratology-related sales organization, and our sales volume is expanding due to an increase in the number of facilities handling our products.

In addition, the growing penetration of the product in Singapore and South Korea also contributed to the increase in sales.

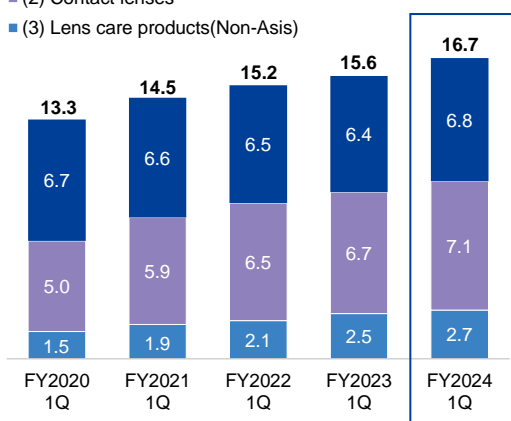
In “Lens care products”, although China was affected by economic stagnation and competitive environment as well as orthokeratology lenses, sales increased due to the maintenance of sales volume through the implementation of flexible campaigns and the upward momentum from the depreciation of the yen.

Other Contact lenses and Lens care products (Breakdown of sales)

Growth due to expansion of 1MONTH-lens sales in Europe and the effect of price revision in Japan

(JPY bn)

- (1) MELS Plan
- (2) Contact lenses
- (3) Lens care products(Non-Asia)



1 MELS Plan (YoY : JPY +0.41 bn)

- Effect of price revision (JPY +0.5 bn)
- Decrease in non-1DAY-lens membership due to increased 1DAY-lens demand

2 Contact lenses (YoY : JPY +0.41 bn)

- Increase in 1MONTH-lens sales through expansion of sales network in Europe
- Effect of price revision in Japan (JPY +0.1 bn)

3 Lens care products(Non-Asia) (YoY : JPY +0.20 bn)

- Expand sales in Europe and North America

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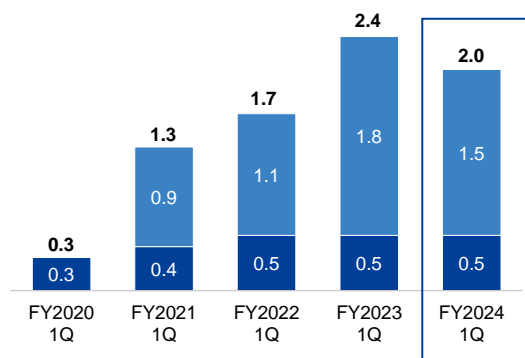
Sales of “Other Contact lenses and Lens care products”, excluding 1DAY-lens and orthokeratology-related, was JPY 16.7 bn, an increase of JPY 1.0 bn from the previous year.

The increase in sales was mainly due to the effect of price revisions for MELS Plan, expanded sales of contact lenses to major volume retail chains in Europe, and expanded sales of lens care products to major volume retail chains in Europe and North America.

Health Care and Life Care Net Sales

Decrease due to lower sales in food business in China, etc.

(JPY bn) ■ (1) Food business
■ (2) Others



1 Food business (YoY : JPY **-0.30** bn)

- China : Decrease in sales of imported food business from Japan
- Japan : Growth due to price revision effects, etc.

2 Others (YoY : JPY **-0.02** bn)

- Secure stable sales in the animal health care and life care businesses, etc.

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Sales of Health Care and Life Care business was JPY 2.0 bn, a decrease of JPY 0.3 bn from the previous year.

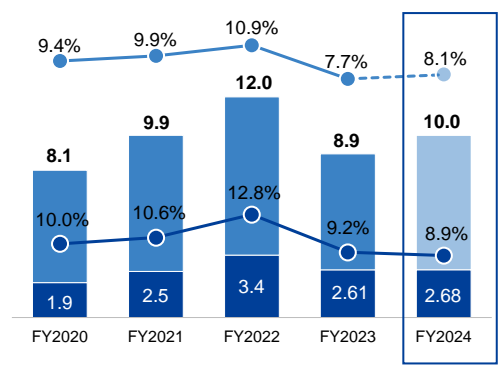
In China, this was mainly due to a decrease in sales in the imported food business from Japan resulting from the discharge of ALPS treated water.

Operating profit

Increase due to expansion of 1DAY-lens sales, etc. and price revision in Japan, despite investments for future growth

(JPY bn)

■ Operating profit(1Q) ■ Operating profit(Full Year)
● Operating profit margin(1Q) ● Operating profit margin(Full Year)



Operating profit (YoY : JPY +0.06 bn)
Operating profit margin (YoY : -0.3 pt)

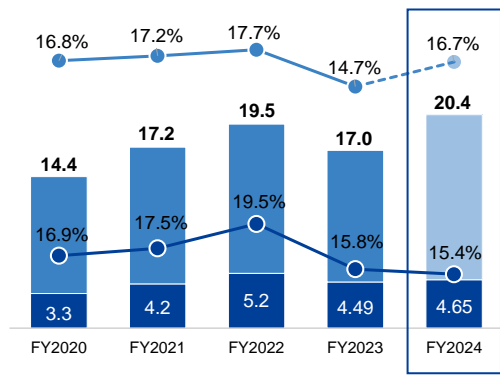
- Gross profit : JPY +1.44 bn (JPY 15.0 bn → JPY 16.5 bn)
Expand sales of 1DAY-lens, etc., effect of price revision in Japan
- SGA :JPY +1.38 bn (JPY 12.4 bn → JPY 13.8 bn)
Strengthen investment for growth
(new plants, personnel reinforcement, R&D)

Here is an explanation of operating profit.
Operating profit increased from the previous year due to higher gross profit from expand sales of 1DAY-lens and other products and the effect of price revisions in Japan, while SGA expenses increased due to continued investment in growth.

EBITDA

Securing a certain level of earning power

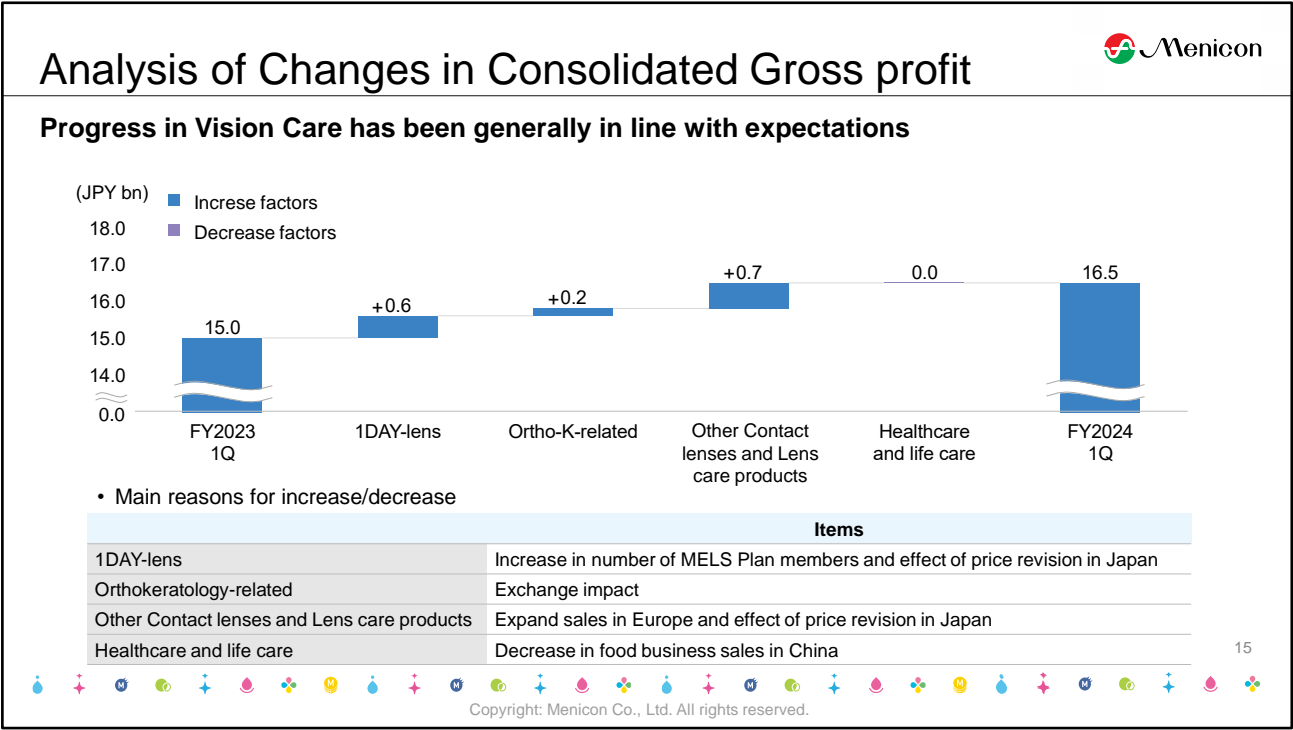
(JPY bn) ■ EBITDA(1Q) ■ EBITDA(Full Year)
● EBITDA margin(1Q) ● EBITDA margin(Full Year)



EBITDA (YoY : JPY +0.16 bn)
EBITDA margin (YoY : -0.4 pt)

- Depreciation : JPN +0.08 bn (JPY 1.7 bn → JPY 1.8 bn)
Increase due to 1DAY-lens investment, etc.

This shows the change in EBITDA from the past.
The increase in depreciation expenses has affected operating profit over the past several years due to ongoing investments in 1DAY-lens, etc.
Therefore, we believe that we have secured a certain level of profitability in terms of EBITDA.



This shows the factors of increase or decrease in gross profit from 1Q of the previous year.

1DAY-lens increased in profit due to an increase in the number of MELS Plan 1DAY-lens members, expansion of product sales and the effect of price revisions in Japan.

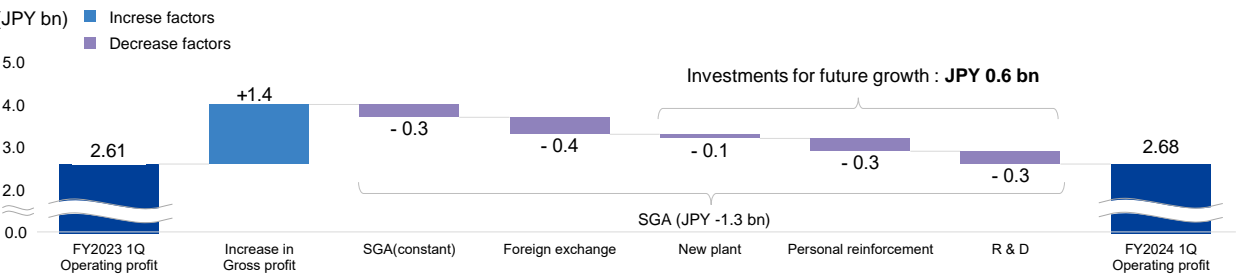
The orthokeratology-related increased in profit due to the expansion of global sales of orthokeratology lenses and the positive impact of the yen's depreciation.

Other Contact lenses and Lens care products increased in profit due to sales expansion in Europe and the effect of price revisions in Japan.

In total, gross profit increased by JPY 1.4 bn.

Analysis of Changes in Operating Profit

1Q results SGA expenses were generally within expected range
Appropriately control SGA expenses from 2Q onward by managing SGA expenses on a quarterly basis.



• Major breakdown of SGA expenses (constant)

Items		Amount (JPY bn)
Office outsourcing fee	Dispatch costs at European distribution centers, etc.	-0.2
Rent	Started operation of Global Logistics Center, etc.	-0.07

• Major breakdown of investment for future growth

Items		Amount (JPY bn)
New factory	1DAY-lens preparation for the operation of the Malaysia plant, a new production site.	-0.1
Personnel reinforcement	Wage increases, personnel increases, etc. in Japan, Europe, and China	-0.3
R & D	Development and clinical trial expenses for new products, increase in research personnel, etc.	-0.3

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This shows the factors of the increase or decrease in operating profit compared to 1Q of the previous year. SGA are shown separately for constant expenses, foreign exchange, and expenses for future growth. The increase in constant expenses is mainly due to the strengthening of the logistics system. Factors increasing expenses for future growth include preparation for Malaysia plant, personnel reinforcements such as wage increases and headcount increases for employees, new product development and clinical trial costs, and increased personnel for research and development. The use of SGA is generally in line with plans, but will continue to be controlled appropriately.

II. Forecast of Consolidated Financial Results and Outlook for FY2024

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Next, let me explain Forecast of Consolidated Financial Results
and Outlook for FY2024.

Financial Forecast

No change from the consolidated financial forecast announced on May 14, 2024

(JPY m)	FY2023	FY2024 1Q	FY2024 (Forecast)	Progress rate
Net sales	116,192	30,155	122,700	24.6%
Cost of sales	55,181	13,627	57,500	23.7%
(Cost of sales ratio)	47.5%	45.2%	46.9%	---
Gross profit	61,010	16,528	65,200	25.3%
SGA	52,058	13,846	55,200	25.1%
(SGA ratio)	44.8%	45.9%	45.0%	---
Operating profit	8,951	2,681	10,000	26.8%
(Operating profit ratio)	7.7%	8.9%	8.1%	---
EBITDA	17,048	4,655	20,437	22.8%
(EBITDA margin)	14.7%	15.4%	16.7%	---
Ordinary profit	8,225	2,745	9,500	28.9%
Profit attributable to owners of parent	4,538	1,765	7,000	25.2%

* Exchange rates in FY2023 EUR: JPY 157.7, USD: JPY 145.3, CNY: JPY 19.9
Exchange rates in FY2024 1Q EUR: JPY 170.1, USD: JPY158.2, CNY: JPY 20.7
Exchange rates in financial forecast FY2024 EUR: JPY 159.0, USD: JPY 147.0, CNY: JPY 20.3

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Net sales and gross profit and each of the following profit levels are about a quarter of the full-year forecast, and are generally in line with expectations against the internal plan.

The full-year forecast remains unchanged from that announced on May 14 of this year.

Breakdown of Net Sales

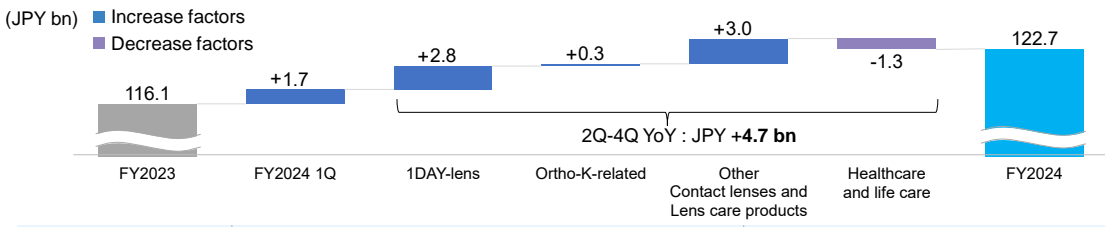
(JPY m)	FY2023	FY2024 1Q	FY2024 (Forecast)	Progress rate
Net sales	116,192	30,155	122,700	24.6%
Vision Care	106,887	28,062	115,100	24.4%
1DAY-lens	28,429	7,681	32,000	24.0%
MELS Plan	20,740	5,571	23,400	23.8%
Overseas	4,711	1,326	5,100	26.0%
Product sales in Japan	2,977	782	3,500	22.4%
Orthokeratology-related	15,001	3,669	15,600	23.5%
Other Contact lenses and Lens care products	63,456	16,711	67,500	24.8%
Healthcare and life care	9,304	2,092	7,600	27.5%

(Reference) MELS Plan sales for FY2024 are expected to be JPY 50.8 bn.
MELS Plan sales for FY2024 1Q were JPY12.4 bn (24.4% progress)

This chart shows progress against the full-year forecast by sales. Although the progress rate of 1DAY-lens and orthokeratology-related sales is slightly lower than the full-year forecast, we expect the ratio of MELS Plan 1DAY-lens members to gradually increase toward the latter half of the fiscal year for 1DAY-lens, and we expect overseas 1DAY-lens sales to increase from 2Q onward due to continuous orders in North America and Europe, despite inventory adjustments in the 1Q in North America. Orthokeratology-related sales are expected to continue to be affected by economic stagnation and changes in the competitive environment in China, but we anticipate sales expansion in other regions such as Japan.

Sales Forecast for FY2024

Expansion of 1DAY-lens due to increased supply and price revision in Japan; stable growth expected for orthokeratology-related products



Category	Forecast for 2Q and beyond	Factors Affecting Business Performance
1DAY-lens	Supply increase Expand sales channels, continue to receive orders from existing overseas channels Effect of price revision in Japan	• Trends in the Chinese economy, changes in national policy and competitive environment • Foreign exchange fluctuations
Orthokeratology-related	Expand global penetration	
Other Contact lenses and Lens care products	Switch to high value-added products Expand sales of hydrogen peroxide-type lens care product Effect of price revision in Japan	
Healthcare and life care	Continue sluggishness in food business in China Increase in food exports to other regions	

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Here is the sales forecast for FY2024.

From 2Q onward, we forecast an increase JPY 4.7 bn from the previous year. For the full year, we forecast a total increase of JPY 6.5 bn to JPY 122.7 bn.

In “1DAY-lens” and “Other Contact lenses and Lens care products”, we expect sales to increase by about JPY 3.0 bn from 2Q onward as a result of price revisions.

In addition, we expect an increase in supply volume and expansion of sales channels in Japan and overseas for “1DAY-lens” and continuous orders in North America and Europe from 2Q onward. Sales of orthokeratology-related products will increase due to strengthen cooperation with sales channels and the development of new sales channels, in “Other Contact lenses and Lens care products”, we will achieve sales growth by promoting sales of high-value-added and high-unit-price products.

Factors affecting sales include economic trends/changes in government policy/changes in the competitive environment in China and foreign exchange fluctuations.

Currently, there has been no major change in the forecast from the beginning, but we believe that the trend requires close monitoring.

1DAY-lens Growth Strategies

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

Sales Strategy by Region		Main measures
Japan	<ul style="list-style-type: none"> MELS Plan in approx. 1,600 stores Utilization of approx. 170 group stores 	<ul style="list-style-type: none"> Promote MELS Plan enrollment through expansion of MELS Plan member shop and online consultation, and retraining of shop staff Open of new group shop/relocation to favorable locations Europe: Strengthen sales activities and acquire new customers through personnel reinforcement North America: Expand product portfolio to existing customers, Expand sales regions Development of new sales channels by taking advantage of the geographical location of the group sales companies
Europe & North America	<ul style="list-style-type: none"> Expand sales to major volume retail chains 	
Asia	<ul style="list-style-type: none"> Sales expansion by group sales companies 	



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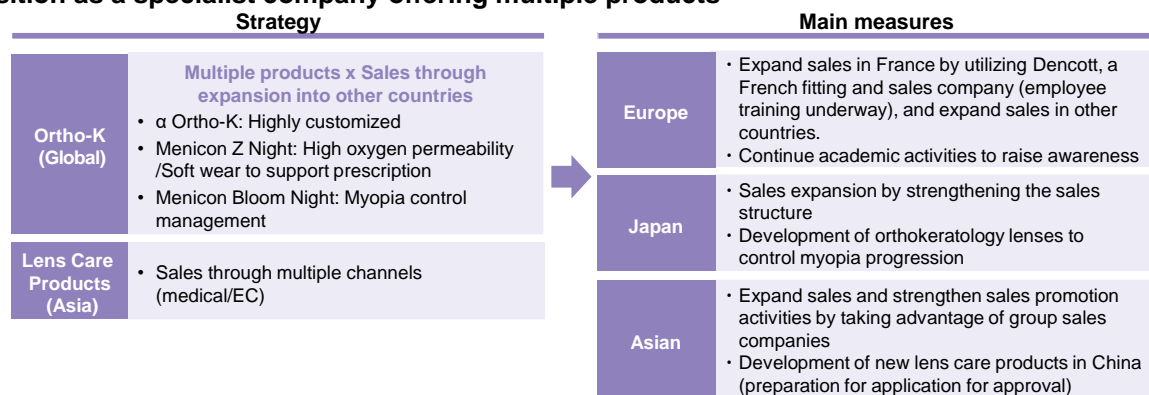
As measures based on the 1DAY-lens sales strategy, in Japan, we will expand sales channels and implement in-store measures to increase the number of customers attracted and strengthen communication with users and we aim to increase the number of MELS Plan members and expand sales of goods.

In Europe, we will expand sales and acquire new customers by strengthening global logistics functions and sales activities.

In North America, we will expand sales volume by expanding our product portfolio to existing customers.

Orthokeratology-related Growth Strategies

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



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As measures based on orthokeratology-related strategy, in Europe, the development of prescribing facilities using Dencott, which became a subsidiary in March.

In Japan, we will promote the spread of orthokeratology lenses by strengthening our sales structure.

In the lens care business, we will continue to expand the number of sales destinations in Asia by utilizing the Group's sales companies in the region.

In addition, for mid to long term growth, we are doing the development to get the approval about orthokeratology lenses for myopia control in Japan, and we are developing new lens care products to maintain our competitive advantage in China.

Strengthening the Supply Chain: Production

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
Operation schedule: [Line No.9-10 by FY2025 1H](#)



Kakamigahara Plant
Products : 1DAY Menicon Premio
Sales area: Global
Operation schedule: [Line No.11 in FY2024 2H](#)
[Line No.12 in FY2026 2H](#)



Malaysia Plant
Products: 1DAY-lens
Sales Area: Global
Operation schedule: [Line No.1 in FY2025 2H](#)
[Line No.2-5 by FY2026 2H](#)

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
Operation schedule: [New Line in FY2025 1H](#)

A prerequisite for realizing the growth strategy is to increase production capacity in response to demand. Therefore, we will continue to make capital investments and strengthen our production system to meet demand and optimize supply volume. Especially for 1DAY-lens, each plant is strengthening its production system to meet strong global demand, the Malaysia plant is currently scheduled to begin production in 2H of FY2025. In addition, we expect production at existing plants to increase in 2H of FY2024 and beyond as new production lines come on line.

Strengthening the Supply Chain: Logistics

Develop a logistics structure that has the capacity to handle an increase in the number of products and the volume of inventory, and to enable efficient operations in anticipation of medium- to long-term demand growth

Menicon SC GmbH

Established in March 2024

Transfer of Menicon GmbH's distribution center management and operation functions

Target Area Mainly Europe



Global Logistics Center

Established in May 2024

Consolidation of logistics functions in Northern Japan (Miyagi pref.) and Komaki (Aichi pref.)

Target Area Overseas and throughout Japan (Kanto and north area)



- ✓ Increase capacity to handle increase number of products and inventory levels
- ✓ Save manpower through automation and digitalization of operations, etc.
- ✓ Close to major sales areas for efficient operations

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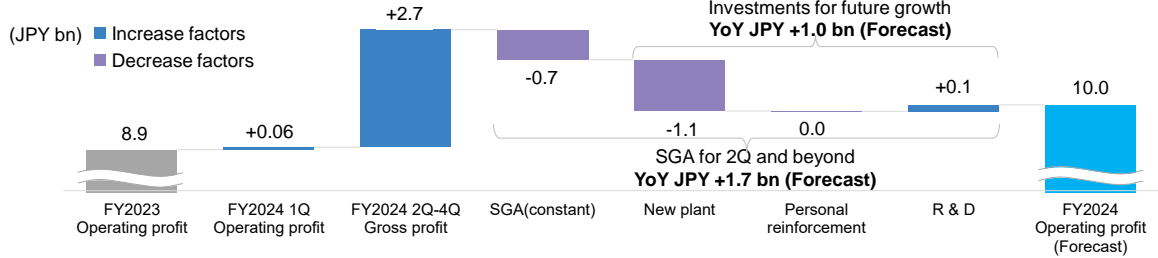
To achieve mid to long term 1DAY-lens sales volume expansion, ensuring the capacity of logistics centers and increasing efficiency and reducing manpower through automation and digitalization are also important factors.

In March 2024, a subsidiary was established by separating the logistics center management and operation function from the German subsidiary, and in May, we established a new logistics center in Chiba Prefecture to consolidate the functions of our domestic logistics centers.

This will enable more efficient operations than ever before.

Operating Profit Forecast for FY2024

Expect increase in gross profit gross profit due to expansion of 1DAY-lens sales and price revisions in Japan
Appropriate control of SGA while planning investment expenses for future growth



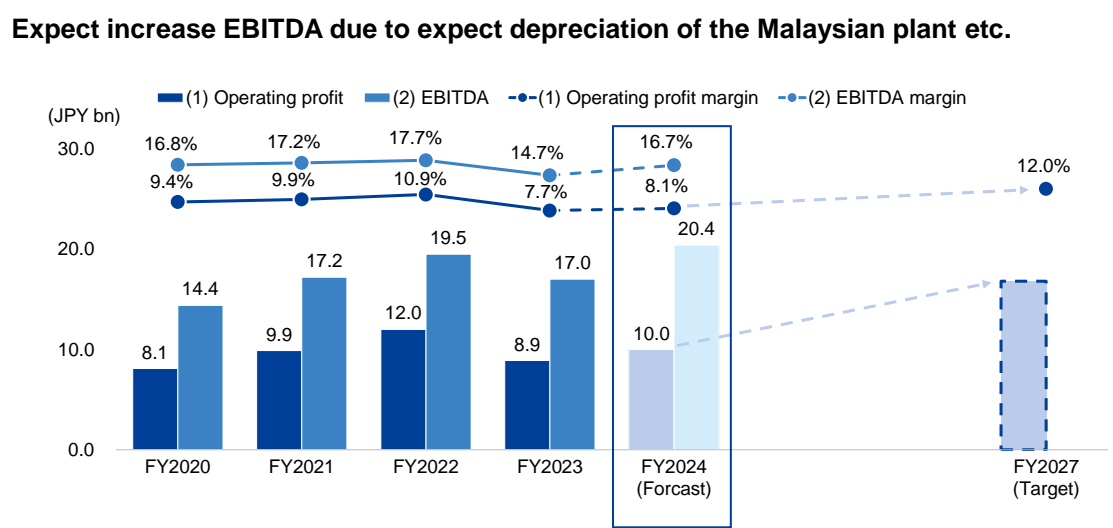
Items		Forecast for 2Q and beyond	Factors Affecting Business Performance
Gross profit		Sales expansion of 1DAY-lens, Effect of price revision in Japan	• Trends in the Chinese economy, changes in national policy, and changes in the competitive environment • Progress of Capital Investment • Variation in the amount of expenses used based on sales conditions • Foreign exchange fluctuations
SGA	New factory	Preparation for the operation of the Malaysia plant, a new 1DAY-lens production site	
	Personnel reinforcement	Expect about the same level as the previous fiscal year	
	R&D	Implemented as planned	

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Next, I will explain our operating profit forecast for FY2024. The forecast for operating profit is JPY 10.0 bn, an increase of JPY 1.0 bn from the previous year. As for investment expenses for future growth, we expect to see a Y-on-Y increase in expenses related to the operation of new plants from 2Q onward due to the preparation for the operation of the Malaysia plant. Although personnel expenses will increase Y-on-Y in 1Q due to wage increases and other factors, we expect them to remain at the same level from the second quarter onward as in the previous year. Since R&D expenses may increase or decrease from Q to Q depending on the timing of expenses and other factors, we currently expect to land roughly in line with our May forecast. Factors affecting operating profit include economic trends/changes in government policy/changes in the competitive environment in China, as well as foreign exchange fluctuations, these include changes in sales promotion measures in response to the progress of capital investment in the Malaysia plant and other facilities and sales conditions.

Operating profit / EBITDA Forecast



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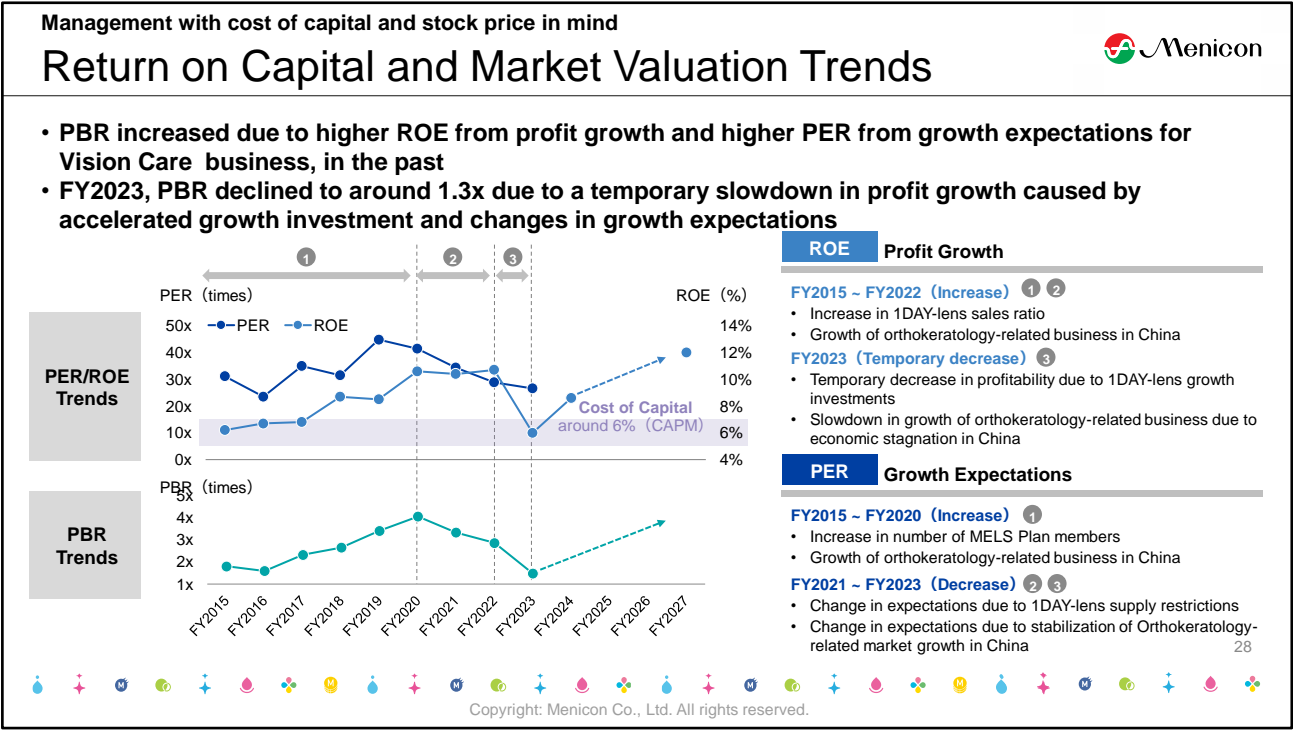
This shows the historical operating profit, the historical EBITDA, and the forecast for the current fiscal year. Operating profit growth for this fiscal year will be expected to be small, due in part to the impact of increase depreciation expenses resulting from continued capital investment, but EBITDA will be expected to increase. We expect EBITDA margin to improve more than operating profit margin in the current fiscal year, but we believe that operating profit margin will also improve as we move into the investment recovery phase in the future.

III. Management with cost of capital and stock price in mind

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I will explain management with cost of capital and stock price in mind.

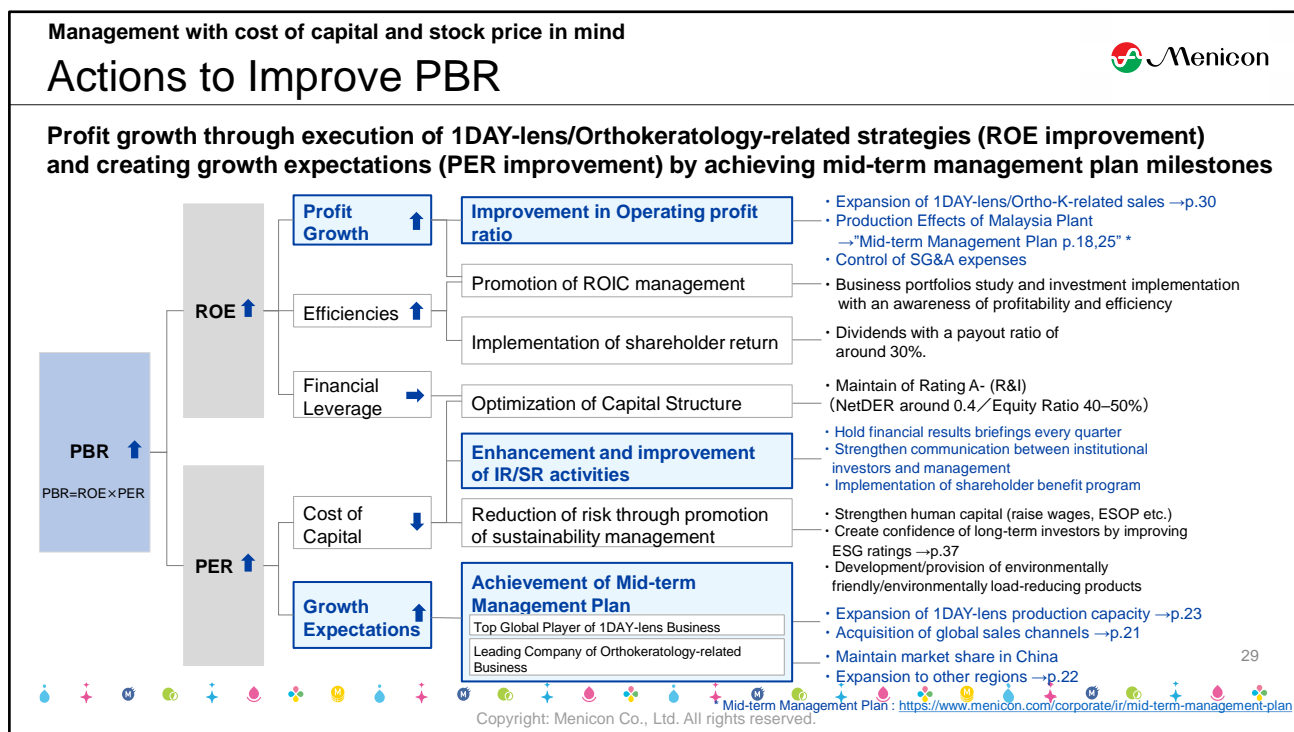


Since its listing, PBR had continued to rise. We believe this was because of an increase in ROE due to profit growth backed by rising in 1DAY-lens composition ratio, and expansion of orthokeratology-related business in China, and an increase in PER due to higher growth expectations for 1DAY-lens/orthokeratology-related business until FY2020.

On the other hand, PBR is currently on a declining trend. We believe this is because of limited supply relative to rising 1DAY-lens demand, changes in the market environment for orthokeratology-related business in China, and a temporary standstill in profit growth due to growth investments.

And we recognize that the cost of shareholders' capital is around 6%, and we believe that in order to increase the equity spread over the mid to long term, it is necessary to improve ROE and reduce the cost of shareholders' capital.

With regard to ROE, we aim to achieve ROE of 12% FY2027, the target set in Medium-Term Management Plan.



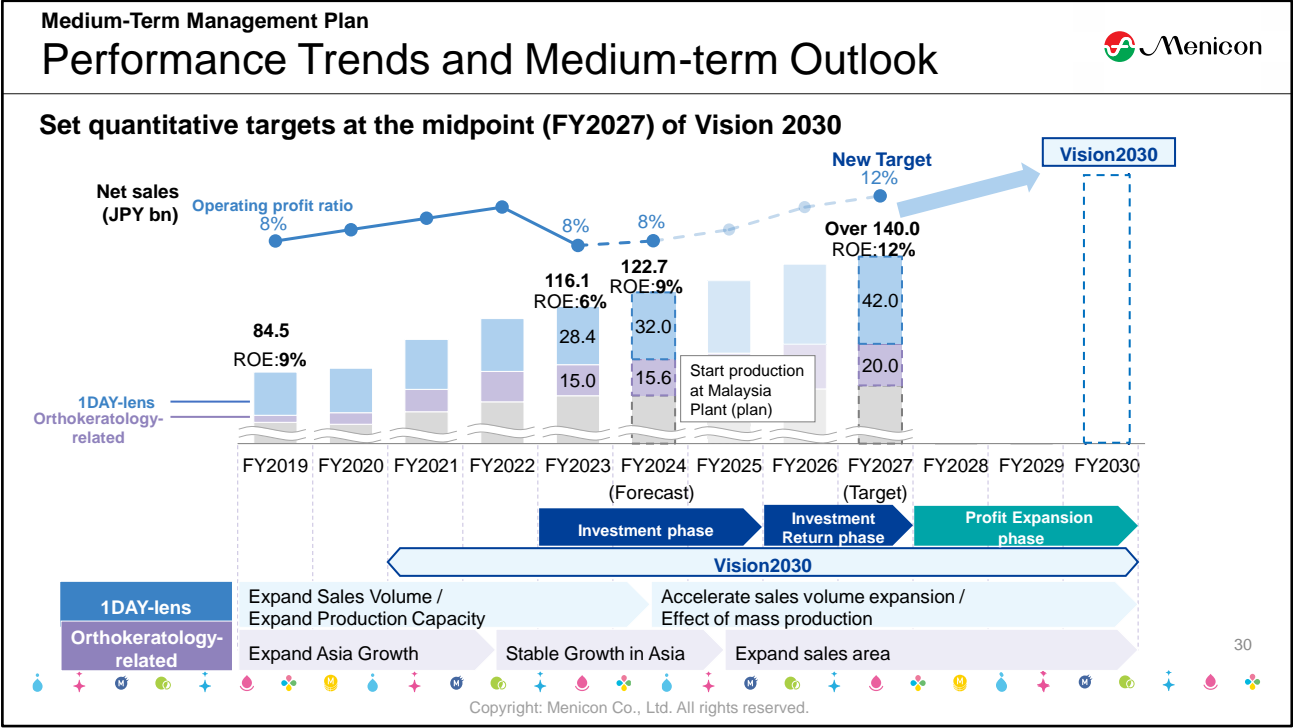
The point to achieve higher ROE and PER is, we believe this is to achieve growth of the 1DAY-lens business and orthokeratology-related businesses as set forth in our mid-term management plan.

As part of our efforts to improve ROE, we will improve the operating profit ratio mainly through the effect of 1DAY-lens mass production at Malaysia plant.

In addition, from the point of improving capital efficiency, we have adopted ROIC as an internal indicator from this fiscal year, and we will continue to examine our business portfolio and make investments with ROIC in mind.

Efforts to reduce the cost of capital will include strengthening communication with shareholders and investors.

To help investors better understand our management strategy, current situation, and future growth potential, including the thoughts of our management team, we have been increasing opportunities for our management, led by myself, to have dialogues with investors, such as by holding quarterly financial results briefings starting this fiscal year.

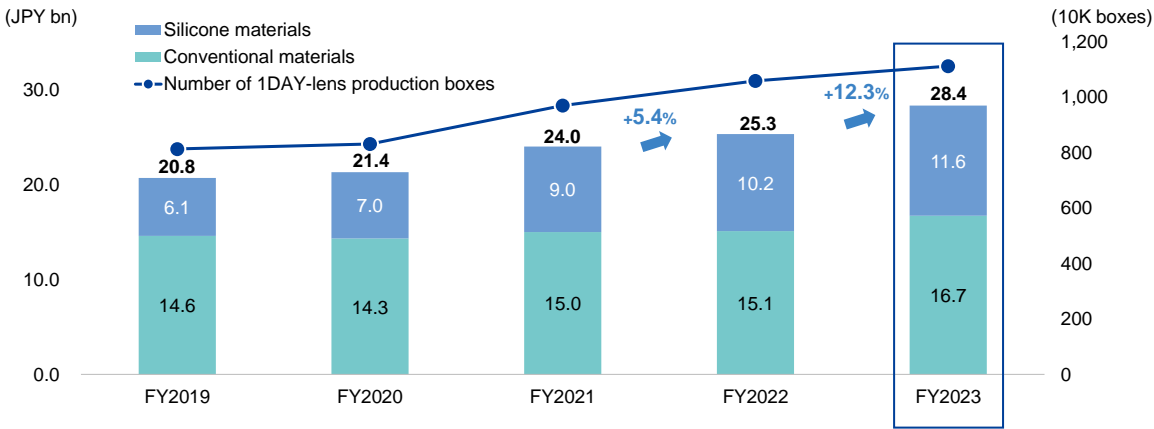


Currently, we are in the investment phase on the Malaysia plant, and by implementing the mid-term management plan on the 1DAY-lens strategy and orthokeratology-related strategy, by FY2027, we will move into the investment return phase, net sales to exceed over JPY 140 bn by FY2027. We aim for an operating profit ratio of 12% and ROE of 12%. In addition, we will not only improve operating profit ratio and ROE, but also realize continuous improvement in corporate value by executing management cost of capital in mind. That is all for your explanation.

Reference

1DAY-lens Sales Trends

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



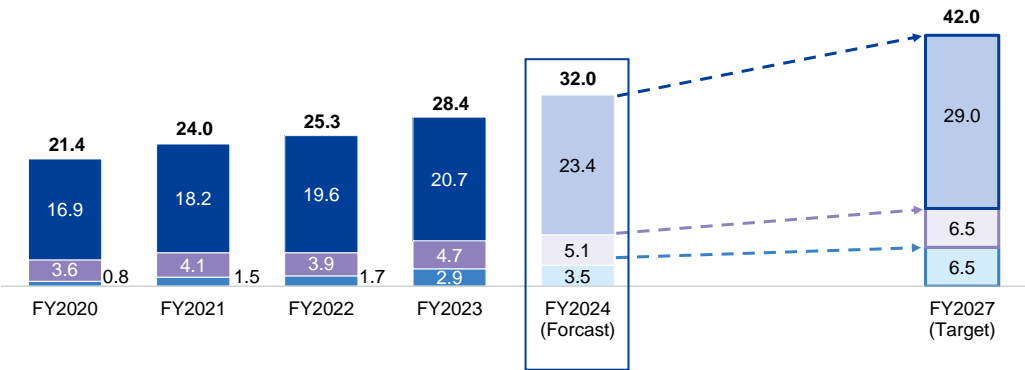
*1DAY-lens sales include products supplied by other companies on an OEM basis.

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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.

(JPY bn) ■ Japan_MELS Plan ■ Japan_Product sales ■ Overseas

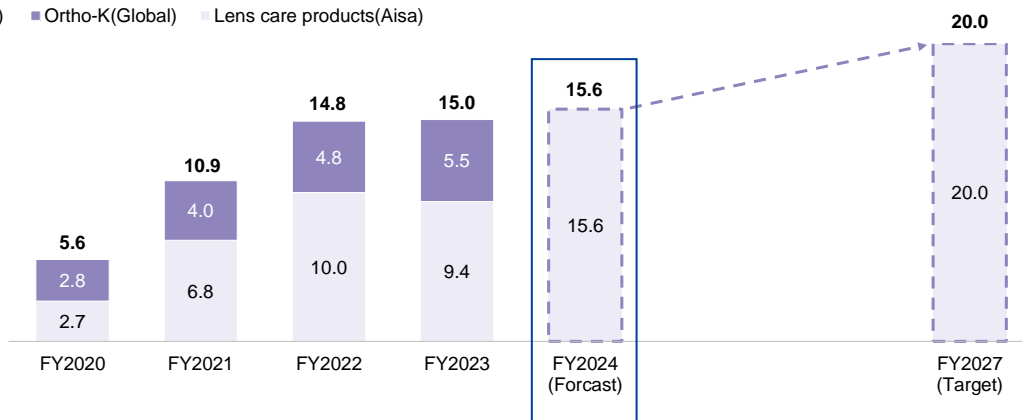


Orthokeratology-related sales forecast (breakdown of sales)

Orthokeratology Lenses : Growth in Japan and Europe in addition to China

Lens Care Products : Sales expansion expected in Asia

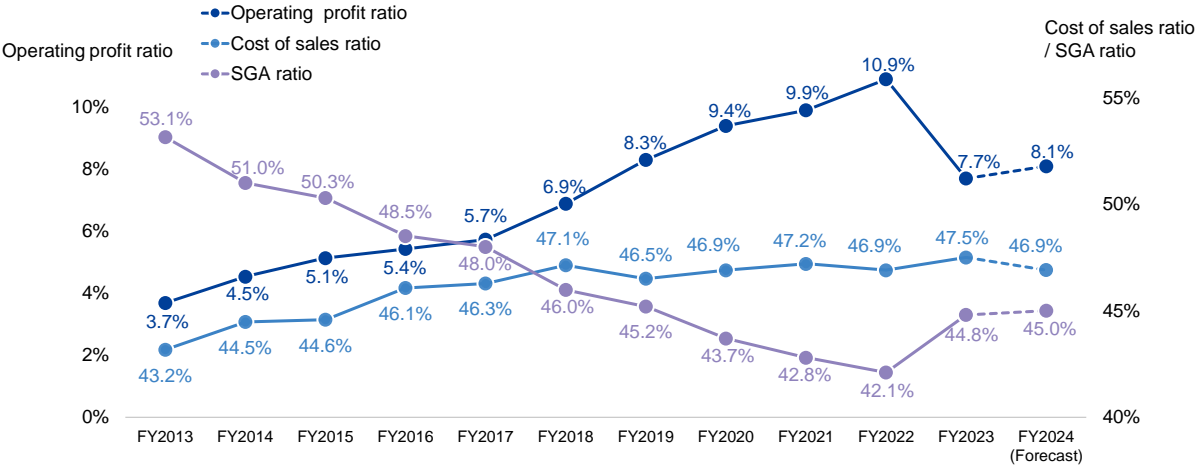
(JPY bn) ■ Ortho-K(Global) ■ Lens care products(Asia)



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Cost of Sales Ratio / SGA Ratio / Operating Profit Ratio



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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

Healthcare



Development and Sales

For clinics/EC/retailers

- Health care
- Pregnancy
- Beauty supplements, etc.

Expansion of sales through growth in femtech area and diversification of sales methods

Life care



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

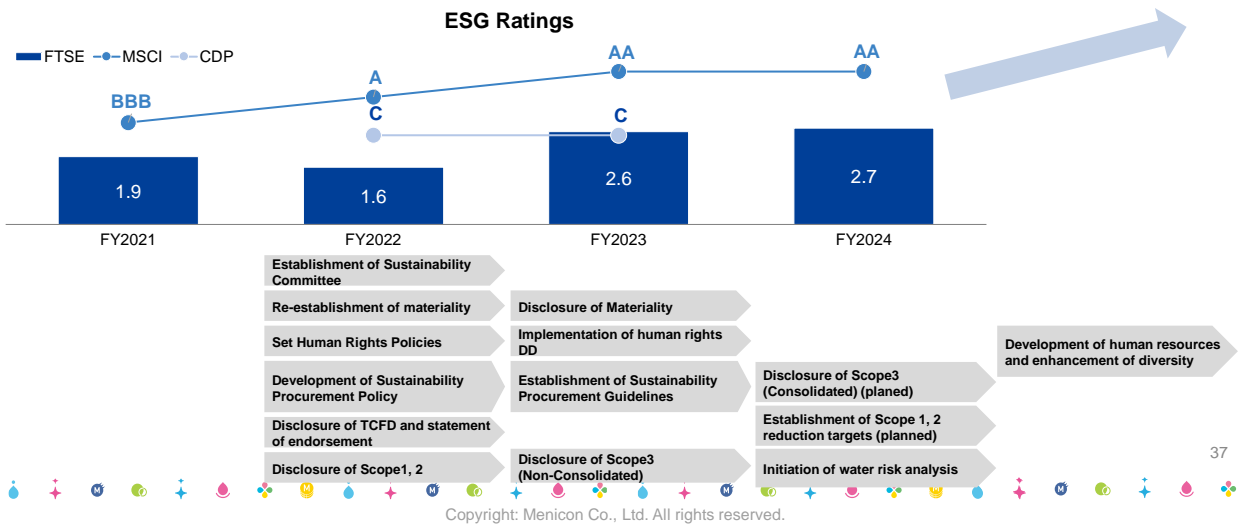
For Veterinary Hospitals

- Intraocular lenses for animals
- Contact lenses
- Supplements, etc.

Develop new channels and expand sales in Asia

Promote sustainability management and improve ESG ratings

Review policies and initiatives in line with materiality, and promote initiatives for items that have not yet been addressed.



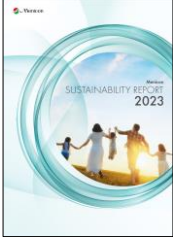
Information Dissemination Tools of Menicon

Financial Results

- [Consolidated Financial Results \(every quarter\)](#)
- [Financial data \(every quarter\)](#)
- [Databook](#) **NEW**

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](#)

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 August 9, 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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