Consolidated Financial Results for the Nine Months Ended December 31, 2024

Securities Code: 7780

Menicon Co., Ltd.
February 18, 2025

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My name is Koji Kawaura, and I am President and COO of Menicon Co., Ltd.
Thank you all for attending our financial results briefing today.
Now, let’s begin the presentation.

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These are the topics we will be covering today.

I. Consolidated Financial Results Summary for 3Q FY2024

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I will start with the summary of consolidated financial results for the 3rd quarter of FY2024.

Consolidated Financial Results Summary for 3Q FY2024

(JPY mn)	FY2023 3Q	FY2024 3Q	YoY
Net sales	**87,401**	**91,509**	**+4.7%**
Cost of sales	41,563	42,069	+1.2%
(Cost of sales ratio)	47.6%	46.0%	(-1.6 pt)
Gross profit	**45,837**	**49,439**	**+7.9%**
SGA	38,308	40,870	+6.7%
(SGA ratio)	43.8%	44.7%	(+0.9 pt)
Operating profit	**7,529**	**8,569**	**+13.8%**
(Operating profit margin)	8.6%	9.4%	(+0.8 pt)
EBITDA*	**13,366**	**14,654**	**+9.6%**
(EBITDA margin)	15.3%	16.0%	(+0.7 pt)
Ordinary profit	**7,269**	**8,198**	**+12.8%**
Profit attributable to owners of parent	**4,576**	**5,115**	**+11.8%**

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

(Reference) Past figures are available in the following databook.
https://www.menicon.com/corporate/ir/databook

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Details will be presented later in the session.
For now, the summary of results is that net sales increased 4.7% year on year to JPY 91.5 bn.
All line-item profits also increased year on year.
Specifically, gross profit increased 7.9% to JPY 49.4 bn, operating profit increased 13.8% to JPY 8.5 bn, and profit attributable to owners of parent increased 11.8% to JPY 5.1 bn.
The large increase in operating profit relative to gross profit growth is due to the efficient use of activity expenses and the postponement of some expenses, such as for R&D, to the 4th quarter.

Key Factors

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1DAY-lens sales grew due to increased sales in Japan, while Ortho-K-related remained largely unchanged due to factors such as China's economic stagnation and the intensifying competitive environment.
Profit grew due to the effect of price revisions in Japan and SGA control, even after investments for future growth.

Net sales JPY 91.5 bn **YoY** +4.7%

Vision Care Business **Net sales** JPY 84.5 bn **YoY** +5.5% (growth in local currency: +3.7%)

- 1DAY-lens: Increased the number of MELS Plan members/Increased sales in Japan, effect of revenue growth due to price revisions in Japan.
- Ortho-K-related: Remained largely unchanged due to factors such as the intensifying competitive environment in China.

Healthcare and Life Care Business **Net sales** JPY 6.9 bn **YoY** -4.4% (growth in local currency: -4.9%)

- Effect of price revisions in Japan, expanded sales channels in North America.
- Downsized the Food business in China.

Gross profit JPY 49.4 bn **YoY** +7.9%
- Effect of revenue growth due to increased 1DAY-lens sales, profitability improved due to price revisions in Japan.

Operating profit JPY 8.5 bn **YoY** +13.8%
- Strengthened investments for future growth (new plants, personnel reinforcement, and R&D).

EBITDA JPY 14.6 bn **YoY** +9.6%
- Profit grew due to the effect of price revisions in Japan and SGA control.

Raising funds Issued straight bonds and implemented syndicated loans. → Applied to redemption of JPY 23.0 bn of convertible bonds in January 2025.

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I continue with the key factors behind our performance.
In the Vision Care Business, net sales increased due to sales expansion of 1DAY-lens in addition to the effect of 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 revisions in Japan.
Operating profit increased as a result of controls on SGA, including streamlining activity expenses, 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 revenue growth of 3.7% year on year on a local currency basis.
Meanwhile, net sales of the Healthcare and Life Care Business decreased 4.4% year on year to JPY 6.9 bn due to reduced revenues of the Food Business in China, despite the effect of price revisions in Japan.
The JPY 22.0 bn raised through straight bonds and bank loans in the 3rd quarter was used to redeem JPY 23.0 bn in convertible bonds.

Breakdown of Net Sales

(JPY mn)	FY2023 3Q	FY2024 3Q	YoY
Net sales	**87,401**	**91,509**	**+4.7%**
Vision Care	**80,126**	**84,556**	**+5.5%**
1DAY-lens	**21,186**	**23,013**	**+8.6%**
Japan_MELS Plan*1	15,430	16,818	+9.0%
Japan_Product sales*2	3,482	4,093	+17.5%
Overseas	2,273	2,101	-7.6%
Orthokeratology-related	**11,301**	**11,263**	**-0.3%**
Ortho-K (Global)	4,389	4,545	+3.6%
Lens care products (Asia)	6,911	6,718	-2.8%
Other Contact lenses and Lens care products	**47,638**	**50,278**	**+5.5%**
MELS Plan*1	19,286	20,559	+6.6%
Contact lenses	20,497	21,539	+5.1%
Lens care products (Other than Asia)	7,854	8,179	+4.1%
Healthcare and Life Care	**7,274**	**6,952**	**-4.4%**

*1 3Q FY2024 MELS Plan net sales: JPY 37,377 mn (YoY +7.7%).
*2 "Product sales" refers to contact lenses and lens care products.

(Reference) Past figures are available in the following databook.
https://www.menicon.com/corporate/ir/databook

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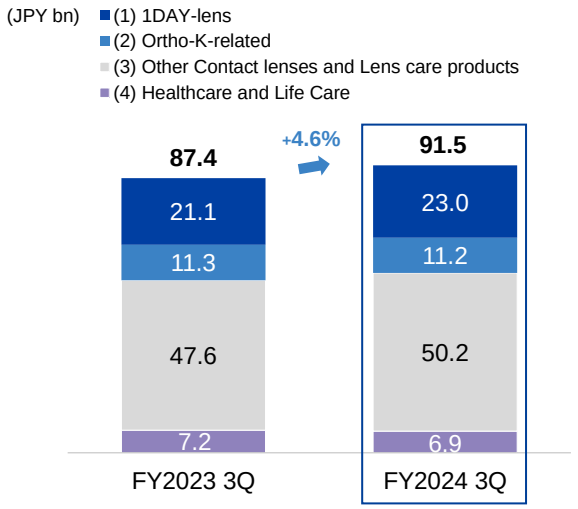
This is the breakdown of net sales.
In the Vision Care Business, net sales increased overall, although Orthokeratology-related sales declined from the same period of the previous year.
While overseas sales of 1DAY-lens declined due to impact in China and North America, sales in Japan remained strong due to expanded sales of MELS Plan and product sales, as well as the effect of price revisions.
In Orthokeratology-related, the impact of economic stagnation and an intensifying competitive environment in China is being felt more strongly in lens care products.

Consolidated Net Sales

Net sales grew due to the increased sales of 1DAY-lens in Japan and 1MONTH-lens in Europe, in addition to the effect of price revisions in Japan.



Vision Care (YoY: JPY **+4.42** bn)

1 **1DAY-lens** (YoY: JPY +**1.82** bn)

- Increased 1DAY-lens sales mainly in Japan
- Effect of price revisions in Japan* (JPY **+1.02** bn)

2 **Orthokeratology-related** (YoY: JPY **-0.03** bn)

- Increased Ortho-K sales in Japan, Singapore and Korea.
- Impact due to factors such as the intensifying competitive environment in China, etc.

3 **Other Contact lenses and Lens care products** (YoY: JPY **+2.63** bn)

- Effect of price revisions in Japan* (JPY **+2.17** bn)
- Increased 1MONTH-lens sales in Europe.

4 **Healthcare and Life Care** (YoY: JPY **-0.32** bn)

- Largely unchanged due to the effect of price revisions in Japan and expanded sales channels in North America.

*Total effect of price revisions in Japan: JPY **+3.20** bn

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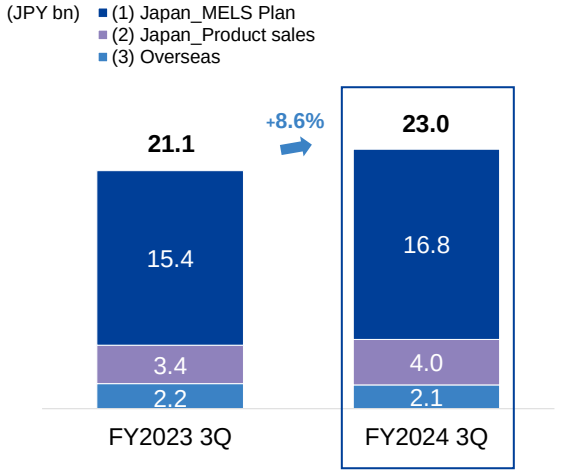
This slide shows the breakdown of consolidated net sales. Net sales in the Vision Care Business was JPY 91.5 bn, an increase of JPY 4.4 bn year on year.
The increase in net sales was driven by the effect of price revisions for MELS Plan and product sales in Japan, as well as by the expansion of 1DAY-lens sales in Japan and 1MONTH-lens sales in Europe.

Vision Care

1DAY-lens Net Sales (Breakdown of Sales)

Net sales grew due to increased number of 1DAY-lens MELS Plan members and increased sales in Japan, in addition to the effect of price revisions in Japan.



1 Japan_MELS Plan (YoY: JPY **+1.38** bn)

- Increased the number of members by increasing supply.
- Effect of price revisions (JPY **+0.89** bn)

2 Japan_Product sales (YoY: JPY **+0.61** bn)

- Increased sales due to increased supply.
- Effect of price revisions (JPY **+0.13** bn)

3 Overseas (YoY: JPY **-0.17** bn)

- Controlled sales volume due to supply shortages.
- Temporarily decreased sales associated with the switchover to a new sales outlet in China.

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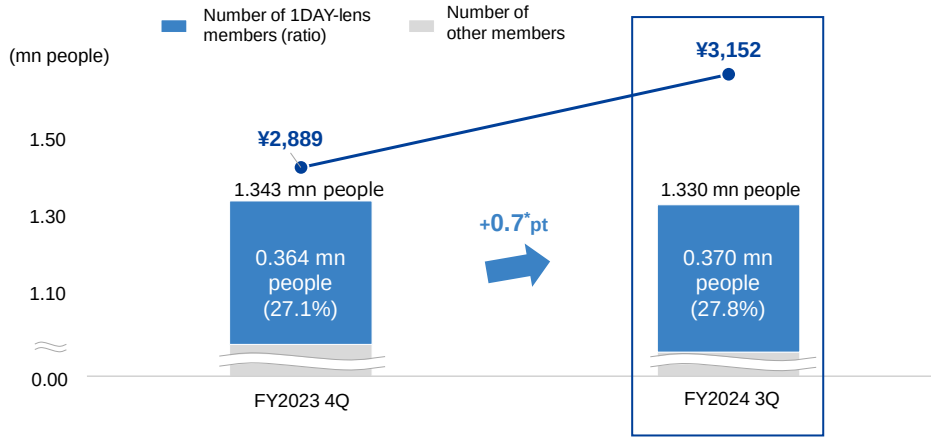
Net sales of 1DAY-lens was JPY 23.0 bn, an increase of JPY 1.8 bn year on year.
Net sales in Japan rose due to increased supply by the expansion of production lines and the effect of price revisions, despite the continued tight supply of silicone 1DAY-lens, which is in strong demand globally.
Sales of MELS Plan in Japan increased by JPY 1.3 bn, and product sales in Japan increased by JPY 0.6 bn.
On the other hand, overseas sales decreased by JPY 0.1 bn.
This was affected not only by curbing sales of silicone 1DAY-lens, for which the balance of supply and demand is tightening, but also a temporary decline in sales of non-silicone lenses due to a switchover of suppliers in China.

Vision Care

Change in Total Number of MELS Plan Members

The average monthly fee increased due to the higher ratio of high-unit-price 1DAY-lens and bifocal types for other members as well as price revisions.



* **+0.8 pt** when including Magic members of Miru First Contact Lenses.

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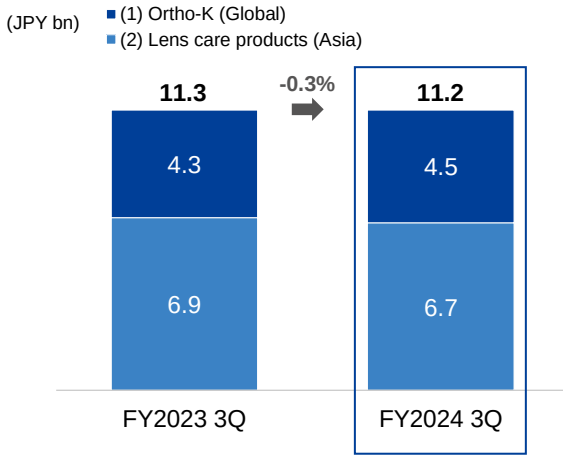
This chart shows the total number of MELS Plan members.
While the total number of MELS Plan members decreased to 1.330 million from the end of the previous fiscal year, we were able to increase membership for 1DAY-lens by boosting our supply of silicone 1DAY-lens, for which demand is strong, as a result of expanding our production lines.
However, supply constraints for silicone 1DAY-lens continue to affect growth in MELS Plan members.
On the other hand, thanks to the lack of supply constraints for non-silicone 1DAY-lens, we have launched Miru First Contact Lenses, a new fixed price service, in the 3rd quarter.
This service provides non-silicone 1DAY-lens at a special price to contact lens beginners, which is leading to an increase in the number of members.
This service is limited to two years, after which we expect users to transition to a MELS Plan membership.
The average monthly fee increased due to the higher ratio of high-unit-price 1DAY-lens members and the price revisions.

Vision Care

Orthokeratology-related Net Sales (Breakdown of Sales)

While sales increased in Japan, Singapore and Korea, Ortho-K-related remained largely unchanged due to factors such as China's economic stagnation and the intensifying competitive environment.



1 Ortho-K (Global) (YoY: JPY **+0.15** bn)

- Japan: Expanded the number of handling facilities (JPY **+0.10** bn)
- Singapore & South Korea: Increased sales (JPY **+0.06** bn)
- China: Decreased sales due to factors such as the penetration of alternative products because of economic stagnation (JPY **-0.04** bn)

2 Lens care products (Asia) (YoY: JPY **-0.19** bn)

- Southeast Asia: Effect of M&A of sales companies (JPY **+0.04** bn)
- China: Decreased sales price per unit due to the effect of economic stagnation and the prolonged intensifying competitive environment (JPY **-0.23** bn)

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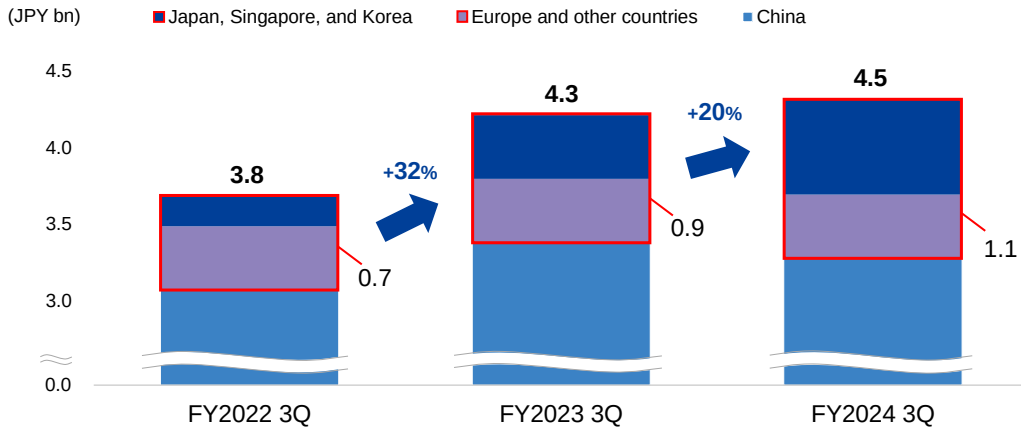
Orthokeratology-related net sales were JPY 11.2 bn, nearly on par with the same period of the previous year.
Orthokeratology lenses have been affected by an increasingly competitive environment in China, where, in addition to the emergence of rival companies, economic stagnation has led to the proliferation of inexpensive alternatives such as eyeglasses.
Despite this, we have maintained our sales volume at a similar level to the same period of the previous year by strengthening sales activities in cooperation with our sales channels.
In Japan, we increased 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 product sales increased in Southeast Asia due to the expansion of sales channels, but declined in China due to economic stagnation and an increasingly competitive environment.

Vision Care

Change in Orthokeratology Lenses Net Sales

Net sales continue to grow significantly mostly in Japan, Singapore and Korea due to the increase in the number of handling facilities for our products and the expanding market.



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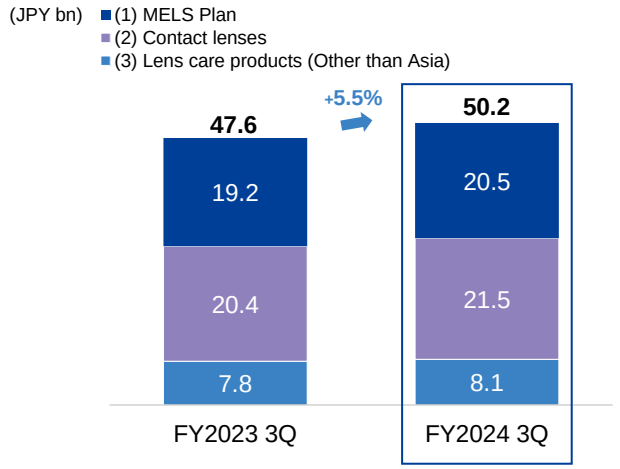
This chart shows orthokeratology lens net sales trends by region. Though net sales had grown alongside growth in China, shown in light blue, there has been significant growth in regions other than China lately, especially Japan, Singapore, and South Korea, which are shown in dark blue.

Vision Care

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

Net sales grew due to the increased sales of 1MONTH-lens in Europe, in addition to the effect of price revisions in Japan.



1 MELS Plan (YoY: JPY **+1.27** bn)

- Grew due to the effect of price revisions (JPY **+1.84** bn) despite a decrease in the number of members.
- Increased the number of members for high-unit-price bifocal types.

2 Contact lenses (YoY: JPY **+1.04** bn)

- Increased 1MONTH-lens sales by expanding our sales network in Europe.
- Effect of price revisions in Japan (JPY **+0.31** bn)

3 Lens care products (other than Asia) (YoY: JPY **+0.32** bn)

- Increased sales in North America.
- Increased sales of high-unit-price products in Japan.

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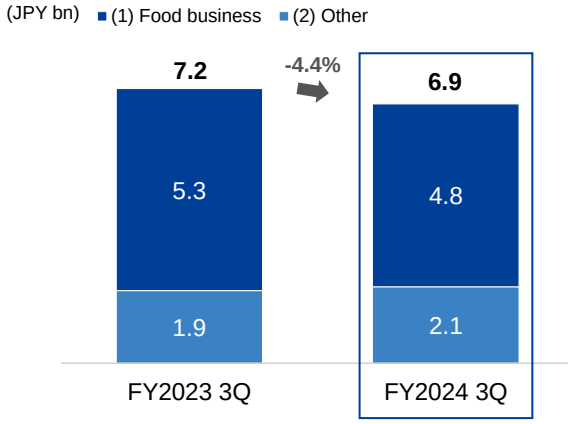
Net sales of Other Contact Lenses and Lens Care products, excluding 1DAY-lens and Orthokeratology-related, were JPY 50.2 bn, an increase of JPY 2.6 bn year on year.
The increase in sales benefited from the effect of price revision for MELS Plan, expanded sales of 1MONTH-lens in Europe for contact lenses, and expanded sales of high-unit-price hydrogen peroxide-type lens care products in Japan as well as expanded sales of general lens care products in North America.

Healthcare and Life Care

Healthcare and Life Care Net Sales

Net sales were largely unchanged due to the effect of price revisions in Japan and expanded sales channels in North America while the Food business was downsized in China.



1 Food business (YoY: JPY **-0.49** bn)

- China: Downsized the business of importing food from Japan.
- Japan: Grew due to the effect of price revisions, etc.
- North America: Increased sales.

2 Other (YoY: JPY **+0.16** bn)

- Increased in the Environment-related Business and the Animal Medical Care Business, etc.

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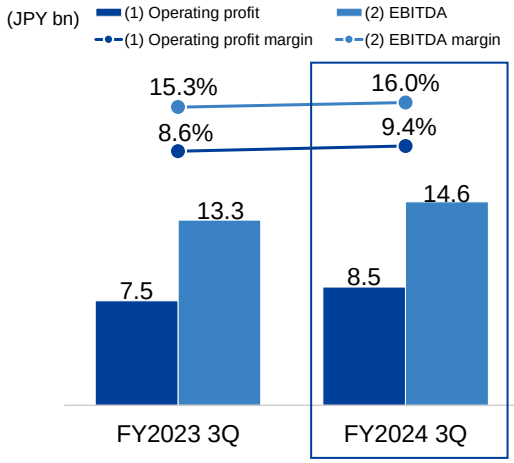
Net sales of Healthcare and Life Care Business were JPY 6.9 bn, a decrease of JPY 0.3 bn year on year.
This was mainly due to decreased net sales in China in the business of imported foods from Japan, resulting from the discharge of ALPS treated water, despite net sales increasing in the Environment-related Business and the Animal Medical Care Business.

Operating Profit and EBITDA

Profit increased due to the effect of price revisions in Japan and SGA control while investing for future growth.



1 Operating profit (YoY: JPY **+1.03** bn)
Operating profit margin (YoY: JPY **+0.8** pt)

- Gross profit: JPY **+3.60** bn (JPY 45.8 bn → JPY **49.4** bn)
  Sales increased for 1DAY-lens, etc.
  Effect of price revisions in Japan.
- SGA: JPY **+2.56** bn (JPY 38.3 bn → JPY **40.8** bn)
  Strengthened investment for growth
  (new plants, personnel reinforcement and R&D)
  while controlling SGA.

2 EBITDA (YoY: JPY **+1.28** bn)
EBITDA margin (YoY: **+0.7** pt)

- Depreciation: JPY **+0.14** bn (JPY 5.53 bn → JPY **5.68** bn)
  Increase due to 1DAY-lens investment, etc.

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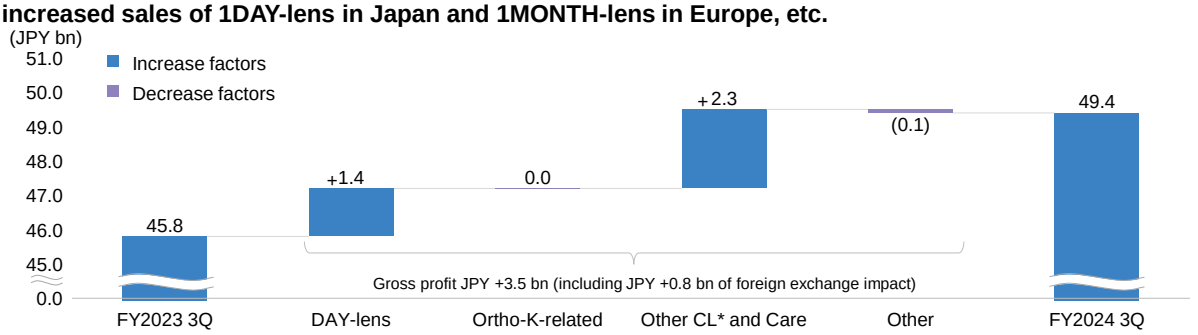
Now let me explain the details of operating profit.
Operating profit increased year on year as a result of solid growth in gross profit from the sales expansion of 1DAY-lens and other products and the effect of price revisions in Japan, while, as for SGA expenses, activity expenses were streamlined despite ongoing investments for growth.

Analysis of Changes in Consolidated Gross Profit

The Vision Care Business except for Ortho-K-related products in China remained firm, which includes increased sales of 1DAY-lens in Japan and 1MONTH-lens in Europe, etc.



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

Items	
1DAY-lens	Increased the number of MELS Plan 1DAY-lens members, increased product sales in Japan, and the effect of price revisions in Japan.
Ortho-K-related	Remained largely unchanged due to factors such as China's intensifying competitive environment while sales increased in Japan, Singapore and Korea.
Other CL* and Care	Increased 1MONTH-lens sales in Europe and the effect of price revisions in Japan.
Other	Factors such as the impact from lower sales of Healthcare and Life Care.

*Abbreviation for contact lenses

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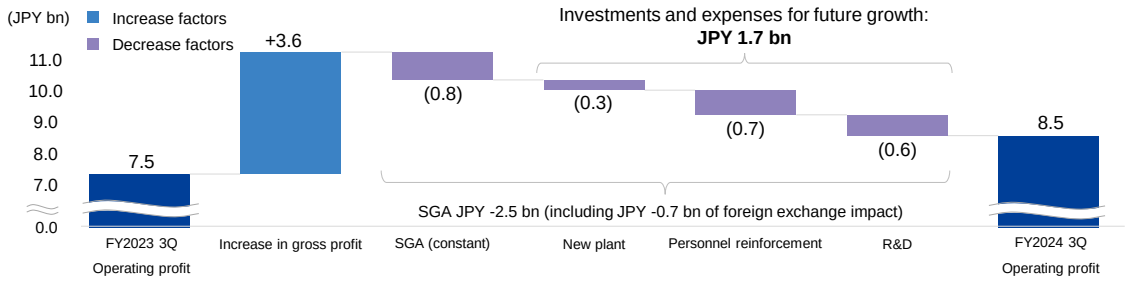
This slide shows the factors for changes in gross profit compared with the 3rd quarter of the previous fiscal year.
Gross profit, in total, increased by JPY 3.5 bn.
This was due to a number of factors, including 1DAY-lens increasing in profits thanks to an increase in the number of MELS Plan 1DAY-lens members, the expansion of product sales in Japan, and the effect of price revisions.
Furthermore, Orthokeratology-related maintained profit due to sales expansion in Japan and other regions in Asia despite the intensified competitive environment in China.
As for Other Contact Lenses and Lens Care, profit increased due to sales expansion in Europe and the effect of price revisions in Japan.

Analysis of Changes in Operating Profit

Profit increased due to SGA control while investing for future growth.



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

	Items	Amount (JPY bn)
Office outsourcing fee	M&A related costs and costs of Distribution center in Europe, etc.	-0.3
Rent	Start of Global Logistics Center operation, etc.	-0.2

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

	Items	Amount (JPY bn)
New plant	Prepare for operation at the Malaysia plant, a new 1DAY-lens production site.	-0.3
Personnel reinforcement	Wage increases, personnel increases, etc. in Japan and overseas.	-0.7
R&D	Development and clinical trial costs for new products, increase in research personnel, etc.	-0.6

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This chart shows the factors of changes in operating profit compared to the 3rd quarter of the previous fiscal year.
SGA are shown separately as constant expenses and investments and expenses for future growth.
Constant expenses increased mainly due to M&A-related expenses for sales companies in Asia and 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.
Appropriate control of SGA expenses was also a factor in the increase in profit.

II. Consolidated Financial Results Forecast and Outlook for FY2024

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From here, I will present our forecast of consolidated financial results and outlook for FY2024.
There is no change in the financial results forecast that was announced in November.

Progress of Net Sales Forecast and Outlook for 4Q

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There is no change to the net sales breakdown forecast and the outlook for 4Q is as follows:

- **1DAY-lens, Other CL and Care: Increased sales is expected due to the demand period and our wider product lineup in Japan, and due to the start of new dealings and an increase in handled products overseas.**
- **Orthokeratology-related: Expected to slow down due to the deteriorating competitive environment in China**

(JPY mn)	FY2024 3Q Results	FY2024 Forecast	Progress rate
Net sales	**91,509**	**122,700**	**74.6%**
Vision Care	**84,556**	**114,100**	**74.1%**
1DAY-lens	**23,013**	**31,600**	**72.8%**
MELS Plan	16,818	23,000	73.1%
Product sales in Japan	4,093	5,500	74.4%
Overseas	2,101	3,100	67.8%
Orthokeratology-related	**11,263**	**14,500**	**77.7%**
Other Contact lenses and Lens care products	**50,278**	**68,000**	**73.9%**
Healthcare and Life Care	**6,952**	**8,600**	**80.8%**

(Reference) MELS Plan net sales for FY2024 is expected to be JPY 50.0 bn.
MELS Plan net sales for 3Q FY2024 was JPY 37.3 bn (progress rate of 74.8%).

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First, this chart shows the progress of net sales by business against the current forecast.
Progress is slightly lower in 1DAY-lens and Other Contact lenses and Lens care.

Comparison of Net Sales Forecast With Previous Year

(JPY mn)	FY2023 Results	FY2024 Forecast	YoY
Net sales	**116,192**	**122,700**	**+5.6%**
Vision Care	**106,887**	**114,100**	**+6.7%**
1DAY-lens	**28,429**	**31,600**	**+11.2%**
MELS Plan	20,740	23,000	+10.9%
Product sales in Japan	4,711	5,500	+16.7%
Overseas	2,977	3,100	+4.1%
Orthokeratology-related	**15,001**	**14,500**	**-3.3%**
Other Contact lenses and Lens care products	**63,456**	**68,000**	**+7.2%**
Healthcare and Life Care	**9,304**	**8,600**	**-7.6%**

(Reference) MELS Plan net sales for FY2024 is expected to be JPY 50.0 bn.
MELS Plan net sales for FY2023 was JPY 46.4 bn (YoY +7.6%).

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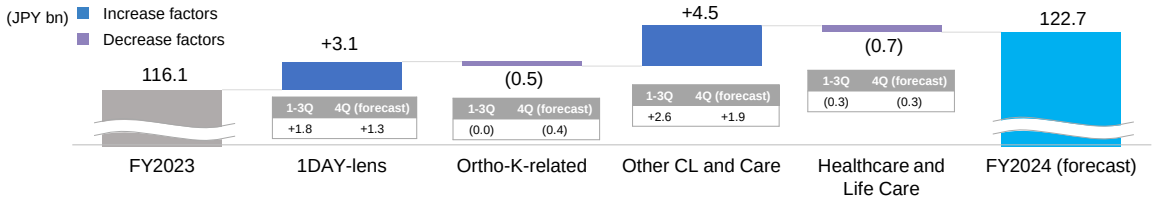
This chart shows the growth rate of projected net sales by business compared to the previous year's results.
1DAY-lens is expected to drive growth, while Orthokeratology-related and Healthcare and Life Care are expected to decline given the situation in China.
I will explain initiatives going forward for achieving the forecast in the pages to follow.

Sales Outlook for FY2024 (Comparison With Previous Year)

1DAY-lens sales are expected to increase due to increased supply and price revisions in Japan, and Ortho-K-related sales are expected to decrease due to slowdown in China but will increase penetration in other regions (besides China).



Items	4Q outlook (comparison with previous year)
1DAY-lens	Overall: ○ Increase supply (silicone materials 1DAY-lens: Operation of new production line in November 2023). Japan: ○ Expand sales outlets in Japan, wider product lineup, and effect of price revisions. Overseas: ○ Effect of M&A of sales companies in Asia △ Decrease in sales temporarily associated with the switchover to a new sales outlet in China.
Ortho-K-related	Japan: ○ Expand penetration. Overseas: ○ Expand penetration in Asian countries. △ Decrease in sales volume of Ortho-K due to deteriorating competitive environment because of the increase in rival companies and the emergence of alternative products in China. Decrease in lens care products sales. Decrease in unit sales price.
Other CL and Care	Japan: ○ Increase sales of high value-added products (such as multifocal lenses and regularly-replaced hard lenses) Increase sales of hydrogen peroxide type lens care products, effect of price revisions Overseas: ○ Effect of M&A of sales companies in Asia, increase in handled products at existing volume retail stores in Europe.

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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, broken down into actual results through the 3rd quarter and the forecast for the 4th quarter alone.
In 1DAY-lens and Other Contact lenses and Lens care products, we expect sales to increase by a total of about JPY 0.6 bn in the 4th quarter due to the effect of price revisions.
In addition, for 1DAY-lens, we expect an increase in the supply volume of silicone 1DAY-lens and an increase due to the expansion of the sales network by making sales companies in Asia subsidiaries.
In Orthokeratology-related products, we expect sales to increase in Japan and Asian countries due to growing popularity, but we also foresee pronounced intensification of the competitive environment in China.
In Other Contact lenses and Lens care products, sales growth is expected through sales promotion of high-value-added and high-unit-price products, as well as from the sales companies in Asia that became our subsidiaries.
Furthermore, we expect an increase in handled products at volume retail stores in Europe.

Progress of Consolidated Financial Results Forecast and Outlook for 4Q

Menicon

There is no change to the consolidated financial results forecast and the outlook for 4Q is as follows:

- **Operating profit: It is expected that despite implementing sales promotion activities during the demand period in Japan and recording R&D expenses, etc., we will make a profit.**
- **Profit attributable to owners of parent: Reversal of share acquisition rights associated with CB redemption (extraordinary income) is expected to be recorded.**

(JPY mn)	FY2024 3Q Results	FY2024 Forecast	Progress rate
Net sales	**91,509**	**122,700**	**74.6%**
Cost of sales	42,069	57,800	**72.8%**
(Cost of sales ratio)	46.0%	47.1%	---
Gross profit	**49,439**	**64,900**	**76.2%**
SGA	40,870	54,900	**74.4%**
(SGA ratio)	44.7%	44.7%	---
Operating profit	**8,569**	**10,000**	**85.7%**
(Operating profit margin)	9.4%	8.1%	---
EBITDA	**14,654**	**19,600**	**74.8%**
(EBITDA margin)	16.1%	16.0%	---
Ordinary profit	**8,198**	**9,500**	**86.3%**
Profit attributable to owners of parent	**5,115**	**7,000**	**73.1%**

*Prevailing exchange rates in FY2023
EUR: JPY 157.7, USD: JPY 145.3, CNY: JPY 19.9
Prevailing exchange rates in 3Q of FY2024
EUR: JPY 165.1, USD: JPY 153.0, CNY: JPY 21.1
Assumed prevailing exchange rates for FY2024 (forecast)
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 forecast.
Although we have achieved a high progress rate for operating profit at 85.7%, for the 4th quarter, we expect the sales composition in China, where we enjoy high profitability, to decline.
Furthermore, we expect to record expenses to strengthen sales promotion activities in anticipation of Japan's high-demand season in March, as well as R&D expenses such as for clinical trials.
Profit attributable to owners of parent is expected to be generally in line with our forecast, although progress has been slower than for operating profit and ordinary profit.
Factors affecting profit attributable to owners of parent include the fact that we recorded expenses related to business restructuring in the 3rd quarter and is considering business restructuring and business portfolio review in the 4th quarter as well.
In addition, a gain on reversal of share acquisition rights associated with convertible bond redemption of JPY 23.0 bn redeemed in January 2025 is expected to be recorded in the 4th quarter.

Comparison of Consolidated Financial Results Forecast With Previous Year

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(JPY mn)	FY2023 Results	FY2024 Forecast	YoY
Net sales	**116,192**	**122,700**	**+5.6%**
Cost of sales	55,181	57,800	**+4.7%**
(Cost of sales ratio)	47.5%	47.1%	---
Gross profit	**61,010**	**64,900**	**+6.4%**
SGA	52,058	54,900	**+5.5%**
(SGA ratio)	44.8%	44.7%	---
Operating profit	**8,951**	**10,000**	**+11.7%**
(Operating profit margin)	7.7%	8.1%	---
EBITDA	**17,048**	**19,600**	**+14.9%**
(EBITDA margin)	14.7%	16.0%	---
Ordinary profit	**8,225**	**9,500**	**+15.5%**
Profit attributable to owners of parent	**4,538**	**7,000**	**+54.2%**

*Prevailing exchange rates in FY2023 EUR: JPY 157.7, USD: JPY 145.3, CNY: JPY 19.9
Prevailing exchange rates in 3Q of FY2024 EUR: JPY 165.1, USD: JPY 153.0, CNY: JPY 21.1
Assumed prevailing exchange rates for FY2024 (forecast) EUR: JPY 159.0, USD: JPY 147.0, CNY: JPY 20.3

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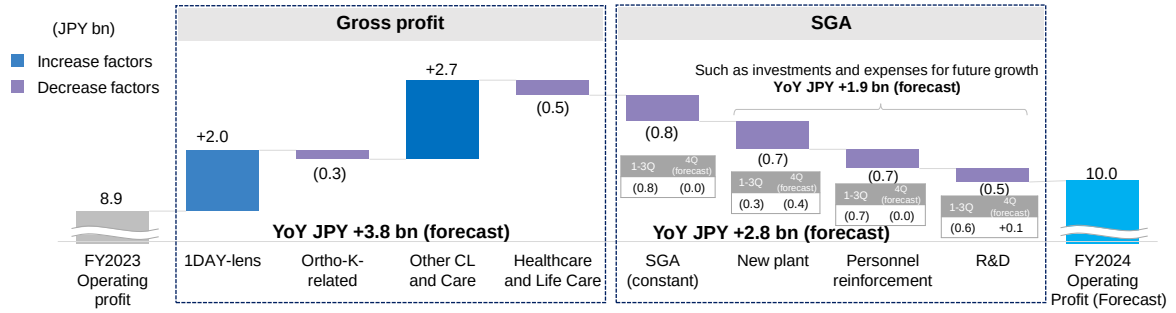
This chart shows the growth rate of net sales, gross profit, and each of the other line-item profit forecasts compared to the previous year's results.
For the full year, we expect to improve the operating profit margin by not only increasing revenue year on year, but also by limiting the cost of sales ratio and SGA ratio compared to the previous year.

Operating Profit Outlook for FY2024 (Comparison With Previous Year)

Increased gross profit is expected due to increased sales of 1DAY-lens and price revisions in Japan despite Ortho-K-related being affected by China.
We plan to invest in SGA expenses for future growth but will appropriately control it.



Items		4Q outlook (comparison with previous year)
Gross profit		Change depending on sales, increase due to the effect of price revisions in Japan.
SGA	Constant	Control appropriately (make profit by effective use).
	New plant	Prepare for operation at the Malaysia plant, a new 1DAY-lens production site (plan to operate from 3Q FY2025).
	Personnel reinforcement	Expect about the same level of expenses as the previous fiscal year.
	R&D	Implement as planned (plan to pay expenses for acquiring global permits such as for clinical trials).

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In this section, we present a breakdown of the operating profit forecast.
The following table shows changes in gross profit and the breakdown of SGA expenses compared to the results for FY2023.
Gross profit is expected to decrease in Orthokeratology-related products due to the increasingly competitive environment in China.
However, the impact of China is expected to be limited, as increased net sales of 1DAY-lens and Other Contact lenses and Lens care products will contribute to the increase in gross profit.
As for the use of SGA expenses, among investments and expenses for future growth, we expect an increase in expenses for the new Malaysia Plant due to an increase in the number of employees and depreciation of the plant's building.
As for personnel reinforcement and R&D, these expenses increased in 4th quarter of the previous year.
In the 4th quarter of the current fiscal year, we expect about the same amount as in the previous fiscal year.
Also, a large portion of other constant SGA expenses were incurred particularly in the 4th quarter of the previous fiscal year due to one-time expenses and other costs.
In the 4th quarter of this fiscal year, we will be able to appropriately control SGA at a similar level to the previous fiscal year.
Factors that may affect the future operating profit include the progress of capital investment mainly in the Malaysia Plant and changes to sales promotion measures in response to sales status as well as foreign exchange fluctuations.

Vision Care

1DAY-lens Growth Strategies

Menicon

Increase sales through unique SMART TOUCH package and region-specific sales strategies.

	Sales strategy by region	Main measures
Japan	• Promote MELS Plan in around 1,600 stores • Use around 170 group stores	• Attract customers who have never worn contact lenses before (introduce "Miru First Contact Lenses," a new service provided by group stores, **implement the under 18 sales campaign**). • Promote MELS Plan enrollment through the expansion of MELS Plan affiliated facilities and the use of online consultations, as well as re-training of shop staff. • Open new group stores and relocate to favorable locations
Europe & North America	• Increase sales to major volume retail chains	• Europe: Build long-term partnerships with a major volume retailer chains and plan to conclude contracts with new potential suppliers as production capacity increases. **(plan to start dealings with Northern Europe volume retailer chains in 1Q of FY2025)** • North America: Increase suppliers by flexibly responding to the OEM supply needs in each sales channel, etc.
Asia	• Increase sales by group sales companies	• China: Develop our own brand and increase sales by partnering with online contact lens specialty retailer. **(plan to start dealings in 4Q of FY2024)** • Southeast Asia: Increase sales using the sales networks of the three sales companies that became subsidiaries in September.

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Now, I will explain measures for medium- to long-term growth.
As for measures based on the 1DAY-lens sales strategy, in Japan, we are maintaining the Miru First Contact Lenses service, which targets contact lens beginners and promotes the use of non-silicone 1DAY-lens.
In addition, we have launched a MELS Plan membership campaign for customers under 18 years old, for whom we expect an increase in the number of store visitors.
Along with store measures such as expansion of sales channels and relocation of stores to stronger locations, we aim to increase product sales and grow the number of MELS Plan 1DAY-lens members.
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.
We are planning to start business with a volume retailer in Northern Europe at the beginning of FY2025.
In China, we will begin doing business with an online specialty contact lens retailer in the 4th quarter, and in Southeast Asia, we will expand sales through our sales subsidiaries.

Vision Care

Orthokeratology-related Growth Strategies

Increase our market share by increasing the penetration of Ortho-K and establishing a position as a specialist company offering multiple products.

Strategy		Main measures	
Ortho-K (Global)	Promote sales with multiple products in multiple countries ・Alpha Ortho-K: Highly customized ・Menicon Z Night: High oxygen permeability Software to support prescription lenses ・Menicon Bloom Night: For myopia control management	Europe	・Increase sales in France through Dencott, a French fitting and sales company (implement employee training), and also increase sales in other countries where this product is sold. ・Continue academic activities to raise awareness.
Lens care products (Asia)	・Promote sales through multiple channels (medical/EC)	Japan	・Increase sales by strengthening our sales system. ・Develop orthokeratology lenses for myopia control management.
		Asia	・Expand sales channels and strengthen sales promotion activities by taking advantage of group sales companies. ・Develop new lens care products.

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As measures based on the Orthokeratology-related strategy, we are promoting activities that contribute to growing popularity and expanded sales in regions other than China, such as academic activities to raise awareness and strengthening the sales system. 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 and the application for approval of new products.

Vision Care

Business Situation in China

The current situation is uncertain for Ortho-K-related due to economic conditions, and we are using SGA effectively while implementing initiatives from a medium- to long-term perspective.
Aiming to increase our market share using the EC channel in the disposable CL*1 market, which is expanding steadily.

	Market	Medium- to long-term measures	Progress
Ortho-K-related	• The situation from 2025 is uncertain because it relies on economic conditions. • Intensifying competitive environment due to the increase in rival companies and the emergence of alternative products. • Ortho-K has an advantage over alternative technologies due to the wealth of evidence and prescription performance.	• Increase our target base with a wider product lineup and by reviewing pricing strategies. • Restructure our business management system to enable us to make a profit during this uncertain situation.	• Develop new lens care products. (pending approval) • Promote knowledge and understanding of our products by enhancing technical support systems for prescription professionals.
Disposable CL*1	• The market in 2024 grew by 7% at 1,500 million dollars (2021 to 2027 retail market)*2 • Online sales are around 70% of contact lens sales.	• Increase sales using online contact lens specialty retailer (Sigo).	• Plan to start shipment of 1DAY-lens from 4Q of FY2024

*1 Disposable CL refers to 1DAY-lens, 2WEEK-lens and 1MONTH-lens.
*2 Source: Euromonitor International, Eyewear (2025 edition)
Target countries: China

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Here, I would like to once again touch on the status of our business in China.
In the Orthokeratology-related business, the market environment is difficult to forecast for the next fiscal year and beyond due to a decline in purchasing power caused by economic stagnation and an increasingly competitive environment caused by the rise of alternative, eyeglasses for myopia control, in addition to increased competition.
However, compared to alternative technologies, orthokeratology lenses have a wealth of evidence and a proven track record for prescriptions. Further, since they are worn while sleeping , there is no need to wear them outdoors.
Due to this, we believe that the market has the potential for growth, albeit moderately, in the medium- to long-term.
At present, we are working to maintain sales by expanding our product lineup and enhancing technical support to our customers, and to secure profitability by reviewing and restructuring our business management system.
Meanwhile, the market for disposable contact lenses is growing.
We believe that our partnership with online specialty contact lens retailers will allow us to cultivate our own brands of disposable contact lenses, including 1DAY-lens, and expand sales, and we plan to begin shipping 1DAY-lens products in the 4th quarter of this fiscal year.

Vision Care

Strengthening the Supply Chain: Production

Strengthen production systems for 1DAY-lens, orthokeratology lenses, and lens care products in anticipation of increases in medium- to long-term demand.

1DAY-lens

Singapore Plant
Products: Magic
Sales area: Worldwide
1H of FY2025: Plan to operate product lines No. 9 to 10.

Kakamigahara Plant
Products: 1DAY Menicon PremiO
Sales area: Worldwide
December 2024: Start operation at production line No. 11
2H of FY2026: Plan to operate product line No. 12.

Malaysia Plant
Products: 1DAY-lens
Sales Area: Worldwide
2H of FY2025: Plan to operate production line No.1.
Plan to expand up to production line No.5 by 2H of FY2026.

Orthokeratology-related

Wuxi plant
Products: Alpha Ortho-K
Sales area: China
Reinforce production system to meet demand.

Gujo Plant
Products: Lens care products for hard and soft lenses
Sales area: Worldwide
Need to review period to operate new production line with consideration for the Ortho-K-related market environment.

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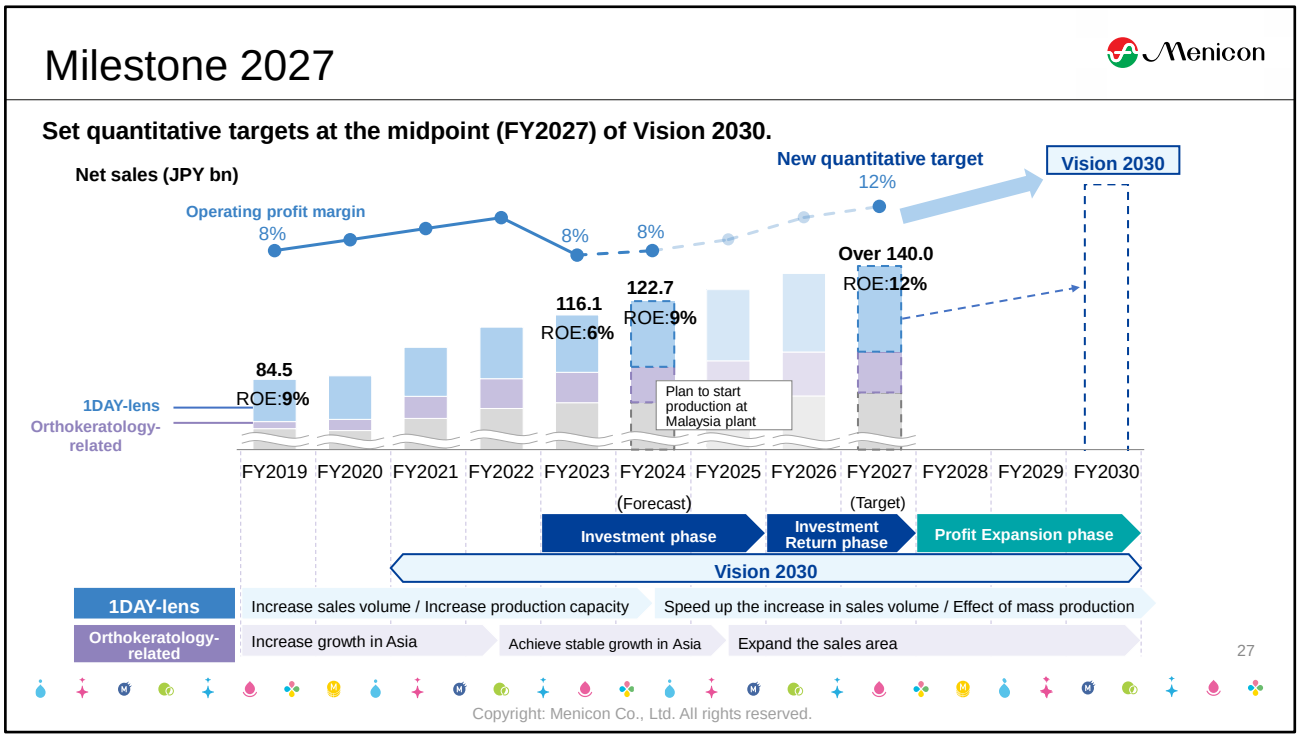
This slide shows the status of our efforts to enhance the production system, which is the source of our growth.
For 1DAY-lens, each plant is strengthening its production system to meet strong global demands and address tight supply.
With regard to production of silicone 1DAY-lens, a new production line was most recently put into operation at the Kakamigahara Plant in December 2024.
There is no change to the plan to launch production at the Malaysia Plant in the 2nd half of FY2025.
In the Orthokeratology-related business, we had made capital investments in anticipation of increased demand in China.
However, market conditions have been deteriorating recently, and we are now exploring how we should best utilize our facilities, including manufacturing products for other regions.
We will continuously make the necessary capital investments and build our production system to optimize supply.



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 Material

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Forecast Breakdown for Net Sales

The forecast was revised in November for the forecast breakdown of net sales.

(JPY mn)	FY2024 (1) May forecast	FY2024 (2) November forecast	FY2024 Change in amount (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 net sales for FY2024: JPY 50.8 bn (May forecast) ⇨ JPY 50.0 bn (November forecast)

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FY2024 Consolidated Financial Results Forecast

Menicon

The forecast was revised in November for the cost of sales and SGA forecast.

(JPY mn)	FY2024 (1) May forecast	FY2024 (2) November forecast	FY2024 Change in amount (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)**
SGA	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**	**-**

*Prevailing exchange rates in FY2023 EUR: JPY 157.7, USD: JPY 145.3, CNY: JPY 19.9
Assumed prevailing exchange rates for FY2024 EUR: JPY 159.0, USD: JPY 147.0, CNY: JPY 20.3

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Growth Strategy Targets & 1DAY-lens Regional Targets

Targets are expected to be achieved by implementing growth strategies.

FY2023 → **FY2027 (target)**

Vision Care
JPY 106.8 bn → JPY **130.0** bn
Reference Japan: JPY 89.0 bn
Overseas: JPY 41.0 bn

Healthcare and Life Care
JPY 9.3 bn → JPY **10.0** bn

Growth strategy targets

1DAY-lens
Top global player
JPY 28.4 bn → JPY **42.0** bn

Leading Company of Orthokeratology-related Business* (Myopia Control Management-Related Business)
JPY 15.0 bn → JPY **20.0** bn

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

1DAY-lens regional targets

1DAY-lens MELS Plan (Japan)
JPY 20.7 bn → JPY **29.0** bn
(**1.4x**)
Reference: MELS Plan net sales: JPY 57.0 bn
MELS Plan members 1DAY-lens ratio: 35%

1DAY-lens Overseas
JPY 2.9 bn → JPY **6.5** bn
(**2.2x**)
Reference: 1DAY-lens ratio that accounts for overseas net sales: 16%

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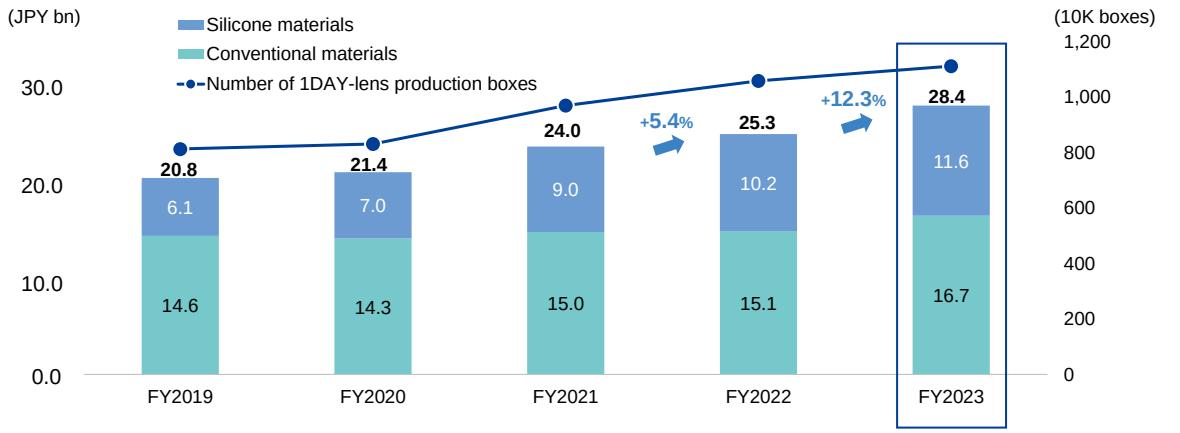
Vision Care

1DAY-lens Sales Trends

Net sales have increased due to the increase in production capacity.



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

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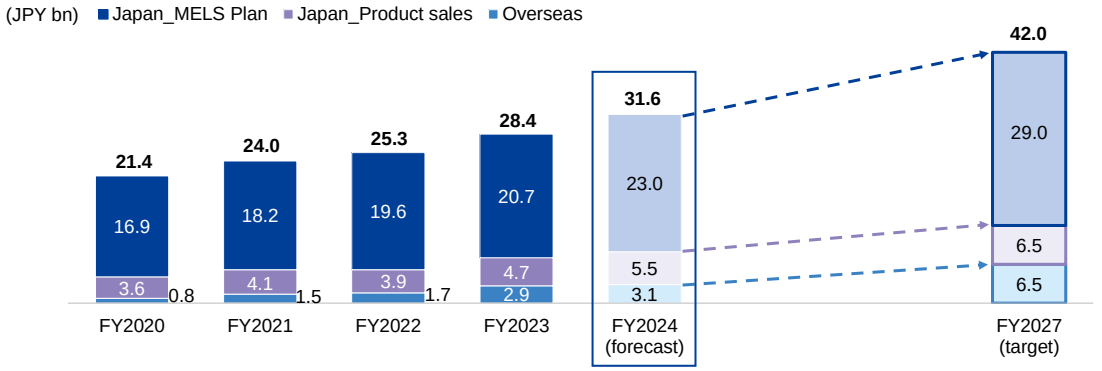
Vision Care

1DAY-lens Sales Forecast (Breakdown of Sales)

Net sales are forecast to grow in the MELS Plan (increase in number of 1DAY-lens members) and overseas (increase in sales mainly in Europe and North America) because of the increase in production capacity.



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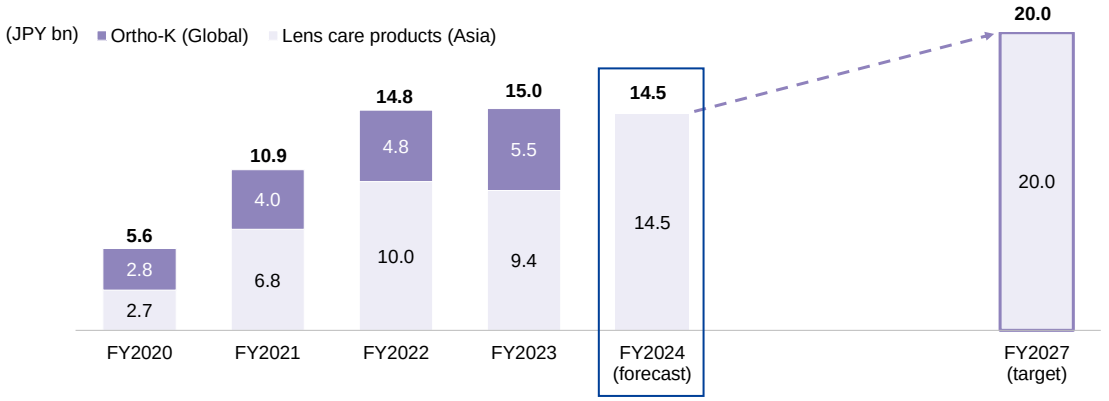
Orthokeratology-related Sales Forecast (Breakdown of Sales)

Orthokeratology lenses: Growth is expected in Japan and other regions.
Lens care products: Economic stagnation in China and changes in the competitive environment are expected to affect net sales.



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Vision Care

Strengthening the Supply Chain: Logistics

Establish a logistics system that has the capacity to support an increase in the number of products and inventory quantity, and to enable efficient operations in anticipation of increases in medium- to long-term demand.

Menicon SC GmbH

Established in March 2024

Background	Relocated Menicon GmbH's distribution center management and operation functions
Target area	Mainly Europe

Global Logistics Center in Japan

Established in May 2024

Background	Consolidated logistics functions in Northern Japan (Miyagi Prefecture) and Komaki (Aichi Prefecture)
Target area	Overseas and throughout Japan (mainly the Kanto region and northwards)

- Increase capacity to support an increase in the number of products and inventory quantity.
- Save manpower through automation and digitization of operations, etc.
- Position close to major sales areas to achieve efficient operation.

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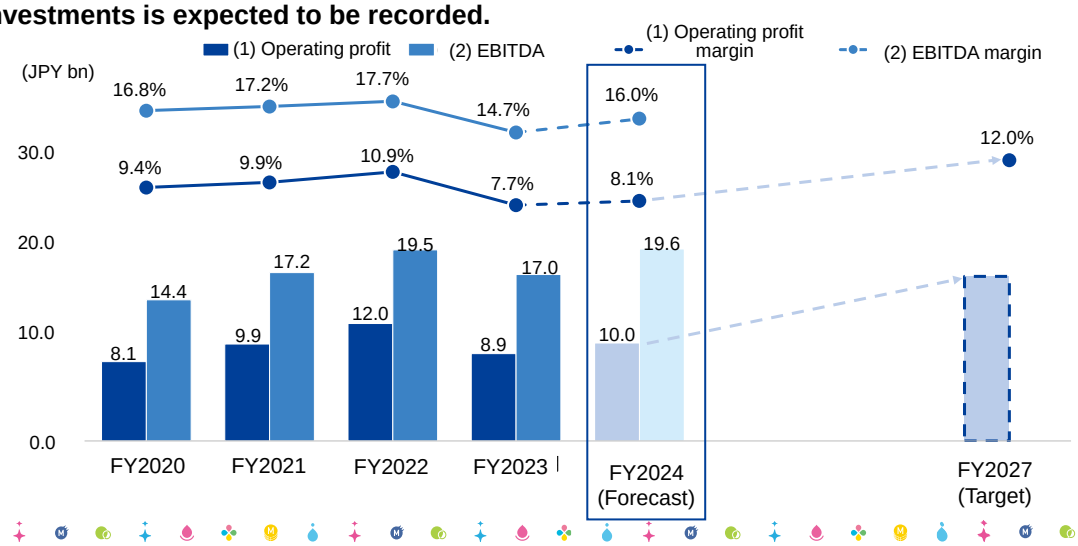
Operating Profit / EBITDA Forecast

EBITDA is expected to grow higher than operating profit because depreciation due to investments is expected to be recorded.



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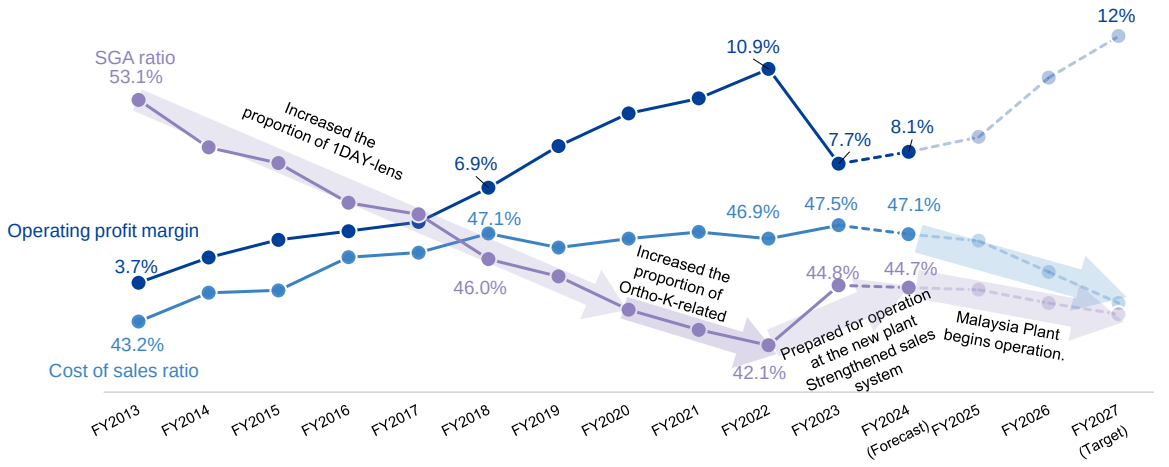
Cost of Sales Ratio / SGA Ratio / Operating Profit Margin



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Healthcare and Life Care

Expanding Our Business Domain

We are promoting the expansion of our business based on growth potential, uniqueness and social contribution.

Assisted reproductive technology

Development and Sales

For clinics
- **Motile sperm isolation device**

Increased use in general gynecology facilities because infertility treatment is now covered by health insurance.

Healthcare

Development and Sales

For clinics, electronic commerce retailers, etc.
- **Healthcare, pregnancy and beauty supplements, etc.**

Increased sales due to growth in the femtech sector and diversification of sales methods.

Life Care

Development and Sales

For farmers and livestock producers
- **Compost accelerator**
- **Rice straw decomposition facilitator, etc.**

Achieved an increased of sales in environment-related businesses while reducing environmental impact.

Food

Sales

For food supermarkets and wholesalers
- **Fresh fish and rice (exported)**
- **Dry goods, etc. (imported)**

Improved profitability by increasing the volume of trade.

Veterinary Medical

Development and Sales

For veterinary hospitals and electronic commerce retailers, etc.
- **Intraocular lenses, contact lenses and surgical equipment for animals**
- **Supplements for animals, etc.**

Developed new channels and increased sales in Asia.

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Menicon's Information Dissemination Tools

Financial results information

- Financial results briefing
- Consolidated Financial Results (every quarter)
- Databook

General business, strategic and non-financial

- Menicon Report (once a year)

- Medium-term Management Plan
- Company Introduction (updated as needed)

Business, culture and society

- Podcast (several episodes a month)
  * In Japanese only

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- Investors should always rely upon their own judgment when making an investment.

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- Even if there is new information or future events, the Company is not obligated to update or revise the "forward-looking statements" included in this presentation.

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