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Consolidated Financial Results for the Three Months Ended June 30, 2025 [Japanese GAAP]

August 8, 2025

Company name: Menicon Co., Ltd.
Listing: Tokyo, Nagoya
Securities code: 7780
URL: https://www.menicon.com
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	30,251	0.3	1,961	(26.9)	1,768	(35.6)	991	(43.8)
June 30, 2024	30,155	6.0	2,681	2.4	2,745	14.7	1,765	11.9

(Note) Comprehensive income: Three months ended June 30, 2025: ¥1,134 million [(76.7)%]
Three months ended June 30, 2024: ¥4,860 million [40.9 %]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2025	13.05	12.99
June 30, 2024	23.18	21.39

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	182,626	84,879	46.1
March 31, 2025	187,590	86,129	45.4

(Reference) Equity: As of June 30, 2025: ¥84,169 million
As of March 31, 2025: ¥85,211 million

(Note) During the first quarter of the fiscal year ending March 31, 2026, the Company finalized the provisional accounting treatment for a business combination. Accordingly, the finalized figures have been retrospectively reflected in the results for the fiscal year ended March 31, 2025.

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2025	-	0.00	-	28.00	28.00
Fiscal year ending March 31, 2026	-				
Fiscal year ending March 31, 2026 (Forecast)		0.00	-	28.00	28.00

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	125,000	2.9	10,200	1.9	9,500	(0.7)	5,800	3.6	76.90

(Note)
1. Revision to the financial results forecast announced most recently: None
2. Basic earnings per share for the consolidated financial results forecast for the fiscal year ending March 31, 2026 have been calculated using the average number of shares outstanding during the period, reflecting the impact of treasury share purchases.

* Notes:
(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement
1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
2) Changes in accounting policies due to other reasons: Yes
3) Changes in accounting estimates: None
4) Restatement: None

(4) Number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
June 30, 2025: 76,756,488 shares
March 31, 2025: 76,645,888 shares

2) Number of treasury shares at the end of the period:
June 30, 2025: 950,724 shares
March 31, 2025: 714,024 shares

3) Average number of shares outstanding during the period:
Three months ended June 30, 2025: 76,014,200 shares
Three months ended June 30, 2024: 76,155,070 shares

(Note) The Company's shares held by "Employee Stock Ownership Plan (Stock Benefit Trust)" and the "Stock Benefit Trust (Employee Shareholder Association Purchase-Type)" are included in treasury shares, which are used in calculating the total number of treasury shares at the end of the period and deducted in calculating the average number of shares during the period.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* Explanation regarding appropriate use of business results forecasts and other special instructions

- Forecasts regarding future performance presented in this material include the outlook for the future, assumptions on which the plan is based, and projections as of the date of announcement of this material. Actual results may differ from the forecasts presented in this material due to various factors.
- For matters concerning the forecast of business results, please refer to "1. Qualitative Information on Quarterly Financial Results for the Period under Review (3) Explanation of Consolidated Business Results Forecast and Other Forward-looking Information" on Page 4 of the appendix.

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1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Business Results

We established the current medium-term management plan, “Vision 2030” and are promoting a “1-DAY lens Strategy Policy: Aim to be a top global player in 1-DAY lens with original products and services” and an “Orthokeratology-related Strategy Policy: Aim to be the leading company in orthokeratology-related (Myopia Control-related) business by creating new value related to myopia control” as growth strategy policies to realize “New vision of ‘Miru’ for the World.”

Performances in each business are as follows.

[Vision Care Business]

In regard to the “1-DAY lens Strategy,” the global contact lens market is witnessing increased demand for daily disposable contact lenses made of highly safe silicone hydrogel material due to the rising myopic population.

In Japan, we aim to increase the proportion of daily disposable contact lens members in the MELS Plan, while at the same time bolstering sales in Europe and North America by expanding business with major mass retailers.

We will also continue to boost our daily disposable contact lens production capacity to meet growing demand by investing in production facilities at the Kakamigahara Plant and Menicon Singapore Pte. Ltd. while also preparing for the start of operations in the second half of the current fiscal year at Menicon Malaysia Sdn. Bhd., which will serve as a new production base.

During the three months ended June 30, 2025, we worked to expand sales in Europe by broadening our product line-up at major mass retailers we currently do business with and by launching business with a leading retail chain in Northern Europe. In China, we began distributing our products through one of the country’s largest e-commerce platforms specializing in contact lens-related products.

Regarding the “Orthokeratology-related (Myopia Control-related) Strategy,” we have worked to strengthen sales of orthokeratology lenses and and their associated care products in China. However, the orthokeratology-related market there remains stagnant due to declining consumer purchasing power amid the economic downturn and the emergence of alternative products, while competition in the care products market has intensified. In contrast, demand is expanding in Japan and other Asian countries, and looks set to grow further going forward. We will aim to expand sales globally through efforts such as increasing the recognition of orthokeratology lenses in conjunction with lens care products and developing new sales channels, by leveraging a line-up of multiple orthokeratology lenses, including “Alpha Ortho-K,” which is enjoying strong sales in Japan and the rest of Asia, “Menicon Z Night,” which is experiencing robust sales in Europe and Asia, and “Menicon Bloom Night,” an orhokeratology lens with a CE marking certification for myopia control, which is expected to see sales expansion in Europe and elsewhere.

During the three months ended June 30, 2025, we signed a Memorandum of Understanding with Dr. Agarwal’s Eye Hospital, India’s largest ophthalmic hospital group with over 220 facilities, to collaborate on research and development in the field of myopia management. In Japan, we have worked to increase the number of facilities offering our orthokeratology lenses and, as a means of encouraging continued treatment, jointly developed and launched Myolog, a myopia management app that visualizes treatment effects, in collaboration with Saiko Matsumura, Lecturer at Toho University

[Other Businesses]

The healthcare and life care businesses are working on taking up the challenge to enter new fields that create health support and joy for people through the five senses. Key focus areas include: the healthcare field, particularly femtech, including fertility treatments; the life care field, with emphasis on environmental initiatives; veterinary medical services supporting pet life; and the food business, which involves the sale and import/export of agricultural and marine products.

During the three months ended June 30, 2025, our composting-related business in the life care field contributed to sales growth by expanding sales channels through continued marketing efforts. In the veterinary medical business, we broadened the distribution channels for health supplements aimed at maintaining canine health and initiated business with a new wholesaler of veterinary pharmaceuticals. In addition, we expanded our product lineup of intraocular lenses for dogs and are currently preparing for the launch of sales.

As a result of these efforts, the Group's consolidated business results for the three months ended June 30, 2025 were as follows.
Net sales increased by 0.3% year on year to ¥30,251 million, driven by higher sales of daily disposable contact lenses from retail channels both in Japan and abroad, as well as sales from the MELS Plan, and the impact of acquiring sales companies in Southeast Asia, namely, Oculus Visioncare (S) Pte. Ltd., Oculus (M) Sdn. Bhd., and PT Oculus Indonesia (hereinafter collectively, the "Three Oculus Companies") in the previous fiscal year. Operating profit decreased by 26.9% year on year to ¥1,961 million, primarily due to the changes in the sales mix and the recording of initial investment expenses for future growth, including preparations for new plant operations. Ordinary profit decreased by 35.6% year on year to ¥1,768 million due to the recording of foreign exchange losses. As a result of the above factors, profit attributable to owners of parent decreased by 43.8% year on year to ¥991 million.
Business results by segment are as follows.

1) Vision Care Business

Sales of the Vision Care Business were ¥28,217 million, an increase of 0.6% year on year. Segment profit was ¥3,636 million, a decrease of 18.7% year on year. The details are as follows.
Sales of the Vision Care Business increased by ¥154 million year on year. Sales of daily disposable contact lenses increased by ¥443 million, due to the increased sales through retail channels both in Japan and abroad and the increase in membership for contact lenses. Sales of orthokeratology-related products decreased by ¥389 million due to economic stagnation, the intensifying competitive environment, and the spread of alternative products in China, although we were able to capture the strong demand for orthokeratology lenses in Japan. Other contact lens-related sales increased, primarily due to the impact of acquiring the Three Oculus Companies in the previous fiscal year.
Segment profit decreased by ¥836 million year on year due to the changes in the sales mix and the recording of initial investment expenses for future growth, including preparations for new plant operations.

2) Other

Sales of Other businesses decreased by 2.8% year on year to ¥2,034 million, due to a decrease in import sales in the food business, despite an increase mainly in sales from the composting business. Segment loss was ¥102 million, compared with a segment loss of ¥357 million in the same period of the previous year, reflecting improved profitability, primarily due to the revised selling, general, and administrative expenses and withdrawal from some businesses.

(2) Explanation of Financial Position

In the first quarter of the current consolidated fiscal year, the provisional accounting treatment for a business combination was finalized. Accordingly, the revised figures reflecting this finalized treatment have been used for comparison and analysis with the previous consolidated fiscal year

(Assets)

Total assets at the end of the first quarter of the fiscal year under review were ¥182,626 million, having decreased by ¥4,964 million from the end of the previous fiscal year. Current assets decreased by ¥6,505 million to ¥76,163 million as cash and deposits decreased primarily due to Capital investment, payments of dividends, and bonuses. Non-current assets increased by ¥1,541 million to ¥106,462 million primarily due to the manufacturing facilities investments in Menicon Malaysia Sdn. Bhd. in order to expand the production capacity for daily disposable contact lenses.

(Liabilities and net assets)

Liabilities decreased by ¥3,713 million from the end of the previous fiscal year to ¥97,747 million primarily due to payments of accounts payable – other, income taxes payable, and provision for bonuses. Net assets decreased by ¥1,250 million from the end of the previous fiscal year to ¥84,879 million, primarily due to dividends paid, despite the recording of profit attributable to owners of parent. As a result, the equity ratio was 46.1%.

(3) Explanation of Consolidated Business Results Forecast and Other Forward-looking Information

Business results for the three months ended June 30, 2025 were largely in line with the consolidated full-year forecast for the fiscal year ending March 31, 2026. From the second quarter of the fiscal year ending March 31, 2026, we expect global sales of silicone-based daily disposable contact lenses, which are currently facing supply constraints, to expand, driven by increased supply through the enhancement of our production system, and the introduction of OEM products in Japan. We also anticipate that price revisions in Japan will contribute to sales growth. While we expect to incur expenses related to future growth, including those associated with expanding production capacity in Menicon Malaysia Sdn. Bhd, we will maintain profitability by continuing to manage selling, general and administrative expenses appropriately. As such, the consolidated business results forecast for the full year ending March 31, 2026 is unchanged from the forecast announced on May 14, 2025.

2. Quarterly Consolidated Financial Statements and Notes

(1)Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	42,046	32,293
Notes and accounts receivable - trade	13,641	14,101
Merchandise and finished goods	15,709	15,989
Work in process	1,464	1,551
Raw materials and supplies	4,045	4,080
Other	6,236	8,629
Allowance for doubtful accounts	(473)	(482)
Total current assets	82,669	76,163
Non-current assets		
Property, plant and equipment		
Buildings and structures	58,419	58,544
Accumulated depreciation	(15,722)	(16,309)
Buildings and structures, net	42,697	42,234
Machinery, equipment and vehicles	28,994	30,527
Accumulated depreciation	(19,251)	(19,850)
Machinery, equipment and vehicles, net	9,743	10,677
Tools, furniture and fixtures	11,992	12,207
Accumulated depreciation	(9,584)	(9,812)
Tools, furniture and fixtures, net	2,407	2,395
Land	5,656	5,668
Leased assets	6,008	6,008
Accumulated depreciation	(1,346)	(1,487)
Leased assets, net	4,662	4,521
Right of use assets	8,717	8,944
Accumulated depreciation	(5,057)	(5,352)
Right of use assets, net	3,660	3,591
Construction in progress	14,190	16,348
Other	46	46
Accumulated depreciation	-	-
Other, net	46	46
Total property, plant and equipment	83,064	85,484
Intangible assets		
Goodwill	3,227	3,034
Other	12,367	11,850
Total intangible assets	15,595	14,885
Investments and other assets		
Investment securities	822	844
Deferred tax assets	2,839	2,774
Other	3,142	2,980
Allowance for doubtful accounts	(542)	(506)
Total investments and other assets	6,261	6,092
Total non-current assets	104,921	106,462
Total assets	187,590	182,626

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,419	6,457
Short-term borrowings	25	52
Current portion of bonds payable	166	166
Current portion of long-term borrowings	978	1,397
Lease liabilities	2,064	2,113
Accounts payable - other	7,381	5,417
Income taxes payable	1,918	950
Provision for bonuses	2,107	1,335
Provision for point card certificates	32	40
Other	5,398	6,384
Total current liabilities	26,492	24,317
Non-current liabilities		
Bonds payable	46,167	46,083
Long-term borrowings	19,213	18,193
Lease liabilities	6,476	6,140
Retirement benefit liability	629	657
Deferred tax liabilities	1,534	1,474
Asset retirement obligations	110	110
Other	836	769
Total non-current liabilities	74,968	73,430
Total liabilities	101,460	97,747
Net assets		
Shareholders' equity		
Share capital	5,535	5,641
Capital surplus	7,558	7,664
Retained earnings	64,456	63,301
Treasury shares	(928)	(1,170)
Total shareholders' equity	76,621	75,437
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	362	376
Foreign currency translation adjustment	8,227	8,354
Total accumulated other comprehensive income	8,590	8,731
Share acquisition rights	859	651
Non-controlling interests	57	58
Total net assets	86,129	84,879
Total liabilities and net assets	187,590	182,626

(2)Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the three months ended June 30)

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Net sales	30,155	30,251
Cost of sales	13,627	14,144
Gross profit	16,528	16,107
Selling, general and administrative expenses	13,846	14,146
Operating profit	2,681	1,961
Non-operating income		
Interest income	30	27
Dividend income	9	14
Foreign exchange gains	117	-
Insurance contract change gain	-	70
Other	94	82
Total non-operating income	253	195
Non-operating expenses		
Interest expenses	160	200
Share of loss of entities accounted for using equity method	8	-
Foreign exchange losses	-	133
Other	20	54
Total non-operating expenses	189	388
Ordinary profit	2,745	1,768
Extraordinary income		
Gain on sale of non-current assets	2	0
Reversal of foreign currency translation adjustment	-	15
Total extraordinary income	2	15
Extraordinary losses		
Loss on retirement of non-current assets	51	6
Total extraordinary losses	51	6
Profit before income taxes	2,695	1,776
Income taxes - current	929	784
Profit	1,766	992
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	1,765	991

Quarterly Consolidated Statements of Comprehensive Income (For the three months ended June 30)

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Profit	1,766	992
Other comprehensive income		
Valuation difference on available-for-sale securities	46	14
Foreign currency translation adjustment	3,047	127
Share of other comprehensive income of entities accounted for using equity method	0	-
Total other comprehensive income	3,094	141
Comprehensive income	4,860	1,134
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,860	1,133
Comprehensive income attributable to non-controlling interests	0	0

(3) Notes to Quarterly Consolidated Financial Statements

(Going concern assumption)

Not applicable.

(Significant changes in amount of shareholders' equity)

Not applicable.

(Application of Special Accounting Treatments for Preparing Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate after applying tax-effect accounting to profit before income taxes for the full fiscal year including the quarterly period under review, and multiplying profit before income taxes by the estimated effective tax rate. However, for companies where applying the estimated effective tax rate would lead to a significantly unreasonable outcome, the statutory effective tax rate is used instead, taking into account material additions and subtractions.

(Changes in accounting policies)

(Changes in the calculation method of tax expenses)

Previously, tax expenses were calculated using the principle-based method. However, to further improve efficiency in quarterly settlement procedures, tax expenses are now presented under "Application of Special Accounting Treatments for Preparing Quarterly Consolidated Financial Statements" from the quarterly period under review. As the impact of this change is insignificant, it has not been applied retrospectively.

(Additional information)

(Transaction to grant the Company's shares to employees, etc. through a trust)

We conducted transactions to grant the Company's shares to the Employee Shareholder Association through a trust with the purpose of enhancing employee benefits and providing incentives for improving the Company's corporate value.

1. Overview of Transaction

We reintroduced the Employee Stock Ownership Plan (Stock Benefit Trust; hereinafter, the "Plan") for the Employee Shareholder Association in June 2024. It is an employee incentive plan similar to the Stock Benefit Trust (Employee Shareholder Association Purchase-Type) introduced in September 2021.

The Plan is an employee benefit program designed mainly with reference to the Employee Stock Ownership Plan (ESOP), an employee compensation package widely used in the U.S. as part of an employee incentive plan, and the "Report on Company Stock Holding Schemes" released by the Ministry of Economy, Trade and Industry of Japan on November 17, 2008.

We will establish a trust in which members of the Shareholder Association who satisfy a certain set of requirements are beneficiaries, and the said trust will acquire the number of the Company's shares that the Shareholder Association is expected to acquire during the trust period within the predetermined share-acquisition period. Then, the trust will sell the Company's shares to the Shareholder Association on the same day every month. If the trust has generated profits due to a rise in share prices or otherwise at the time of expiration of the trust, cash will be distributed to employees who satisfy the beneficiary requirements. If, on the other hand, the trust incurred a loss on transfer due to a decline in share prices and a debt pertaining to trust assets remains, there will be no additional burden on the part of employees as we will pay off the outstanding loan balance en bloc to the bank pursuant to warranty provisions of the non-recourse loan agreement.

2. Residual Company's Shares Held in the Trust

The residual Company's shares held in the Trust are recorded at the book value in the trust (excluding incidental expenses) as treasury shares under net assets. The book value and number of shares of such treasury shares are ¥928 million and 713 thousand shares, respectively, for the previous fiscal year, and ¥865 million and 665 thousand shares, respectively, for the first quarter of the fiscal year under review.

3. Book Value of Borrowings Recorded Through the Application of Total Amount Method

¥938 million for the previous consolidated fiscal year, ¥884 million for the first quarter of the fiscal year under review.

(Segment information)

For the three months ended June 30, 2024

1. Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment		Other (Note)	Total
	Vision Care Business	Subtotal		
Net sales				
Net sales to external customers	28,062	28,062	2,092	30,155
Inter-segment net sales or transfers	—	—	0	0
Total	28,062	28,062	2,092	30,155
Segment profit (loss)	4,472	4,472	(357)	4,115

(Note) “Other” is a business segment not included in the reportable segment and includes the healthcare and the life care businesses.

2. Differences between the total amount of profit or loss of the reportable segment and the amount stated in the consolidated statement of income, and major breakdown of such differences (Reconciliation)

(Millions of yen)

Profit	Amount
Reportable segment total	4,472
“Other” loss	(357)
Corporate expenses (Note)	(1,434)
Operating profit stated in the consolidated statement of income	2,681

(Note) Corporate expenses are mainly general and administrative expenses not attributable to the reportable segment.

3. Information on impairment loss of non-current assets, goodwill, etc. for the reportable segment

(Significant impairment loss on non-current assets)

Not applicable.

(Significant change in amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.

For the three months ended June 30, 2025

1. Information on net sales and profit (loss) by reportable segment

(Millions of yen)

	Reportable segment		Other (Note)	Total
	Vision Care Business	Subtotal		
Net sales				
Net sales to external customers	28,217	28,217	2,034	30,251
Inter-segment net sales or transfers	—	—	0	0
Total	28,217	28,217	2,034	30,251
Segment profit (loss)	3,636	3,636	(102)	3,533

(Note) "Other" is a business segment not included in the reportable segment and includes the healthcare and the life care businesses.

2. Differences between the total amount of profit or loss of the reportable segment and the amount stated in the consolidated statement of income, and major breakdown of such differences (Reconciliation)

(Millions of yen)

Profit	Amount
Reportable segment total	3,636
"Other" loss	(102)
Corporate expenses (Note)	(1,572)
Operating profit stated in the consolidated statement of income	1,961

(Note) Corporate expenses are mainly general and administrative expenses not attributable to the reportable segment.

3. Information on impairment loss of non-current assets, goodwill, etc. for the reportable segment

(Significant impairment loss on non-current assets)

Not applicable.

(Significant change in amount of goodwill)

Not applicable.

(Significant gain on bargain purchase)

Not applicable.

(Consolidated statements of cash flows)

Quarterly consolidated statements of cash flows for the three months ended June 30, 2024 have not been prepared. Depreciation (including amortization pertaining to intangible assets excluding goodwill) and amortization of goodwill pertaining to the three months ended June 30, 2025 are as follows.

(Millions of yen)

	For the three months ended June 30, 2024	For the three months ended June 30, 2025
Depreciation	1,857	2,242
Amortization of goodwill pertaining	115	158