

Menicon Co., Ltd. Medium-Term Management Plan

Securities Code : 7780

Menicon Co., Ltd.
May 14, 2025

Some revisions were made on May 14, 2025. The revised slides are indicated as “Updated” in the upper right corner.

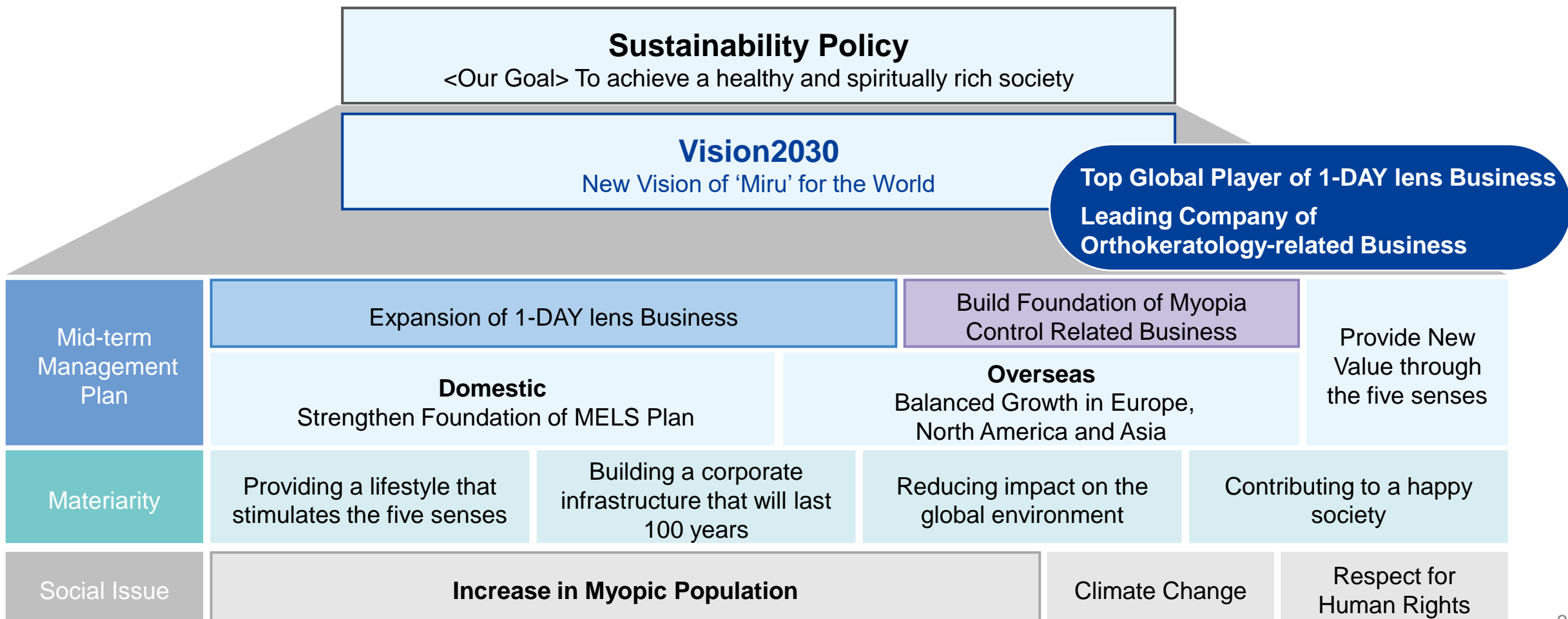
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- 5 Growth Strategies (1-DAY lens Growth Strategy and Orthokeratology-Related Growth Strategy)
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- 7 Management with cost of capital and stock price in mind

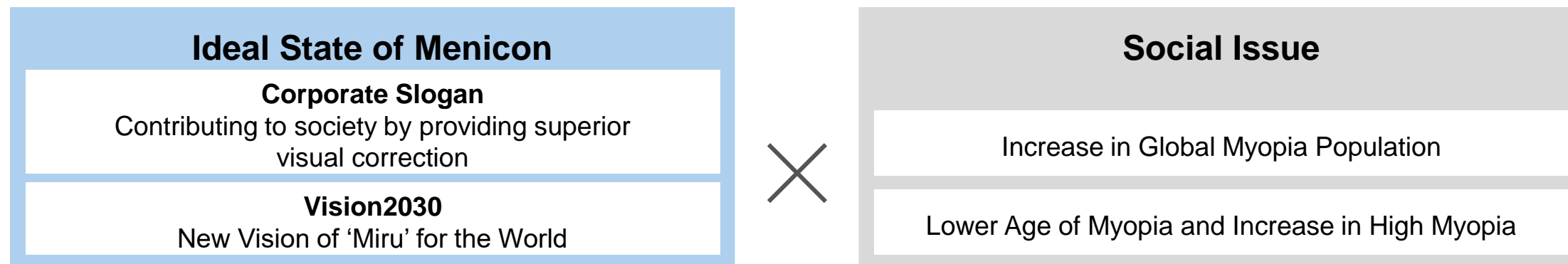
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Menicon's Goals



Menicon's Goal -Growth Strategy Policy



Company that Solves Social Issues



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Increase in Myopia Population

Myopia population continues to grow.

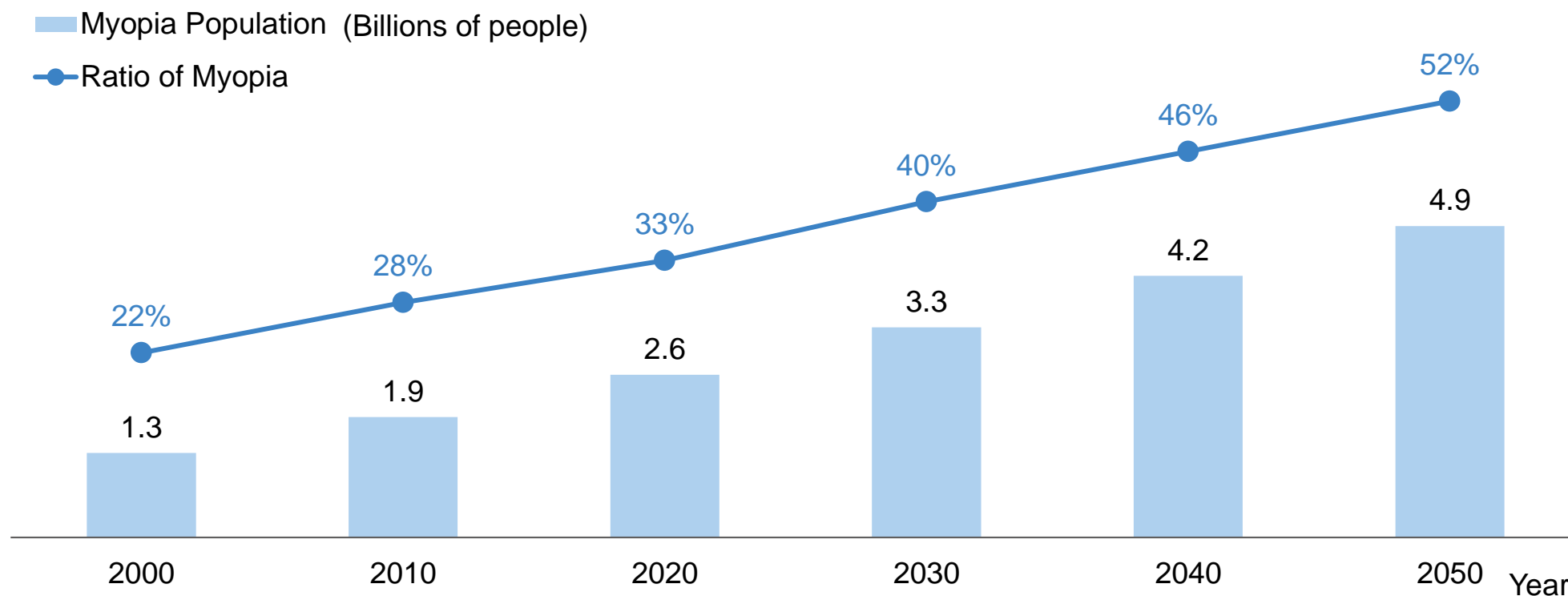
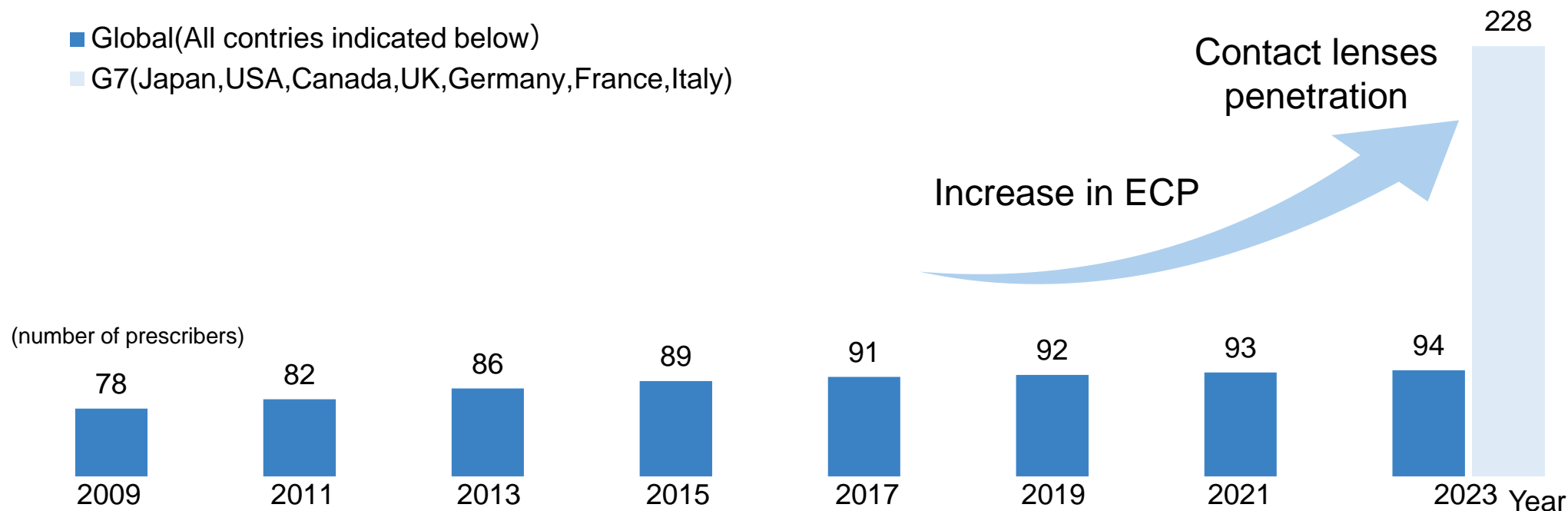


Exhibit: World Health Organization, "THE IMPACT OF MYOPIA AND HIGH MYOPIA"

Widespread use of contact lenses

**Expected to increase global contact lens penetration by increasing number of ECP.
(Eye Care Practitioners)**

Number of ECP per million population

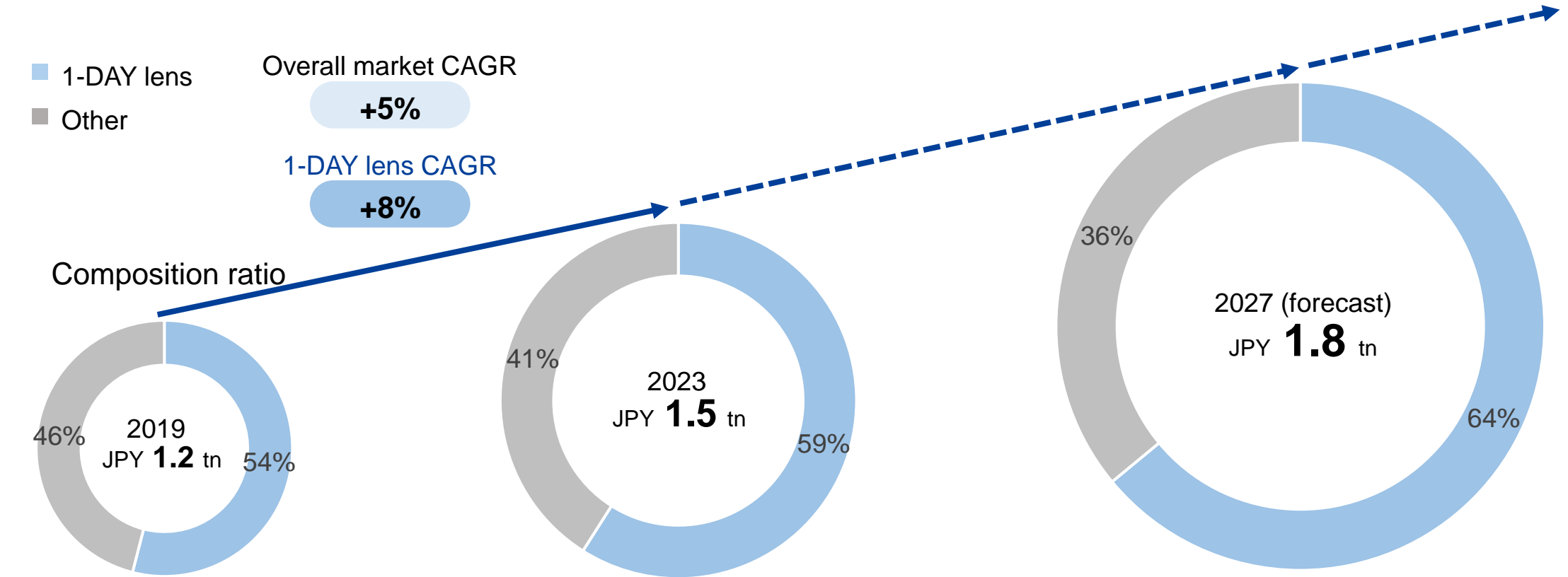


Source : Euromonitor International, Eyewear (2023) / Countries covered : China, Hong Kong, India, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand, Australia, Poland, Romania, Russia, Ukraine, Argentina, Brazil, Mexico, South Africa, United Arab Emirates, Canada, USA, France, Germany, Italy, Netherlands, Spain, Sweden, Switzerland, Turkey, United Kingdom

ECP...Ophthalmologists, optometrists, etc. who prescribe contact lenses and eyeglasses.
The number of ECP is used as an indicator of contact lens penetration.

Growth potential of the global contact lens market (1-DAY lens)

Growth mainly in 1-DAY lens due to convenience 1-DAY lens accounting for 60% of the market.

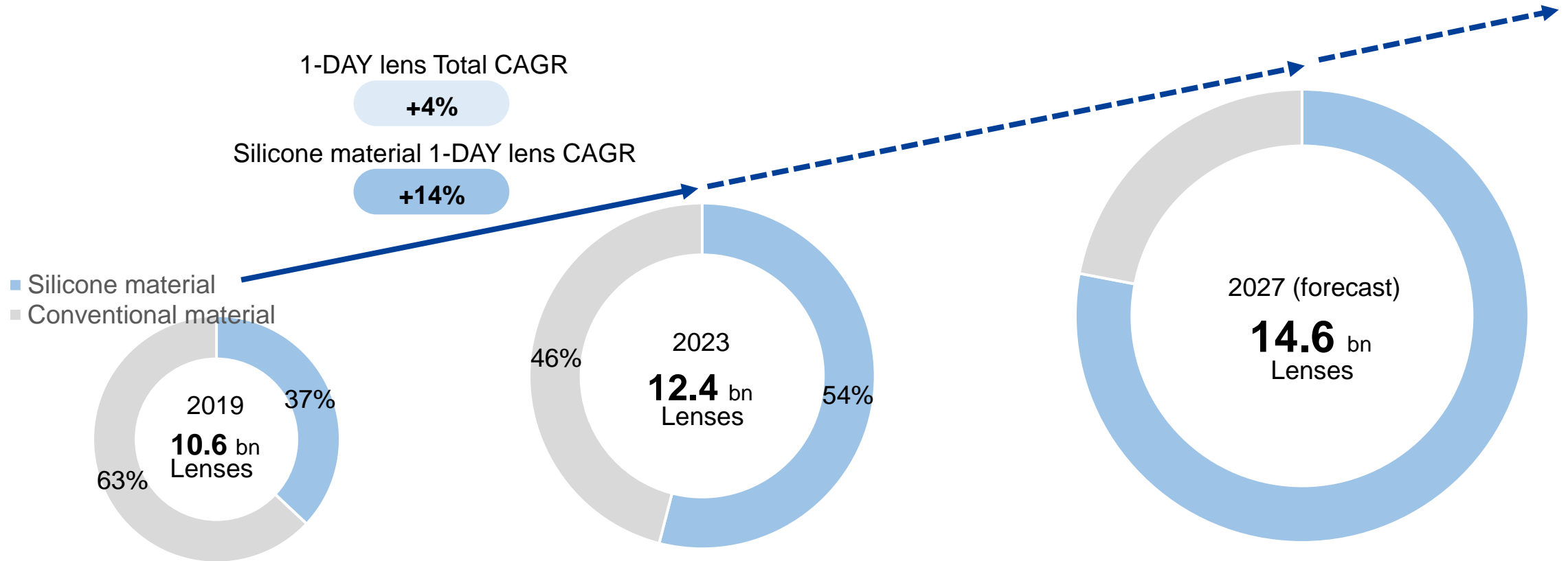


Source: Internal survey data

**Soft contact lens market growth potential
(Based on manufacturer shipments)**

Growth potential of global 1-DAY lens market (Silicone material)

Silicone material 1-DAY lens drives growth in 1-DAY lens.



Source: Internal survey data
*OEM is not included in our sales figures.

**Growth potential of 1-DAY lens market
(Based on the number of pieces)**

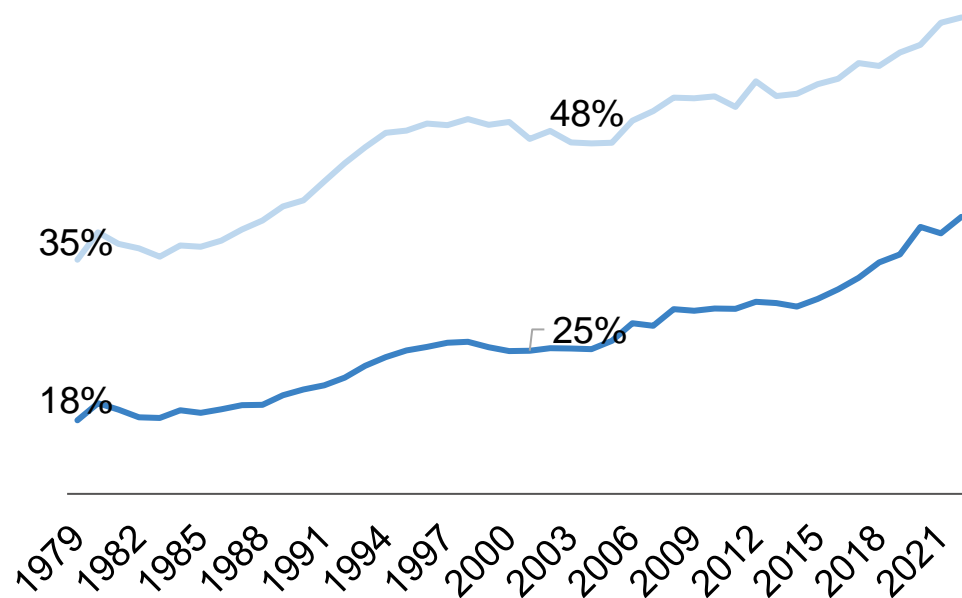
Lower Age of Myopia and Increase in High Myopia

Due to the spread of digital devices etc, the global myopia population is becoming younger and the number of high myopia people is increasing.

There are high expectations for efforts to myopia control because of concern about increasing risk of future eye diseases.

Ratio of myopia (Japan)

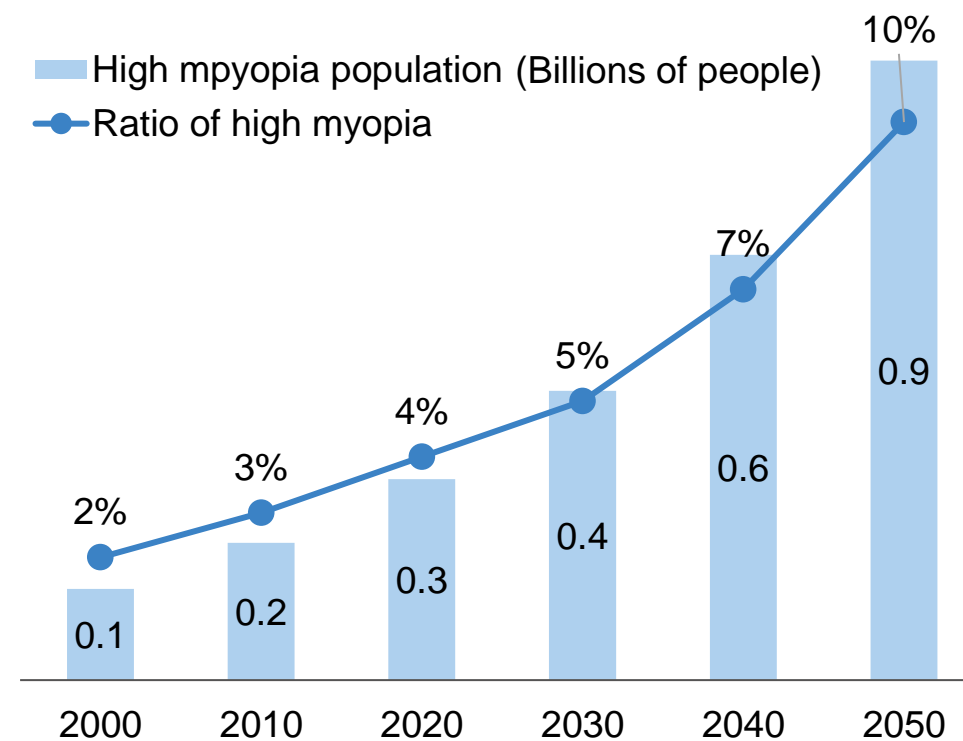
- Junior high school student (visual acuity : Less than 1.0)
- Elementary school student (visual acuity : Less than 1.0)



Source: School Health Statistics Survey

High myopia population (Global)

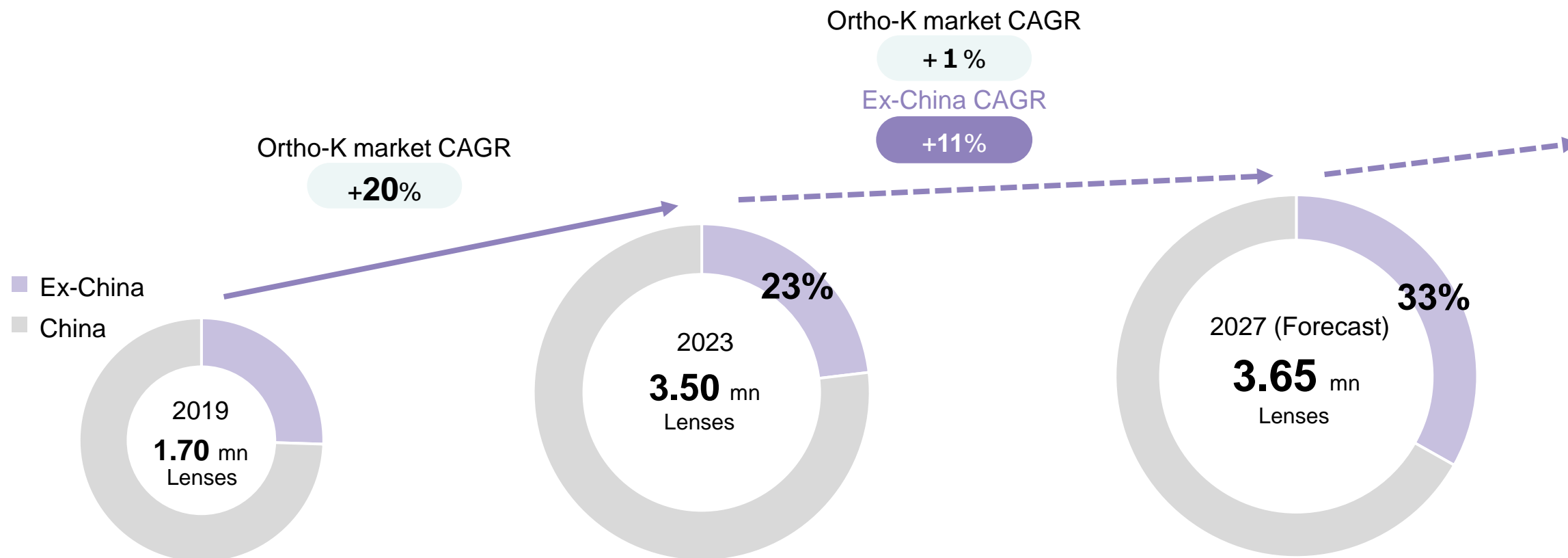
- High myopia population (Billions of people)
- Ratio of high myopia



Source: World Health Organization
THE IMPACT OF MYOPIA AND HIGH MYOPIA

Growth Potential of Global Orthokeratology Lens Market

Growth in China is expected to stagnate, but stable growth is anticipated in the med- to long-term due to the expected expansion of penetration in other regions.



Growth Potential of Orthokeratology lens market (number of lenses)

Source: Internal survey data

Based on lenses sold; survey covers Asia (including Japan and China), Australia, and Europe

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Milestone 2025 Progress Assessment

**Changes in the external environment affected the progress of Milestone 2025.
(Quantitative Target FY2025)**

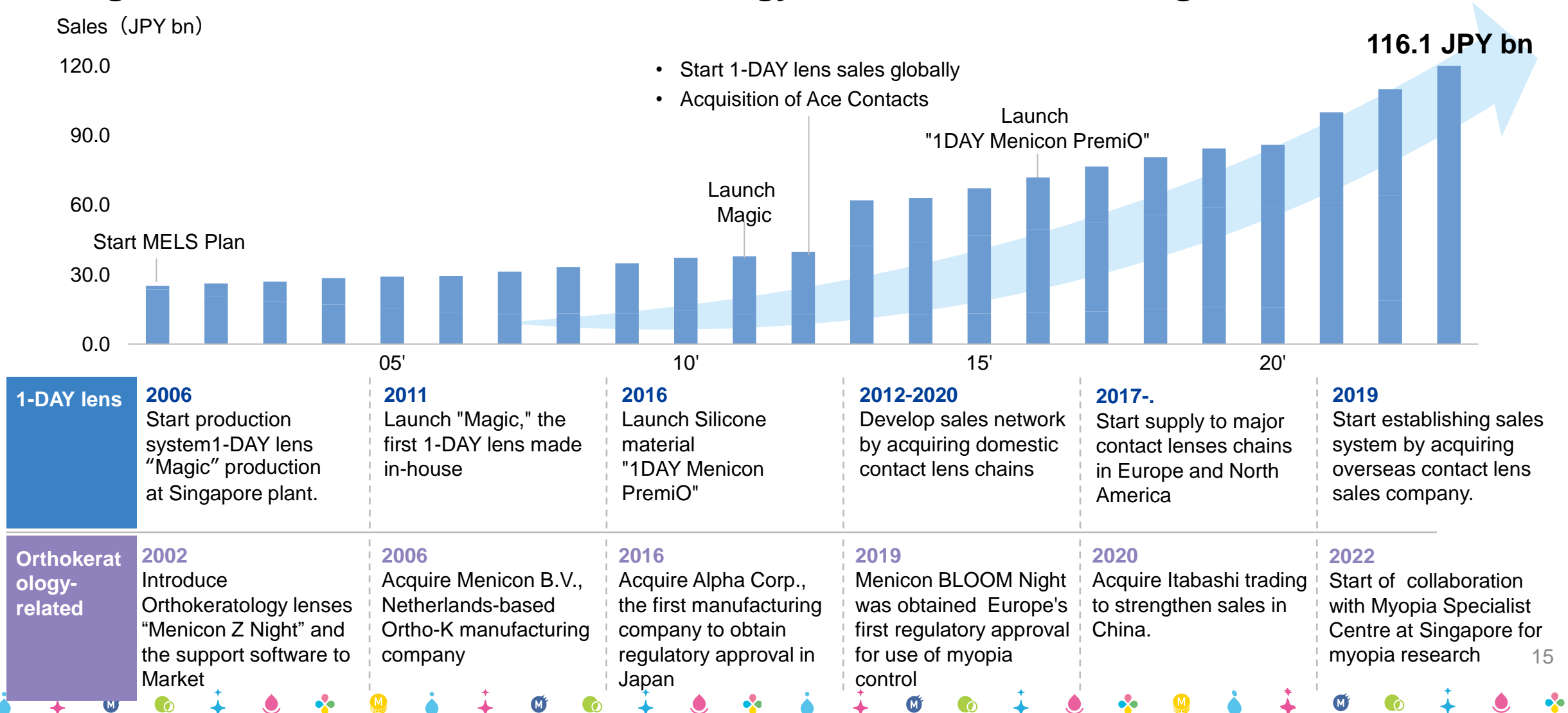
	Target (FY2025)	Track Record (FY2023)	Evaluation (Change in business environment)	Future Initiatives
Quantitative Target	Net Sales JPY 140.0 bn	Net Sales JPY 116.1 bn	Covid-19 Careful decision of 1-DAY lens investment due to temporary stagnation in the contact lens market	1-DAY lens Supply System • Strengthen of supply chain
	OP margin 12 %	OP margin 8 %	International Affairs (War) Longer lead time for 1-DAY lens investment due to supply chain disruptions	Strengthen of profitability • Appropriate price revision • Reduce manufacturing costs by the effect of mass production
	ROE 10 %	ROE 6 %	Rising procurement costs and pressure on earnings due to accelerating inflation	Balanced growth in priority regions • Strengthen 1-DAY lens sales
Strategic Target	1-DAY lens Ratio 33%	1-DAY lens Ratio 27%	Global Market Growth of OEM supply of 1-DAY lens in Europe/USA	Japan: Increase in 1-DAY lens ratio of MELS
	MELS Members 1.50M	MELS Members 1.34M	Ortho-K growth acceleration of China (~2023/9)	Europe/North America: Expand OEM • Strengthen Orthokeratology-related sale
	Overseas Ratio 35 %	Overseas Ratio 32 %	Ortho-K growth stabilization of China (2023/10~)	China: Stable Orthokeratology-related growth

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Menicon Growth History

Sales growth of 1-DAY lens and Orthokeratology-related business through MELS Plan and M&A.



Set Milestone 2027

Set Milestone 2027 (new quantitative target: FY2027) based on changes in the environment.

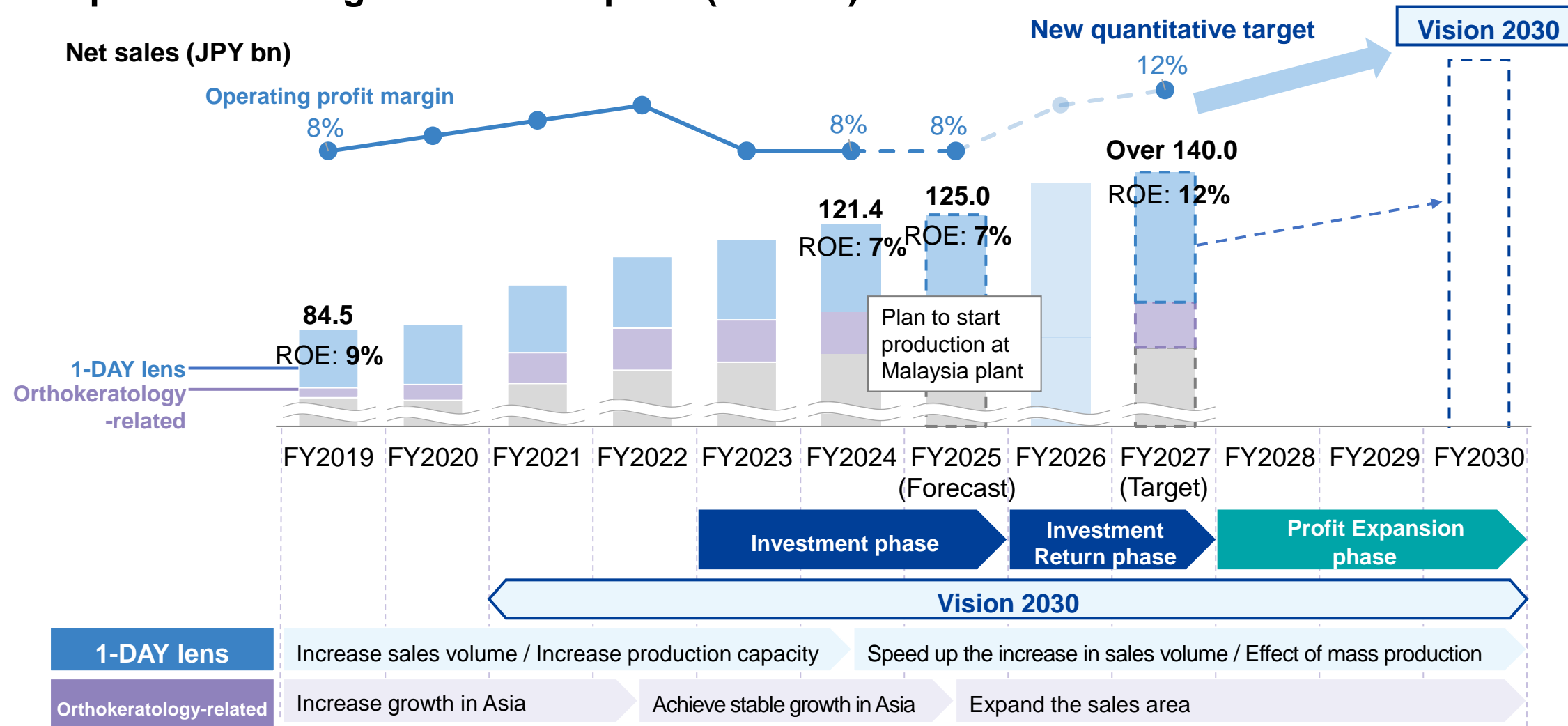
	Stable Growth phase	Investment phase		Investment Return phase
	FY2019	FY2023		FY2027 Quantitative Targets
Net sales	JPY 84.5 bn	JPY 116.1 bn	1-DAY lens Strategy Orthokeratology-related strategy Transform Profit Structure by executing Strategy	Over JPY 140.0 bn
Operating profit ratio	8 %	8 %		12%.
ROE	9 %	6 %		12%.

Set ROIC as an internal target

- Promote management that is focused on return on capital
- Aim to shift the profit structure from “investment phase” to “Investment Return phase”

Set Milestone 2027

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



Set Milestone 2027

Aim to improve profitability through 1-DAY lens mass production effect of Malaysian plant.

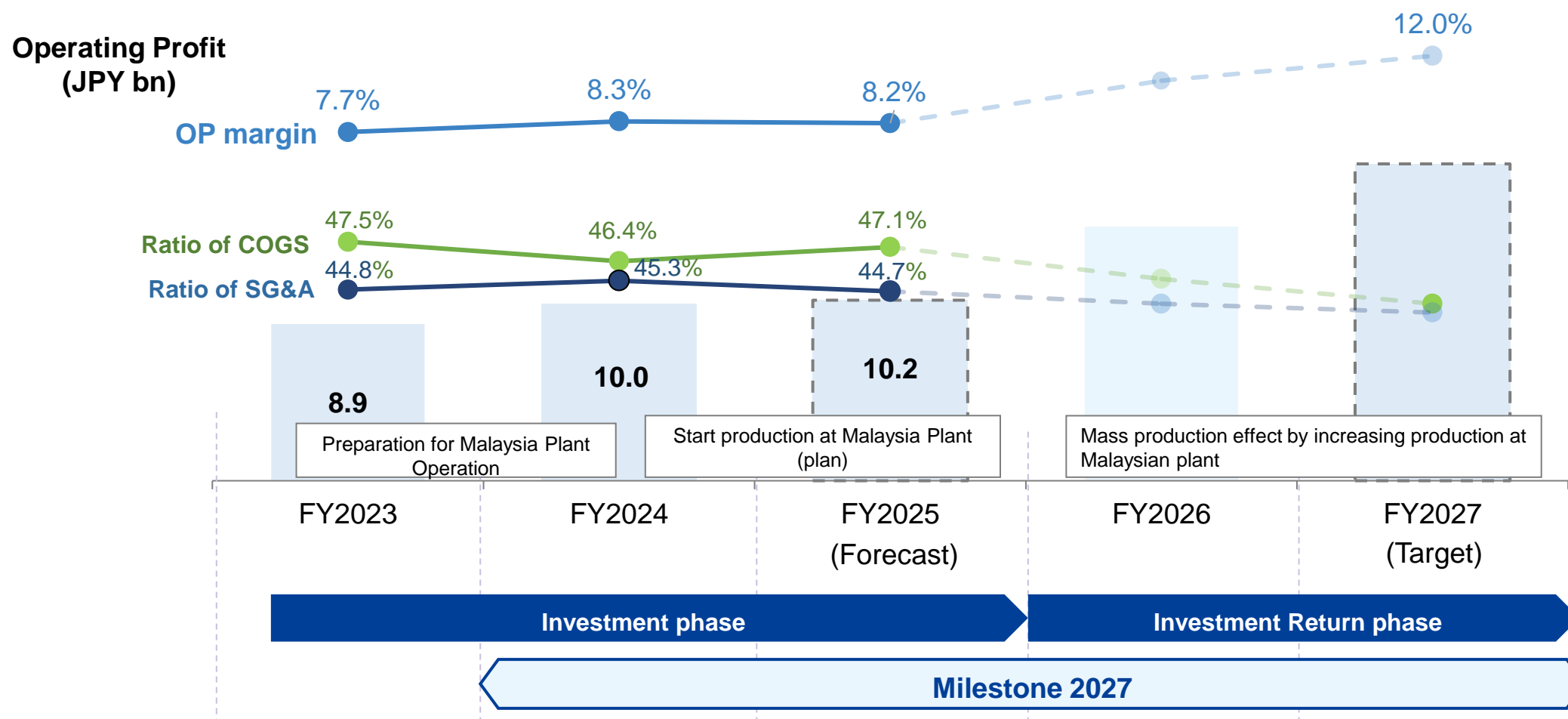


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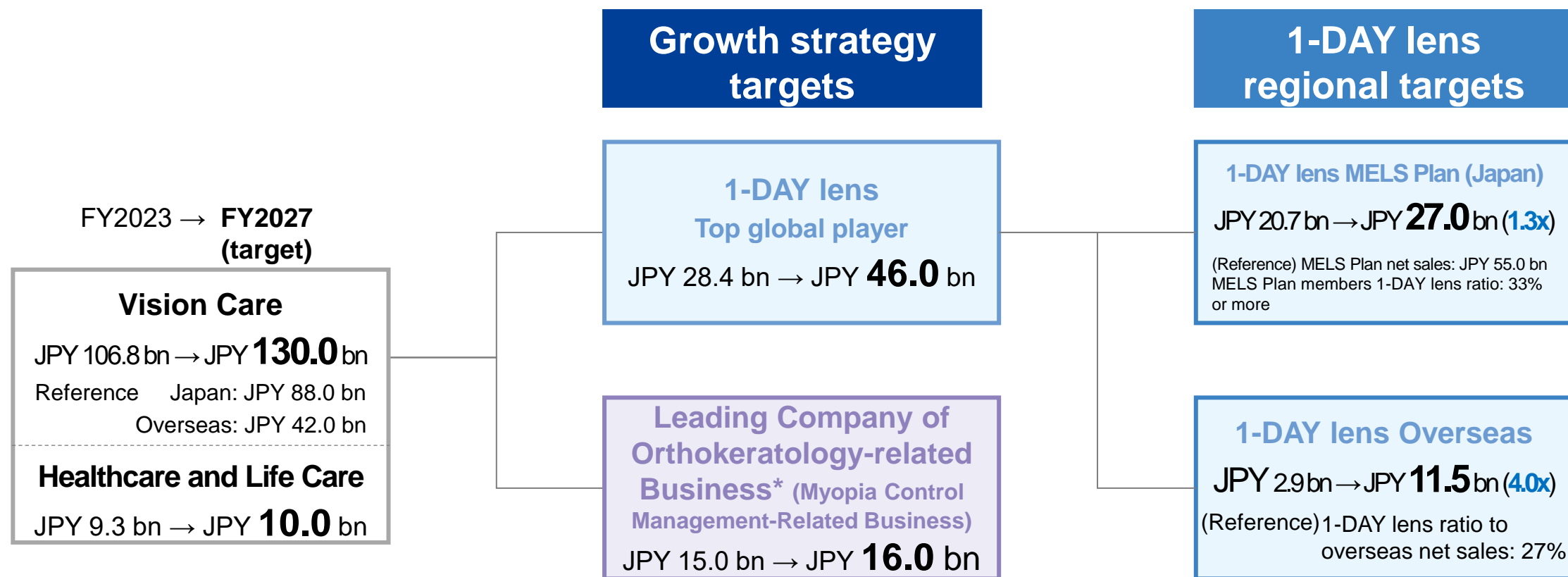
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Growth Strategy Targets & 1-DAY lens Regional Targets

(Partial revision of growth strategy targets)

Updated

We expect to achieve our targets by implementing growth strategies.



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

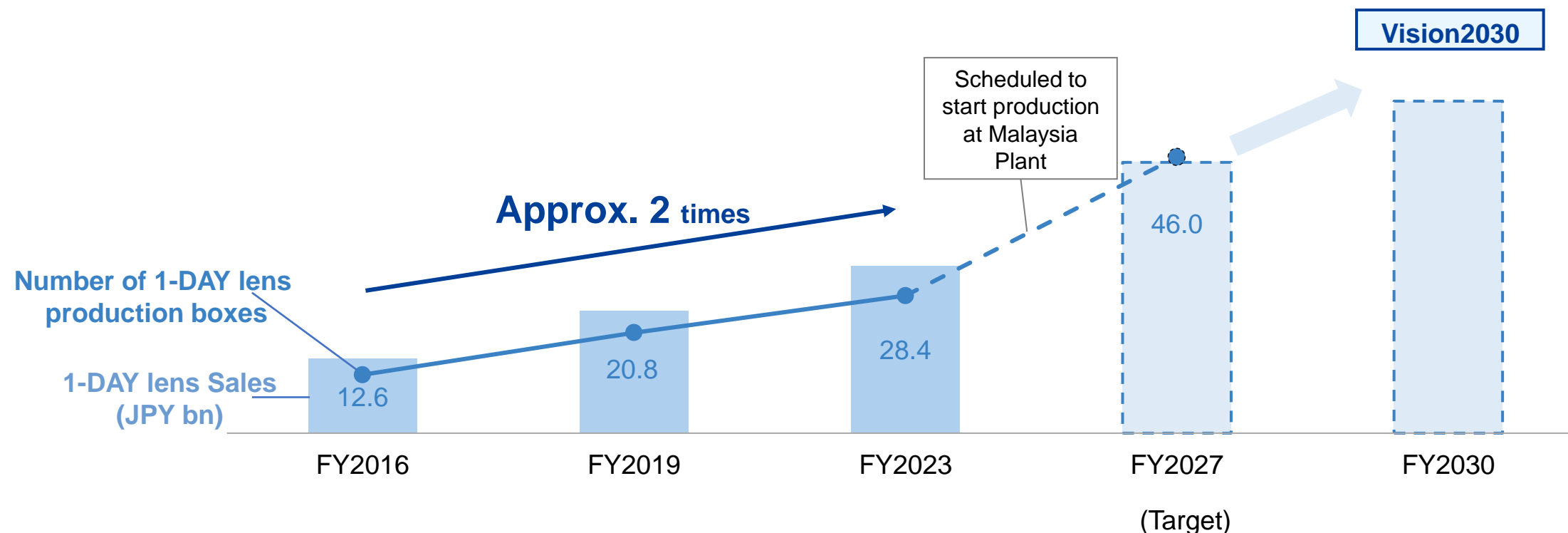
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1-DAY lens Production Capacity

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

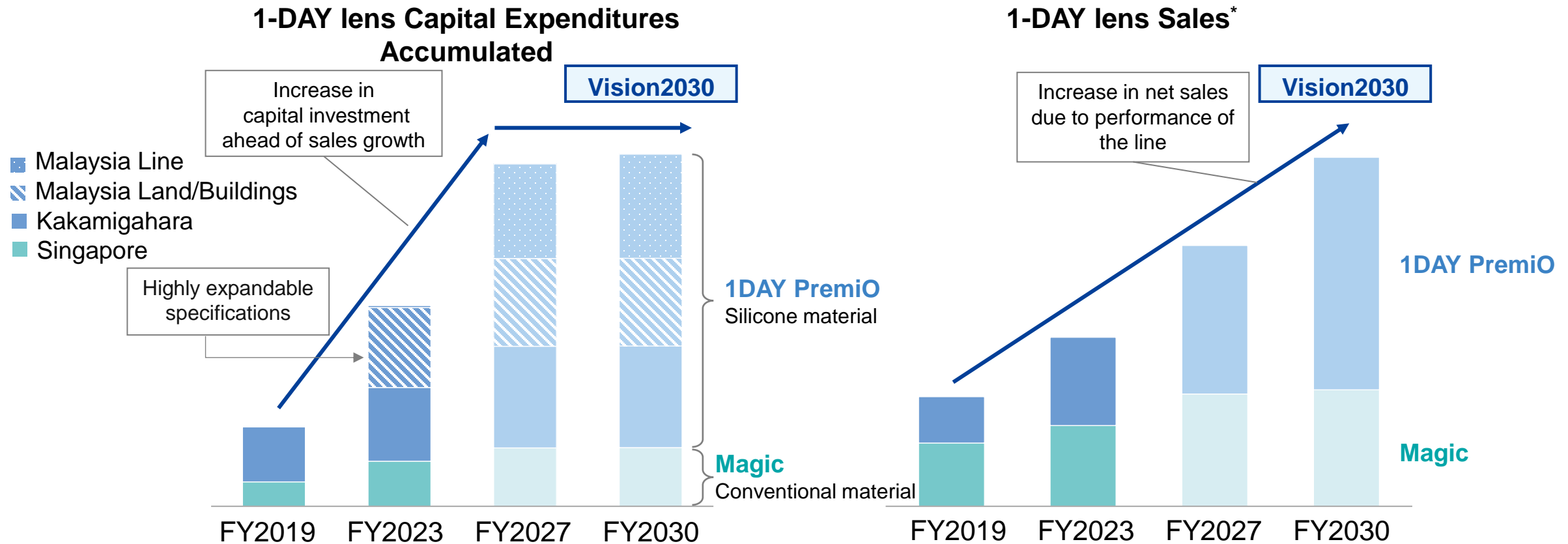
1-DAY lens Production Capacity and 1-DAY lens Sales* Transition



*1-DAY lens sales: Including OEM supplies from other companies

1-DAY lens Capital Investment and Sales

Expand 1-DAY lens sales through capital investment in Malaysia plant.



*1-DAY lens sales: only 1-DAY lens products manufactured in-house (1DAY PremiO and Magic) 23

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

Unique products

SMART TOUCH package

No need to change the handle,
no touching the inner surface.

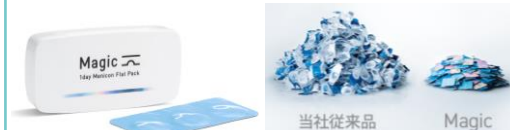


1DAY PremiO



High oxygen permeability
Silicone material lenses

Magic



Thinner package
with reduced plastic usage

Menicon's Core Values

- Over 70 years in business
- Trust in Japanese Quality
- Commitment to Innovation
- Environmentally friendly product design

Sales Strategy

In the investment phase, sales volume in Japan will be boosted by strengthening the supply chain, and sales expansion will be accelerated toward the investment return phase, mainly in Europe and North America.

Japan ↗

Products	<ul style="list-style-type: none"> Investment phase: Introduce OEM products to secure volume of silicone 1-DAY lens, which are in tight supply. Investment return phase: Distribute increased silicone 1-DAY lens production.
Sales	<ul style="list-style-type: none"> Promote MELS Plan in around 1,600 stores. Use around 170 group stores. Implement price revisions in line with balance of supply and demand.
Target	<ul style="list-style-type: none"> Stable growth as a core business.

China ↗

Products	<ul style="list-style-type: none"> Investment phase: Launch of environmentally friendly 1-DAY lens products. Investment return phase: Distribute increased silicone 1-DAY lens production.
Sales	<ul style="list-style-type: none"> Partner with specialized e-commerce channel agencies to nurture our own brands & expand sales.
Target	<ul style="list-style-type: none"> Build up own brands and expand sales in high-growth markets.

Europe & North America ↗

Products	<ul style="list-style-type: none"> Investment phase: Priority allocation of increased silicone 1-DAY lens production, proactively sell environmentally friendly 1-DAY lens. Investment return phase: Increase supply of silicone 1-DAY lens from increased production.
Sales	<ul style="list-style-type: none"> Begin business with major volume retailer chains in their respective areas. Expand sales areas among existing business partners.
Target	<ul style="list-style-type: none"> With the potential to expand market share, we will start supplying silicone 1-DAY lens as soon as possible in order to scale sales during the investment return phase.

* Including the development of new sales channels through M&A

Countries with product exhibits: Around **60**



Malaysia Plant Overview

As for Phase1, Production is scheduled to start in 2025.

Malaysia plant can be expanded up to 4 times the scale depending on demand.

Phase1 (on going)

Specifications that allow installation of multiple types of manufacturing equipment to meet demand



Phase1

Office building and logistics/packaging building can accommodate the expansion of production capacity in the Phase2

Malaysia plant overview

	【Phase1】
Product Capacity	Up to 500 million pieces/year
Total amount of investment	Approx. JPY 50.0 bn (Buildings : production, office, logistics and packaging) • Already carried out: Approx. JPY 30.0 bn • FY2025 - FY2027: approx. JPY 20.0 bn (tentative)
Schedule	Production is scheduled to start in 2H of FY2025

Phase2~4 (Undecided : expanded based on demand)



Phase1

Phase2

Phase3,4

	【Phase2】	【Phase3~4】
Additional production capacity	Up to 500 million lenses/year (tentative)	Up to 1.0 billion lenses/year (tentative)
Additional investment	Approx. JPY 30.0 bn (tentative) (Buildings :only production)	undecided
Schedule	undecided	undecided

1-DAY lens market and Menicon's share

Establish a global sales base by developing sales and supply chain.

⇒ Expand market share by increasing supply of the product.

Establish a foundation in Japan

Expand 1-DAY lens market share mainly in **Japan**

Japan: 1-DAY lens market and Menicon's share

Product

- Launch of Magic



Production enhancement

- Singapore Plant

Strengthen domestic sales

- Expand directly managed stores

Product

- Launch of 1DAY PremiO Series

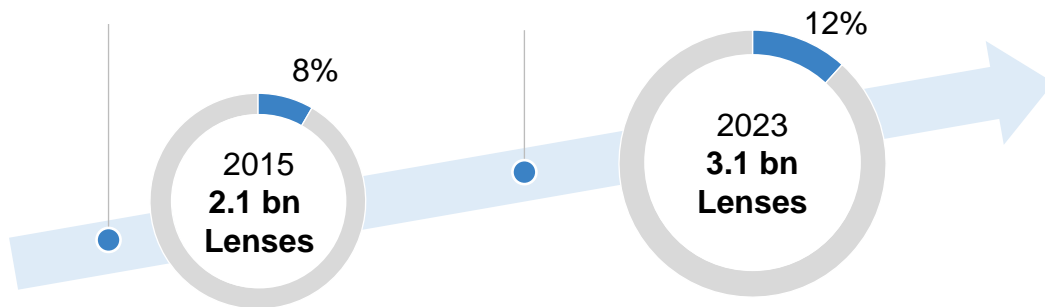
Production enhancement

- Singapore Plant
- Kakamigahara Plant



Strengthen domestic sales

- Acquire Retail Chain



*OEM-supplied products are not included in our sales figures (Internal survey data).

Establish a global infrastructure

Expanding 1-DAY lens market share **Global**

Global: 1-DAY lens Market and Menicon's share

Production enhancement

- Singapore Plant
- Kakamigahara Plant

Strengthen global sales

- Alliance with a major mass retailer chain

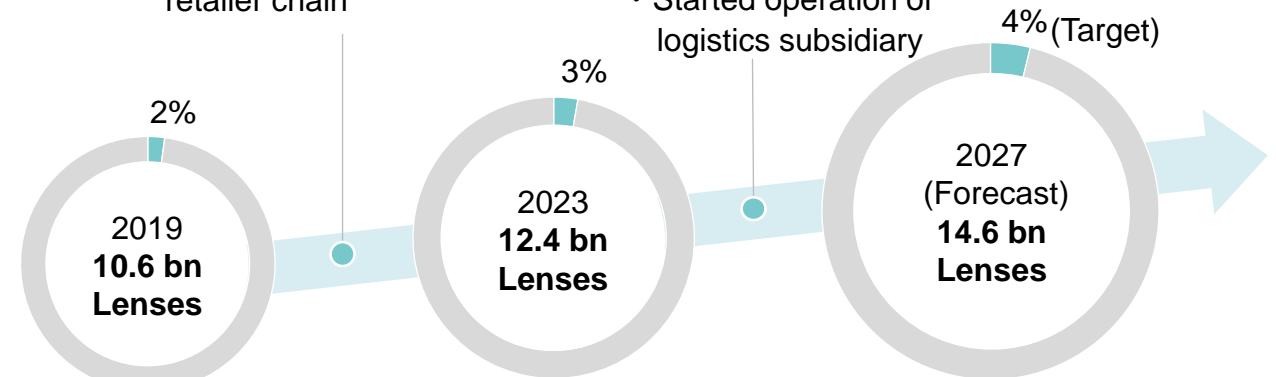
Production enhancement

- **Malaysia Plant**
- Singapore Plant
- Kakamigahara Plant



Strengthen global sales

- Started operation of logistics subsidiary



1-DAY lens Market CAGR

+4%

Menicon CAGR

+10%

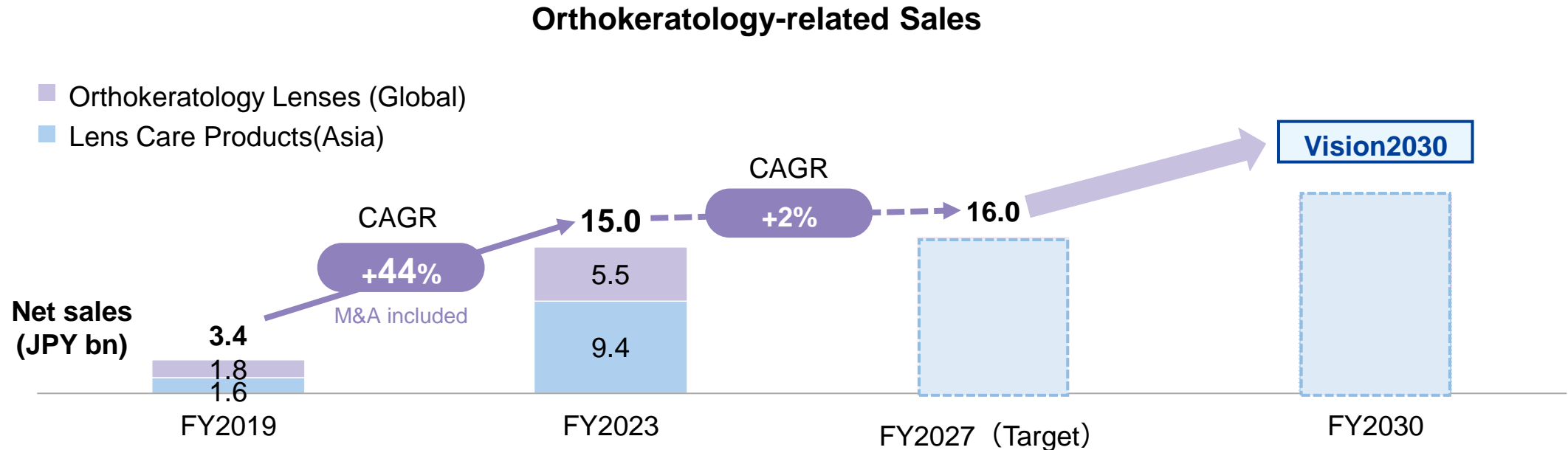
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Orthokeratology-Related Sales

Expect stable growth based on demand to myopia control.



Orthokeratology-Related Strategy Measures

Orthokeratology Lenses: Expand global sales with multiple product features

Lens Care Products: Expand sales by diversifying sales channels

Orthokeratology-Related Sales Strategy

Orthokeratology lenses (Global): Promote sales with multiple products in multiple countries.
Lens care products (Asia): Sell as a set with orthokeratology lenses.

Europe/North America

(Orthokeratology lenses) ➡

- ⇒ **Build popularity by growing awareness and training prescription professionals.**
- Grow awareness through academic activities.
- ⇒ **Expand market share by simplifying prescriptions.**
- Improve prescription support with software development.

China (Orthokeratology lenses) ➡

- ⇒ **Expand market share by attracting new prescription professionals and user segments.**
- Product offerings tailored to the level of the prescription professional (highly customizable/**convenient prescription**)
- Offer products tailored to customers' purchasing power. (High/**middle price ranges**)

China (Lens care products) ➡

- ⇒ **Maintain volume by capturing new user segments.**
- Expand sales by taking advantage of product features. (made in Japan/strong cleaning and disinfection benefits)
- Offer products tailored to customers' purchasing power. (High/**middle price ranges**)

Asia excluding China (Orthokeratology lenses) ⬆

- ⇒ **Build popularity by growing awareness and increasing number of prescription professionals.**
- Conduct awareness raising activities with KOL.
- Establish prescription professional training center.
- ⇒ **Expand market share through product strength and sales channel expansion.**
- Differentiate with made in Japan/highly customizable products.
- Expand distribution channels. (utilize of own Group/develop new channels)

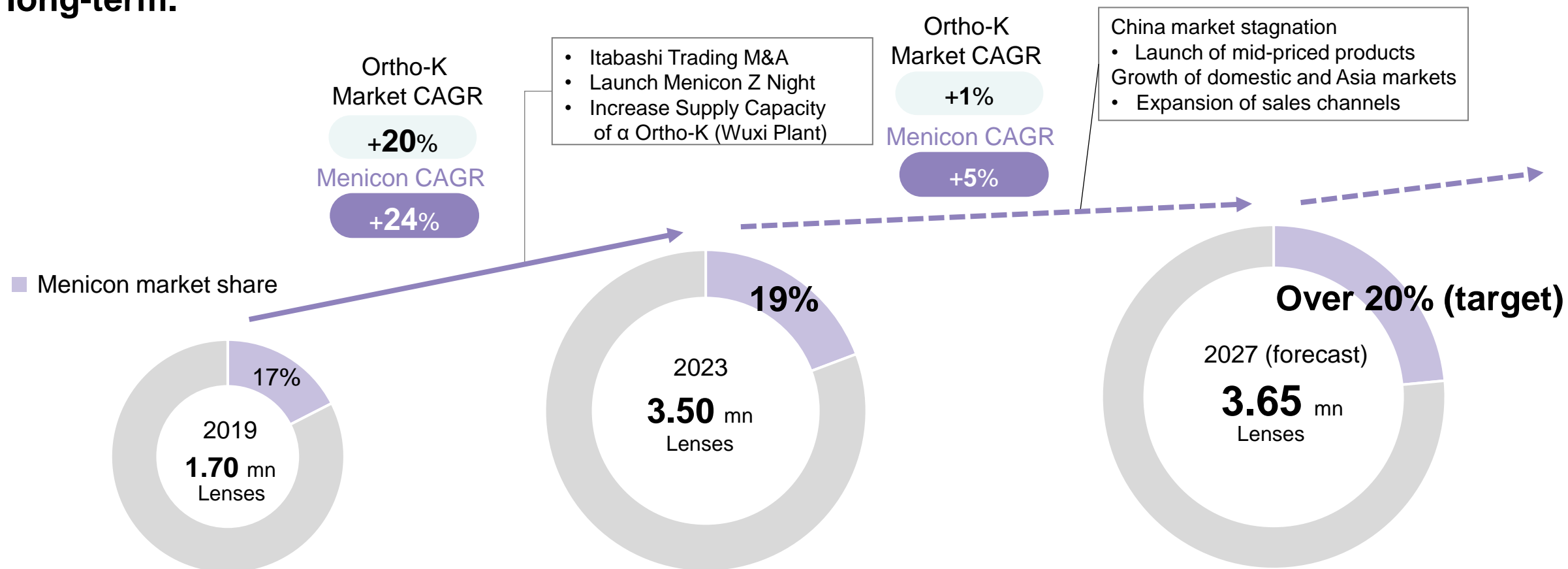
Asia excluding China (Lens care products) ⬆

- ⇒ **Expand sales with Ortho-K lenses.**
- Sell as a set with orthokeratology lenses.

Countries with product exhibits: Around **35**

Orthokeratology Lens Market and Menicon Share

Expanding penetration in regions excluding China, stable growth is expected in the mid- to long-term.



Source: Internal survey data

Based on lenses sold; survey covers Asia (including Japan and China), Australia, and Europe

Growth by Executing Growth Strategies

Aim to achieve targets by executing two growth strategies. (1-DAY lens & Orthokeratology-related)

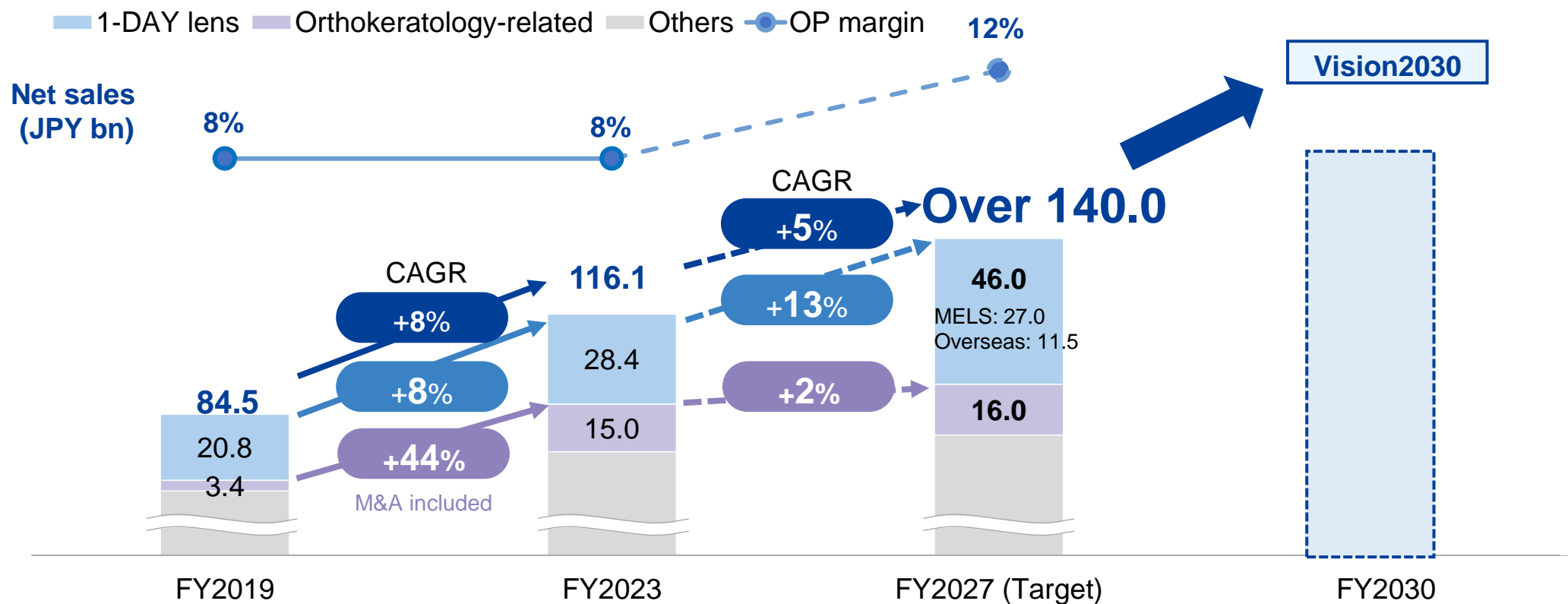
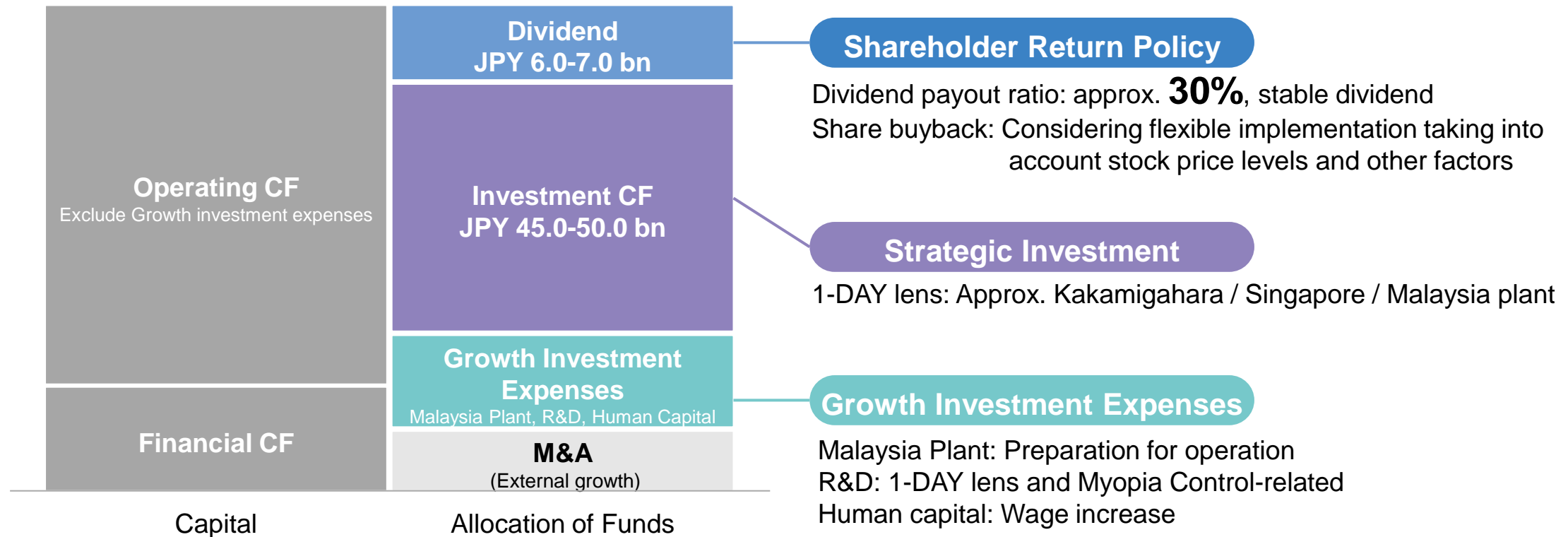


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Capital Allocation, Shareholder Return Policy

Three-year cumulative total (FY2025 – FY2027)



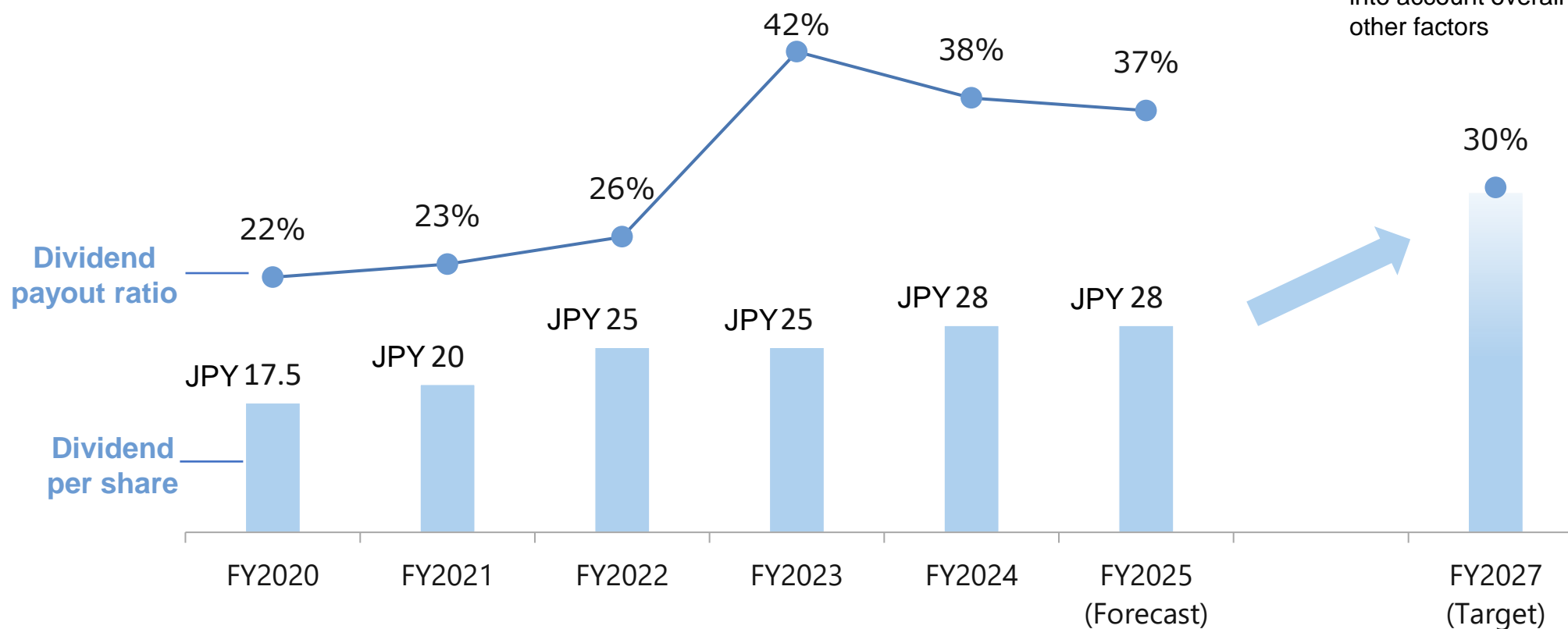
Shareholder Return Policy

We will pay stable dividends with a target payout ratio of 30%.

Shareholder Return Policy

Dividend payout ratio: **30%** target, with stable dividend

Share buyback: Considering flexible implementation taking into account overall stock price levels and other factors



Promote sustainability management and improve ESG ratings

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

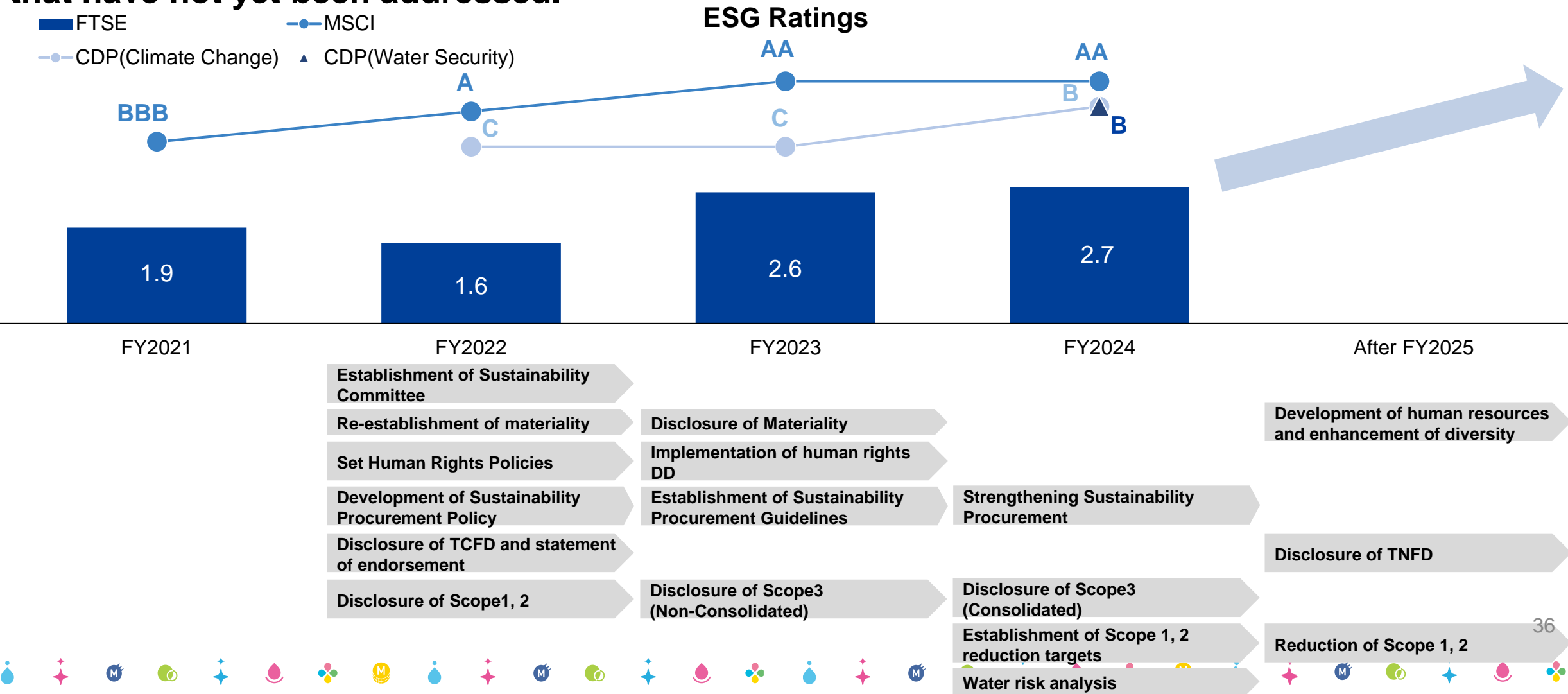
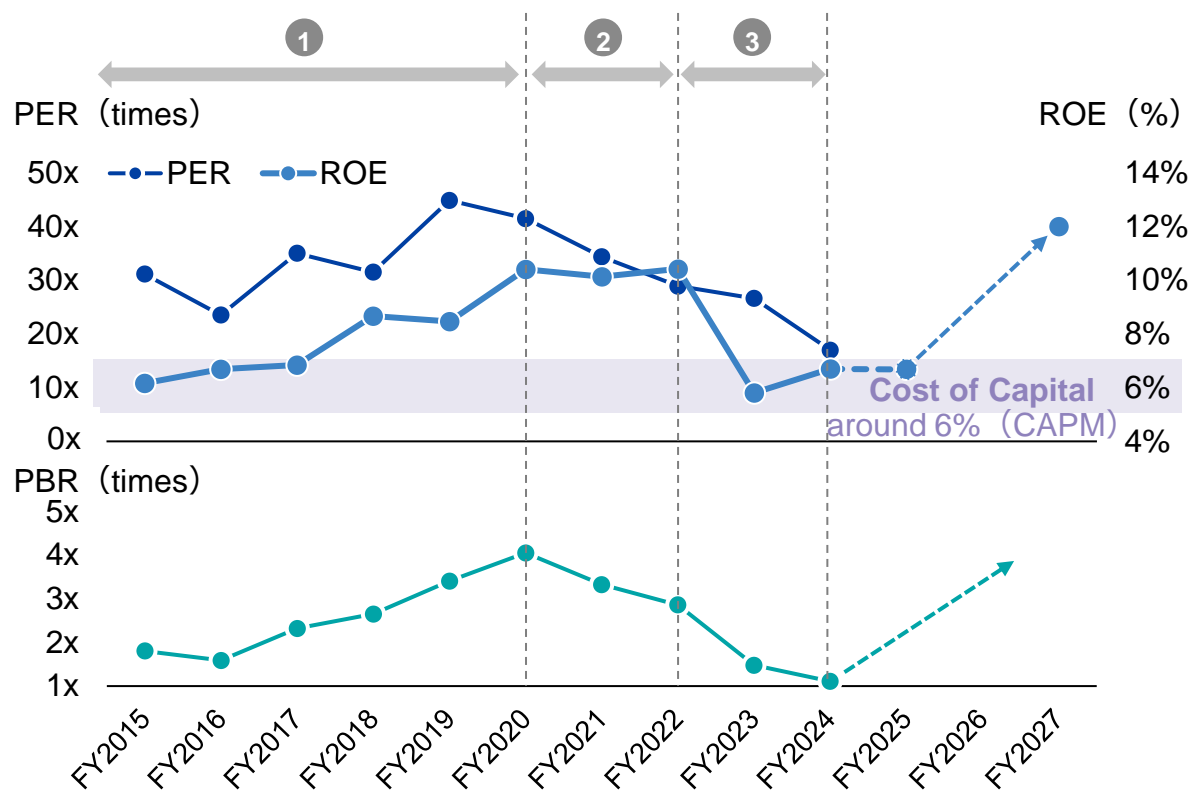


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Return on Capital and Market Valuation Trends

- PBR increased due to higher ROE from profit growth and higher PER from growth expectations for Vision Care business, in the past.
- From FY2023 onward, PBR remided around 1x due to a temporary slowdown in profit growth caused by accelerated growth investment and changes in growth expectations.



ROE

Profit Growth

FY2015 ~ FY2022 (Increase) ① ②

- Increase in 1-DAY lens sales ratio
- Growth of orthokeratology-related business in China

FY2023 ~ FY2024 (Temporary decrease) ③

- Temporary decrease in profitability due to 1-DAY lens growth investments
- Slowdown in growth of orthokeratology-related business due to economic stagnation in China

PER

Growth Expectations

FY2015 ~ FY2020 (Increase) ①

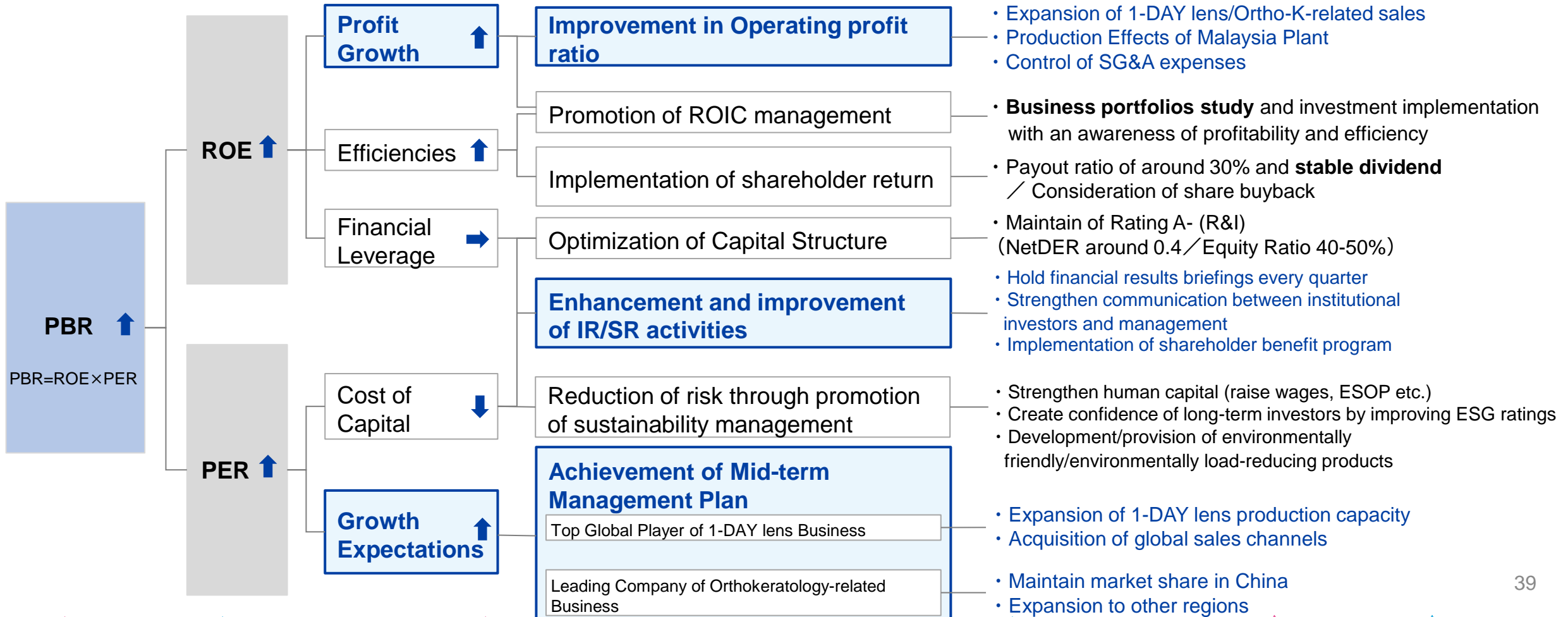
- Increase in number of MELS Plan members
- Growth of orthokeratology-related business in China

FY2021 ~ FY2024 (Decrease) ② ③

- Change in expectations due to 1-DAY lens supply restrictions
- Change in expectations due to slowdown in growth of Orthokeratology-related market in China

Actions to Improve PBR

Profit growth through execution of 1-DAY lens/Orthokeratology-related strategies (ROE improvement) and creating growth expectations (PER improvement) by achieving mid-term management plan milestones.



Disclaimer on Forward-Looking Statements

Disclaimer

- This document was created by Menicon Co., Ltd. (hereinafter referred to as the "Company") for the purpose of understanding the current situation of the Company in order to serve as a reference for investors.
- The contents of this document have been prepared based on the generally recognized economic and social conditions as of May 14, 2025 and certain assumptions that the Company deems reasonable. The contents are subject to change without notice due to changes in the business environment
- When making an investment, please be sure to make your own judgment.

Notes on forward-looking statements

- The document and information provided in this presentation include so-called "forward-looking statements". These are based on current expectations, forecasts and risks assumptions and contain uncertainties that could lead to results that are substantially different from these statements.
- These risks and uncertainties include general industry and market conditions, general domestic and international economic conditions such as interest rates and currency exchange fluctuations.
- Even if there is new information or future events, we are not obligated to update or revise the "outlook information" included in this announcement.

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