



MENICON REPORT 2024

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Corporate Slogan

Contributing to society by providing superior visual correction.

Management Principles



Our Mission with Regard to Stakeholders

| | |
|--------------------------|---|
| To End Users | As a pioneering company, to utilize our superior technology to provide the joy of sight and living to our customers, thereby improving their satisfaction; to be regarded by “End Users” as a company they want to continue to use in the future. |
| To Industry Participants | To boost satisfaction among outside researchers, clients, business partners, and other collaborators by contributing proactively to the growth of the industry as a corporate leader, and to be regarded by all other members of the industry as a “Partner” with which they want to continue to do business in the future. |
| To Our Employees | To heighten employee satisfaction by providing a rewarding work environment that permits self-actualization as a company respectful of individuals, and to be regarded by all employees as an enterprise where they want to continue working as “Family”. |
| To Our Shareholders | To increase shareholder satisfaction through an unwavering spirit of legal compliance and robust corporate performance as a company respectful of morality, and be regarded by all shareholders as an enterprise they want to back as “Supporters” in the future. |
| To Society | To show respect to all living things and the environment and to all cultures and histories as a global citizen, to enhance satisfaction among all members of society, and to be an enterprise regarded as a “Good Neighbor” by all living things. |

Sustainability Policy

The Menicon Group's Mission is to continue to provide the world with products and services required by society. Harmony with the global environment and society is essential for achieving this mission over the long term. The Menicon Group plans to create new value in response to global environmental and social issues, and contribute to the development of society through the business.

P.33 Sustainability Management

Vision2030

New Vision of ‘Miru’ for the World

“Miru (=feel)” is about having fun and pleasure through the five senses and being empathetic. The Menicon Group continues to propose “Miru” that matches various situations and life stages to realize a fulfilling and happy life.

In addition to the vision care business centered on contact lenses and lens care products, we will boldly take on challenges in the areas of healthcare (Medicine/Health) and life care (Living/Culture/Environment).

Through corporate activities that care about the global social contribution and the environment, we will continue to maintain our importance worldwide.

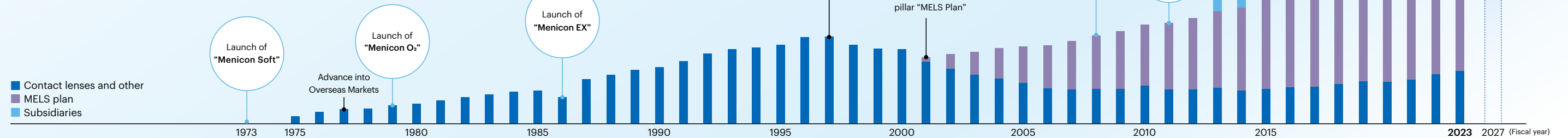
We will introduce new “Miru” to the world so that everyone can feel happy and fulfilled.

History — Originality and Challenges —

Menicon's history began when its founder, Kyoichi Tanaka, set out to develop contact lenses.

Since then, Menicon has continued to grow steadily, inheriting its DNA of originality and taking on new challenges.

We will continue to provide valuable products and services so that all people can experience happiness and fulfillment, aiming to make Menicon's new challenge to realize "New Vision of 'Miru' for the World".



1950–

The origins of originality and challenge

1970–

Evolving as a contact lenses maker

2000–

Establishment of the Menicon brand globally

2020–

New Vision of "Miru" for the World

Business Development

1951 Menicon's founder Kyoichi Tanaka developed Japan's first corneal contact lenses



1952 The Japan Contact Lens Research Institute founded

1957 Japan Contact Lens Co., predecessor of Menicon established

1967 "Menicon" registered as a trademark



1977 **Overseas**
Menicon SAS founded in France

1984 Seki Plant established in Gifu Prefecture as the main plant



1987 **Overseas**
Menicon GmbH founded in Germany

1992 **Overseas**
Menicon Pharma SAS Lens care products plant established in France

1995 R&D Center established in Aichi Prefecture

2001 **Overseas**
Menicon Iberia S.L. founded in Spain
Overseas
Menicon America, Inc. founded in the U.S.A.

2002 Technology development center Menicon Techno Station established in Gifu Prefecture

2003 **Meni-One Co., Ltd.**, a subsidiary for veterinary medical business established in Aichi Prefecture

2006 **Overseas**
Acquired shares of a contact lenses manufacturer in Netherlands, **Menicon B.V.**



2009 **Overseas**
Acquired shares of a contact lenses manufacturer in the UK **Menicon Limited**

2010 Acquired shares of a contact lens care products manufacturer in Aichi Prefecture, **Menicon Nect Co., Ltd.**

2011 **Overseas**
Menicon Singapore Pte. Ltd. established in Singapore as a new manufacturing plant for daily disposable contact lenses



2012 Acquired shares of a contact lenses retail outlet in Tokyo **W.I. System Co., Ltd.**

2015 Menicon newly listed in the First Section of the Tokyo Stock Exchange and the First Section of the Nagoya Stock Exchange
Kakamigahara Plant established in Gifu Prefecture as a manufacturing plant for daily disposable contact lenses

2016 Acquired shares of contact lenses manufacturer in Aichi Prefecture **Alpha Corporation**

Acquired shares of contact lenses retail outlet in Fukuoka Prefecture **AIP Co., Ltd.**

2019 **Overseas**
Acquired shares of contact lenses manufacturer in Italy **SOLEKO S.p.A.**

2020 Acquired shares of contact lenses retail outlet in Osaka Prefecture **Hamano Contact Co., Ltd.**

2021 **Overseas**
Acquired shares of import/export company with sales channels primarily in China **Itabashi Trading Co., Ltd.**

2022 **Overseas**
Started construction of daily disposable contact lenses manufacturing plant **Menicon Malaysia Sdn. Bhd.**



2023 **Overseas**
Established new orthokeratology lenses plant established **Alpha (Wuxi) Co., Ltd.**

2024 **Overseas**
Acquired shares of a specialty lenses fitting and sales company in France, **SA Laboratoires Dencott**

Moved management and operations of the logistics center from Menicon GmbH and founded a local subsidiary in Germany **Menicon SC GmbH**

Products

1953 Launch of the first commercialized product, "M.T. Contact Lenses"



1973 Launch of Japan's first soft contact lenses, "Menicon Soft"

1979 Launch of Japan's first oxygen-permeable hard contact lenses, "Menicon O2"

1986 Launch of "Menicon EX", the world's first hard contact lenses that can be worn for seven consecutive days

1997 Launch of the hard contact lenses, "Menicon Z"

Launch of "Meni-One Lens", an intraocular lenses for dogs

2001 Launch of "MELS Plan" contact lenses subscription system



2005 Launch of Menicon's first daily disposable soft contact lenses, "Menicon 1DAY"

2008 Launch of two-week replacement silicone hydrogel contact lenses, "2WEEK Menicon PremiO"

2011 Launch of daily disposable contact lenses "Magic"

2013 Number of MELS Plan subscribers reached 1.0 million

2014 Launch of two-week replacement color contact lenses, "2WEEK Menicon Rei"

2016 Launch of daily disposable silicone hydrogel contact lenses, "1DAY Menicon PremiO"



2018 Launch of three-month replacement hard contact lenses "Four Seasons"



2019 Launch of orthokeratology lenses "Menicon Ortho-K"

2020 Launch of daily disposable color contact lenses "1DAY FRUTTIE"



2021 Launch of daily disposable color contact lenses "1DAY Menicon Rei"

2022 Launch of three-month disposable hard contact lenses "XC" and "XC Bifocal"

2023 Launch of hydrogen peroxide-type soft contact lenses disinfectant "Epica Smart clean"



Launch of 1-month replacement contact lenses "1MONTH Menicon MelsME"



Business Areas

The Menicon Group includes Menicon Co., Ltd. and 37 domestic and overseas subsidiaries. With vision care business including manufacturing and sales of contact lenses at the core, we are also expanding our healthcare and life care business, which mainly deals in products that utilize the technology we have cultivated via the R&D of contact lenses. The Group's products are sold in over 80 countries and regions around the world.

Businesses of Menicon Group

Vision Care Business

● Business Description

Our core business is to pursue the creation and evolution of comfortable and convenient contact lenses while sticking to safety. We recognize that it is our mission to listen to our customers, expand the range of products and services from our customers' point of view, and respond to new needs. Based on the desire to "be involved in the lives of our customers as a reliable partner by providing vision," we look into the future in the eyes of our customers and give the "joy of seeing" suitable for each individual throughout their lives.

● New products and services

Manufacturing and sales of contact lenses and lens care products, etc.

Vision Care Business

92.0%

Consolidated net sales for FY2023

¥106,887 million

Healthcare and Life Care Business

8.0%

Consolidated net sales for FY2023

¥9,304 million

Consolidated net sales for FY2023

¥116,192 million

Healthcare and Life Care Business

● Business Description

By leveraging the technology and know-how we have cultivated over many years in the contact lenses business, as well as our commitment to safety, we are expanding into new business areas. In the healthcare and life care business, focusing on the areas of life care, health care, animal medical care, animal symbiosis, and food, we provide products and services that satisfy the five senses of sight, hearing, smell, taste, and touch, allowing people to experience happiness and prosperity.

● New products and services

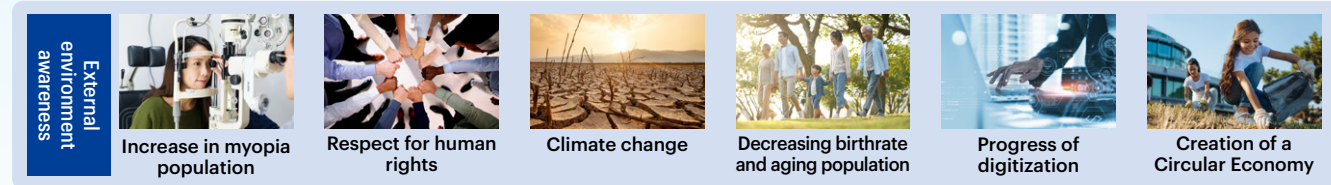
Development and sales of rice straw decomposing agent and livestock excrement composting promoting materials, development and sales of products related to advanced medicine field, development and sales of animal medical care products, and sales of agricultural and marine products.

Global network (As of March 31, 2024)



*On April 1, 2024, the Company absorbed Fuji Contact Co., Ltd., a consolidated subsidiary, into the Company.

Value Creation Process



Financial capital

Total assets **¥179.8** billion
 Net worth **¥79.3** billion
 Debt with interest **¥70.7** billion

Manufacturing capital

Capital investment **¥24.2** billion
 Manufacturing sites **4** in Japan
7 overseas

Intellectual capital

R&D expenses **¥5.1** billion
 Number of patents **680** patents
 R&D centers **7** in Japan
2 overseas

Human capital

Employees (consolidated) **4,221** employees
 Training hours (non-consolidated) **14,206** hours

Social/relationship capital

Number of domestic and overseas subsidiaries **37** companies
 Number of stores in Japan **175** stores
 Number of interactions with HITOMI Hall local communities in FY2023 **5** times
 Menicon Cup 2023
 - Number of visitors **4,689** persons
 - Live streaming views **157,274** views

Natural capital

Amount of energy used **6.1** ten thousand kWh
 Amount of water used **30.7** ten thousand m³
 Amount of recycled plastic used **186.0** tons



Growth Strategy

Medium-Term Management Plan

P.17 Progress of Vision 2030

Economic Infrastructure

Materiality

P.36 Sustainability Management

Quality Policy, Safety Philosophy Charter

P.45 Safe and secure quality control

Menicon Group Human Rights Policy

P.56 Respect for human rights

Governance

P.57 Governance

Products and services related to vision care business

P.23 Vision Care Business

- Net sales of 1DAY-lens: **¥28.4** billion
- Net sales of orthokeratology-related: **¥15.0** billion
- Total number of MELS Plan subscribers: **1.343** million
- Number of countries and regions we serve: **80** countries and regions

Value provided

- Providing comfortable means of vision correction for all ages
- Reducing the risk of blindness by providing products that have been reported to slow the progression of myopia
- Stable supply of safe products
- Environment-friendly packaging with reduced amount of plastic

Products and services related to healthcare and life care business

P.27 Healthcare and Life Care Business

- Number of life care products: **14** types
- Number of compost consults: **7** consults
- Number of animal medical care products: **582** types
- Number of healthcare products: **37** types

Value provided

- Reducing environmental burden, contributing to resource circularity
- Solving problems for agriculture and livestock producers
- Prosperity of animal life
- Contribution to assisted reproductive technology

- GHG emissions Scope1 and 2 (consolidated) **25.24** thousand tons-CO₂
 Scope3 (the Company + 5 subsidiaries*) **200.38** thousand tons-CO₂
- Total waste emissions **1.3** thousand tons

* W.I. System Co., Ltd., Menicon Nect Co., Ltd., Menicon Singapore Pte. Ltd., Itabashi Trading Co., Ltd., Itabashi Medical (Dalian) Co., Ltd.

Sustainability Policy

Our Vision

To achieve a healthy and spiritually rich society

P.33 Sustainability Management

Vision2030

New Vision of Miru for the World

P.02 Vision2030

Initiatives towards reducing environmental burden

- Reducing GHG emissions and waste emissions
- Establishing environment-friendly distribution

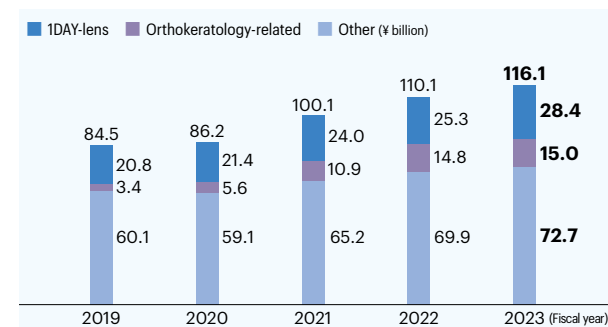
P.41 Reducing Impact on the Global Environment

P.43 Plastic Resource Circularity

Financial & Non-Financial Highlights

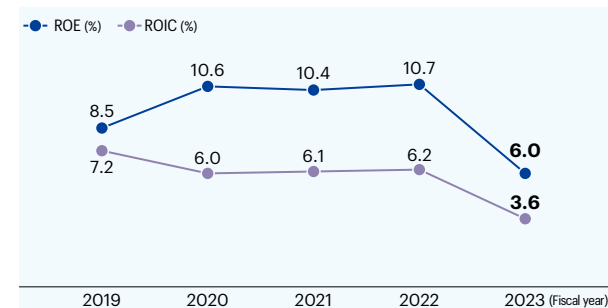
Financial Highlights (Consolidated)

Net sales **¥116.1 billion** 1DAY-lens ¥28.4 billion
Orthokeratology-related ¥15.0 billion



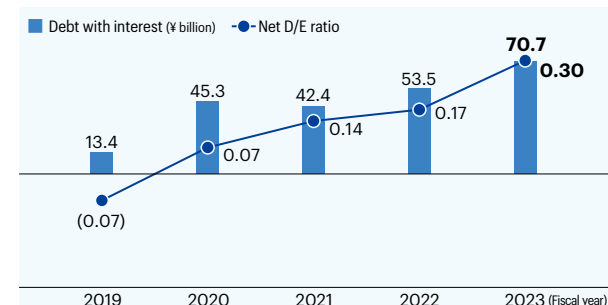
Sales of 1DAY-lens grew due to an increase in the MELS Plan subscribers, impact of price revisions in Japan, and expansion of sales to major mass retail chains in Europe and the United States. Sales for orthokeratology-related grew following the launch of new products in China and the popularization of the products in Japan and other regions. As a result, net sales for FY2023 increased 5.4% compared to the previous year.

Return on equity (ROE) **6.0%** Return on invested capital (ROIC) **3.6%**



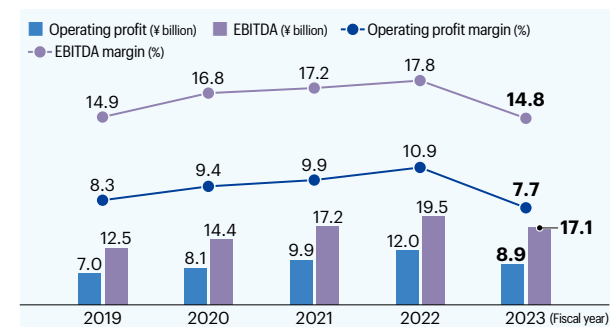
ROE decreased by 4.7 points compared with the previous fiscal year to 6.0% following a decrease in net income due to an increase in the sales and general administrative expenses ratio due to growth investments and one-time expenses, and the recording of extraordinary losses. ROIC decreased by 2.6 points compared with the previous fiscal year following a decrease in operating profit, an increase in equity capital due to the recording of net income, and an increase in liabilities due to the issuance of straight bonds.

Debt with interest **¥70.7 billion** Net D/E ratio **0.30**



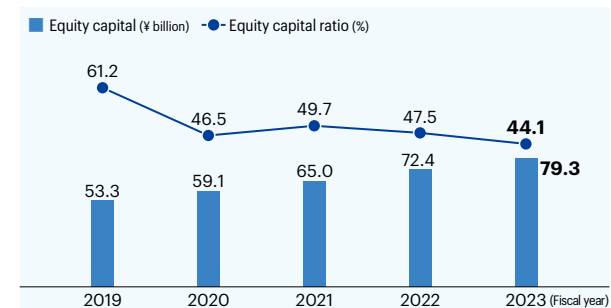
Due to the issuance of straight bonds, debt with interest at the end of FY2023 increased by ¥17.2 billion compared to the end of the previous fiscal year. Although equity increased, the net D/E ratio went up by 0.13 points to 0.30 compared to the end of the previous fiscal year due to an increase in debt with interest and the allocation of cash and deposits to the acquisition of non-current assets associated with investment in 1DAY-lens manufacturing sites, etc.

Operating profit **¥8.9 billion** Operating profit margin **7.7%**
EBITDA **¥17.1 billion**



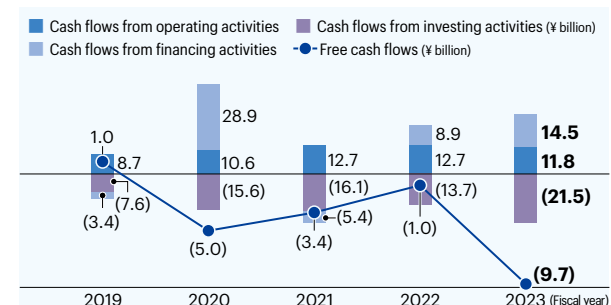
Due to the increase in sales and administrative expenses ratio following the continued growth investment and the occurrence of temporary expenses such as responding to price revisions in Japan, the operating profit for FY2023 decreased by 25.8% compared with the previous fiscal year, and the operating profit margin was 7.7%, down 3.2 points compared with the previous fiscal year. On the other hand, decrease in EBITDA was smaller due to the increase in depreciation expenses due to investments in 1DAY-lens and the like.

Equity capital amount **¥79.3 billion** Equity capital ratio **44.1%**



With the increase in retained earnings due to the recording of profit of the current fiscal year, the amount of equity capital at the end of FY2023 increased by ¥6.8 billion compared to the end of the previous fiscal year. Since the increase in debt due to the issuance of straight bonds was greater than the increase in equity capital, the equity capital ratio decreased by 3.4 points from the previous fiscal year to 44.1%.

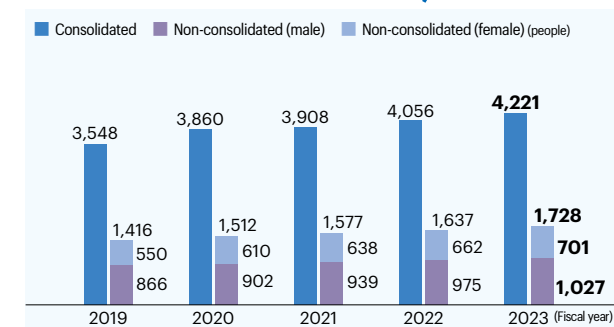
Cash flow (CF) Free cash flows (FCF) **¥9.7 billion**



While operating cash flow generated an income of ¥11.8 billion in FY2023, investment cash flow generated an expenditure of ¥21.5 billion due to the acquisition of non-current assets associated with investments in 1DAY-lens and lens care products manufacturing bases, resulting in a negative free cash flow of ¥9.7 billion. The issuance of straight bonds resulted in a financing cash flow of ¥14.5 billion.

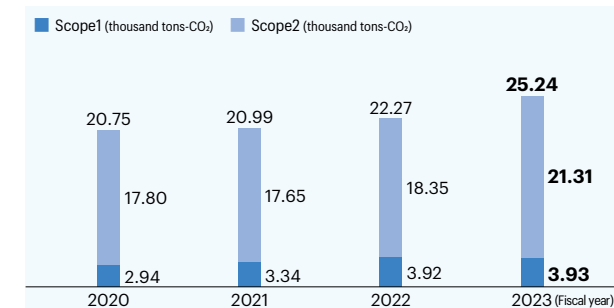
Non-Financial Highlights

Number of employees Consolidated **4,221 employees**



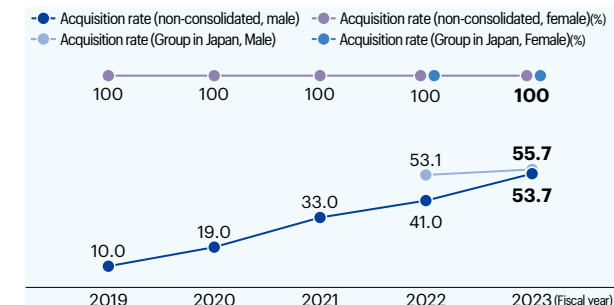
The number of employees has increased along with the expansion of the business scale of the whole Group. Based on the belief that the achievement of Vision 2030 requires the active participation of diverse human resources, we have seen an increasing trend in the ratio of female employees from 38.8% in 2019 to 40.6% in 2023, and we will continue to strive to improve the ratio of female employees, which is the foundation for promoting women's participation in the workforce.

Amount of GHG emissions (Scope 1+2) Consolidated **25.24 thousand tons-CO₂**



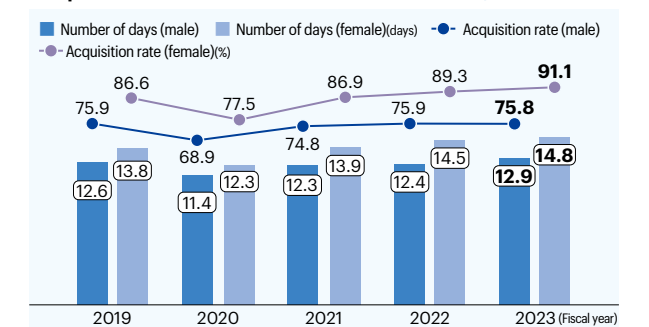
Installation of solar panels at the Kakamigahara Plant and increasing the use of renewable energy led to increase in emissions by about 13% due to an increase in energy consumption accompanying the expansion of production, and an increase in the power company's emission coefficient. We will set reduction targets and begin reduction activities in FY2024.

Childcare leave Acquisition rate Male **55.7%** Female **100%**



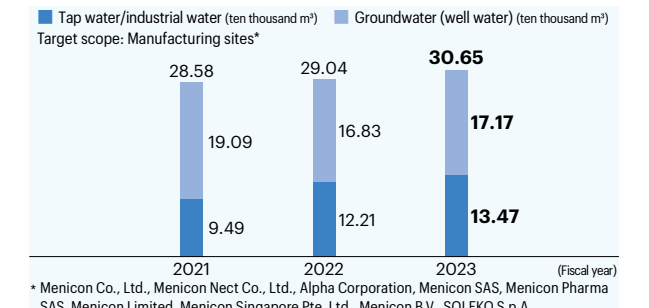
Since FY2023, we have established a consultation desk and dedicated staff for dealing with paternal leave of male employees, and strengthened our support system for taking parental leave. As a result of publicizing the information through in-house newsletters, the rate of male employees taking parental leave has been on the rise along with the rise in the number of consultations handled at the consultation desk.

Average annual paid leave taken and Acquisition rate Non-consolidated **13.7 days** Acquisition rate **81.8%**



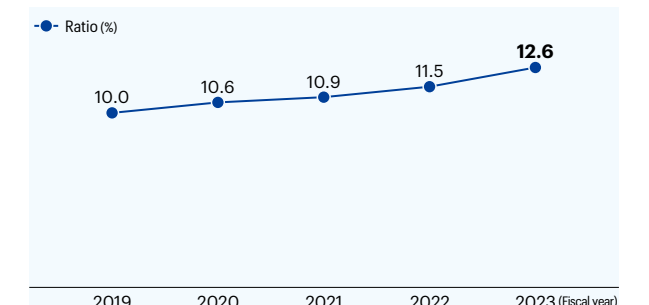
Employees who are entitled to at least 10 days of annual paid leave per year have been required to take at least five days per year, and we have continued to ensure that employees take a minimum of five paid days leave in FY2023. The acquisition rate and average number of days taken continue to trend upward (the number of days taken in fiscal 2020 decreased compared to the previous year due to fewer opportunities to go out owing to the pandemic).

Amount of water intake **30.65 ten thousand m³**



With the increase in demand for disposable lenses, water consumption in products has increased, and the amount of water intake from water bodies has also increased. In order to conserve water resources at the Seki factory, we are conscious about water conservation, for example, reusing some of the water discharged during the soft contact lenses production process as drainage for the factory toilets.

Ratio of women in managerial positions* Non-consolidated **12.6%**



In appointing core personnel, the company selects suitable candidates in terms of ability and motivation, in a transparent and fair manner. By developing human resources who will accelerate the promotion of our strategy with in-house education and training, we strive to improve the quality of our core human resources and ensure diversity.



CEO Message

We will achieve further corporate growth by ensuring that we achieve our mission to all of our stakeholders through human resource development and the dissemination of culture

田中英成

Hidenari Tanaka
Chairman and CEO

Strengthening human resource development for sustainable corporate growth

Our Company succeeded in developing Japan's first corneal contact lenses, and continued to lead the industry as a pioneer business in contact lenses for many years. To continue to be an industry leader and further globalize our business, we have strengthened our management system by transitioning to a two-person representative executive officer system from April 2023, and have focused even more on achieving the goals set out in our medium-term management plan, "Vision 2030". Under the new system, in addition to overseeing the overall management of our group, I believe that my role is to promote the development of young employees and ensure further penetration of our management philosophy within the company as an evangelist of our Company's history. For sustainable growth of our Company, it is important to develop human resources and make those personnel want to work for the Group for a long time. By implementing the human resource development measures that I am in charge of, I will promote the creation and improvement of an internal environment where the employees who grew together

can thrive and continue to work.

As part of our long-standing human resources development efforts, we conduct "Young Employee Opinion Exchange Meetings" as a place for interacting with young employees. I believe that sharing work-related matters as well as our own way of thinking and identity will deepen understanding of our management philosophy.

Moreover, the Company is also focusing on "Aoi LAB" and "Menicon Business College (hereinafter, MBC)". Aoi LAB is an experimental learning space where participants spend about six months conducting group discussions on topics unrelated to the business, and present the results. On the other hand, MBC was established as an in-house university to develop executive personnel by providing a place of learning for motivated personnel. Applications are accepted from the Group companies in Japan, and admission is granted upon passing an exam. Graduation requirements include submitting a graduation thesis and passing various qualification exams. The MBC graduates can take executive candidate exams regardless of how long they have been with the Company. In FY2024, we saw some MBC graduates being promoted to department heads and presidents of the Group companies, and we feel that MBC is becoming the foundation for continuous management talent development.

Promoting sustainability activities through "Miru" that stimulates five senses

The Group has set a mission for each of our five stakeholders; end users, industry participants, our employees, our shareholders, and society. As with the human resource development mentioned before, we base our business activities on our mission for these five stakeholders.

As a global citizen, Menicon Group aims to be a company that will forever be seen as a "good neighbor" by all precious lives in society. Therefore, the issue of plastic waste, the raw material used in the contact lenses and containers we handle, is an unavoidable issue. In addition to "Magic", a daily disposable contact lenses (1DAY-lens) that reduces the amount of plastic used, we have been working on recycling the plastic generated during the manufacturing process into secondary packaging containers, etc. Moreover, from FY2023, we have started joint research through industry-academia collaboration to build new fundamental technologies for recycling plastic materials used in distribution and manufacturing.

In addition to environmental issues, as a global citizen, our Company is working on revitalizing the nearby shopping district, centered around our new headquarters, the Menicon Theater Aoi Building, which was completed in April 2023. Based on the idea that "people will not gather in an area unless art and culture are rooted there", we aim to create a town that coexists with local communities by designating the theater in our new headquarters as a base for disseminating culture, and creating a virtuous cycle in which people pass by and gather.

We also want to communicate to our employees that culture itself is important. While expanding our business globally, we believe that if we can learn about the culture and background of the countries in which we do business and disseminate our own culture in those countries, a cultural exchange can be created, leading to improved brand value and reliability for our Group.

Going forward, we will continue to steadily move forward toward achieving our mission for our stakeholders through human resources development and cultural dissemination among other initiatives, and aim to achieve further corporate growth.

COO Message

We will continue to challenge ourselves to innovate and work together as a Group to achieve new milestones.

川浦 康嗣

Koji Kawaura
President and COO



Contributing to vision correction and progression control for the growing myopia population

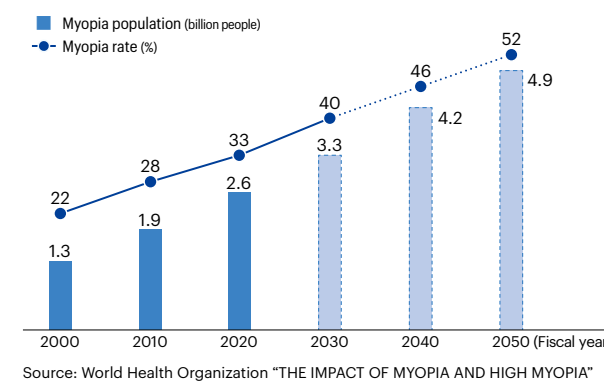
Our Group is working on solving global social issues, mainly through our vision care business, under the slogan “Contributing to society by providing superior visual correction”. In recent years, popularization of digital devices has led to increased myopia population around the globe, and development of myopia at younger age and increase in high myopia have become major social issues. Currently, the myopia population across the world is about 30%, and it is predicted that about half of the world’s population will be myopic by 2050. This presents a great opportunity for our contact lenses business, and we believe that providing superior visual correction through contact lenses is also helping to solve social issues.

Moreover, high myopia may increase the risk of eye diseases in the future. We believe that efforts to slow the progression of myopia, especially in young people, are of a great social significance. Our Group

will continue to contribute to the myopia control through the development of orthokeratology lenses (hereinafter, Ortho-K) which have been reported to be effective in slowing the progression of myopia when worn overnight.

As always, the Menicon Group will continue to work toward solving social issues through our vision care business, and it is our belief that solving these social issues is what our Group aims to achieve.

● Global myopia population



Revising Milestones in “Vision 2030”

In May 2021, the Group announced its medium-term management plan “Vision 2030”, and set “Milestone 2025” at the same time. However, since the announcement of the management plan, the spread of the COVID-19 pandemic and changes in the international affairs have disrupted the global supply chain. It therefore became necessary to make capital investments in “daily disposable contact lenses (hereinafter, 1DAY-lens)”. As a result, the supply of 1DAY-lens did not keep up with demand, affecting the net sales and number of MELS Plan subscribers that were set as milestones.

Therefore, in light of the current business environment, which is significantly different from when Milestone 2025 was set, we have revised our medium-term management plan and newly set “Milestone 2027”. We have set quantitative targets of more than ¥140.0 billion in net sales, an operating profit margin of 12% with an ROE of 12%, and plan to promote two growth

strategies for 1DAY-lens and Orthokeratology-related to achieve these targets. The term “more than” in the net sales target is a conservatively set based on the plan at the time of target formulation. Therefore, in addition to organic growth in the future, we will consider strategies and measures that take into account external growth through mergers and acquisitions (M&A) and capital profitability, and update the targets as necessary.

The growth strategy for 1DAY-lens aims at eliminating the global supply shortage of 1DAY-lens by expanding production capacity and becoming “Top Global Player of 1DAY-lens Business” with original products and services to our Group. We are committed to solving the supply shortage of 1DAY-lens by operating new production lines at the Kakamigahara Plant and the Singapore Plant, and strengthening supply capacity by building a new plant in Malaysia. In terms of sales, we aim to further expand sales based on strategies for each sales region by leveraging the Menicon brand. In particular, we will strengthen our logistics functions in Europe by utilizing Menicon SC GmbH to which the management and operation functions of



the logistics center were moved from Menicon GmbH in Germany in March 2024, and the Global Logistics Center (Yachiyo City, Chiba Prefecture), which became fully operational in May 2024. In Japan, we will further increase the number of subscribers of contact lenses subscription system “MELS Plan” through efforts such as utilizing online consultations and opening new group dealerships.

In the orthokeratology-related, we will create new value related to myopia control, and aim to be “Leading Company of Orthokeratology-related (Myopia

Control-related) Business”. We plan to promote the expansion of sales regions, mainly in Europe and Asia, by utilizing the characteristics of the three types of Ortho-K products that are currently being sold and lens care products that are reputed for their cleaning and disinfecting effects, which we have developed by utilizing the know-how we have accumulated over the many years.

As we advance our two growth strategies, our Group is currently in the “Investment phase”, including the construction of a Malaysia Plant that will be a new production base for 1DAY-lens. By advancing our growth strategies in the future, we expect to move into the “Investment Return phase” by FY2027. In addition, by using ROIC as an in-house indicator, we plan to promote management that emphasizes capital return, and work towards transforming our profit structure from the investment phase to the investment return phase.

The “key” is steady launch of Malaysia Plant

In the growth strategy for 1DAY-lens, we have set a target of ¥42.0 billion in net sales in FY2027. In particular, I believe that the “key” to achieve this goal lies in the launch of the Malaysia Plant, and we will work with renewed sense of urgency to ensure that we achieve this goal.

The first phase of the construction is currently underway at the Malaysia Plant, which is scheduled to

start production in the second half of FY2025. Once completed, the plant is expected to have a maximum yearly production capacity of approximately 500 million lenses. This is approximately 1.5 times the combined production capacity of the Group’s Kakamigahara Plant and Singapore Plant. We expect that the operation of the Malaysia Plant will eliminate the supply shortage of 1DAY-lens in the future, leading to a positive impact on our Group’s net sales.

Investments are being made in advance as preparation costs for the start of operation that includes the construction of the production building for 1DAY-lens, a logistics packaging building for packaging, an office building, and trial operation before the start of production. This is expected to have a certain impact on the current profit margin. However, from FY2026 onwards, when the investment return phase will begin, we believe that the operating profit ratio will gradually improve following the mass-production effect of the increased production at the Malaysia Plant, which in turn will reduce the cost ratio, and achieve a decrease in selling and general administrative expenses due to the expansion of 1DAY-lens net sales.

After the first phase of construction is completed, it is possible to expand production capacity further through Phases 2 to 4 in the long term, and we will consider expanding in accordance with future 1DAY-lens demand and the development status of new products. In addition, if the second phase of construction is carried out, unlike the first phase of construction, it is expected that expansion will be possible with a relatively small investment amount because the construction of an office building etc. will not be necessary.

Pursuing “integration of diversity” for further corporate growth

Menicon Group is committed to promoting sustainability management as a group and aiming for further corporate growth. With a belief that investment in human capital is important, we implemented a wage increase of about 5% in FY2023. We recognize that continuous wage increases are important, instead of one-time increases, and we plan to raise wages by at least the same amount in FY2024.

For our Group to continue its growth, it is important to create an environment that aims for “integration of diversity” where diverse human resources can work

together and demonstrate their respective strengths. We believe that pursuing the creation of a diverse environment will also lead to a work environment that is more conducive to creative ideas. As a group, we have reflected on the fact that our current environment is not so conducive to generate creative ideas. Therefore, to solve this issue, it is urgent to create an environment that pursues integration of diversity.

Specifically, we will seek to acquire employees with various backgrounds, such as by promoting the registration of foreign employees and reviewing the job-based personnel system for career hiring. We believe that new ideas and innovations are born only when employees with diverse expertise and values discuss with each other, and these ideas will lead to further corporate growth.

On the other hand, as a global company, we must also work hard to solve environmental issues, including climate change issues. From FY2023, we began calculating and disclosing emissions on a group-wide basis for all Scopes 1, 2, and 3. Furthermore, we plan to work on GHG emission reduction measures, mainly at the plants in Japan, such as changing boilers to those that use biomass fuel, introducing PPAs for solar power generation, and purchasing CO₂-free electricity. We recognize the need to set reduction targets for each of Scopes 1, 2, and 3 and work toward achieving them, and will set and announce reduction targets for Scopes 1 and 2 in the future. We will continue to work toward formulating reduction targets for Scope 3.

Entire group is committed to “providing superior visual correction”

The Group’s strengths include technology and unique product development, as well as original products and services such as “SMART TOUCH”, a package that allows lenses to be removed cleanly and easily without touching the inside of the lens, and “MELS Plan”, a subscription system. In addition to working together as a group to achieve the goals set out in the new milestone, we will promote further corporate growth by creating a work environment that pursues the integration of diversity, so that each employee continues to challenge themselves for innovation. Through these new innovations, we will work towards “providing superior vision correction” and continue to contribute to “Miru” of our customers.

● Overview of Malaysia Plant Construction

| Phase 1 (currently in progress) | | | Phase 2 to 4 | |
|---|---|----------------------------|--------------------------------|--|
| 1DAY-lens production capacity after the plant becomes fully operational | Up to approximately 500 million lenses/year | | Additional production capacity | Each phase: Up to approximately 500 million lenses/year (planned) |
| Investment amount | Approximately ¥50.0billion | | Additional investment amount | Phase 2: Approximately ¥27.0billion (planned) Phase 3 to 4: Not decided |
| | Up to FY2023 | FY2024 to 2027 | | |
| | Approximately ¥21.0billion already invested | Assumption of ¥29.0billion | | |
| Operation period | 2025 (planned) | | Operation period | Not decided |

Progress of Vision 2030

– New Vision of “Miru” for Solving Social Issues –

The Group announced its “Vision 2030” medium-term management plan in May 2021. Our business environment and the matters to be addressed have changed significantly since we initially set the milestones for FY2025. As a result, we decided that it was necessary to set new milestones, which we announced in May 2024.

Review until FY2023

| | Target (FY2025) | Track Record (FY2023) | Evaluation (Changes in Business Environment) | Future Initiatives |
|----------------------|---|---|---|---|
| Quantitative targets | Net sales ¥140.0 billion | Net sales ¥116.1 billion | △ COVID-19 Careful decision of 1DAY-lens investment due to temporary stagnation in the contact lenses market | 1DAY-lens supply system • Strengthening of supply chain |
| | Operating profit margin 12% | Operating profit margin 8% | △ International Affairs (War) Longer lead time for 1DAY-lens investment due to supply chain disruptions | Strengthening 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 • Strengthening 1DAY-lens sales Domestic ... Increase in 1DAY-lens ratio of MELS Plan |
| Strategy Target | 1DAY-lens Ratio 33% | 1DAY-lens Ratio 27% | △ Global Market Growth of OEM supply of 1DAY-lens in Europe/USA | Europe/North America ... Expand OEM |
| | MELS plan members 1.50 million members | MELS plan members 1.34 million members | △ Ortho-K growth acceleration of China (until September 2023) | • Strengthening orthokeratology-related sale China ... Stable orthokeratology-related growth |
| | Overseas sales ratio 35% | Overseas sales ratio 32% | ○ Ortho-K growth stabilization of China (from October 2023) | |

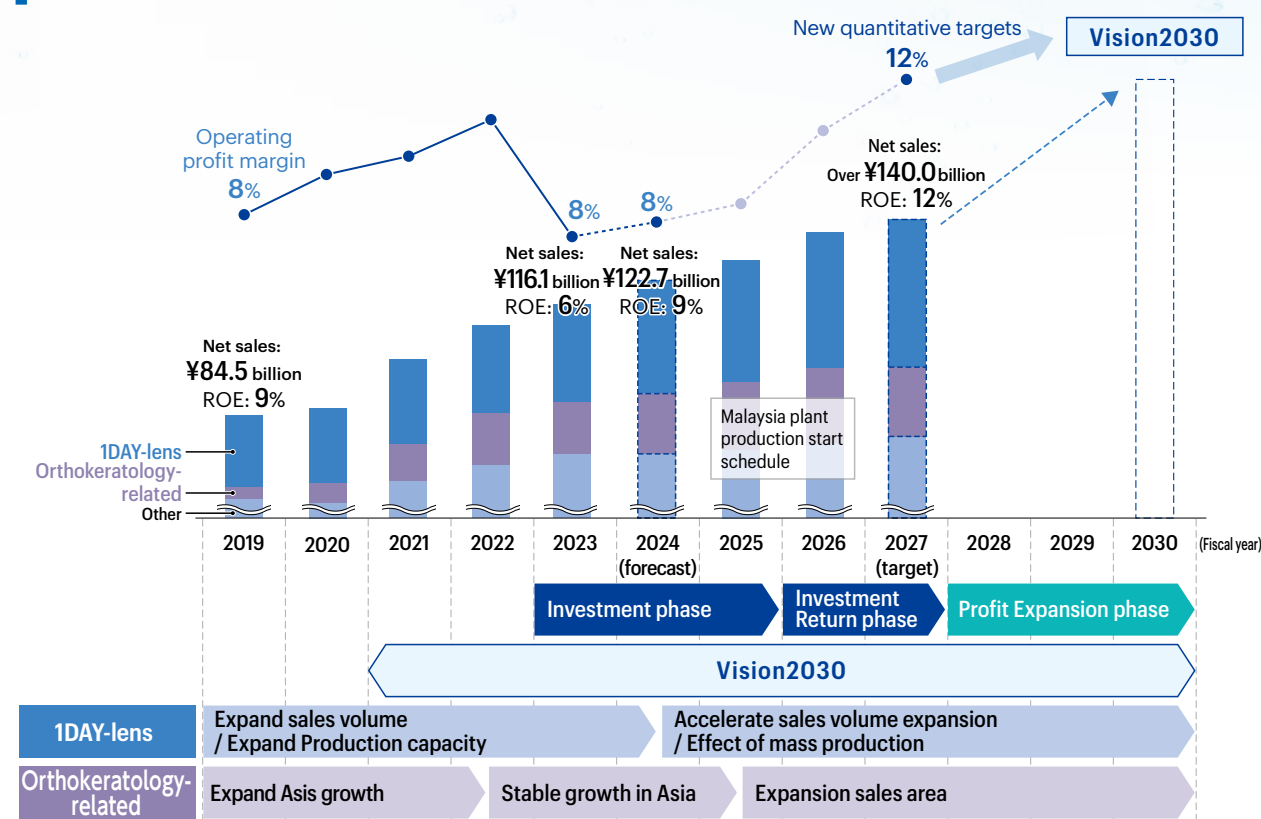
The milestone for FY2025 which were announced in May 2021 targets consolidated net sales of ¥140.0 billion, operating profit margin of 12%, and ROE of 10%, and three metrics: 1DAY-lens ratio of 33%, 1.5 million MELS Plan subscribers, and overseas sales ratio of 35%. However, some dramatic changes in the circumstances within our group since that announcement have severely impacted our progress in achieving the milestones and strategic targets. The two key factors responsible for the said change are as follows.

● **Spread of COVID-19 and changes international affairs.**
The spread of COVID-19 caused a temporary stagnation in the growth of the contact lenses market. Our Group has proceeded with some careful decisions concerning the investment in 1DAY-lens in response to this situation. Afterwards, we decided to recommence our 1DAY-lens investment activities given the global growth in the demand for 1DAY-lens seen yet again. However, the capital investment in 1DAY-lens took time due to disruptions in the global supply chain as a result of changes in the domestic situation triggered by the Russia-Ukraine war.

Consequently, the supply of 1DAY-lens could not keep up with demand, which affected the 1DAY-lens ratio and the number of MELS Plan subscribers, thereby compromising the progress of milestones.

● **Stabilizing Growth of the Ortho-K Market in China**
The number of myopia people is increasing worldwide and has become a social problem. Particularly in China, more than half of children and adolescents have myopia, and efforts have been made since the 2010s to reduce the myopia rate among adolescents as a national policy. As a result of this national policy, Ortho-K, shown to be effective in slowing the progression of myopia, are often prescribed to these school-aged children, and the market for these lenses has continued to grow significantly. However, the spread of COVID-19, the impact of economic stagnation, and an increase in the number of competitors is expected to lead a steady growth ahead. This is likely to result in a gap between our original and expected growth rate, affecting the overseas sales ratio in the future, thereby compromising the progress of milestones.

Establishing “Milestone 2027”



As a result of the aforementioned business environmental changes, our Group has established new milestones for the new medium-term management plan “Vision 2030”, including net sales of over ¥140.0 billion, operating profit margin of 12%, and ROE of 12% as quantitative targets for FY2027. We are six years away from FY2030, which is the final year of “Vision 2030” plan, and FY2027, that is the newly set milestone, indicates the exact halfway mark.

The duration (FY2023 to FY2030) of the medium-term management plan is classified as investment phase, investment return phase, and profit expansion phase, and indicates the road map of profit expansion. FY2023 to FY2025 is designated as the investment phase, but in fact, which refers to the period during which 1DAY-lens Malaysia factory, which will be its new manufacturing base, will begin preparations and operations shortly thereafter. The related costs during the preparation period of manufacturing site in Malaysia will be charged to SG&A expenses, and later will be charged to cost of sales once production starts. Among these related costs, the depreciation expense of the building and preparation costs for production will be recorded even before the

start of production, and the expenses will be incurred upfront right after the start of production, and is expected to have a certain impact on the current profit margin.

We are expecting several production lines to be in operation at the plant in Malaysia during the investment return phase from FY2026 to 2027. Certain decrease is expected in the cost ratio due to the mass production as a result of increased 1DAY-lens production at the plant in Malaysia. Furthermore, the increased production of 1DAY-lens can expand sales to Japan, Europe, the U.S., and Asia, bringing down the SG&A expense ratio. Consequently, we anticipate that our operating profit margin will improve enough to achieve the newly set milestone target of 12% operating profit margin for FY2027.

We will continue to add production lines at the plant in Malaysia to meet demand for 1DAY-lens from FY2027, that we have established as a milestone. Further expansion of production at the plant in Malaysia will help us transition into profit expansion phase as we move toward achieving “Vision 2030”. We intend to set specific quantitative targets in “Vision 2030” according to the status of achievement of the quantitative targets for FY2027.

Progress of Vision 2030 — New Vision of “Miru” for Solving Social Issues —

Growth Strategy to Achieve “Milestone 2027”

We have established “1DAY-lens Strategic Policy” and “Orthokeratology-related (Myopia Control-related) Strategic Policy” as its growth strategy policies to realize the slogan of “Vision 2030”, “New Vision of ‘Miru’ for the World.” Also, the growth strategy targets for these two policies are in place in order to achieve “Milestone 2027”.

Establishing Growth Strategy Target

We are targeting net sales of ¥42.0 billion for 1DAY-lens and a total of ¥20.0 billion for orthokeratology-related products, including global Ortho-K and lens care products in Asia, as our growth strategy targets for achieving the quantitative targets for FY2027; net sales of over ¥140.0 billion, operating profit margin of 12%, and ROE of 12%, which are set as “Milestone 2027”. The regional targets have been set for 1DAY-lens, and we will strive to increase net sales by focusing on expanding sales of MELS Plan in Japan and major mass retail chains in overseas markets. We also aim to increase the ratio of 1DAY-lens subscribers among the MELS Plan subscribers, and the net sales ratio of 1DAY-lens to overseas sales.

| Quantitative Targets for FY2027 | |
|--|--|
| <div>Vision Care Business</div> <div>FY2027 (Target) ¥130.0 billion</div> <div>Domestic: ¥89.0 billion Overseas: ¥41.0 billion</div> | <div>Healthcare and Life Care Business</div> <div>FY2027 (Target) ¥10.0 billion</div> |
| Growth Strategy Target | |
| <div>Top Global Player of 1DAY-lens Business</div> <div>¥42.0 billion</div> | <div>Leading Company of Orthokeratology-related Business* (Myopia Control-related Business)</div> <div>¥20.0 billion</div> |
| 1DAY-lens Regional Targets | |
| <div>1DAY-lens MELS (Japan)</div> <div>¥29.0 billion</div> | <div>1DAY-lens Overseas</div> <div>¥6.5 billion</div> |

* Ortho-K (Global) and lens care products (Asia)

Growth Strategies for Orthokeratology-related

Growth Potential of Orthokeratology-related Market

According to the School Health Statistics Survey, the percentage of myopia among elementary and junior high school students in Japan has been increasing year by year. Meaning, the age at which myopia is caused is lowering, and this trend is unlikely to change much in the global market. Further, with the increase in myopia population, the cases and percentage of people suffering from high myopia is now projected to increase. One factor believed to be responsible for rising cases is the prolonged period of myopia progression due to the lowering of the age at which myopia is caused. When progressed to severe myopia, this is likely to cause damage to the retina and optic nerve, increasing the risk of visual impairment and blindness. And, slowing the progression of myopia in young people is expected to help reduce the risk of such eye diseases.

Ortho-K shown to be effective in slowing the progression of myopia, is growing mainly in Asia, and the market for these lenses has continued to grow significantly at

approximately 20%. While Asia has been the main growth region, a stable growth of about 8% has been expected globally in the future. Also, Ortho-K being specially designed hard contact lenses to be worn during sleep, requires proper care. As a result, the lens care products market is expected to grow along with the growth of Ortho-K.

Sales Strategy for Orthokeratology-related

We believe that the orthokeratology-related market has plenty of scope for expansion in China, as well as on global scale. Currently, we are engaging in activities including collaboration with research institutions, training of prescribers, and conducting brand awareness activities to prepare for future market expansion on a global scale.

We will leverage our Group's Ortho-K and lens care products lineups in order to expand orthokeratology-related net sales; Ortho-K through multinational expansion and lens care products by utilizing multiple channels.

[Click here for more information on orthokeratology-related sales strategies](#)

P.26 Vision Care Business

Growth Strategy for 1DAY-lens

Growth Potential of 1DAY-lens Market

The contact lenses market continues to grow globally, against the backdrop of an increase in the myopia population due to the proliferation of digital devices, and an increase in the number of ophthalmologists, who prescribe contact lenses and glasses. Sales of 1DAY-lens contact lenses, among those prescriptions, have grown at a strong rate of approximately 4%, and are driving the contact lenses market. Especially the growth of 1DAY-lens products made of silicone hydrogel has been substantial at a rate of approximately 14%. The product has higher oxygen permeability than conventional materials and is considered less stressful to the eyes.

Increase in Productive Capacity of 1DAY-lens

Strong demand has continued for 1DAY-lens in the contact lenses market, whereas the supply of 1DAY-lens made of silicone hydrogel manufactured at our Kakamigahara Plant remains outpaced by the demand. Sales volume and net sales have increased in line with the increase in production capacity in the past, and the trend is expected to continue with rising demand in the future. We are increasing production capacity

by adding production lines at the Kakamigahara Plant and setting up a new plant in Malaysia as a 1DAY-lens production base focusing on the medium and long-term demand. Our plant in Malaysia is estimated to start production in the second half of FY2025, and net sales are expected to increase accordingly as soon as stable production is achieved.

Differentiation Strategy for 1DAY-lens Products

Differentiation from the competitors will play the vital role in expanding global sales of the increased production of 1DAY-lens. We use the distinctive “SMART TOUCH” package for 1DAY-lens. The inner surface of the contact lenses is designed to face down for the purpose of wearing it with ease without having to worry which way is up, and remove without touching the inner surface for clean use. “Magic” lenses produced at the Singapore plant use minimal plastic in their thinner packaging, and have been well received in Europe as an environmentally friendly product. We seek a sales expansion of 1DAY-lens by leveraging these distinctive products and implementing region-specific strategies in each region.

[Click here for more information on 1DAY-lens sales strategy](#)

P.26 Vision Care Business

TOPIC

Progress and future expansion of the new 1DAY-lens production site, the plant in Malaysia

Second half of FY2025
Malaysia plant production start schedule
Kulim Industrial Park, Kedah



The plant in Malaysia, which is pivotal to our 1DAY-lens growth strategy, is currently undergoing the first phase of construction and is scheduled to begin production of the 1DAY-lens made from silicone hydrogel, “1DAY Menicon PremiO”, in the second half of FY2025. We plan to gradually increase production capacity to meet demand, with annual production capacity of approximately 500 million pieces upon full fledged implementation of production line.

The production capacity will be further expanded through the second, third, and fourth phases of expansion in the long term, and may achieve up to a four-fold increase in production capacity. The current first phase of the construction includes the construction of the production building, the office building, and the logistics and packaging building, making for large-scale investment of approximately ¥50.0 billion. The second-phase construction would require an investment of only the production building, making the additional investment around ¥27.0 billion, which is less than the investment for the first-phase plant, enabling the expansion of production capacity. The plant in Malaysia will have a significant impact in achieving not only “Milestone 2027”, but also “Vision 2030” and growth beyond that, thus ensuring that the building construction and sequential installation of production lines that are currently underway are carried out in timely manner.

CFO Message



I have led the company as the person in charge of overseas operations through FY2023 for eight years, engaging in M&A and alliances to accelerate collaboration between external and local companies. We have established a foundation for growth in the orthokeratology-related, focusing especially on 1DAY-lens net sales in Europe and the U.S., and in China. Also, over the past eight years, we have increased our overseas sales by more than five times, and the overseas sales ratio has grown to 32%.

From FY2024, as the new CFO, I will assume overall responsibility for the management of the entire Group, both domestic and overseas, in order to achieve the newly announced Medium-Term Management Plan. Our Group is currently in the investment phase mainly in the Malaysia plant, with the sole intention of securing medium and long-term growth. We are dedicated to delivering a strong corporate story with an awareness of capital efficiency and financial security, and to contributing to maximizing corporate value.

Hideki Koga

Senior Executive Officer of Corporate Management Head Office CFO

Growth Investment and Fundraising

We made some proactive capital investments in FY2023 to build a new 1DAY-lens plant in Malaysia to meet continued demand, and to add production lines to our existing Kakamigahara and Singapore plants. Funds for the above-mentioned capital expenditures were procured through the issuance of straight bonds.

Investment cash flow will transition to higher levels for several years after FY2023, since we are in the investment phase, mainly in the 1DAY-lens plant. However, a sound cash flow has been secured thanks to stable operating cash flow from our fixed-price contact lenses service of "MELS Plan", and efficient financial cash flow (issuance of straight bonds) by utilizing our high credit capabilities (A- Rating and Investment Center).

As for our future outlook, our investment cash flow will show peak investment in FY2024, and converge to some extent in terms of the amount of investment from FY2025 onward. For this reason, we are anticipating that free cash flow will transition from the negative to the positive.

We believe that the debt utilization to a certain degree is effective from the perspective of reducing the cost of capital for financial integrity. Meanwhile, in light of risk management under BCP and the current environment of rising interest rates, we believe that ensuring financial stability will also become extremely important from the perspective of securing debt capacity and reducing debt financing costs. Therefore, we have currently set the maintenance of an A- (Rating and Investment Information, Inc.) rating as a key indicator of financial security.

We recognize that cost of capital reduction is crucial to maximizing our group's corporate value and improving the return on capital. We believe it will be important to reduce capital costs by utilizing debt financing while also focusing on strengthening our investor relations and sustainability activities. We held two financial result briefings per year as part of our IR activities, but our policy will include one financial result briefing every quarter, i.e. four times annually starting from FY2024, only to give shareholders/investors a better insight into our initiatives.

We will also ensure to provide more opportunities for interaction with our management and include the opinions of our shareholders/investors more proactively to achieve further corporate growth.

Furthermore, we renamed "CSR Committee" as "Sustainability Committee" as a part of sustainability

activities in April 2022, and since then, we have been committed to strengthening these activities. To be more specific, we are making constant efforts to review our materiality, establish sustainability activity policies, disclose GHG emissions (Scope 1, 2, and 3), and disclose information based on TCFD recommendations. The results of these efforts can be seen in improved ESG ratings such as FTSE and MSCI over the years, and are included in ESG-related indexes. We also received some ratings for our CDP.

We intend to continue and further enhance our investor relations and sustainability activities to reduce our cost of capital.

Shareholder Returns

Given that our group is currently in the investment phase, our basic policy on capital allocation is to direct the funds to investments for future growth.

Meanwhile, we consider that a more clearly defined approach to returning profits to our shareholders is crucial. We have changed our policy regarding decisions on dividends of surplus funds, etc., with the aim of increasing transparency regarding the level of future dividends. Specifically, we have announced that we will change our policies to target a dividend payout

ESG score

| | FTSE | MSCI | CDP |
|--------------------|--|--|-----------------------|
| Score | 2.7 | AA | C (Climate change) |
| Incorporated index | FTSE Blossom Japan Sector Relative Index | MSCI Japan Equity ESG Select Leaders Index | — |

As of July 2024

ratio of approximately 30% as a means of providing a stable and sustainable dividend from FY2023, taking into consideration our current fiscal year performance as well as future business development and the need to enhance our internal reserves to strengthen our financial position.

Based on these policies, we intend to increase dividends by ¥3 to ¥25 per share for FY2023 and ¥28 per share for FY2024.

Risk Management

We stand at over 30% of overseas sales, amid heightened geopolitical risks, and heightened risks in international affairs, and economic environment in the external environment, making risk management in business operations critical than ever.

We consider ourselves to have achieved a certain degree of risk management in our domestic business by implementing a comprehensive price revision in FY2023, despite increasing cost pressures from foreign exchange rate fluctuations and rising inflation associated with higher interest rates, and the future situation remains highly unpredictable. Our ability to issue straight bonds twice in FY2022 and FY2023, before any increase in interest rates, may have been effective in terms of financial strategy as well as risk management.

We seek to control risks in our overseas operations by closely monitoring various risks. A majority of our products are presently manufactured domestically and sold overseas, and the current depreciation of the yen is positively affecting our business performance. However, various external environmental factors necessitate a special focus on the risk of exchange rate

fluctuations in the future, promoting countermeasures to be in place to deal with such risks. For instance, 1DAY-lens made from silicone hydrogel, that have the highest demand in the contact lenses market at the time, are manufactured in Japan and sold in Japan and overseas. This provides us with a certain degree of control over foreign exchange risk by diversifying our production bases both in Japan and overseas.

Contact lenses are typically considered as daily necessity product, thus making the contact lenses market less susceptible to economic trends. However, the orthokeratology-related has been suffering due to the current economic stagnation in China. Hence, our goal in future is to manage risk by expanding business in a balanced manner in our priority regions in Japan, Europe, North America, and Asia.

Moreover, we believe that strengthening our sustainability activities of human rights, human capital, and supply chain management will be important as we move forward with risk management for our group's overall business. We also believe that it is important to communicate these initiatives to our stakeholders adequately, enabling us to reduce our cost of capital.

Vision Care Business

The myopia population in Japan is said to be increasing due to changing lifestyles, accelerating the trend of myopia at an earlier age. In this social environment, the contact lenses market is expected to continue to grow further. Our group will continue to fulfill diverse needs by utilizing the brand power and proprietary product and service groups developed since the establishment. We will focus on educational activities to raise awareness of the proper use of contact lenses among young customers and to promote the spread of bifocal contact lenses among middle-aged customers. At the same time, we will build a business model to encourage customers to use our Group's products for longer periods of time. We will also work on rebuilding our business model for the next generation as an important objective.

Hiroki Shinoda

Senior Executive Officer of Japan Sales
Management Head Office



Opportunities and Risks in the Business Environment

1DAY-lens

Business Environment

- Increase in myopia population due to proliferation of digital devices
- Growth in the global contact lenses market
- Increase in 1DAY-lens ratio in the contact lenses market
- Increase in 1DAY-lens ratio of silicone hydrogel within the 1DAY-lens market



Opportunities

- Global myopia population growth and increased demand for contact lenses
- Increase in sales volume accompanying increased production capacity by existing and new plants

Risks

- Intense competition with domestic and overseas manufacturers
- Concerns over amount of supply and supply chain to meet high demand

Orthokeratology-related

Business Environment

- Myopia at earlier ages around the globe
- Increase in myopia population and percentage of people suffering from high myopia
- Implementing a national policy to lower the rate of myopia among young people in China
- Raising global awareness about slowing the progression of myopia



Opportunities

- Scope for global market expansion driven by lowering of the age at which myopia is caused, and increase in population with high myopia
- Increase in lens care products sales volume associated with increased ortho-K users

Risks

- Impact of economic stagnation in China on market growth
- Intense competition from new competing manufacturers, mainly in China
- Widespread use and acceptance of new slowing the progression of myopia devices such as eyeglasses and eye drops

I was managing the business in China until FY2023, and will assume the responsibility for overseas operations beginning in FY2024.

Our overseas sales ratio has exceeded 30%, which means that continued progress in overseas business is inevitable for the sustainable growth of our group. Amid the global increase in myopia population, we will continue to develop our overseas business in Europe, North America, and Asia with a primary focus on "1DAY-lens" and "Orthokeratology-related" Businesses to achieve a balanced growth.

Concurrently, we intend to keep up with the challenges to further accelerate globalization, including strategic alliances with new partners and the development of the global southern market.

Kenji Takeshita

Senior Executive Officer of International
Business Head Office



Initiative of the medium-term management plan "Vision 2030"

1DAY-lens (MELS Plan)

FY2027 Target Net Sales **¥29.0 billion**

We will focus on product lineup expansion and promotional activities to increase the ratio of 1DAY-lens subscribers in MELS Plan. Particularly, as part of the promotional activities, we will be making a mindful effort to promote our distinctive packaging of "SMART TOUCH" applied to our products, in which the inner surface of the lens is designed to face down in the lens case.

We are strengthening our storefront initiatives by opening new stores "Miru", the Group's stores, in order to facilitate sign up for MELS Plan, by relocating existing stores to locations that can capture more customers, and by expanding the number of MELS Plan-affiliated facilities.

1DAY-lens (Overseas)

FY2027 Target Net Sales **¥6.5 billion**

We are strengthening our sales activities in Europe through investments in human capital and recruitment of professionals in order to acquire new business partners. We also plan to expand the number of stores handling our products as well as the volume of transactions with existing customers.

We successfully cultivated new business partners in North America in FY2023, which contributed greatly to the expansion of 1DAY-lens sales volume. We are making constant efforts to expand our sales territories to increase transaction volume, and to focus on enhancing our product portfolio for astigmatism and bifocals.

Our sales expansion plans in Asia mainly focus on our sales companies including the development of new sales channels through strategic alliances.

Orthokeratology-related

FY2027 Target Net Sales **¥20.0 billion**

The market for ortho-K and lens care products for ortho-K has been growing significantly mainly in China. However, new devices such as glasses aimed at slowing the progression of myopia are becoming more widespread in China, and market competition is becoming even more intense. Our near future plans focus on enhancing multinational operations in Japan, Europe, and other Asian countries.

Our Group offers three types of products in Ortho-K, and lens care products with excellent cleaning and disinfection properties based on our longstanding expertise in lens care products development. We will strive to distinguish Ortho-K and lens care products by leveraging the features of each product, and work to expand sales by utilizing sales channels in each region.

Vision Care Business

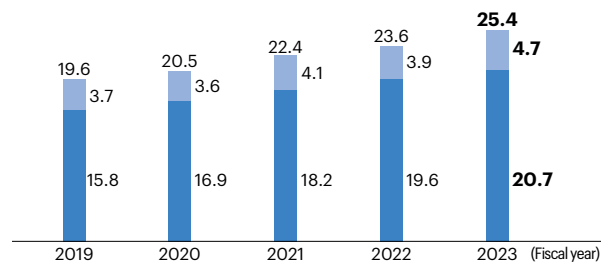
Review of FY2023

1DAY-lens (Domestic)

The supply of some of our 1DAY-lens products could not meet the demand in FY2023. In spite of this impact, we successfully increased the supply volume by improvements and expansion of production lines, which resulted in an increase in 1DAY-lens subscribers in MELS Plan and contributed to sales expansion in domestic product sales. In MELS Plan, we specifically increased average monthly cost in line with a rise in the ratio of subscribers for higher unit costs of 1DAY-lens. The effect of price revisions positively impacted MELS Plan, domestic sales, and net sales. As a result, 1DAY-lens (domestic) net sales increased to ¥25.4 billion (+7.8% year-on-year).

Net sales
¥25.4 billion +7.8% YoY

■ Japan_MELS Plan (¥ billion) ■ Japan_Product sales/Others (¥ billion)



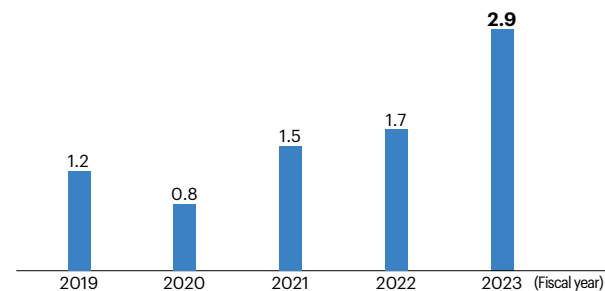
1DAY-lens (Overseas)

Sales volume of our 1DAY-lens products in Europe has shown favorable increase in terms of our existing customers. 1DAY-lens sales destinations also expanded following the inclusion of new business partners. As for the sales volume in North America, collaboration with new business partners in FY2023 and strong sales of “1DAY Menicon Flat Pack” led to an increase.

Meanwhile, the implementation of price revisions in response to inflation and the impact of exchange rate fluctuations in Europe and North America resulted in sound net sales growth. As a result, 1DAY-lens (overseas) net sales increased to ¥2.9 billion (+67.8% year-on-year).

Net sales
¥2.9 billion +67.8% YoY

■ Overseas sales (¥ billion)



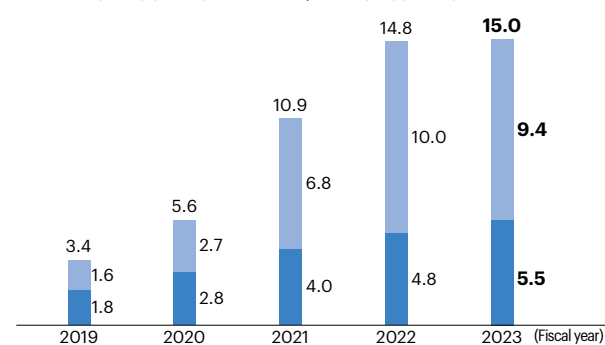
Orthokeratology-related

Although there was slow growth in Ortho-K market due to factors such as economic stagnation in China, we took initiatives for promotional activities for “Menicon Z Night” that was newly launched in China in 2023, and “Alpha Ortho-K”, the production of which was started at our Wuxi plant in China during the same year. Net sales also increased in Japan and other regions thanks to the growing popularity of the same lenses.

The lens care products business suffered the impact of economic stagnation in China and intensified competition mainly from local Chinese manufacturers, but net sales remained flat with popular use of these lenses and an increase in lens care products sales volume in Singapore and South Korea. As a result, net sales of orthokeratology-related increased to ¥15.0 billion (+0.7% year-on-year).

Net sales
¥15.0 billion +0.7% YoY

■ Ortho-K (Global) (¥ billion) ■ Lens care products (Asia) (¥ billion)



Future Policies Based on the Growth Strategy

1DAY-lens

The distinctive packaging of “SMART TOUCH” applied to our 1DAY-lens products is easy to wear and offers clean usage as it can be worn without touching the inner surface. We are committed to ongoing efforts to promote such distinctive products to our customers and business partners.

A new commercial for “SMART TOUCH” will be created and released in FY2023 domestically to stimulate user demand as much as possible by providing easy-to-understand explanations of the three steps that characterize “SMART TOUCH”; “open”, “pick up”, and “wear”. Further, our 1DAY-lens “Magic” is a product with thin packaging that minimizes the amount of plastic, and we recommend this environment-friendly product to the business partners in Europe and other regions. We are committed to engage in such initiatives to further expand our sales in near future. Moreover, we are making efforts to establish measures according to the sales strategy for each region. We intend to reinforce in-store measures to promote enrollment in MELS Plan domestically. The number of MELS Plan-affiliated facilities reached 1,670 at the end of FY2023, representing an increase of 7 facilities compared to the end of the previous fiscal year. Furthermore, we opened three new stores and relocated five stores in order

to increase clientele flow to “Miru”, the Group’s stores. In addition, by utilizing online consultations, we are able to operate our stores more efficiently and our experienced staff will provide detailed advice and proposals tailored to the individual needs of each customer. We do intend to continue such activities in the future.

We aim to increase our market share in Europe and North America by fostering deeper relationships with major mass retail chains and existing business partners. We are already in business with several major mass retail chains in Europe, and we are reinforcing on our sales activities to further expand transaction volume and acquire new customers. In North America, we will work to expand our product portfolio and other areas in order to further increase sales volume to new clients in FY2023.

SMART TOUCH

No need to switch hands, no contact with internal surfaces



Orthokeratology-related

We currently offer three Ortho-K products: “Alpha Ortho-K”, “Menicon Z Night”, and “Menicon Bloom Night”. Alpha Ortho-K is manufactured at Ina plant in Japan, and at Wuxi plant in China starting 2023, and features a high degree of customization. Menicon Z Night is manufactured by Menicon B.V. in the Netherlands and features high oxygen transmission and dedicated software that supports the prescription. Menicon Bloom Night, similar to Menicon Z Night, is manufactured by Menicon B.V., and has obtained the CE mark required for marketing medical devices in Europe as Ortho-K for slowing the progression of myopia. We aim to expand sales through multinational development by utilizing the special features of each product.

We are developing lens care products such as “Menicare Plus”, “Menicare Pure”, and “Progent”, and marketing them through multiple medical and e-commerce channels, along with Ortho-K. All these

products are manufactured using our long-standing development expertise and fully meet our established reputation for cleaning and disinfecting effects.

We are specifically targeting Japan, Europe, and Asia as the main regions for our multinational expansion. We are focusing on the spread of Ortho-K in Japan by strengthening our sales structure to expand sales. We are developing our prescription facilities in Europe with our newly formed alliance with SA Laboratoires Dencott. As for Asia, we intend to further expand sales through our sales companies.



Alpha Ortho-K (China)



Menicare Plus

Healthcare and Life Care Business

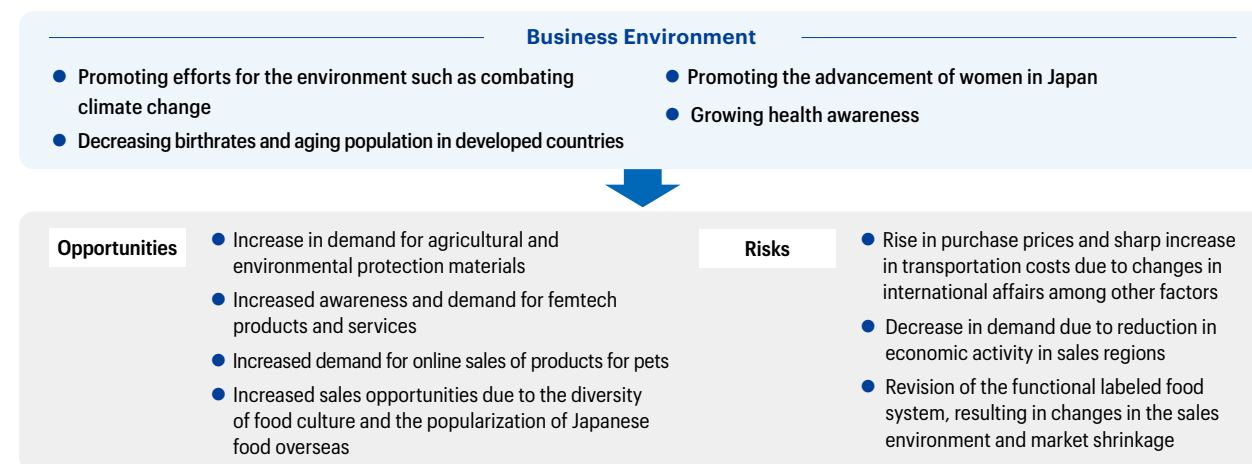
I was business concept promotion manager during FY2023 responsible for sustainability activities of our group including the establishment of a sustainability structure. I have also been working on devising new business concepts and DX strategies that stimulate the five senses, which is one of our materiality. I assumed the position of Executive Manager of the Healthcare and Life Care Business from FY2024. We seek to promote our environment-related businesses and new businesses using our accumulated experience. We are particularly focusing on the femtech domain that potential for market expansion in the healthcare field, and on the environment-related domain, which can contribute to reducing the burden on the global environment in the life care field. We will utilize all our merits to develop these businesses to be original and profitable.

Kensuke Muraki

Senior Executive Officer of Miru Mirai Head Office



Opportunities and Risks in the Business Environment



Initiative of the medium-term management plan “Vision 2030”

- | | |
|--|---|
| <p>1 Initiatives</p> <p>Life Care: Expansion of environment-related fields</p> <p>We have been conducting R&D of agricultural materials in collaboration with Shizuoka University to address issues such as high temperature damage to crops, and to improve yield and quality by increasing resistance. This research resulted in the commercialization of an agricultural material, “Genki Supplement Atsuminori”, which is expected to reduce high temperature damage, by Watanabe Pipe Co. Ltd., and the production started in March 2024.</p> | <p>2 Initiatives</p> <p>Healthcare: Expansion of femtech products</p> <p>We expanded the product lineup of the supplement brand “Luna Rhythm” in the femtech field. The femtech sector is a fast-growing industry, fueled by women’s participation in society and growing health awareness. We intend to contribute to the creation of a healthy and vibrant future through our new range of products and services.</p> |
|--|---|

Review of FY2023

Life Care: Net sales of composting businesses have remained steady, including composting consulting services that lead to reduced electricity consumption and the export of composting-related products overseas. We have been conducting testing and development to create new applications and expand the range of applicable crops in rice straw decomposition materials and agricultural materials that are expected to reduce heatstroke.

Healthcare: In line with the addition of insurance coverage for infertility treatment, efforts to expand the lineup of supplements and sales channels to capture demand related to infertility treatment and the fast-growing Femtech field have resulted in steady sales growth.

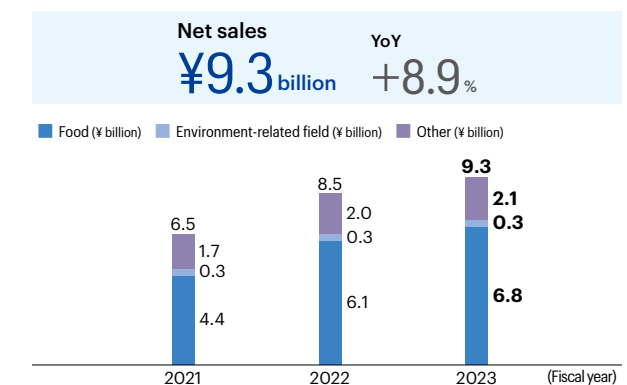
Animal symbiosis: &D is a membership-based service that supports a safe and comfortable life with pet dogs, and &HAUS, a service that includes lifetime care for pet dogs. &D subscribers increased as a result of promotional activities through SNS to raise awareness about these two services. We also continued initiatives to expand sales in the field of dog parks and related products.

Animal medical care: Sales of intraocular lenses and medical devices for veterinarians remained strong.

The dog and cat supplement business has so far been exclusive for veterinarians, but we have launched a new brand “Uni One” and an official store for general consumers in order to further expand sales channels in the domestic market.

Food: Exports declined due to the impact of demand reduction in China, but import sales remained steady and net sales showed growth.

As a result of the above, net sales in the healthcare and life care business amounted to ¥9.3 billion (+8.9% year-on-year).



Future Business Policy based on Medium-term Management Plan “Vision 2030”

Along with expanding business based on the perspective of growth potential, uniqueness, and social contribution in each area, with food as a pillar, in order to achieve the target of ¥10.0 billion in net sales set forth in the medium-term management plan, we aim to improve our profit structure by building an optimal intellectual property strategy that maintains a competitive advantage.

Life Care: Scaling up the environment-related fields
We are using “Aguri Kakumei”, a rice straw decomposing agent and “resQ”, a composting promotion system, which are materials that contribute to resource circulation using our enzyme technology, as pillars of revenue, and working to expand the sales of composting consultant services for livestock farmers to reduce electricity costs and improve the composting environment, and of agricultural materials for paddy farmers to reduce heatstroke damage by using our enzyme technology. We are seeking sales expansion and effective use of resources through our unique products and services.

Healthcare: Growth in the femtech domain
We are targeting net sales growth and improved profitability

through optimization of product lineups and sales channels, with special focus on femtech field, which is our core business related to infertility treatment, and the Eye Care field utilizing our expertise in the vision care business. We are continuing efforts to review the sales channels of fertility treatment products in response to changes in demand trends associated with insurance coverage.

Animal medical care and animal symbiosis: Expansion of business areas and upgrading the services
In animal medical care, we will develop new channels to bolster sales of products such as supplements for cats and dogs. We will also aim to expand sales in Asia through Chinese subsidiaries. In terms of animal symbiosis, we will focus on our unique service, lifelong care for Dogs, as our core business. We aim to increase sales and achieve coexistence with animals by raising awareness and increasing the number of people who use our service by approaching customers through collaboration with animal medical care, and through the renting out of the &HAUS facilities for animal-related events and other activities.

R&D/Production and Logistics

Increase in the global myopia population, and the resulting trend of lowering of the age at which myopia is caused or increase in high myopia has been a major social issue. "1DAY-lens Strategic Policy" articulated in the medium-term management plan that we announced in May 2024 is an initiative to develop original products, increase production capacity to meet the rapidly growing demand, and strengthen logistics functions to support production and sales, which will become increasingly important as our business expands.

"Orthokeratology-related Strategic Policy" aims for a solution-oriented business for social issues by advancing R&D and improving production systems related to Ortho-K and lens care products in order to create new value related to slowing the progression of myopia.

Motonari Watanabe

Senior Executive Officer of Manufacturing and R&D Headquarters



R&D

Opportunities and Risks in Business Environment

Opportunities

- Greater demand for high value-added lenses, next-generation lenses, etc. due to more diversified customer needs
- Greater global demand for 1DAY-lens due to growing myopia population
- Greater demand for related products due to growing need to slowing the progression of myopia
- Greater sales opportunities by quickly responding to changes in laws and regulations in each country

Risks

- Reduced demand for products due to rapid changes in customer needs
- Increased costs owing to enactment of new laws and regulations in each country and revisions to current laws and regulations
- Negative impact on our competitiveness caused by third parties using our group's technology
- Monetary and time losses incurred by failure to produce the anticipated results in R&D investments

Contact Lens Development

R&D System

| | |
|--------------------------------|---|
| Product Development | Research on resources and designs for contact lens materials |
| Clinical Research | Clinical assessments on eye safety and product efficacy |
| Production Technology Research | Development of production technology from materials to products for mass production of new products |

R&D Fields

- 1 Vision correction lenses (innovative materials and manufacturing methods)
- 2 Slowing the progression of myopia (developmental mechanism, role of contact lenses as preventive medicine)
- 3 Special lenses (for shape changes, corneal diseases)
- 4 Next-generation contact lenses (smart contact lenses, etc.)

P.47 R&D

Intellectual Property

Ideal State of Intellectual Property

Intellectual property in the form of patents and trademarks is an important management resource and a competitive source for the group's business operations. As part of our R&D policy to achieve Milestone 2027, we have set goals for the development and introduction of new products, and from a medium to long-term perspective, we are working on developing elemental technologies and integrating market needs, and improving production efficiency and reducing manufacturing costs. In recent years, we have also been actively pursuing joint research with external partners centered on its core technologies, and plan to continue to actively expand investment in joint research in the future. In line with these Milestone 2027 and R&D policies that emphasize the creation of intellectual property, we will keep strengthening our intellectual property capabilities and intellectual property strategy to support our robust technologies and products, and maximize our corporate value through the active creation and utilization of intellectual property to contribute to the resolution of social issues.

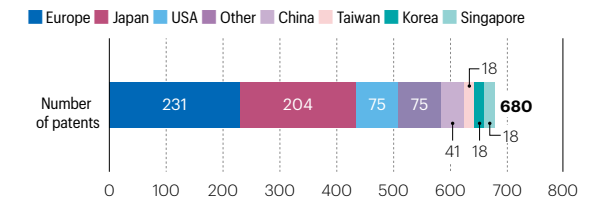
State of Intellectual Property

The vision care business files approximately 80% of our group's patent applications. However, the Health Care and Life Care Business also proactively files patent applications, and each business is working to build an intellectual property portfolio in line with our intellectual property strategy. We have been filing strategic applications on a global level in Japan, Europe, the U.S., and China, with international applications as our main focus. In the vision care business, the ratio of applications filed in Japan and Europe has been high due to the sales expansion until recently. In line with our global business expansion starting with China, our overseas sales now account for more than 30% of our net sales. Hence, going forward, we intend to increase the ratio of applications filed in the U.S. and China in accordance with our business strategy and to build an intellectual property portfolio that corresponds to our global strategy.

In terms of intellectual property management, our group has both manufacturing and sales divisions, and has accumulated significant expertise on a global scale. We treat this expert knowledge as confidential information and keep it strictly private to prevent its leakage.

Our total number of patents may show a temporary decrease due to the expiration of patents in the 1DAY-lens field, but it is anticipated to return to an uptrend as the number of patent applications in priority fields will gradually increase in sync with the creation of new inventions. We have already completed new patent applications for 1DAY-lens and will consistently strengthen the protection of intellectual property.

Number of patents held by region (as of the end of March, 2024)

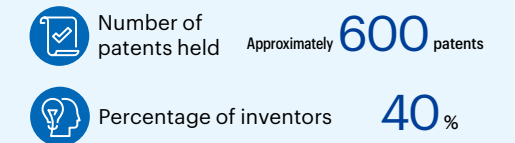


Three Pillars of Intellectual Property Strategy

Our intellectual property strategy consists of three pillars; ① building a foundation for business expansion, ② cultivating an environment where intellectual property can be generated, and ③ promoting innovation.

P.48 Intellectual Property

Intellectual Property Strategy "KPI for FY2028"



Governance System

We have a Nomination Committee, and the Board of Directors delegate management decisions to the Executive Officers. We have established a transparent governance structure for our intellectual property practices under the supervision of the Executive Officers, and our intellectual property strategy and other major decisions are supervised and advised by the Executive Officers.

Education and training on intellectual property

We have a dedicated department to develop and implement intellectual property strategies, and we participate in relevant internal and external educational programs. The training sessions start with the acquisition with the acquisition of skill for intellectual property application and for handling of intermediate processes, and we attend approximately five external training courses annually. Following these courses, we attend various training courses on intellectual property strategy planning and implementation about three times annually. We have also established an intellectual property education system that can be applied on a global level, which includes participation in overseas training courses and direct coordination between our company and overseas patent firms and partners.

R&D/Production and Logistics

Review of FY 2023

In response to the growing demand for 1DAY-lens products around the world, we are making constant efforts to focus on expansion of our product lineup and production capacity in this field. In FY 2023, R&D and production divisions jointly made arrangements for the improvement and expansion of production lines for the 1DAY-lens silicone hydrogel-type “1DAY Menicon PremiO” series and the construction of a new plant in Malaysia to further expand production capacity.

We have obtained CE mark certification in Europe in May 2019 for “Menicon Bloom Night”, the world's first Ortho-K to

slow the progression of myopia. Following the acquisition of CE mark certification, development is underway in Japan to obtain approval for use in slowing the progression of myopia, and we are also working to obtain pharmaceutical approval in other regions.

We are continuously developing and improving our lens care products from the viewpoint of enhancing functionality and user comfort. A new lens care products clinical trial for China completed in FY2023, and application for approval in preparation for the start of sales is underway.

Future Policies Based on Medium-term Management Plan (Vision 2030)

We are boosting production capacity at our existing plants, expanding production facilities, and starting operations at our plant in Malaysia to realize one of the growth strategy policies; “Aiming to become a Top Global Player of 1DAY-lens Business with original products and services to our Group” in our Vision 2030 medium-term management plan. We intend to focus R&D on designing and developing more efficient mass production lines.

In order to achieve another growth strategy of “creating new value related to myopia control, and aiming to be Leading Company of Orthokeratology-

related (Myopia Control-related) Business”, we, in R&D, are working for the development of multiple Ortho-K lineups and the development of specialized lens care products with highly effective disinfectant and cleaning properties. We also intend to continue our collaboration with medical institutions to conduct research on myopia progression and explore the role of contact lenses as preventive medicine. This initiative includes research about pathogenesis of myopia progression, and clarification of evidence that Ortho-K is effective in slowing the progression of myopia.

TOPIC

Menicon Future Device Laboratory (Menicon Future Device Laboratory)

Menicon opened the Menicon Future Device Laboratory on Tohoku University Aobayama Campus as a joint research facility with Tohoku University April 2024.

We have been working on structural analysis of contact lenses materials and surfaces through synchrotron radiation analysis at an external laboratory. The Future Device Laboratory has enabled us to visualize the surface of contact lenses and conducting research on the compatibility between contact lenses and water by utilizing “Nanoterasu”, the leading synchrotron radiation facility operational at Tohoku University, Japan. Other than this, this joint research facility will explore next-generation contact lens materials and manufacturing methods to find the ideal design of contact lenses. Our R&D department and this joint research facility will collaborate to pursue research activities in the future.

We are also focusing on color contact lens analysis, and have found a method to evaluate the quality of color printing by measuring the distribution of pigmented areas on the surface of color contact lenses and building data by actively utilizing synchrotron radiation facilities such as Nanoterasu at Tohoku University. We plan to proceed with developments on this evaluation method to enlighten users on the safety of colored contact lenses.



Nanoterasu

Production Logistics

Opportunities and Risks in Business Environment

Opportunities

- Increased importance of production capacity expansion and logistics functions in response to the expansion of the contact lenses market
- Greater demand for related products due to growing need to slow the progression of myopia
- Optimization and quality enhancement of production and logistics processes using DX and other digital technologies
- Encouraging changeover to environmental friendly modes of transportation

Risks

- Impact on production and supply activities due to natural disasters, regional conflicts, etc.
- Rising raw material and logistics costs following changes in the external environment
- Decreased productivity due to shortage of personnel caused by fierce competition for human resources
- Response to the “issues in 2024” in the logistics industry in Japan

Review of FY 2023

In response to growing demand for 1DAY-lens, we have made improvement and expansion of production lines at the Kakamigahara Plant, construction of a new plant in Malaysia, and other preparations to increase production capacity for the silicone hydrogel-type “1DAY Menicon PremiO” series. We have also started production in China to expand production capacity for Ortho-K, which is promising for market expansion mainly in Asia.

With the aim of reducing costs and improving the service level of the entire logistics network, we established an independent logistics center management and operation function from Menicon GmbH, a local subsidiary in Germany, and established Menicon SC GmbH. The same logistics center supplies 1DAY-lens

and regular replacement contact lenses to more than 24 countries in Europe and 6 countries outside of Europe, and we plan to improve its operation as an important logistics base in the future.



Ortho-K manufacturing base in China: Wuxi Plant

Future Policies Based on Medium-term Management Plan (Vision 2030)

We are focusing on increasing production capacity for 1DAY-lens for expected global growth in demand. We will promote our capital investment in the Singapore, Kakamigahara, and Malaysia plants, and will strive to build a stable production system. We also intend to build a foundation for Ortho-K business and expand production capacity for Ortho-K and lens care products, which has been proved to be a promising approach to the myopia progression control worldwide.

We will reorganize our logistics, mainly shipping methods and routes to accommodate the exponential increase in the number of shipments due to the ongoing production capacity expansion of 1DAY-lens. We expect a particularly sharp increase in overseas shipments, and consequently, we will strengthen the operation of our

logistics base Menicon SC GmbH in Germany, and build a new logistics structure suitable for our sales strategy through overall optimization, including the newly opened Global Logistics Center in Chiba Prefecture in May 2024.



Contact lens logistics base: Global Logistics Center

Sustainability Management

Our group reviewed our sustainability policy and materiality and developed a sustainability promotion system in FY2022 in order to contribute to social issue resolution through the products and services contributing to society. With a more strengthened system, we will strive “To achieve a healthy and spiritually rich society” through our sustainability activities.

Sustainability Activity Policy

Our Vision

To achieve a healthy and spiritually rich society

Sustainability Policy

The Menicon Group's Mission is to continue to provide the world with products and services required by society. Harmony with the global environment and society is essential for achieving this mission over the long term. The Menicon Group plans to create new value in response to global environmental and social issues, and contribute to the development of society through the business.

1. We aim to achieve a sustainable society by harmonizing people, society, and the global environment, and providing products and services that are useful to society.
2. We shall consider all living beings and the global environment, and act proactively to protect and preserve them.
3. We will respect the culture and history of each country and region, and contribute to the development of a rich life and society.
4. We will respect the individuality of our employees and work to cultivate human resources by developing a working environment that allows them to achieve their potential.
5. We will comply with social rules such as domestic and international laws and regulations, to constantly improve corporate ethics, and carry out sustainable business activities.
6. By communicating broadly and deeply with stakeholders, we aim to be a company that is loved by society.

Sustainability Promotion System

The Sustainability Committee, which has the central function of promoting sustainability of the Group, is composed of all executive officers and heads of related departments. The committee holds regular meetings (four times a year) to consider the progress of materiality, matters to be considered by each subcommittee, and future directions, and regularly reports to the board of directors. Based on the Group's Sustainability Policy, four materiality were identified in FY2022 from among business, environment/society, and the management infrastructure. Approval was then obtained from the Board of Directors to commence initiatives.

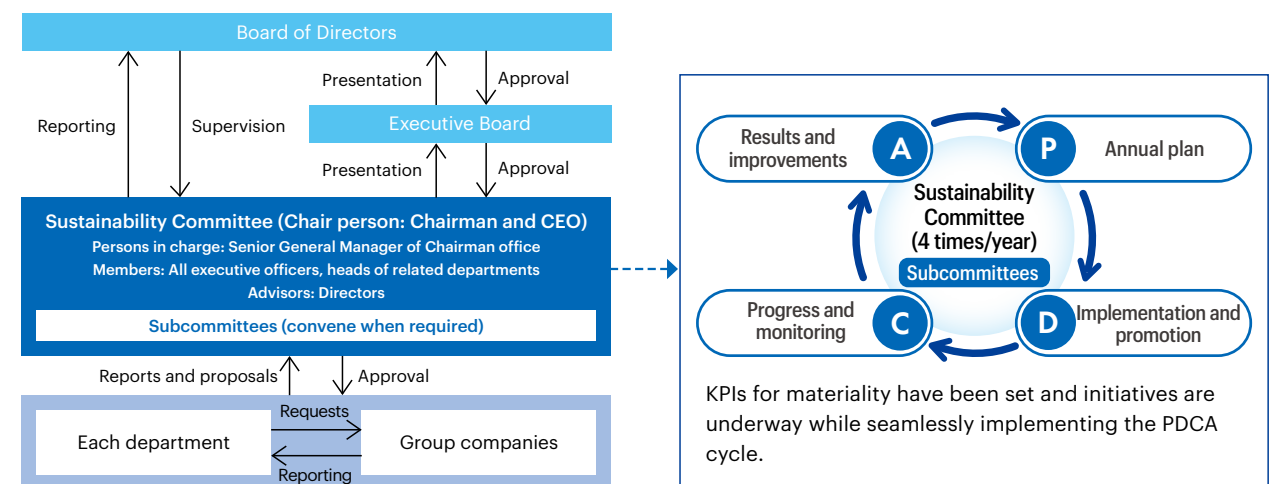
The divisions in charge of subsidiaries in each business unit share information with Group companies as needed, request them to promote initiatives, and receive progress reports.

[P.36 Overview of materiality](#)

Main Themes for Discussion at FY2023 Sustainability Committee Meeting

- Part 1: Concept on human resources (human resource development and health management), internal control system operation
- Part 2: Risk management, initiatives to reduce GHG emissions (Scope 1+2)
- Part 3: Report on disclosure details based on transparency guidelines, reduction measures for GHG emissions (Scope 3)
- Part 4: Report on results related to human rights, road map for GHG emission reductions

Sustainability Promotion System Chart



Appropriate Information Disclosure and Communication (Engagement)

Our group's sustainability policy is “By communicating broadly and deeply with stakeholders, we aim to be a company that is loved by society”. We seek to foster understanding of our business through various communication activities and information disclosure to our stakeholders, reflect their expectations and opinions in our business activities, and build long-term and trusting relations in order to enhance our corporate value.

| Stakeholders | Main Responsibilities | Information Disclosure/Means of Communication | FY2023 Results |
|------------------------|--|--|--|
| End users | <ul style="list-style-type: none"> • Manufacturing products that prioritize “safety” of our customers' eyes • Enhancing customer satisfaction by offering superior technology that provides the joy of sight and the joy of living • Appropriate usage and protection of personal information provided by our customers | <ul style="list-style-type: none"> • Setting up a customer center • Conducting customer satisfaction survey • Website | <ul style="list-style-type: none"> • Conducting MELS Plan customer satisfaction survey (once a year) |
| Industry Participants | <ul style="list-style-type: none"> • Improved transparency in relations with medical and other institutions • Developing fair and impartial business relations • Stable supply of high-quality products and services • Ensuring safe products and services | <ul style="list-style-type: none"> • Organizing supplier meetings • Publishing information magazines for clients | <ul style="list-style-type: none"> • Convening MenioClub meetings • The Menicon publication |
| Our Employees | <ul style="list-style-type: none"> • Initiatives to shift to smarter, more creative ways of functioning and procedures • Further developing working environment and improving employee satisfaction • Promoting a management with awareness towards mental and physical health of employees | <ul style="list-style-type: none"> • Implementing employee engagement surveys • Establishing an internal reporting desk • Issuing in-house newsletters | <ul style="list-style-type: none"> • Implementing employee engagement surveys (July) • Issuing in-house newsletters (thrice a year) |
| Shareholders/Investors | <ul style="list-style-type: none"> • Ensuring compliance by the executives and employees of our group • Active, impartial and timely disclosure of information • Providing appropriate shareholder returns • Realization of sustainable profit growth • Improving capital efficiency (ROE and ROIC) | <ul style="list-style-type: none"> • Conducting general shareholders' meetings, financial results briefings, and briefings for individual investors • Meetings with domestic and foreign institutional investors and plant site visits • Disclosing IR information on the official website • Publishing integrated reports | <ul style="list-style-type: none"> • Financial results briefings by COO and CFO (once every six months) • Briefings for individual investors be the CEO (once a year) • A total of 200 meetings and plant site visits with domestic and foreign institutional investors |
| Society | <ul style="list-style-type: none"> • Reducing environmental impact through management initiatives • Promoting the creation of a healthier and cleaner environment and society • Harmony with local communities | <ul style="list-style-type: none"> • Activities contributing to society • Participation in community events • Organizing sports events | <p>P.44 Contributing to a happy society</p> |

Sustainability Management

Risk Management

With regard to risk management, the Group has established a risk management system and procedures to not only protect corporate assets by avoiding or reducing losses, but also with the aim of business continuity by ensuring security for stakeholders.

STEP 01**Risk identification**

The Sustainability Department collects information on the Company's response to internal and external environmental changes from each department more than once a year. Identified risks are organized, and then management identifies the major risks after deliberation by the Sustainability Committee.

STEP 02**Risk response plan**

The Risk Response Department drafts a response plan.

STEP 03**Progress report**

The Risk Response Department regularly reports on the progress of the plan at the Sustainability Committee or other meetings.

STEP 04**Review**

The Sustainability Committee instructs the plan to be reviewed as necessary depending on the progress of the response plan.

STEP 05**Risk monitoring**

Each department manages the identified risks and reports any changes to the Sustainability Department.

Strategy

The Group reviewed its materiality in FY2022. Based on its new materiality, the Sustainability Committee has proceeded with formulating strategies for each materiality. Strategies for the environment, social contribution, and human resources are as follows. Strategies for other materiality will be announced as soon as they are ready.

● Reducing impact on the global environment **Climate change**

As part of our efforts to address climate change, we will utilize the TCFD framework to identify key risks and opportunities with regard to their impact on our business and strategy and implement measures to address these risks.

Initiatives related to climate change  <https://www.menicon.com/corporate/aboutus/tcfid-recommendations>

● Contributing to a happy society

With the aim of enabling our stakeholders as well as our many customers who we cannot approach directly through business activities to live lives filled with smiles, we have engaged ourselves in social contribution activities in four priority areas, namely arts and culture, sports, local communities, and education, and will continue to use these activities to help our employees grow.

● Building a corporate infrastructure that will last 100 years **Human Resources**

Linking our Management Principles (values), Sustainability Policy, and basic approach to human resources, we have set the key points of our human resources strategy as "integration of diversity", "optimization of human resource development", and "reforms in organizational culture". By promoting each of these key points, we aim to address our materiality of "building a corporate infrastructure that will last 100 years".

P.50 [Human Resource Strategy](#)

Identification Process of Materiality

STEP 01**Identification of social issues**

Extraction of social issues by referring to international sustainability guidelines

STEP 02**Priority setting for social issues**

We evaluate individual social issues based on two axes: "importance to the Company" and "importance to stakeholders", identify opportunities and risks in the value chain, and set priorities

STEP 03**Confirmation of relevance and identification of themes of initiatives**

Confirm the relevance between the prioritized social issues and management principles, Vision 2030, medium-term management plan, and extract the themes of initiatives

STEP 04**Identification of materiality**

Identify materiality and themes of initiatives through discussions with executive officers

STEP 05**Approval of materiality**

Discussion with Sustainability Committee, and reporting to the Board of Directors upon approval

Referred guidelines

- International Integrated Reporting Framework
- GRI Standards
- SASB Standards
- Global Risks Report
- 10 Principles of the United Nations Global Compact

Overview of Materiality

| Materiality | | Initiative Theme | Focus Points for FY2023 |
|---|--|---|---|
| Business (Financial and Manufacturing Capital) | Providing a lifestyle that stimulates the five senses | <ul style="list-style-type: none">• Developing products and services with a focus on safety and security• Strengthening efforts for slowing the progression of myopia• Coexistence between humans and animals | <ul style="list-style-type: none">• Expansion of 1DAY-lens sales• Expansion of Ortho-K and lens care products sales• Expansion of business in new business areas |
| | Reducing impact on the global environment | <ul style="list-style-type: none">• Promoting efforts to combat climate change• Using renewable energy• Improving the efficiency of raw material use and reducing waste• Effective use of reusable resources | <ul style="list-style-type: none">• Establishing and verifying emission reduction targets for Scope1, 2• Calculating Scope3 for the Group• Resource circularity of waste plastics• Appropriate management of discharge and hazardous substances and prevention of pollution |
| Environmental/ Society (Natural and Social Capital) | Contributing to a happy society | <ul style="list-style-type: none">• Revitalizing local communities• Promoting arts, culture, and sports | <ul style="list-style-type: none">• Conducting local events in collaboration with HITOMI hall artists |
| | Building a corporate infrastructure that will last 100 years | <ul style="list-style-type: none">• Pursuing customer safety, security, and trust• Rigorous quality control• Diversity of human resources and human resource development• Creating a comfortable working environment for employees and improving employee satisfaction and engagement• Strengthening R&D infrastructure and functions• Promoting sustainable procurement• Respect for human rights• Anti-corruption• Strengthening cybersecurity measures | <ul style="list-style-type: none">• Revision of human resource strategy• Revision of dual support system• Implementing measures to improve employee engagement• Formulating intellectual property strategy• Collaboration with external research institutions• Preparation and formulation of sustainability procurement guidelines• Implementing human rights risk mapping |

Sustainability Management

● Opportunities and risks in value chain

The Group provides various products and services, mainly focusing on contact lenses, to people around the world. While identifying materiality, we identified the impact of the main social issues on the Group in terms of both opportunities and risks across the value chain, from procurement to disposal and recycling.

Integrating in materiality

Determined opportunities and risks have been integrated into the identified materiality and its initiative themes in alignment with the Sustainability Policy, after reviews of their relations to the Management Principles, Vision 2030, and medium-term management plan.

..... Integrate into materiality regarding the environment and society
 Integrate into materiality regarding the business
 Integrate into materiality regarding management infrastructure

| Upstream | | The Company | | | | Downstream | | Support | |
|---|---|---|---|---|---|--|---|---|--|
| Procurement | R&D | Manufacturing | Dissemination of Sales Information | | Usage | Disposal/Recycle | | | |
| We build sound relationships with all our suppliers and procure high-quality, environmentally friendly materials to provide safe and comfortable products and services. | | We are working on an integrated system for basic research, where specialists in each field perform development from materials, and commercialization research, in which new materials are processed, commercialized, and mass-produced. | While the manufacturing department works closely with the research department, we independently develop and operate a production line that matches the material. We carry out production under a strict quality control system to maintain safe and secure product quality. | While maintaining a system where each sales company can share knowledge and experience and promote joint sales, and an environment where customer service and purchases can be made online, we also maintain a face-to-face detailed sales system to meet the diverse needs of our customers. | | In addition to expanding the “MELS Plan” service, which allows you to use high-quality products under better conditions, we have set up various consultation desks to respond to questions and concerns about usage methods, etc., for correct and safe use. | While striving to dispose of the contact lenses properly and raise awareness of the separation of the case, we are working to reduce the amount of plastic used in the case and to reuse plastic waste materials produced in the manufacturing process for packaging. | | |
| Climate change | ● Damages to factories and stores due to natural disasters in Japan and overseas, difficult management of materials and products due to rising temperatures | | ● Stricter regulations to reduce CO ₂ emissions and rising cost of compliance with such regulations | | ● Disruption of distribution network due to natural disasters | | | Because the increasingly severe natural disasters have a significant impact on corporate management, it is essential that the Group also take measures to combat climate change. To that end, we are committed to promote initiatives to combat climate change, including the introduction of renewable energy sources. | |
| | ● Supply chain disruption due to natural calamities | | ● Decreased impact from electricity costs and insufficient supply of electricity as a result of integrating facilities using renewable energy | | | | | | |
| Resource circularity | ● Increased costs and limitations on the production and use of plastic for contact lens cases and packaging | | | | | | | | |
| | | | ● Limited operations due to low water supply, tighter enforcement of drainage regulations | | | | | We will reduce resource usage and achieve a circular economy by collecting used product packaging (plastic containers) through our initiatives towards technological innovation in contact lens materials and manufacturing processes. | |
| Increase in myopia population | | | ● Reuse and recycling of materials, cost reductions due to less usage | ● Creating brand value as an environmentally-conscious company | | | | | We aim to expand our business by ensuring a stable supply of products while developing safe and secure products that meet social needs. |
| | | | ● Inability to sufficiently supply contact lenses to contact lens wearers | | | ● Damage to health due to incorrect use of products | | | |
| Human rights and freedom violations | | ● Creation of new fields through myopia prevention, and development of the businesses to slow the progression of myopia | | | | | | | ● To ensure respect for human rights throughout our global supply chain, we will create a human rights risk map and sustainable procurement guidelines for the Group. ● We will introduce a flexible system that is inclusive of diverse human resources to promote corporate growth. |
| | ● Worsening working environment in the country of origin | | ● Worsening of working environment in outsourcing companies | | ● Worsening of working environment due to harassment | | | | |
| | ● Generation of friction due to misunderstanding within and outside the Company | ● Damage to the Company’s image due to slow response to human rights and diversity measures | | | | | | | |
| Compliance violation | | | ● Decrease in social credibility due to inappropriate advertising and marketing | | | | | By thoroughly implementing and expanding compliance education, we will strengthen our efforts to improve governance, including compliance with laws and regulations and cybersecurity. | |
| | ● Loss of social trust in the event of an information leakage, negative impact on the system due to cyber attacks | | | | | | | | |
| | ● Occurrence of inappropriate transactions due to an expansion of business partners | | | | | | | | |
| | ● Acquiring public trust through strict compliance with laws and regulations as a manufacturer/distributor of highly controlled medical devices | | | | | | | | |

Providing a Lifestyle That Stimulates the Five Senses

Our Mindset

By prioritizing user benefits, we provide users with contact lenses that are convenient and safe, as well as aim to realize a richer life by using the technology and know-how we have cultivated in contact lenses to conduct new businesses that satisfy people's five senses.

Initiative theme for materiality

- Developing products and services with a focus on safety and security
- Strengthening efforts for slowing the progression of myopia

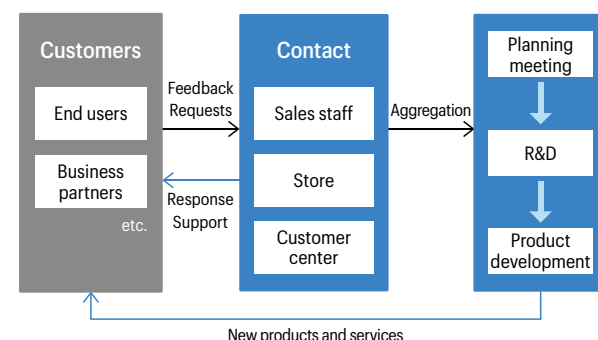
Products and Services with a Focus on Safety and Security

System for Reflecting Customer Feedback

In the Group, we collect feedback from end users and business partners by three contact points: sales, stores, and customer centers. We understand and analyze their needs, and work hard to utilize them in developing safer, higher-quality products and improving our services.

With the growth of the colored contact lenses market, we received many requests from users to expand the standards for the products for astigmatism, and we did so in April 2024. In response to the feedback that care was bothersome, in June 2023, we launched a soft lenses disinfectant with "SMART TOUCH" specifications, in which the lenses can be removed without touching the inner surface of the lenses, that is "focused on ease of use". We will continue bringing customers a new proposition to "Miru" through products and services that match the needs and lifestyles of individual customers.

Flow of Reflecting Customer Needs



Stable and Secure Purchases and Usage

Thorough Visual Examinations and Promotion of Understanding

As contact lenses are highly controlled medical devices, it is important to see an ophthalmologist when

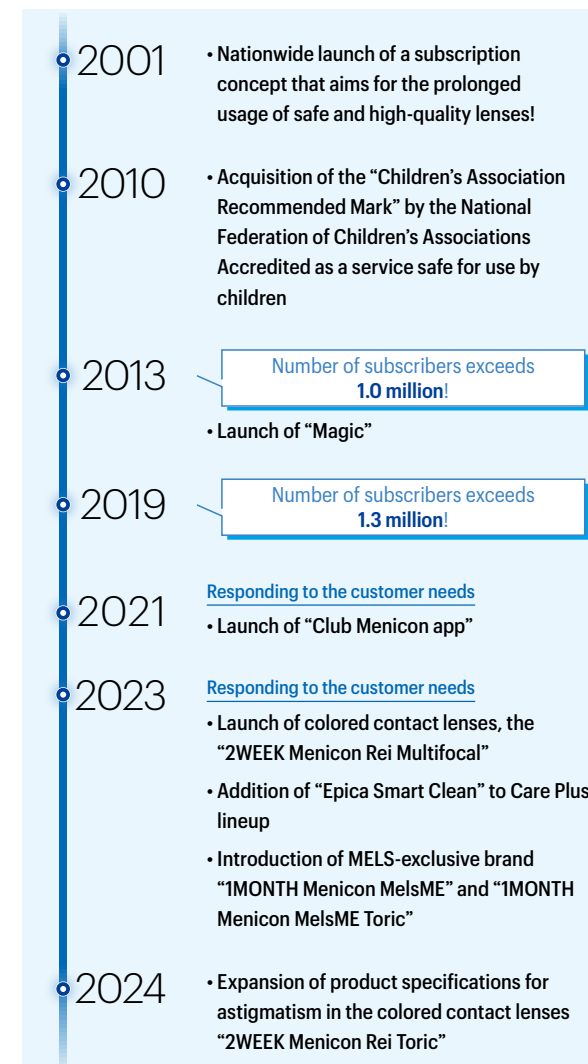
purchasing them. In recent years, it has become more convenient to purchase contact lenses through the Internet or general stores. However, eye problems may occur if an ophthalmologist is not consulted. Especially in the case of colored contact lenses, severe optimal impairment due to improper handling has become a social issue.

The Group's stores ensure that customers see an ophthalmologist before making a purchase. We also provide phone/online consultations prior to purchasing at "Menicon Miru", as well as in-store reservation services for the convenience of customers and to promote in-store purchases. At our stores, we make efforts to educate customers on the importance of optimal checkups and disseminate accurate information for customers to continue using contact lenses comfortably and safely.

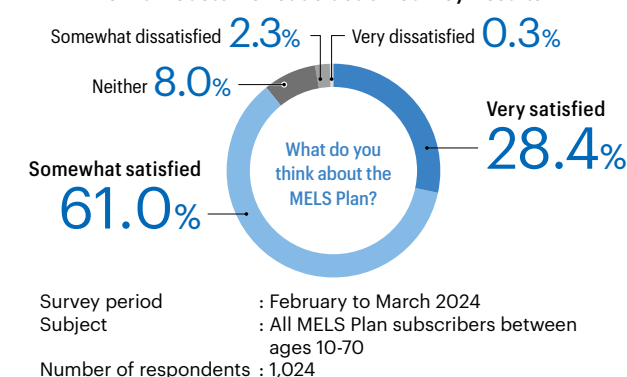
Maintaining Eye Health Through MELS Plan

In the late 1990s, as the market shifted from the conventional method of using a single pair of contact lenses long-term to using disposable contact lenses, we saw a growth in reports of eye infections due to improper wear of lenses exceeding their expiration date. To put the eye health of customers first, in July 2001, Menicon launched the subscription service "MELS Plan", in which customers could use new lenses in instances of lens damage, contamination, and troubles to prevent them from continuing usage of insufficient lenses. Marking over 20 years since its launch, we have provided not only safety, but also a selection of contact lenses fit for the unique lifestyles of our customers, such as switching prescription strength in accordance with changes during customers' growth and switching to colored contact lenses or bifocal lenses.

History of MELS Plan



MELS Plan Customer Satisfaction Survey Results



Supplier Training

We have developed the "Menicon Academy" to provide healthcare professionals with useful information for medical care and support training for staff development.

In order to create a facility where patients can be treated with peace of mind, we hold training sessions to deepen knowledge about contact lenses, which are highly controlled medical devices, as well as regular training and study sessions to improve the hospitality skills for attending patients. In addition to conventional group training, we also offer on-demand delivery and online events regardless of location or time.

Responsible Marketing and Sales

We conduct marketing and sales in adherence with "The Promotion Code of the Medical Device Industry", the "Transparency Guidelines for the Medical Device Industry and its Relationships with Medical Institutions and Other Organizations", and "Appropriate Advertisement Guidelines for Medical Devices" of The Japan Federation of Medical Devices Associations (JFMDA).

Guidelines on Relationships with Medical Institutions and Other Organizations

<https://www.menicon.co.jp/company/info/guidelines/> (In Japanese only)

The Japan Federation of Medical Devices Associations (JFMDA), "The Code of Ethics/The Promotion Code/Transparency Guidelines" and others

<https://www.jfmda.gr.jp/en/promotioncode/>

Initiatives for slowing the progression of myopia

It has been pointed out that high myopia can increase the risk of developing eye diseases such as retinal detachment and glaucoma in the future. The myopia population is increasing worldwide and has become a major social issue. The number continues to increase, especially in East Asia, and it is estimated* that about half of the world's population will be myopic by 2050. In Japan, the population of myopia patients are becoming younger, and MEXT's School Health Statistical Research of 2022 reported that the percentage of "individuals with a naked-eye vision of below 1.0" is 37.88% in elementary school, 61.23% in middle school, and 71.56% in high school (released by MEXT in November 2023).

In FY2018, the Group began full-scale efforts to manage myopia. We are progressing development of Ortho-K to wear while asleep to correct cornea shape and improve eyesight overnight, as well as overseas development of the "Menicon Bloom" Myopia Control Management System. We will continue to pursue the ideal form of the myopia management market, and work together as a group to fulfill the responsibilities as a leading company.

*Reference: Holden BA et al. Ophthalmology, 2016 May; 123(5): 1036-1042

Reducing Impact on the Global Environment

Our Mindset

Through environmentally conscious business activities based on Menicon Declaration on Environment, we will continue to reduce environmental impact for conservation of nature by responding to climate change, using raw materials more efficiently, and reducing waste.

Menicon Declaration on Environment

We at Menicon wish for “Bright Eyes Forever” and looking to the future of the earth, we want to be “A global company that is kind to people, animals, and the environment.” And we dream that the technology and wisdom we have developed can give back to all of the earth, and the entire group will take up the challenge.

Menicon Declaration on Environment

<https://www.menicon.com/corporate/aboutus/csr/>

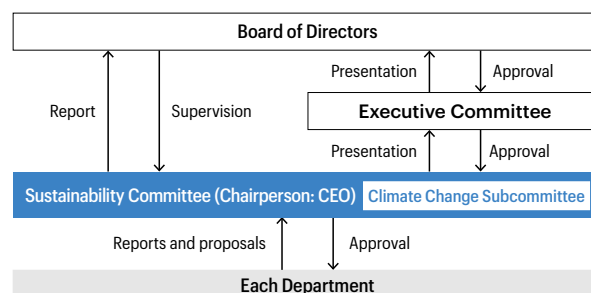
Initiative theme for materiality

- Promoting efforts to combat climate change
- Using renewable energy
- Effective use of reusable resources
- Improving the efficiency of raw material use and reducing waste
- Appropriate management of drainage/toxic substances and pollution prevention

Environmental Management

Our environmental management system is led by the Sustainability Committee, chaired by the Chairman and CEO, and plays a central role in promoting environmental initiatives and reporting them to the Board of Directors. Important risks and issues are brought to the Board of Directors for discussion and improvement through the Executive Committee.

Environmental Management Structure Diagram



Tackling Climate Change

Setting GHG Emissions Reduction Target

The Group has established an organization to discuss and review sustainability issues thoroughly including climate change, and in August 2022, we announced support for the TCFD Recommendations. We began calculations of GHG emissions in FY2022, calculating back to FY2020 to derive totals of Scope 1-2 of the Group, as well as Scope 3 emissions for the Group

from FY2021. Based on the calculation results, we have begun preparations to set reduction targets and formulate climate change policies starting in FY2023, and will set Scope 1 and 2 reduction targets in FY2024.

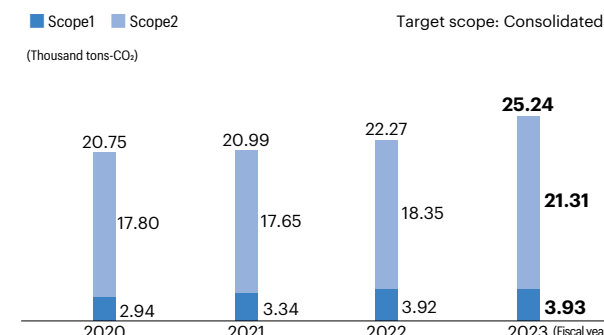
[Initiatives related to climate change \(information disclosure based on TCFD Recommendations\)](https://www.menicon.com/corporate/aboutus/tcfd-recommendations)

<https://www.menicon.com/corporate/aboutus/tcfd-recommendations>

Initiatives for GHG Emissions Reduction (Scope 1, 2)

Among the Menicon Group's Scope 1 and 2 emissions, Scope 2 from energy consumption accounts for approximately 85% of the total. To achieve our emission reduction targets, we will focus particularly on reducing Scope 2 emissions. In FY2023, we used electricity generated by solar power at the Kakamigahara Plant in a donation-type corporate PPA that began last year. As a result, we were able to replace 9.1% of our energy consumption in FY2023 with renewable energy. In FY2024, we will introduce renewable energy to plants with high emissions in Japan and continue our activities toward decarbonization.

GHG Emissions (Scope 1, 2)



Scope 1, 2 Reduction Measures

| | |
|--|--|
| Reducing the Amount of Energy Used | <ul style="list-style-type: none"> ✓ Improving the energy efficiency of equipment ✓ Increasing the efficiency of products and production methods ✓ Efficient operation of energy-consuming equipment |
| Reducing CO ₂ Emission Coefficients | <ul style="list-style-type: none"> ✓ Introduction of renewable energy source power generation systems (PPA) ✓ Switching to renewable energy source power generation contracts ✓ Conversion of business vehicle to EVs/FCVs ✓ Introduction of biomass boilers |

Initiatives for Reducing GHG Emissions (Scope 3)

Previously, Scope 3 emissions were disclosed only for the Company; however, we have expanded the scope to include five subsidiaries and calculated retroactively from FY2022. As a result, we found that Category 1 accounts for the majority of the Menicon Group's Scope 3 emissions. We will continue to promote the dissemination of the “Sustainability Procurement Policy”, which will be formulated in FY2024, ask suppliers to cooperate in reducing emissions, and aim to reduce Category 1 emissions.

GHG emissions (Scope 3)

Subject scope: The Company + Five subsidiaries* (Thousand tons-CO₂)

| Scope/Category | FY2022 | FY2023 |
|---|--------|--------|
| Scope 3 (indirect emissions other than Scope 1 and 2) | 182.88 | 200.38 |
| Category 1 Purchased goods and services | 120.84 | 138.27 |
| Category 2 Capital goods | 35.34 | 28.74 |
| Category 3 Fuel- and energy-related activities not included in Scope 1 or 2 | 4.02 | 4.33 |
| Category 4 Upstream transportation and distribution | 7.52 | 10.49 |
| Category 5 Waste generated in operations | 0.41 | 0.48 |
| Category 6 Business travel | 1.86 | 4.12 |
| Category 7 Employee commuting | 1.10 | 1.14 |
| Category 11 Use of sold products | 1.46 | 1.37 |
| Category 12 Disposal of sold products | 10.34 | 11.44 |

* Categories 8, 9, 10, 13, 14, and 15 are out of scope
 * Five subsidiaries in the subject scope include, W.I. System Co., Ltd., Menicon Nect Co., Ltd., Menicon Singapore Pte. Ltd., Itabashi Trading Co., Ltd., and Itabashi Medical (Dalian) Co., Ltd.

Environmentally Friendly Products (Expansion of Environment-based Business)

In the environment-related businesses, enzymes and technologies produced by a new species of bacteria discovered during the lens care products development process are used in products that solve various environmental issues. Net sales in the environment-related businesses increased to reach 469 million yen in FY2023, growing to 102% year-on-year.

P.27 Healthcare and Life Care Business

Development of Upcycled Products “Wineloop Project”

Menicon has collaborated with Asahi You.Us, Ltd. to launch the “Wineloop Project” to upcycle the by-products generated during wine production. Using the grape pomace generated during the wine production process, we developed a recappable bottle, “My Bottle Wineloop in the Forest”, and a reusable cup, “Wineloop Tumbler”, which we began selling in limited quantities in February 2024. Through the activities of this project, we will promote efforts to effectively utilize various unused resources.



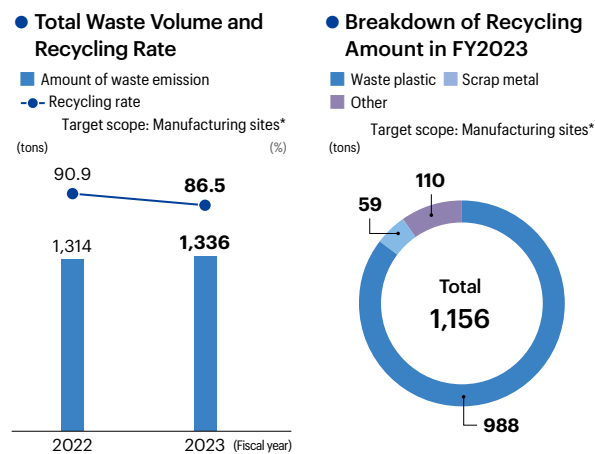
Reducing Impact on the Global Environment

Sustainable Resource Consumption

Proper Management of Waste

As an initiative based on the Menicon Declaration on Environment, the Group has set the goal of “reducing the impact on the environment through management efforts”.

The waste generated in the Group’s plants is managed and disposed of appropriately in accordance with the laws and regulations of each country and the Menicon Declaration on Environment. Reducing waste and improving the recycling rate requires efforts to address waste plastic, which accounts for approximately 74% of total waste emissions. Therefore, we are focusing on resource circularity of waste plastic.



* Menicon Co., Ltd., Menicon Nect Co., Ltd., Alpha Corporation, Menicon SAS, Menicon Pharma SAS, Menicon Limited, Menicon Singapore Pte. Ltd., Menicon B.V., SOLEKO S.p.A., Wenzhou FocusSee Vision Care Technologies Co., Ltd.

Plastic Resource Circularity

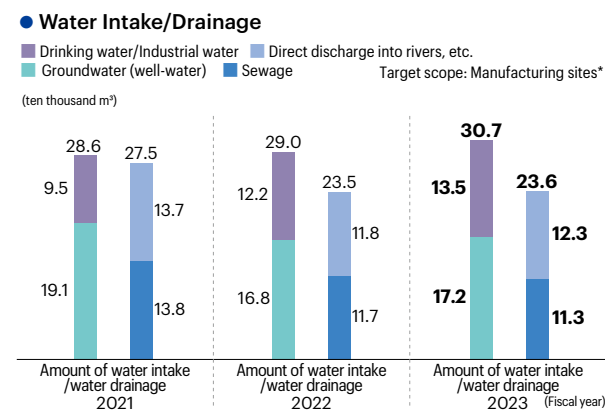
In recent years, ratio of disposable contact lenses has increased, and with it, the amount of plastic used in manufacturing and distribution has increased significantly. We have been continuously working to reuse waste plastic from each plant, and the amount of waste plastic discharged in FY2023 was 97.6% compared to the previous year. In addition to our ongoing efforts, we have participated in the third Cross-ministerial Strategic Innovation Promotion Program (SIP) “Building a Circular Economy System”, and have begun joint research with Tohoku University on plastic resource circularity to solve the social issue of waste plastic. As a basis for joint research, we opened the “Menicon x Tohoku University Menicon Future Device Laboratory” in April 2024 to promote research activities.

P.31 TOPIC Menicon x Tohoku University Menicon Future Device Laboratory

Safety of Water Resources

We use a lot of water resources in the manufacturing process for contact lenses. As contact lenses are highly controlled medical devices, water used in the manufacturing process cannot be reused, and waste water resulting from the process is responsibly drained in accordance with government standards.

The Kakamigahara Plant, established in 2015, has adopted a pure water production device that can save 50% more water compared to the conventional system. At the Seki Plant, we utilize some of the water discharged during the production process of soft contact lenses, as waste water for toilets in the plant.



* Menicon Co., Ltd., Menicon Nect Co., Ltd., Alpha Corporation, Menicon SAS, Menicon Pharma SAS, Menicon Limited, Menicon Singapore Pte. Ltd., Menicon B.V., SOLEKO S.p.A., Wenzhou FocusSee Vision Care Technologies Co., Ltd. (exclude the amount of water intake)

Management of Toxic Substances

We have set routine examinations and discharge standards for toxic substances, and specialists examine the water quality every two months. Moreover, we have entered into a Pollution Prevention Agreement with Seki City, where the Seki Plant is located, and Sakahogi Town, where Kiso River, which the water is drained into, flows, and they have confirmed that it is complying with the standards based on the agreement.

With regard to atmospheric emissions, we transitioned from fuel oil boilers to gas boilers (which do not qualify as smoke facilities) in 2014, and it is not subject to the Pollution Prevention Agreement.

Contributing to a Happy Society

Our Mindset

- Aim to contribute to a happy society for all people, including citizens we do not directly approach in business activities, in addition to stakeholders like clients
- Looking towards maximizing effects, assertively promote collaboration with organizations of other fields (including companies, local governments, NPO/NGOs, educational institutions, etc.).

Initiative theme for materiality

- Revitalizing local communities
- Promoting arts, culture, and sports

Local Community Involvement

Under our policy to make “contributing to a happy society” one of our materiality, the Group will make efforts to solve social issues through establishing four focus areas: 1) The arts and culture, 2) Sports, 3) Local communities, and 4) Education. Additionally, through efforts to solve social issues, we will lead to the growth of employees (gain broad perspective and a bird's eye view, Originality/Creation/Challenge, curiosity, and compassion).

Revitalization of Areas Around Headquarters

We moved our headquarters to the Aoi district of Nagoya City more than 40 years ago. With an aim of revitalizing the area around our headquarters, in FY2023 we held the “Miru Park”. This is an experiential educational exhibition at our headquarters to convey the knowledge and importance of eyes and held a simplified version at the Nagoya Festival Higashi, a ward festival in Higashi, Nagoya. We also planned and held the “Retro 1-Day Jidokan”, where elderly people and children enjoy nostalgia while playing retro games, and the “Community Exchange Concert ~ Machinaka Melody ♪ ~”, which was attended by people of all ages living in the neighborhood, to build communication among local residents.



Community Exchange Concert ~ Machinaka Melody ♪ ~

Menicon Cup

We wanted to convey “the wonder of seeing” through the sport of soccer, which is considered to be “fought

with sharp eyesight”, and to do this, we have specially sponsored the “Menicon Cup Japan Club Youth Soccer East-West Competition (U-15)” since 1995. In 2023, the 29th tournament was held at Paloma Mizuho Rugby Stadium and attracted approximately 4,700 spectators, with many more watching via live streaming. Many of the Menicon staff supported the tournament as volunteers. Yoshito Okubo also took part as a special guest in a junior soccer school for elementary school students held before the match, drawing loud cheers from the crowd. Events were held at the venue for the first time in four years, including the “Sports Vision Experience”, which measured eye-hand coordination, and the “Miru Park (Menicon Cup version)”, where children could experience how vision works, attracting over 100 children who had fun while learning about the importance of “Miru”.



Menicon Cup 2023

Menicon Theater Aoi Opening Performance

We hold the “Menicon Super Concert” to allow people to experience the “wonderfulness of seeing”, the realism of the hall, and the dynamism of the conductor live, and to enjoy the sights and sounds. Since 2013, the Company has been performing various versions of “Ashita no Hitomi (Tomorrow's Eyes)”, the first original opera written by Akira Miyagawa, based on the life story of the Company's founder, Kyoichi Tanaka, all around the country. In FY2023, we welcomed Akira Miyagawa to present the opening performance of Menicon Theater Aoi, which opened in the west building of our headquarters, for four days with all seats reserved for invited guests.

Building a Corporate Infrastructure That Will Last 100 Years

Our Mindset

In order to achieve the sustainable management that the Group is aiming for, it is necessary to strengthen the corporate infrastructure. We aim to achieve a sustainable corporate infrastructure by pursuing customer safety, security, and trust, creating a comfortable working environment for employees, developing human resources, strengthening relationships with business partners, and holding human rights in high regard.

Safe and Secure Quality Control

Quality Policy, Safety Philosophy Charter

The Group has established the “Safety Philosophy Charter” to place customer safety as the top priority. Additionally, in order to continuously maintain and improve the Quality Management System (quality MS), we have defined quality policies appropriate to each of the Group companies responsible for major production processes.

Quality Policy, Safety Philosophy Charter
<https://www.menicon.co.jp/company/philosophy/safety/> (In Japanese only)

Initiative theme for materiality

- Pursuit of customer safety, security, and trust
- Thorough quality management

Quality Management of Products

Quality Management System

The Company and the group companies responsible for major production processes have acquired the international certification of standards for the quality MS of medical devices, the ISO 13485/EN ISO 13485. Each company has constructed its own quality management system. Additionally, the Quality Assurance Dept. conducts annual quality audits to ensure thorough supervision of the quality assurance system. Management reviews are held by executive members twice a year to ensure that the quality MS remains appropriate, reasonable, and effective. Through the reviews, we evaluate the status of quality MS operation through quality audits, continuously evaluate products based on customer feedback and risk management, as well as assess the need for quality MS changes, and strive to continuously improve our quality MS. Also, in order to maintain and improve the quality of products, quality assurance members from each company meet regularly to hold international quality assurance meetings.

Certification Acquisition Status

Obtained by three domestic and seven overseas companies, ISO 13485 is a quality MS standard based on ISO 9001 with additional requirements specific to medical devices. In addition to acquiring the CE marking required

for sales of medical devices in Europe, the Company has acquired MDSAP certification, which proves that we comply with regulatory requirements in the medical device market in five countries including the United States. Thanks to these certifications, we are able to sell our products in many countries around the world, including in Europe and the United States. We have also worked to respond immediately to Europe’s Medical Device Regulation (MDR), which was reinforced from the former standard of “directive” to “regulation,” and have completed the transition of application products to MDR certification.

The Group’s Acquisition Status of ISO 13845/EN ISO 13485

| | |
|----------|---|
| Japan | Menicon Co., Ltd. Headquarters*1 *2 Menicon Nect Co., Ltd. Alpha Corporation Co., Ltd. |
| Overseas | Menicon B.V.*2 (Netherlands) Menicon SAS (France) Menicon Pharma SAS*2 (France) Menicon Limited*2 (UK) SOLEKO S.p.A.*2 (Italy) Menicon Singapore Pte. Ltd. (Singapore) Wenzhou FocuSee Vision Care Technologies Co., Ltd. (China) |

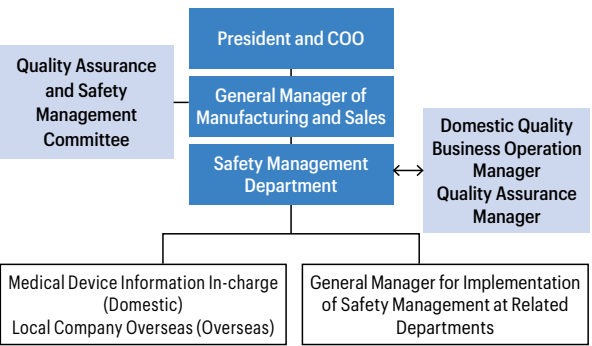
*1 Acquired MDSAP *2 Acquired CE mark certification

Product Safety Management System

The Group has established a safety management system to ensure that customers can use our products

with peace of mind. The Quality Assurance and Safety Management Committee, chaired by President and COO and consisting of executive officers and the head of the Quality Assurance Dept., deliberates on materiality related to quality assurance and safety management. We have appointed a General Manager for Implementation of Safety Management within necessary departments such as development, pharmaceuticals, and sales to conduct post-marketing safety management operations. We are also constructing safety management structures that can swiftly communicate information overseas, as well.

Safety Management Structure Diagram (Headquarters)



Product Safety and Quality Risk Management

Products manufactured within the Group undergo inspections to test their quality and safety based on the quality MS and standards. We also conduct annual reviews of product safety and quality risks based on evaluations/analysis of quality-related information of each product, such as quality of materials, quality inspections, and complaints from customers. Additionally, in the event of serious health hazards, the Quality Assurance Dept. will respond swiftly to direct related departments and arrive at a plan to review/reduce risks. We strive to ensure initiatives to maintain and improve our product safety/quality.

R&D

Our Mindset

R&D activities within the Group are conducted under the following basic policies: 1) Develop trustworthy products with safety as the top priority, and 2) Develop original products ahead of the curve as a creative development company.

Initiative theme for materiality

- Strengthening R&D infrastructure and functions

Training Related to Quality and Product Safety

The Safety Philosophy Charter and Quality Policy are thoroughly communicated to all employees by distributing the “Menicon Brand Statement Card” to employees and posting the same documents at business locations. Moreover, we have a system in place to ensure that training on the management plan, including the quality policy, is provided once a year in all company departments and communicated to all employees. In addition, to ensure a solid product safety management system, we educate key departments related to quality MS on national product safety regulations and internal procedures. In addition to introductory education, we continue to provide education at least once a year to raise awareness of product safety.

Preventive Measures for Major Defects and Response When a Major Defect Occurs

The Group strives to prevent defects through product safety and quality risk management activities. In an unlikely event that a major product defect occurs, we have a system under which, prompt and appropriate measures are taken under the leadership of the Quality Assurance Dept. head according to the laws and administrative guidance. No serious defects have occurred in FY2023. If any serious health hazard occurs, we report it to the relevant authorities in accordance with the laws and regulations of each country.

Response when a major product defect occurs

- Reporting to relevant authorities based on laws and regulations
- Disclosure of information to customers (website, direct mail, telephone, etc.)
- Voluntary recall
- Cause analysis and recurrence prevention measures

Building a Corporate Infrastructure That Will Last 100 Years

R&D Fields

The Group has continuously developed unique contact lenses unlike any other, in pursuit of safety and comfort while attending to the needs of customers.

Menicon's R&D bring together a wide range of expertise and technologies, including material sciences, optics technologies, and manufacturing processes. We are constantly working to improve the performance of contact lenses, including comfort, vision correction effect, and bio-compatibility.

| Main R&D Areas | Initiative |
|---|---|
| Improve performance of contact lenses | <ul style="list-style-type: none">Improvement of comfort, myopia correction effects, and adaptability through technology and special knowledge in areas such as material sciences, optics technologies, and manufacturing processesDevelopment of next-gen contact lenses with new added value, such as Smart Contact lenses |
| Construct more efficient mass production structures | <ul style="list-style-type: none">Design and development of molds and linesDevelopment of a lineup of various Ortho-K productsDevelopment of specialized care products with excellent disinfecting and cleaning effects |
| Slowing the progression of myopia | <ul style="list-style-type: none">Clarify effects and evidence of Ortho-K lenses in collaboration with medical institutions |
| Development with a focus on sustainability | <ul style="list-style-type: none">Develop environmentally friendly materials and casesImplement energy-saving manufacturing processesMenicon Future Device Laboratory |

R&D System

The Group conducts R&D mainly at the R&D Center for contact lens materials, the Techno Station for production technologies, and the Clinical Laboratory for evaluation of the validity of products and its safety in relation to eyes. We collaborate closely among production technologies and manufacturing to achieve an in-house R&D structure that handles everything from original materials to manufacturing methods. We also gather specialists of various fields to each location to conduct strategic management of intellectual property together with R&D.

Fundamental Research

In order to deepen scientific understanding of the materials, optics, and safety of contact lenses, we conduct fundamental research on diverse and various fields such as chemistry, optics, and biology. We also further develop existing technologies through collaborations with external research institutes both in Japan and overseas. With the Clinical Laboratory at

the center, we conduct research on areas such as the health of eyes and reaction between lenses and eyes to obtain new knowledge that leads to the improvement of comfort and vision correction. Results of our fundamental research are utilized in our high-quality and revolutionary product development.

Product R&D

In product R&D, we verify how to process and develop products using new materials tested and synthesized within fundamental research. Especially in order to achieve our largest task of mass production, we continue to collaborate with the manufacturing department with trial and error. Prototype lenses undergo safety evaluations and are then clinically evaluated at university hospitals and medical institutions. Evaluation results are immediately reported to the research and manufacturing departments to incorporate into creating even more improved products.

Joint Research

Menicon collaborates with external research institutes and university medical schools to incorporate the latest scientific knowledge and specialized knowledge while strengthening the development of new products and technologies. Instead of just utilizing the data and experience we have accumulated in-house, we have started collaborating with several external research institutes in the hope of broadening the scope of our research and producing more innovative results through partnerships with more specialized external institutes.

| Main Joint Research Areas | Contents |
|--|--|
| Mechanisms, etc. related to myopia and its management | Endowed Course on suppression of myopia control in MiRAI, Ophthalmology Clinic of Aichi Medical University |
| | Myopia Specialist Centre in Camden Medical Centre, Singapore |
| Vision correction for irregular astigmatism, such as Keratoconus | MISC: Menicon International Specialty Lens Research Center |
| Innovative medical devices | Endowed Chair in Advanced Device Medicine in Center for Advanced Medical Innovation, Graduate School of Medicine, Osaka University |
| Next-generation medical devices | Menicon R&D Innovation Center, Medical Research Foundation, University of Geneva |
| Designing next-generation contact lens materials and establishing environmentally friendly contact lens distribution | Menicon x Tohoku University Menicon Future Device Laboratory |

P.31 TOPIC Menicon x Tohoku University Menicon Future Device Laboratory

Intellectual Property

Our Mindset

In line with these Milestone 2027 and R&D policies that emphasize the creation of intellectual property, we will keep strengthening our intellectual property capabilities and intellectual property strategy to support our robust technologies and products, and maximize our corporate value through the active creation and utilization of intellectual property to contribute to the resolution of social issues.

Three Pillars of Intellectual Property Strategy

Our intellectual property strategy consists of three pillars; 1 building a foundation for business expansion, 2 cultivating an environment where intellectual property can be generated, and 3 promoting innovation. The KPIs for FY2028 are set at approximately 600 patents held and an inventor ratio of 40%.

P.30 Intellectual Property

1 Building a Foundation for Business Expansion

We are expanding our business to achieve Milestone 2027 with our priority areas (1DAY-lens, Ortho-K, and lens care products) as the growth drivers. Therefore, we will focus our resources on creating intellectual property in these fields. With the anticipated growth of the global 1DAY-lens market, which is likely to drive the growth of the overall contact lenses market, we have been proactively investing in intellectual capital for a while, and will continue to focus on intellectual property creation and expansion of our production facilities. Ortho-K and lens care products fields, particularly in the fast-growing Chinese market, are experiencing rapid changes in the business environment due to new competitors and changes in the tax and legal systems peculiar to China. We have established a system and operations to ensure prompt intellectual property response, and we are also strengthening our intellectual property applications and measures against counterfeit products.

1DAY-lens

Contact lens materials, business models, packaging technologies, and production technologies has been deemed as our future technological advantage and we intend to focus our intellectual property resources on them.

In the early 2000s, several companies created a large number of intellectual properties related to contact lens materials functioning as differentiating technologies. In recent years, using technology of contact lens materials alone to make unique products has become a challenge, and the technological trend has shifted to the ones that add value to materials and packaging, which is expected to continue in the future.

- Contact lens materials:** We have become industry leader with the introduction of silicone hydrogel lenses "2WEEK Menicon PremiO" in 2008 and "1DAY Menicon PremiO" in 2016, and their versions for astigmatism and bifocal vision. We have recently developed a number of elemental technologies, which we expect to become our technological strength, enabling to further enhance our presence in the future.
- The business model:** MELS Plan is our true technological strength and the backbone of the vision care business. We have been striving to acquire patents on MELS Plan ahead of other companies to protect this business model, and we expect to expand our services and introduce new sales methods in the future to further secure the business model.
- Packaging technology:** "SMART TOUCH" has distinct characteristics as a unique packaging, and has already established itself as a leader. Hereafter, we intend to concentrate our intellectual property resources on packaging technology to further evolve and strengthen our advantage.
- Production Technology:** We are facing a challenge to reduce manufacturing costs and improve production efficiency at the moment. In response to that, we intend to make new inventions that will further enhance our capabilities and become the source of our competitiveness.

Ortho-K and Lens Care Products

We believe that we already have superior technologies to our competitors in the Ortho-K field with our highly customized products and software-based prescription support, and in the lens care products field with our highly effective cleaning and disinfecting preservative solutions and protein removers. We are determined to create intellectual property by making more inventions to make our position unassailable in the future.

2 Cultivating an environment where intellectual property can be generated

We operate an enhanced invention reward system and appropriately reward inventors in order to execute our R&D policy of setting new product development and introduction goals, developing elemental technologies and integrating them with market needs from medium to long-term perspective,

Building a Corporate Infrastructure That Will Last 100 Years

improving production efficiency and reducing manufacturing costs. Training on intellectual property is provided to all IP personnel, including IP department members and researchers, through the most appropriate internal and external educational programs. We aim to raise the level of invention rewards and intellectual property education, and increase the ratio of inventors to researchers (inventor to worker ratio) to 40% in five years, thus improving our R&D capabilities.

Also, given the shift in business value in recent years from a “tangible perspective to an intangible perspective,” we are expanding the base of inventors to include researchers and members of non-development divisions such as the planning department, and promoting the creation of “intangible businesses” that solve customer and social issues.

③ Promoting innovation

Our management principle of “Creation, Originality, and Challenge” drives us to analyze the market and competition from an intellectual property perspective, research external partners, file intellectual property applications, and actively consider the possibility of applying our core technologies to other fields through research with external collaborators and partners, and advance innovation toward next-generation applications of Menicon’s core technologies and the calculation of business potential. An example of promoting

innovation with external partners is the development of next-generation smart contact lenses. We are focusing on creating synergies between our core technologies and our co-creation partners.

Honoring the intellectual property rights of other companies and eliminating infringing activities

We respect the intellectual property rights of other companies and consider issues related to their rights as critical matters that could undermine the competitiveness of our products. Specialized departments plan and execute intellectual property strategies such as preventing infringement of other companies’ patents, acquiring and transferring licenses, and carefully investigate other companies’ intellectual property rights. Upon identification of intellectual property that requires attention, we take action in liaison with the R&D and business divisions, and report the status of our approach to our senior executive officers for supervision and advice.

Further, we exercise our rights properly with respect to infringements of our group’s intellectual property rights by third parties. We believe that preventing imitation of our strategic products and technologies is the best way to contribute to solving social issues in a stable manner in the medium and long term.

Success Story

The contact lenses market is considered a mature market these days, and the creation of new value is sought after. Under such circumstances, research on the use of so-called smart contact lenses has become popular, for example, the use of contact lenses as electronic devices to switch focus and for various biological sensing, which cannot be realized with ordinary contact lenses.

We are currently collaborating with an American start-up company, Mojo Vision, to develop AR contact lenses. In the collaboration, we are developing materials and manufacturing processes that enable electronic components of any shape and material to be precisely positioned and fully embedded within the contact lenses, and focusing on making them safe for all types of applications.

(Related patents: WO2023/181408, PCT/JP2023/34761 (before application publication), PCT/JP2023/39112 (before application publication))



Theme Leader,
Core & Advanced Technology
Development Dept.
Hiroaki Suzuki



Design Development
Department
Yuki Hayashi

Human capital

Our Mindset

We are creating a corporate culture in which every employee can actively and fearlessly take on new challenges to create new value. Menicon will not only create an environment where individuals can work actively and be themselves but will also enhance its systems to support self-growth. We seek to create a future in which both people and companies can continue to grow by harnessing their diversity.

Initiative theme for materiality

- Diversity of human resources and human resource development
- Creating a comfortable working environment for employees and improving employee satisfaction and engagement

Human Resource Strategy

The Group has linked its Management Principles (values), Sustainability Policy and the basic approach to human resources, and has set the key points of our human resources strategy as “integration of diversity”, “optimization of human resources development”, and “reforms in organizational culture”. By promoting each of these key points, we aim to address our materiality of “building a corporate infrastructure that will last 100 years”.

From FY2024 onwards, we are considering reviewing our human resources strategy and revising our personnel management system in order to increase our corporate value in the medium to long term.

Key Points of Human Resource Strategy

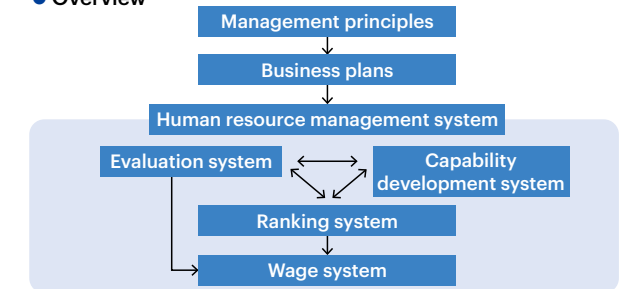
| Key Points | Policies |
|---------------------------------------|---|
| Integration of diversity | <ul style="list-style-type: none">• Strengthening employment competitiveness to acquire talent with diverse expertise and values• Building a multi-track system that enables our employees to realize career plans that match diverse values• Establishing a dynamic personnel allocation to generate new ideas |
| Optimizing human resource development | <ul style="list-style-type: none">• Optimizing hierarchical and selective training to support strategy promotion and securing next-generation management talent• Developing next-generation management talent candidates to enable them to compete in the global market |
| Reforming organizational culture | <ul style="list-style-type: none">• Reforming the evaluation, promotion, and reward system for talent who can embody our Management Principles• Activating cross-organizational communication by improving psychological safety• Maximizing performance by improving engagement |

Human Resource Management System

We have deployed the human resource management system business plans, which is grounded on the Management Principles. To enable a diverse range of human resources to thrive, we changed from a seniority-based system to a system in which ranking, wages, evaluation, and skills development systems are all linked in FY2012. Such a system has allowed us to boldly change job grades in line with the value of the job, while maintaining a stable portion of compensation.

We will continue to ensure that our personnel management system operates properly so that each employee can fully utilize their capabilities, and create an environment in which everyone is satisfied and can work positively to instill our values of “Originality/Creation/Challenge”, which is important to us. We will continue to work on improving our human resources system so as to support the creation of innovation and the promotion of strategies for globalization, to build new competitive advantages.

Overview



Fair Evaluations

We carry out evaluation through goal management conducted once every six months, and interviews are held with superiors to set goals, manage intermediate progress, and provide feedback. During the goal-setting interview, employees commit to strengthening their capabilities (skill improvement, qualification acquisition, etc.) within the year. Ability evaluations are conducted once a year, and the results of goal management and individual abilities are properly evaluated and reflected in wages. Results of the ability evaluations are appropriately conveyed back to the employee by the supervisor as feedback, and the tasks and expectations for the next term are clarified, leading to future growth. Evaluation standards and process are open to employees at all times in an effort to organize fair and transparent evaluations.

Human Resources Recruitment

Each fiscal year, the Group formulates a recruitment plan in line with its business plans and hires all positions without regard of nationality or gender. To acquire manufacturing technology and production talent for business expansion, we have expanded our one-day work experience program to communicate our strengths and appeal, leading to active recruitment. In addition to continuing to recruit international students from overseas universities to promote globalization, we have also strengthened our mid-career recruitment, and hope to create new value through human resources who have grown in a diverse organizational culture and have varied expertise. The mid-career recruitment ratio for FY2023 is 64.5%, higher than the ratio of new graduates.

Employee Success

Promotion of Female Employees

To create a company where women can fully demonstrate their individuality and capabilities, we have formulated and announced an action plan for

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the period from April 1, 2024 to March 31, 2028, in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace. Based on the action plan, we are strengthening the creation of a workplace environment where women can thrive.

Goals of Action Plan based on Act on Promotion of Women's Participation and Advancement in the Workplace

1. As of March 31, 2028, the ratio of female leaders (including store managers and section managers) to be 20.0% or more.
2. As of March 31, 2028, the paid leave acquisition rate to be 90% or more.

In FY2023, our female leaders ratio was 12.6%, and the paid leave acquisition rate was 81.8%.

[ESG Data \(Diversity/Employee Information\)](#)

Employment of People with Disabilities

While recruiting people with disabilities, we assign them with tasks that allow them to utilize their areas of expertise and create a rewarding work environment. As of June 1, 2023, the employment rate of people with disabilities was 2.41%, exceeding the statutory employment rate of 2.3% for FY2023.

Human Resource Development

Human Resource Development to Support Strategy Promotion

We have positioned “General training”, “Specialist Training”, and “Practical Training” as three core pillars of the human resource development. By providing these education programs in a focused and planned manner, we aim to develop the “initiative/autonomy” of each employee to think and act independently, and to enhance their “high level of expertise” to continue providing original and attractive products and services, leading to sustainable improvements in corporate value and the creation of a corporate foundation.

We will optimize our human resource development in light of changes in the external environment and strategic policies, as well as future predictions.

● Education and Training System Diagram

| Subject | Group Training | | | | | Personal Development | Training by Department | | OJT | E-learning | | | | | | |
|---------------------|---------------------------|-----------------------------|------------------------|--------------------|---|------------------------|--------------------------|--|-------------------------|------------------------------|---------------------------------|--------------------------------------|--------------------------------------|--|---------------------------------------|--|
| | Training by Job Rank | Training by Theme | | | | | Selective Training | | | | | | | | | |
| Managers | Training for new managers | Improvement of IT literacy* | Communication training | Marketing training | Training for understanding business structure | Career design training | Menicon Business College | Subsidies for distance learning expenses | Self-development grants | Training for sales employees | Training for research employees | Training for manufacturing employees | Daily work guidance in the workplace | Putting into practice what was learned in off-the-job training | Basic education as a Menicon employee | |
| Supervisors | | | | | | | | | | | | | | | | |
| Mid-level employees | | | | | | | | | | | | | | | | |
| Young employees | | | | | | | | | | | | | | | | Second year training for planning position |
| New employees | | | | | | | | | | | | | | | | New employee training |

*Started from 2024



Education and Training system

The Group is developing an education system to develop core and global talent that will improve our corporate value.

In FY2023, we reviewed the training participation standards for general training, allowing employees to take various training courses regardless of their rank or qualifications, and to take on the challenge regardless of age. We also widely recruited from domestic group companies, which helped us to improve the level of talent across the Group. From FY2024, we will take into consideration educational programs with the focus on promoting voluntary learning and developing IT talent, aiming to improve the IT literacy of each employee in order to promote digital transformation (DX).

14,206 hours of training in total, including general training, etc., was given in FY2023 with 8.2 hours given on average, 1.05 days on average at an investment of 59,311 yen per employee.

Management Talent Development

We conduct training to develop management talent at Menicon Business College (MBC) for selective training. The training is designed to develop a managerial perspective in the participating 10 employees selected from the domestic group through a selection test as future executive candidates over a six-month period. Instructors are invited from within as well as outside the Company, and participants learn a wide range of mindsets and skills. Internships are also conducted overseas, providing an opportunity to consider management from a global perspective. Eight people participated in the training in FY2023.

Health Management

Menicon Declaration on Health Management

As a company that respects people, we aim to enhance employee satisfaction by creating a rewarding work environment that enables employees to achieve their own goals. We consider the mental and physical health of our employees and aim to be a company where all employees want to continue working as a “family”.

Further Promotion of Health Management

The Company aims to be an outstanding company in terms of employee health. We intend to do this by increasing levels of employee satisfaction through a work environment where employees can achieve their goals with a sense of purpose, and by implementing initiatives that take into consideration the mental and physical well-being of our employees. We are focusing on the three following points to help improve the health of all our stakeholders, not only through initiatives within the Group, but also by actively communicating with the wider world.

1. Creation of work environment

We will aim to boost work productivity and employee satisfaction through organizing a comfortable work environment.

2. Promotion of health initiatives

We will work to understand the health status of employees and conduct necessary measures based on periodic employee satisfaction surveys, stress checks, etc.

3. Disclosing of information

We will widely spread the Group's knowledge on health risks such as smoking in the society.

Creation of Work Environment

Support for Work-life Balance

We provide an environment where all employees can work comfortably. We strive to reduce overtime work by establishing remote working, no-overtime days, and utilizing flex-time systems. We have also introduced various support systems for balancing work and career return systems. We review these systems as needed to make them easier to use. The acquisition rate of childcare leaves among men is on the rise as the systems are made more widely known. In FY2023, the acquisition rate of childcare leaves for domestic group employees was 100% among women and 55.7% among men. Moreover, at the Company, the average number of childcare leaves taken by male employees is 45.1 days.

● Revision of Main Systems for Work-life Balance Support

| Systems and Initiatives | Overview |
|---|--|
| Expansion of scope for acquisition of childcare leave | From FY2024, the scope of acquisition of childcare leave has been changed from up to preschool to up to elementary school graduation. Moreover, these leaves have been made available for events such as school entrance ceremonies and graduation ceremonies. |
| Expansion of scope for acquisition of nursing leave | Earlier, when using the nursing leave, it was necessary to prove that the family member required constant care. However, from FY2024, it will be available if the employee has family members aged 65 or older with only a medical certificate. |
| Launch of half-day leave under flex-time system | Earlier, under the flex-time system, half-day leave was not available. However, it has been made available from FY2024. |
| Introduction of Angel leave | This leave can be used for hospitalization or outpatient treatment in cases of infertility. |

[ESG Data \(Diversity/Employee Information\)](#)

Creative Work Environment

We are committed to improving work productivity and satisfaction by promoting creative working styles that make it easier for our employees to balance work and life, through consideration for the mental and physical health of our employees and promotion of communication between employees.

From FY2024, we have started operations of “Cachette Miru”, which aims to promote communication across departments and positions. “Cachette Miru” is an event where all participants make desserts and enjoy lunch in an environment different from their workplace. This event encourages mutual cooperation and a sense of unity, which leads to improved communication between departments. We have also started running “Business Trip Plus” business trips, which add holidays to domestic and international business trips with an aim to stimulate the five senses of our employees by experiencing culture such as music, theater, art, fine arts and technology at the destination.

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Health Promotion

Implementation of Regular Health Checkups

In addition to regular health checkups, we also provide gynecological examinations, abdominal ultrasound examinations, gastrointestinal examinations, and brain checkups for all our employees every year. Special health examinations are conducted twice a year for employees who use specific medications at our plants and laboratories, and the examination attendance rate continues to be 100%. The cost of these medical examinations is fully covered by the company. We encourage employees with health risks to visit medical institutions and also subsidize the cost of secondary examinations. In addition, the health insurance society subsidizes health checkup expenses not only for the insured person but also for their dependents.

Support for Mental Health

We conduct stress checkups for all employees every year, and the attendance rate in FY2023 was 95.5%. Employees who are found to be under high stress are recommended to have an individual consultation with a doctor. The results of the consultations are reviewed by an occupational health physician and are used to improve the work environment, etc. Employees who have taken a leave from work due to mental illness are supported in their return to work based on the “Return to Work Support Program”. Mental health training is provided to newly appointed managers to improve mental health literacy.

Establishment of a Consultation Service

We have set up an external consultation service and established a system for our employees that allows them to consult with outside counselors not only about their work but also about health, medical care, childcare, and nursing care by telephone, website, or in person.

Provision of Sanitary Products in Women's Restrooms

As a company that is developing the femtech brand “Luna rhythm”, we have provided sanitary products in women's restrooms at our head office (main building, west building, and north building) from FY2024 to promote femtech femcare and improve the ease of work for women. We are also preparing to provide these products at our Research and Development Center as well.

Information Disclosure

There are various known effects of smoking on the body, and eye diseases are no exception. As a company involved in eye care, we are committed to promoting non-smoking campaigns and disseminating information on the health management we have developed to maintain and promote the health of our employees, customers, and all other stakeholders.

Promotion of Non-smoking

We are promoting a non-smoking campaign together with our employees, business partners, and local communities. In addition to a “complete smoking ban within the company”, we also encourage “smoking cessation during the time covered under the workmen's accident compensation insurance”, and encourage business partners and suppliers to abstain from smoking at least one hour before coming to the company as a measure against “third-hand smoke”. We also conduct “clean-up activities” around our head office and facility on the 22nd of each month to encourage smoking cessation and promote communication with local residents.

Certified Health and Productivity Management Organization 2024

The company has worked to improve work productivity and satisfaction by developing a workplace environment that promotes employees mental and physical health and communication, and has been certified as an “2024 Health and Productivity Management Organization”.



Employee Engagement

Employee Engagement Survey

Once a year, we conduct an engagement survey of our employees, including contract employees. The survey is conducted from two perspectives: work engagement, which measures positive attitudes toward work, and employee engagement, which measures attachment to and trust in the company.

FY2023 Employee Engagement Survey

Target: Full-time employees, special employees, contract employees, and part-time employees of the Company
Survey results*: Work engagement: 50.8 (50.5)
Employee engagement: 48.8 (49.1)

*Figures are expressed as deviation values, and the figures in parentheses () represent the previous year's figures

Labor-Management Relations

The Company has a labor union of employees (Menicon Labor Union), and the membership rate is 100%, excluding some employees such as managers, contract employees, and regular employees in certain departments.

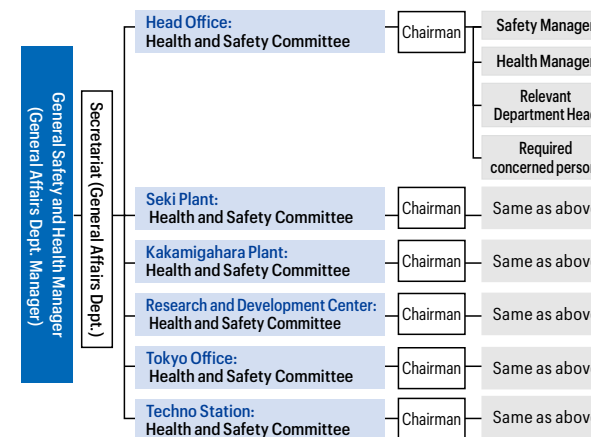
Since the signing of the labor agreement, the Company and the Menicon Labor Union have maintained a sound relationship based on mutual trust between labor and management. It is our policy to disclose as much information as possible to the union and to deal with them in good faith.

Occupational Health and Safety

Health and Safety Management System

Since the safety risks vary from site to site, each site takes the initiative in setting its own policies and targets for safety and health management. The General Safety and Health Manager checks the progress of goals and initiatives at each site and reports to management. The management monitors and checks whether the goals and initiatives are implemented effectively.

Health and Safety Management System Chart



Policies, Targets, and Results

To ensure that all employees can work safely, the Group has established policies and targets at each plant and research center to create a workplace environment free

from occupational accidents.

At other sites, including the head office, we have set the basic policy of “ensuring the safety and health of employees in the workplace and promoting the creation of a comfortable work environment”, and in FY2023 we achieved our goals of zero cases of accidents resulting in lost work time and 100% of employees receiving regular health checkups.

Research and Development Center

Basic policy: To actively promote safety and health activities and establish a safe and healthy work environment
Purpose: To make sure that there are no occupational accidents. To maintain a safe working environment

Result in FY2023

0 accidents resulting in lost work time, 2 accidents that did not require any time off from work

Seki Plant, Kakamigahara Plant, Techno Station

Basic policy: Facilitate the promotion of safety measures to prevent occupational accidents and health problems before they occur.
Target: (1) 0 cases of accidents resulting in lost work time (2) 0 incidents of occupational diseases (3) Regular health checkups 100% (4) Completion of improvements of safety patrol instructions within one month

Result in FY2023

(1) 0 accidents resulting in lost work time and 6 accidents that did not require time off from work (2) 2 incidences of occupational diseases (3) Regular health checkup 100% (4) Improvement of items identified as potential risks by safety patrols within one month and completion of implementation


ESG Data (Health and Safety)

Supply Chain Management

Our Mindset

To continue to provide the world with products and services that benefit society, the Menicon Group has established a Sustainable Procurement Policy. We share the details of the policy with our business partners to build fair and equitable business relationships and contribute to the realization of a sustainable society.

Sustainable Procurement Policy

 <https://www.menicon.com/corporate/aboutus/policy>

Initiative themes for Materiality

- Promoting sustainable procurement

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Management System

In line with the quality management system, a procedure manual for procurement and purchasing has been prepared, and operational management is carried out according to this manual.

Business partners are classified into six categories according to the nature of transactions and managed accordingly. For business partners with whom we have ongoing transactions, the Procurement Dept. requests the Purchasing Department to evaluate the business partner, and the Procurement Dept. determines once a year whether to continue doing business with the business partner.

Raw materials are procured mainly from domestic trading companies or manufacturers. We strive to ensure stable procurement of key raw materials, in particular, by providing forecasts. The procurement of raw materials by overseas subsidiaries is managed independently by each subsidiary, and the delivery date and quality of purchased products are managed by each purchasing department.

In terms of organization, we have established a Supply Chain Management Department and set up a system for the integrated management of everything from the procurement of materials for manufacturing to product logistics. This will ensure stable procurement, stable production, and stable sales. In the future, we aim to establish an inter-group procurement system to achieve joint procurement, role-sharing, and other forms of synergies among overseas manufacturing bases.

Sustainable Procurement Guidelines

In line with our “Sustainable Procurement Policy”, we established the “Sustainability Procurement Guidelines”, which outlines the requirements we expect our suppliers to follow from September 2024. We will advance our initiatives based on these guidelines to strengthen sustainability throughout the supply chain.

Supply Chain Risk Management

We conduct regular on-site inspections of important suppliers to ensure quality. We conducted interviews in FY2022 and confirmed that there are no problems regarding silicon metal suppliers that are assumed to have high human rights and environmental risks. In FY2024, based on the “Sustainability Procurement Guidelines” to be formulated, we plan to request the Group companies and suppliers to reduce risks related to human rights, environmental risks, corporate governance, legal compliance, respect for international norms, ensuring quality and safety, and information management in the supply chain, while also screening suppliers involved in the manufacturing, materials, and other aspects of our products for these items. As a result, we will conduct

interviews from FY2024 for suppliers deemed to be high-risk and determine solutions while cooperating with them.

Concerning human rights, in addition to screening, we will require all suppliers to comply with anti-corruption measures and pay fair wages in line with our “Sustainable Procurement Guidelines”.

When starting new business dealings, we check factors such as quality, financial status, and legal compliance as necessary and determine whether to initiate business dealings.

Strengthening BCP in Procurement

We are strengthening relationships with raw material suppliers and other dealers to ensure stable delivery of products to our customers. In procurement of raw materials, we are preparing for emergencies by procuring from multiple suppliers. In addition, we are working to establish a system that allows us to manufacture at other plants and we are asking suppliers to increase their stockpiles if we are unable to secure a second supplier. Furthermore, we are strengthening our BCP by introducing a system that automatically contacts suppliers in the event of a disaster in Japan and asks them to report the situation back to us.

P64 Business Continuity Plan (BCP)

Implementation of Trainings and Seminars

In line with the purchasing organization chart, we provide purchasing manager training once a year for purchasing managers. The training is designed to help employees understand the purpose, roles, and responsibilities of purchasing activities, to convey the essence of purchasing rules, and to ensure that these rules are thoroughly understood.

Collaboration with Suppliers

MenioClub

Since FY2013, we have been holding meetings of “MenioClub” once a year with the participation of major suppliers. It serves as a forum for our executive officers and suppliers to actively exchange ideas, helping to stimulate the industry as a whole. We shared our revised “Sustainable Procurement Policy” when the meeting was held in FY2023.

In addition, top management visits important suppliers to exchange opinions so that we can build a mutually cooperative system for stable procurement.

Technical Meetings

Technical meetings are held about three times a year between our technical department and business partners to deepen mutual understanding with the suppliers of some key raw materials. Three parties, the Company, trading company, and manufacturer, attend the meeting to discuss the quality of new products that we are aiming for trade.

Respect for Human Rights

Our Mindset

The Menicon Group's human rights policy is based on the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights, and does not tolerate discrimination based on race, religion, age, sexual orientation, nationality, or disability.

Menicon Group Human Rights Policy

 <https://www.menicon.com/corporate/aboutus/policy>

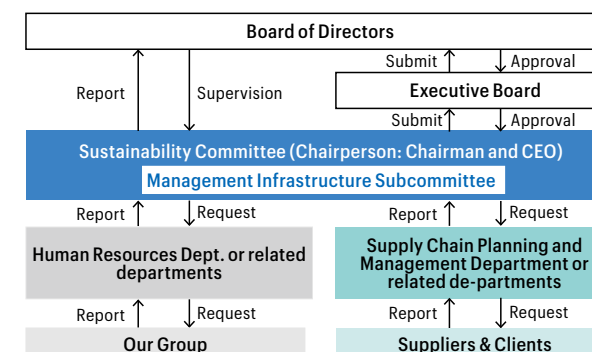
Initiative themes for Materiality

- Respect for human rights

System Chart

The promotion of respect for human rights is led by the Management Foundation Subcommittee, which brings together related departments including the Sustainability Committee Office, the Human Resources Dept., and the Supply Chain Planning and Management Department, and regularly formulates strategies, checks progress, reports the progress to the Sustainability Committee, and reports to the Board of Directors as necessary. Issues that will have a significant impact on management will be approved by the Executive Board and the Board of Directors and then addressed.

● System Chart



Human Rights Due Diligence

The Menicon Group launched its human rights due diligence initiatives in FY2022. In FY2022, following the procedures of (1) Commitment, (2) Assessment, (3) Remediation and Relief, and (4) Reporting and In-formation Disclosure, we formulated a human rights policy as a commitment, and in FY2023, as an assessment, we conducted human rights risk mapping by identifying and evaluating specific human rights risks in the business operations of each department of our company. In FY2024, we will expand the scope of the survey

to include overseas employees and strive to understand global human rights risk mapping, take measures to reduce issues identified in the human rights risk survey as a form of remediation and relief, and disclose information regularly.

P55 Supply Chain Risk Management

Establishment of a Contact Point

The Group has introduced a whistle-blowing system that allows whistleblowers to report matters concerning human rights violations as well as matters concerning compliance violations. When reporting, whistleblowers will not suffer any disadvantage. In FY2023, there were 9 reports of human rights violations, which were properly investigated and handled.

P62 Whistleblowing System

Human Rights Education

The Group plans to provide all employees with opportunities to understand the human rights policy and explain the importance of human rights to disseminate the “Menicon Group Human Rights Policy” and raise awareness of human rights, as well as to improve human rights education within compliance training. To ensure that every employee views human rights as a familiar issue, the Group as a whole holds regular training sessions to encourage them to act in their own way.

● Human rights training conducted in FY2023

| Subject | Themes and key content | Target scope: Non-consolidated | |
|---------------|------------------------------------|--------------------------------|------------------------|
| | | Frequency (times) | Participation rate (%) |
| All employees | Compliance training (human rights) | 1 | 100 |
| New managers | New manager training (Harassment) | 1 | 100 |
| New employees | New employee training (Harassment) | 1 | 100 |
| Applicants | Career design training | 1 | 100 |


Governance

Corporate Governance

Basic Policies Concerning Corporate Governance

One of our basic policies is to carry out our corporate activities with the aim of being a company that is respected and loved by all stakeholders, including shareholders, investors, customers, and employees. To achieve this, we will implement various measures to enhance good corporate governance by positioning sound corporate management that is fair, transparent, and trusted by stakeholders as a materiality.

Basic Policies Concerning Corporate Governance (Full Document)

 <https://www.menicon.co.jp/company/images/ir/governance/governance.pdf> (In Japanese only)

Summary of Corporate Governance System

Menicon is a company with a nomination committee. The Board of Directors delegates decision-making authority for business execution to executive officers, except for matters that are legally subject to the sole discretion of the Board of Directors, dedicating itself to the function of overseeing management and business operations. Our management and execution system consists of nine directors (including six independent outside directors) and seven executive officers (including one concurrent director) (as of June 26, 2024). Outside directors supervise and provide advice on the management practiced by executive officers from an objective, big-picture point of view that aims to enhance the corporate value of the company.

The supervision structure for business execution and management is such that the Board of Directors, which is composed of the directors elected in a general meeting of shareholders, supervises major decision-making processes, oversees the execution of professional duties of the executive officers, and monitors business operations. The executive officers appointed by the Board of Directors execute business

promptly and efficiently with their enhanced authority on each of their respective operations.

To ensure independence, the members of each committee (Nomination Committee, Remuneration Committee, Audit Committee) are selected by the Board of Directors, and the majority of the members are outside directors. In addition, no executive officer, operating officer, employee, or executive director of the Company or any of its subsidiaries may concurrently serve on the Nomination Committee and Remuneration Committee, and on the Audit Committee or as a director executing the processes of the Company or any of its subsidiaries.

Corporate Governance Report

 <https://contents.xj-storage.jp/xcontents/AS08353/863df768/82db/482b/b4c8/aa35bd6bc9e3/140120240625536744.pdf>

Board of Directors

Matters stipulated by law and other important matters related to Group business are deliberated and decided upon in accordance with the rules of the Board of Directors. The Board regularly receives reports on the status of business execution from executive officers and supervises the execution of duties.

Nomination Committee

The committee decides proposals for the general meeting of shareholders regarding the appointment and dismissal of directors. The Committee also has the authority to formulate proposals for the appointment and dismissal of executive officers and submit them to the Board of Directors, and based on these, determines the basic policies necessary for the execution of duties, and establishes or amends operating rules and procedures. Directors and executive officers are selected from the perspective of increasing the company's social value and improving corporate governance, taking into

account their abilities and experience with regard to the role. Independent outside directors are selected in accordance with the independence standards stipulated by financial instruments exchanges, and following resolution at the Nomination Committee, appointment proposals are passed by the Board of Directors and then submitted at the general meeting of shareholders.

Remuneration Committee

The Committee is responsible for determining the remuneration system and amount for Directors and Executive Officers. In determining remuneration, we aim to improve corporate governance by maintaining rationality and transparency, and we set appropriate standards after considering the business environment, business performance, and the standards of other companies.

Details of Officers' Remuneration (Annual Securities Report P.101-102)

 <https://contents.xj-storage.jp/xcontents/AS08353/67ebe460/a0c1/42ad/be0c/343b1b598ca3/S100TV5Q.pdf> (In Japanese only)

Audit Committee

The Committee implements matters related to basic audit policy, implementation plan and method of auditing, division of duties among committee members, matters concerning the appointment, dismissal, and reappointment of accounting auditors to be submitted to the general meeting of shareholders, matters related to the remuneration of the accounting auditor, and audit report. In order to enhance the audit function, the Audit Committee, the auditor, and the Internal Audit Dept., which is an independent and dedicated organization under the direct control of the Representative Executive Officer, hold a three-pronged audit liaison meeting once every quarter to discuss and exchange information and opinions.

Composition of meetings and committees in FY2023

| | | Board of Directors | Nomination Committee | Remuneration Committee | Audit Committee |
|---|--------------------|--------------------|----------------------|------------------------|-----------------|
| | Times held | 17 | 8 | 7 | 13 |
| | Attendance rate | 100% | 100% | 100% | 100% |
| Directors | Hiddenari Tanaka | ○ | | | |
| | Yoshiyuki Takino | ◎ | ○ | | ○ |
| | Hisashi Moriyama | ○ | | ○ | ◎ |
| | Yoshimi Horinishi | ○ | | ◎ | ○ |
| | Shingo Watanabe | ○ | | | ○ |
| Outside Directors (Independent Directors) | Yozo Miyake | ○ | | | ○ |
| | Ryutaro Honda | ○ | ◎ | ○ | |
| | Katsuhiko Yanagawa | ○ | ○ | | ○ |
| | Kazushige Takehana | ○ | | | ○ |

*◎...Chairperson/Committee Chair

Executive Training

We provide outside directors with opportunities to deepen their understanding, such as by sharing information about the issues unique to our company at meetings of the Board of Directors, and by holding briefing sessions to understand the actual state of the Group. We held three study sessions for directors and executive officers in FY2023. In addition, new information on laws, regulations, and governance was shared with directors and executive officers as appropriate, and external seminars on selected themes were introduced.

Evaluation of the Effectiveness of the Board of Directors

We get each director to perform a self-evaluation every year and based on that, we evaluate the effectiveness of the Board of Directors and each committee. In FY2023, we again examined each director regarding the overall effectiveness of the Board of Directors. As a result of the analysis and evaluation, no issues of importance were identified and the Board of Directors was given an assessment that it is generally operating in an effective manner. We will continue to work on any future issues identified from this evaluation to further ensure the effectiveness of the Board of Directors.

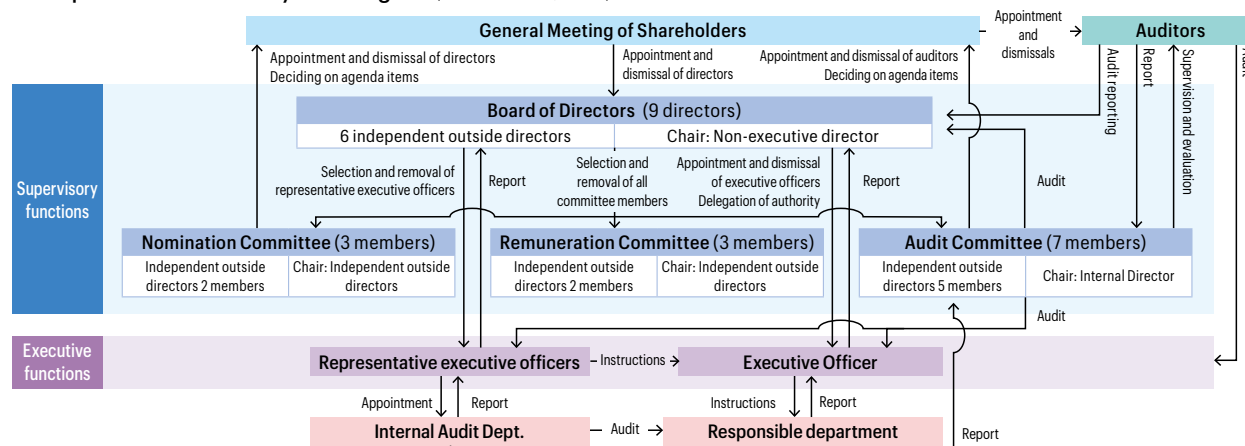
Overview of Effectiveness Evaluation

| Subjects and respondents | All 9 directors responded |
|-----------------------------|---|
| Survey method and frequency | Questionnaire format conducted once a year |
| Main evaluation items | Composition, operation, and structure of the Board of Directors, discussions at the Board of Directors, monitoring, committee operations, dealing with stakeholders (investors and shareholders), degree of own contribution, overall evaluation |
| Analysis and evaluation | The results of the questionnaire (average score) were generally positive, and as a result of the discussions at the Board of Directors, the Board of Directors was judged to be generally operating in an effective manner, concluding that the effectiveness of the Board of Directors was ensured. In the meantime, we have discussed the comments made by the directors on each item and recognized that there are issues that need to be addressed on an ongoing basis. |

Issues and Policies

| Issues | Policies |
|--|---|
| Further enhancement of discussions at Board of Directors' meetings | Select material issues related to the mid-to-long-term improvement of corporate value and sustainable growth and improve the quality of discussions |
| Further enhancement of monitoring function | Strengthen monitoring of the execution status of the medium-term management plan and analysis of and response to market trends, competition, geopolitical risks, etc. |
| Strengthen engagement with stakeholders | Deepen communication and mutual understanding with executive officers, leading to constructive dialog with stakeholders |

Corporate Governance System Diagram (As of June 26, 2024)



Governance

Directors and Executive Officers



Directors

1 Hidenari Tanaka Chairman and CEO

1987: Joined the Company
1994: Appointed as Company Director
1999: Appointed as Vice President
2000: Appointed as President and Representative Director
2010: Appointed as Director and Representative Executive Officer, President
Appointed as CEO
2023: Appointed as Director and Representative Executive Officer, Chairman (present post)

4 Yoshimi Horinishi Outside Independent

2000: Registered as lawyer, joined the Nagoya Bar Association
2004: Joined the Asahikawa Bar Association
2007: Rejoined the Aichi Bar Association (formerly the Nagoya Bar Association)
2014: Member of the Nagoya City Construction Dispute Arbitration Committee
Nagoya Summary Court Civil Conciliator
2016: Appointed as Company Director (present post)
2024: Hoshizaki Corporation
Outside Director of the Audit and Supervisory Committee (current position)

2 Yoshiyuki Takino

1984: Joined the Company
2016: Appointed as Executive Officer and Director of Operational Support Office
2017: Appointed as Executive Officer and Director of Operational Support Office, Corporate Management Head Office
2018: Appointed as Company Director (present post)

5 Shingo Watanabe Outside Independent

1980: Joined Deloitte, Haskins & Sells Accounting Firm
1984: Registered as Certified Public Accountant
1987: Appointed at Ernst & Young Düsseldorf Office
1990: Appointed at Ernst & Young Zürich Office
1995: Appointed at Ernst & Young London Office
1998: Appointed at ShinNihon LLC (Now Ernst & Young ShinNihon LLC) Nagoya Office
2017: Established Shingo Watanabe Certified Public Accountant Office
2018: Appointed as Company Director (present post)

3 Hisashi Moriyama

1988: Joined the Company
2016: Appointed as Executive Officer and Director of Japan Sales Division 1
2018: Appointed as Executive Officer and Deputy Director of Japan Sales Management
2021: Appointed as Company Director (present post)

6 Ryutaro Honda Outside Independent

1970: Joined FM Aichi Broadcasting
1996: Appointed as Director and General Manager of Program Development Office at FM Aichi Broadcasting
1998: Appointed as Managing Director at FM Aichi Broadcasting
2004: Appointed as Representative Director and President at FM Aichi Broadcasting
2009: Appointed as Representative Director and President at Central Japan Multimedia Broadcasting
2017: Appointed as Chairperson of the Board of Directors at FM Aichi Broadcasting
2019: Appointed as Company Director (present post)

7 Katsuhiko Yanagawa Outside Independent

1979: Joined Fuji Xerox Co., Ltd.
2005: Appointed as Vice President of Marketing (Shanghai) at Fuji Xerox China
2006: Appointed as Representative Director and President (Taipei) of Fuji Xerox Taiwan
2007: Appointed as Operating Officer, Fuji Xerox Co., Ltd. Asia Pacific General Manager of Sales (Singapore)
2008: Appointed as President & CEO of Fuji Xerox Asia Pacific (Singapore)
2009: Appointed as Director and Managing Executive Officer of Asia and China Businesses at Fuji Xerox Co., Ltd.
2012: Appointed as Director and Managing Executive Officer of Asia and China Businesses and Manager of Headquarters at Fuji Xerox Co., Ltd.
2014: Appointed as Director and Managing Executive Officer and Manager of Headquarters at Fuji Xerox Co., Ltd.
2021: Appointed as Company Director (present post)

8 Kazushige Takehana Outside Independent

1980: Assistant at Rakuno Gakuen University
2000: Professor at Rakuno Gakuen University
Appointed as Director of the Japanese Association of Veterinary Anatomists
2009: Appointed as Head of Hokkaido Branch of the Japanese Society of Microscopy
2015: Appointed as Executive Director of the Japanese Association of Private Veterinary Medical Schools
Director of Rakuno Gakuen (President of Rakuno Gakuen University)
2021: Appointed as Company Director (present post)

9 Hiroko Terasaki Outside Independent

1980: Joined the Department of Ophthalmology, School of Medicine, Nagoya University
1991: Lecturer, School of Medicine, Nagoya University
1997: Visiting Researcher, Schepens Eye Institute, Harvard University
1999: Professor, Nagoya University Graduate School of Medicine ((Protective Care for Sensory Disorders)
2005: Professor, Nagoya University Graduate School of Medicine (Ophthalmology)
2011: Assistant of the President, Nagoya University (Concurrently in charge of Finance)
2013: Assistant of Nagoya University School/Graduate School of Medicine (Concurrently in charge of Gender Equality and Industry-Academia Collaboration)
2020: Professor Emeritus, Nagoya University
Specially Appointed Professor, Institutes of Innovation for Future Society, Nagoya University
2024: Appointed as Company Director (present post)

Executive Officers

10 Koji Kawaura President and COO

1992: Joined the Company
2010: Appointed as President of Menicon Singapore Pte. Ltd.
2013: Appointed as Executive Officer and Director of Office of Area & Products Marketing Strategy
2015: Appointed as Executive Officer and Director of Global Marketing Office
2016: Appointed as Executive Officer and Director of R&D Division
2017: Appointed as Senior Executive Officer and Director of Manufacturing and R&D Head Office
2023: Appointed as Representative Executive Officer (present post)
President and COO (present post)

11 Hideki Koga

1993: Joined the Company
2016: Appointed as Executive Officer and Director of Overseas Business
2017: Appointed as Senior Executive Officer and Director of International Business Head Office
2024: Appointed as Senior Executive Officer of Corporate Management Head Office (present post)
CFO (present post)

12 Motonari Watanabe

1997: Joined the Company
2017: Appointed as Executive Officer and Director of Corporate Strategies & Planning
2018: Appointed as Senior Executive Officer and Director of Corporate Strategy & Planning
CFO
2019: Appointed as Senior Executive Officer and Director of Corporate Management Head Office
2024: Appointed as Senior Executive Officer and Director of Manufacturing and R&D Head Office (present post)

13 Hiroki Shinoda

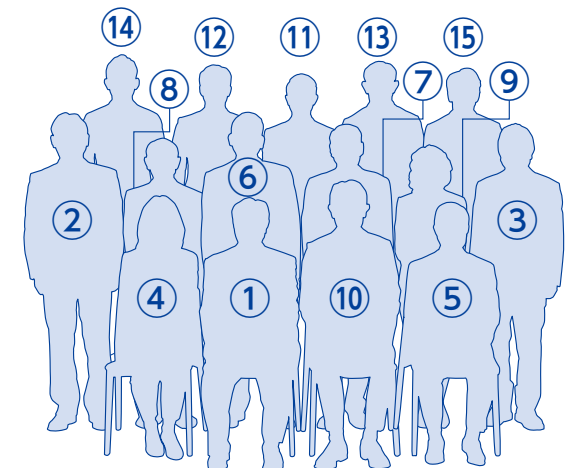
1986: Joined the Company
2013: Appointed as Executive Officer and Director of Japan Sales Division
2015: Appointed as Executive Officer and Director of Japan Sales Division 2
2018: Appointed as Senior Executive Officer and Director of Japan Sales Management Head Office (present post)

14 Kenji Takeshita

1998: Joined the Company
2024: Appointed as Senior Executive Officer of International Business Head Office (present post)

15 Kensuke Muraki

1996: Joined the Company
2024: Appointed as Senior Executive Officer of Miru Mirai Head Office (present post)



Governance

Appointment of Directors

The Company's Board of Directors is composed of diverse directors who have different expertise and experiences, and a majority of them are independent and neutral outside directors. Based on this, the Nomination Committee deliberates on the eligibility of directors when selecting them, and the directors are elected at the General Meeting of Shareholders after meeting with the Board of Directors.

Skill Matrix of Directors and Reasons for Appointment (as of June 26, 2024)

| Executive name | | Gender ● Male ● Female | Expertise, experience, etc. | | | | | | | Reason for appointment |
|------------------|--------------------|------------------------------|-------------------------------------|----------|--------------------|-------------------|---------------------|-------------------|-----|---|
| | | | Business execution | Tenure | Overall management | Global experience | Sales and marketing | Manufacturing R&D | Law | |
| Directors | Hidenari Tanaka | ● | Representative executive officer | 14 years | ○ | | | | | He was appointed Director and Representative Executive Officer in 2010. As CEO, he has overseen the Group's business strategies and spearheaded management and business execution, contributing to improving corporate value and sustainable growth. Based on this track record and insight, he was determined to be qualified to fulfill the roles and responsibilities of a Director. |
| | Yoshiyuki Takino | ● | Internal and non-executive | 6 years | ○ | | | ○ | | He has extensive knowledge regarding finance and accounting in general and is contributing to the establishment of the Group's business management system and the improvement of our corporate value. Based on his wealth of experience and insight, he is determined to be qualified to fulfill the roles and responsibilities of a Director. |
| | Hisashi Moriyama | ● | Internal and non-executive | 3 years | ○ | | ○ | | | He was in charge of the Japan Sales Division at the Company and contributed to improving the Group's business performance by strengthening the sales capabilities and introducing and expanding the MELS Plan. Based on his wealth of experience and knowledge, he is determined to be qualified to fulfill the roles and responsibilities of a Director. |
| Outside Director | Yoshimi Horinishi | ● | Outside/Independent | 8 years | | | | | ○ | As a lawyer, she has significant experience and a high level of insight into legal affairs in general. This track record, combined with her wealth of insight and experience, will allow her to objectively supervise the management. |
| | Shingo Watanabe | ● | Outside/Independent | 6 years | | ○ | | | ○ | With his extensive experience overseas as a certified public accountant, he is knowledgeable about international accounting and has deep insight into financial accounting in general. This track record, combined with his wealth of insight and experience, will allow him to objectively supervise the management. |
| | Ryutaro Honda | ● | Outside/Independent | 5 years | ○ | | | | | He has extensive knowledge in the media industry and a proven track record as a corporate manager. This track record, combined with his wealth of insight and experience, will allow him to objectively supervise the management. |
| | Katsuhiko Yanagawa | ● | Outside/Independent | 3 years | ○ | ○ | | | | As a proprietor of a globally expanding company, he has a high level of insight and supervisory capabilities regarding management, and we have judged that he will be able to supervise the Company's management from an independent and objective standpoint by using his extensive knowledge and experience in management and marketing, particularly in Asia and China. |
| | Kazushige Takehana | ● | Outside/Independent | 3 years | | | | ○ | | As a doctor in veterinary medicine, he has an extensive track record of achievements in research at veterinary science, anatomical societies, microscopy societies, etc. In addition, as President of Rakuno Gakuen University, he has played a part in the management of the university and has implemented measures to build a governance system. We have determined that he will be able to use these achievements, as well as his abundant knowledge and experience, to oversee the management of the Company from an independent and objective standpoint. |
| | Hiroko Terasaki | ● | Newly appointed Outside/Independent | | | | | ○ | | She is a doctor of medicine and a specialist and medical advisor at the Japanese Ophthalmological Society, and she has many achievements in the field of ophthalmology as a researcher. She also plays an important role as a university professor and chairs various academic societies, contributing to the development of academic research. This track record, combined with her wealth of insight and experience, will allow her to objectively supervise the management. |

Compliance

Our Mindset

The Menicon Group ensures that all Group employees comply with all social rules, including domestic and foreign laws and regulations, and makes constant efforts to improve its corporate ethics to conduct business activities that enable sustainable growth. The Basic Compliance Policy has been established to serve as a guideline.

Basic Compliance Policy

 <https://www.menicon.com/corporate/aboutus/policy>

Compliance System

The Sustainability Committee is responsible for strengthening internal control functions and promoting CSR activities. The committee strives to reduce various business risks by developing internal controls, managing risks affecting the Group's business, and establishing a compliance system for legal compliance and corporate ethics. The Board of Directors receives regular reports on matters such as corporate ethics and prevention of corruption and bribery, and supervises the management system and compliance status. In addition, the Company strives to maintain and improve compliance within the Group by posting an electronic version of "Compliance Guide", produced independently for the Company and its domestic subsidiaries, on the intranet, and by preparing compliance regulations for overseas subsidiaries.

Implementation of Internal Control Systems and Processes

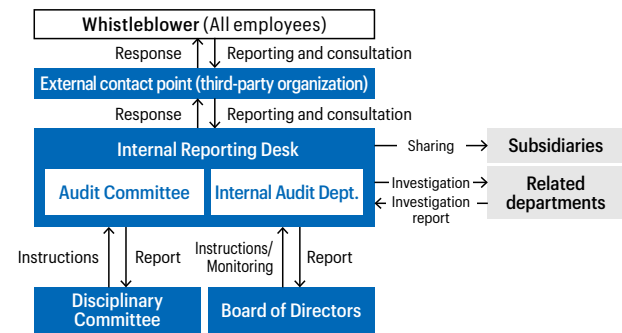
We have established and are internally operating the systems and processes necessary to properly and efficiently conduct our business, based on the recognition that those should be actively utilized to ensure business continuity. All officers and employees of the Company shall autonomously establish and operate the promotion systems necessary to achieve the objectives of compliance with laws and ethics, ensuring the effectiveness and efficiency of business, preserving assets, and ensuring the reliability of financial reporting, and shall strive to improve the effectiveness of the system by conducting periodic evaluations and improvements.

Whistleblowing System

We have introduced a whistleblowing system for the purpose of prevention, early detection, and correction of misconduct by our employees and officers, and have set up a "Menicon Group Whistleblowing Hotline" outside the

company (a specialized third-party organization). In order to protect whistleblowers, we have established internal regulations that allows anonymous reporting to ensure that whistleblowers will not be adversely affected because of their reporting. Menicon conducts factual investigations in a fair, impartial and sincere manner, while giving due consideration to the protection of whistleblowers and confidentiality. If the results of the investigation confirm that misconduct has occurred, the matter is handled appropriately in accordance with employment regulations.

Whistleblowing Hotline



- Target: All employees of the Group (full-time employees, temporary employees, part-time employees, etc.) and those designated by law
- Contents of consultation: Matters that may violate the Basic Compliance Policy (fraud, anti-competitive behavior, corruption/bribery, human rights violations including harassment, etc.)
- Method of consultation: Website (24 hours), telephone (Monday to Friday: noon to 9:00 p.m., Saturday, Sunday, and holidays: 9:00 a.m. to 5:00 p.m.), and sealed envelope
- Languages: Japanese, English, Chinese, Dutch, French, German, Italian

Number of internal whistleblowing cases Scope: Consolidated

| | 2019 Fiscal year | 2020 Fiscal year | 2021 Fiscal year | 2022 Fiscal year | 2023 Fiscal year |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Reporting and consultation (cases) | 25 | 20 | 32 | 29 | 31 |

*There were no reports that had a significant impact on management in any fiscal year.

Breakdown of whistleblowing cases in FY2023 Scope: Consolidated

| | Power harassment | Labor Environment | Human relationships | Fraud Suspicion | Other | Total |
|-----------------|------------------|-------------------|---------------------|-----------------|-------|-------|
| Number of cases | 9 | 18 | 2 | 1 | 1 | 31 |

Governance

Prevention of Corruption and Bribery

In order to conduct fair and transparent corporate activities in accordance with “Basic Compliance Policy”, the Menicon Group strives to build highly transparent relations by prohibiting all Group employees from engaging in any behavior that could be suspected of corruption or bribery with all business partners, including public servants and government-related agency officials. In addition, we strive to prevent corruption and bribery by clearly stating in our work rules and regulations, as well as in our procurement and purchase management rules and procurement purchasing manual for suppliers, that we do not accept any benefits such as improper gifts of money or goods. Employees who receive or have received entertainment, etc. from interested parties (trading companies, advertising agencies, customers, etc.) are required to report to the relevant head office, office, or business manager by way of the Entertainment Acceptance Report through the office organization. In FY2023, there were no cases of suspected corruption or bribery, and no employees were disciplined, penalized, or fined for corruption or bribery.

Spreading Awareness of Compliance

The Group provides company-wide compliance training to all employees every year to raise compliance awareness among employees and prevent violations of laws and regulations.

Compliance training results in FY2023

- Frequency: 6 times
- Themes: harassment education, personal data protection, etc.
- Implementation method: e-learning
- Participants: All employees of the Company and its domestic subsidiaries
- Attendance rate: 100%

Political Donations

When making donations to political parties or politicians, the Company ensures proper management in accordance with the relevant laws and regulations and prohibits donations to specific political organizations or parties in amounts exceeding those permitted by law.

ESG Data: Compliance

Risk Management


Our Mindset

The Menicon Group has established a risk management system and procedures and ensures their operation in order to avoid or reduce losses, etc., preserve company assets, ensure the safety of stakeholders and ensure the stable continuation of the business. In addition, to reduce the risk of information leaks, we have established the Menicon Group Information Security Policy and Privacy Policy.

Menicon Group Information Security Policy

 <https://www.menicon.com/corporate/aboutus/policy>

Privacy Policy

 <https://www.menicon.com/corporate/privacy/>

Initiative themes for Materiality

- Strengthening cybersecurity measures

Risk Management Structure

The Company has established a Sustainability Committee, with the President and CEO responsible for risk management, to promote risk management company-wide and to share information necessary for risk management, etc. The committee analyzes the possible risks and preemptively takes all necessary measures to avoid, reduce, transfer, or accept risks. Regulations stipulate and implement measures to be taken in the event of accidents and other incidents, reporting after handling, reporting routes in the event of life-

threatening emergencies, handling complaints, and complying with the Pharmaceuticals and Medical Devices Act and other relevant laws and regulations. In addition, “Quality Assurance and Safety Management Committee”, “PLD Committee, the Personal Information Protection Committee”, and “Menicon Fair Trade Management Committee” have been established to manage risks in various areas. A procedure has also been established for any risks that arise to avoid or reduce losses by (1) identifying the risk, (2) risk response planning, (3) progress report, (4) review, and (5) risk monitoring.

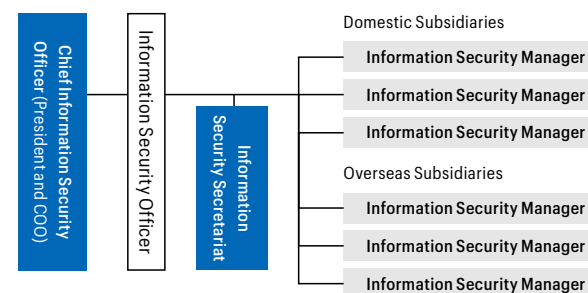
P.35 Sustainability Management: Risk Management

Information Security

Information Security Management

We have established an information security management organization that oversees information security for the Menicon Group, as well as an in-house information security organization and administrator at each subsidiary to promote information security measures. In the event of an information leak, the organization responds in accordance with “Computer Security Incident Response Team (CSIRT) Manual”. CSIRT training is also regularly conducted to prepare for the unlikely event of an information leak. As a preventive measure, we also use a security check sheet to confirm and report on the status of security measures for the Group every year, and provide information security training to all Group employees in Japan.

Information Security Management System Chart



Information Security Initiatives

Cybersecurity Measures

In FY2023, we conducted an AttackSurface survey (IT asset visualization and vulnerability diagnosis) for all group companies to identify risks and implement countermeasures. We are also continuously working on anti-malware measures for internal emails by visualizing threat situations and reviewing security settings.

Information Security Education and Training

Information security education and training is conducted annually for all Group employees in Japan. Separate information security education is provided to new employees and newly appointed managers.

The CSIRT training conducted in FY2022 to prepare for information leak incidents is scheduled to be held in FY2024 with an expanded scope of participants.

Privacy

Based on the Group’s Privacy Policy, we appropriately use, manage, and protect personal information entrusted to us by our customers and everyone involved with the Group. In addition, we comply with the GDPR (EU General

Data Protection Regulation) and have also established the “Menicon Group Personal Data Protection Regulations”. Furthermore, in order to ensure that our services and those of Group sales companies can be used with peace of mind, we have acquired the “Privacy Mark”, provide regular training for all employees, guide our business partners (subcontractors), and have posted information on our website for inquiries regarding personal information.

We are happy to report that there were no incidents related to personal information in FY2023.

Business Continuity Plan (BCP)

Our Mindset

We have taken preventive measures to ensure that important operations are not interrupted due to disasters, or other such events. The important operations are established such that they can resume within the target recovery time.

- Keep our employees and their families safe
- Continue to serve contact lens wearers and provide aid with vision
- Minimize damage and loss

Formulation of BCP

We have formulated a BCP based on four key points to ensure the safety of our employees and the early recovery of our business in the event of a disaster or other emergency. We are also working to strengthen the BCP in procurement.

Key BCP Points

- (1) Prioritize continued customer service
- (2) Establish a task force at the head office, consolidate information, and issue appropriate instructions
- (3) Prioritize restoring our vital services which include MELS service, orders, and shipments
- (4) Provide substitute products in the event of product shortages

P.55 Strengthening BCP in Procurement

Emergency System

In the event of a large-scale natural disaster, our CEO, acting as an overall supervisor, will activate the BCP and establish a task force. To assess the damage, we have established a system in which the response leaders for business management, production and development, domestic business, overseas business, and new business gather information and report it to the task force, after which a decision is made on how to handle the situation. In addition, we have introduced a safety confirmation system to ensure the safety of employees in the event of an emergency. In addition, emergency contact points have been established between Group companies in Japan and overseas, and each business site is prepared with disaster prevention stockpiles. Disaster prevention drills are conducted twice a year at the head office and major business sites, and once a year at other business sites.

Consolidated Financial Data

| | (Fiscal year) | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 | FY2021 | FY2022 | FY2023 |
|---|---|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|
| Business Performance | Net sales (¥ million) | 62,209 | 63,131 | 67,332 | 72,052 | 76,672 | 80,898 | 84,519 | 86,209 | 100,172 | 110,194 | 116,192 |
| | Cost ratio (%) | 43.2 | 44.5 | 44.6 | 46.1 | 46.3 | 47.1 | 46.5 | 46.9 | 47.2 | 46.9 | 47.5 |
| | SG&A to sales ratio (%) | 53.1 | 51.0 | 50.3 | 48.5 | 48.0 | 46.0 | 45.2 | 43.7 | 42.8 | 42.1 | 44.8 |
| | Operating profit (¥ million) | 2,294 | 2,863 | 3,457 | 3,910 | 4,394 | 5,571 | 7,033 | 8,106 | 9,957 | 12,062 | 8,951 |
| | Operating profit margin (%) | 3.7 | 4.5 | 5.1 | 5.4 | 5.7 | 6.9 | 8.3 | 9.4 | 9.9 | 10.9 | 7.7 |
| | EBITDA*1 (¥ million) | 6,065 | 7,097 | 7,822 | 8,614 | 9,559 | 10,236 | 12,568 | 14,475 | 17,266 | 19,514 | 17,048 |
| | Profit attributable to owners of parent (¥ million) | 1,010 | 1,431 | 2,224 | 2,543 | 2,657 | 3,576 | 4,060 | 5,952 | 6,481 | 7,377 | 4,538 |
| | Capital investment (¥ million) | 4,958 | 4,780 | 2,256 | 4,729 | 4,474 | 6,560 | 9,991 | 12,726 | 15,838 | 14,549 | 24,229 |
| | Depreciation allowance (¥ million) | 2,770 | 3,186 | 3,349 | 3,635 | 3,966 | 3,656 | 4,486 | 5,286 | 6,394 | 7,035 | 7,551 |
| | R&D expenses (¥ million) | 2,811 | 2,755 | 3,459 | 3,497 | 3,398 | 3,656 | 3,813 | 3,598 | 3,942 | 4,325 | 5,140 |
| Financial Conditions (fiscal year-end) | Total assets (¥ million) | 67,414 | 67,609 | 68,901 | 72,336 | 71,706 | 78,275 | 87,286 | 127,153 | 130,978 | 152,522 | 179,812 |
| | Current assets (¥ million) | 26,898 | 26,853 | 31,345 | 33,382 | 38,117 | 42,584 | 41,722 | 70,207 | 64,188 | 77,701 | 85,771 |
| | Fixed assets (¥ million) | 40,516 | 40,756 | 37,556 | 38,953 | 33,588 | 35,690 | 45,564 | 56,946 | 66,790 | 74,821 | 94,040 |
| | Debt with interest (¥ million) | 19,681 | 19,984 | 16,634 | 19,787 | 16,185 | 18,873 | 13,429 | 45,307 | 42,439 | 53,583 | 70,798 |
| | Net assets (¥ million) | 33,148 | 33,872 | 38,439 | 37,681 | 40,121 | 42,549 | 53,520 | 60,985 | 67,045 | 74,665 | 81,804 |
| | Shareholders' equity (¥ million) | 33,247 | 34,189 | 39,043 | 38,405 | 40,467 | 43,208 | 54,378 | 59,273 | 63,684 | 69,971 | 73,250 |
| Management Indicators | Equity capital ratio (%) | 49.0 | 50.0 | 55.8 | 52.0 | 55.9 | 54.3 | 61.2 | 46.5 | 49.7 | 47.5 | 44.1 |
| | Net D/E ratio | 0.34 | 0.33 | 0.11 | 0.19 | (0.02) | (0.03) | (0.07) | 0.07 | 0.14 | 0.17 | 0.30 |
| | ROE (%) | 3.1 | 4.3 | 6.2 | 6.7 | 6.8 | 8.7 | 8.5 | 10.6 | 10.4 | 10.7 | 6.0 |
| | ROIC (%) | 1.6 | 2.8 | 3.8 | 4.2 | 4.9 | 5.9 | 7.2 | 6.0 | 6.1 | 6.2 | 3.6 |
| | ROA (%) | 1.5 | 2.1 | 3.3 | 3.6 | 3.7 | 4.8 | 4.9 | 5.6 | 5.0 | 5.2 | 2.7 |
| | DOE (%) | 1.5 | 1.5 | 1.4 | 1.8 | 2.3 | 2.4 | 2.1 | 2.3 | 2.4 | 2.8 | 2.5 |
| Stock-Related Information*2 | Basic earnings per share (¥) | 15.47 | 21.90 | 31.26 | 35.88 | 37.84 | 50.82 | 56.12 | 78.84 | 85.72 | 97.25 | 59.65 |
| | Net assets per share (¥) | 505.44 | 517.04 | 524.59 | 536.01 | 569.31 | 602.73 | 707.40 | 782.55 | 859.03 | 953.74 | 1,041.16 |
| | Total dividends (¥ billion) | 4.0 | 4.9 | 5.4 | 6.6 | 8.7 | 9.8 | 10.5 | 13.2 | 15.2 | 19.0 | 19.0 |
| | Dividend per share (¥) | 7.5 | 7.5 | 7.5 | 9.5 | 12.5 | 14.0 | 14.0 | 17.5 | 20.0 | 25.0 | 25.0 |
| | End of period share price*3 (¥) | — | — | 945.0 | 852.5 | 1,322.0 | 1,597.5 | 2,412.5 | 3,265.0 | 2,937.0 | 2,807.0 | 1,583.5 |
| | Total shareholder return*4 (%) | — | — | — | 91.2 | 142.2 | 172.9 | 260.6 | 352.6 | 320.1 | 308.9 | 182.1 |
| | Payout ratio (%) | 48.5 | 34.3 | 24.0 | 26.5 | 33.0 | 27.6 | 24.9 | 22.2 | 23.3 | 25.7 | 41.9 |
| Cash Flows | Cash flows from operating activities (¥ million) | 1,116 | 4,233 | 7,859 | 5,197 | 7,857 | 7,023 | 8,712 | 10,628 | 12,719 | 12,749 | 11,866 |
| | Cash flows from investing activities (¥ million) | (3,380) | (3,525) | (3,293) | (6,065) | 900 | (4,951) | (7,656) | (15,629) | (16,149) | (13,776) | (21,575) |
| | Cash flows from financing activities (¥ million) | 3,029 | (422) | (851) | (271) | (4,196) | 1,825 | (3,438) | 28,913 | (5,402) | 8,900 | 14,554 |
| | Free cash flows (¥ million) | (2,264) | 707 | 4,566 | (868) | 8,757 | 2,071 | 1,055 | (5,000) | (3,429) | (1,026) | (9,709) |
| Employees | Employees (consolidated) | 2,452 | 2,580 | 2,710 | 2,971 | 3,083 | 3,264 | 3,548 | 3,860 | 3,908 | 4,056 | 4,221 |

* Menicon has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of FY2018. The main management indicators for FY2017 have retrospectively reflected the application of the aforementioned standard, etc.
* Provisional accounting for business mergers was finalized in FY2021. Figures for FY2020 reflect the details of finalized accounting.

*1. EBITDA is calculated from operating profit, depreciation allowance, amortization of intangible assets, amortization of consolidation adjustments and amortization of deferred assets, etc.
*2. The Company conducted a 2-for-1 stock split of common shares on January 1, 2018 and October 1, 2021. Share-related information is calculated on the assumption that such stock splits were conducted at the beginning of FY2013.
*3. The Company has been listed on the First Section of the Tokyo Stock Exchange since June 25, 2015, and nothing is applicable on stock prices prior to that date.
*4. Total shareholder returns and comparative indicators for FY2013, FY2014 and FY2015 are not stated as the Company was listed on the First Section of the Tokyo Stock Exchange on June 25, 2015. Gross shareholder returns and comparative indicators for FY2016 and beyond are calculated based on FY2015.

Corporate Information/Stock Information/Editorial Policy

Corporate Information (as of March 31, 2024)

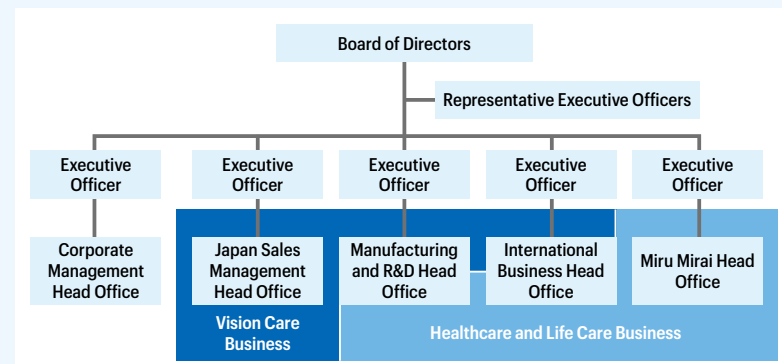
Corporate Profile

| | |
|------------------|---|
| Company name | Menicon Co., Ltd. |
| Representatives | Hidenari Tanaka, Chairman and CEO Koji Kawaura, President and COO |
| Headquarters | 21-19 Aoi 3, Naka-ku, Nagoya, 460-0006 Japan |
| Phone | (+81)-52-935-1515 |
| Founded | February 1951 |
| Established | July 1957 |
| Capital | JPY 5.521 billion |
| Employees | 4,221 (consolidated), 1,728 (non-consolidated) |
| Business | Contact lenses, lens care products, and other businesses |
| Customers | Hospitals, ophthalmological clinics, contact lens vendors, optical shops and pharmaceutical wholesalers throughout Japan, and overseas sales companies (exporting to more than 80 countries around the world) |
| Banking partners | MUFG Bank, Mizuho Bank, Resona Bank, Shizuoka Bank, and others |
| Websites | https://www.menicon.co.jp (Japanese website) https://www.menicon.com (Global website) |

Bases and Subsidiaries

| | | |
|--------------------------------|---|--|
| Domestic bases | Research laboratories and plants: 4 Logistics centers: 5 Customer centers: 4 Sales offices: 17 | Training centers: 4 Direct sales stores: 56 |
| Subsidiaries | Domestic: 10 Overseas: 27 | |
| Bases and Subsidiaries Details | https://www.menicon.com/corporate/menicon-worldwide/ | |

Organization Chart

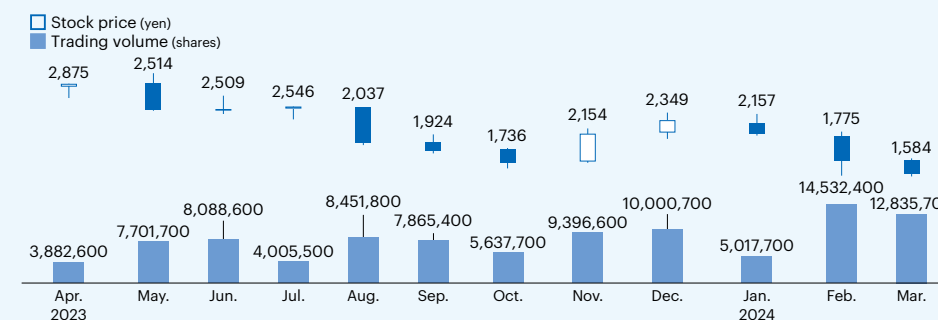


Stock Information (as of March 31, 2024)

Stock Status

| | |
|------------------------------------|--|
| Total number of authorized shares | 124,368,000 |
| Total number of outstanding shares | 76,634,388 |
| Number of shareholders | 33,102 |
| Total number of voting rights | 761,833 |
| Shareholder registry administrator | 1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation |
| Stock exchange listings | Tokyo Stock Exchange and Nagoya Stock Exchange |
| Securities code | 7780 |

Stock Price Chart



Editorial Policy

This report provides an overview of the company's management and strategy, and reports on creation of mid-to-long term value, process that implements sustainable growth, as well as financial and non-financial information etc., in order to provide stakeholders with a deeper understanding of Menicon. Latest information not contained in this report and more detailed information on individual activities can be found on website.

Covered Period

FY2023 (April 1, 2023 to March 31, 2024)
Includes some reports outside the covered period.

Covered Organizations

References to organizations covered by this report are as follows.
Any differences in scope are listed separately.

- Company (non-consolidated): Menicon Co., Ltd.
- Group (consolidated): Menicon Co., Ltd. and domestic and overseas subsidiaries
- Group in Japan: Menicon Co., Ltd. and domestic subsidiaries

Published

October 2024 (Last report published October 2023 / Next report scheduled for September 2025)

Referenced Guidelines

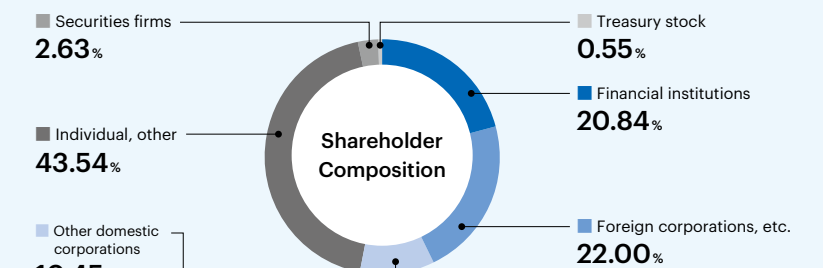
- The IFRS Foundation's International Integrated Reporting Framework
- The Ministry of Economy, Trade and Industry's Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0
- The GRI Sustainability Reporting Standard
- The TCFD's Recommendations of the Task Force on Climate-related Financial Disclosures Final Report

Major Shareholders

| | Number of shares held (thousand) | Shareholding ratio (%) |
|--|----------------------------------|------------------------|
| The Master Trust Bank of Japan, Ltd. (trust account) | 9,637 | 12.64 |
| Toyotomi Co., Ltd. | 3,964 | 5.20 |
| Kazuko Tsukamoto | 2,666 | 3.49 |
| Custody Bank of Japan, Ltd. (trust account) | 2,371 | 3.11 |
| Mami Co., Ltd. | 2,149 | 2.82 |
| Hidenari Tanaka | 1,914 | 2.51 |
| Menicon Group Employee Shareholder Association | 1,738 | 2.28 |
| BBH FOR UMB BK, NATL ASSOCIATION-GLOBAL ALPHA INTL SMALL CAP FUND LP | 1,373 | 1.80 |
| STATE STREET BANK AND TRUST COMPANY 505225 | 1,145 | 1.50 |
| Yasunori Tanaka | 1,145 | 1.50 |

* Shareholding ratio is calculated excluding treasury stock. Treasury stock does not include the Company's shares held by the Custody Bank of Japan, Ltd. (trust account) as trust assets under "the Share Benefit Trust plan (employee stock ownership plan)".

Shareholder Composition



*As the figures are rounded off, the total composition ratio may not add up to 100%.

Information Disclosure System

| Financial Information | Non-Financial Information |
|---|--|
| MENICON REPORT | |
| <ul style="list-style-type: none">Annual Securities ReportFinancial ResultsPresentation Materials <p>Investor relations website https://www.menicon.com/corporate/ir/</p> | <ul style="list-style-type: none">Sustainability ReportCorporate Governance ReportMenicon's commitment to the SDGsESG data <p>Sustainability website https://www.menicon.com/corporate/aboutus/sdg/</p> |
| <p>Corporate website https://www.menicon.com/corporate/</p> | |

Forward-looking Statements

Information and statements contained within this report reflect Menicon's current plans, earnings forecast and strategies, which are forecast at the time of disclosure. They are thus subject to inherent risks and uncertainties. Since actual results may differ, these statements are not guarantees of future performance and undue reliance should not be placed on them.