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Menicon
INTEGRATED
REPORT
2023

Corporate Slogan

Contributing to society by providing superior visual correction.

Management Principles



Our Mission 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 continue 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.

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

FY2022 (April 1, 2022 to March 31, 2023)
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 2023 (Last report published October 2022 / Next report scheduled for September 2024)

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 2016/2018/2020/2021
- The TCFD's Recommendations of the Task Force on Climate-related Financial Disclosures Final Report

Information Disclosure System

Financial Information	Non-Financial Information
Integrated Report	
<ul style="list-style-type: none"> Annual Securities Report Financial Results Presentation Materials 	<ul style="list-style-type: none"> Sustainability Report Corporate Governance Report Menicon's commitment to the SDGs ESG data
Investor relations website https://www.menicon.com/corporate/ir/	Sustainability website https://www.menicon.com/corporate/aboutus/sdg/
Corporate website https://www.menicon.com/corporate/	

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.

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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.

CEO and COO Message



田中英成

Hidenari Tanaka
Chairman and CEO

川浦康嗣

Koji Kawaura
President and COO

Contributing to customers' "Miru" and vision as Menicon reaches a major milestone by working on corporate growth centered on global strategies under a new system

Aiming for further corporate growth under a new system

— Menicon transitioned to a system of two representative executive officers from April 2023. What are your hopes and plans on taking up this new appointment?

Tanaka: In 2000, I was appointed President of the Company. In addition to expanding and stabilizing the business based on "MELS Plan", a flat-rate contact lens subscription system, I have been working to make Menicon a more global company by, for example, establishing local subsidiaries in various countries. More than 20 years have passed since I assumed the position of President, and I realized that the time had come to focus on the important role in a company of nurturing a successor. But most importantly, the achievement of a 30% overseas sales ratio in FY2022 was a major milestone for Menicon. And so to continue promoting global strategy in the future, I thought that Koji Kawaura, with his wealth of overseas experience serving as president of Menicon Singapore and other roles, would be the ideal person to lead the Group together.

Kawaura: As Mr. Tanaka said, since I joined the Company, I have been involved in various operations, including overseas,

such as management planning, marketing, development, production, and supply chain. I would like to take advantage of all my experience in taking charge of business operations as the new president of the Company. Starting with the medium-term management plan, we have set management targets in Vision 2030 so we will make steady efforts to achieve these goals. In addition, I would like to make use of my overseas business experience to improve and strengthen the parts of system that have not caught up with the rapidly growing overseas business.

Tanaka: I want Mr. Kawaura to carry on with this feeling of not being afraid to make mistakes. As CEO, I will fulfill my responsibility as business owner by being involved in overall management decisions. I would like to share with Mr. Kawaura the mistakes and various experiences I have had so that together we can promote growth of the Group. I would also like to play the role of a kind of evangelist of history. We will focus more than ever on cultivating young human resources, for example, by establishing an in-house university, individual seminars, and dialogue with new employees, so that we can share and spread management principles.

Contributing to the health of customers' eyes with the technological capabilities we have built up so far

— Please tell us about the recent business environment surrounding the Menicon Group.

Tanaka: Currently, the contact lens market in countries around the world is dominated by daily disposable contact lenses (1DAY) and this trend is unlikely to change. We have incorporated Smart Touch technology, which is one of the strengths of vision care business, into 1DAY. Smart Touch is designed so that the inside surface of the lens faces down in the lens case, so the lens can be taken out without touching the inside when wearing it. This technology is unique to Menicon, and has been well received by customers for its simplicity and cleanliness as there is no need to check the front and back of the lens. We recognize that it is important that we continue to create contact lenses that customers need by utilizing the technological capabilities we have built up so far. But we also know that it is important to be aware of what is needed for the future beyond more immediate demands.

Kawaura: In addition to the fact that 1DAY will become mainstream, it is predicted that by 2050, approximately 5 billion people, or half of the world's population, will be myopia* The

increase in the number of people with myopia has become a global social problem, but I believe that the Group's mainstay vision care business can contribute to solving this social problem. This has resulted in a business opportunity for Menicon. Myopia can also be a risk factor for various eye diseases and disorders. Hence, we are exploring whether technology can be used not only for vision correction with contact lenses, but also for solutions to the progression of myopia.

Currently, we are also focusing on the development of orthokeratology lenses (Ortho-K) which have been reported to slow the progression of myopia when worn overnight. Against the backdrop of a worldwide increase in the number of people with myopia, we recognize that expectations for Ortho-K are increasing, especially in China. One of Ortho-K products, "Menicon Bloom Night", has obtained the regulatory approvals with the purpose of slowing the progression of myopia in Europe and some other countries. The scientific evidence that made such approvals possible is a great asset for us, and we can also appeal to doctors (to prescribe Ortho-K) in technical terms by pointing to this evidence. We will continue to contribute to the health of users' eyes by promoting research and development for management of myopia.

* Holden BA et al. Global Prevalence of Myopia and High Myopia and Temporal Trends from 2000 through 2050 (Ophthalmology 2016, 123(5): 1036-42)

CEO and COO Message

The challenge of strengthening the supply chain while expanding overseas

— Please tell us about Menicon's performance in FY2022 and the progress of Vision 2030.

Kawaura: In FY2022, the second year after announcing Vision 2030, we achieved a record high of 110.1 billion yen in sales. The increase in overseas sales, including greater global sales of 1DAY and the growth of Ortho-K in China, have contributed greatly. The operating profit ratio was 10.9% and ROE was 10.7%, showing steady progress towards achieving performance targets as set out in the medium-term management plan. But in order to achieve management goals, we need to achieve sustainable growth with the MELS Plan and further improve overseas sales ratio more than ever before. To boost sales of the MELS Plan, we will expand the product lineup and promote sales activities. In overseas business, we will continue to work on expanding the market share of 1DAY and also build and expand the foundation for sales channels.

In the healthcare and life care business, sales reached 8.5 billion yen in FY2022 thanks to greater sales in the export and import arms of the food business, as well as growth in the environment and biotech business. Having linkage between the healthcare and life care business and the vision care business will be vital if we are to achieve sales target of 10 billion yen by FY2025. We will continue to provide new Menicon value through unique products and services that can contribute to animal medicine and circular farming and agriculture by utilizing the technologies and materials discovered in the process of research and development with contact lenses and lens care. Indeed, we will continue to nurture the healthcare and life care business to become Menicon's second pillar.

• Targets and results of the medium-term management plan "Vision 2030"

Quantitative targets for FY2025	Consolidated net sales		Operating profit ratio	ROE
	¥ 140 billion		12 %	10 %
	(¥ billion)			
	FY2021	FY2022	FY2025 (Target)	
Consolidated net sales	100.1	110.1	140	
Operating profit ratio	9.9%	10.9%	12%	
ROE	10.4%	10.7%	10%	
Vision Care Business	93.6	101.6	130	
Japan	71.4	73.1	—	
Overseas	22.2	28.5	—	
Healthcare and Life Care Business	6.5	8.5	10	

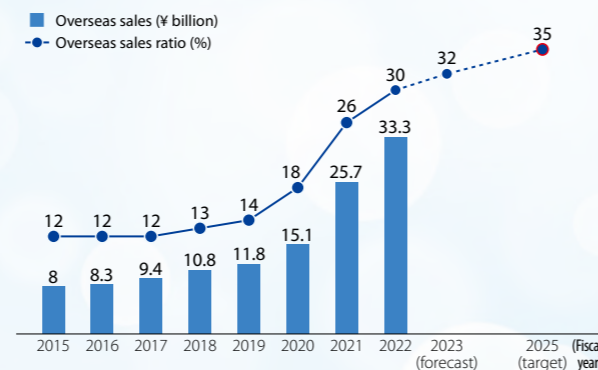
— Please tell us about the future prospects for expanding performance in overseas markets, which continue to make great strides.

Kawaura: In the medium-term management plan, we have set a goal of expanding the overseas sales ratio to 35% by FY2025. The ratio of overseas sales in FY2022 was strong, at 30%. It is not that sales grew significantly in certain regions, but rather that sales in all regions were up from the previous year, even on a local currency basis. The growth of the overseas market as a whole is one of the factors behind business expansion, but the fact that we have been able to acquire market share for the Group's products in each country is a major factor behind steadily rising results.

Currently, the overseas contact lens market is expanding significantly, mainly in Asia, against the backdrop of economic growth, where it is expected to be about four times the size of the market in Japan. The Group's products, including 1DAY with high added value such as Smart Touch, have great potential to achieve further growth in overseas markets. It will also be vital to have strong partners in overseas markets, such as large retailers, sell products, rather than the Group being responsible for sales. In the future, we will establish a system to expand sales by actively building relationships with local partners in each country and achieve full-scale launch of 1DAY in China to further expand the market share of 1DAY.

Tanaka: To expand sales in overseas markets, increasing production capacity is a major issue, so we are working hard to build a stable production system at bases in each country. And since demand for contact lenses has returned stronger than expected with the end of the pandemic in FY2022, we have seen a situation where the supply of 1DAY cannot keep up with

• Overseas sales expansion



* Includes major exports to China through domestic distributors prior to FY2020.

demand. Consequently, it is imperative that the Group not only strengthens its foundation for overseas market expansion, but also establishes a system for stable supply.

Currently, we are working to strengthen the production lines for 1DAY at Singapore Plant and at the Kakamigahara Plant in Japan. In addition to this, we are planning to start operations at Malaysian Plant in 2025, so you can see that we are simultaneously proceeding with large-scale investment projects. Moving forward, we will work to increase capacity at the Ortho-K manufacturing plant in China and the lens care manufacturing plant in Japan.

Kawaura: Strengthening supply chain is also important as we continue to promote overseas business. Previously, we had established two policies, "Procurement Purchasing Policy" and

"CSR Procurement Standards", but we revised these in March 2023 by integrating them into "Sustainable Procurement Policy" in line with the contents of "Menicon Sustainability Policy". As well as making thorough efforts to inform the Group companies and business partners about this change, we will also formulate "Sustainable Procurement Guidelines" that illustrate the content of the policy to promote sustainable procurement based on the guidelines.

We also formulated a human rights policy in FY2022 and published it on website. Based on this policy, we will first conduct human rights due diligence for employees working in Japan, and then as soon as we are ready, we will ask suppliers for their cooperation to do the same.

Aiming to resolve environmental and social issues and achieve corporate growth to realize a sustainable society

— The Group's materiality were newly established in FY2022. How do you perceive Menicon's role in society through these materiality?

Tanaka: With regard to materiality, all of them contribute to society in some way or other through contact lenses, as stated in corporate slogan, "Contributing to society by providing superior visual correction." On the other hand, as a plastics industry, we have long been conscious of impact on the

environment and have continued to explore what we can do. For example, "Magic", 1DAY produced at the Singapore plant, uses about 80% less plastic than previous products. And the packaging also uses 100% recycled plastic from the contact lens manufacturing process.

In recent years, with the increasing interest of stakeholders in efforts to realize a sustainable society, the Group is required to closely assess social trends and respond flexibly to such changes. So, we are committed to solving environmental and social issues, aiming to achieve both corporate growth.

Putting "Creation," "Originality," and "Challenge" into effect to pursue the idea since founding of putting the End User First

— In closing, what message do you have for the Menicon's stakeholders?

Kawaura: Rather than falling into the same old ideas and practices, I would like to emphasize Menicon's uniqueness and focus on business activities that are more in tune with employees than ever before. In particular, we must foster a corporate culture that encourages new challenges. We launched "Smart Creation Project", which undertakes work style reforms that embody management principles of "Creation," "Originality," and "Challenge," in an effort to create an environment in which employee-driven innovation can easily be produced. With the project, employees from different departments have been able to exchange different ideas with one another, creating a mechanism that has generated some very unexpected brain waves. We also provide opportunities

for discussions with CEO Tanaka several times a year so that younger employees can easily get ideas. At the same time as exploring new innovations, we will work together as an organization to provide "superior visual correction" thereby contributing to how customers "Miru."

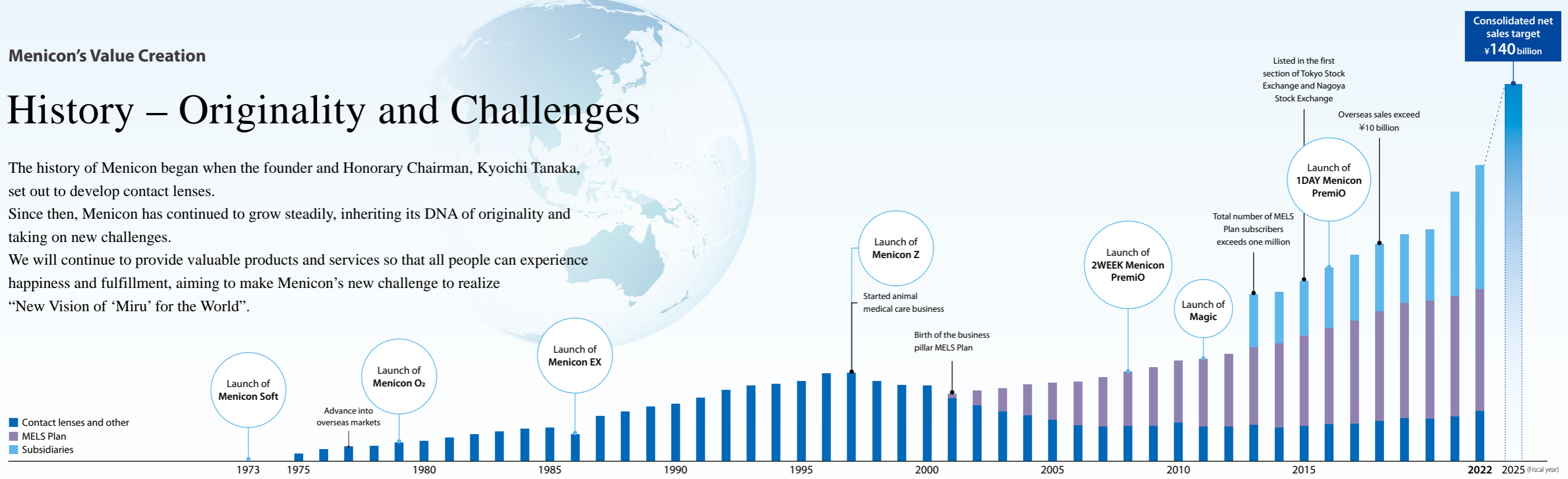
Tanaka: Since founding, we have gone about business activities in pursuit of putting "End User First". The Group's main business, "MELS Plan", is also a system that embodies this principle of End User First. The "Miru" in slogan of the medium-term management plan, "New Vision of 'Miru' for the World," means not only to see things with the naked eye, but also to have fun and feel enjoyment through the five senses so that we can get to know and understand each other. We will thus strive to make sure that all end users can feel happiness and fulfillment through "Miru," and at the same time we will strive to provide products that make use of the technological capabilities we have cultivated to date.

History – Originality and Challenges







The history of Menicon began when the founder and Honorary Chairman, 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".

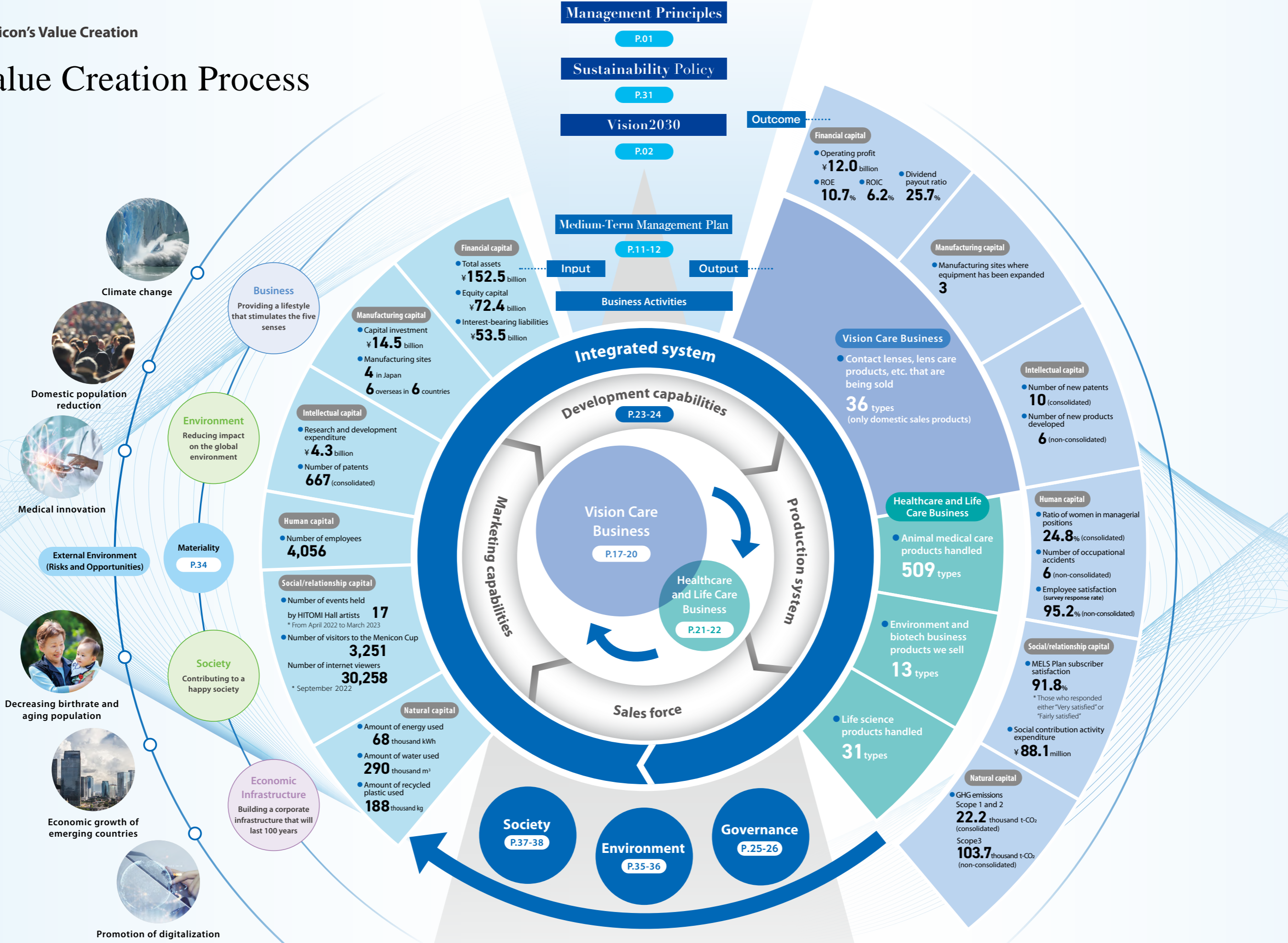


1950- The origins of originality and challenge | 1970- Evolving as a contact lens maker | 2000- Establishment of the Menicon brand globally | 2020- New Vision of 'Miru' for the World

Business Development	<p>1951 Menicon's founder Kyoichi Tanaka developed Japan's first corneal contact lens</p> 	<p>1977 Overseas Menicon SAS founded in France</p>	<p>2001 Overseas Menicon Iberia S.L. founded in Spain</p>	<p>2006 Overseas Acquired shares of a contact lens manufacturer in Netherlands, Menicon B.V.</p> 	<p>2015 Menicon newly listed on the First Section of the Tokyo Stock Exchange and the First Section of the Nagoya Stock Exchange</p>	<p>2020 Overseas Acquired additional shares of contact lens manufacturer in China and made it a wholly owned subsidiary, Wenzhou FocuSee Vision Care Technologies Co., Ltd.</p>	
	<p>1952 The Japan Contact Lens Research Institute founded</p>	<p>1982 Menicon Co., Ltd. established</p>	<p>2002 Technology development center Menicon Techno Station established in Gifu Prefecture</p>	<p>2009 Overseas Acquired shares of a contact lens manufacturer in the UK, Menicon Ltd.</p>	<p>2016 Acquired shares of contact lens manufacturer in Aichi Prefecture, Alpha Corporation</p>	<p>2021 Overseas Acquired shares of import/export company with sales channels primarily in China, Itabashi Trading Co., Ltd.</p>	
	<p>1957 Japan Contact Lens Co., predecessor of Menicon established</p>	<p>1984 Seki Plant established in Gifu Prefecture as the main plant</p> 	<p>2003 Meni-One Co., Ltd., a subsidiary for veterinary medical business established in Aichi Prefecture</p>	<p>2010 Acquired shares of a contact lens care product manufacturer in Aichi Prefecture, Menicon Nect Co., Ltd.</p>	<p>2019 Overseas Acquired shares of contact lens manufacturer in Italy, SOLEKO S.p.A.</p>	<p>2022 Overseas Started construction of daily disposable contact lens manufacturing plant, Menicon Malaysia Sdn. Bhd.</p>	
	<p>1967 "Menicon" registered as a trademark</p> 	<p>1988 Overseas Menicon GmbH founded in Germany</p>	<p>2005 Overseas Menicon Singapore Sales Pte. Ltd. founded in Singapore</p> 	<p>2012 Acquired shares of a contact lens retail outlet in Tokyo, W.I. System Co., Ltd.</p>	<p>2022 Overseas Acquired shares of contact lens manufacturer in Osaka Prefecture, Hamano Contact Co., Ltd.</p>		
		<p>1992 Overseas Menicon Pharma SAS lens care product plant established in France</p>		<p>2014 Overseas Menicon Korea Co., Ltd. founded in Korea</p>			
		<p>1995 R&D Center established in Aichi Prefecture</p>					

Products	<p>1953 Launch of the first commercialized product, M.T. Contact Lenses</p> 	<p>1973 Launch of Japan's first soft contact lens, Menicon Soft</p>	<p>2001 Launch of MELS Plan contact lens subscription system</p> 	<p>2013 Number of MELS Plan subscribers reached one million</p>	<p>2018 Launch of Four Seasons, three-month replacement hard contact lenses</p> 	<p>2020 Launch of 1DAY FRUITTIE daily disposable color contact lenses</p> 
		<p>1979 Launch of Japan's first oxygen-permeable hard contact lens, Menicon O2</p>	<p>2005 Launch of Menicon's first daily disposable soft contact lenses, Menicon 1DAY</p>	<p>2014 Launch of two-week replacement color contact lenses, 2WEEK Menicon Rei</p>	<p>2019 Launch of Menicon ortho-K orthokeratology lenses</p> 	<p>2021 Launch of 1DAY Menicon Rei daily disposable color contact lenses</p>
		<p>1986 Launch of Menicon EX, the world's first hard contact lens that can be worn for seven consecutive days</p>	<p>2008 Launch of two-week replacement silicone hydrogel contact lenses, 2WEEK Menicon PremiO</p>	<p>2016 Launch of daily disposable silicone hydrogel contact lenses, 1DAY Menicon PremiO</p>		<p>2022 Launch of 1DAY Menicon PremiO Multifocal daily disposable bifocal lenses</p>
		<p>1997 Launch of the hard contact lenses, Menicon Z</p>	<p>2011 Launch of Magic, a daily disposable contact lens in a roughly 1mm lens container</p>			<p>2023 Launch of two-week replacement bifocal color contact lenses, 2WEEK Menicon Rei Multifocal</p>
		<p>Launch of Meni-One Lens, an intraocular lens for dogs</p>				

Value Creation Process



Mid-To-Long Term Vision

In 2021, the 70th anniversary of founding, the Group formulated its "Vision 2030" medium-term management plan.

Under the slogan "New Vision of 'Miru' for the World," Vision 2030 aims to further grow the vision care business, which provides vision-related products and services, and expands the healthcare and life care business, which satisfies the five senses of sight, hearing, smell, taste and touch, thereby increasing corporate value while simultaneously improving the economic value of the Group and the value it provides to customers.

We will continue to create value for each of businesses and contribute to the SDGs, with the aim "to achieve a healthy and spiritually rich society."

Employees

Shareholders

End users

Industry participants

Society

Sustainability Policy

Our Vision
To achieve a healthy and spiritually rich society

P.31

Vision2030

New Vision of 'Miru' for the World

Sense of smell

Sense of hearing

Sense of sight

Sense of touch

Sense of taste

Contribution to SDGs

SUSTAINABLE DEVELOPMENT GOALS

Environmental/Social Value

Efforts to contribute to the environment and society, such as management of myopia and businesses that coexist with animals

Experience Value

Products and services that add new value to the sight function, such as circle lenses and Smart Touch

Function Value

Products and services that improve sight function, such as MELS Plan and contact lenses.

Environmental Change

Climate Change
Decreasing birthrate and aging population
Biodiversity

Market change

Rise of Generation Z
Increase in the myopic population
Online medical care
Product homogenization

Increased value proposition

Interim Targets for FY2025

Vision Care Business

- Evolving into a global company to increase Menicon fans around the world
- Responding to the diverse values of users to continue to maintain "Connections"
- Pursuing safety and convenience while giving top priority to user benefits

Healthcare and Life Care Business

- Expression of an emotional rich life that satisfies all five senses of people around the world

Quantitative targets for FY2025 P.05 CEO and COO Message
P.15 CFO Message

Materiality

Business (Financial and manufacturing capital)

- Providing a lifestyle that stimulates the five senses

Environmental/Society (Natural and social capital)

- Reducing impact on the global environment
- Contributing to a happy society

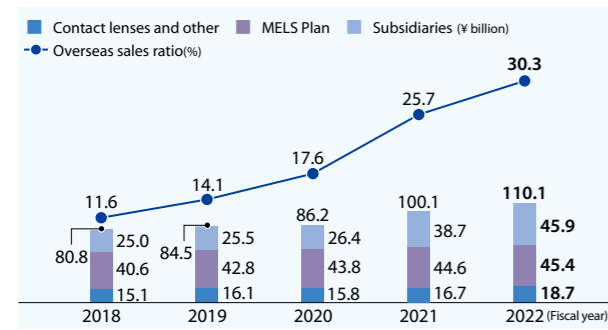
Management infrastructure (Human/intellectual/social capital)

- Building a corporate infrastructure that will last 100 years

Financial & Non-Financial Highlights

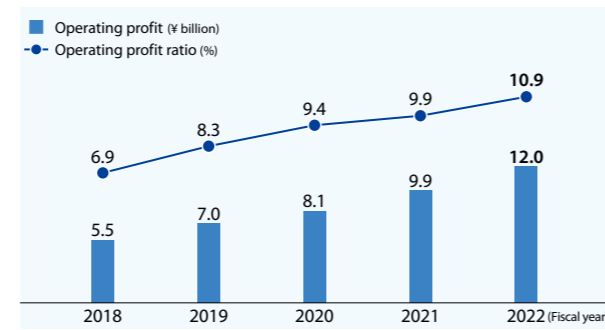
Financial Highlights (Consolidated Numerical Values)

Net sales **¥110.1 billion** Overseas sales ratio **30.3%**



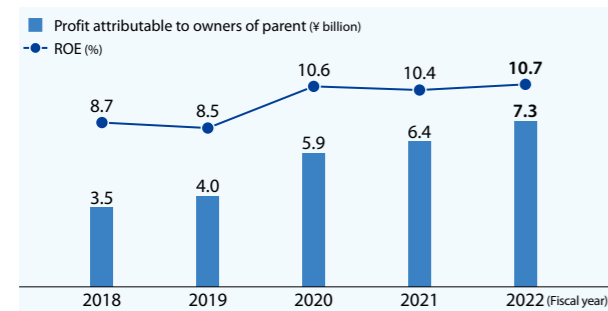
In Japan, the number of subscribers to 1DAY in the MELS Plan increased, while overseas, sales of orthokeratology lenses and lens care continued to grow steadily, mainly in Asia. As a result, net sales in FY2022 increased 10.0% year-on-year.

Operating profit **¥12.0 billion** Operating profit ratio **10.9%**



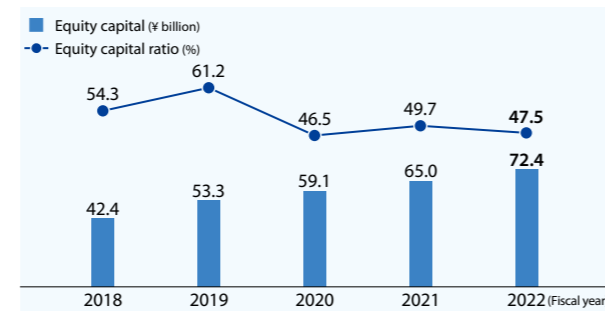
The decrease in the SG&A expenses ratio due to the efficient use of SG&A expenses, in addition to the increase in gross profit thanks to greater net sales and reduction in the cost ratio, resulted in a FY2022 year-on-year increase in operating profit of 21.1% and an increase in the operating profit ratio of 10.9%, up 1.0 percentage points.

Profit attributable to owners of parent **¥7.3 billion** ROE **10.7%**



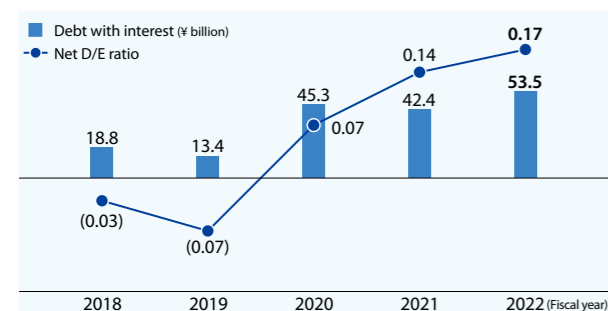
Profit attributable to owners of parent in FY2022 also increased by 13.8% year-on-year in line with the increase in net sales and operating profit. Since the year-on-year growth rate of profit attributable to owners of parent was higher than the year-on-year equity capital growth rate, ROE rose 0.3 percentage points year-on-year to 10.7%.

Equity capital **¥72.4 billion** Equity capital ratio **47.5%**



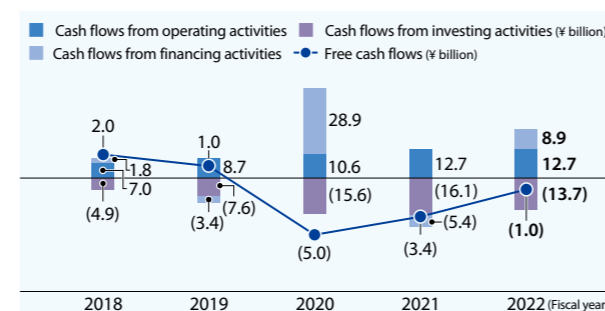
Since retained earnings increased due to the recording of profit attributable to owners of parent, the amount of equity capital at the end of FY2022 increased by 7.3 billion yen compared to the end of the previous fiscal year. Since the increase in debt due to the issuance of straight bonds was greater than the increase in equity capital, the equity capital ratio decreased by 2.2 percentage points from the previous fiscal year to 47.5%.

Debt with interest and Net D/E ratio **¥53.5 billion** Net D/E ratio **0.17**



Due to the issuance of straight bonds, debt with interest at the end of FY2022 increased by 11.1 billion yen compared to the end of the previous fiscal year. Although equity increased, the net D/E ratio went up by 0.03 points to 0.17 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 fixed assets associated with capital investment.

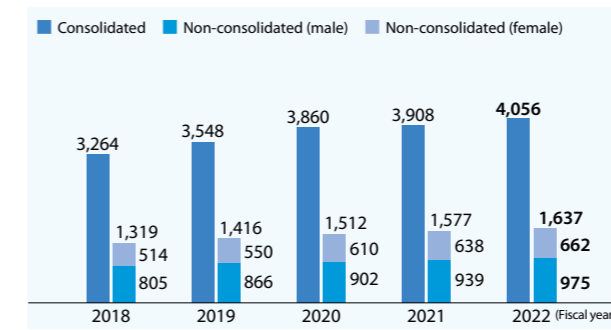
Cash flow Free cash flows **-¥1.0 billion**



While operating cash flow generated an income of 12.7 billion yen in FY2022, investment cash flow generated an expenditure of 13.7 billion yen due to the acquisition of property, plant and equipment associated with capital investment, resulting in a negative free cash flow of 1 billion yen. The issuance of straight bonds resulted in a financing cash flow of 8.9 billion yen.

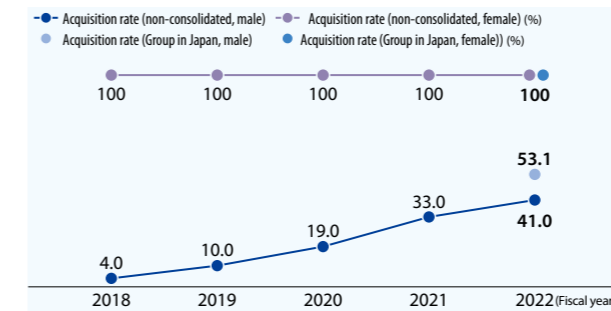
Non-Financial Highlights

Number of employees Consolidated **4,056**



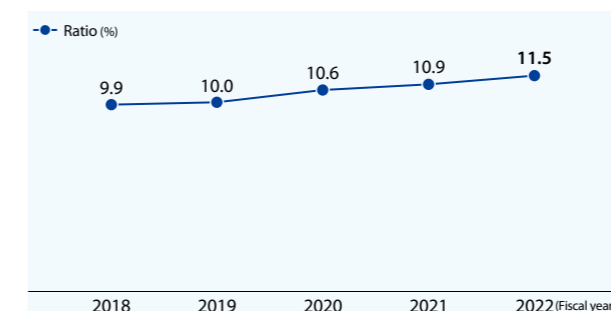
The number of employees both on a consolidated and non-consolidated basis has increased along with the expansion of the business scale of the Group. Based on the belief that the achievement of "Vision 2030" requires the active participation of diverse human resources, we will continue to strive to ensure diversity regardless of gender, age, or nationality.

Childcare leave acquisition rate Male **53.1%** Female **100%**



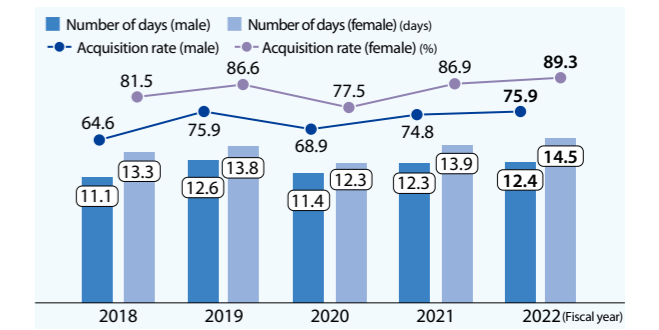
In addition to the Child Care and Family Care Leave Act (revised in FY2022) which makes it easier for employees to take childcare leave, introduction of a childcare support period that supports employees for a certain length of time during their childcare leave has resulted in a higher rate of male employees taking childcare leave.

Ratio of women in managerial positions* Non-consolidated **11.5%**



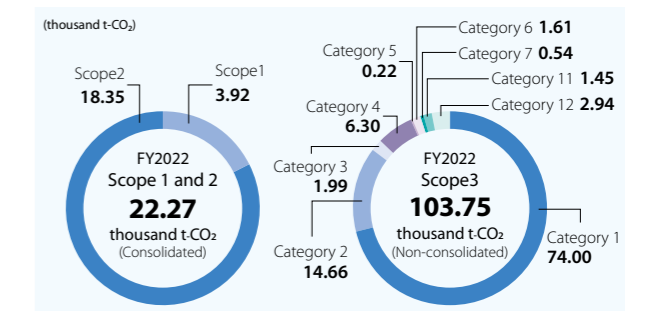
In appointing core personnel, the company selects, suitable candidates in terms of ability and motivation, in a transparent and fair manner, irrespective of gender, nationality or work experience. We will continue to strive to ensure greater diversity than at present by appointing core personnel regardless of gender, nationality or work experience.

Average annual paid leave taken and Acquisition rate Non-consolidated **13.2 days** Acquisition rate **81.3%**



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 FY2022. The acquisition rate and average number of days taken continue to trend upward (the number of days taken in FY2020 decreased compared to the previous year due to fewer opportunities to go out owing to the pandemic).

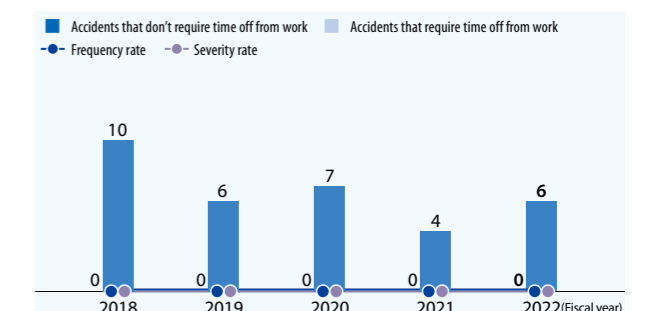
GHG emissions (Scope 1 and 2) Consolidated **22.27 thousand t-CO₂**
GHG emissions (Scope 3) Non-consolidated **103.75 thousand t-CO₂**



From FY2020 we began to calculate the Group's greenhouse gas emissions (GHG), and from FY2021 we have also included Scope 3 emissions (non-consolidated), in addition to Scope 1 and 2. Going forward, we will expand the scope of Scope 3 emissions to cover the Group, and we have begun preparations to set reduction targets and formulate policies starting in FY2023.

[See P.36 Information disclosure based on TCFD recommendations >](#)

Occupational accidents non-consolidated **6** Frequency rate **0** Severity rate **0**



There were only six workplace accidents in FY2022 that didn't require any time off from work, and no accidents that required time off from work. We will continue to operate a health and safety management system and hold health and safety committees at each site while sharing and discussing issues related to occupational health and safety, leading to continuous improvements.

CFO Message

To achieve the medium-term management plan "Vision 2030", the Group has set the goals of increasing overseas sales in the vision care business, increasing sales of 1DAY, and further expanding the MELS Plan. In particular, in order to grow vision care business, we are focusing on aggressive capital investment, including at Malaysian plant. Additionally, we are developing new businesses in the healthcare and life care business. By appropriately raising funds while maintaining financial stability, we aim to achieve "Vision 2030" and improve corporate value with an eye to the future.



Motonari Watanabe
Executive Officer and CFO of Corporate Management Head Office

Review of FY2022

In FY2022, the Group was able to expand its business thanks to the recovering economic situation both in Japan and overseas compared to the previous year, and thanks to strong sales to China.

In the vision care business, sales increased in Japan owing to an increase in the number of subscribers for 1DAY in the MELS Plan and in terms of products we were able to make greater sales for lens care products and contact lenses other than 1DAY. Overseas, sales were also strong due to more business for orthokeratology lenses and lens care products in Asia, primarily in China, and 1DAY in Europe and the United States. In the healthcare and life care business, sales in overseas markets remained steady, mainly in the food business and the environment and biotech business.

As a result, net sales increased to 110.1 billion yen (up 10.0% year-on-year). Operating profit increased to 12 billion yen (up 16.9% year-on-year) thanks to increased sales and efficient use of selling, general and administrative expenses. The operating profit ratio was 10.9%, a year-on-year increase of 1.0 percentage points, and ROE was 10.7%, a year-on-year increase of 0.3 percentage points.

To achieve the quantitative targets for FY2025, a milestone in the medium-term management plan "Vision 2030", we will continue to expand business by focusing on expanding sales of orthokeratology lens-related products and disposable contact lenses centered on 1DAY where we expect continued growth.

Additionally, the Group is actively making capital investments to further grow the vision care business. In FY2022, we raised

funds to invest in Malaysian plant, which will be the new manufacturing base for 1DAY, issuing 15 billion yen in straight bonds. As a result, the equity capital ratio was 47.5%, down 2.2 percentage points on the previous year, and the net D/E ratio was 0.17, up 0.03 percentage points on the previous year. We will continue to invest and raise funds in an appropriate manner for business expansion while considering the balance between capital and liabilities.

FY2025 quantitative targets		FY2022 results	
Net sales	¥140.0 billion	Net sales	¥110.1 billion +10.0%
Operating profit ratio	12%	Operating profit ratio	10.9% +1.0 points
ROE	10%	ROE	10.7% +0.3 points

FY2022 financial safety indicators	
Equity capital ratio	47.5% -2.2 points
Net D/E ratio	0.17 +0.03 points

Outlook and Investment Strategy for Next Fiscal Year

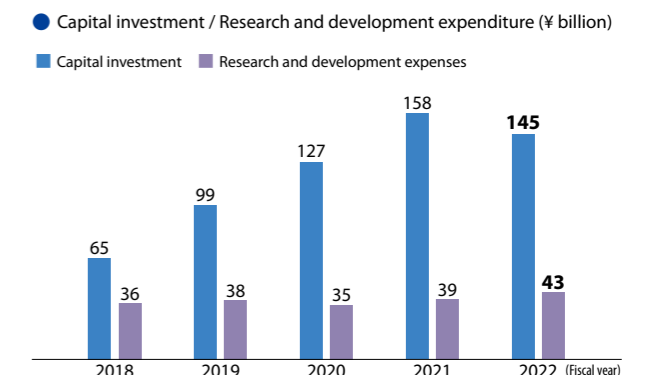
With regard to FY2023, the situation is expected to remain uncertain as changes in the global economy due to inflation, the resulting rise in raw material and energy prices, and exchange rate fluctuations will impact consumer behavior and corporate activities. Under these circumstances, we will aim to boost sales in the vision care business, and orthokeratology lenses and the lens care business in Asia where demand remains strong, by developing new sales channels and increasing awareness of products. As for the orthokeratology lenses, we will offer a new lineup in China. To meet this growing demand, we will increase production capacity by getting orthokeratology lens plant in China ready for operation and investing in lens care production equipment at Japanese plants.

Demand for 1DAY is also expected to increase globally, so in order to expand sales of disposable contact lenses in Europe and North America, we will promote OEM supply to mass retailers with the aim of increasing sales. To meet this growing demand, we will increase production capacity by getting Malaysian plant ready for operation and investing in production equipment at Japanese and Singapore plants.

Based on the above, we expect net sales to increase by 116.0 billion yen (up 5.3% year-on-year) and operating profit to increase by 12.3 billion yen (up 2.0% year-on-year) for FY2023. As

we plan to increase selling, general and administrative expenses for future growth, including strengthening the development of new products and preparing for new plant operations, the operating profit ratio is expected to fall by 0.3 percentage points from FY2022 to 10.6%.

Consolidated financial forecast for FY2023		
Net sales	Operating profit	Operating profit ratio
¥116.0 billion	¥12.3 billion	10.6%



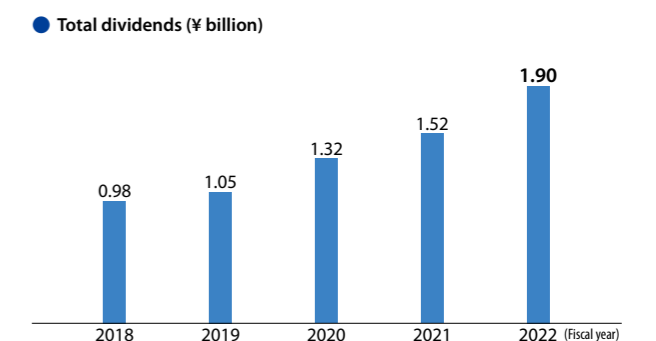
Shareholder Returns Policy

One of the most important management objectives of the Group is to continuously return profits to shareholders. The policy regarding the payment of dividends from retained earnings is to take into account the results of the current financial year and the need to increase retained earnings for future business development and strengthening of the financial structure

	FY2018	FY2019	FY2020	FY2021	FY2022
Dividend per share*	¥14	¥14	¥17.5	¥20	¥25
			Ordinary dividend ¥15.0		
			Commemorative dividend ¥2.5		
Dividend payout ratio	27.6%	24.9%	22.2%	23.3%	25.7%

* Calculated assuming a stock split at the beginning of FY2018

in a comprehensive manner, and to implement them in an appropriate manner. In line with these policies, the dividend based on actual results for FY2022 has been set at 25 yen per share. This is an increase of 5 yen compared to the previous year's dividend of 20 yen.



Vision Care Business (Japan)



Domestic demand for contact lenses is at a level higher than before the pandemic. We expect that demand will continue to grow in the future, and we would like to meet this demand by introducing new products and services that are popular with users. In addition, accessible sales methods such as online sales and regular delivery services are becoming more widespread so we in turn must respond appropriately. As well as expanding the number of MELS Plan subscribers, we aim to maximize corporate value by continuing to grow the number of people who use the Group's products.

Hiroki Shinoda
Executive Officer of Japan Sales Management Head Office

Risks and Opportunities in the Business Environment

Risks

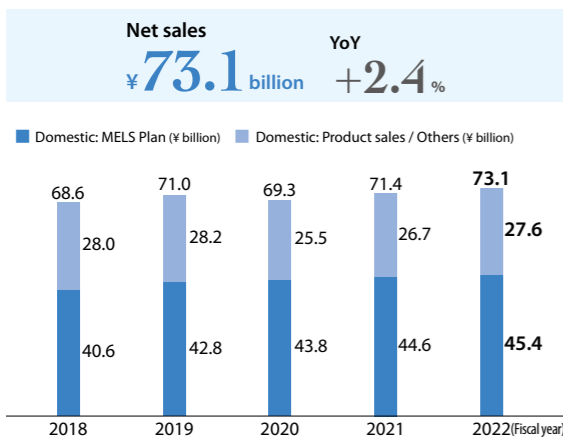
- Future market contraction due to population decline
- Increased demand for sales without a visit to an ophthalmologist

Opportunities

- Increase in number of contact lens wearers due to increased demand for colored and bifocal contact lenses
- Expanding sales opportunities through online sales

Review of FY2022

Although the number of MELS Plan subscribers was 1.34 million, the same as at the end of the previous fiscal year, sales grew due to a higher proportion of subscribers for 1DAY, which have a higher unit price. Product sales and others were affected by insufficient supply of some of own 1DAY to meet demand, but grew due to recommendations for other types of contact lenses and other 1DAY unaffected by supply issues. As a result, domestic sales in the vision care business amounted to 73.1 billion yen (up 2.4% year-on-year).

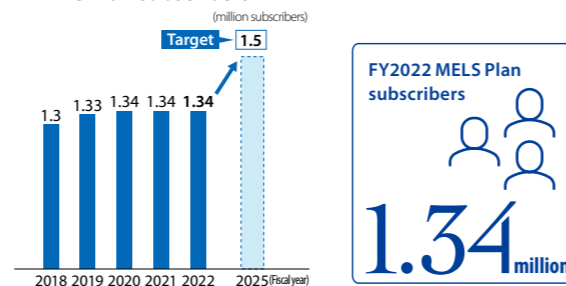


Medium-Term Management Plan Progress

Initiative ① MELS Plan expansion

The supply of some of 1DAY was not sufficient to meet demand, which affected the acquisition of new MELS Plan subscribers, and the number of subscribers remained unchanged from the end of the previous fiscal year at 1.34 million.

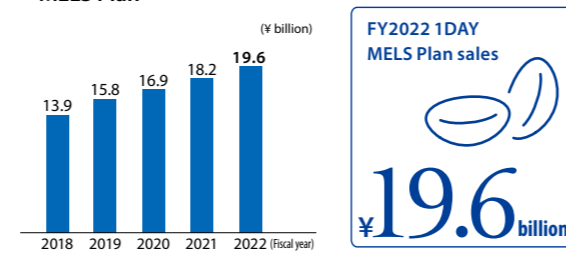
• MELS Plan subscribers (million subscribers)



Initiative ② Expanding sales of 1DAY

Sales of 1DAY grew overall in Japan due to an increase in the proportion of 1DAY subscribers in the MELS Plan and thanks to recommendations for some of other types of 1DAY.

• Domestic sales of 1DAY in MELS Plan (¥ billion)



Future Strategies Based on Vision 2030

Products and Promotions by Generation

We are implementing activities for every generation so that people of all ages can continue to use the Group's products. We are focusing on promoting bifocal contact lenses to people in their 30s and above. We are also continuing to promote bifocal contact lens campaign "Lactive", in order to strengthen brand image. As a product measure for teens and those in their 20s, we are strengthening the lineup of 1DAY colored contact lenses. Going forward, we will aim to maximize the lifetime value of contact lens users by expanding product lineup and implementing promotional measures tailored to each generation.

Promoting Visits to the Group Stores

We are implementing a variety of measures to increase awareness of "Miru", the Group's stores, to encourage new customers to visit stores. By creating an exciting space for customers, including renewing uniforms for store staff in June

2022, we aim to create a store where not only customers look forward to visiting the store but also staff look forward to working there. We also produced a new TV commercial called "Miru Happy Notes" featuring Minami Hamabe, airing the ad in an effort to attract customers to stores.

Additionally, at "Miru", we strive to be attuned to each customer's individual lifestyle and needs. Lifestyles have changed significantly because of the Covid-19 pandemic, and customer needs for customer service have also become more diverse. In response to this trend, we have introduced "Miru Online Consultation Service" as a new option for customers in addition to the traditional face-to-face customer service at "Miru". This is an online consultation service that uses original avatars, giving customers easy access to consult about contact lenses no matter where they happen to be.

We will continue to acquire new customers by strengthening the image of "Miru" brand and providing new services that meet the diversifying needs of customers.

TOPIC

Expanding the Lineup of Bifocal and Colored Contact Lenses

In FY2022, we launched many new products based on measures that meet the needs of every generation.

In the field of bifocal contact lenses, we launched two new products, "XC Bifocal" and "2WEEK Menicon Rei Multifocal". These were added to "Lactive" line-up, targeting mainly people in their 30s and above, further strengthening promotion efforts.

In terms of colored contact lenses, we added two new colors to the "1DAY FRUTTIE" pattern lineup, bringing five colors to the range of products. 59% of all people who have worn colored contact lenses first used them in high school or university, which is why enhanced lineup is aimed at people in their teens and 20s.

We will continue to work on strengthening lineup so that a wide range of generations can continue to use the Group's products.



Vision Care Business (Overseas)



Covid-19 has had a significant impact on the contact lens industry, but as of 2023, the market size has exceeded that before the pandemic and is steadily recovering. Menicon boasts a unique lineup of products backed by proven technology, such as Smart Touch technology for the fast-growing 1DAY market and a range of distinctive products for orthokeratology lenses, which are widely reported to slow the progression of myopia. We will continue to work hard to expand globally to meet growing demand.

Hideki Koga
Executive Officer of International Business Head Office

Risks and Opportunities in the Business Environment

Risks

- Greater competition from foreign competitors
- Concerns over amount of supply and supply chain to meet high demand

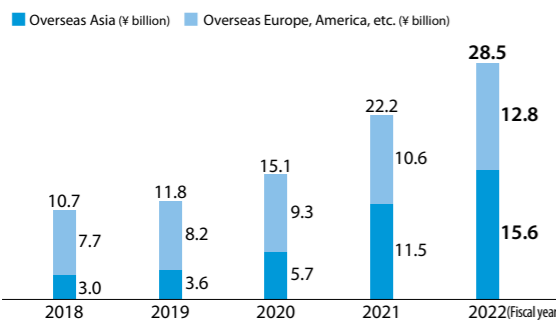
Opportunities

- Global myopia population growth and increased demand
- Widespread use of contact lenses associated with economic growth in emerging countries

Review of FY2022

Although there were supply chain disruptions in some regions due to the Covid-19 pandemic and the war in Ukraine, we were able to swiftly address logistics and procurement issues to advance growth strategy. Overseas sales in the vision care business totaled 28.5 billion yen (up 28.4% year on year), mainly due to strong performance in orthokeratology lenses and the lens care business in Asia, especially in China, and more business for 1DAY in Europe and the United States.

Net sales
¥28.5 billion YoY +28.4%

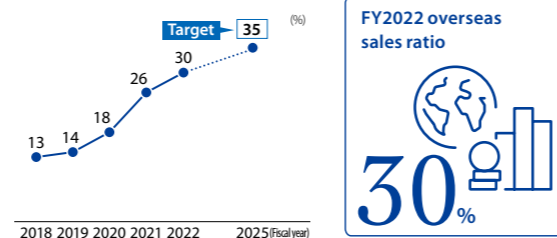


Priority Measures based on the Medium-Term Management Plan

Initiative 1 Expanding overseas sales

We were able to grow in all major markets. In Asia in particular, net sales grew significantly to 15.6 billion yen (up 35.4% year-on-year) causing the overseas sales ratio, including the healthcare and life care business, to jump from 26% to 30%.

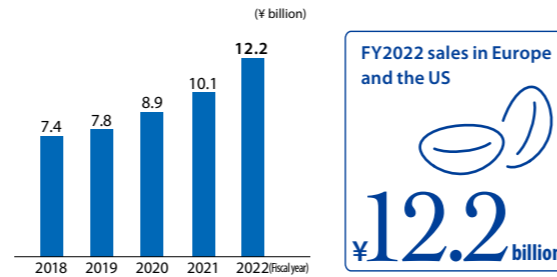
Overseas sales ratio



Initiative 2 Expanding sales of 1DAY

Net sales in Europe and the United States totaled 12.2 billion yen (up 20.4% year-on-year) as a result of increased sales volume and channels for 1DAY, primarily thanks to expanded trading volume and new business partners in Europe and the United States following the market recovery.

Net sales in Europe and the US



Future Strategies Based on Vision 2030

Promoting Initiatives to Tackle Growing Myopia Population

Myopia is a chronic and progressive disease that can pose a serious threat to eye health. School-aged children are particularly prone to progressive myopia, and it is reported that by 2050, approximately half of the world's population will be myopic¹. When nearsightedness progresses to high myopia, it is likely to cause damage to the retina and optic nerve, increasing the risk of visual impairment and blindness.

In recent years, due to environmental factors such as more widespread use of digital devices, the number of people with myopia has increased worldwide to become a social problem. In China in particular, 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. Orthokeratology lenses, which have been shown to be effective in slowing the progression of myopia, are often prescribed to these school-aged children, and some forecasts suggest that from 2020 to 2030, the market size will roughly triple².

Under these circumstances, the Group will provide the market with multiple orthokeratology lenses and lens care products based on many years of research and development and solid technological capabilities. The Group's high-quality and strong brand of products have already received high praise from

local ophthalmologists in China. Going forward, we will continue to accelerate efforts to tackle the growing myopia population in China by strengthening local network, including with industry-academia collaboration, improving supply chain, and launching new products.

In other regions, "Menicon Bloom™", Myopia Control Management System, first introduced in the Netherlands in 2019, is now being rolled out in Europe and Asia. We will continue to contribute to solving social issues and expanding the market by taking the lead in tackling the problems associated with the global rise in the number of people with myopia.

Notes:
1. Holden BA et al. Global Prevalence of Myopia and High Myopia and Temporal Trends from 2000 through 2050 (Ophthalmology 2016, 123(5): 1036-42)
2. Frost & Sullivan Custom Research (2020)

Expanding Sales of 1DAY

The global contact lens market is expanding again after the Covid-19 pandemic, with demand for 1DAY in particular increasing. To meet such strong demand, we need to strengthen supply chain and sales channels. We will make efforts to expand sales network by working flexibly with local partners, including the creation of more diversified sales channels, strengthening relationships with mass retailers, and offering OEM supply.

TOPIC

New Products Launched in China, and SDGs Communication in Europe and the United States

"Alpha Ortho-K" was the only orthokeratology lens we were selling in China, but in May 2023, we also released "Menicon Z Night", which boasts a high market share in Europe. And we are steadily strengthening lineup with the launch of "Rose K", a lens for keratoconus, in April. Furthermore, we will strengthen business foundation through the development of the supply chain by starting production of "Alpha Ortho-K" at a local factory in China in 2023.

Meanwhile, in Europe and the United States, there is a tendency to choose products that are more environmentally friendly from the viewpoint of the SDGs, which is why the eco-friendly concept and uniqueness of product lineup, including "Miru 1day Menicon Flat Pack", is attracting attention. Going forward, we will continue to make efforts to communicate more on the SDGs.



Healthcare and Life Care Business

(Business areas: environment and biotech, life support, animal medical care, animal symbiosis, food)



In "Environment and Biotech Business", we are working to expand sales of unique products and services that contribute to reducing impact on the environment. In "Life Support", we are working to expand sales of supplements and expand sales points for infertility treatment-related products, taking advantage of insurance coverage for infertility treatment. In "Animal Medical Care", we are diversifying sales channels so that many pet owners can easily purchase supplements, and for "Food", we are working to popularize Japanese food overseas against the backdrop of a more diversified food culture. We will expand business and improve profit structure, aiming to achieve sales of 10 billion yen in the healthcare and life care business by FY2025.

Wataru Ito

Executive Officer of Miru Mirai Head Office

Risks and Opportunities in the Business Environment

Risks

- Rise in purchase prices due to occurrence of natural disasters, and sharp rise in transportation costs due to high crude oil prices
- Loss of sales opportunities due to voluntary refrain or restrictions on activities due to the spread of infectious diseases, etc.
- Decrease in demand due to reduction in economic activity in sales regions

Opportunities

- Increased demand for materials that contribute to agricultural and environmental conservation due to greater environmental awareness
- Infertility treatment started to be covered by insurance, and expanded to a wide range of people
- Increased demand for online sales of pet products
- Increased sales opportunities due to the diversity of food culture and the expansion of Japanese food overseas

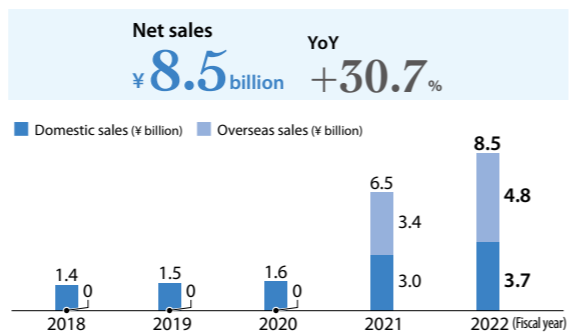
Review of FY2022

- In the environment and biotech business, sales in composting-related business in overseas markets remained strong.
- In life support, the market for trying to conceive was invigorated as fertility treatment became covered by insurance, with strong sales of the motile sperm isolation device "Miglis".
- In the area of animal symbiosis, we opened &HAUS, a facility to take care of your beloved dogs on behalf of owners, in Kasama City, Ibaraki Prefecture, as part of &D's core service, "Future Security for Dogs". Service are gradually being expanded, with for example, opening a

dog run and selling related products.

- In the field of animal medical care, sales of intraocular lenses and therapeutic contact lenses remained strong.
- Sales of food products grew, mainly due to increased exports of fresh fish to Asia and steady import sales of dry goods.

As a result of the above, net sales in the healthcare and life care business amounted to 8.5 billion yen (up 30.7% year-on-year).



Priority Measures based on the Medium-Term Management Plan

Initiative 1 The environment and biotech: Expanding business areas

Utilizing the expertise cultivated through existing businesses, we have started a composting consulting business in Japan as an initiative to both increase sales and limit environmental impact by reducing power consumption.

Priority measures highlights:
P.35 The environment and biotech compost consulting business >

Initiative 2 Life support: Expanding the Femcare field

We have updated the concept of own supplement brand "Luna Rhythm" as an all-in-one Femcare brand, making a full-fledged entry into the growing Femtech market.

Future Strategies based on Vision 2030

Improving Profit Structure in a Wide Range of Business Areas

The healthcare and life care business is comprised of five main areas: "Environment and Biotech", which contributes to reducing environmental impact by developing products and services using unique enzymes and know-how; "Life Support", which helps people to live a more affluent life with a focus on supplements and infertility treatment-related products; "Animal Medical Care", which supports animal health with intraocular lenses and contact lenses for dogs, as well as supplements for cats and dogs; "Animal Symbiosis", which supports a good life with your dog by providing services for dog owners; and "Food", which contributes to enriching lives through exporting Japanese food and importing food from Asia. As well as expanding business based on the perspective of growth potential, uniqueness, and social contribution in each area, with food as a pillar, the medium-term target of 10 billion yen in net sales aims to improve profit structure by building an optimal intellectual property strategy that maintains a competitive advantage.

Number of patents held by region related to healthcare and life care business (as of the end of March 2023)

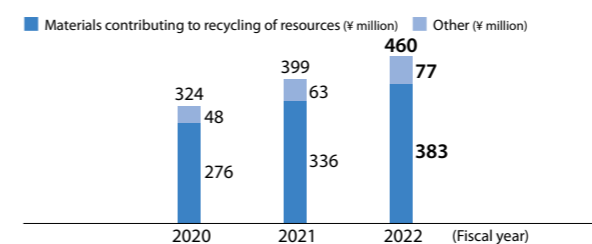
Japan	Europe	USA	Korea	Singapore	Taiwan	China	Other	Total
22	15	8	2	1	2	5	6	61

The Environment and Biotech:

Expanding Scale of Environment-Related Businesses

In addition to expanding sales of the composting promotion system "resQ", and the rice straw decomposition agent "Aguri Kakumei", a material that helps to recycle resources, we have started a new composting consultation service. This consulting service provides consulting to livestock farmers on improving the composting environment, such as improving composting equipment, lowering electricity costs, and reducing bad smells. In the future, we will work to expand the number of customers for

The environment and biotech net sales



consulting services to increase sales, and contribute to a carbon-free world by using resources more effectively.

Life Support: Expanding the Femcare Field

With infertility treatment as core business, we will accelerate product development in the Femcare field. We will further promote the use of the motile sperm isolation device "Migris" in Japan and expand sales with an eye toward overseas expansion.

We will expand lineup of supplements in the Femcare brand "Luna Rhythm", and together with fertility supplements, we will grow the Femcare field. We will also work to improve profitability by diversifying sales methods.

Animal medical care and Animal Symbiosis: Expanding the Field and Enhancing Services

In animal medical care, we will develop new channels in collaboration with animal symbiosis 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 unique service, "Future Security for Dogs", as core business. We aim to increase sales and achieve coexistence with animals by raising awareness and increasing the number of people who use 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.

TOPIC

Launch of Contact Lenses for Treatment with Cats and Dogs in Thailand

Meni-One Co., Ltd. has begun selling "Meni-one Corneal Bandage one" contact lenses to veterinary hospitals in Thailand for treatment with cats and dogs. We will support the health of pets with unique products in Thailand's pet market, which has been growing at an average rate of 10% per year since 2011*.

* Source: Thai Pet Product Industries Association (TPIA)



Research and Development / Quality Assurance / Production and Logistics Service



The global contact lens market continues to expand against the backdrop of a worldwide increase in myopia population and a shift to high value-added products such as 1DAY and orthokeratology lenses. In response to this rapidly expanding demand, Menicon will increase production capacity for each product in a timely manner to establish a global supply system. We will also focus on research and development of new products and technologies that meet diversifying needs.

Koji Kawaura
President and COO, Manufacturing and R&D Head Office

Risks and Opportunities in the Business Environment

Risks

- Drop in 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
- Impact on production and supply activities due to natural disasters, regional conflicts, etc.
- Rising raw material and logistics costs

Opportunities

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

Research and Development Review of FY2022

- Focused on expanding product lineup in response to growing global demand for 1DAY.
- Received approval in June 2022 for the orthokeratology lens "Menicon Z Night" in China, and in September of the same year, received approval for the monthly replacement silicone hydrogel contact lenses.
- Obtained CE marking in Europe in May 2019 for "Menicon Bloom Night", the world's first orthokeratology lens to

slow the progression of myopia, and continued to obtain regulatory approvals in other regions as well.

- In research on slowing the progression of myopia, in addition to the establishment of the industry-academia collaboration, "Endowed Course on Suppression of Myopia Control," at Aichi Medical University, established a cooperative system with Singapore's "Myopia Specialist Centre", the first state-of-the-art facility in Asia dedicated to myopia, to promote basic and clinical research.

Research and development expenses: P.16 >

Production and Logistics Service Review of FY2022

- Improved and expanded the production line at the Kakamigahara Plant to increase production capacity for "1DAY Menicon PremiO" series of silicone hydrogel 1DAY. However, as the global contact lens market, which had once shrunk due to the Covid-19 pandemic, rapidly recovered, demand exceeded production capacity.
- Proceeded with the construction of a Malaysian plant to expand the production capacity of 1DAY, which is expected to see a rise in global demand over the long term, and a Chinese plant to expand the production of orthokeratology lenses, an expected growth market primarily in Asia. At the Gujo Plant, which manufactures lens care products, we have proceeded with renovations to strengthen facilities.

Contact Lens Development

Research and Development System

- Product Development** Research on materials 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

Research and Development Fields

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

● Number of patents held by region related to vision care business (as of the end of March 2023)

Japan	198
Europe	222
USA	64
Korea	15
Singapore	13
Taiwan	17
China	17
Other	48
Total	594

Strategy

Overall Strategy

From developing materials to manufacturing methods, fully integrated research and development system supports the development and market introduction of unique products. We ensure the competitiveness of products and technologies by linking the acquisition and management of intellectual property with business strategy and integrating it with research and development. Since many of products are medical devices and quasi-drugs, we have appointed regulatory specialists for each sales area to ensure that we can respond appropriately and promptly to laws and regulations in each country. In addition, by appropriately operating a quality management system, we strive to provide products that end users can use with peace of mind. For production and logistics service, the production department and logistics department are located within the same division, enabling smooth collaboration for efficient manufacturing and inventory management.

Research and Development Strategy

To meet the demands of an expanding and diversifying market, we will continue to develop contact lens-related products such as high-quality 1DAY and orthokeratology lenses. We will also focus on research and development of new technologies that have the potential to improve the functionality of contact lenses. We believe that training researchers is important in realizing innovative development. By acquiring a wide range of knowledge outside of their field of responsibility, we aim to develop human resources that can be utilized in research and development. We will also develop human resources who have an overall understanding of research and development with a high level of expertise, who can pave the way forward as leaders.

Regarding intellectual property, we will take advantage of the fact that we have built an integrated value chain from research and development to sales, to plan strategies that look at the bigger, wider picture.

Production and Logistics Service Strategy

In FY2023, we will build a stable production system for 1DAY by increasing the facilities at Kakamigahara and Singapore plants. In the medium to long term, we are preparing to start operations at Malaysian Plant in 2025 with the aim to expand global share of the 1DAY market. To meet the growing demand for orthokeratology lenses and lens care, we will prepare for the operation of Chinese Plant and expand the facilities at Gujo Plant. In response to greater amounts of distribution and the increase in number of distribution bases due to the construction of new plants, we will establish new distribution bases and review the distribution network, while also saving labor and digitizing warehouse work to tackle the rise in distribution costs and labor shortages. We will continue to build an efficient and stable logistics system for products.

Corporate Governance

Basic Policies Concerning Corporate Governance

One of basic policies is to carry out 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 work to realize 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)

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. Management and execution system consists of nine directors (including six outside directors) and six executive officers (including one concurrent director) (as of June 26, 2023). Outside directors supervise and provide advice for the management performed 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 are able to execute business in a prompt and efficient manner with their enhanced authority for each process.

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, the Nominating Committee and the Compensation Committee may not concurrently serve as directors executing the processes of the Company or its subsidiaries, and the Audit Committee may not concurrently serve as senior executive officers, operating officers, employees or directors executing the processes of the Company or its subsidiaries.

Corporate Governance Report

<https://contents.xj-storage.jp/xcontents/AS08353/1ce29e83/de8a/4ca8/ac58/dc4d9a09e287/140120230620507085.pdf>

Main meetings in FY2022

Meeting	Times Held	Average Attendance
Board of Directors	17	100%
Nomination Committee	6	100%
Remuneration Committee	6	100%
Audit Committee	13	100%

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

Formulates proposals for the general meeting of shareholders regarding the appointment and dismissal of directors, deliberates on the appointment and dismissal of executive officers, and refers to the Board of Directors. The basic policy and operational process of the nomination committee is reviewed as and when necessary. 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 appointed in accordance with independence standards set by financial instruments exchanges. 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*

Evaluates officers based on performance assessment rules for the current fiscal year to determine remuneration and stock options. Conducts appropriate reviews of rules and bylaws regarding executive remuneration.

Audit Committee

Implements matters related to basic audit policy, implementation plan and method of auditing, division of duties among committee members, matters related to the appointment and dismissal of the accounting auditor and non-reappointment of the accounting auditor submitted to the general meeting of shareholders, remuneration of the accounting auditor, and details on the audit report. In order to enhance the audit function, the audit committee, the accounting auditor, and the audit department, which is an independent and dedicated organization under the direct control of the representative executive officer, hold the three-pronged audit liaison meeting once every quarter to discuss and exchange information and opinions.

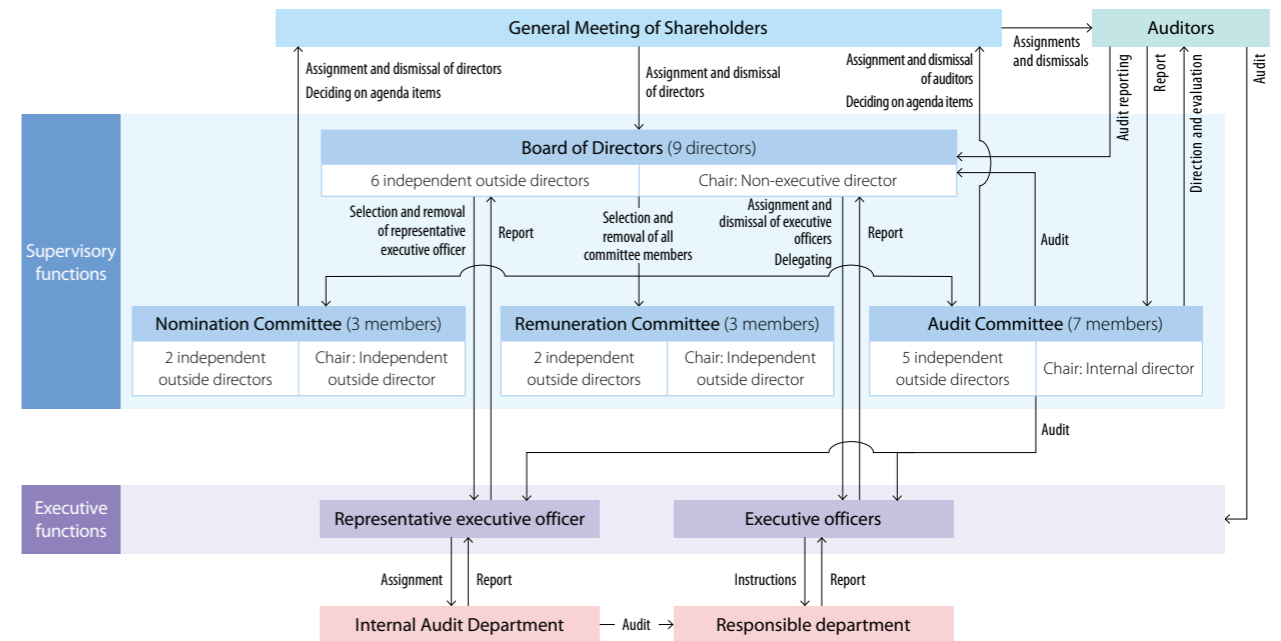
*Details of officers' remuneration (Annual Securities Report)

<https://contents.xj-storage.jp/xcontents/AS08353/ca63b34c/16f2/40b3/96db/33ab6af26476/S1000BSY.pdf> (In Japanese only)

Director Training

We provide outside directors with opportunities to deepen their understanding, such as by sharing information about the issues unique to 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 FY2022. 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.

Corporate Governance System Diagram (As of June 26, 2023)



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 FY2022, 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 work to improve 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 of the directors responded
Survey method	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
Enhancing information sharing among outside directors for more lively discussions	<ul style="list-style-type: none"> Creating opportunities to deepen communication and mutual understanding with executive officers Training for directors
Enhancing discussions at the Board of Directors' meetings	<ul style="list-style-type: none"> Measures to improve the quality and quantity of deliberations on management plans, capital policies, investment decisions, etc.
Strengthening monitoring function	<ul style="list-style-type: none"> Monitoring the execution status of medium- to long-term management plans Understanding sustainability policy and monitoring operational status

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 CEO
2010: Appointed as Director and Representative Executive Officer
 Appointed as CEO
2023: Appointed as Director, Representative Executive Officer and Chairman (present post)

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)

3 Hisashi Moriyama

1988: Joined the Company
2016: Appointed as Executive Officer and Director of Japan Sales Division 1
2018: Appointed as Senior Executive Officer and Deputy Director of Japan Sales Management
2021: Appointed as Company Director (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: Nagoya Architectural Dispute Resolution Committee Member
 Nagoya Summary Court Civil Conciliator
2016: Appointed as Company Director (present post)

5 Shingo Watanabe Outside Independent

1980: Joined Deloitte, Haskins & Sells Audit Corporation
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 Shin Nihon & Co. (now Ernst & Young ShinNihon LLC) Nagoya Office
2017: Established Shingo Watanabe Certified Public Accountant Office
2018: Appointed as Company Director (present post)

6 Yozo Miyake Outside Independent

1968: Joined the Department of Ophthalmology, Nagoya University
1982: Appointed as Head of Department of Ophthalmology, Social Insurance Chukyo Hospital
1997: Appointed as Professor of Ophthalmology at School of Medicine, Nagoya University
2005: Appointed as Professor Emeritus at Nagoya University
 Director of National Institute of Sensory Organs, National Hospital Organization Tokyo Medical Center.
2007: Appointed as Professor at Faculty of Medical Welfare, Aichi Shukutoku University
2010: Appointed as Chairperson of the Board at Aichi Medical University
2019: Appointed as Company Director (present post)

7 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 at FM Aichi Broadcasting
2019: Appointed as Company Director (present post)

8 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 Executive Officer, Fuji Xerox 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 Business at Fuji Xerox
2012: Appointed as Director and Managing Executive Officer of Asia and China Business and Manager of Headquarters at Fuji Xerox
2014: Appointed as Director and Managing Executive Officer and Manager of Headquarters at Fuji Xerox
2021: Appointed as Company Director (present post)

9 Kazushige Takehana Outside Independent

1980: Appointed as Assistant at Rakuno Gakuen University
2000: Appointed as 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 Japanese Association of Private Veterinary Medical Schools
 Director of Rakuno Gakuen (President of Rakuno Gakuen University)
2021: Appointed as Company Director (present post)

Senior 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 (present post)
2023: Appointed as Representative Executive Officer (present post)
 President and COO (present post)

11 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 (present post)
2019: Appointed as Senior Executive Officer and Director of Corporate Management Head Office (present post)

14 Wataru Ito

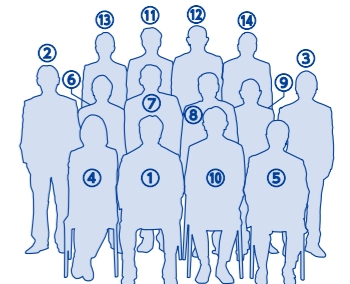
1983: Joined the Company
2016: Appointed as Executive Officer and Director of Domestic Marketing Strategy Office
2018: Appointed as Senior Executive Officer and Director of New Business
2022: Appointed as Senior Executive Officer and Director of Miru Mirai Head Office (present post)

13 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 (present post)

12 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)



Director Skill Matrix and Composition of Meetings and Committees (As of June 26, 2023)

Name	Gender ● Male ● Female	Position	Expertise/Experience										Composition of meetings and committees ◎ Chairperson / Committee Chair					
			Business execution	Tenure (years)	Overall management	Global experience	Sales and marketing	Research and Development	Manufacturing	Law	Finance and accounting	Academic	Board of Directors	Nomination Committee	Remuneration Committee	Audit Committee		
Hidenari Tanaka	●	Director	○	13	○										○			
Yoshiyuki Takino	●	Director		5	○					○					◎	○		○
Hisashi Moriyama	●	Director		2	○			○							○		○	◎
Yoshimi Horinishi	●	Outside Director (Independent)		7						○					○		○	○
Shingo Watanabe	●	Outside Director (Independent)		5		○					○				○			○
Yozo Miyake	●	Outside Director (Independent)		4								○			○			○
Ryutaro Honda	●	Outside Director (Independent)		4	○										○			○
Katsuhiko Yanagawa	●	Outside Director (Independent)		2	○	○									○	○		○
Kazushige Takehana	●	Outside Director (Independent)		2						○				○	○			○

Details of reasons for appointment (Convocation notice)

<https://contents.xj-storage.jp/xcontents/AS08353/950e7915/a34d/4854/805d/d28f556e8bb7/20230604224951835s.pdf>

Risk Management

Basic Approach to Risk Management

The 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.

Risk Management Structure

The Company has established a Sustainability Committee (formerly CSR Committee), with the President and COO responsible for risk management, to promote risk management company-wide, 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", "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.

Sustainability Management: P.33 Risk Management >

Information Security

Information Security Policy

The Group takes safety measures through the creation and operation of an information security system based on the Menicon Group Information Security Policy. This provides the necessary protection for the information assets of customers and the Group companies, including personal information, from intentional or accidental threats.

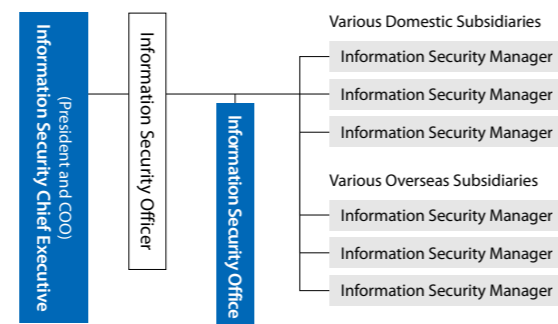
Menicon Group Information Security Policy
<https://www.menicon.com/corporate/aboutus/policy>

Information Security Management Structure

We have established an information security management organization that oversees information security for the 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 Structure



Initiatives to Protect Personal Information

Based on the Group's "Privacy Policy", we appropriately use, manage, and protect personal information entrusted to us by customers and everyone involved with the Group. In addition to complying with the GDPR (EU General Data Protection Regulation), we have also established "Menicon Group Personal Data Protection Regulations" to ensure that subsidiaries have the same level of personal data protection as we do. Furthermore, in order to ensure that services and those of Group sales companies can be used with peace of mind, we have acquired "Privacy Mark", provide regular training for all employees, and have posted information on website for inquiries regarding personal information. We are happy to report that there were no incidents related to personal information in FY2022.

Personal Information Protection Policy
www.menicon.com/corporate/privacy/

Personal information inquiries
www.menicon.co.jp/company/ask/ (In Japanese only)

Compliance

Basic Compliance Policy

The Group ensures that all 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. "Basic Compliance Policy" has been established to serve as guidelines.

Basic Compliance Policy
www.menicon.com/corporate/aboutus/policy

Compliance System

In April 2006, the Company established a CSR Committee (now the Sustainability Committee) to promote CSR activities and strengthen internal control functions. 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 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

The Group has introduced an whistleblowing system for the purpose of prevention, early detection, and correction

of misconduct by employees and officers, and have set up "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.

The Group 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.

Sustainability Report P.27 >

Prevention of Corruption and Bribery

In order to conduct fair and transparent corporate activities in accordance with "Basic Compliance Policy", the Group strives to build highly transparent relations by prohibiting all the 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 work rules and regulations, as well as in 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 "Entertainment Acceptance Report" through the office organization.

In FY2022, there were no cases of suspected corruption or bribery, and no employees were disciplined, penalized, or fined for corruption or bribery.

Political Donations

When making donations to political parties or politicians, Menicon ensures proper management in accordance with the Public Offices Election Law, the Political Funds Control Law, and other related laws and regulations, and prohibits donations to specific political organizations or parties in amounts exceeding those permitted by law.

Total Political Donations (Non-consolidated) (¥)				
FY2018	FY2019	FY2020	FY2021	FY2022
0	0	0	0	0

Sustainability Management

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.

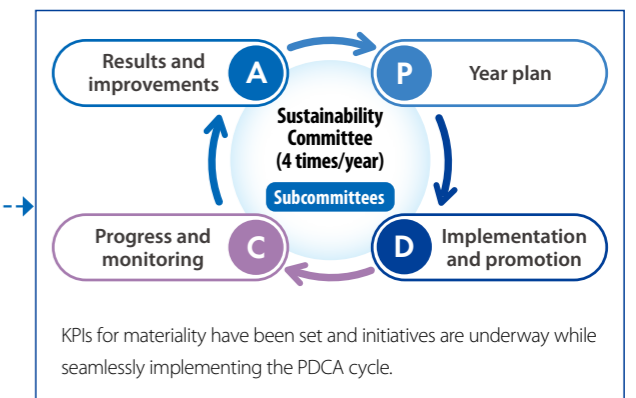
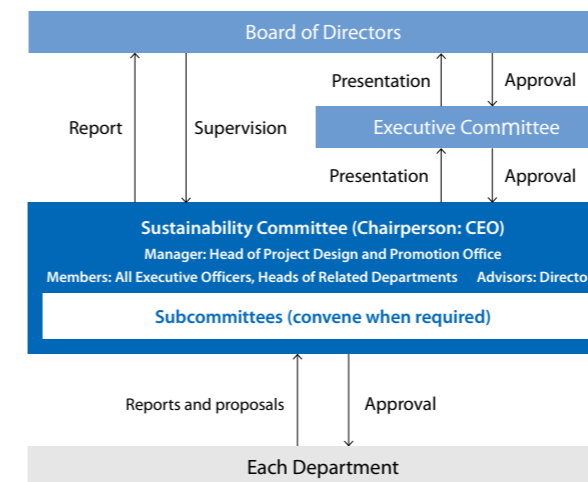
- We aim to achieve a sustainable society by harmonizing people, society, and the global environment, and providing products and services that are useful to society.
- We shall consider all living beings and the global environment, and act proactively to protect and preserve them.
- We will respect the culture and history of each country and region, and contribute to the development of a rich life and society.
- We will respect the individuality of employees and work to cultivate human resources by developing a working environment that allows them to achieve their potential.
- 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.
- 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. Based on the Group's Sustainability Policy, four materialities were identified in FY2022 from among business, environment/society, and the management foundation. Approval was then obtained from the Board of Directors to commence initiatives.

Sustainability Promotion System Chart



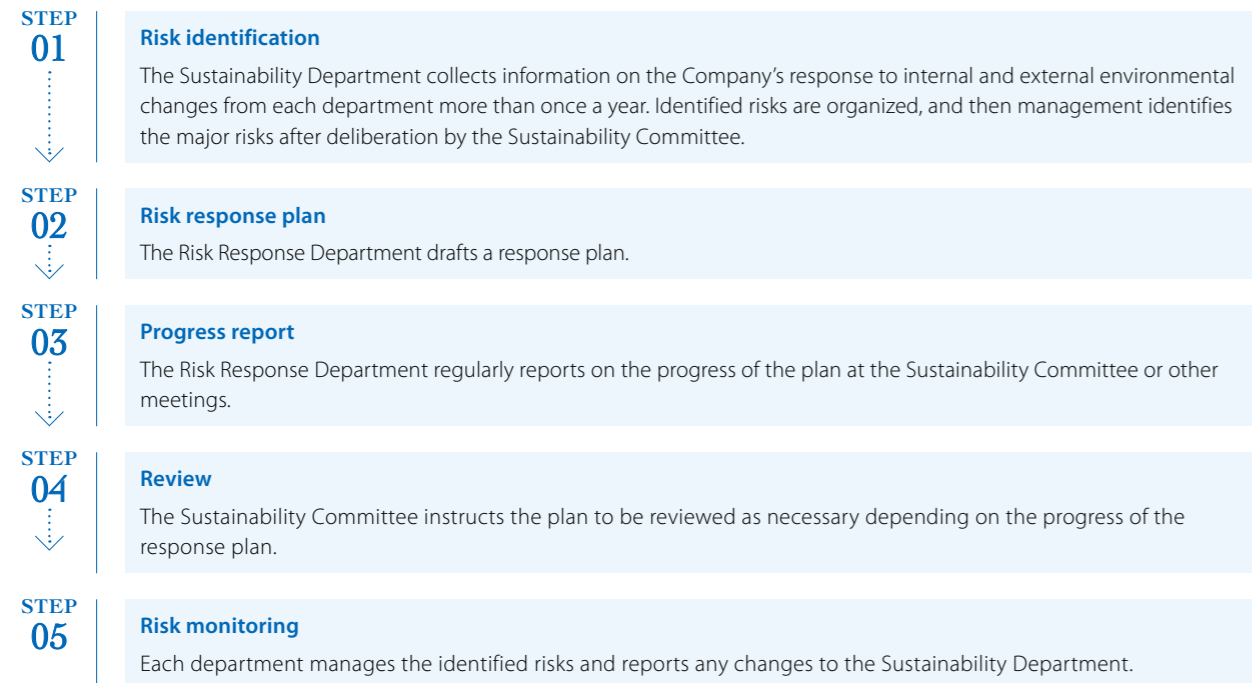
Main risks

Value Chain Phases with Major Impacts	Major Risks	Risk Overview	Main Committee / Department Responsible	Related Materiality (see P.34)
Upstream (Procurement/Logistics)	Procurement of raw materials	If a supplier goes bankrupt, suffers a disaster, or is found to have committed human rights violations, it may become difficult to procure raw materials. Physical risks such as natural disasters, droughts, water shortages, or temperature rise may also affect production costs and logistics.	Procurement Dept.	Building a corporate infrastructure that will last 100 years, Reducing the burden on the global environment
The Group (Manufacturing/Sales)	New legal regulations and law revisions (product safety)	When globally expanding the manufacturing and sales of contact lenses, which are highly controlled medical devices, new measures may be necessary if new legal regulations are enacted or laws are revised.	Quality Assurance and Safety Management Committee Quality Assurance Dept., Regulatory Affairs Dept.	Providing a lifestyle that stimulates the five senses
	New legal regulations and law revisions (environment-related)	Policy and legal risks such as increases in carbon taxes, tightening of CO ₂ emission reduction regulations, and tightening of regulations on plastic production.	Sustainability Committee	Reducing the burden on the global environment
	Data leakage	Since information on products and sales as well as on individuals is managed, there is a risk of data leakage due to unauthorized access, computer virus, etc.	Personal Information Protection Committee	Building a corporate infrastructure that will last 100 years
Downstream (Disposal)	Improper disposal of waste	Should there be any inappropriate treatment of hazardous substances or improper disposal of plastic raw materials, there is a possibility of soil or water pollution.	Sustainability Committee	Reducing the burden on the global environment

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.



Strategy

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

Environment

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

Initiatives related to climate change

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

Human Resources

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. With regard to human resource development, we have positioned "General Training", "Specialist Training", and "Practical Training" as the three core pillars. By implementing this training in a focused and systematic way, we will lead to sustained improvements in corporate value and the creation of a corporate foundation.

Sustainability Report P.21 >

Appropriate Information Disclosure and Communication (Engagement)

The Group aims to disclose information in a fair, timely and appropriate manner in order for shareholders to remain longstanding "Supporters". Moreover, we actively engage in communication aimed at reflecting the views of stakeholders including shareholders, investors and customers, to conduct better corporate activities.

Stakeholders	Information Disclosure / Communication	Details
Shareholders/ Investors	General Meeting of Shareholders	The convocation notice was sent early and posted on the company's official website. Voting rights can also be exercised online by way of a digital voting platform.
Institutional investors	Financial results briefing session	Financial results briefing sessions twice a year.
Individual investors	IR events	Sharing messages from the CEO and COO through briefing sessions for individual investors and media appearances.
Customers	Customer satisfaction survey	Conducting surveys on products and services for MELS Plan subscribers.

Overview of materiality

Materiality	Initiative Theme	Initiative Progress	
		● : Sustainability Report	● : Integrated Report
Business (financial and manufacturing capital)	Providing a lifestyle that stimulates the five senses	● P.13-14	Safe and secure product service
		● P.21-22	Healthcare and Life Care Business
Environmental/ Society (natural and social capital)	Reducing impact on the global environment	● P.15-16 ● P.35-36	Tackling climate change
		● P.16 ● P.35	Sustainable resource consumption
		● P.17	Local community involvement
Management Infrastructure (human/intellectual/ social capital)	Building a corporate infrastructure that will last 100 years	● P.18	Safe and secure quality control
		● P.21-23	Human capital
		● P.19-20	Research and development
		● P.24	Supply chain management
		● P.25	Respect for human rights
		● P.27 ● P.30	Compliance
		● P.28 ● P.29	Risk management
		● P.27 ● P.30	Compliance

Materiality Highlights

The Group identified new materiality in FY2022 based on the sustainability policy and set themes for each. In FY2022, we focused on building the corporate foundation, including formulating and revising policies and determining direction. Here we highlight some of main initiatives regarding the materiality on "Environment" and "Management Infrastructure".

See Sustainability Report for more details. [Sustainability Report 2023 P.15-25](#)

Environment	Sustainable resource consumption
Initiative themes for materiality	<ul style="list-style-type: none"> Improving the efficiency of raw material use and reducing waste Effective use of reusable resources
Risks and Opportunities	Inappropriate disposal of plastic, the raw material for contact lenses, and inappropriate drainage of water used in the manufacturing process can lead to environmental problems, which the Group handles appropriately. We also develop, manufacture, and sell materials for the agriculture and livestock industries that make effective use of waste and help preserve the environment, using technologies we have cultivated over the years.
FY2022 Results	In the environment and biotech area of the healthcare and life care business, we are promoting the effective use of waste materials by utilizing technologies discovered in the process of developing contact lenses and lens care products. Net sales in the environment and biotech business in FY2022 were 460 million yen, a significant increase of 2.6 times compared to FY2017.
Future Initiatives	We recognize that plastics used in the manufacturing process are high-quality resources, and we do not dispose of them after use as much as possible, but reuse them both inside and outside factories. In addition, we will further promote the utilization of unused resources, develop new products and services, and expand environment-related businesses.

Environment	Tackling climate change
Initiative themes for materiality	<ul style="list-style-type: none"> Promoting efforts to combat climate change Using renewable energy
Risks and Opportunities	There is growing demand for stronger efforts to tackle climate change. Any delays in these efforts will create the risk of not being able to respond to new tighter regulations. Additionally, Menicon has endorsed the TCFD recommendations and is proceeding with initiatives. We aim to improve global competitiveness by promptly engaging in appropriate risk and opportunity analysis and risk management processes.
FY2022 Results	As part of efforts to combat climate change, in FY2022 we calculated Scope 1 and 2 emissions for the entire Group. Scope 3 emissions were calculated for Menicon on a non-consolidated basis, and we found that category 1 emissions accounted for a particularly large proportion of total emissions.
Future Initiatives	In addition to continuing to implement current initiatives, we will strive to appropriately disclose and expand information in accordance with the TCFD recommendations. We will also consider setting CO ₂ reduction targets based on Scope 3 calculation results and expanding the scope of environmental data collection.

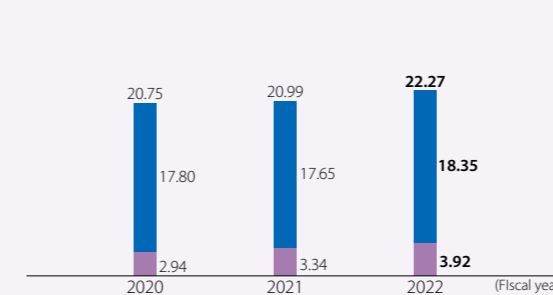
Information Disclosure Based on TCFD Recommendations

Initiatives related to climate change

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

The Group considers climate change to be an important issue. Since 2021, we have conducted scenario analysis to improve resilience against climate change over a mid-to-long term period. In April 2022, we established an organization to discuss and review sustainability issues, including climate change, in greater depth, and in July of the same year we announced support for the TCFD recommendations. Information is disclosed on website based on the framework recommended by the TCFD: "Governance", "Strategy", "Risk Management", and "Metrics and Targets". To further disclose information and help tackle climate change, we started calculating GHG emissions as a metric in FY2022. Since FY2020, we have calculated Scope 1 and 2 emissions for the Company and subsidiaries, and since FY2021 we have calculated Scope 3 emissions for the Company (non-consolidated). Based on the calculation results, we have begun preparations to set reduction targets and formulate climate change policies starting in FY2023. In the future, we will expand initiatives in line with the TCFD framework, continue to strengthen resilience, and enhance disclosure of climate-related financial information.

GHG Emissions (Scope 1 and 2)
 Scope 1 Scope 2 (consolidated)
 (thousand t-CO₂)



GHG Emissions (Scope 3) (non-consolidated) (thousand t-CO₂)

Category	FY2021	FY2022
Scope 3 (indirect emissions other than Scope 1 and 2)	110.30	103.75
Category 1 Purchased goods and services	80.69	74.00
Category 2 Capital goods	17.65	14.66
Category 3 Fuel- and energy-related activities not included in Scope 1 or 2	1.89	1.99
Category 4 Upstream transportation and distribution	5.04	6.30
Category 5 Waste generated in operations	0.26	0.22
Category 6 Business travel	0.49	1.61
Category 7 Employee commuting	0.52	0.54
Category 11 Use of sold products	0.92	1.45
Category 12 Disposal of sold products	2.80	2.94

TOPIC

Upcycled Grape Pomace Used in New Company Building

While Menicon has been working to utilize unused grape pomace as food for fish, we have also succeeded in developing a biomass plastic consisting of more than 80% recycled resources, using grape pomace and unused plastic generated in the contact lens manufacturing process. This was made possible through the use of special technology from a joint development partner, Torumus Initiate Co., Ltd. This has then been used for flooring materials, such as for the rooftop deck of the new headquarters building.



TOPIC

The Environment and Biotech Composting Consulting Business

In the healthcare and life care business, we have started a composting consulting business for livestock farmers in FY2022 by leveraging the expertise we have accumulated through manufacturing and selling the composting accelerator "resQ". By proposing the best composting equipment and processes, we are able to produce high-quality compost and reduce the electricity consumption at compost depots. We provided consulting services for two facilities in FY2022. We were able to reduce electricity consumption by an estimated 81 MWh, and CO₂ emissions by roughly 35 t-CO₂, compared to pre-consultation levels. In FY2023, a newly installed facility is expected to reduce annual electricity consumption by 323 MWh and CO₂ emissions by 148 t-CO₂.

TOPIC

Start of Solar Power Generation at Singapore Plant

Solar panels were installed in September 2022 in the Singapore Plant, which manufactures "Magic" daily disposable contact lenses, to produce 2% of all its power consumption from renewable energy. The power consumption of all equipment in the plant was also measured and analyzed, and lighting in the plant was replaced with LEDs to reduce power consumption. We will continue to monitor and analyze data and implement improvement measures to reduce CO₂ emissions.



TOPIC

Start of Donation-Based Corporate PPA at Kakamigahara Plant

Solar panels have been installed on the roof of the Kakamigahara Plant and since February 2023 the plant has made use of a donation-type corporate power purchase agreement (PPA) using the electricity generated from renewable energy within the plant. In a donation-type corporate PPA, the PPA operator installs solar panels on the land of the company that will use the service and the generated electricity can be purchased and used by the company. The initiative also incorporates donations to NPOs and other organizations that promote activities to achieve the SDGs.

Materiality Highlights

Economic Infrastructure	Safe and secure quality management
Initiative themes for materiality	<ul style="list-style-type: none"> Pursuit of customer safety, security, and trust Thorough quality management
Risks and Opportunities	In terms of product lineup, risks include stricter global regulations regarding quality and product liability, and a decline in levels of trust due to quality problems. Maintaining and improving quality management will lead to market expansion through regulatory compliance, and to improved customer satisfaction and higher levels of trust.
FY2022 Results	In response to the European medical device market, we have transitioned to the EU's Medical Device Regulation (MDR), which has stricter regulations than ever before. By acting quickly, we were able to obtain MDR certification for contact lenses and lens care products by March 2023.
Future Initiatives	We will continue to manufacture products that prioritize "Safety" of customers' eyes. We will endeavor to maintain and strengthen product quality assurance and safety management systems by building a system that pursues safety in all corporate activities, including research and development, production, logistics, and sales activities.

Economic Infrastructure	Human capital
Initiative themes for materiality	<ul style="list-style-type: none"> Human resource development and diversity Creating a comfortable working environment for employees and improving employee satisfaction
Risks and Opportunities	We recognize the risks of not being able to hire talent as planned due to intensifying competition to recruit and retain talented human resources, as well as the impact on business and decline in social trust owing to occupational accidents. By strengthening human resource development and improving the workplace environment, we will help improve employee satisfaction and make business more competitive.
FY2022 Results	By strengthening and implementing "Three Pillars of Human Resource Development", we are working to develop "Core Human Resources" and "Global Human Resources" who will improve corporate value. In total 12,586 hours of training was given in FY2022 with 8.8 hours given on average at an investment of 57,260 yen per Menicon employee.
Future Initiatives	We will continue to secure human resources globally to expand business overseas. We are therefore considering and implementing measures based on the belief that it is necessary to not only recognize diversity but also develop human resources to create a foundation within the company that accepts diversity.

Economic Infrastructure	Supply chain management
Initiative themes for materiality	<ul style="list-style-type: none"> Promoting sustainable procurement
Risks and Opportunities	The risks we perceive are lost business opportunities and fall in social trust due to problems in the supply chain. In addition to building a more stable and robust supply chain than ever before, we aim to improve business competitiveness by strengthening collaboration with business partners.
FY2022 Results	In March 2023, we revised the previous "Procurement Purchasing Policy" and "CSR Procurement Standards", integrating them into "Sustainable Procurement Policy". We also interviewed suppliers of raw materials that may have human rights and environmental risks. And we also held "MenioClub", which included the involvement of major suppliers.
Future Initiatives	We plan to formulate "Sustainability Procurement Guidelines" in FY2023, which will illustrate the contents of "Sustainable Procurement Policy". We are also expanding the scope in which we manage risk in supply chains, and looking to secure secondary suppliers for raw material procurement.

Economic Infrastructure	Respect for human rights
Initiative themes for materiality	<ul style="list-style-type: none"> Respect for human rights
Risks and Opportunities	We recognize that inadequate risk management in relation to human rights can have direct and indirect negative impacts on human rights. Reducing human rights risks will help to improve employee engagement and avoid business risks resulting from human rights issues.
FY2022 Results	In January 2023, we formulated "Menicon Group Human Rights Policy" and are working to ensure that the entire Group is aware of it. We also conduct human rights training on a regular basis throughout the Group to raise awareness of human rights. In FY2022, we held various training sessions to give employees a better understanding on the idea of respecting human rights.
Future Initiatives	In FY2023, we will establish a human rights due diligence system, formulate a plan for its continued implementation, and gradually start implementing initiatives. We are also planning to screen business partners based on "Sustainability Procurement Guidelines" which are scheduled for release in FY2023.

TOPIC


Certification acquisition status



Obtained by three domestic and seven overseas companies, ISO 13485 is a quality management system 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, Menicon 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 products in many countries around the world, including in Europe and the United States. We will continue to respond to the varying regulations and standards in each country as a foundation that supports global market expansion.

TOPIC

Health Management



Menicon 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 employees. We are also striving to "Create a Good Work Environment", "Promote Health Initiatives", and "Disclose Information" to help improve the health of all stakeholders, not only through initiatives within the Group, but also by actively communicating with the wider world. In recognition of these efforts, Menicon has been certified as a 2023 Health and Productivity Management Organization.

TOPIC

MenioClub Meetings




Since FY2013, we have been holding "MenioClub" once a year with the participation of major suppliers. This is an opportunity for executive officers and suppliers to actively exchange ideas, helping to stimulate the industry as a whole. We plan to disseminate the revised "Sustainable Procurement Policy" when the next meeting is held in FY2023.



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TOPIC

Human Rights Due Diligence Initiatives



The Group launched its human rights due diligence initiatives in FY2022. The due diligence process involves (1) Commitment (2) Assessment (3) Remediation and Relief, and (4) Reporting and Information Disclosure. As part of commitment in the first step of the process, we formulated the human rights policy in FY2022. In FY2023, we plan to conduct a human rights risk survey for domestic employees and the supply chain as part of the assessment step. Moving forward, we will implement measures to limit issues discovered in the human rights risk survey as a form of remediation and relief, and we will regularly disclose information in the integrated report, sustainability report, and other means.

[Sustainability Report 2023 P.25 >](#)

Consolidated Financial Data

	(Fiscal year)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
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
	Cost ratio (%)	43.2	44.5	44.6	46.1	46.3	47.1	46.5	46.9	47.2	46.9
	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
	Operating profit (¥ million)	2,294	2,863	3,457	3,910	4,394	5,571	7,033	8,106	9,957	12,062
	Operating profit ratio (%)	3.7	4.5	5.1	5.4	5.7	6.9	8.3	9.4	9.9	10.9
	EBITDA*1 (¥ million)	6,065	7,097	7,822	8,614	9,559	10,236	12,592	14,475	17,266	19,593
	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
	Capital investment (¥ million)	4,958	4,780	2,256	4,729	4,474	6,560	9,991	12,726	15,838	14,549
	Depreciation allowance (¥ million)	2,770	3,186	3,349	3,635	3,966	3,656	4,486	5,286	6,394	7,035
	Research and development expenses (¥ million)	2,811	2,755	3,459	3,497	3,398	3,656	3,813	3,598	3,942	4,325
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
	Current assets (¥ million)	26,898	26,853	31,345	33,382	38,117	42,584	41,722	70,207	64,188	77,701
	Fixed assets (¥ million)	40,516	40,756	37,556	38,953	33,588	35,690	45,564	56,946	66,790	74,821
	Debt with interest (¥ million)	19,681	19,984	16,634	19,787	16,185	18,873	13,429	45,307	42,439	53,583
	Net assets (¥ million)	33,148	33,872	38,439	37,681	40,121	42,549	53,520	60,985	67,045	74,665
	Shareholders' equity (¥ million)	33,247	34,189	39,043	38,405	40,467	43,208	54,378	59,273	63,684	69,971
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
	Net D/E ratio	0.34	0.33	0.11	0.19	(0.02)	(0.03)	(0.07)	0.07	0.14	0.17
	ROE (%)	3.1	4.3	6.2	6.7	6.8	8.7	8.5	10.6	10.4	10.7
	ROA (%)	1.5	2.1	3.3	3.6	3.7	4.8	4.9	5.6	4.9	4.8
	DOE (%)	1.5	1.5	1.4	1.8	2.3	2.4	2.1	2.3	2.4	2.8
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
	Net assets per share (¥)	505.44	517.04	524.59	536.01	569.31	602.73	707.40	782.55	859.03	953.74
	Total dividends (¥ billion)	4.0	4.9	5.4	6.6	8.7	9.8	10.5	13.2	15.2	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
	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
	Total shareholder return*4 (%)	—	—	—	91.2	142.2	172.9	260.6	352.6	320.1	308.9
	Payout ratio (%)	48.5	34.3	24.0	26.5	33.0	27.6	24.9	22.2	23.3	25.7
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
	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)
	Cash flows from financing activities (¥ million)	3,029	(422)	(851)	(271)	(4,196)	1,825	(3,438)	28,913	(5,402)	8,900
	Free cash flows (¥ million)	(2,264)	707	4,566	(868)	8,757	2,071	1,055	(5,000)	(3,429)	(1,026)
Employees	Employees (consolidated)	2,452	2,580	2,710	2,971	3,083	3,264	3,548	3,860	3,908	4,056

* 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.

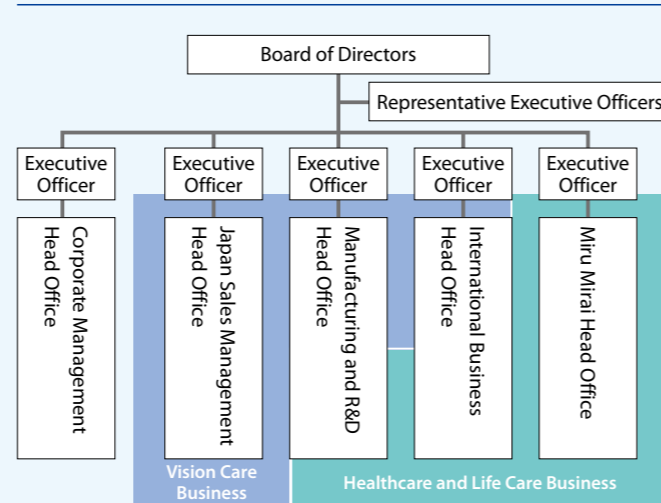
Corporate & Stock Information

Corporate Information (as of March 31, 2023)

Corporate Profile

Company name	Menicon Co., Ltd.
Representatives (as of April 1, 2023)	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 5.487 billion
Employees	4,056 (consolidated), 1,637 (non-consolidated)
Business	Contact lenses, Lens care products, etc.
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)

Organization Chart



Bases and Subsidiaries

Domestic bases	Research laboratories and plants: 5	Logistics centers: 5
	Customer centers: 3	Training centers: 4
	Sales offices: 17	Direct sales stores: 55
Subsidiaries	Domestic: 11	Overseas: 23
Bases and Subsidiaries Details	https://www.menicon.com/corporate/menicon-worldwide/	

Global Network

The Group consists of Menicon Co., Ltd. and 34 domestic and overseas subsidiaries selling products in more than 80 countries and regions around the world.



Stock Information (as of March 31, 2023)

Stock Status

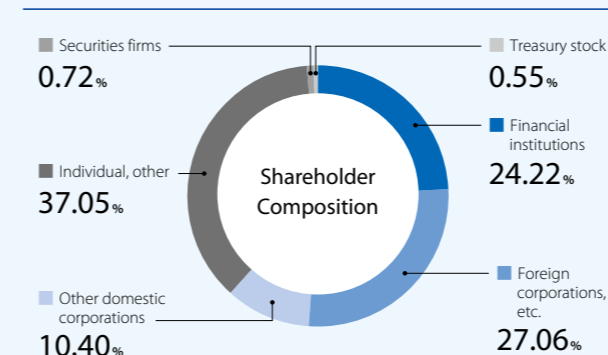
Total number of authorized shares	124,368,000
Total number of outstanding shares	76,527,888
Number of shareholders	12,933
Total number of voting rights	760,940
Shareholder registry administrator	1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Stock exchange listings	Tokyo Stock Exchange and Nagoya Stock Exchange
Securities code	7780

Major Shareholders

	Number of shares held (thousand)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	10,350	13.59
Toyotomi Co., Ltd.	3,964	5.20
Custody Bank of Japan, Ltd. (trust account)	3,687	4.84
Kazuko Tsukamoto	2,745	3.60
Mami Co., Ltd.	2,430	3.19
Menicon Group Employee Shareholder Association	1,748	2.29
Hidenari Tanaka	1,640	2.15
Yasunori Tanaka	1,152	1.51
STATE STREET BANK AND TRUST COMPANY 505225	1,146	1.50
Junko Tanaka	1,118	1.46

* 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



Stock Price Chart

