

Consolidated Financial Results for the Six Months Ended September 30, 2024

Securities Code: 7780

Menicon Co., Ltd.
November 13, 2024

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I am Koji Kawaura, President and COO of Menicon Co., Ltd.
Thank you all for attending our financial results briefing today.
Now let me begin my presentation.

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Here are the contents for today’s presentation.

I . Summary of Consolidated Financial Results for 2Q FY2024

Now let me start with the summary of consolidated financial results for the 2nd quarter of FY2024.

Summary of Consolidated Financial Results for FY2024 2Q



(JPY mn)	FY2023 2Q	FY2024 2Q	YoY
Net sales	58,126	60,571	+4.2%
Cost of sales	27,674	27,770	+0.3%
[Cost of sales ratio]	47.6%	45.8%	[-1.8pt]
Gross profit	30,451	32,801	+7.7%
SGA	25,197	27,313	+8.4%
[SGA ratio]	43.3%	45.1%	[+1.8pt]
Operating profit	5,253	5,487	+4.5%
[Operating profit margin]	9.0%	9.1%	[+0.1pt]
EBITDA	9,061	9,455	+4.4%
[EBITDA margin]	15.6%	15.6%	[±0.0pt]
Ordinary profit	4,952	5,618	+13.4%
Profit attributable to owners of parent	3,321	3,622	+9.0%

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

(Reference) Past figures are available in the following data book.

<https://www.menicon.com/corporate/ir/databook>

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Net sales increased 4.2% to JPY 60.5 bn year on year.
 All line-item profits increased year on year.
 Specifically, gross profit increased 7.7% to JPY 32.8 bn,
 operating profit increased 4.5% to JPY 5.4 bn, and profit
 attributable to owners of parent increased 9.0% to JPY 3.6 bn.
 The operating profit growth was moderate relative to the gross
 profit growth.
 This is because we have continued investing for future growth,
 mainly in 1DAY-lens.
 I will explain the details of the performance summary later in
 the presentation.

Key Factors

1DAY-lens sales increased in Japan and orthokeratology-related sales increased due to sales expansion in Japan/Singapore/Korea. Operating profit and EBITDA increased due to sales expansion and price revisions in Japan, even after making investments for future growth.

Net sales JPY 60.5 bn **YoY** +4.2%

Vision Care **Net sales** JPY 56.2 bn **YoY** +6.1% (growth in local currency: +3.9%)

- ↑ Increased sales due to price revisions in Japan.
- ↑ 1DAY-lens: Increased number of MELS Plan members. Increased sales in Japan.
- Orthokeratology-related: Increased sales in Japan/Singapore/Korea.

Healthcare and Life Care **Net sales** JPY 4.2 bn **YoY** -16.0% (growth in local currency: -16.5%)

- ↓ Reduced the Food business scale in China.

Gross profit JPY 32.8 bn **YoY** +7.7%

- ↑ Increased in sales due to 1DAY-lens sales expansion and improved profitability due to price revisions in Japan.

Operating profit JPY 5.4 bn **YoY** +4.5%

- Strengthened of investments for future growth (new plants, personnel reinforcement, R&D).

EBITDA JPY 9.4 bn **YoY** +4.4%

- ↑ Increased in operating profit and EBITDA due to sales expansion and effect of price revision in Japan.

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Now I am going to explain the key factors.

In Vision Care business, net sales increased due to sales expansion of 1DAY-lens in addition to an increase in sales due to price revisions in Japan.

As for line-item profits, gross profit increased due mainly to sales expansion of 1DAY-lens, which has a higher unit selling price, along with the effect of price revision in Japan.

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

The Vision Care business also achieved a revenue growth of 3.9% year on year on a local currency basis.

Meanwhile, net sales of the Healthcare and Life Care business decreased 16.0% year on year to JPY 4.2 bn due to a decrease in sales of the Food business in China.

Breakdown of Net Sales



(JPY mn)	FY2023 2Q	FY2024 2Q	YoY
Net sales	58,126	60,571	+4.2%
Vision Care	53,037	56,295	+6.1%
1DAY-lens	14,055	15,389	+9.5%
Japan_MELS Plan*1	10,222	11,195	+9.5%
Japan_Product sales*2	2,242	2,777	+23.9%
Overseas	1,590	1,416	-10.9%
Orthokeratology-related	7,496	7,656	+2.1%
Ortho-K (Global)	2,628	2,840	+8.1%
Lens care products (Asia)	4,868	4,816	-1.1%
Other Contact lenses and Lens care products	31,486	33,249	+5.6%
MELS Plan*1	12,816	13,687	+6.8%
Contact lenses	13,581	14,110	+3.9%
Lens care products (Non-Asia)	5,088	5,450	+7.1%
Healthcare and Life Care	5,088	4,276	-16.0%

*1 FY2024 2Q MELS Plan sales : JPY 24,883 mn (YoY +8.0%).

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

(Reference) Past figures are available in the following data book.

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This is the breakdown of net sales.

Net sales in all product categories of the Vision Care business increased year on year.

This table shows sales results by product category: 1DAY-lens, Orthokeratology-related, and Other Contact lenses and Lens care products.

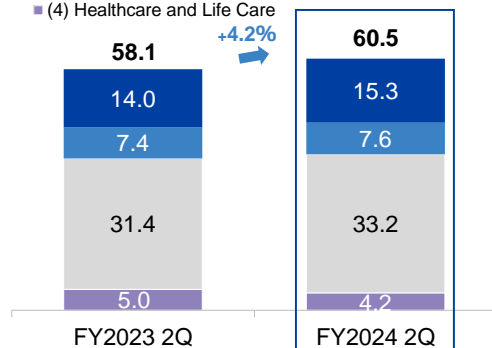
Net sales of the 1DAY-lens category overall was driven by MELS Plan and Product sales in Japan, achieving a year-on-year growth of more than 9%.

Consolidated Net Sales



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

(JPY bn) ■ (1) 1DAY-lens
■ (2) Ortho-K-related
■ (3) Other Contact lenses and Lens care products
■ (4) Healthcare and Life Care



Vision Care (YoY : JPY +3.25 bn)

- Enjoyed effect of price revision in Japan (JPY +2.21 bn)

① 1DAY-lens (YoY : JPY +1.33 bn)

- Expanded 1DAY-lens sales mainly in Japan

② Orthokeratology-related (YoY : JPY +0.16 bn)

- Expanded ortho-K sales in Japan/Singapore/Korea

③ Other Contact lenses

and Lens care products (YoY : JPY +1.76 bn)

- Expanded 1MONTH-lens sales in Europe

④ Healthcare and Life Care (YoY : JPY -0.81 bn)

- Reduced the Food business scale in China

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This slide shows the breakdown of sales.

Sales of the Vision Care business was JPY 56.2 bn, an increase of JPY 3.2 bn year on year.

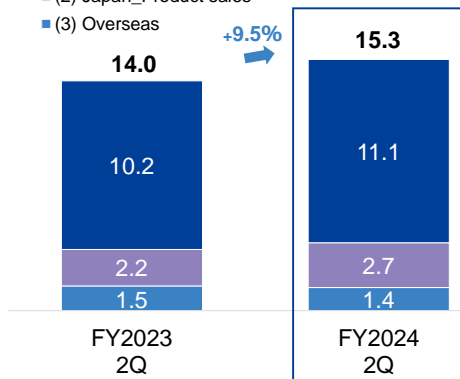
The increase in sales was driven by the effect of price revision for MELS Plan and Product sales in Japan, as well as by the expansion of 1DAY-lens sales in Japan and 1MONTH-lens sales in Europe.

1DAY-lens Sales (Breakdown of Sales)

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

(JPY bn)

- (1) Japan_MELS Plan
- (2) Japan_Product sales
- (3) Overseas



1 Japan_MELS Plan (YoY : JPY +0.97 bn)

- Increased membership due to increased supply
- Enjoyed effect of price revision (JPY +0.59 bn)

2 Japan_Product sales (YoY : JPY +0.53 bn)

- Increased sales due to increased supply
- Enjoyed effect of price revision (JPY +0.11 bn)

3 Overseas (YOY : JPY -0.17 bn)

- Controlled sales volume due to tight supply and demand
- Adjusted inventory in North America and China

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Sales of 1DAY-lens was JPY 15.3 bn, an increase of JPY 1.3 bn year on year.

Sales in Japan rose due to increased supply by the expansion of production lines and the effect of price revision, despite the continued tight supply of silicone 1DAY-lens, which is in strong demand globally.

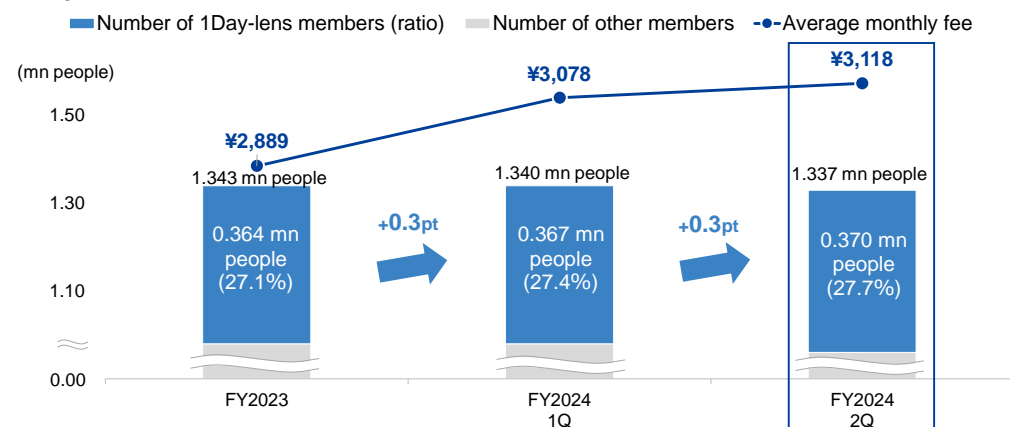
Sales of MELS Plan in Japan increased by JPY 0.9 bn, and Product sales in Japan increased by JPY 0.5 bn.

On the other hand, sales of overseas decreased by JPY 0.1 bn.

This was because we controlled sales volume of silicone 1DAY-lens due to tight supply and demand, as well as the inventory adjustment of non-silicone 1DAY-lens for distributors in North American and China.

Total Number of MELS Plan Members

Increased average monthly fee due to higher ratio of high-unit-price 1DAY-lens members and price revisions.



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This chart shows the total number of MELS Plan members. While the total number of MELS Plan members slightly decreased to 1.337 million from the end of the previous fiscal year, we expanded the membership of 1DAY-lens in strong demand, backed by an increase in supply resulting from the expansion of product lines.

In addition, the average monthly fee increased due to the higher ratio of high-unit-price 1DAY-lens members and the price revisions.

The impact of price revision on membership acquisition has calmed down the membership acquisition since January. Meanwhile, there is a continued impact on membership enrollment growth because of the tight supply of high-demand silicone 1DAY-lens.

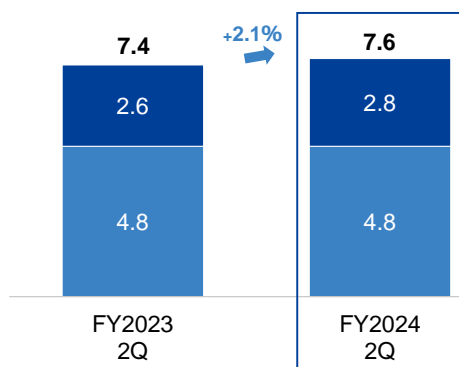
We expect the number of members in the future to grow by increasing the supply of 1DAY-lens along with an increase in production capacity, and also by implementing aggressive promotion after the increase in supply.

Orthokeratology-related Sales (Breakdown of Sales)

Growth due to expansion of Ortho-K sales in Japan/Singapore/Korea.

(JPY bn) ■ (1) Ortho-K (Global)

■ (2) Lens care products (Asia)



1 Ortho-K (Global) (YoY : JPY +0.21 bn)

- China : Maintained sales to distributors, foreign exchange impact (JPY +0.07 bn)
- Japan : Expanded the number of facilities handled (JPY +0.07 bn)
- Singapore/South Korea : Increased sales (JPY +0.05 bn)

2 Lens care products (Asia) (YoY : JPY -0.05 bn)

- China : Suffered a decreased in sales due to deteriorated competitive environment and economic stagnation (JPY -0.04 bn)

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Orthokeratology-related sales were JPY 7.6 bn, an increase of JPY 0.2 bn year on year.

In China, we maintained the sales volume of Ortho-K by strengthening our sales activities in cooperation with our sales channels, despite the intensified competition with industry peers and an unfavorable situation where economic stagnation has urged more and more people to use inexpensive alternatives such as eyeglasses for myopia control.

In Japan, we expanded the sales volume by strengthening our sales system of Orthokeratology-related and a resulting increase in the number of facilities handling our products. In addition, the growing penetration of the product mainly in Singapore and South Korea also contributed to an increase in sales.

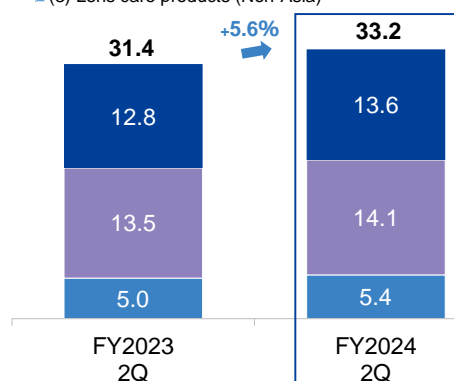
Lens care products sales decreased due to intensified competitive environment and economic stagnation as with Ortho-K in China.

Other Contact Lenses and Lens Care Products (Breakdown of Sales)

Growth due to expansion of 1MONTH-lens sales in Europe and 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 +0.87 bn)

- Enjoyed effect of price revision (JPY +1.23 bn)
- Suffered a decrease in non-1DAY-lens membership due to increased 1DAY-lens demand

2 Contact lenses (YoY : JPY +0.52 bn)

- Increased 1MONTH-lens sales through expansion of sales network in Europe
- Enjoyed effect of price revision in Japan (JPY +0.22 bn)

3 Lens care products (Non-Asia) (YoY : JPY +0.36 bn)

- Expanded sales in North America
- Expanded sales of high-unit-price products in Japan

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Sales of Other Contact lenses and Lens care products, excluding 1DAY-lens and Orthokeratology-related, were JPY 33.2 bn, an increase of JPY 1.7 bn year on year.

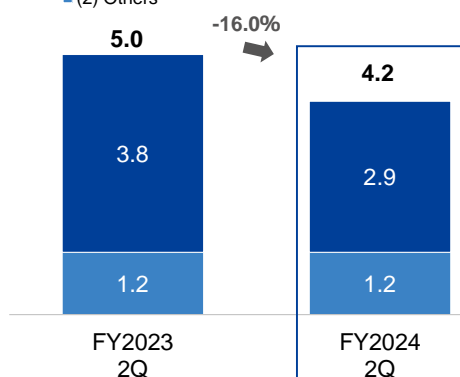
The increase in sales was mainly benefited from the effect of price revision for MELS Plan, expanded sales of 1MONTH-lens in Europe for contact lenses, and expanded sales of high-priced hydrogen peroxide-type lens care products in Japan as well as expanded sales in North America.

Decrease in sales due to the scale reduction of the Food business in China, etc.

(JPY bn)

■ (1) Food business

■ (2) Others



-16.0%

1 Food business (YoY : JPY -0.85 bn)

- China : Decreased sales due to reduced scale of food business in China, etc.
- Japan : Increased due to effect of price revision, etc.

2 Others (YoY : JPY +0.04 bn)

- Increased sales in Life Care businesses and the Veterinary Medical business, etc.

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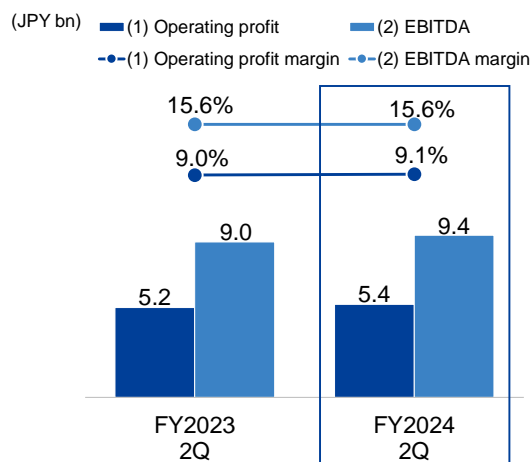
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Sales of Healthcare and Life Care business were JPY 4.2 bn, a decrease of JPY 0.8 bn year on year.

This was mainly due to a decrease in sales in China, where we engage in the business of imported foods from Japan, resulting from the discharge of ALPS treated water.

Operating Profit and EBITDA

Increased due to expansion of 1DAY-lens sales, etc. and effect of price revision in Japan, even after making investments for future growth.



1 Operating profit (YoY : JPY +0.23 bn)

Operating profit margin (YoY : -0.1 pt)

- Gross profit : JPY +2.34 bn (JPY 30.4 bn → JPY 32.8 bn)
Sales expansion of 1DAY-lens, etc., effect of price revision in Japan
- SGA : JPY +2.11 bn (JPY 25.1 bn → JPY 27.3 bn)
Strengthening of investment for growth (new plants, personnel reinforcement, R&D)

2 EBITDA (YoY : JPY +0.39 bn)

EBITDA margin (YoY : ±0.0 pt)

- Depreciation : JPY +0.12 bn (JPY 3.60 bn → JPY 3.73 bn)
Increase due to 1DAY-lens investment, etc.

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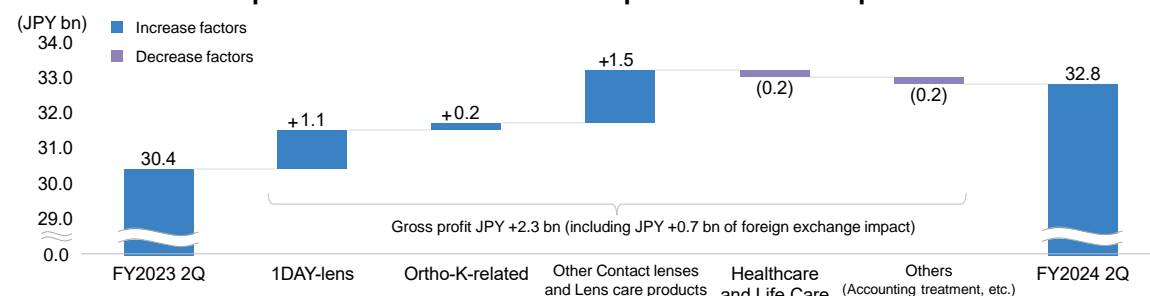
Now let me explain the details of operating profit.

Operating profit increased year on year due to an increase in gross profit from the sales expansion of 1DAY-lens and other products and the effect of price revision in Japan, despite an increase in SGA as a result of continued investments for growth.

Analysis of Changes in Consolidated Gross Profit



Increased due to expansion of sales and effect of price revision in Japan.



• Main reasons for increase/decrease *Including foreign exchange impact

Items	
1DAY-lens	Increased in number of MELS Plan members, expansion of product sales in Japan, and effect of price revision in Japan
Orthokeratology-related	Expanded Ortho-K sales in global markets
Other Contact lenses and Lens care products	Expanded sales in Europe and effect of price revision in Japan
Healthcare and Life Care	Decreased in Food business scale in China

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This slide shows the factors of changes in gross profit compared with the 2nd quarter of the previous fiscal year. Gross profit, in total, increased by JPY 2.3 bn.

The reasons for the increase are as follows.

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

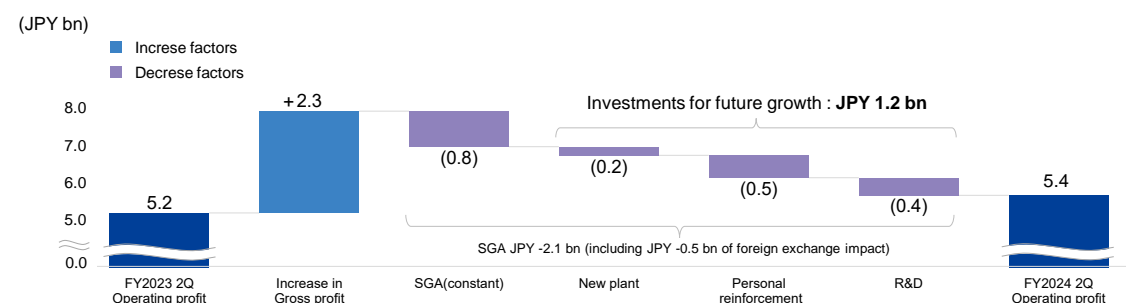
Orthokeratology-related maintained profit growth despite the intensified competitive environment for Orthokeratology-related products and economic stagnation in China.

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

Analysis of Changes in Operating Profit



Increased operating profit even after making investment for future growth.



• Major breakdown of SGA expenses (constant) *Including foreign exchange impact

Items	Amount (JPY bn)
Office outsourcing fee	(0.3)
Rent	(0.1)
Costs of Distribution center in Europe and M&A related, etc.	(0.3)
Start of Global Logistics Center operation, etc.	(0.1)

• Major breakdown of investment for future growth *Including foreign exchange impact

Items	Amount (JPY bn)
New plant	(0.2)
Personnel reinforcement	(0.5)
R&D	(0.4)
1DAY-lens preparation for the operation of the Malaysia plant, a new production site.	(0.2)
Wage increases, personnel increases, etc. in Japan and overseas	(0.5)
Development and clinical trial expenses for new products, increase in research personnel, etc.	(0.4)

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This chart shows the factors of changes in operating profit compared to the 2nd quarter of the previous fiscal year. SGA are shown separately: constant expenses and investments and expenses for future growth. Constant expenses increased mainly due to enhancement of the logistics system. Factors for an increase in investments and expenses for future growth include preparation for the operation of the Malaysia plant, personnel reinforcement including wage increases and personnel increases, development and clinical trial expenses for new products, and increase in research personnel. Overall, SGA were used as planned, despite an increase in R&D and other expenses. In the 2nd half and beyond, we will continue to appropriately control the expenses.

Summary of Consolidated Balance Sheet

(JPY mn)	FY2023	FY2024 2Q	Change	(JPY mn)	FY2023	FY2024 2Q	Change
Cash and deposits	46,911	40,465	(6,446)	Notes and accounts payable - trade	6,181	6,081	(99)
Notes and accounts receivable - trade	13,340	14,093	+753	Short-term interest-bearing debt	26,217	26,079	(137)
Inventories	18,803	20,319	+1,516	Accounts payable - other	7,338	5,381	(1,956)
Other	6,716	6,057	(658)	Other	10,316	9,781	(535)
Current assets	85,771	80,936	(4,834)	Current liabilities	50,053	47,323	(2,729)
Property, plant and equipment	75,508	81,210	+5,702	Long-term interest-bearing debt	44,580	46,615	+2,034
Intangible assets	11,668	14,150	+2,481	Other	3,372	3,473	+100
Investments and other assets	6,863	7,034	+171	Non-current liabilities	47,953	50,088	+2,135
Non-current assets	94,040	102,395	+8,355	Total liabilities	98,007	97,412	(594)
Total assets	179,812	183,332	+3,520	Total net assets	81,804	85,919	+4,114

Investment for 1DAY-lens plants, etc.

Including convertible bonds of JPY 22.988 mn

Straight bonds of JPY 10.0 bn (issued in Oct. 2024)
Syndicated loan of JPY 12.0 bn (to be executed in Nov. 2024)
→ To be used as redemption funds in January 2025.

September 30, 2024

Equity Ratio	45.5%	Cash and deposit balance	40,465	To be used mainly for capital investment for 1DAY-lens plants.
Net DER	0.4	Interest-bearing debt	72,695	

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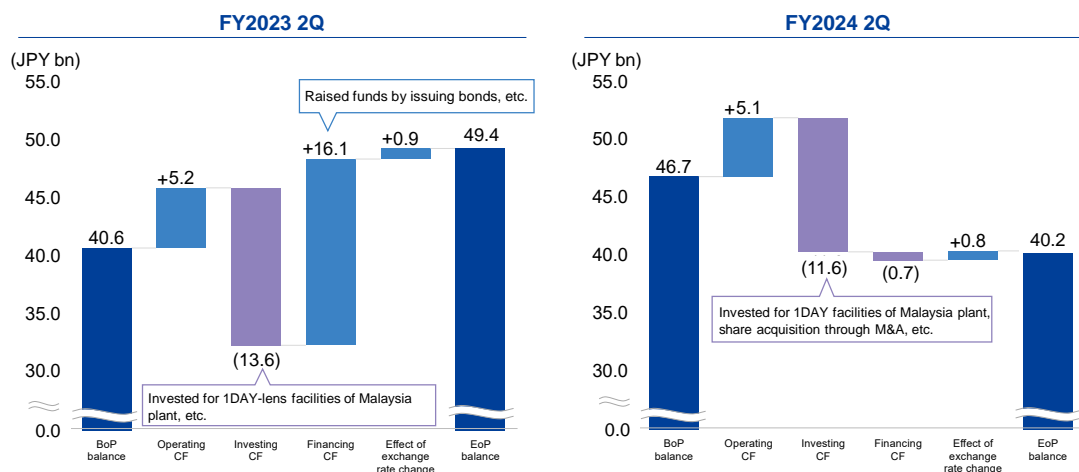
This slide shows the balance sheet.

Cash and deposits are to be used for capital investment for enhancing production facilities mainly at 1DAY-lens manufacturing plants, such as the Malaysia plant.

Zero Coupon Convertible Bonds of JPY 23.0 bn recorded in short-term interest-bearing debt will become due for redemption in January 2025.

For refinancing, we have already issued straight bonds of JPY 10.0 bn in October 2024, along with syndicated loan of JPY 12.0 bn that is to be executed in November 2024.

Consolidated Cash Flow Comparison



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This shows the consolidated cash flows.

We assess that we have generated a certain amount of operating cash flow.

The funds raised by issuance of bonds in the previous fiscal year have been invested in the construction of a 1DAY-lens manufacturing plant in Malaysia.

Ⅱ . Forecast of Consolidated Financial Results and Outlook for FY2024

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From now on, I will explain the forecast of consolidated financial results and outlook for FY2024.

Breakdown of Net Sales Forecast



No change from the consolidated earnings forecast (Net sales).

The breakdown of net sales forecast has been revised, reflecting the current situation (announced on November 13, 2024).

(JPY mn)	FY2024 (1) Previous forecast	FY2024 (2) Revised forecast	FY2024 Change (2)-(1)
Net sales	122,700	122,700	-
Vision Care	115,100	114,100	(1,000)
1DAY-lens	32,000	31,600	(400)
MELS Plan	23,400	23,000	(400)
Product sales in Japan	5,100	5,500	+400
Overseas	3,500	3,100	(400)
Orthokeratology-related	15,600	14,500	(1,100)
Other Contact lenses and Lens care products	67,500	68,000	+500
Healthcare and Life Care	7,600	8,600	+1,000

(Reference) MELS Plan sales for FY2024: JPY 50.8 bn (forecast as of May 14, 2024)⇒JPY 50.0 bn (announced on Nov. 13, 2024)

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This table shows the breakdown of net sales forecast.

Considering the current situation, we have partially revised the breakdown from the previous forecast announced in May 2024.

While keeping the total net sales forecast unchanged at JPY 122.7 bn, we have downward revised net sales of the Vision Care business by JPY 1.0 bn, and upward revised net sales of the Healthcare and Life Care business by 1.0 bn.

In addition, we have downward revised net sales of MELS Plan by JPY 0.8 bn, which is shown outside the table.

For 1DAY-lens, we expect to achieve solid growth in Product sales in Japan.

The forecast figures have reflected the supply volume constraint of silicone 1DAY-lens and membership enrollment status of non-silicone 1DAY-lens in MELS Plan, and the influence of inventory adjustment overseas.

The forecast figure of Orthokeratology-related has taken into account the intensified competitive environment in China.

The forecast figure of Other Contact lenses and Lens care products included net sales of Oculus Pte Ltd., a sales company in Asia that we acquired to make it a subsidiary at the end of September.

The forecast figure of MELS Plan was revised considering the current situation affected by the supply volume constraint of silicone 1DAY-lens. 18

Financial Forecast



No change from the consolidated financial forecast (net sales, operating profit and other line-item profits below).
Cost of sales and SGA forecasts have been revised, reflecting the current situation (announced on November 13, 2024).

(JPY mn)	FY2024 (1) Previous forecast	FY2024 (2) Revised forecast	FY2024 Change (2)-(1)
Net sales	122,700	122,700	-
Cost of sales	57,500	57,800	+300
[Cost of sales ratio]	46.9%	47.1%	[+0.2%]
Gross profit	65,200	64,900	(300)
Selling, general and administrative expenses	55,200	54,900	(300)
[SGA Ratio]	45.0%	44.7%	[-0.3%]
Operating profit	10,000	10,000	-
[Operating profit margin]	8.1%	8.1%	-
EBITDA	20,437	19,600	(837)
[EBITDA margin]	16.7%	16.0%	[-0.7%]
Ordinary profit	9,500	9,500	-
Profit attributable to owners of parent	7,000	7,000	-

* Exchange rates in FY2023

EUR: JPY 157.7, USD: JPY 145.3, CNY: JPY 19.9

Exchange rates in assumed in financial forecast FY2024

EUR: JPY 159.0, USD: JPY 147.0, CNY: JPY 20.3

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This slide shows the full-year consolidated financial forecast. As shown on the slide, we have revised the forecasts of cost of sales and SGA from the previous forecast announced in May 2024, reflecting the current situation.

Compared to the previous forecast, net sales remains the same.

However, as I explained earlier, we have revised to increase cost of sales by JPY 0.3 bn due to a decrease in the sales composition of the highly profitable Vision Care business. We also revised to decrease SGA by JPY 0.3 after considering expenses that were actually incurred and expected to be incurred.

There is no change to operating profit and other line-item profits below.

Financial Forecast and Progress



(JPY mn)	FY2023	FY2024 2Q	FY2024 (Revised forecast)	Progress rate
Net sales	116,192	60,571	122,700	49.4%
Cost of sales	55,181	27,770	57,800	48.0%
(Cost of Sales Ratio)	47.5%	45.8%	47.1%	---
Gross profit	61,010	32,801	64,900	50.5%
Selling, general and administrative expenses	52,058	27,313	54,900	49.8%
(SGA Ratio)	44.8%	45.1%	44.7%	---
Operating profit	8,951	5,487	10,000	54.9%
(Operating profit margin)	7.7%	9.1%	8.1%	---
EBITDA	17,048	9,455	19,600	48.2%
(EBITDA margin)	14.7%	15.6%	16.0%	---
Ordinary profit	8,225	5,618	9,500	59.1%
Profit attributable to owners of parent	4,538	3,622	7,000	51.7%

*Exchange rates in FY2023

EUR: JPY 157.7, USD: JPY 145.3, CNY: JPY 19.9

Exchange rates in 2Q FY2024

EUR: JPY 165.8, USD: JPY 152.5, CNY: JPY 21.3

Exchange rates assumed in financial forecast FY2024

EUR: JPY 159.0, USD: JPY 147.0, CNY: JPY 20.3

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This slide shows the progress of net sales, gross profit, and the other line-item profits below against the revised forecast. As shown on the slide, the progress against the revised full-year forecast is about halfway.

Breakdown of Net Sales and Progress



(JPY mn)	FY2023	FY2024 2Q	FY2024 (Revised forecast)	Progress rate
Net sales	116,192	60,571	122,700	49.4%
Vision Care	106,887	56,295	114,100	49.3%
1DAY-lens	28,429	15,389	31,600	48.7%
MELS Plan	20,740	11,195	23,000	48.7%
Product sales in Japan	4,711	2,777	5,500	50.5%
Overseas	2,977	1,416	3,100	45.7%
Orthokeratology-related	15,001	7,656	14,500	52.8%
Other Contact lenses and Lens care products	63,456	33,249	68,000	48.9%
Healthcare and Life Care	9,304	4,276	8,600	49.7%

(Reference) MELS Plan sales for FY2024 are expected to be JPY 50.0 bn.
MELS Plan sales for FY2024 2Q were JPY24.8 bn (49.8% progress)

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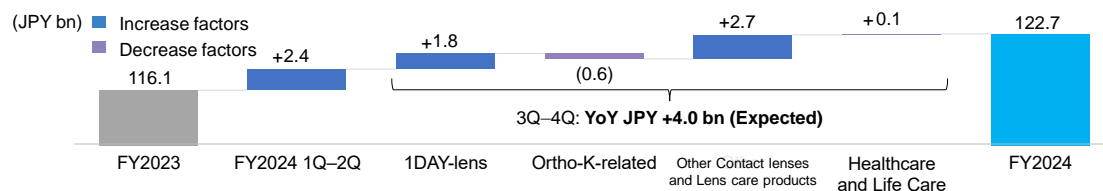
This chart shows the progress of net sales against the revised forecast by business.

I will explain initiatives going forward for achieving the revised forecast in the slides to follow.

Sales Forecast for FY2024



**Expand 1DAY-lens sales due to increase in supply and price revisions in Japan;
Decrease orthokeratology-related sales due to slow down in China, even after penetrating in Non-China regions.**



Category	Forecast for 3Q and beyond	Factors Affecting Business Performance
1DAY-lens	Overall: ○ Increase supply Japan: ○ Expand sales channels and effect of price revision in Japan Overseas: △ Adjust inventory in North America and China, etc.	・ Deteriorating competitive environment and changes in economic trends and national policy for Ortho-K in China ・ Foreign exchange fluctuations
Orthokeratology-related	Japan: ○ Expand penetration in Japan Overseas: △ Anticipate an increase in competition in China and intensification of competition due to alternative technology diffusion ○ Expand penetration in Non-China regions	
Other Contact lenses and Lens care products	Japan: ○ Switch to high value-added products ○ Expand sales of hydrogen peroxide-type lens care products ○ Enjoy effect of price revision in Japan Overseas: ○ Enjoy effect of M&A of sales companies in Asia ⇒p.26	

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First, let me explain the net sales forecast.

This slide shows the change from the results for FY2023 and the forecast by business for the 3rd quarter and beyond.

We expect net sales to increase by JPY 4.0 bn for 2H and by JPY 6.5 bn to JPY 122.7 bn on a full-year basis.

In 1DAY-lens and Other Contact lenses and Lens care products, we expect sales to increase by about JPY 1.5 bn from the 3rd quarter and beyond due to the effect of price revision.

In addition, we expect an increase in supply volume of silicone 1DAY-lens and expansion of sales channels in Japan.

In Orthokeratology-related products, we expect sales to increase in Japan and Asian countries, but we also foresee the competitive environment will be intensified in China.

In Other Contact lenses and Lens care products, the sales growth is expected through sales promotion of high-value-added and high-unit-price products.

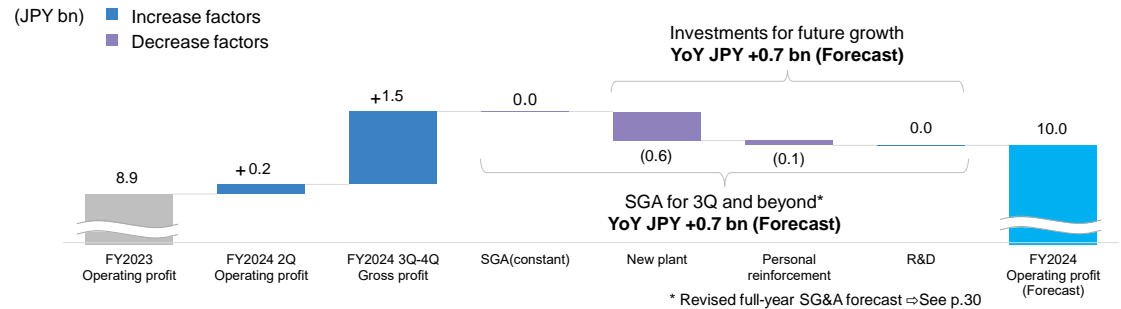
In addition, we expect an increase in sales from the Asian sales company that became our subsidiary.

Factors affecting sales include deteriorating competitive environment caused by further spreading of the use of alternative technologies such as eyeglasses for myopia control in China as well as foreign exchange fluctuations.

We will continue to closely monitor the trends.

Operating Profit Forecast for FY2024

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



Items	Forecast for 3Q and beyond	Factors Affecting Business Performance
Gross profit	Expand sales of 1DAY-lens and enjoy effect of price revision in Japan	
New plant	Prepare for the operation of the Malaysia plant, a new 1DAY-lens production site	
Personnel reinforcement	Reinforce personnel at about the same level as the previous fiscal year	
R&D	Implement as planned	

- Deteriorating competitive environment for Ortho-K and changes in economic trends and national policy in China
- Progress of investments
- Variation in the amount of expenses used based on sales conditions
- Foreign exchange fluctuations

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Next, I will explain the operating profit forecast.

This slide shows the change from results for FY2023 and the forecast of changes in gross profit and the breakdown of SGA for the 3rd quarter and beyond.

We expect operating profit to increase by JPY 0.8 bn for 2H and by JPY 1.0 bn to JPY 10.0 bn on a full-year basis.

SGA will be incurred for the operation of the new plant.

Specifically, the expenses will be incurred for depreciation of the new plant building in Malaysia, which is to begin from the 3rd quarter and beyond.

These expenses are part of investment costs for future growth.

As for personnel reinforcement and R&D, these expenses increased in the 3rd quarter and beyond of the previous year, with more expenses incurred in the 2nd half of the previous year.

In the 3rd quarter and beyond of the current fiscal year, we expect to spend about the same amount as in the previous fiscal year.

Also, many of other constant SGA were incurred in the 2nd half of the previous fiscal year due to one-time expenses and other costs incurred in the 3rd quarter and beyond of the previous year.

In the 3rd quarter and beyond in this fiscal year, we will be able to appropriately control SGA at the level same as in the previous fiscal year.

Factors that may affect the future operating profit include the progress of capital investment mainly in the plant in Malaysia and changes to sales promotion measures in response to sales status as well as the further deterioration in the competitive environment in China and foreign exchange fluctuations.

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"> Promote MELS Plan in approx. 1,600 stores Utilize approx. 170 group stores 	<ul style="list-style-type: none"> Attract customers making their debut in contact lenses by introducing "Miru First Contact Lenses", a new service offered by sales companies in the Group Promote MELS Plan enrollment through expansion of MELS Plan member shop and online consultation, and retraining of shop staff Open new group shop/relocation to favorable locations Europe: Establish long-term partnership with a major mass retailer chain and scheduled to conclude contracts with new potential suppliers as production capacity increases North America: Expand business partners by flexibly responding to OEM supply needs of each sales channel, etc. China: Cultivate own brand and sales expansion through alliances with an online contact lens specialty retailer Southeast Asia: Expand sales by utilizing the sales networks of the three sales companies that became subsidiaries in September. ⇒See p.26
Europe & North America	<ul style="list-style-type: none"> Expand sales to major volume retail chains 	
Asia	<ul style="list-style-type: none"> Expand sales by group sales companies 	



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Now, I will explain measures for medium- to long-term growth. As measures based on the 1DAY-lens sales strategy, we have introduced a new service, "Miru First Contact Lenses", for promoting sales of non-silicone 1DAY-lens, targeting contact lens beginners.

We aim to expand Product sales and increase the number of MELS Plan 1DAY-lens members, as well as to expand sales channels, implement in-store measures to attract more customers, and strengthen communication with users.

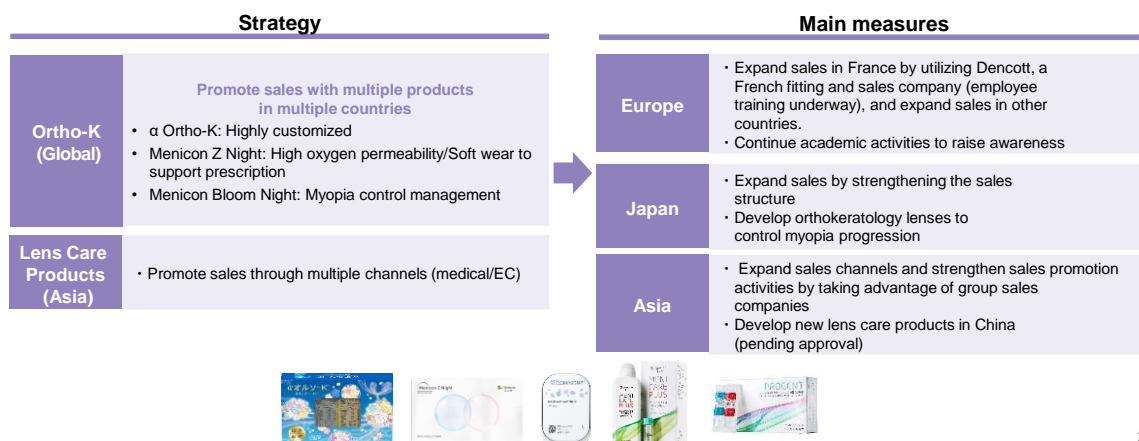
In Europe and North America, we will focus on building relationships with business partners for future sales expansion and appropriately forming new alliances with suppliers based on the current production volume until a supply system for high-demand silicone 1DAY-lens is in place.

In China, we will cultivate our own brand and expand sales through new alliances with an online contact lens specialty retailer.

In Southeast Asia, we will expand sales through the sales company that became our subsidiary.

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 the Orthokeratology-related strategy, we believe that enhancement in regions other than China is important.

In Europe, we will put in place prescription facilities by utilizing Dencott, which became our subsidiary in March. In Japan, we will promote the spread of orthokeratology lenses by strengthening our sales structure.

For the Lens Care Products business, we aim to increase the number of sales channels by taking advantage of the Group's sales companies including the one in Asia that became our subsidiary in September.

In addition, we are actively pursuing initiatives for medium- to long-term growth, including development toward obtaining the approval for orthokeratology lenses to control myopia progression in Japan and the application for approval of new lens care products to maintain our competitive advantage in China.

Expansion of Overseas Sales Channels: Strengthen Asian Sales Network

Formed an alliance with an online contact lenses retailer in China, where the disposable contact lenses market is expanding. Acquired a distributor in Southeast Asia in anticipation of medium- to long-term growth in demand.

Partnering with online retailers in China

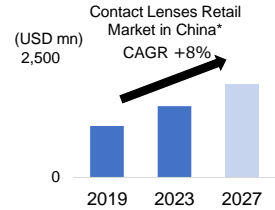
Closed Strategic Partnership in November 2024

Purpose Aime to cultivate and expand sales of the Menicon brand in the Chinese disposable contact lenses market through a partnership with Sigo, one of China's largest online contact lens specialty retailers in terms of sales.

Target Area All over China

Target product 1DAY-lens and 1MONTH-lens (scheduled)

Start of Transaction 2025 (scheduled)



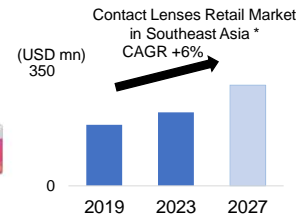
Acquired three Southeast Asian sales companies (Oculus) as subsidiaries

Became a subsidiary in September 2024

Purpose Utilize a sales network of over 2,000 stores, expand sales in Malaysia and Indonesia, where the contact lens market is expected to grow significantly, and in Singapore, where the ratio of 1DAY-lens is high.

Target Area Singapore, Malaysia, Indonesia

Target Product 1DAY-lens, Ortho-K lenses, and lens care products



*Source: Euromonitor International, Eyewear (ver.2025) 26
Target countries: Southeast Asia (Singapore, Indonesia, Malaysia), China

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To achieve our growth strategies, we have continued to expand sales channels.

Specifically, we have been strengthening the Asian sales network in anticipation of medium- to long-term growth.

In China, where the disposable contact lenses market is expanding, we have formed an alliance with an online contact lens specialty retailer to cultivate the Menicon brand and expand sales through new sales channels.

In Southeast Asia, where further market growth is expected in the future due to an increase in young generation, income growth and other factors, we have acquired three companies as our subsidiaries.

These three companies have sales networks of over 2,000 stores in total.

In this region where the manufacturing base of 1DAY-lens is located, we will promote not only 1DAY-lens but also expand sales of orthokeratology-related products.

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](#)

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We believe that the ability to supply products in response to demand is a prerequisite for growth.

To this end, we will continuously make the necessary capital investments and strengthen our production system to optimize supply.

Especially for 1DAY-lens, each plant is strengthening its production system to address tight supply and meet strong global demands.

Malaysia Plant is scheduled to begin production in the 2nd half of FY2025.

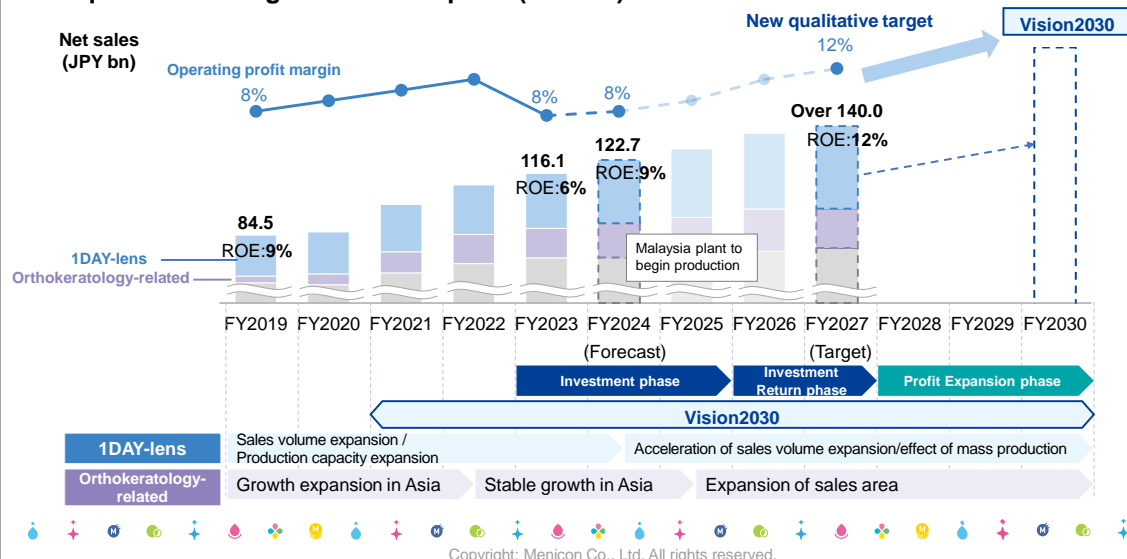
In addition, we expect to expand production at existing plants by putting new lines into operation in phases in the 2nd half of FY2024 and beyond.

There is no change to the line operation schedule announced at the time of the 1st quarter financial reporting in August.

Milestone 2027



Set quantitative targets at the midpoint (FY2027) of Vision 2030.



We are currently in the investment phase mainly focusing on Malaysia Plant.

We will achieve the forecast for the current fiscal year and the quantitative target of the Medium-term Management Plan for FY2027 by implementing the measures I have explained, especially centering around the 1DAY-lens and orthokeratology-related strategies.

That is all for today.

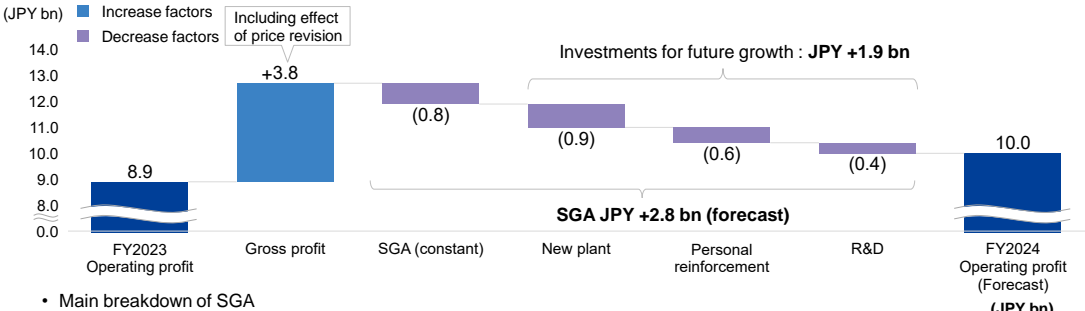
Thank you very much for your attention.

Reference

Analysis of Changes in Operating Profit for FY2023 and Forecast for FY2024



Reviewed gross profit and SGA breakdown reflecting the current situation.

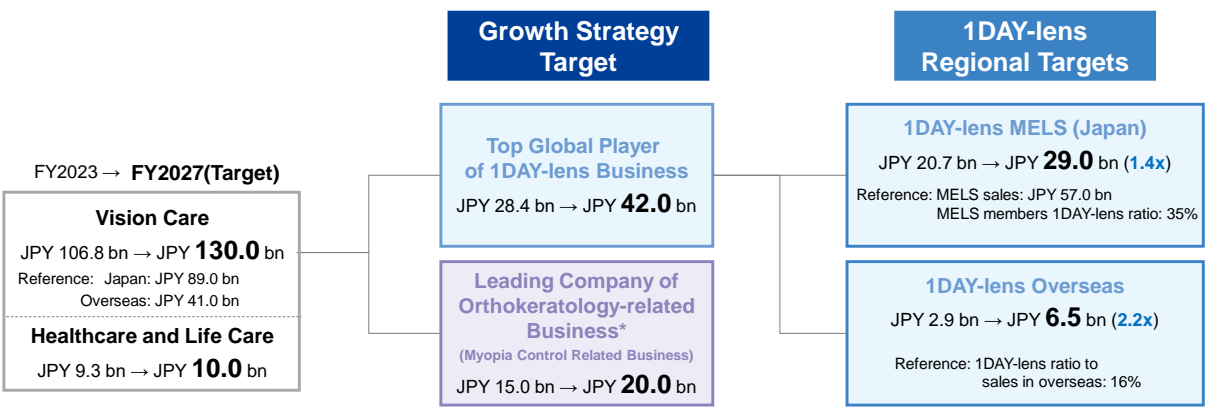


Item		Previous forecast	Revised forecast
Constant	Normal operating costs, costs associated with the start of operations at the logistics center, M&A costs, etc.	(1.3)	(0.8)
New plant	Prepare to start operations at the Malaysian plant, a new manufacturing base of 1DAY-lens	(1.3)	(0.9)
Personnel reinforcement	Invest in headcount and personnel	(0.3)	(0.6)
R&D	Expand countries where products are sold and develop new products	(0.1)	(0.4)

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Growth Strategy Targets & 1DAY-lens Regional Targets

Expect targets by implementing growth strategies.



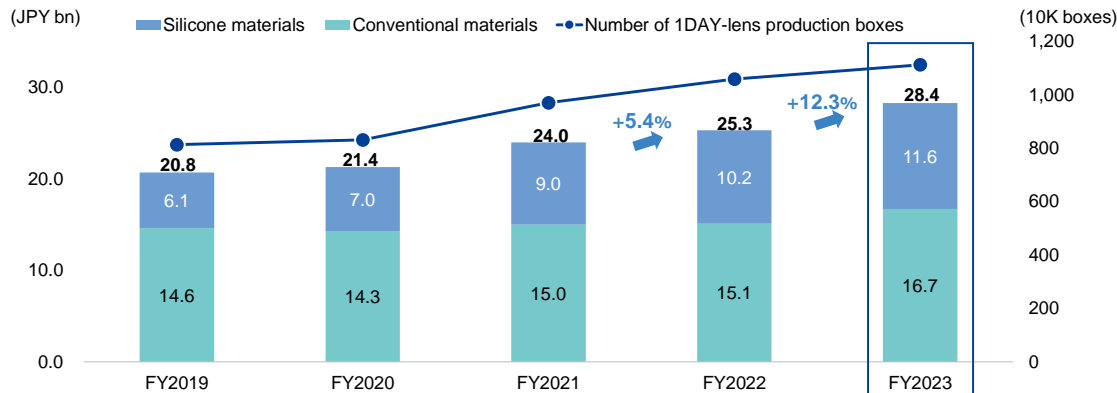
* Total of Orthokeratology lenses (Global) and Lens care products (Asia)

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1DAY-lens Sales Trends



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

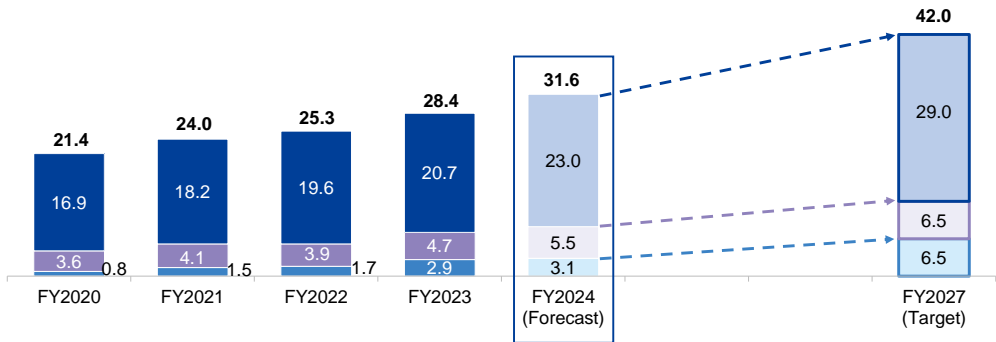


*1DAY-lens sales include products supplied by other companies on an OEM basis.

1DAY-lens Sales Forecast (Breakdown of Sales)

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

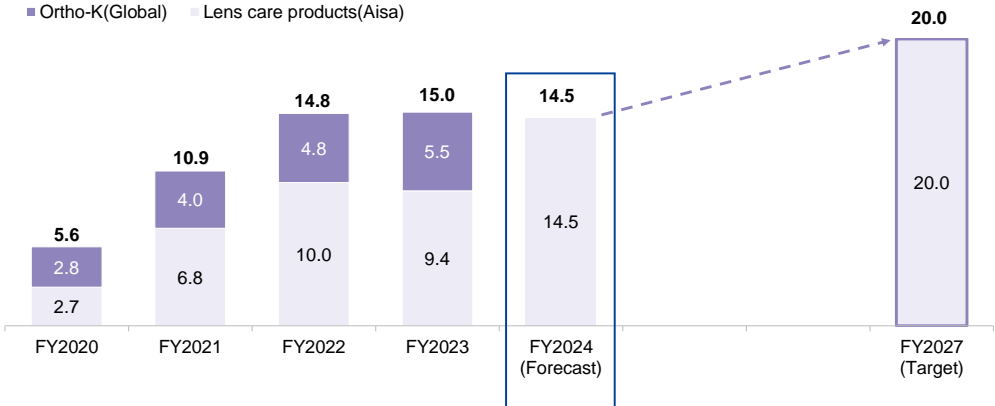


Orthokeratology-related Sales Forecast (Breakdown of Sales)

Orthokeratology Lenses : Expect growth in Japan and other regions.

Lens Care Products : Expect impact of economic stagnation in China and changes in the competitive environment.

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



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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

Germany



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)

Chiba pref.

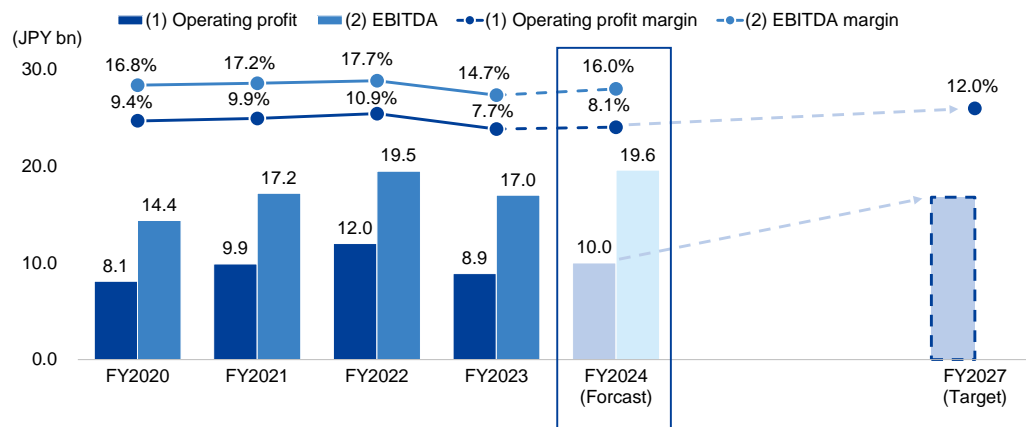


- ✓ Increase capacity to handle increase number of products and inventory levels
- ✓ Save manpower through automation and digitalization of operations, etc.
- ✓ Close to major sales areas for efficient operations

Operating Profit / EBITDA Forecast



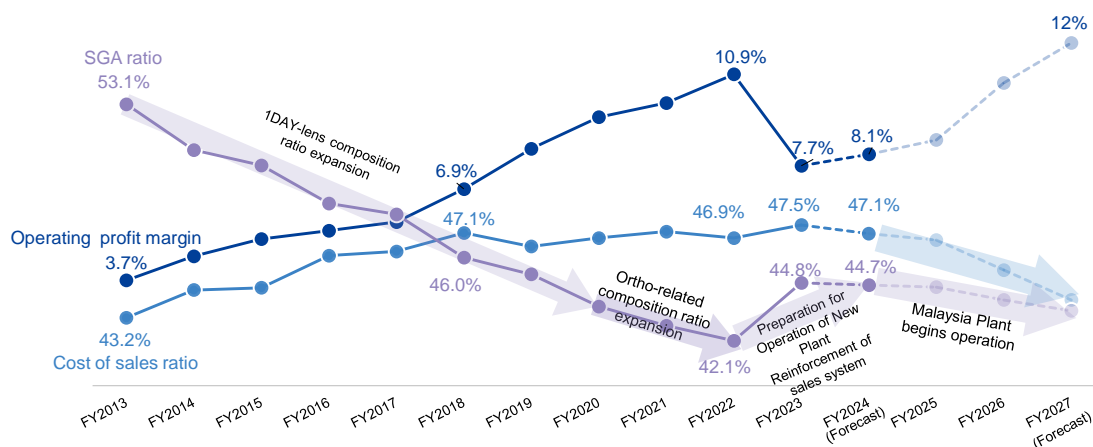
Expect higher growth in EBITDA than operating profit due to the recognition of depreciation in line with capital expenditures.



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Cost of Sales Ratio / SGA Ratio / Operating Profit Margin



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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
• Healthcare/ 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.

Expansion of sales of environment-related businesses and reduction of 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/EC/retailers
• Intraocular lenses for animals / contact lenses / surgical equipment
• Supplements for animals, etc.

Development of new channels and expansion of sales in Asia

Information Dissemination Tools of Menicon

Financial Results

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

General business, strategic and non-financial

- [Menicon report \(once a year\)](#)



- [Medium-term Management Plan](#)
- [Company introduction materials \(updated as needed\)](#)

Disclaimer on Forward-Looking Statements

Disclaimer

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- The contents of this document have been prepared based on the generally recognized economic and social conditions as of November 13, 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.

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- 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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