



Menicon
Integrated Report
2021

Contact Us:

If you have any questions regarding this report, use the contact information provided on the right.

Menicon Co., Ltd. Finance & Investor Relations Dept.
Phone (+81)-52-935-1646 menicon-ir@menicon.co.jp

Vision 2030

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.

Management Principles

Values

[Creation] [Originality] [Challenge]

To take up the bold challenge of accomplishing what no one else has done before by creating new values from nothing.

Mission

The kind of enterprise we want to be

To use our technology and human resources developed through contact lenses to continue to provide the world with products and services needed by society as a creative specialist company.

Vision

The dream that we want to achieve

To be number one, a paramount enterprise respected and loved by all stakeholders.

Corporate Slogan

Contributing to society by providing superior visual correction.



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Our history has been one of constant efforts since foundation.
Going forward, we will continue to work hard to provide comfortable life to people.

History of Menicon

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

Tanaka, who was working at an optical shop, happened to hear about contact lenses from the wife of a U.S. Army officer. However, she did not show any actual contact lenses to him. Tanaka resolved to create a practical contact lens, and after much study and research, he succeeded. Since that time, at Menicon, we have continued our corporate activities by taking up the bold challenge of accomplishing what no one else has done before by creating new values from nothing.



Vision 2030 New Vision of "Miru" for the World

To help you realize more enriched days filled with smiles, the Menicon Group aims to contribute to the development of a sustainable society through corporate activities that care about the global social contribution and the environment. We have set quantitative targets for the fiscal year ending March 2026 as a milestone to Vision 2030.

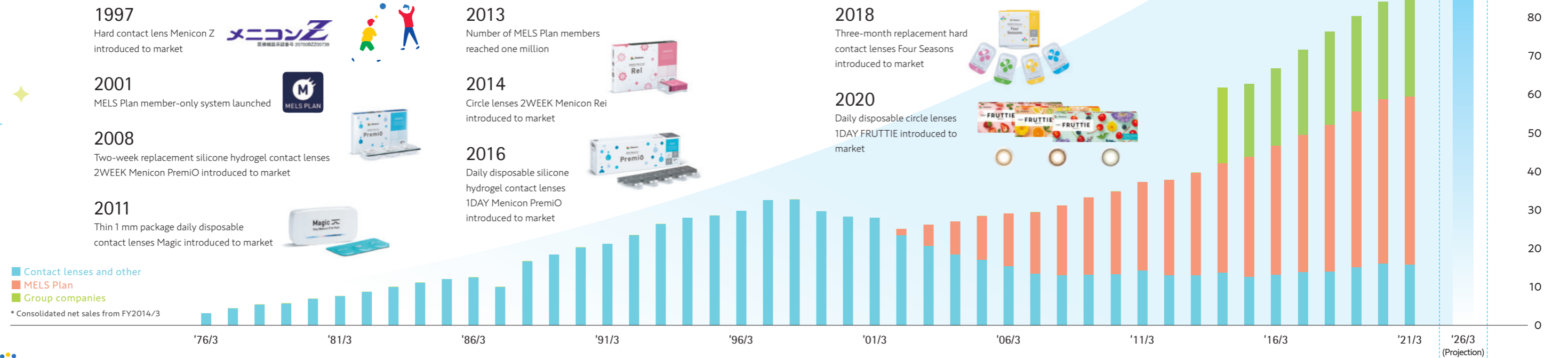


Quantitative Targets (FY2026/3)

Consolidated net sales:	140 billion yen
Operating profit ratio:	12%
ROE:	10%



2021
70th anniversary of Menicon's founding



Evolving as a contact lens maker | Pursuing technological edge and quality | Placing eye safety first | Establishing Menicon brand globally

Region	Year	Event
Japan	1967	"Menicon" registered as a trademark
	1984	Seki Factory established in Gifu Prefecture as the main plant
	1995	The R&D Center established in Aichi Prefecture
	2002	Technology development center Menicon Techno Station established in Gifu Prefecture
	2003	A subsidiary operating veterinary medical business founded in Aichi Prefecture [Meni-one Co., Ltd.]
	2010	Acquired shares of contact lens care product manufacturer in Aichi Prefecture [Menicon Nect Co., Ltd.]
	2012	Acquired shares of contact lens retail outlet in Tokyo [W.I. System Co., Ltd.]
	2015	Kakamigahara Factory established in Gifu Prefecture as a manufacturing plant for daily disposable contact lenses
Overseas	1977	Menicon SAS founded in France [Menicon SAS]
	1988	Menicon GmbH founded in Germany [Menicon GmbH]
	1992	A lens care product plant established in France [Menicon Pharma SAS]
	2001	Menicon America, Inc. founded in the U.S.A. [Menicon America, Inc.]
	2006	Acquired shares of contact lens manufacturer in Netherlands [Menicon B.V.]
	2009	Acquired shares of contact lens manufacturer in UK [Menicon Limited]
	2013	Acquired shares of sales distributor in Australia [Menicon Australia Pty Ltd]
	2014	Menicon Korea Co., Ltd. founded in Korea [Menicon Korea Co., Ltd.]
	2016	Acquired shares of contact lens manufacturer in Aichi Prefecture [Alpha Corporation]
	2019	Acquired shares of contact lens manufacturer in Italy [SOLEKO S.p.A.]
2020	Acquired additional shares of contact lens manufacturer in China and made it a wholly owned subsidiary [Wenzhou FocuSee Vision Care Technologies Co., Ltd.]	
2020	Acquired shares of import/export company having sales channels primarily in China [Itabashi Trading Co., Ltd.]	

To Our Stakeholders

We are grateful for the 70 years in business. Menicon aims to achieve further growth and evolution by introducing new “Miru” to the world based on its contact lens business.

Director
President and CEO
Hidenari Tanaka
田中英成



We stand close to our end users and innovate our business with creativity — Menicon’s DNA that supported its 70 years of history

Menicon began in 1951 when the founding chairman-to-be Kyoichi Tanaka, at the tender age of 20, first heard of contact lenses from the wife of a U.S. Army officer. With tremendous curiosity, Tanaka developed Japan’s first corneal contact lens from scratch, using his own body as guinea pig, and since his success in achieving practical use, Menicon celebrated its 70th anniversary this year. First and foremost, we greatly appreciate all stakeholders who have supported the development of our company.

Throughout this long journey, Menicon has always maintained its attitude of “End User First.” The essence is the value to give top priority to the interest of our customers. If you take contact lenses, for example, our ultimate goal is to provide end users with the advantage of “gaining proper vision safely and comfortably.” And it is precisely for the purpose of achieving this goal that all of us—from the sales clerks at our

direct shops and engineers in the production sites, sales representatives negotiating with business partners, corporate divisions supporting the company from within, to management taking command of the company—exercise wisdom and work up a sweat.

The satisfaction and happiness of each and every customer achieved through these efforts will transform into profit, sense of accomplishment and motivation and flow not only within our company but also among our partner stores and suppliers, shareholders and other stakeholders. In other words, the interest of all our stakeholders is originated from a single point of “realizing the interest of end users,” and the satisfaction and happiness of our customers become the source of value created by Menicon.

Meanwhile, Menicon has a history of originality, creating products and services that did not exist in the world. Our groundbreaking ideas have defied the conceptions of contact lenses, including Japan’s first corneal contact lens which became the origin of our business, the flat-rate contact lens subscription system MELS Plan offering the ultimate “End



User First” experience, and “SMART TOUCH” packaging that allows users to remove and put contact lenses on hygienically and easily without touching their inner surface.

We stand close to our customers and work meticulously to respond to their needs, all the while leading the generation with revolutionary ideas thinking beyond conventional needs and common sense. These two orientations are evident in Menicon’s other strength—on both ends of its integrated system that governs the functions of research and development to manufacturing and sales. The sales function can draw various needs directly from many end users, while the research and development function can boldly take on challenges in creating new values in view of the coming era. We believe that Menicon’s raison d’etre is in our approach of competitive advantages in both the upstream and downstream of the seamless commercial distribution, which generates profit for all stakeholders and eventually leads to contributing to society.

Basic perspective on “risks and opportunities,” focusing on diversity inherent in “risks” and capturing them as “opportunities” for involvement

When we turn our eyes to the current surrounding environment, we expect a population decrease in Japan due to low birthrate and aging population, while increases in the global population and the number of people having myopia are notable. As such, we anticipate demands for the suppression of myopia progress in addition to conventional vision correction contact lenses. When considering these “risks and opportunities” in front of us, I think that we must first go back to the original meaning of these words. The word “risk” is often used in association with the nuance of “danger,” but in essence, it means that we “do not know what the consequences are.” In other words, we can say that “the results are not predetermined.”



From example, jumping from a height is an act that involves taking risk. The outcome is, you may hurt yourself badly, or you may get away with a minor injury. Or, you might be able to land softly and remain unharmed, or you may be hit somewhere vital beyond recovery. In any case, you wouldn’t know until you jump, and there are infinite possibilities as to the outcome. So a “risk,” which contains the possibility of various consequences, is essentially the same as “diversity.” And if the results are already determined, there is nothing we can do or work upon, and there is no room for a “chance.” However, for risks whose consequences are unknown, we can work upon them to obtain desirable results. It isn’t until we assume the diversity called risk that we see a “chance” or an “opportunity.”

So, risk is a chance, and the contrasting concepts of “risk” and “opportunity” are, in fact, two faces of the same coin. We should have the spirit of “generating the changes of the future by ourselves,” and face the “risks and opportunities” head-on.

The launch of Vision 2030, the medium-term management plan to accelerate our challenges into new domains from the starting point of various “Miru”

The fiscal year ended March 2021 was the final fiscal year of “Vision 2020,” the medium-term management plan defining “Menicon’s ideal state in 2020,” and we put on a final spurt in the strategy of pursuing “growth of MELS Plan,” “growth of overseas businesses,” and “growth of new businesses.” Despite the difficult situations amidst the novel coronavirus disease (COVID-19) pandemic, negative impacts to our business performance was minimized thanks to the stable sales of the MELS Plan. We were also able to improve our profitability as a result of group-wide efforts to improve the profit structure. I feel that it is an accomplishment to have been able to achieve the figures close to planned targets in these adverse conditions.

To Our Stakeholders

And starting this fiscal year, we launched our new medium-term management plan “Vision 2030.” Under this plan, we will further expand the vision care domain, and in addition, enhance the healthcare and life care business domain which includes pet life, health/food business, and environmental business. The slogan of this plan, “New Vision of ‘Miru’ for the World,” was formulated in hope to materialize and provide happiness and fulfillment to everyone by feeling the emotions of pleasure and joy and being empathetic through the five senses of seeing, hearing, touching, tasting, and smelling. This “Miru” implies a positive nuance of trying something, not merely an action of “doing.” To try something you didn’t know about, something new. To gently encourage such people through unprecedented products and services, and to create a springboard for them to step out into the unknown world. This is also what we are aiming for.

We will not settle for the stable recurring revenue model, and will pursue further growth and diversity on a global scale and in new business domains

Launched in 2001, MELS Plan is a forerunner among the recently popular subscription-type services, and is based on a “sanpo yoshi (triple win)” business model which benefits manufacturers, customers, and stores. This service materializes our “End User First” policy of giving top priority to the interest of our customers, and now boasts a membership base of 1.34 million users that supports the growth of the Company as a stable revenue base in the recent years. However, already 20 years have passed since the birth of this MELS Plan. In the ever-changing society and world, no business model could last forever. We mustn’t rely too heavily on this recurring revenue model, and must strive to develop more attractive products and services and to create businesses that will become the new pillars of revenue. So the growth scenario for the time being is to expand sales mainly of 1DAY type products in the overseas market while reinforcing production capabilities of our domestic plants, as

well as provide high value-added products that can differentiate ourselves on an on-going basis through initiatives such as development of new materials. Also, we will enhance our production capabilities, sales force, and partnerships in the Chinese market and expand the network of business partners in other areas in order to increase overseas sales. Moreover, orthokeratology, said to be effective in suppressing the progress of myopia, is becoming a globally emerging market. Although Menicon is already supplying products in the Japanese, Chinese, and EU markets, the plan is to expand sales even further. In addition, we will develop new businesses to materialize the five senses under the keyword of “Miru” as mentioned above, and undertake research and development of products and services to enhance the quality of life of end users. I also mentioned earlier that “diversity is an opportunity.” In fact, life has overcome countless global crisis and survived to date thanks to diversity. To survive in business, we must have the mindset of steering away from business-as-usual, opening up new domains, and achieving diversity.

True, out-of-the-box business solutions based on flexible thinking approaches, with our eyes on the intrinsic purposes of SDGs

I believe that every business activity of Menicon is contributing towards achieving the SDGs by pursuing “End User First.” What is required here is the ability to identify the true essence. Contact lenses are made of plastic which poses burden on the environment. This is because we have no ideal material at this point to replace plastic, and plastic is used as “necessary evil.” In fact, it is possible that the alternative materials will have greater impacts on the environment. A simplistic mindset such as “just reduce plastic” will be detrimental to truly resolving the issues towards the original objectives of the SDGs. Meanwhile, environmental conservation is certainly a top priority theme for Menicon as a company that uses plastic. Therefore, we are promoting the research and development of environmentally friendly products and the reduction of

environmental loads in all aspects of our business activities. Also, we started using Gifu Japanese umbrellas made with natural materials to be used at our head office, aiming to reduce plastic and also to promote the traditional crafts industry. Unlike vinyl umbrellas that people easily trash when broken, these Japanese umbrellas that craftsmen painstakingly made would surely make people hesitate to throw them away even if they are bruised. To teach the importance of mending and using things for many years, I personally wish to promote activities to re-communicate the Japanese traditional value of “mottainai.” Meanwhile, we opened an open selection-type leader development program Menicon Business College for our employees. We are working to create a workplace where each employee, regardless of age or sex, can enjoy job satisfaction and participate actively, and also to promote health management. Furthermore, we sponsor Menicon Cup youth football match and support young classical music performers. To maintain these corporate activities, it is essential to strengthen our governance and enforce our risk management and compliance. Based on this perspective, Menicon, in 2010 prior to its listing, was mandated to have majority outside directors on the board, and transferred to a company with three committees (currently, company with a nomination committee, etc.) to separate the business execution and supervisory functions.

Lastly, to our stakeholders

The Company has a clear definition of stakeholders and

manifests its commitment to each stakeholder as “Our Mission to Stakeholders.” We pay our respect to all stakeholders—end users to whom we reach out in order to be regarded as an enterprise whose products and services they want to continue using; industry participants (partners); our employees (family); our shareholders (supporters); and society (good neighbor) encompassing the global environment, all lives, and culture. Menicon aims to become a company that is respected and loved by society. While the difficult situations of the COVID-19 pandemic persist, we will continue to focus on taking stringent measures to prevent infection and developing the environment to continue our business, and work together with you to overcome this crisis. I sincerely wish the continued good health of all our stakeholders and would like to ask for your continued support.



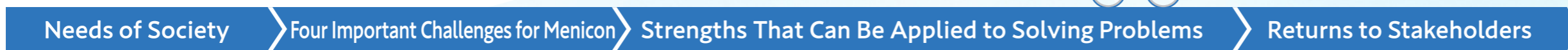
For other details on IR information, Menicon’s products and services, new businesses, and cultural promotion activities, please tune into MeniconRadio, an internet radio program in which President Tanaka himself talks about various topics from various angles (in Japanese only).

<https://kotonoha.life/contents/menicon/>

Menicon's Value Creation Process

To meet the needs of society over the medium to long term, Menicon has set four important challenges. We will work to resolve challenges by making the most of our four strengths based on our management principles and other principles. At the same time, we are committed to realizing a sustainable enhancement of corporate value and social growth, while giving back to our stakeholders the value we have created.

Sustainable enhancement of corporate value and social growth



A richer and healthier life

- Countermeasures against the increase in the global myopia population

Continuous provision of reassurance and safety

- Consistent and thorough quality control

Fair and proper communication

- Timely and appropriate information disclosure
- Establishment of a governance system

Addressing climate change

- Development of products and establishment of production processes that are environmentally friendly

Providing vision

- Research and development of next-generation contact lenses
- Proprietary production lines that ensure high levels of safety

Protecting the health of the eye

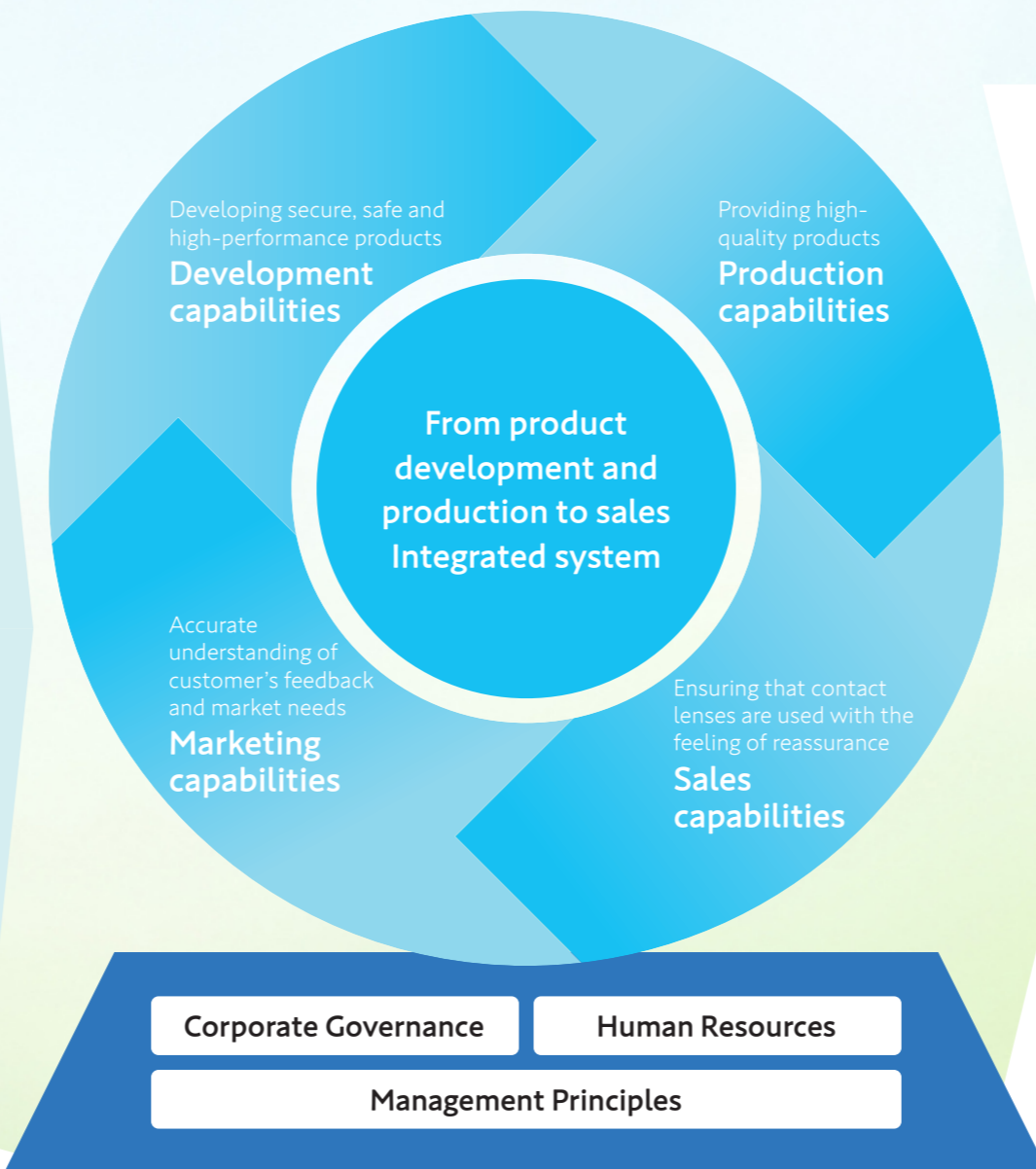
- Create a system to stably supply high-quality products
- Provide various products suited for every lifestyle

Fostering technology and cultivating human resources

- Promoting ways of working that everyone can play active roles
- Creating workplaces that enable employees to have effective communication

Creating sustainable values

- Deploy the business models cultivated in Japan to overseas markets
- Promote new business on the theme of life and environment



To End Users

- Wide range of product lineup to meet individual needs
- Support for a secure and safe contact lens lifestyle through products and services
- A sense of reassurance that users can continue to receive high-quality products through a reasonable service on a flat-rate subscription basis

To Industry Participants

- Provision of appropriate information on contact lenses, which are specially controlled medical devices
- Contribution to the development of industry and academic field
- Building an ongoing positive relationship with the supply chain

To Our Employees

- Maintaining employees' mental and physical health and promoting communication among them
- Improving business productivity and satisfaction

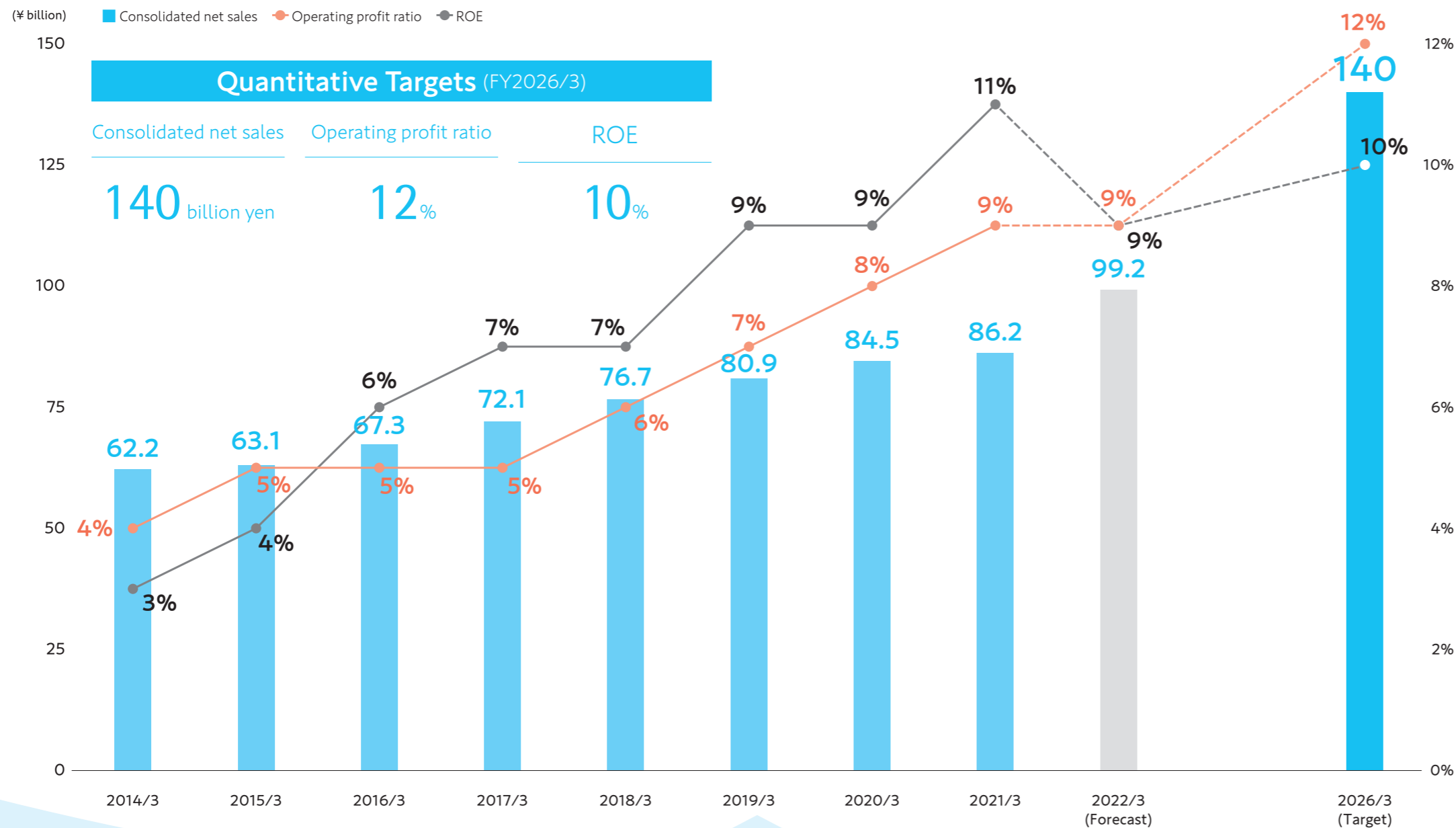
To Our Shareholders

- Enhancing corporate value
- Maintaining fairness and transparency through timely and appropriate information disclosure

To Society

- Environmental and ecological initiatives
- Contribution to local residents and society through sports and cultural promotion

Medium-term Management Plan “Vision 2030”



Quantitative Targets (FY2026/3)

Product strategy
1DAY sales ratio* **33%**
* Percentage of Vision care sales

Region-specific strategy
Number of MELS Plan members **1.50 million**

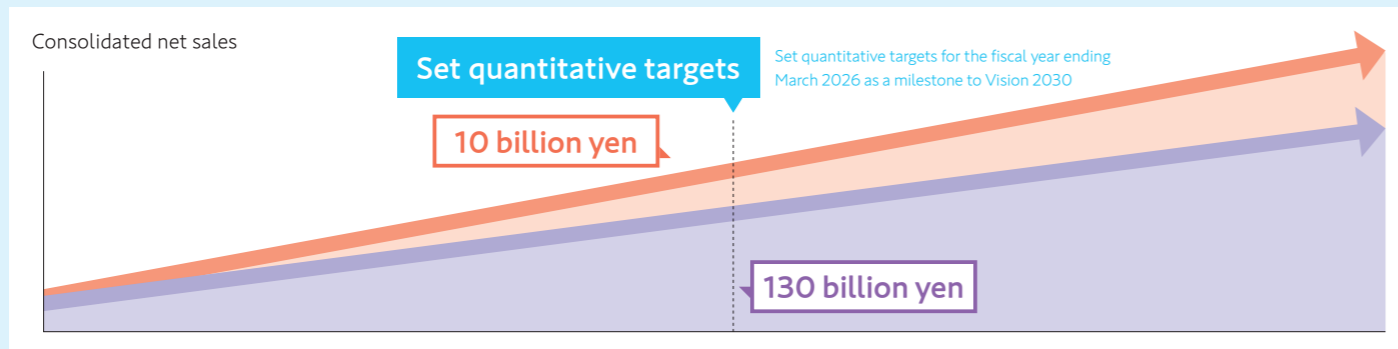
Overseas sales ratio **35%**

New domain
Healthcare business and life care business
Net sales **10 billion yen**

Functions to be invested and strengthened

- Product development R&D → pp. 13 and 17
- Production capabilities → pp.13, 16 and 18
- Logistics systems → p.18
- Human resources → p.25
- Corporate governance → p.21

Business domains to achieve Vision 2030 goals



Expand the healthcare and life care business in addition to the core vision care business

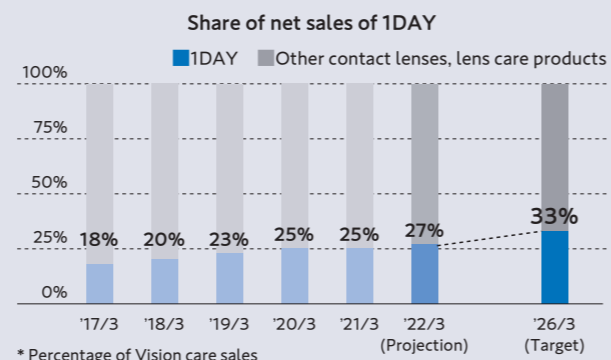
Healthcare and life care
Development of new businesses
• Pet life support • Health/food business • Environmental business

Vision care
Further expansion in the contact lens and lens care product business
① Expansion of overseas sales ② Expansion of MELS Plan ③ Expansion of 1DAY sales

Focus Strategy 1 **Strengthening the 1DAY contact lens business**

Expanding sales of 1DAY contact lenses, a growth driver

The Company is working on a variety of measures to further expand sales of 1DAY. We are focusing our efforts to deliver products developed with our proprietary technology and produced under high quality standards to as many end users as possible.



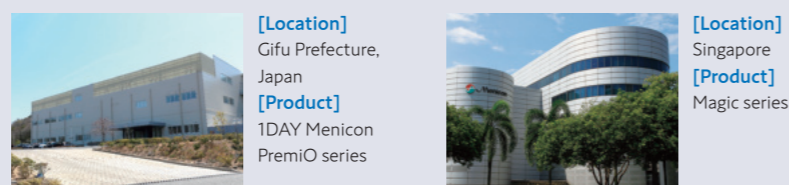
Expand product lineup

We are expanding our product lineups through efforts that include launching sales of 1DAY using "SMART TOUCH" packaging which allows users to put the lenses on hygienically and easily, and circle-type daily disposable contact lenses "1DAY FRUTTIE" in Japan and China.



Expand production capacity

The Menicon Group has two major manufacturing plants for 1DAY products. We are expanding our production capacity to supply high-quality, high-performance products on a global scale.



Expand sales areas

We are expanding our product sales areas through our global network. Also, in Japan, we made Hamano Contact Co., Ltd., a contact lens distributor, a wholly owned subsidiary to strengthen our sales platform in the Kansai area.



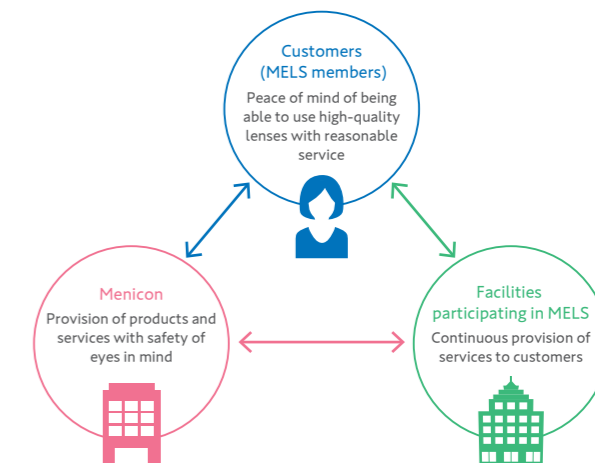
Strengthening the vision care by expanding the MELS Plan (Menicon Eye Life Support Plan)

MELS Plan is a membership service provided by Menicon to ensure that contact lenses, which are specially controlled medical devices, are used with the feeling of reassurance. By paying a fixed monthly subscription fee, you can use more suitable contact lenses from Menicon's extensive contact lens lineup.

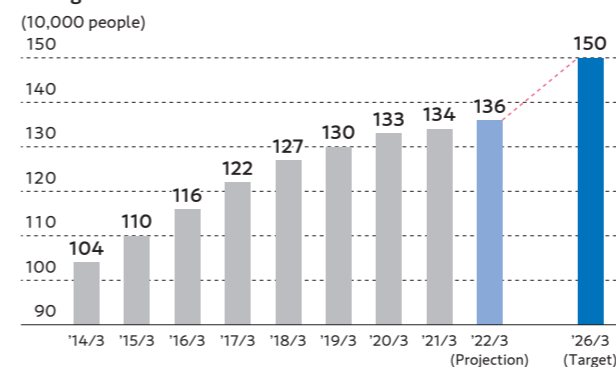
Prior to the introduction of the MELS Plan, there were cases where recommended uses were not complied with, such as continued use in a state of severe scratches and dirt, and use of lenses beyond the prescribed usage period. This was because users wanted to continue using the lens they purchased as long as possible.

We will expand the product lineup and strengthen the sales network for MELS Plan to respond to the diverse values of users, thereby working to increase the number of MELS Plan members.

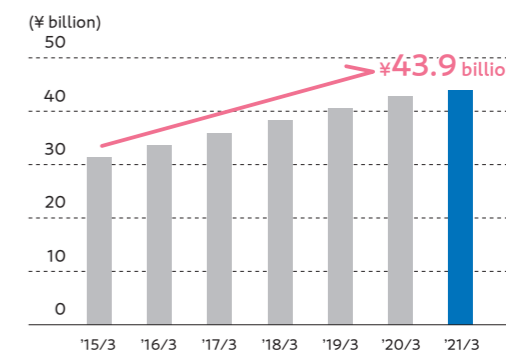
Features of the MELS Plan



Changes in the Total Number of Members in MELS Plan and Targets for FY2026/3



Changes in MELS Plan Sales



Expanding sales in overseas markets (North America and Europe)

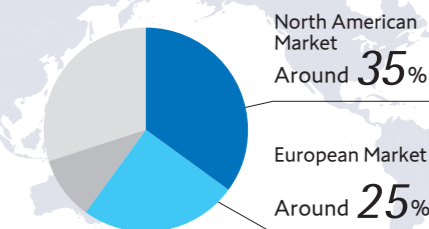
The global contact lens market leans heavily on Euro-American regions with North America and Europe accounting for around 35% and 25% of the global market, respectively.

In particular, the majority of sales in the contact lens markets in North America and Europe is from 1DAY. In North America and Europe, contact lenses are sold primarily through major volume retailers.

Menicon will supply contact lenses to major volume retailer chains in the region on an OEM basis, and emphasize "SMART TOUCH" utilized in its 1DAY products as a differentiating factor of Menicon's proprietary technology in the North American and European markets, in order to expand sales channels.

Menicon has already started OEM supply to major volume retailer chains in some regions of North America and Europe, and it is working for further expansion in the future.

Global contact lens market



* Company estimate; calculated in terms of value

Focus Strategy **2** Strengthening the orthokeratology lens business

Strengthening initiatives to respond to growing global needs for correction of myopia

It is said that the number of people having myopia is increasing all over the world, and we anticipate that the needs for better ways to correct myopia will grow. Menicon is working to expand the sales of orthokeratology lens to respond to the growing needs in the expanding Chinese market.

What is an orthokeratology lens?
An orthokeratology lens is a hard contact lens whose inside is specially designed, and is worn during sleep to correct the shape of the cornea to improve myopia. The corrected cornea shape is maintained for a certain amount of time, thus eliminating the need to wear contact lenses throughout the waking hours.

Menicon's initiatives for orthokeratology lenses and suppression of the progress of myopia

With the growing incidence of myopia worldwide, suppressing myopia progression is expected to be an important issue in terms of reducing the risk of future eye diseases. In this context, orthokeratology lenses "Menicon Bloom Night" of Menicon B.V. (Netherlands) have been granted CE approval for myopia control management in Europe. In addition, we added "Menicon Bloom Day," a daily disposable contact lens to our lineup, and provide a wide variety of products and services to take the lead in addressing the problems associated with the increase in the number of people having myopia worldwide.



"Menicon Bloom" brand in our myopia control management business

The expanding orthokeratology lens market in China

In China, demand for orthokeratology lenses is growing rapidly due to increasing awareness of myopia control. Our subsidiary, Alpha Corporation, has entered the Chinese market in 2011 and has been expanding sales of orthokeratology lenses. Going forward, we will work to further expand sales by strengthening our sales network through alliances with major hospital groups and leading university hospitals.



Menicon Bloom Day



Menicon Z Night
Obtained FDA approval (USA) for management of myopia

Expansion of overseas sales ratio

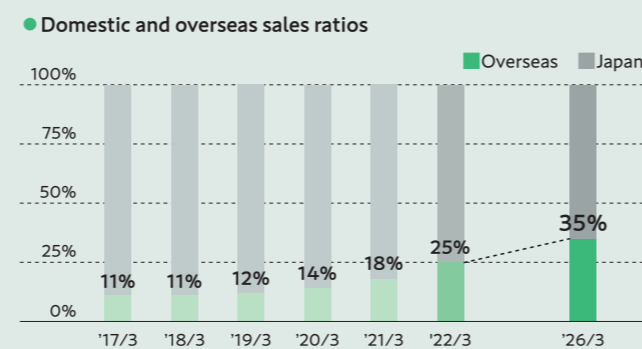
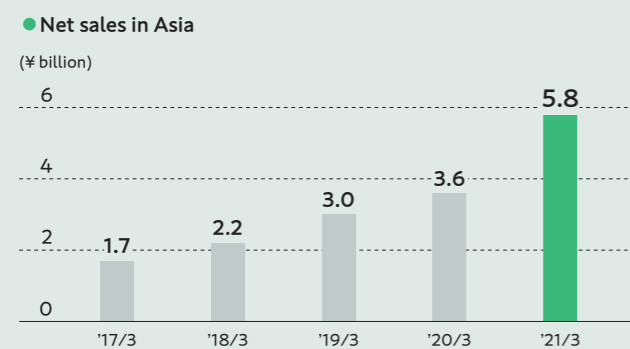
With the expansion of sales of orthokeratology lenses and lens care products in China, net sales in the Asian market is growing. In particular, we are enhancing our production capabilities, sales force, and partnerships in the expanding Chinese market in order to further expand the orthokeratology lens business and increase the overseas sales ratio.



Menicon Bloom Night



alphaOrtho-K



*Major exports to China through domestic distributors are included.

Initiatives towards the expansion of the Chinese market

Strengthening the production capabilities of Orthokeratology lenses

Alpha Corporation, our subsidiary engaged in the manufacturing and sales of orthokeratology lenses, established a wholly owned subsidiary ALPHA (WUXI) Co., Ltd., as a new hub to strengthen its efforts in responding to the demands in the growing Chinese market. Currently the lenses are manufactured at its Ina Business Office (Kamiina-gun, Nagano Prefecture), but going forward, it will increase the overall production volume and expand its business to start mass production in 2024 in order to deliver high-quality contact lenses more quickly to more medical institutions and patients in China.



Achieve high quality and productivity of lens care products in a clean environment and with the latest facilities

Lens care products are essential for orthokeratology lenses, and we are also working to ensure high quality, productivity, and cost competitiveness of the products. Our subsidiary, Menicon Nect Co., Ltd., is responsible for the manufacturing of lens care products, and its Gujo Factory operates the manufacturing lines with the latest array of machines and equipment. We ensure high quality with our production capabilities that are in compliance with ISO 13485, quality management systems for medical devices. In addition, we practice meticulous cost reduction to achieve strong cost competitiveness through initiatives such as process optimization by target management activities, in-factory design and production of manufacturing devices, and internal manufacturing of molding materials.



Itabashi Trading Co., Ltd. became a wholly owned subsidiary

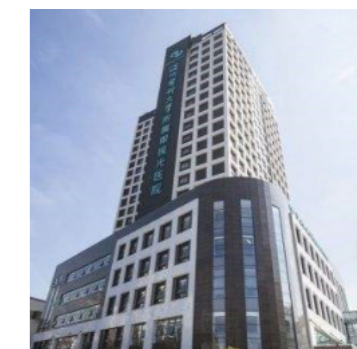
In January 2021, Itabashi Trading Co., Ltd., a company engaged in the sales, import and export of medical equipment in China, consisting primarily of contact lenses and lens care products, became a wholly owned subsidiary of Menicon.

Through this acquisition, Menicon adds sales to its academic and manufacturing functions, putting into place a coherent structure for full-scale entry into the Chinese market. By providing sophisticated products and spreading knowledge of proper prescription and safe use in the Chinese market, Menicon aims to realize its corporate slogan of "contributing to society by providing superior visual correction." In addition, through full-scale entry into the rapidly growing Chinese market, Menicon will accelerate growth of its overseas business.



A business tie-up agreement concluded with China's Wenzhou Medical University

Menicon has concluded a business tie-up agreement with Wenzhou Medical University Eye Hospital and School of Ophthalmology & Optometry, which have outstanding research track records in the field of ophthalmology in China. With this tie-up, Menicon will work in unison with China's top scientific research institution to focus on the myopia progression suppression sector, which has been extensively studied in recent years, and promote the research and development of special contact lenses such as orthokeratology lenses and lenses for treatment of irregular corneas, and the development of programs to educate and train physicians to prescribe these lenses to patients. By so doing, we will work to accelerate the R&D and spread of the Menicon Group's products in the Chinese ophthalmology market.



Focus Strategy 3

Strengthen research and development capabilities, production capabilities, and logistics systems

Strengthen research and development capabilities

Menicon, as a manufacturer of specially controlled medical devices and based on its distinctive principles, conducts corporate activities giving its top priority to the safety of the eyes of its customers. We regard the research and development function as the starting point of a system that consistently pursues safety, and aim to make it evolve on a daily basis.

There are three main research and development functions, consisting of product development for conducting research on materials and designs such as contact lens materials, clinical research for clinical evaluation of eye safety and product efficacy, and research on production technologies that enable mass production of high-quality products.

By coordinating these functions closely and in an interactive manner, we are continuing to create new value that is unique to Menicon.

In addition, we work to enhance the creativity of researchers and accelerate the development, and in order to achieve product development filled with new values, we are further strengthening our research and development capabilities by such means as developing an appropriate environment within the R&D Center which is the base of our research and development activities.

● Research Facilities (6 in Japan and 4 outside Japan)



Quality Management System

The Company sets its “Safety Philosophy Charter” and aims at ensuring quality and customer satisfaction under the corporate slogan of “contributing to society by providing superior visual correction.” The Menicon head office, along with Menicon SAS, Menicon Pharma SAS, Menicon Limited, Menicon Singapore Pte. Ltd., Menicon B.V., SOLEKO S.p.A., and Menicon Nect Co., Ltd., has acquired EN ISO 13485, the international standard for quality management systems for medical devices.

Furthermore, Menicon Pharma SAS, Menicon Limited, Menicon B.V., and SOLEKO S.p.A. also received the CE Mark which shows that the products are in conformity with European quality assurance standards to deliver sound quality products in Japan and abroad.

To ensure the appropriateness and effectiveness of our quality management system, the management conducts a review twice a year to assess the products continuously and to evaluate the need for any changes to the quality management system, making continuing efforts to improve our quality management system. Also, we conduct regular in-house training for those engaged in tasks related to post-marketing safety control to ensure the safety of our products on an ongoing basis.

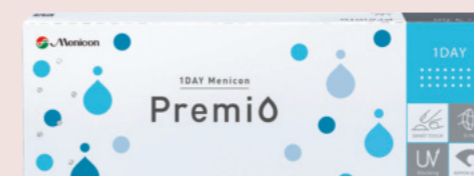


Strengthen production capabilities of daily disposable contact lenses

We expanded the floor area of Kakamigahara Factory, our manufacturing plant for daily disposable contact lenses, to strengthen our production capabilities.

The scale of the contact lens market in Japan is said to be around 250 billion yen. In particular, the category of daily disposable contact lenses is seeing growth in the number of users in Japan and abroad. The “1DAY Menicon PremiO” produced at Kakamigahara Factory is a product showing growing demand inside and outside Japan. This lens features a silicone hydrogel compound with high oxygen permeability, and utilizes our “SMART TOUCH” packaging, which allows users to easily identify the right side of the lens, prevents contact with the inner surface of the lens, and allows users to put it on hygienically and easily. We are also mindful of the environment and energy-saving, and developed an energy-efficient environment, including the installation of air-source heat pumps that utilize renewable energy.

By strengthening our production capabilities, we strive to further expand sales in the daily disposable contact lens market, a market that promises growth in the global market in the future.



1DAY Menicon PremiO



Menicon Kakamigahara Factory (Kakamigahara City, Gifu Prefecture)

Strengthen domestic and overseas logistics systems

Our domestic logistics team handles direct delivery to the MELS Plan members in addition to delivery to our stores throughout the country, and assumes an important role in connecting the relationship of trust with our customers.

Menicon has three logistics hubs in Nagoya, Miyagi Prefecture, and Fukuoka Prefecture (and one hub as the Care Product Center). With this system and in collaboration with transport companies, we are able to deliver products to shops and customers without delay, while also maintaining high quality.

Also, with the introduction of an inventory management system, we are able to smoothly coordinate with our multiple hubs and manufacturing factories and improved work efficiency. Through the introduction of the inventory management system, we achieved streamlining of on-site tasks, reduction of costs, and improved real-time visualization, along with smooth management of multiple warehouses and also coordination between multiple factories (Menicon Kakamigahara Factory, Menicon Seki Factory, Menicon Nect Gujo Factory, Singapore Factory, and OEMs (original equipment manufacturing products from other manufacturers)). Outside of Japan, we expanded and relocated the European Distribution Center to Offenbach, Germany. The new facility has over 1.5 times more space than the former facility, and enjoys outstanding access to transportation hubs such as Frankfurt Airport, making it possible to efficiently supply products, not only within Europe but also to other continents. It will have the capacity to cater to the expansion of the disposable lens market and the increase in distribution volume accompanying the expansion of worldwide markets, including Asia.



European Distribution Center (Offenbach, Germany)



In an aim to achieve “Vision 2030,” we will make investments in growth areas while keeping in mind the financial security towards improving our corporate value.

Director of the management control department and CFO

Motonari Watanabe



In the fiscal year ended March 2021, COVID-19 impacted social lives on a global scale. Against such backdrop, the Menicon Group stably continued to operate a chain of business activities in production, logistics, and sales while taking infection prevention measures. Our domestic business performance was stable driven by the ongoing MELS Plan services. Our overseas business expanded due to increased sales of orthokeratology lenses in China. As a result, the Group reported record high consolidated net sales of 86.2 billion yen and operating profit of 8.1 billion yen, achieving increase in both revenue and profit. We achieved improvement in profit margin with an operating profit ratio of 9.4% and return on equity (ROE) of 10.6%.

As a milestone for the next medium-term target “Vision 2030,” we have set quantitative targets for the fiscal year ending March 2026: consolidated net sales of 140 billion yen, operating profit ratio of 12%, and ROE of 10%.

In order to meet these targets, we will need to further expand the vision care business with focus on contact lenses and lens care products. Therefore, we are aiming to further improve profitability by concentrating our management resources mainly on daily disposable contact lenses (1DAY) and orthokeratology lenses which are the growth drivers.

To finance the investments to support this business strategy, in January 2021, the Company issued ¥23,000,000,000 Zero Coupon Convertible Bonds due 2025. We expect to continue making capital investments to meet the increasing demands, but meanwhile, will also strive to maintain a sound financial position.

We will continue to aim for sustainable enhancement of corporate value through our business activities for the achievement of “Vision 2030.”



Quantitative Targets (March 2026) in Medium-term Targets “Vision 2030”

Consolidated net sales

140 billion yen

Operating profit ratio

12%

ROE

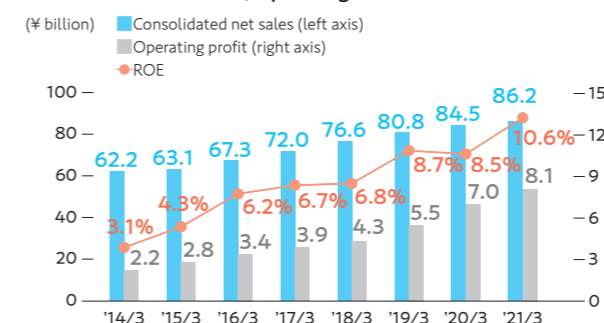
10%



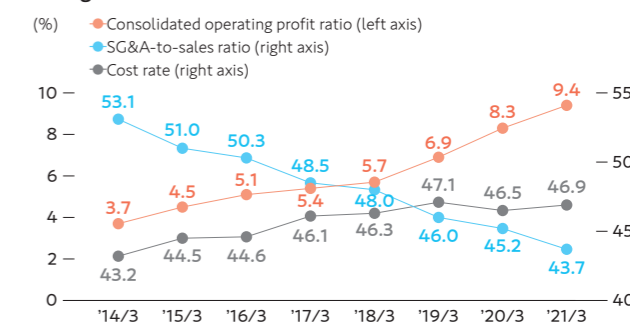
Improving profitability

Despite the impacts of COVID-19, both consolidated net sales and operating profit increased. The SG&A-to-sales ratio has improved as a result of the improved profitability associated with expansion of 1DAY sales, leading to increase in operating profit ratio every year. ROE has also improved thanks to increase in profit attributable to owners of parent which increased over the previous year.

Consolidated Net Sales, Operating Profit and ROE



Changes in the Profit Structure

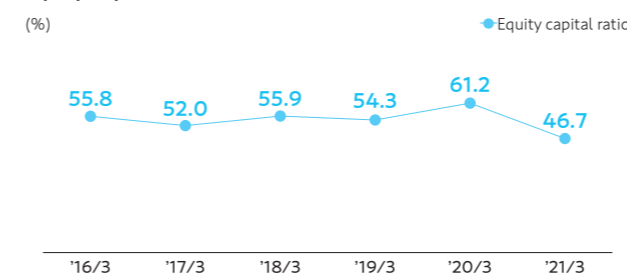


Sound financial position

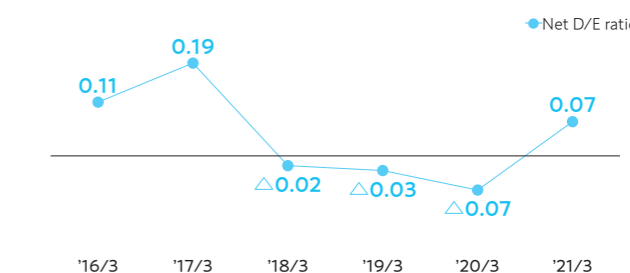
In terms of financial security, the Company strives to maintain an appropriate level of financial security in light of its business strategy, using the equity capital ratio and net D/E ratio* as indicators, while taking into account the size of investments in growth areas.

* (Debt with Interest - Cash and Deposits) ÷ Equity Capital

Equity Capital Ratio



Net D/E Ratio

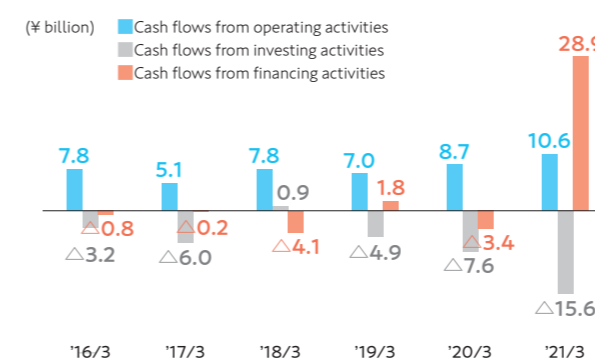


Investment for business expansion

We are investing continuously to further expand our business. In the fiscal year ended March 2021, Menicon welcomed Hamano Contact Co., Ltd. as one of its domestic sales group companies, and strengthened the platform for sales of contact lenses mainly in the Kansai area. We also made the group companies of Itabashi Trading Co., Ltd. a wholly owned subsidiary. Itabashi has sales channels in China, and we strengthened our sales functions with focus on the orthokeratology lens business.

We will continue to make capital investments in the production facilities for 1DAY, orthokeratology lenses, and lens care products which are the growth areas, and aim to expand our business scale.

Cash flow



Enhancing corporate value



Views on Corporate Governance

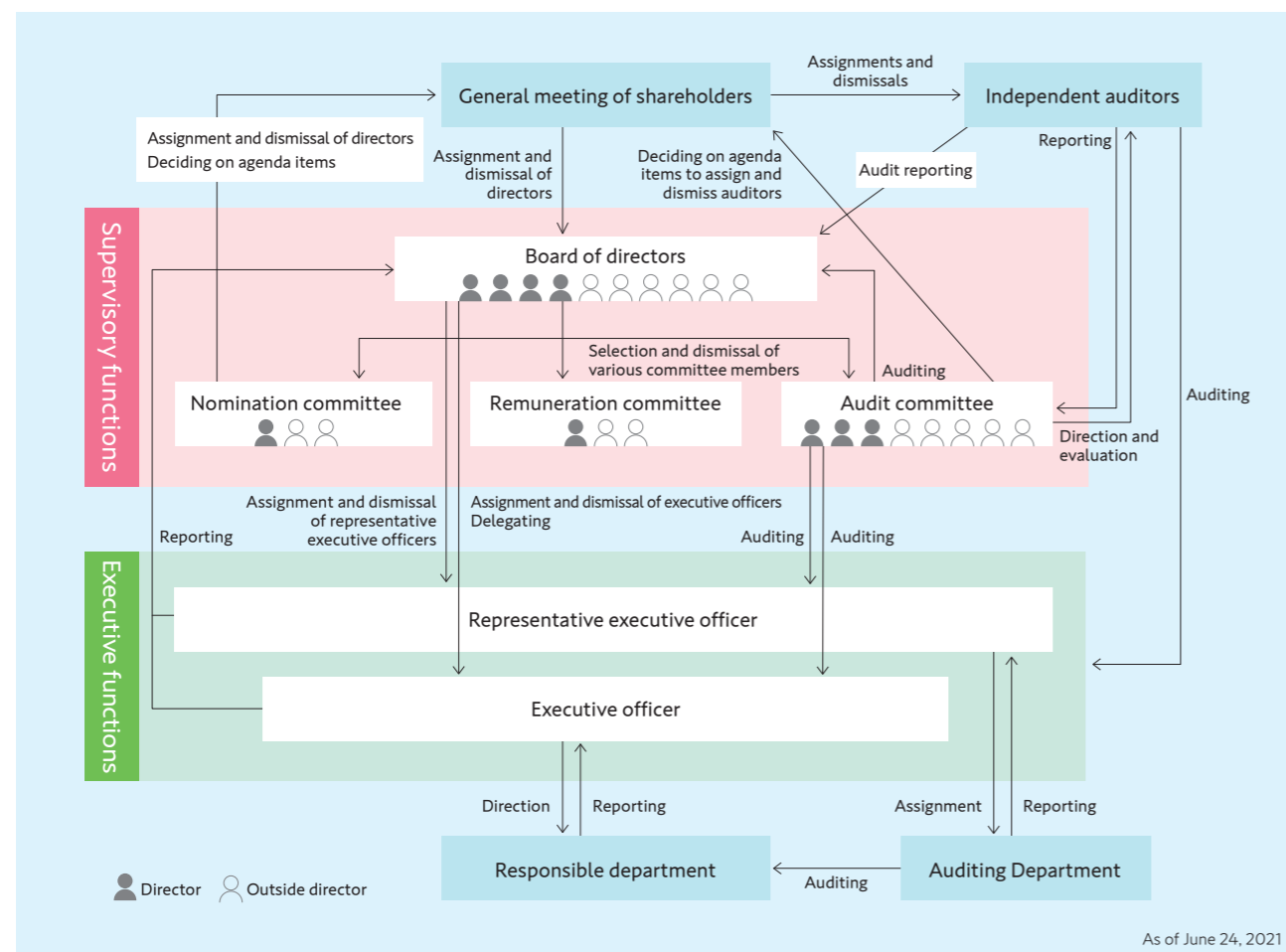
One of Menicon's basic policies is to carry out our corporate activities with the aim of being a company that is respected and loved by all stakeholders, including shareholders, investors, customers and employees. To achieve that, we have positioned earning the trust of stakeholders, and proper, highly transparent and sound corporate management as important issues and we are working to realize good corporate governance.

Corporate Governance System

Menicon is a company with a nomination committee, etc., as required by corporate law, and the company's governance structure is made up of 10 directors (six of whom are outside directors) and 9 executive officers (including one who is also a director). Directors supervise and provide advice for the management performed by executive officers, from an objective, big-picture point of view that aims at increasing the value of the company.

The majority of directors on committees (the nomination committee, the remuneration committee and the audit committee) are outside directors.

Corporate Governance Structure Diagram



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 the current fiscal year, we again surveyed each director regarding the overall effectiveness of the board of directors. As a result of the analysis and evaluation, improvements were seen in the issues we had been engaging and the board of directors was given an assessment that it is generally operating in an effective manner. As a future challenge, we will continue with our efforts to further ensure the effectiveness of the board of directors by making it possible for directors to obtain information early for correct managerial judgment.

Overview of Evaluation of the Effectiveness of the Board of Directors for the Fiscal Year Ended March 2021

Subjects and respondents:	All 9 of the 9 directors responded
Survey method:	Annual survey in the form of questionnaire with 34 questions based on a 5-point scale and comments
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 meeting, 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.

Main evaluation items

- Composition and management of the board of directors
- Roles and composition of key committees
- Provision of information to outside directors
- Relationship with investors and shareholders
- Improvement from the previous fiscal year
- Contribution by oneself
- Overall evaluation

Issues and policies

Issues	Policies
Enhancing the content of deliberations at the board of directors meetings	<ul style="list-style-type: none"> • Holding study meetings on legal reform, governance, and compliance
Strengthening the monitoring of governance within the Group	<ul style="list-style-type: none"> • Establishment of monitoring models focusing on addressing medium- to long-term management issues
Initiatives on information sharing and advance preparation to provide outside directors with increased opportunities to express opinions, and to conduct constructive discussions	<ul style="list-style-type: none"> • Further expansion of opportunities to exchange opinions with executive officers • Holding meetings among outside directors

Risk Management

With respect to risk management, the Menicon Group has established the risk management structure and procedures in order to avoid or reduce losses to protect corporate assets, ensure the safety of stakeholders, and ensure stable continuity of business.



Compliance

The Menicon Group will comply with social rules such as domestic and international laws and regulations, constantly improve its corporate ethics, and carry out its business activities with sustainable growth.

Internal control system	In order to execute business properly and efficiently, we have established and are operating in-house systems and processes.
Internal education	We provide all employees every year with education on themes such as insider trading prevention, personal information protection, harassment prevention, information security, promotion code, and elimination of antisocial forces to raise awareness.
Whistleblowing system	The Menicon Group has a whistleblowing system for reporting violations in order to establish fair management that complies with laws and regulations and the articles of incorporation in good faith. The "Menicon Group Whistleblowing Hotline" has been set up externally as a contact point for reporting where anonymous reports can be made. In addition, we maintain strict confidentiality of the contents corresponding to the personal information of the whistleblower.

Directors

	President and CEO	Director	Director	Director	Outside Director Independent Director	Outside Director Independent Director	Outside Director Independent Director	Outside Director Independent Director	Outside Director Independent Director	Outside Director Independent Director
	Hidenari Tanaka 1987 Joined the company. 1994 Became a director. 1999 Became an executive vice-president. 2000 Became president and representative director. 2010 Became director and representative executive officer. (present post) Became CEO. (present post)	Yoshiyuki Takino 1984 Joined the company. 2016 Became an executive officer, director of the office of business management. 2017 Became an executive officer, director of the office of business management, management control department. 2018 Became a director. (present post)	Tokiyasu Tsuchida 1980 Joined the company. 2006 Became an executive officer, general manager of production headquarters. 2009 Became an executive officer, general manager of global marketing strategy office. 2010 Became a director and vice president, Menicon Nect Co., Ltd. 2012 Became a representative director and president, Menicon Nect Co., Ltd. 2019 Became a director. (present post)	Hisashi Moriyama 1988 Joined the company. 2016 Became an executive officer, director of the 1st domestic business department. 2018 Became an executive officer, vice-director of the domestic business control department. 2021 Became a director. (present post)	Yoshimi Horinishi 2000 Certified as an attorney. Joined the Nagoya Bar Association. 2004 Joined the Asahikawa Bar Association. 2007 Rejoined the Nagoya Bar Association (Currently the Aichi Prefecture Bar Association). 2014 Became a member of the Nagoya Architectural Dispute Resolution Committee. Became a Nagoya Summary Court civil mediation officer. 2016 Became a director. (present post)	Shingo Watanabe 1980 Started work in Deloitte, Haskins & Sells. 1984 Became a certified public accountant. 1987 Started work in Dusseldorf Office of Ernst & Young. 1990 Started work in Zurich Office of Ernst & Young. 1995 Started work in London Office of Ernst & Young. 1998 Started work in Nagoya Office of ShinNihon LLC (Currently Ernst & Young ShinNihon LLC). 2017 Opened Shingo Watanabe Certified Public Accountants Office. 2018 Became a director. (present post)	Yozo Miyake 1968 Joined Ophthalmology Laboratory, Nagoya University. 1982 Became a head of ophthalmology, Social Insurance Chukyo Hospital. 1997 Became a professor of ophthalmology, Faculty of Medicine, Nagoya University. 2005 Became an emeritus professor, Nagoya University. Became a director, National Institute of Sensory Organs. 2007 Became a professor, Faculty of Medical and Welfare, Aichi Shukutoku University. 2010 Became a director, Aichi Medical University. 2019 Became a director. (present post)	Ryutaro Honda 1970 Joined Aichi Music FM Broadcasting Co., Ltd. 1996 Became a director and general manager of program development office, FM AICHI BROADCASTING Co., Ltd. 1998 Became a managing director, FM AICHI BROADCASTING Co., Ltd. 2004 Became a representative director and president, FM AICHI BROADCASTING Co., Ltd. 2009 Became a representative director and president, NAKANIHON MULTIMEDIA BROADCASTING Co., Ltd. 2017 Became a chairperson of the board, FM AICHI BROADCASTING Co., Ltd. 2019 Became a director. (present post)	Katsuhiko Yanagawa 1979 Joined Fuji Xerox Co., Ltd. 2005 Became a vice president, marketing, Fuji Xerox China Co., Ltd. (Shanghai) 2006 Became a chairman and president, representative director, Fuji Xerox Taiwan Co., Ltd. (Taipei) 2007 Became a corporate officer, executive general manager of Asia Pacific Business Operations, Fuji Xerox Co., Ltd. (Singapore) 2008 Became a president & CEO, Fuji Xerox Asia Pacific Pte Ltd. (Singapore) 2009 Became a senior vice president and director, responsible for Asia and China business operations, Fuji Xerox Co., Ltd. 2012 Became a senior vice president and director, overseeing Asia and overall Fuji Xerox headquarters operations, Fuji Xerox Co., Ltd. 2014 Became an executive vice president and director, overseeing overall Fuji Xerox headquarters operations, Fuji Xerox Co., Ltd. 2021 Became a director. (present post)	Kazushige Takehana 1980 Became an assistant, Rakuno Gakuen University. 2000 Became a professor, Rakuno Gakuen University. Became a director, The Japanese Association of Veterinary Anatomists. 2009 Became a head of Hokkaido Branch, The Japanese Society of Microscopy. 2015 Became a secretary general, Japanese Association of Private Veterinary Medical Schools. Became a director, Rakuno Gakuen Incorporated Educational Institution (Dean, Rakuno Gakuen University). 2021 Became a director. (present post)
Main areas of expertise and experience										
Overall management	●	●	●	●				●	●	
Global experience						●			●	
Sales and marketing				●						
Manufacturing and R&D			●							
Legal affairs					●					
Finance and accounting		●				●				
Academic							●			●

Executive Officers

	Motonari Watanabe 1997 Joined the company. 2017 Became an executive officer, director of the office of management strategy. 2018 Became an executive officer, director of the strategy control department and CFO. (present post) 2019 Became an executive officer, director of the management control department. (present post)		Toshikazu Miura 1984 Joined the company. 2017 Became an executive officer, director of production and physical distribution department. 2019 Became an executive officer, director of the office of business management, management control department. (present post)		Akihisa Sugiyama 1985 Joined the company. 2005 Became an executive officer, director of the development department. 2010 Became an executive officer, director of the development department. 2011 Became an executive officer, director of the office of global R&D strategy, director of the development department. 2012 Became an executive officer, director of the development department. 2015 Became an executive officer, director of the R&D department.		Hiroki Shinoda 1986 Joined the company. 2013 Became an executive officer, director of the domestic business department. 2015 Became an executive officer, director of the 2nd domestic business department. 2018 Became an executive officer, director of the domestic business control department. (present post)
	Koji Kawaura 1992 Joined the company. 2010 Became president, Menicon Singapore Pte. Ltd. 2013 Became an executive officer, director of the office of area & products marketing strategy. 2015 Became an executive officer, director of the office of brand strategy. 2016 Became an executive officer, director of the product development department. 2017 Became an executive officer, director of the manufacturing and R&D department. (present post)		Stephen Donald Newman 1997 Joined Igel CM Laboratory Pte. Ltd. 2007 Joined the company. 2010 Became CTO, Menicon Singapore Pte. Ltd. 2013 Became president, Menicon Singapore Pte. Ltd. 2017 Became an executive officer, director of the product development department. 2019 Became an executive officer, director of the R&D division, the manufacturing and R&D department. (present post)		Hideki Koga 1993 Joined the company. 2016 Became an executive officer, director of the overseas department. 2017 Became an executive officer, director of the overseas control department. (present post)		Wataru Ito 1983 Joined the company. 2016 Became an executive officer, director of the office of domestic marketing strategy. 2018 Became an executive officer, director of the new business control department. (present post)



Society

Menicon aims for an environment where every employee can perform well, and works to realize a creative work style through the development of human resources and creation of a comfortable workplace environment.

Human Resource Development

We think that the growth of each and every employee is the growth of the Company, and implement a capacity building system.

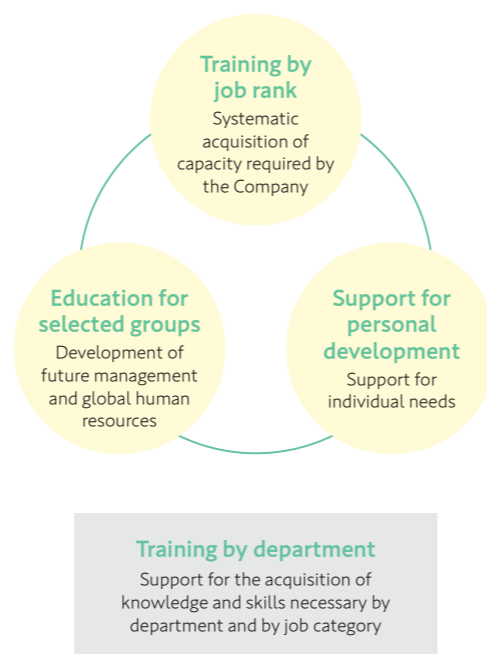
The capacity building system includes acquiring of knowledge and skills necessary for daily operations through off-the-job and on-the-job training, training by job rank, education for selected groups, and support for personal development.

Training by job rank is designed to systematically acquire the capacity required by the Company, depending on the years of employment and job ranks, regardless of job category. Education for selected groups is an open-application program aimed at planned development of human resources who can bear the management in the future and those who promote global expansion.

Support for personal development offers monetary aid to support the learning of each and every employee based on their respective areas of interest such as language and culture. In addition, Menicon has an original internal qualification examination system to encourage all employees to acquire specialized knowledge on contact lenses and ophthalmology.

Through the capacity building system, we support employees in embodying our management principles of “Creation,” “Originality,” and “Challenge,” and instill the corporate culture, thereby sharpening the competitive edge of the Company.

● Capacity building system



Smart Creation



As a work style to practice the Company’s management principles of “Creation,” “Originality,” and “Challenge,” Menicon works to realize a smarter and more creative work style under the slogan “Smart Creation.”

As part of this initiative, we renovated the head office and R&D Center, and rearranged the floor layout of our operation hubs and factories based on the operations and functions.

The office introduced the free address system to create a space to stimulate active communications beyond departments and to generate more creative ideas and new values.

We also revised the layout of experimental equipment and zoning in the laboratories at the R&D Center to improve safety and efficiency, and to facilitate the transmittance of technologies and know-how by creating an open environment. We also introduced telework to drive the operations even amidst the COVID-19 pandemic, but with the establishment of new internal rules and development of systems, we now prepared an environment in which telework can also be utilized post-COVID.



Floors of the head office (left) and R&D Center (right) after renovation

Voice To encourage new challenges, we are working to create a corporate culture in which each and every employee can leverage their diversity.

The Company’s “Vision 2030” aims to continue proposing “Miru” that matches various situations and life stages so that everyone can feel happy and fulfilled. In order to encourage new challenges, we need the active participation of diverse human resources, regardless of sex, age, nationality, and other attributes. To date, we have implemented various systems to develop a comfortable workplace environment for our employees. Similarly, we are now working to create a corporate culture in which each and every employee can leverage their diversity. The career design training, offered as part of the training to promote the active participation of female, is open to both male and female employees, and provides an opportunity to consider their individual career formation in relation to life events. Also, we offer global training targeting young employees as an opportunity to understand the importance of knowing and accepting the difference with others. Through these initiatives, we will promote the growth of individuals and the Company by acknowledging and mutually understanding that there are various backgrounds and values, thereby strengthening our organizational capacity.



General manager, human resources department
Satomi Ito

Selected as 2021 Certified Health & Productivity Management Outstanding Organizations

The Company positions our “employees” as one of our important stakeholders in our management principles. With President and CEO Hidenari Tanaka as Health Management Officer, we announced “Smart Creation” as the slogan for the Company’s working style reform, and work to improve business productivity and satisfaction by creating a workplace environment that is mindful of maintaining employees’ mental and physical health and promoting communication among them.

In 2021, Menicon and its subsidiaries W.I. System Co., Ltd. and Menicon Nect Co., Ltd. were recognized for engaging in outstanding strategic health management efforts for maintaining their employees’ health from a management perspective, and were certified as 2021 Certified Health & Productivity Management Outstanding Organizations*. Under the Certified Health & Productivity Management Outstanding Organizations Recognition Program, the Nippon Kenko Kaigi examines organizations engaged in initiatives for overcoming health-related challenges in communities or for promoting health-conscious activities led by the Nippon Kenko Kaigi, and recognizes outstanding enterprises engaging in efforts for health and productivity management.

We will aim for further development of the workplace environment, improvement of employee satisfaction, and management mindful of employees’ mental and physical health to promote health management.

* The Company and W.I. System were certified in the large enterprise category, and Menicon Nect under the SME category.





Environment

In 2009, Menicon announced “Menicon Declaration on Environment,” and conducts its corporate activities with the aim of becoming a “global enterprise that is friendly to people, animals and the environment.” Going forward, we will strive to contribute to the protection of the global environment and realization of a sustainable society.

Menicon Declaration on Environment

Menicon has developed products and provided services from its foundation under the philosophy of “Contributing to society by providing superior visual correction.”

Based on this philosophy, we will continue to formulate measures for the environment in our management plans and make various operation reforms to reduce environmental loads generated from our business activities, and practice the efficient use of environmentally friendly energy and resources to contribute towards a sustainable society.

We also continue to take actions to reduce and possibly recycle wastes generated during the development of products and services or business activities, and make innovative proposals that have less impacts on the environment.

It is our belief that these would contribute to achieving the Sustainable Development Goals (SDGs) and lead to the sustainable growth and improvement of our corporate value.

Menicon will contribute to achieving the SDGs through the development of environmentally friendly products and initiatives in the factories.



The Menicon symbol consists of red in the upper part and green in the bottom part. “Red” represents passion that turns the impossible into the possible, while “Green” represents technology focusing on safety. Actually, our company name “Menicon” includes the characters “eco”.

1 Development of environmentally friendly products and environmental businesses

The Menicon Group promotes the effective utilization of the limited resources, and undertakes the development of products, services, and new businesses in an aim to contribute towards the sustainable global environment.

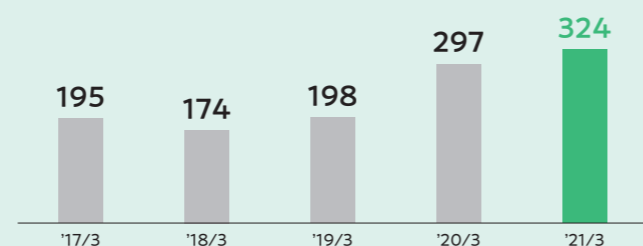
The daily disposable contact lens “Magic” produced at Singapore Factory reduce the amount of plastic used in the lens case by approximately 80% compared to our conventional product (Menicon 1DAY). The packaging is produced by reusing 100% of the plastic materials used in the process of manufacturing the contact lenses.

We are also making continuous efforts in the development of environmental businesses. For example, we discovered a new kind of bacteria* while developing contact lens care solutions, and we have used the enzyme generated from the bacteria in developing materials for our environmental business areas.

* Cellulomonas K32A: internationally registered



Sales in environmental business (non-consolidated) (¥ million)



2 Environmental measures in the factories



Reducing waste

In Menicon, the plastics used in the manufacturing process are regarded as a high-quality resource. We limit disposal as much as possible, and utilize it effectively inside and outside our factories.

● Seki Factory and Kakamigahara Factory

The plastics used in these factories are recycled for utilization as a raw material for various plastic products.

● Singapore Factory

At Singapore Plant, approximately 40% of the used plastics are reused as a raw material for the secondary packaging. The remaining 60% is also recycled and used as various plastic materials.



Effective use of water resources

As water is used in throughout the process of manufacturing and using contact lenses, Menicon recognizes water as an important resource for contact lenses.

At Kakamigahara Factory established in 2015, a pure water production device has been adopted to save 50% of water compared to past performance. At Seki Factory, we are working to make effective use of water resources. For example, some of the water discharged during the soft contact lens production process is reused within the factory.



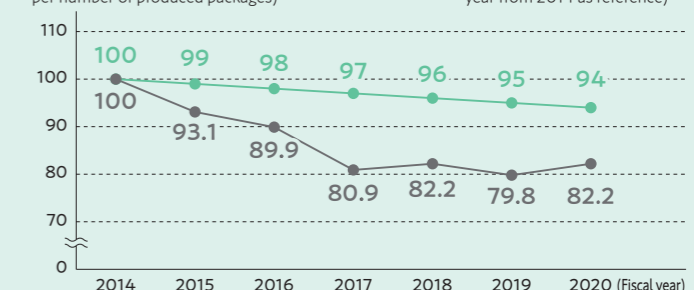
Pure water production device

Reducing greenhouse gas emissions

Seki Plant is working to reduce energy consumption by 1% or more per year. (Unit consumption: number of produced packages)

Energy efficiency indicator, using FY2014 as 100

(Unit consumption: per number of produced packages) ● Performance ● Target line (reduction of 1% per year from 2014 as reference)





Fiscal year ended	March 2016	March 2017	March 2018	March 2019	March 2020	March 2021
Business Performance						
Net Sales (¥ million)	67,332	72,052	76,672	80,898	84,519	86,209
Operating Profit (¥ million)	3,457	3,910	4,394	5,571	7,033	8,106
Operating Profit Ratio (%)	5.1	5.4	5.7	6.9	8.3	9.4
EBITDA* ¹ (¥ million)	7,822	8,614	9,559	10,236	12,592	14,475
Profit Attributable to Owners of Parent (¥ million)	2,224	2,543	2,657	3,576	4,060	5,952
Capital Investment (¥ million)	2,256	4,729	4,474	6,560	9,991	12,726
Depreciation Allowance (¥ million)	3,349	3,635	3,966	3,656	4,486	5,286
Research and Development Expenses (¥ million)	3,459	3,497	3,398	3,656	3,813	3,598
Cash Flows						
Cash Flows from Operating Activities (¥ million)	7,859	5,197	7,857	7,023	8,712	10,628
Cash Flows from Investing Activities (¥ million)	(3,293)	(6,065)	900	(4,951)	(7,656)	(15,629)
Cash Flows from Financing Activities (¥ million)	(851)	(271)	(4,196)	1,825	(3,438)	28,913
Free Cash Flows (¥ million)	4,566	(868)	8,757	2,071	1,055	(5,000)
Financial Conditions (fiscal year-end)						
Total Assets (¥ million)	68,901	72,336	71,706	78,275	87,286	126,731
Debt with Interest (¥ million)	16,634	19,787	16,185	18,873	13,429	45,307
Net Assets (¥ million)	38,439	37,681	40,121	42,549	53,520	60,985
Shareholders' Equity (¥ million)	39,043	38,405	40,467	43,208	54,378	59,273
Per Share Information *²						
Basic Earnings per Share (¥)	62.52	71.75	75.67	101.63	112.25	157.67
Net Assets per Share (¥)	1,049.18	1,072.01	1,138.62	1,205.46	1,414.80	1,565.10
Dividend per Share (¥)	15	19	25	28	28	35
Management Indicators						
Equity Capital Ratio (%)	55.8	52.0	55.9	54.3	61.2	46.7
ROE (%)	6.2	6.7	6.8	8.7	8.5	10.6
ROA (%)	3.3	3.6	3.7	4.8	4.9	5.6
Payout Ratio (%)	24.0	26.5	33.0	27.6	24.9	22.2
DOE (%)	1.4	1.8	2.3	2.4	2.1	2.3
Employees (Non-consolidated)						
Average Number of Years of Employment (years)	14.6	14.5	14.5	14.1	13.4	12.9
Male	18.1	17.8	17.8	17.5	16.3	15.7
Female	8.8	8.8	9.1	8.8	8.8	8.7
Ratio of Managerial Staff (%)						
Male	98.0	96.7	96.7	96.3	96.1	96.0
Female	2.0	3.3	3.3	3.7	3.9	4.0
Turnover Rate (Excluding Mandatory Retirement) (%)	4.0	2.8	2.8	4.8	4.5	5.0
Number of New Employees (persons)	86	117	97	141	191	169
Male	40	57	56	63	108	85
Female	46	60	41	78	83	84

*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. Basic earnings per share, net assets per share and dividend per share are calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 2016.

The Company 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 the fiscal year ended March 2019 and the management indicators for the fiscal year ended March 2018 have been retrospectively reflected the application of the aforementioned standard, etc.

Philosophy on disclosing information to shareholders and investors

At Menicon, we aim to disclose fair, timely and appropriate information in order for shareholders to remain long-standing supporters. Moreover, we actively engage in IR activities aimed at reflecting the views of shareholders and investors in the management and conducting better corporate activities.

General meeting of shareholders

We strive to ensure the early distribution of convocation notices and also post the notices on the Company's official website. In addition, we allow exercising of voting rights via the Internet and participate in the Electronic Voting Platform operated by ICJ, Inc. To watch the general meeting of shareholders online, click the following link (in Japanese only):

<https://youtu.be/oXcP6P5pAhs>

Financial results briefing session

We hold financial results briefing sessions for institutional investors twice a year.



Participation in IR events

We deliver a message from the President and CEO through participation in IR presentations specifically for individual investors and media appearances.



Rating

The Company obtained a credit rating from R&I (Rating and Investment Information, Inc.) as an evaluation of corporate creditworthiness. (May 2020)

R&I (Rating and Investment Information, Inc.)

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Corporate & Stock Information As of March 31, 2021

Corporate Profile

Company name	Menicon Co., Ltd.
Representative's name	Hidenari Tanaka, President and CEO
Headquarters	3-21-19, Aoi, Naka-ku, Nagoya, 460-0006 Japan
Phone	(+81)-52-935-1515
Initiation	February 1951
Established	July 1957
Capital	5,414 billion yen
Employees	3,860 (consolidated) 1,512 (non-consolidated)
Description of business	Contact lenses, lens care products, etc.
Number of offices (non-consolidated)	15 business offices, 52 stores, 6 laboratories and factories, 1 customer center and 5 distribution centers
Number of subsidiaries	11 in Japan, 21 overseas
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, the Shizuoka Bank and others
Website	www.menicon.co.jp www.menicon.com
Shareholder registry administrator	1-4-5, Marunouchi, Chiyoda-ku, Tokyo Mitsubishi UFJ Trust and Banking Corporation
Stock exchange listings	Tokyo, Nagoya
Stock code	7780

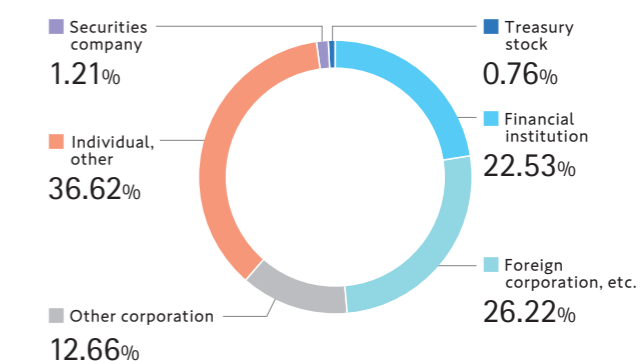
Shareholder Circumstances

Total number of authorized shares	62,184,000	Number of shareholders	4,718
Total number of outstanding shares	38,077,444	Total number of voting rights	377,833

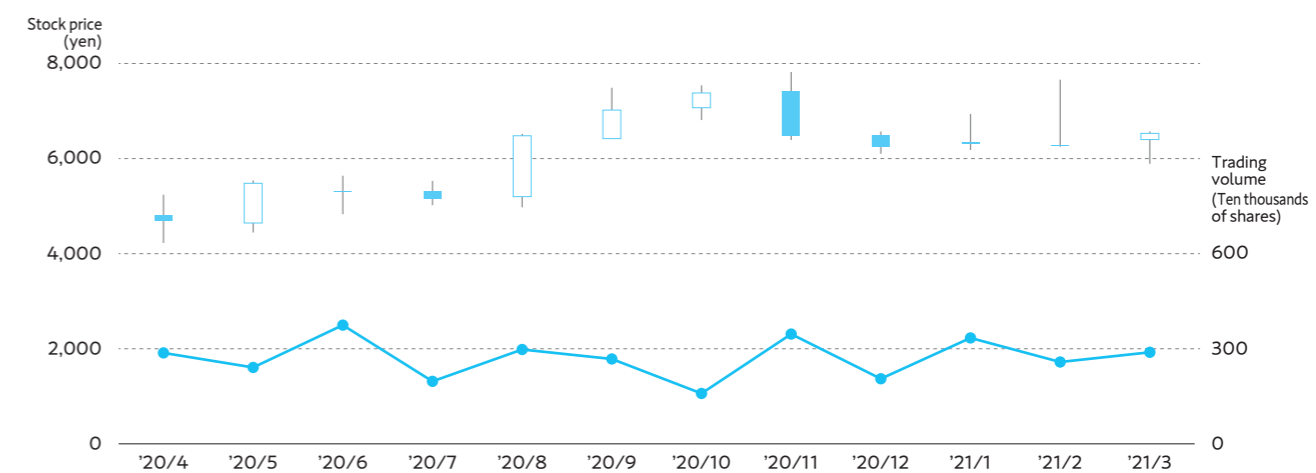
Major Shareholders

Shareholder name	No. of shares held (thousand shares)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,635
Mami Co., Ltd.	2,060
Toyotomi Co. Ltd.	1,982
Kazuko Tsukamoto	1,374
GOLDMAN SACHS & CO. REG	1,294
Custody Bank of Japan, Ltd. (Trust Account)	1,256
BNYM AS AGT/CLTS 10 PERCENT	1,209
Menicon Employee Shareholder Association	966
SSBTC CLIENT OMNIBUS ACCOUNT	916
Hidenari Tanaka	820

Shareholder Type Percentage Breakdown by Number of Shares



Stock Prices Chart



Total Shareholder Return*

Fiscal year ended	March 2018	March 2019	March 2020	March 2021
Total Shareholder Return (%)	142.2	172.9	260.6	352.6
Comparative indicator: Dividend-included TOPIX (%)	132.9	126.2	114.2	162.3

* Total Shareholder Return: Expresses total investment yield, combining capital gains with dividends. Value as of the end of the fiscal year ended March 2018 and thereafter when invested at the closing price at the end of the fiscal year ended March 2017.

Menicon's Communication Channels

About our IR website



IR information is available on Menicon's official website. "IR email newsletter" service is also available (in Japanese only).

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

CSR report



Here we post information on our approach to corporate social responsibility and details of our activities related to sustainability.