Menicon



MENICON REPORT 2026

New Vision of Miru for the World

Corporate Slogan

Contributing to society by providing superior visual correction.

Management Principles

Mission

The enterprise we want to be

To use 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.

Values

Values

Creation Originality Challenge

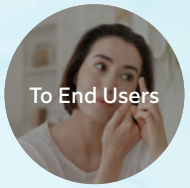
To take up the bold challenge of accomplishing what no one else has, by creating new values from nothing.

Vision

The dream that we want to achieve

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

Our Mission with Regard to Stakeholders



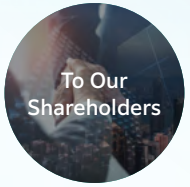
As a pioneering company, to utilize our superior technology to provide the joy of sight and living to our customers, thereby improving their satisfaction; to be regarded by "End Users" as a company they want to continue to use in the future.



To 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 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 increase shareholder satisfaction through an unwavering spirit of legal compliance and robust corporate performance as a company respectful of morality, and be regarded by all shareholders as an enterprise they want to back as "Supporters" in the future.



To 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.

CONTENTS

Introduction

01 Philosophy System
02 Contents/Editorial Policy
03 CEO Message



"Miru" Value

08 The Menicon Group's Progress in Value Creation
09 Value Creation Process
10 Six Capitals
11 Putting Menicon's DNA into Practice
15 Materiality
16 Financial Highlights
17 Non-Financial Highlights

"Miru" Business

18 Progress of Vision 2030
21 CFO Message



23 Opportunities and Risks in the Business Environment
24 Vision Care Business
26 Healthcare and Life Care Business

"Miru" Foundation

Governance

27 Corporate Governance
33 Compliance
34 Risk Management
37 Sustainability Promotion System

Environment

38 Environmental Management
38 Tackling Climate Change
40 Addressing Nature-related Issues
41 Sustainable Resource Consumption

Society

43 Human Capital
45 Respect for Human Rights
46 Supply Chain Management

Corporate Data

47 Consolidated Financial Data
48 Menicon Group Expanding Globally
49 Corporate Information & Stock Information

Editorial Policy

This report provides an overview of the Company's management and strategy, and reports on creation of medium- to long-term value, processes that realize sustainable growth, and financial and non-financial information 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 our website.

Covered Period

FY2025 (April 1, 2025 to March 31, 2026) 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.

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

Published

October 2026 (Previous report published October 2025. Next report scheduled for October 2027.)

Referenced Guidelines

- The IFRS Foundation's SASB Standards
- 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 Standards
- The TCFD's Recommendations of the Task Force on Climate-related Financial Disclosures Final Report
- The TNFD's Recommendations of the Taskforce on Nature-related Financial Disclosures

Information Disclosure System

	Financial Information	Financial & Non-Financial Information	Non-Financial Information
Reports	Presentation Materials for Financial Results Medium-Term Management Plan Databook	MENICON REPORT ESG Data Annual Securities Report (in Japanese only)	Corporate Governance Report
WEB	IR Information Business Content (in Japanese only)		Sustainability & CSR Menicon Radio (in Japanese only) Company Introduction

How to use the navigation buttons

Move to CONTENTS | Return to the page you were just viewing | Move to previous page | Move to next page

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.

CEO Message

Together with our stakeholders, we will achieve further growth through products and people that remain the preferred choice.

We will refine both the product capabilities that our people and our technology create and our organizational culture of 0-to-1 creation, make steady progress on "Milestone 2027," and contribute to realizing the vision of "Miru" for our customers.



Koji Kawaura

Director, President and CEO

CEO MESSAGE

The global contact lens market is growing at an annual rate of 4%, and demand is robust. Our products are also held in high regard. Nevertheless, supply has been unable to keep pace with demand. This has left us with no choice but to restrict sales, and we are not the only ones who have been affected by the dilemma that has surrounded daily disposable contact lenses (hereinafter, "1-DAY lens") over the past several years. We have given cause for concern and inconvenienced not only our customers, but also those involved in ophthalmic care and contact lens sales, as well as shareholders, investors, and our other stakeholders. I would like to once again express my gratitude to everyone who placed their trust in us and remained patient.
In February 2026, we finally emerged from the constraints resulting from a 1-DAY lens supply shortage. We began commercial production at the Malaysia Plant, our largest dedicated 1-DAY lens plant, and established a supply system capable of meeting growing global demand.
This period in which upfront investment and supply constraints overlapped is now behind us, and we are shifting from defense to offense. However, I am not resting on my laurels in the slightest. That is because the real challenge of translating our potential ability into actual sales, and then into profits, is only just beginning.



Answering Two Questions Head-On

From supply to sales. Then from sales to profit. When we explain where the Company stands today in these terms, investors now respond with two questions. "Can you really make the sales?" And, "Even if you can, will profits actually grow as they should?" I take the fact that we are being asked these questions itself as evidence that we have not sufficiently communicated the assumptions underlying our business, and I would now like to answer them head-on.
Let me begin with the tougher of the two questions: "Will profits grow?" The Malaysia Plant entails substantial fixed costs, and our earnings structure has changed significantly from what it was before. It is the expansion of sales volume that largely determines profitability. That is precisely why I am making a company-wide call to "increase volume." This is a clear-cut management decision rooted in our new earnings structure. CFO Koga will discuss when this structure will translate into improved profit margins. At the end I will again address why I place such importance on "volume."
That brings me to the other question: "Can we really make the sales?" First, I want to make clear that the sales targets we have set are by no means unrealistic. To the contrary, they are, in fact, quite realistic.

P.21 CFO Message

Answering "Can We Really Make the Sales?" with the Numbers

The global market for 1-DAY lens is growing by approximately 4% a year in volume terms. The target we have set in this growing market is not an especially high hurdle to cross. Specifically, we aim to increase our global market share by one percentage point, from 3% in fiscal year 2023 to 4% in fiscal year 2027.
Although we hold a market share of approximately 20% in Japan, outside Japan it is a mere 1%. Naturally, we differ from our competitors in terms of sales structures and brand recognition. Even so, with our overseas market share currently at 1%, a simple calculation shows that raising it to 5% could increase overseas sales roughly fivefold. The targets we have set are phased, realistic, and far short of that level. The same is true when broken down by product, as even in Japan, our share of the 1-DAY lens market is still only around 10%. Given that our share exceeds 20% in other categories, substantial room for growth remains.
Why, then, have we been unable to reach even this realistic target until now? The biggest factor behind this failure was production capacity. It was not the case that there was no demand, nor that our products were held in poor regard. We simply could not make enough. However, with the Malaysia Plant commencing commercial production in February 2026 and production lines continuing to be added, we have finally reached the point where we can compete on an equal footing with the four major players in Europe and North America.
The results are already beginning to show. In fiscal year 2025, sales to major retail chains in Europe grew steadily. What gives us the greatest confidence we are getting results is the fact that we are starting to receive repeat orders in each region, rather than just one-off initial orders that are large. This is the clearest evidence that our products are becoming established choices for customers.
Customers choose Menicon for more than just the basic

factor of product quality. They also value the product design optimized for 1-DAY lenses, as found in our proprietary SMART TOUCH technology, and the care we put into manufacturing. It was a welcome surprise to see the distinctive features of our products, together with the philosophy and stories behind their development, inspire an appreciation for the craftsmanship involved. Of course, the elimination of concerns about supply has also helped encourage adoption.
At the same time, challenges remain. One is recognition of our brand overseas. We are promoting sales and providing samples as a way of communicating our value more broadly. Because overseas sales get their start with large-volume transactions, results can fluctuate from quarter to quarter. Even so, these initiatives give us confidence that we can achieve a solid upward growth trajectory over the medium to long term.

Moving Beyond a "Year of Holding Back"

Now we turn to Japan. Fiscal year 2025 was for us a "year of holding back." Supply could not keep pace, forcing our directly managed stores to limit new 1-DAY lens memberships and scale back advertising and promotional activities. This inconvenienced all the member facilities for our MELS Plan subscription service. Price increases were also behind the net decline in membership, but the most important factor was that we had no choice but to restrict new memberships for 1-DAY lens, which are the first choice for many of our new customers. We are now making a major shift from this state of affairs, having already resumed advertising and promotional activities in the fourth quarter of fiscal year 2025.
We also have a well-defined route to generating returns on the funds we are investing. The average unit price is rising as the share of 1-DAY lens, which come at a higher price point, increases, and MELS Plan sales themselves are expected to grow this fiscal year. Going forward, we will reverse the downward trend in membership while using the higher returns from the shift toward 1-DAY lens to absorb promotional expenses to simultaneously grow sales and improve our profit margin. We will also broaden the age groups we serve in both directions through, for example, offerings for children and solutions for presbyopia, which often begins in people in their 40s, as we prepare for a maturing Japanese market.

What We Will Reassess, and What We Will Not Change

Myopia control is an important aspect of children's healthcare not only in Japan but overseas as well.
We are addressing this need specifically through our orthokeratology-related business.
Economic stagnation and intensifying competition in China persist in this field, as does the spread of inexpensive alternatives.
Meanwhile, outside China, in Japan and other Asian countries, both the number of facilities offering our products and sales volumes are steadily increasing. We are raising awareness through academic activities and education and training for the professionals who prescribe these products, shifting toward more geographically balanced growth that is no longer overly reliant on China.
Thus the long-term value of this business remains undiminished. It is said that approximately half of the world's population could be myopic by 2050, and global demand for ways to control the progression of myopia will continue to grow. Orthokeratology lenses (hereinafter, Ortho-K) remain a compelling option for such control. They are supported by a wealth of evidence and allow users to spend the daytime without glasses or contact lenses.
We are Japan's No. 1 company in the field of RGP lenses. We have built on that tradition by accumulating clinical research and a solid track record to become an early leader in the Ortho-K domain, and continue to maintain a high level of recognition globally. We hope to create social value by protecting children's vision while growing the business. We will achieve both.



People Turn Market Growth into Our Growth

The market is still expanding and supply constraints have been eliminated. What matters most in converting this opportunity into real growth for our company is our people. Frankly speaking, we still do not have enough of them.
So, why do we need more people? When a customer switches from 2-WEEK lens to 1-DAY lens, the number of lenses they will need increases by approximately 14 times. We must expand both our equipment and workforce accordingly. There are limits to automation as well.
This business cannot function without a framework for continuously recruiting people and enabling them to work with us for the long term. Our current investment in people is an investment in acquiring and developing the organizational



capabilities needed to make growth a reality, and is therefore itself a prerequisite for growth.
Specifically, we are working on two things. The first is competitive compensation and a transition to a job-based HR system. We continue to raise wages and have also reformed our grade and compensation systems. We are transitioning to a system in which treatment is determined by the specifics and responsibilities of each job. We have not simply raised wages. We have changed the way we make the most of our people.
The second is a mechanism for unlocking creativity. We have designated this year as Year One of our AI transformation. For example, if work that previously required ten people can be handled by seven, the other three who have been freed up by this AI streamlining can take on new work. Meanwhile, at production sites, we will continue hiring to beef up our staffing, and will further expand production capacity and strengthen sales capabilities.

"0-to-1" Is Every Employee's Job

If wages and systems provide the foundation, the biggest question I have grappled with is how to build on that by putting creativity to work for the organization.
Menicon's distinctiveness has been built on two major innovations: the technical capabilities of founder Kyoichi Tanaka, who created Japan's first corneal contact lenses, and the MELS Plan, created by Hidenari Tanaka (former President and current Honorary Chairman), who turned contact lens subscription from an idea to something real. All of these were major examples of "0-to-1" creation in which new value was generated from nothing. However, now that the founding family has stepped away from management, we must transform into a company where creativity can continually flourish throughout the organization, rather than relying on the talent of particular individuals.
This is also a major challenge for me personally. Since joining the Company as a new hire, I have always been on the side that just carried out and further developed what the founding family had already created. The same is true of many of our employees. Now we are moving to the side that creates things.
However, the difficulty of this endeavor does not mean we should allow today's opportunity to pass us by. This is because the creation we now need differs from what our founders achieved in terms of both scale and time horizon. A major "0-to-1" innovation capable of transforming the very nature of the Company cannot be created in a single day. We will continue pursuing such an innovation, but there is no need for us to stake our near-term growth on one major breakthrough. The reason is that, with the Malaysia Plant now operating, we already have the mass-production capacity required for 1-DAY lens. What we need now are a myriad of minor "0-to-1" innovations that translate that capacity into solid results. Reallocating capacity freed up by AI transformation to new work is one example of such an innovation. Tweaking a step in a procedure so that the same number of people can produce more is another. That is precisely why every employee is taking on "0-to-1" creation.

Building a Foundation Where Challenge Takes Root

Big innovations and small innovations are fundamentally the same thing. They come about from combining things that already exist in new ways. Japan's first corneal contact lens and the idea behind MELS Plan both ultimately trace their origins to combinations of already-existing technologies and systems that no one had tried before. If that is the case, it follows that such innovation is not the work of R&D and marketing alone. The same opportunities to create are open to those who reorder procedures on the production line and those who use AI to reshape work at headquarters. There may be some who feel daunted when they hear the word "innovation." That is why we call it creating "0-to-1" instead. This gets the point across that we are not talking about exceptional talent but rather a step anyone can take in their day-to-day work. It is during these unglamorous incremental efforts that Menicon's employees, with their conscientious nature and willingness to continually improve, are in their element.
The mechanisms that turn these minor "0-to-1" creations into an organizational habit could eventually provide fertile ground for major "0-to-1" innovations to emerge from the organization rather than a particular individual. That is what I believe.
In fiscal year 2025, we launched a system that evaluates not only results and the achievement of goals, but the very process of taking on the challenge of something new. As in the Japanese expression Issho kyuhai, literally "one win, nine losses," unless you step up to the plate again and again, you will never get your chance for victory. We do not condemn failure. Instead, we recognize the act of taking on challenges itself. In that first year, roughly 2,000 "0-to-1" proposals were submitted from the front lines, which was far more than we anticipated. We have also introduced mechanisms

for sharing ideas and have begun giving awards that recognize employees for taking on challenges.
In addition, we have a foundation in place that allows employees to keep taking on these challenges with peace of mind. Menicon is distinguished by the fact that the proportion of new graduate hires who leave within three years is lower than the industry average. Our culture of good-faith and earnestness where employees can work together with peace of mind is precisely what enables employees to challenge themselves and try something new without fear of failure. I myself grew up within that culture.
We will substantially revise the framework for encouraging employees to challenge themselves. However, I believe that the culture of trust in which this framework is rooted is something we should preserve, not change, and pass on to the next generation.

Building a Business Foundation Trusted Worldwide

Sustainability efforts are also integral to the business growth described above.
We are taking action against climate change by decarbonizing the electricity used at our plants. We are expanding long-term procurement of green power from hydropower and solar generation, thereby reducing greenhouse gas emissions. For resource circularity, we are continuing with the 1Case Project to collect used contact lens cases, and have expanded the number of collection points to around 1,000. This is a long-term undertaking that also involves participation in a co-creation research institute with Tohoku University, taking part in national initiatives, and exploring ways to recycle plastics into other products, such as automotive parts, without incinerating them.
These initiatives are simultaneously undertaken for the benefit of society and for the benefit of our business.
In environmentally conscious Europe, major customers rigorously assess their business partners in terms of what they are doing for the sake of the environment. What matters is not the quality of a one-off initiative, but whether a policy has been established, whether that policy has been documented, and whether it has taken root as an organizational framework. Through these systematic efforts, we will build a "business foundation trusted globally" and, over time, develop resource circularity into a strength that reflects Menicon's distinctive qualities.

Turning Promises into Results

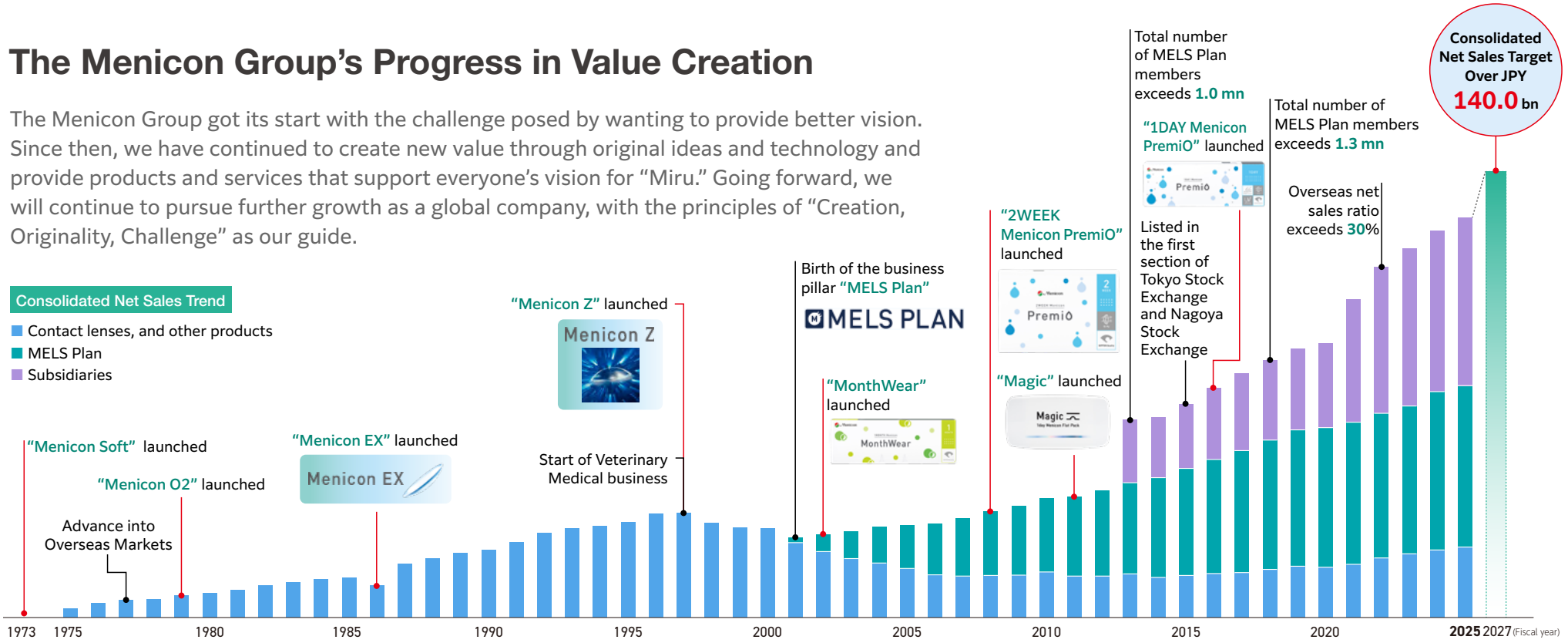
Finally, I would like to communicate my resolve to all of our stakeholders. At the same time, I would like to explain in full why I place so much importance on volume, the question I raised at the outset.
Now that the Malaysia Plant is up and running, it has fundamentally changed our earnings structure. As sales volumes rise, the manufacturing cost per unit falls, creating a structure in which operating profit will grow more than sales in the future. The full benefits of mass production will emerge next fiscal year.
In other words, top-line growth has become dramatically more important than it was previously. That is precisely why I persistently stress the need to devote our full efforts toward growing volume. Doing so is the best course of action for both shareholders and customers.
The environment for supporting that top-line growth is now in place. The market is expected to grow, and the constraints on supply have been eliminated. The remaining key to all this is our people. That is why we must attract and develop people, put them in the roles that fit them best, and enable the entire Company to focus its full efforts on the work needed for growth. When all is said and done, our "0-to-1" creation and our investment in people will also serve that purpose.
For the longest time, the contact lens industry has been "the four major players... and everyone else." We stand at the front of that "everyone else." This is the point at which we will, without fail, become the fifth major player on the



global stage. That is how we see ourselves as we approach our 100th anniversary. That, however, will only come after we steadily translate our supply capacity, step by step, into sales volume, mass-production benefits, and improved profit margins. We are devoting ourselves fully to seeing this transformation through.
It may not be a story of change made in spectacular leaps and bounds. I believe we can see this through for the very reason that Menicon and its employees act in good faith, are earnest, and willing to put in the painstaking work required. Turn our established supply capacity into results in the form of higher sales volumes. Turning sales volumes into profit. Seeing this transformation through is the promise we must fulfill. That is precisely why we will continue to build on our dialogue with all stakeholders and provide a frank account of our progress as we forge ahead with our efforts to enhance corporate value.

The Menicon Group's Progress in Value Creation

The Menicon Group got its start with the challenge posed by wanting to provide better vision. Since then, we have continued to create new value through original ideas and technology and provide products and services that support everyone's vision for "Miru." Going forward, we will continue to pursue further growth as a global company, with the principles of "Creation, Originality, Challenge" as our guide.





Taking on the Challenge of 0-to-1

Founder Kyoichi Tanaka conducts repeated experiments on his own eyes to develop Japan's first corneal contact lens in 1951. This marks the beginning of Menicon's history. In 1953, the "M.T. Contact Lenses" goes on sale as the Company's first commercialized product. This product lays the foundation for Menicon's present-day contact lens business.

Breakthrough Product Development Fuels Growth

For the industry, the era of competing soft contact lenses has arrived. Menicon makes major strides forward with a lineup developed looking to the era ahead, launching products such as Japan's first soft contact lenses "Menicon Soft," the oxygen-permeable RGP lenses "Menicon O2," and "Menicon EX," the world's first RGP lenses that could be worn continuously for seven days.

Pursuit of Eye Safety

As product development continues, Menicon celebrates its 50th anniversary in 2001 and establishes a new business model: the MELS Plan. The groundbreaking way in which the MELS Plan is structured enables Menicon to break free from the price competition that is intensifying in the market at the time. It establishes a framework that emphasizes safety awareness as it provides products to customers.

Accelerating Overseas Expansion

MELS Plan expands rapidly. Menicon launches "Magic" and "1DAY Menicon PremiO," which use "SMART TOUCH" packaging that allows the lenses to be worn without touching their inner surfaces, as well as "Four Seasons," the world's first disposable RGP lenses. The Company establishes multiple successive overseas bases and accelerates global expansion.

New Vision of "Miru" for the World

Menicon not only develops and sells new products in Japan, but also makes significant strides in overseas markets. As Menicon celebrates its 75th anniversary in 2026, the Company builds and begins operations at a large-scale dedicated 1-DAY lens plant in Malaysia. Menicon aims to increase supply to global markets, expand sales, and achieve another leap forward in growth by launching new production lines.

Value Creation Process

External environment awareness


Creation of a circular society


Progress of digitization


Decreasing birthrate and aging population


Climate change


Respect for human rights


Increase in myopia population

INPUT | **BUSINESS MODEL** | **OUTPUT** | **OUTCOME**

INPUT

- Financial capital
- Manufacturing capital
- Intellectual capital
- Human Capital
- Social and relationship capital
- Natural capital

P.10 Six Capitals

BUSINESS MODEL



Growth Strategy

- Medium-Term Management Plan P.18 Progress of Vision 2030

Management Base

- Materiality P.15 Materiality
- Quality Policy, Safety Philosophy Charter (in Japanese only)
- Menicon Group Human Rights Policy
- Governance P.27 to P.37 "Miru" Foundation

OUTPUT

FY2025 Results

Products and Services

- Net sales of Vision Care Business JPY 116.5 bn
  - Core products
  - ▶Net sales of 1-DAY lens JPY 33.8 bn
    - Net sales of MELS Plan JPY 23.4 bn
    - Net sales overseas JPY 3.7 bn
  - ▶Net sales of orthokeratology-related JPY 14.5 bn
- Net sales of Healthcare and Life Care Business JPY 9.0 bn

Environment and Society

- GHG emissions Scope 1 + 2 (consolidated) 25.90 kt CO_2
- Scope 3 (The Company + Five subsidiaries*1) 235.92 kt CO_2
- Total waste generated (manufacturing sites*2) 1.82 kt
- Employee engagement (non-consolidated) 47.5 (The figure is expressed as a standardized score)
- Mid-career recruitment (non-consolidated) 93 employees
- Client training satisfaction (non-consolidated) 94.7 %

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

*2 Menicon Co., Ltd., Menicon Nect Co., Ltd., Alpha Corporation Inc., Menicon SAS, Menicon Pharma SAS, Menicon Limited, Menicon Singapore Pte. Ltd., Menicon B.V., SOLEKO S.p.A., and Menicon (Wenzhou) Co., Ltd.

OUTCOME

Sustainability Policy

Our Vision

To achieve a healthy and spiritually rich society

P.37 Sustainability Promotion System

Vision 2030

New Vision of "Miru" for the World

New Vision of Miru for the World

Vision 2030

Initiatives towards reducing environmental burden

- Contribution to the Realization of a Decarbonized Society P.38 Tackling Climate Change
- Contribution to the Realization of Recycling of Waste Generated from Products P.41 Sustainable Resource Consumption

Corporate Slogan

Contributing to society by providing superior visual correction.

P.01 Management Principles

Six Capitals

As of the end of March 2026

● Intellectual Capital

R&D expenses JPY **5.5** bn

Number of patents held **595** cases

Research base **6** in Japan, **2** overseas

Number of joint research projects with partners **21** cases

- R&D system that supports the creation of original products and technologies and a framework that gives recognition for taking on challenges
- Efforts to strengthen intellectual property capabilities and strategies that support technology and products
- System for promoting innovation through joint research with partners and co-creation with startups

P.11 Putting Menicon's DNA into Practice

● Manufacturing Capital

Capital expenditure JPY **15.1** bn

Manufacturing site **4** in Japan
Of these, 1-DAY lens manufacturing sites: 1
8 overseas
Of these, 1-DAY lens manufacturing sites: 2

Number of companies acquiring ISO certification **12** companies
ISO13485/EN ISO13485: International standard for quality management systems of medical devices

- Enhancement of production capacity and building of a stable supply system for 1-DAY lenses, for which global demand is growing (the Malaysia Plant, the largest in the Menicon Group, started operations in fiscal year 2025)
- Thorough quality control system based on international standards supporting safe and secure product manufacturing

P.18 Progress of Vision 2030

● Financial Capital

Total number of MELS Plan members **1.30** mn

Equity ratio **48.5** %

Net DER **0.4** times

Number of meetings with institutional investors by management **24** times

- Creating stable operating cash flow through the "MELS Plan"
- Financial foundation supporting sustainable growth and optimizing capital structure for enhancement of corporate value
- Building trust with the capital markets through creation of opportunities for dialogue with investors and shareholders

P.18 Progress of Vision 2030

● Natural Capital

GHG emission reduction amount (consolidated) **4.39** thousand tons-CO_2 *1

Amount of water intake *2 **395.9** thousand m^3

Plastic reuse volume *2 **1126.23** t

P.38 Tackling Climate Change
P.41 Sustainable Resource Consumption
Living in Harmony with the Earth through "Miru" (in Japanese only)

● Social and Relational Capital

Number of subsidiaries **9** in Japan, **27** overseas

Customer training satisfaction **94.7** %

P.46 Supply Chain Management
Experiencing "Miru" with the Five Senses (in Japanese only)

● Human Capital

Number of Employees (consolidated) **4,493** people

Number of ideas created (non-consolidated) **2,019** cases

Total number of ideas registered on the M.I.X. Board in fiscal year 2025

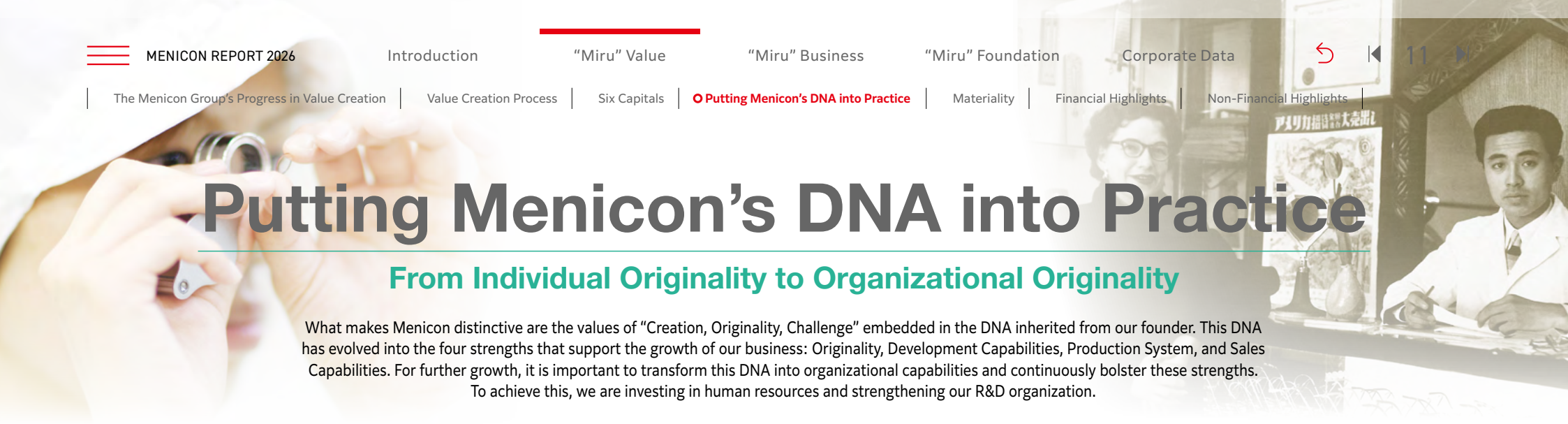
Menicon Business College graduates (consolidated) **39** people
Menicon: 35; Group companies: 4

Mid-career recruitment ratio (non-consolidated) **59.6** %

- Build an organizational culture that embraces 0-to-1 challenges without fear of failure through HR system renewal, systematically linking ideas directly to business value
- Develop candidates for next-generation leadership talent and strengthen reskilling to reallocate human resources
- Create an environment in which diverse talent can work with peace of mind, maximize human capital, and pursue enhancement of corporate value

P.11 Putting Menicon's DNA into Practice
P.43 Human Capital

*1 Reduction from the previous fiscal year excluding the Malaysia Plant
*2 Target scope: Menicon Co., Ltd., Menicon Nect Co., Ltd., Alpha Corporation Inc., Menicon SAS, Menicon Pharma SAS, Menicon Limited, Menicon Singapore Pte. Ltd., Menicon B.V., SOLEKO S.p.A., Menicon Malaysia Sdn. Bhd., and Menicon (Wenzhou) Co., Ltd. (plastic reuse volume only)



Putting Menicon's DNA into Practice

From Individual Originality to Organizational Originality

What makes Menicon distinctive are the values of "Creation, Originality, Challenge" embedded in the DNA inherited from our founder. This DNA has evolved into the four strengths that support the growth of our business: Originality, Development Capabilities, Production System, and Sales Capabilities. For further growth, it is important to transform this DNA into organizational capabilities and continuously bolster these strengths. To achieve this, we are investing in human resources and strengthening our R&D organization.

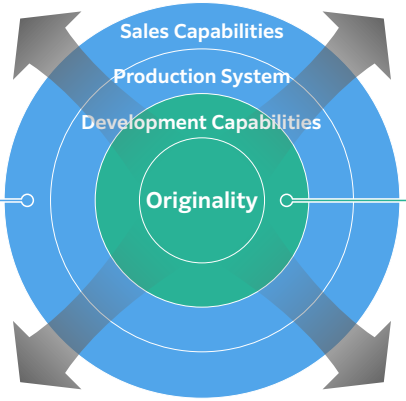
Current Status We are implementing systemic reforms and launching structured education to make these capabilities sustainable organizational strengths

Production System Responding to Growing Demand
The "challenge" of deciding to make large-scale investments ahead of competitors has dramatically enhanced supply capacity. Stable supply and improved production efficiency will be necessary going forward.

Sales Capabilities Providing Products Globally
Menicon's unique value has gained recognition worldwide, and our sales channels are expanding across Europe, North America, and Asia. We need to develop and recruit people who can succeed on a global stage.

P.18 Progress of Vision 2030

Further Strengthening



Strengthening Required

Originality Inherited Since Our Founding
It is necessary to build a foundation for continual 0-to-1 creation through organizational capabilities rather than individual talent, and to support our Development Capabilities, Production System, and Sales Capabilities.

Development Capabilities
Overcoming the Wall of Technology and Materializing Originality
It is necessary to strategically improve researchers' barrier-breakthrough capabilities, uncover new inventions, and obtain patents, and to preserve existing value while creating new value.

Challenges

Strengthening originality and development capabilities | Creating an environment where employees can embody our values of "Creation, Originality, Challenge"

Responses

Accelerating human capital investment through HR system reform | Carry out sweeping reforms to foster "0-to-1" creation

Development Capabilities enhanced through HR system reform — Strengthen collaboration between R&D and Intellectual Property Departments

Accelerating human capital investment through HR system reform

We regard people as vital capital that supports sustainable growth, and are investing in human capital accordingly.
In fiscal year 2025, we reformed our HR system, converted to a framework that creates from "0-to-1" systematically, and laid a foundation that enables diverse talent to demonstrate their capabilities.
We will strengthen the mechanisms and education systems that encourage and support employees in taking on challenges, thereby promoting the continual creation of value.

Sweeping HR System Reform

Evaluation System

To facilitate "0-to-1" creation, transform into an organization where each individual takes the initiative in tackling challenges by evaluating not only results but also the attitude, actions, and processes involved in taking on challenges

New Evaluation System (from April 2025)

✓ **Evaluate the process of taking on challenges as well as its results**

Even for failures, the attempt itself is recognized as an achievement in its own right. Encourage new challenges

Process of Taking on Challenges: Process of Taking on Challenges → Giving Shape and Realization

Results: Success or Failure

Old Evaluation System × Recognize outcomes that are directly tied to business performance

Grade System

Transform into an organization that continuously engages in "0-to-1" creation through collaboration among diverse talent of different ages, experience, and expertise

New Grade System (from April 2026)

✓ **Set grades commensurately with job descriptions and the scale of roles**

Promote healthy organizational renewal and the conceiving of new ideas through recruitment of highly specialized talent and promotion of younger employees

Compe-tency → Change the criteria for determining grades → Role or Job

Old Grade System × Set grades commensurately with competency based on age and experience

Three Drivers That Make Reform Work as Intended

In addition to HR system reform, we will make the system work as intended by creating **Opportunities** to take on even more challenges, providing **Education** that gives concrete form to challenges, and fostering a **Culture** where challenging oneself becomes deeply ingrained.

Opportunities to take on more challenges

- Establish an idea board open to posts from all employees
- Introduce an award program that encourages challenges

Fiscal year 2025: Over 2,000 ideas

Education that gives concrete form to challenges

- Revise and renew training so that it centers on capability development
- Launch new training programs to cultivate ideation and the ability to turn intangibles into tangibles, among other initiatives

Boot camp-style selective training

Culture where challenging oneself becomes deeply ingrained

- Active communication from management
- Lectures by the Honorary Chairman and instructors from outside the Company
- Synergies with office reforms

Instill a corporate culture that supports employees in taking on challenges

Development Capabilities enhanced through HR system reform

Strengthen collaboration between R&D and Intellectual Property Departments

R&D — Building Competitiveness through Depth and Breadth of Invention —



Strengths

- Creating high-value-added products and services with competitive advantages
- Leading the industry in the field of myopia control through many years of R&D

Initiatives

- Developing a commercialization roadmap grounded in our growth strategy; advancing research based on future forecasts
- Establishing a consultation process for giving concrete form to ideas and encouraging innovation by younger employees

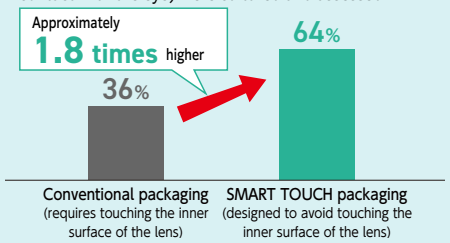
R&D investment
FY2025 Results
JPY 5.5 bn
Maintain and expand during the investment return phase

Examples of R&D Supporting the Growth Strategy

1-DAY lens | Experience the Safety and Comfort of Wearing "1DAY Menicon PremiO"

"1DAY Menicon PremiO" is the product of Menicon's longstanding materials expertise and R&D that takes the user into account. Thanks to its proprietary silicone hydrogel material, it is comfortable and very safe to wear, while SMART TOUCH technology allows the lens to be removed without touching its inner surface and eliminates the need to check whether the lens is facing the right direction. These factors add up to a more convenient wearing experience. Clinical research has also reported that a higher proportion of lenses in SMART TOUCH packaging tested negative for bacteria than those in conventional packaging. These findings suggest that the risk of bacterial contamination may be lower. We consistently pursue improvements in all stages from materials development and product design through to the user experience to create value for the customer that is differentiated not only in functionality, but also in convenience and peace of mind.

Proportion of lenses on which no bacteria were detected
Lenses worn for a specified period were collected, and bacteria on the back surface of the lenses (the surface in contact with the eye) were cultured and assessed

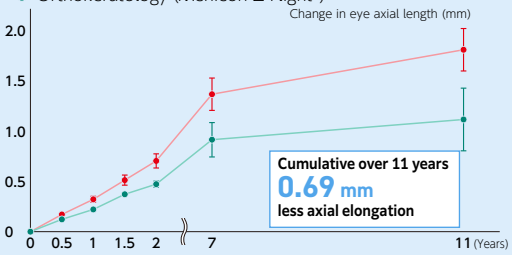


Source: Tan J, Siddireddy JS, Wong K, et al. Factors Affecting Microbial Contamination on the Back Surface of Worn Soft Contact Lenses. Optom Vis Sci. 2021;98(5):512–517. (Prepared by Menicon based on the results in Table 2)

Orthokeratology-related | Myopia Control in Children with "Menicon Z Night"

As the growing population of myopia sufferers becomes a global social issue, Menicon has accumulated expertise regarding the efficacy and safety of long-term use through many years of clinical research in orthokeratology. Numerous clinical studies of "Menicon Z Night," including the world's first randomized controlled trial (RCT), have reported that it is effective for myopia control in children. In addition, its highly oxygen-permeable material and prescriptions made using dedicated software allow myopia to be managed in a way that combines safety and efficacy. Looking ahead, we will continue to advance R&D and create distinctive value in the growing field of myopia control.

Effect of orthokeratology on slowing axial elongation



Source: Santodomingo-Rubio J, Villa-Collar C, Gutiérrez-Ortega R, et al. Eleven years of orthokeratology contact lens wear for slowing myopia progression in children. Optom Vis Sci. 2025;102(5):346–352. Prepared by Menicon based on Figure 2

We will produce evidence through clinical research and academic presentations to substantiate product value and communicate it globally, thereby enhancing business value.

For details regarding intellectual property and our governance system, please refer to the following page on our website (in Japanese only).
Intellectual Property

Strengthen collaboration between R&D and Intellectual Property Departments

Intellectual Property — Making Organizational Originality Visible —

The role of our Intellectual Property Department is to translate the challenges that researchers tackle into tangible results, and then translate those results into corporate value. At each phase of R&D, the department strikes the correct balance between offensive and defensive IP strategies, strengthening the foundation for value creation through the creation and uncovering of inventions.

● Roles and Collaboration in Each Process

Process	01 Idea	02 Basic research	03 Product development	04 Clinical research	05 Market launch and mass production	06 Market rollout
R&D Department	Devising concepts and ideas	Research into materials, lens surface treatments, mechanisms of myopia progression, and other areas	Commercialization of various lenses, development of products with lower environmental impact, and other initiatives	Clinical trials and confirmation of efficacy; publication of research papers	Production line improvements and process development	Continuous improvement of products and production processes
Intellectual Property Department	Joint IP training conducted by both departments; follow-up for creation of research seeds through IP analysis	Stage at which strong patents, such as basic patents, can be created; proactively hold invention discovery meetings	Use business plans to appropriately file applications and secure rights for the required intellectual property, building a foundation for business expansion	Disclose research results appropriately and protect patent rights to differentiate our products from those of competitors	Strengthen patent applications and know-how protection so that it is appropriate for R&D at the mass-production stage	Prevent erosion of sales through appropriate IP protection and management and anti-counterfeiting measures

FY2028 Target

Percentage of inventors among all research personnel

40%

Number of patents held

Approx. **600** cases

Initiatives to Raise the Percentage of Inventors to 40%

1. Enhancing intellectual property education
   - Joint intellectual property education by the R&D and Intellectual Property Departments
   - Creating research seeds through intellectual property analysis
2. Enhancing the invention reward system
   - Enhancing the reward system to encourage employees to pursue inventions
   - Expanding the scope of evaluation to include line design and improvement proposals from production sites
   - Promoting invention creation to reduce costs and strengthen competitiveness
3. Expanding invention creation across the Company
   - Inculcating a culture of invention across a wide range of departments, from R&D to production and marketing
   - Broadening the base of inventors: From "Individual Originality" to "Organizational Originality"

What Is the "Percentage of Inventors?"

The percentage of inventors indicates the ratio of personnel in the R&D and Intellectual Property Departments who are actively involved in "0-to-1" creation. The achievement of the fiscal year 2028 target of 40% will mark the transition from individual originality to organizational originality. We intend to synergize the R&D Department's willingness to take on challenges with the Intellectual Property Department's expertise to boost the percentage of inventors and build a highly original R&D organization.





Creating the Value that Creates the Future

Menicon's DNA has now moved from a phase of inheritance to one where it can be expressed across the organization. Reform of HR systems encourages more employees to take on challenges, investment in R&D translates originality into concrete form, and closer collaboration between the R&D and Intellectual Property Departments elevates those outcomes into value.
The continuous motion of this cycle serves as the driving force that allows Menicon to function in a way that is true to its ideals.

Materiality

We have identified material issues that we will prioritize to realize our vision—"To achieve a healthy and spiritually rich society"—outlined in our Sustainability Policy, and regularly review them in light of changes in society and the business environment. In the fiscal year 2025 review, we systematically identified major impacts, risks, and opportunities (IROs) across our global businesses and our entire value chain. We will address each issue, aiming to contribute to solving social challenges and enhance the sustainable growth of our Group.

Identification Process

STEP 01

Review of Business and Value Chain

- Analyze core operations, revenue sources, geographic footprint, key markets, and competitive positioning
- Identify key items in the value chain

STEP 02

Initial Materiality Screening

- Create a long list of potential ESG topics for the business using regulatory frameworks (ESRS and EU Taxonomy) and industry benchmarks (sector-specific risks and opportunities)
- Assess environmental and social impacts with reference to factors such as GHG emissions and workers' rights

STEP 03

Stakeholder Consultation

- Interview key internal and external stakeholders that mutually affect one another across the entire value chain and evaluate material ESG topics from a stakeholder perspective

<Stakeholders interviewed>
Upstream: key raw material suppliers and ophthalmic professionals
Menicon's operations: Singapore plant, headquarters, and transportation partners
Downstream: retailers and ophthalmic professionals (prescribers)

STEP 04

Materiality Scoring and Analysis

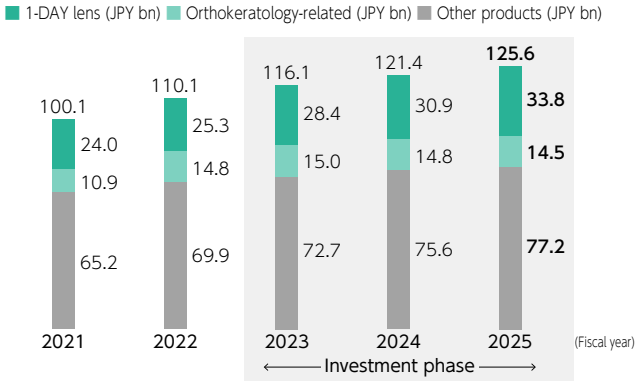
- Prioritize ESG topics through workshops under a double materiality framework

Overview of Materiality

Materiality	Initiative Theme	ESRS Classification	Topic Classification (Priority: ■ High ■ Medium ■ Low)	Relevant Pages
Business (Financial and Manufacturing Capital) Providing a lifestyle that stimulates the five senses	Developing products and services with a focus on safety and security Strengthening efforts for myopia control management	S4	■ Information-related impacts on consumers and/or end users ■ Personal safety of consumers and/or end users ■ Social inclusion of consumers and/or end users	Ensuring Safe "Miru" (in Japanese only)
Environment and Society (Natural and Social Capital) Reducing impact on the global environment Contributing to a happy society	Promoting efforts to combat climate change Using renewable energy	E1	■ Climate change adaptation ■ Climate change mitigation ■ Energy	P.38–P.39
	Appropriate management of wastewater and hazardous substances and prevention of pollution Conservation of biodiversity	E2	■ Air pollution ■ Water pollution ■ Microplastics	P.41
		E3	■ Water consumption	
	Improving the efficiency of raw material use and reducing waste Effective use of reusable resources	E5	■ Resource inflows, including resource use ■ Resource outflows related to products and services ■ Waste	P.41–P.42
	Revitalizing local communities Promoting arts, culture, and sports	S3	■ Contribution to local communities	Experiencing "Miru" with the Five Senses (in Japanese only)
Management Base (Human/Intellectual/Social Capital) Building a corporate infrastructure that will last 100 years	Pursuit of customer safety, security, and trust Thorough quality management	S4	■ Information-related impacts on consumers and/or end users ■ Personal safety of consumers and/or end users ■ Social inclusion of consumers and/or end users	Ensuring Safe "Miru" (in Japanese only)
	Human resource development and diversity of human resources Creating a comfortable working environment for employees and improving employee satisfaction	S1	■ Working conditions	P.44
	Respect for Human Rights	S2	■ Equal treatment and opportunities for all ■ Other work-related rights	P.45
	Strengthening R&D infrastructure and functions	S4	■ Personal safety of consumers and/or end users	P.13–P.14
	Promoting sustainable procurement	G1	■ Corporate culture ■ Management of relationships with suppliers, including payment practices	P.46
	Anti-corruption		■ Corruption and bribery ■ Protection of whistleblowers	P.33–P.34
	Strengthening cybersecurity measures	Other	■ Cybersecurity ■ AI governance	P.35–P.36

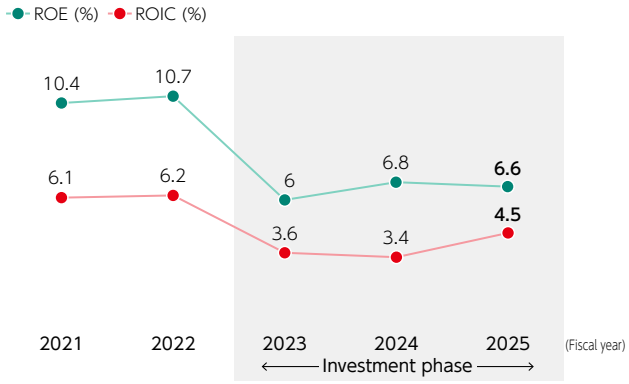
Financial Highlights (Consolidated)

Net Sales



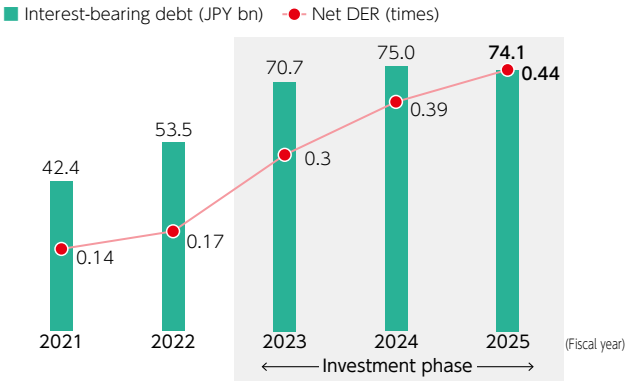
Sales of 1-DAY lens increased as higher supply in Japan drove growth in MELS Plan membership and sales volumes, while sales to major retail chains in Europe also expanded. Ortho-K-related sales expanded globally but remained flat overall due to factors such as the economic slowdown in the Chinese market.

Return on Equity (ROE), Return on Invested Capital (ROIC)



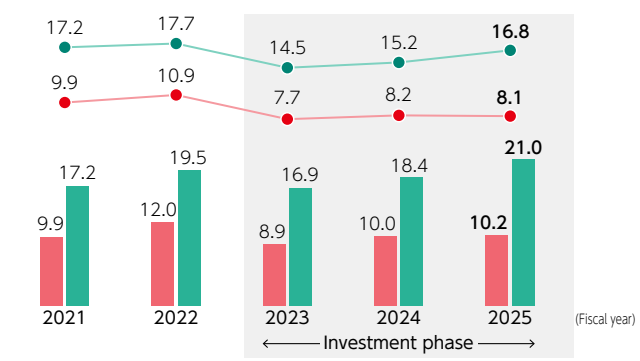
Although profit attributable to owners of parent increased due to factors including higher gross profit from expanded sales of 1-DAY lens, ROE declined slightly year on year as equity increased. Meanwhile, ROIC improved due to factors including higher operating profit.

Interest-Bearing Debt, Net DER



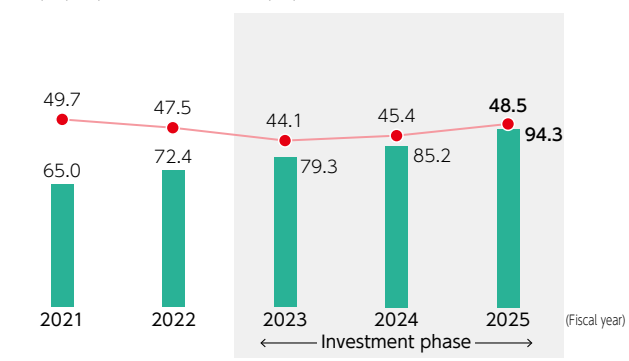
Although interest-bearing debt decreased due to factors including repayment of lease liabilities, cash and deposits also decreased due to investment in 1-DAY lens manufacturing equipment at the Malaysia Plant and other expenditures, resulting in a higher Net DER.

Operating Profit, Operating Profit Margin, EBITDA, EBITDA Margin



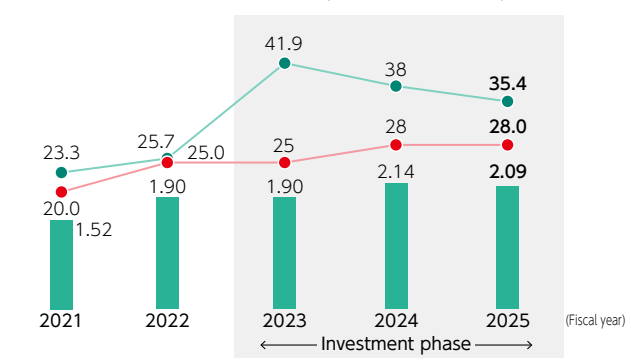
Although investment for growth such as preparations for the operation of the new plant and human capital investment, as well as non-recurring expenses including additional amortization of goodwill, resulted in higher costs, increases in gross profit from expanded sales of 1-DAY lens led to growth in both operating profit and EBITDA.

Equity Capital Amount, Equity Ratio



Liabilities decreased due to factors including a reduction in accounts payable - other associated with capital investment payments and a reduction in lease liabilities. Meanwhile, equity capital increased due to the recording of profit attributable to owners of parent and an increase in other comprehensive income, primarily foreign currency translation adjustments, resulting in a higher equity ratio.

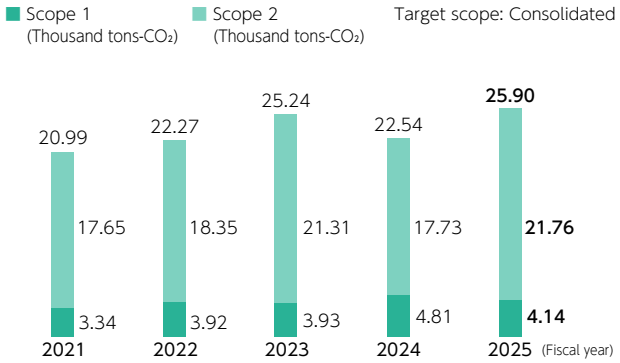
Total Dividends, Dividend per Share, Payout Ratio



Under our stable dividend policy, we continue to provide stable dividends with a payout ratio of approximately 30% as a guide. In fiscal year 2025, the dividend per share was JPY 28, unchanged from the previous fiscal year, and the payout ratio was 35.4%.

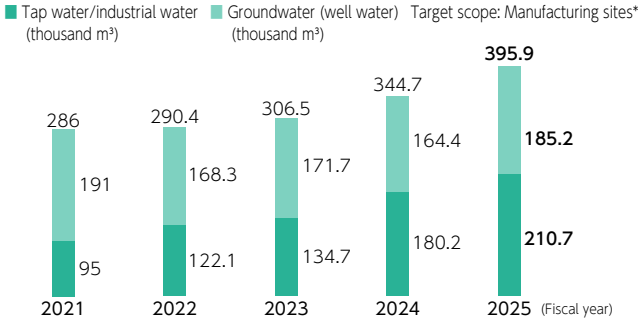
Non-Financial Highlights

GHG emissions (Scope 1 and 2)



Though renewable energy was introduced at Alpha Corporation Inc.'s Ina Plant in April 2025, emissions increased following the start of operations at the Malaysia Plant. Going forward, we will work to reduce emissions, including the increase associated with the Malaysia Plant.

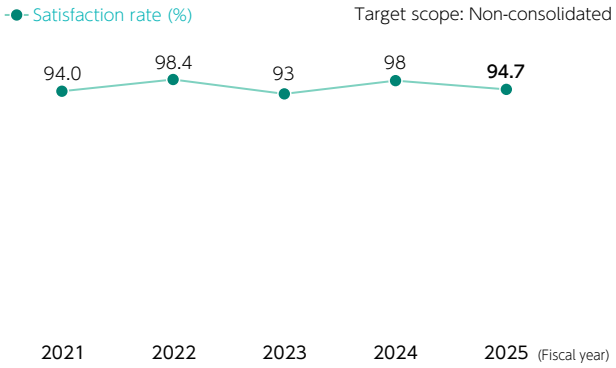
Amount of water intake



* Menicon Co., Ltd., Menicon Nect Co., Ltd., Alpha Corporation Inc., Menicon SAS, Menicon Pharma SAS, Menicon Limited, Menicon Singapore Pte. Ltd., Menicon B.V., SOLEKO S.p.A., Menicon Malaysia Sdn. Bhd.

Water usage and water intake both increased due to the operations of the Malaysia Plant associated with the increase in production volume of 1-DAY lens. At the Seki Plant, we are conscious of water conservation by utilizing some of the water discharged during the production process as toilet water.

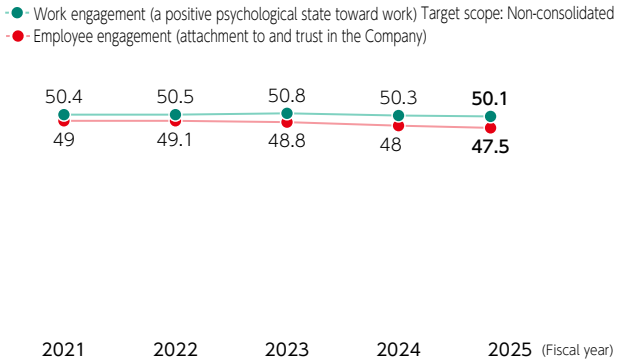
Client training satisfaction



We are maintaining high satisfaction results in client training. Based on over 50 years of training experience, we continuously support the improvement of the overall response capability of our facilities by providing training not only on contact lenses but also on customer service.

Employee engagement index*

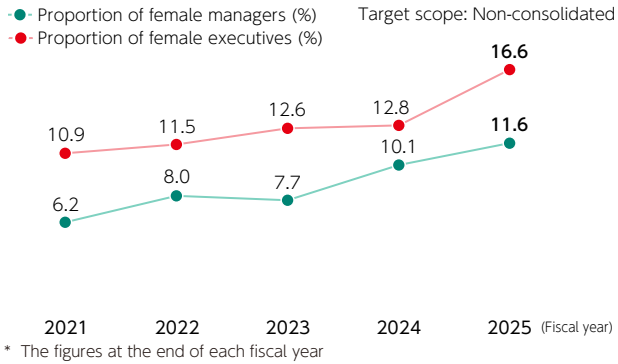
*Figures are expressed as standardized scores



Engagement has remained broadly flat, but since fiscal year 2025 we have been implementing HR system reforms in stages with the aim of improving employee engagement over the medium to long term.

Proportion of female managers and executives*

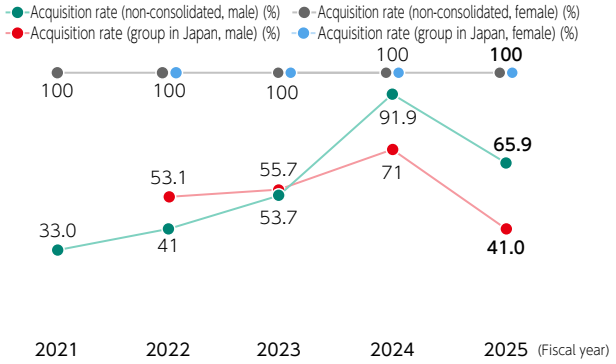
*Executives refer to leaders and managerial positions (supervisors at the section chief level or higher).



* The figures at the end of each fiscal year

The proportion of female managers and executives has continued to rise and recently exceeded 10%. The pace of growth is accelerating. We are enabling people with diverse experience and perspectives to play active roles by expanding appointments across a broader range of departments and positions.

Childcare leave acquisition rate

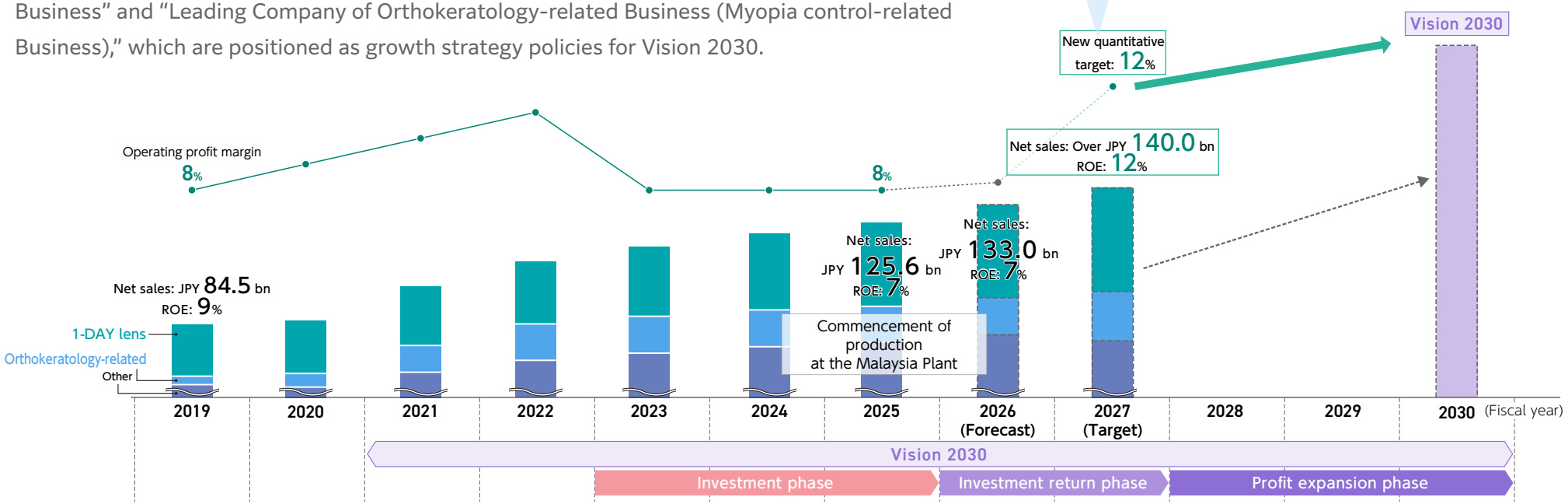


We are working to increase the childcare leave acquisition rate among men by introducing and raising awareness of various programs that help employees balance work and childcare. Although the childcare leave acquisition rate among men declined in fiscal year 2025, the average duration of childcare leave taken by male employees at the Company increased substantially to 85.8 days. Male employees are taking more meaningful periods of leave.

Progress of Vision 2030

The Medium-term Management Plan "Vision 2030," which started in fiscal year 2021, takes into account changes in the business environment, and sets a new quantitative target called "Milestone 2027" in fiscal year 2024, accelerating efforts toward further corporate growth. We will inform you of the progress of our Group's initiatives toward realizing the "Top Global Player of 1-DAY lens Business" and "Leading Company of Orthokeratology-related Business (Myopia control-related Business)," which are positioned as growth strategy policies for Vision 2030.

Milestone 2027
- Net sales exceeding JPY **140.0** bn
  - Vision Care Business JPY **130.0** bn
  - Healthcare and Life Care Business JPY **10.0** bn
- Operating profit margin **12**%
- ROE **12**%



1-DAY lens

Expansion of sales volume / Expansion of production capacity
- Increase in the number of MELS Plan members in Japan and expansion of sales to major retail chains overseas
- Preparation for expanding production lines at existing plants and commencing operations at new production sites

Acceleration of sales volume expansion / effects of mass production
- Increase in production volume due to the start of operations at a new manufacturing site and expansion of sales mainly overseas
- Increase in net sales through expanded sales and reduction of cost of sales ratio and SGA ratio due to mass production

Ortho-keratology-related

Expanding growth in Asia
- Expansion of Ortho-K adoption against the backdrop of national policy implementation in China
- Expansion of lens care product sales accompanying the spread of Ortho-K

Stable growth in Asia
- Stagnant growth due to factors including intensifying competition in China
- Stable growth through expansion and dissemination in regions excluding China

Expansion of sales area
- Expansion of sales channels globally
- Promotion of market expansion through awareness-building and adoption initiatives

Enhancing the Foundation for Achieving "Milestone 2027"

Fiscal year 2025 was the final year of the investment phase that began in fiscal year 2023. In fiscal year 2025, we worked to ensure a smooth transition to the investment return phase by putting in place a framework to convert our investments to date into tangible results and reinforcing the foundation for maximizing earnings generation.

Investment for growth

	2023	2024	2025
Sales	Strengthen initiatives to expand sales in each region	Japan: Strengthen acquisition of new customers through new services Overseas: Expand sales channels through acquisitions of sales companies in Southeast Asia	Japan: Expand sales of 1-DAY lens products by introducing OEM products Overseas: Begin new transactions with major retail chains and expand existing transactions
Production and logistics	Preparation for Malaysia Plant operation Establish a logistics base in Europe	Expand production lines at the Kakamigahara Plant Commence operations at the Global Logistics Center	Add production lines at the Singapore Plant Commence operations at the Malaysia Plant
R&D	Develop new products and expand the countries in which they are marketed	Expand the range of specifications offered for silicone-based 1-DAY lens in Japan	P.20 Strengthening the Production System to Build Market Advantage and Drive Growth in 1-DAY Lens Establish a research base for the myopia control business in India To meet growing overseas demand: Offer silicone-based 1-DAY toric lenses in all axes
Human capital investment	Expand sales teams in Japan and overseas	Increase wages and expand production staffing in Japan and overseas	Continue wage increases and reform the HR system

2026–2027 Investment return phase

Investment phase (2023–2025) (Fiscal year)

Sales, production and logistics	FY2023	FY2024	FY2025	CAGR	FY2027 growth strategy targets
Net sales of 1-DAY lens	JPY 28.4 bn	JPY 30.9 bn	JPY 33.8 bn	+9%	JPY 46.0 bn
Net sales of MELS Plan in Japan	JPY 20.7 bn	JPY 22.4 bn	JPY 23.4 bn	+6%	Regional targets: JPY 27.0 bn
Net sales overseas	JPY 2.9 bn	JPY 2.7 bn	JPY 3.7 bn	+13%	Regional targets: JPY 11.5 bn
Net sales of orthokeratology-related	JPY 15.0 bn	JPY 14.8 bn	JPY 14.5 bn	-2%	JPY 16.0 bn
Ortho-K (Global)	JPY 5.5 bn	JPY 5.7 bn	JPY 6.1 bn	+5%	—
Lens care products (Asia)	JPY 9.4 bn	JPY 9.1 bn	JPY 8.3 bn	-6%	—

R&D

R&D expenses

FY2023: JPY 5.1 bn

FY2024: JPY 5.8 bn

FY2025: JPY 5.5 bn

Human capital investment

Increase in average annual compensation (%)

FY2023–FY2025 (non-consolidated)

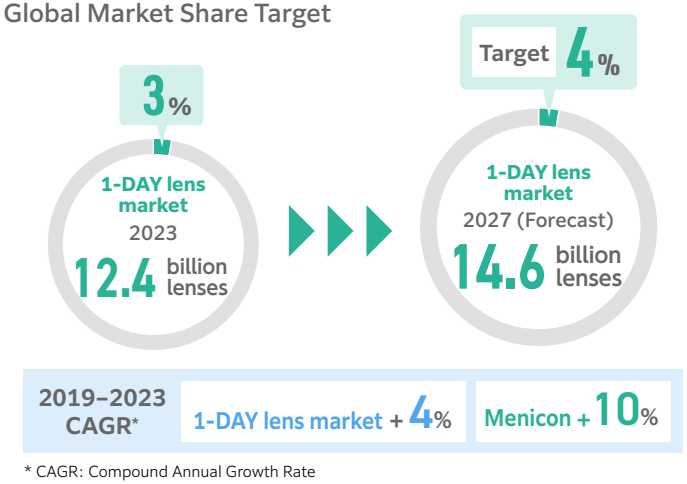
+10% over three years

Strengthening the Production System to Build Market Advantage and Drive Growth in 1-DAY Lens

The Group is developing a production system that will be capable of meeting demand for 1-DAY lens through the operation of the Malaysia Plant, our new production base, and the addition of production lines at each plant. Looking ahead, we will continue capital investment and strengthening of our production system, using the expanding 1-DAY lens market as the driving force behind growth while optimizing 1-DAY lens supply volume.

Aiming to Expand Global Share Faster than Market Growth

● Global Market Share Target



* CAGR: Compound Annual Growth Rate

Strengthening Production Capacity

We are working to further increase supply and expand market share by expanding production capacity.

Malaysia Plant

To achieve further growth in the globally expanding 1-DAY lens market, Menicon constructed a new production base in Malaysia and commenced commercial production there. The Malaysia Plant is the Group's largest and most advanced production base. We have positioned this plant as a critical foundation that supports sustainable growth in the global market. Production lines began operation in the second half of fiscal year 2025, and we are expanding capacity for these lines in phases. This is helping to resolve supply constraints and establish a system capable of steadily capturing demand in the expanding 1-DAY lens market. Going forward, in addition to expanding production capacity, we will improve supply stability and production efficiency to build a robust foundation for production that will support our competitiveness in the global market.



Sales Strategy

We are developing sales strategies for each region and expanding our sales channels.

In Japan

We aim to expand our customer base and improve profitability by strengthening collaboration with retailers and ophthalmologists, thereby increasing the ratio of 1-DAY lens in the MELS Plan and expanding product sales.

P.24 Vision Care Business

Overseas

Under sales strategies tailored to regional characteristics, we are expanding transactions with major retail chains and broadening our sales regions to achieve sustainable growth in the global market.

P.24 Vision Care Business

CFO Message



From Investment to Returns, from Structure to Results

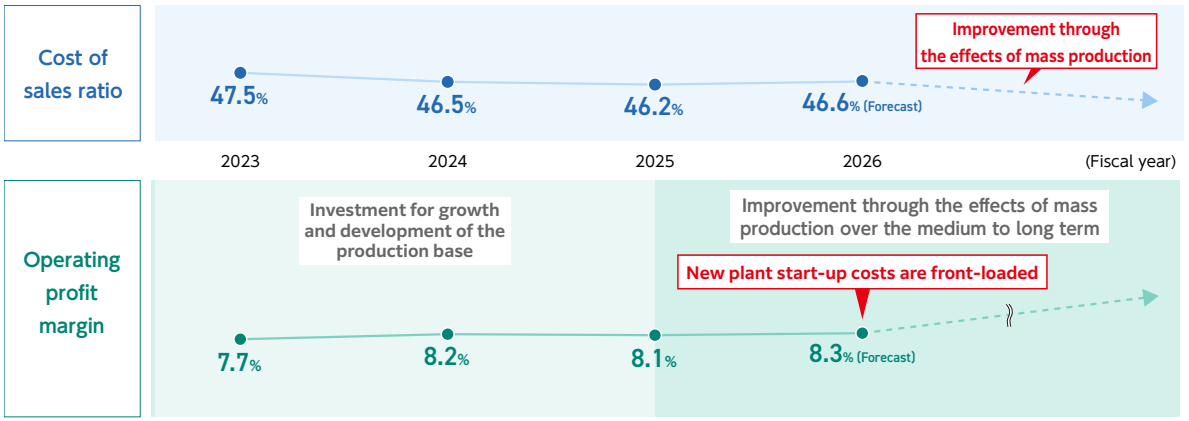
Hideki Koga
Senior Executive Officer of Corporate Management Head Office CFO

The CEO Message outlined the direction of our growth and how we will transform to achieve it. I will now explain, from a financial perspective, how this transformation will translate into profit and cash.

Translating Growth in Sales Volumes into Higher Profit Margins

In fiscal year 2025, we achieved growth in both revenue and profit, with net sales of JPY 125.6 bn and operating profit of JPY 10.2 bn. EBITDA rose 14% year on year to JPY 21.0 bn, demonstrating steady improvement in the earnings power of our core business. Our operating profit margin, however, remained at roughly the previous year's level, at 8.1%. Growth in sales of 1-DAY lens increased gross profit. At the same time, we incurred human capital investment costs for future growth and one-time expenses associated with the start-up of the Malaysia Plant ahead of the resulting returns. Our human capital investment focused on beefing up personnel in departments directly involved in business growth, such as production and sales. This was intended to ensure stable production of 1-DAY lens over the medium to long term and support future sales expansion in Japan and overseas. We also prioritized the allocation of management resources so that the Malaysia Plant could be rapidly brought into operation. We believe it is important to translate these upfront investments into earnings growth by expanding sales and improving productivity. However, for our Orthokeratology-related business, which is largely concentrated in China, we took a cautious approach to reassessing our future earnings prospects and recorded impairment losses. We also worked to improve our cost structure over the medium to long term by consolidating production and reviewing our business portfolio. Even with the impact of these measures taken into account, we were able to achieve growth across each of the other profit line items. The foundation needed to benefit fully from the effects of mass production is steadily taking shape. Operating cash flow fell year on year, partly because we strategically secured inventories in preparation for growing demand for 1-DAY lens. Nevertheless, at JPY 11.8 bn, it remained at a level above JPY 10.0 bn.

● **Transforming Our Earnings Structure to Achieve an Operating Profit Margin of 12%**



The Temporary Rise in the Cost of Sales Ratio: Paying Upfront for the Effects of Mass Production

So when will these upfront costs start to pay off in terms of profit and cash, and how will that happen?
We expect the cost of sales ratio to rise temporarily from 46.2% to 46.6% in fiscal year 2026. This is because the Malaysia Plant occupies a large-scale building, but only a few production lines were running when the plant began operating. Depreciation therefore weighs relatively heavily on earnings until the effects of mass production are fully realized. Over the medium to long term, however, we expect capacity utilization to increase as a result of higher sales volumes and improve fixed cost absorption, which in turn will help to increase earnings. We expect fiscal years 2027 to 2028 to mark a watershed moment in the effects of mass production, as the Malaysia Plant reaches productivity levels comparable to those of the Kakamigahara Plant, our main production site. Our aim is to raise the operating profit margin from 8.1% to our target of 12%. The key to closing that gap will be an improvement in the cost of sales ratio through the effects of mass production, rather than individual cost reductions. The most important indicator of progress on that front will be net sales of 1-DAY lens. Though our 1-DAY lens business has been subject to certain constraints both in Japan and overseas, our enhanced supply system will allow the business to transition into a phase of full-scale sales expansion. We would encourage you to look beyond short-term fluctuations and consider whether our combined sales volumes of 1-DAY lens in Japan and overseas are steadily increasing over the medium to long term.

Transforming the Quality of Growth and Profit through Structural Reforms

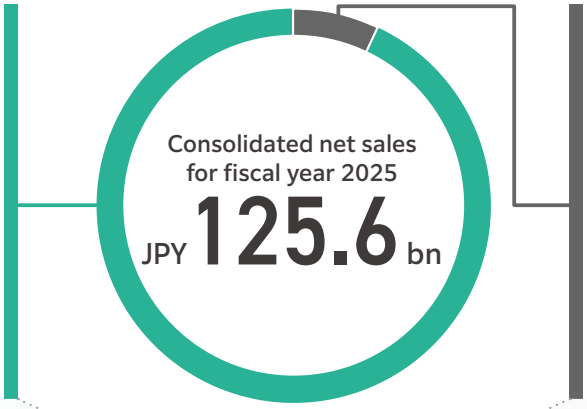
Changing the quality of our growth is the starting point of our structural reforms currently underway.
Until quite recently, our growth was largely supported by expansion in the Chinese market. Sales and profit were both increasing, and on the surface, we appeared to be doing well. That growth was, however, heavily dependent on a particular market. Dependence on a narrow range of business areas limits how effectively a company's business model can support stable growth over the medium to long term. Over the past few years, we have continued to pursue business growth in China while reducing our reliance on specific markets. We have been shifting to a global growth model in which we steadily increase sales volumes of 1-DAY lens worldwide.
That said, can we actually compete on the world stage?
I spent eight years as Director of International Business Head Office, working directly with local markets and customers. Drawing on my own firsthand experience, I can say that Menicon's 1-DAY lens products still have untapped potential for greater recognition and growth in global markets. Menicon has strengths that are ours and ours alone. These include the power of our brand derived from our "Made in Japan" identity, our proprietary and advanced technologies, and our distinctive products such as those featuring SMART TOUCH. Above all, we have a passion for improving "Miru" that has endured for 75 years. I believe that expanding sales of 1-DAY lens overseas offers a growth scenario in which we can have real confidence.
Our structural reforms also go beyond changing the quality of our growth.
The structural reforms we implemented in fiscal year 2025 are beginning to improve the quality of profit reported in our statement of income. These reforms include the recognition of impairment losses on production facilities for Orthokeratology-related lens care products in China, partial withdrawal from the Healthcare and Life Care Business, and the consolidation of production at our European Group companies. Our focus on ROIC guides these structural reforms, in that we examine whether the profits we generate are sufficient in relation to the amount of capital invested. We will continue to assess each business's relevance to our core operations and its profitability, withdrawing from or selling businesses as necessary, while at the same time stepping up efforts to reallocate the capital thereby recovered to growth areas.
In addition to profit growth, we also regard improvement of cash flow as a key issue going forward. Our management efforts will focus on improving capital efficiency with ROIC in mind and bringing free cash flow into positive territory. Our medium- to long-term ROE target of 12% is a long way from the 6.6% achieved in fiscal year 2025. Making our way there will not be easy. Even so, we will work to reach this target as soon as possible, primarily through profit growth in our core business and without relying solely on financial measures.

Capital Allocation and Shareholder Returns

We will continue to make some additional investment in production lines to accommodate strong growth in demand for 1-DAY lens. However, we will flexibly determine whether and when to invest, based on market growth potential and sales volumes, while maintaining financial discipline. We have built up our capacity to produce. Going forward, we must ensure that we can sell everything we make. In addition to capital investment, we will allocate capital to expanding our sales networks and channels in Japan and overseas and strengthening customer touchpoints. This will help us translate increased production capacity into growth in sales, profit, and cash.
Our shareholder return policy centers on stable dividends, with a payout ratio of approximately 30% as our guideline. For fiscal year 2026, we will maintain the dividend at JPY 28 per share. This decision reflects the importance we place on balancing steady investment for growth with stable shareholder returns.
We will continue working to improve capital efficiency while carefully balancing investment for business growth, financial soundness, and enhanced shareholder returns.
We remain committed to management that is cognizant of the cost of capital and our share price. Milestone 2027 is a point along the way, not our final destination. We are going from an investment phase to an investment return phase, and from building a structure to reaping results. For us, finance is not a record of the past but an engine for building the future. We will see our plan to convert supply capacity into profit and cash through to completion. We will share the results with all stakeholders, including our shareholders, and continue to translate them into sustainable enhancement of corporate value.

Opportunities and Risks in the Business Environment

Vision Care Business
92.8%
Consolidated net sales for fiscal year 2025
JPY 116.5 bn



Healthcare and Life Care Business
7.2%
Consolidated net sales for fiscal year 2025
JPY 9.0 bn

Vision Care Business

● Business Content

Our core business is to pursue the creation and evolution of comfortable and convenient contact lenses with an unwavering commitment to safety. We listen to our customers' feedback, expand the scope of products and services from their perspective, respond to new needs, and deliver a lifelong sense of joy in seeing that is suitable for each individual.

Business Environment

The global contact lens market continues to expand, with particularly strong growth in the 1-DAY lens market and rising demand for silicone materials even within that market. In addition, interest in myopia control is increasing amid the growth of the myopic population and earlier onset of myopia becoming global social issues due to such factors as more widespread use of digital devices.

Opportunities

- Increase in myopic population globally
- Earlier onset of myopia
- Greater demand for myopia control management products and technology
- Expansion of production capacity through the operation of existing and new plants

Risks

- Stricter regulations and approval processes for medical devices
- Securing sufficient supply volumes and delays or shortages in raw material procurement
- Rising costs due to ongoing inflation

Healthcare and Life Care Business

● Business Content

The healthcare, life care, and veterinary medical fields we are engaged in continue to develop by leveraging the technology, know-how, and commitment to safety cultivated through R&D and manufacturing of contact lenses. We are expanding our business fields by creating new value in areas such as peptides and green infrastructure.

Business Environment

Demand is increasing for products and services that reduce environmental burden as progress is made in efforts to address climate change and realize a sustainable society. In addition, advances in medical technology and growing health awareness are expected to support growth in the regenerative medicine field, increasing demand for new medical technologies and products.

Opportunities

- Increase in demand for agricultural and environmental protection materials
- Growing demand for green infrastructure that contributes to the reduction of environmental burden
- Expansion into regenerative medicine and medical materials using peptide technology and creation of new products and markets

Risks

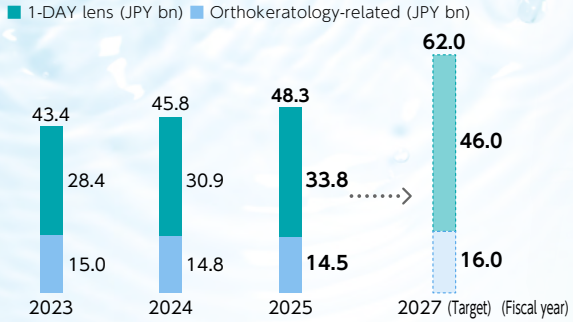
- Sharp increase in purchase prices and transportation costs due to changes in international affairs
- Entry of similar products into the market and excessive competition
- Reduced economic activity in sales regions

Vision Care Business



*In this report, Mr. Engelhart's alias is used. In statutory documents such as timely disclosure materials and notice of convocation, his official name, "Nicolaas Johannes Adrianus Engelhart," is used.

●Net sales of 1-DAY lens and orthokeratology-related products



Growth Strategy

1-DAY lens

- Aim to be **Top Global Player of 1-DAY lens Business** with original products and services

Orthokeratology-related

- Aim to be **Leading Company of Orthokeratology-related (Myopia control-related) Business** by creating new value related to myopia control

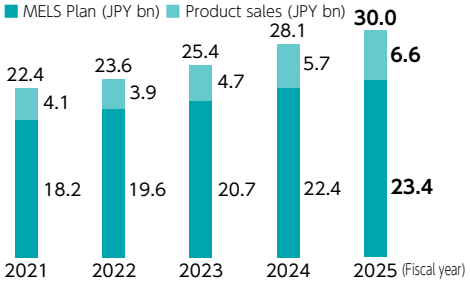
Progress of Growth Strategies Based on the Medium-term Management Plan

1-DAY lens

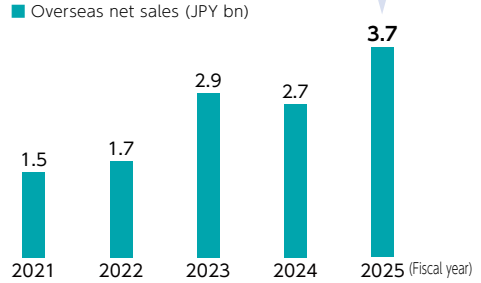
● Progress of the 1-DAY Lens Strategy

In fiscal year 2025, the Group's supply capacity increased as commercial production began at the Malaysia Plant. This combined with line expansions at the Kakamigahara and Singapore Plants drove growth in total net sales of 1-DAY lens. In Japan, net sales increased due to a rise in the proportion of MELS Plan members using 1-DAY lens attributable to an increase in supply. Overseas, sales expanded on increased orders from major retail chains, primarily in Europe and North America. In addition, online sales channels in China also supported growth, resulting in strong global sales growth.
The global 1-DAY lens market continues to grow amid factors including a rise in the myopic population. We are progressively adding production lines at the Malaysia Plant and building a robust supply system comparable to those of the major global manufacturers so that we can reliably capture this growing demand. At the same time, we will conduct strategic and proactive advertising and sales promotion activities in Japan and overseas to further expand sales and improve profitability.

1-DAY lens / Net sales in Japan JPY **30.0** bn YoY **+6.6**%



1-DAY lens / Net sales overseas JPY **3.7** bn YoY **+36.9**%



● Increasing Production Capacity

Demand for silicone hydrogel 1-DAY lens continues to grow, and we are expanding production capacity in Japan and overseas for these lenses. In addition to the Kakamigahara Plant, we have begun production at the Malaysia Plant and are adding production lines in stages. We are building a robust supply system so that we are able to reliably meet growing global demand.

P.20 Strengthening the Production System to Build Market Advantage and Drive Growth in 1-DAY Lens

Vision Care Business

Channel Strategy for Expanding Sales

The types of value customers seek in the contact lens market and their purchasing behavior are becoming increasingly diverse alongside the growing demand for 1-DAY lens. With safety and security as its foundation, the Group is pursuing a channel strategy focused on greater convenience and continuous support.
We aim to build long-term relationships and achieve sustainable growth by reinforcing a diverse range of customer touchpoints.
In Japan, we are collaborating more closely with retailers and ophthalmologists, while placing greater emphasis in our sales promotion activities on measures that lead to store visits and purchases, in addition to raising awareness. We are also deepening relationships with facilities that have a strong understanding of our products and services, providing product recommendations suited to each customer along with ongoing support. We are enhancing convenience by combining physical stores with digital services through measures such as the Click Miru online ordering service and the launch of "WEB Enrollment," which allows customers to complete MELS Plan enrollment online. At the same time, we are expanding our product lineup, with a focus on 1-DAY lens, and strengthening our stable supply system to improve customer satisfaction and build long-term relationships.
Overseas, we pursue sales strategies tailored to the market characteristics and needs of each region. We draw on the precision and quality of Japanese manufacturing to offer more comfortable and innovative contact lens experiences worldwide through our highly distinctive products, such as those featuring SMART TOUCH technology.
In addition to expanding new business with major retail chains, we are broadening the product ranges handled by existing clients as well as the territories they cover. We aim to expand the foundation of our global business and achieve sustainable growth by enhancing our sales and logistics systems for more effective response to demand in each region.

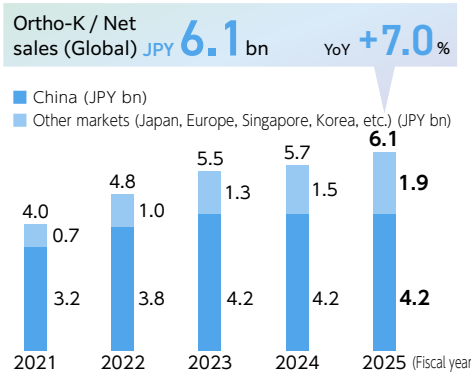

Reinforcing customer touchpoints

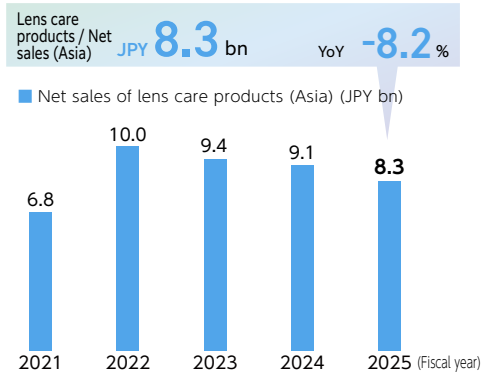
Orthokeratology-related

Progress of the Orthokeratology-related Strategy

Ortho-K (Global) continued to face a challenging business environment in China in fiscal year 2025 due to economic stagnation, intensifying competition, and the spread of inexpensive alternatives such as eyeglasses for myopia control. Meanwhile, demand expanded in Japan and other Asian countries, increasing net sales globally.

Net sales of lens care products (Asia) decreased due to economic stagnation and intensifying competition in China. Demand for Ortho-K, which is expected to slow myopia progression, and associated lens care products is expected to expand globally as myopia develops at younger ages and the population with high myopia grows.





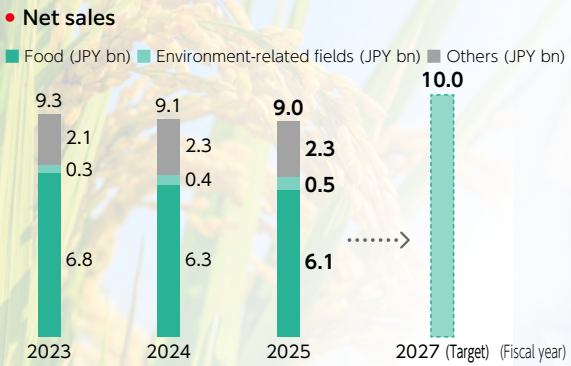
Sales Strategy for Orthokeratology-related Products

The Group views the expanding global myopia control market as a medium- to long-term growth opportunity. Accordingly, we are pursuing a global sales strategy that leverages the strengths of our broad range of products and services.
We are developing businesses tailored to the characteristics of each region, taking into account differences in market conditions, customer needs, and distribution structures.
In Japan, we are promoting ongoing services through our subscription model, providing support to patients so that they may use our products properly, and building and strengthening relationships with medical facilities.
In China and other Asian markets, we are strengthening our sales and prescription networks and increasing market penetration by offering products for diverse needs at a wide range of prices, training eye care professionals, collaborating with local partners, and expanding sales channels.
We will also share the knowledge and successful practices that we have accumulated in each region across the Group and deepen collaboration between regions. This will improve both the quality and speed of business development. Through these initiatives, we will enhance our competitiveness in the global market and achieve sustainable growth.

Healthcare and Life Care Business



Senior Executive Officer of Miru Mirai Head Office
Kensuke Muraki



Policy

Creation and cultivation of new businesses as the second pillar

Business fields

- **Healthcare** [medical-related, self-assembling peptides]
- **Life Care** [environmental-related, green infrastructure]
- **Veterinary Medical**
- **Food**

Progress of Growth Strategies Based on the Medium-term Management Plan

Healthcare



In the healthcare field, we developed our proprietary peptide gel drawing on biocompatible hydrogel technology that we cultivated through our production of contact lenses. This peptide gel contains no animal-derived ingredients and combines a high level of safety with excellent workability. The purpose of the gel is to address challenges in medical settings.
We launched "SEERS," a material used to maintain visibility during glaucoma surgery, in May 2026 as the debut product for this gel. The transparent gel ensures visibility in the surgical field during surgical procedures, which helps surgeons perform surgery safely. In addition, in February 2026, "Verte," a bone graft substitute used in spinal fusion and other procedures, received approval for use as a medical device. We will apply the expertise and technologies cultivated in ophthalmology to fields beyond ophthalmology, thereby contributing to advances in medical care through the development and provision of innovative products.

Life Care

In the Life Care field, we are developing our green infrastructure business with the aim of reducing environmental burden and realizing a sustainable society. As a core product in this field, we launched the low-maintenance Zoysia grass "Naruoturf" in February 2025. This product significantly reduces the burden of mowing and the generation of plant waste, thereby contributing to lower environmental burden through the streamlining of maintenance and management.
Since its launch, the product has been well-received by the market, and is increasingly being adopted at commercial facilities developed by major developers, urban infrastructure, golf courses, and other locations. We are also expanding its use to encompass a broad range of applications, including urban greening and sports facilities, thereby striking a balance between both environmental and economic value. Looking ahead, we will continue developing next-generation varieties of products with superior sustainability while making sustainable growth a reality through the promotion of environmental greening and the establishment of new business foundations.





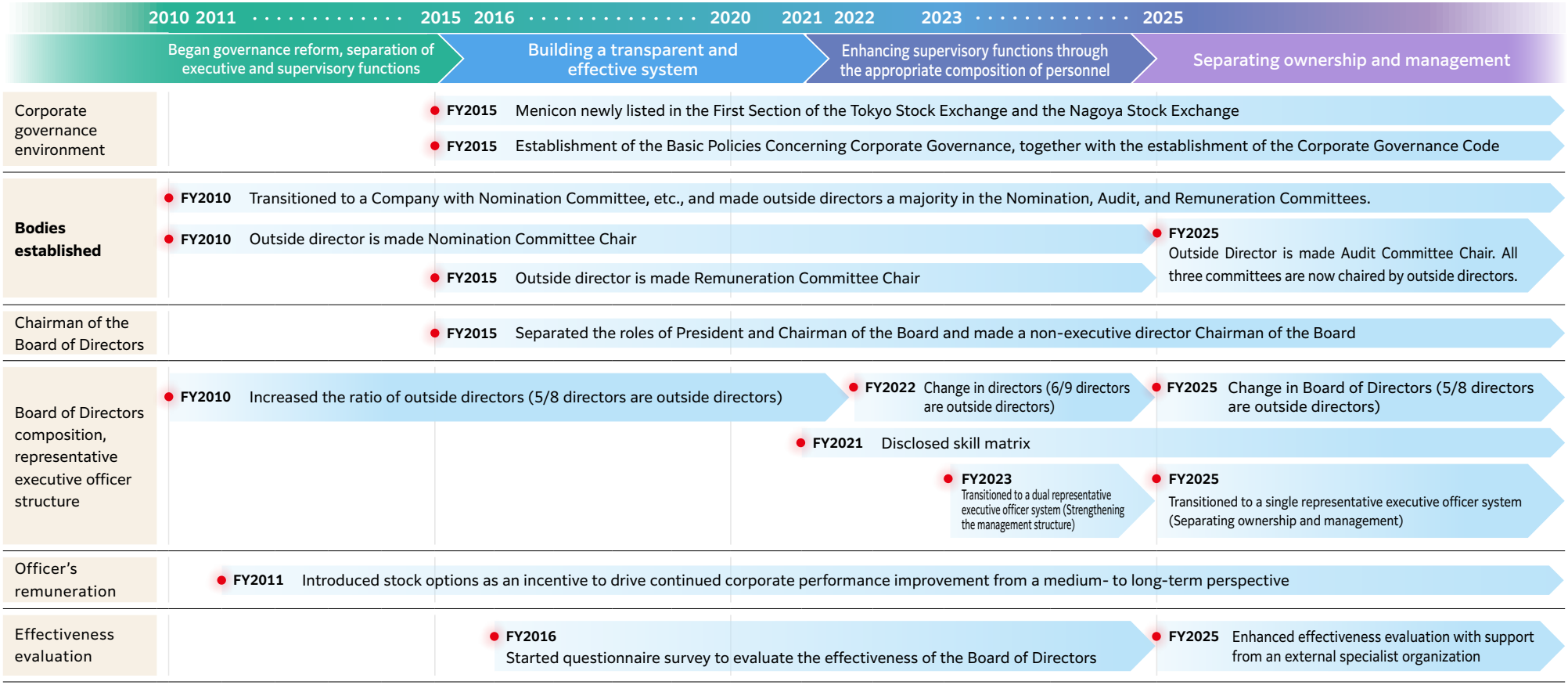
Naruoturf (left) exhibits less vertical growth than conventional turf (right)

Governance

Corporate Governance

Progress in Strengthening the Corporate Governance System

The Company has been reforming its corporate governance system since before it was listed on the stock exchange. We will further strengthen the system through greater transparency and a highly effective supervisory framework, thereby earning the trust of our stakeholders.



Basic Approach

To achieve sustainable growth and enhance corporate value through the realization of its Medium-term Management Plan, the Company is working to strengthen corporate governance. We are ensuring transparent and fair management, conducting appropriate supervision, and making decisions expeditiously. Through these efforts, we are reinforcing the management foundation that supports value creation over the short, medium, and long term.

Basic Policies Concerning Corporate Governance

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

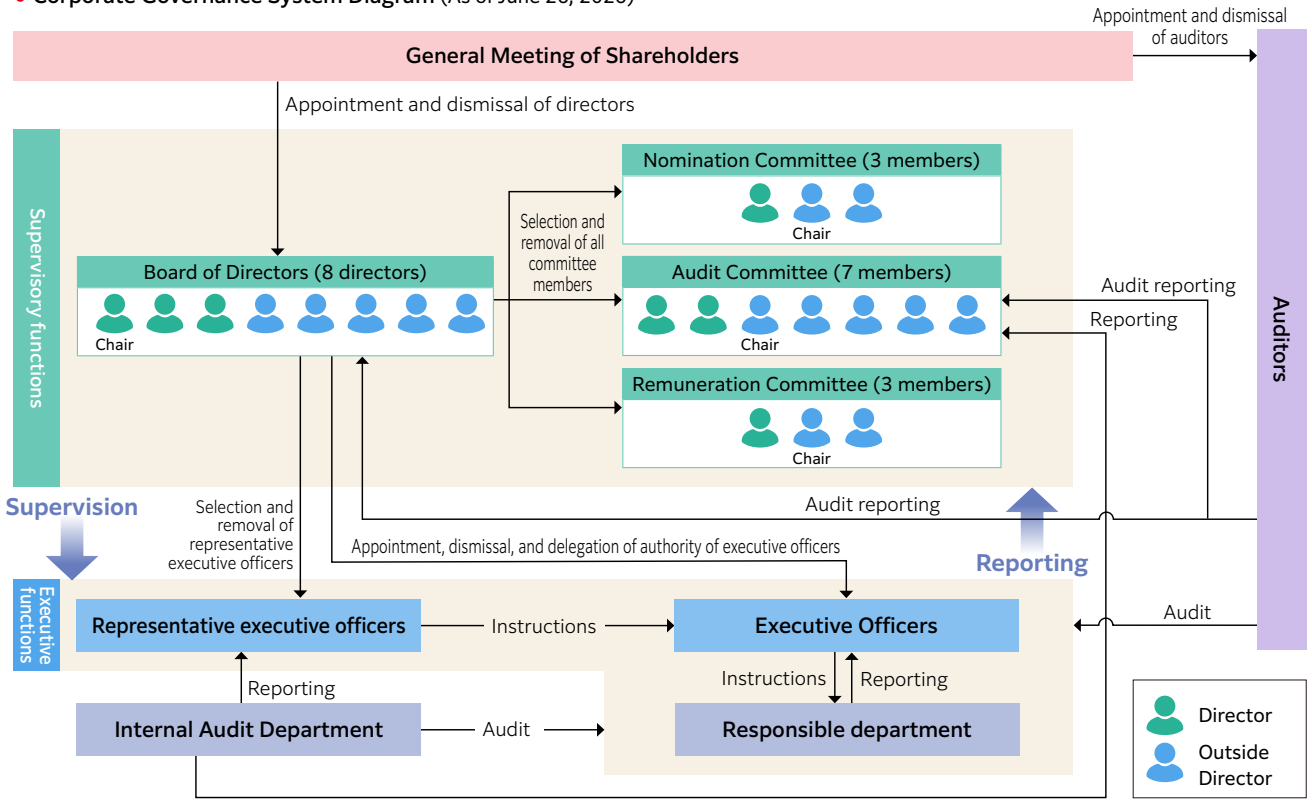
Basic Policies Concerning Corporate Governance (Full Document) (in Japanese only)

Summary of Corporate Governance System

Menicon is a Company with Nomination Committee, etc. The Board of Directors delegates decision-making authority for the execution of business operations, except for matters that are legally subject to the sole discretion of the Board of Directors, dedicating itself to the function of overseeing management and business operations. Our management and execution system consists of eight directors (including five independent outside directors) and six executive officers (including one concurrent director) (as of June 26, 2026). Outside directors supervise and provide advice on the management practiced by executive officers from an objective, big-picture point of view that aims to enhance the corporate value of the Company.
The supervision structure for the execution of business operations is such that the Board of Directors, which is composed of the directors elected in a general meeting of shareholders, supervises major decision-making processes, oversees the execution of professional duties of the executive officers, and monitors business operations. The executive officers appointed by the Board of Directors execute business operations promptly and efficiently with their enhanced authority on each of their respective operations.
To ensure independence, the members of each committee (Nomination Committee, Audit Committee, Remuneration Committee) are selected by the Board of Directors, and the majority of the members are outside directors. In addition, no executive director of the Company or any of its subsidiaries may concurrently serve on either the Nomination Committee or the Remuneration Committee, and no executive officer, operating officer, employee, or executive director of the Company or any of its subsidiaries may concurrently serve on the Audit Committee.

Corporate Governance Report

● **Corporate Governance System Diagram** (As of June 26, 2026)



Board of Directors

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

Nomination Committee

The committee decides proposals for the general meeting of shareholders regarding the appointment and dismissal of directors. The Committee also has the

authority to formulate proposals for the appointment and dismissal of executive officers. The committee deliberates on the proposals and submits them to the Board of Directors.

Audit Committee
Conducts audits based on the basic audit policy and implementation plan. It discusses and determines matters concerning the appointment, dismissal, and reappointment of accounting auditors to be submitted to the general meeting of shareholders, matters related to the remuneration of the accounting auditor, and the audit report.

Remuneration Committee
The Committee determines the remuneration system and amount for directors and executive officers. Remuneration is designed to improve corporate governance by maintaining rationality and transparency, and is determined at an appropriate level after considering the business environment, business performance, and the standards of other companies.

• Attendance at Governance Body Meetings in FY2025

Governance body	Times held	Attendance rate
Board of Directors	18 times	100%
Nomination Committee	8 times	100%
Audit Committee	13 times	100%
Remuneration Committee	5 times	100%

Key Points of the Governance System

The Group aims to sustainably enhance corporate value, meet stakeholder expectations, and grow alongside society through the continuous strengthening of a governance system with greater transparency, independence, and diversity.

Transparency in Management
A Framework Supporting Objective and Fair Decision-making

As a Company with Nomination Committee, etc., outside directors play central roles on the Nomination, Audit, and Remuneration Committees. This ensures transparency and fairness in personnel and remuneration decisions and makes for management that earns the trust of stakeholders.

- Company with Nomination Committee, etc.
- Outside directors constitute a majority of each committee
- Objective personnel and remuneration decisions
- Trust among shareholders, investors, and other stakeholders

• Attributes of Committee Chairs

Chairs of the Nomination, Audit, and Remuneration Committees: Outside directors **100%**

• Dialogue with Shareholders and Investors in FY2025

Meetings with institutional investors by management: **24 times**

Meetings between the IR department and institutional investors: **200+ meetings**

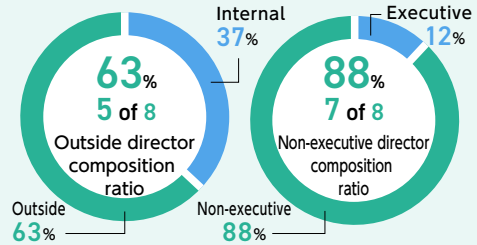
Individual investor briefings: Number held **2 times**

Independence of the Board of Directors
Strengthening Supervisory Functions to Ensure Sound Management

We clearly separate supervision from execution and appoint independent outside directors as a majority of the Board. This allows us to supervise management from an objective and neutral perspective.
Having a non-executive director serve as Board Chair further enhances independence.

- Separation of execution and supervision
- Majority independent outside directors
- Chair: Non-executive director
- Objective supervision improves the quality of key decisions

• Board Composition Ratios

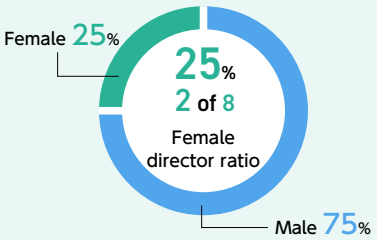


Diversity of the Board of Directors
Better Decisions through Diverse Knowledge and Experience

By appointing women and directors with diverse expertise and backgrounds, we have deeper discussions from multiple perspectives, reduce the risk of overlooking issues, and enable management to respond flexibly to a changing environment.

- Appoint people with diverse experience and expertise
- Discussion and exchange of views from diverse perspectives
- Preventing risks from being overlooked and examining issues from multiple perspectives
- Higher-quality decisions and sustainable growth

• Female Director Ratio



Evaluation of the Effectiveness of the Board of Directors

Each year, based on self-evaluations by each director, we evaluate the effectiveness of the Board of Directors and each committee. We confirm the issues identified through this analysis, and we work to improve the effectiveness of the Board of Directors and committees through planning and implementing a PDCA (Plan-Do-Check-Act) cycle.
In fiscal year 2025, in addition to our ongoing efforts to strengthen the governance system, we received support from a third-party organization for an effectiveness evaluation through which we would objectively identify issues involved in further governance improvements.
For the evaluation, we revised the questionnaire items used to assess effectiveness in line with the Corporate Governance Code, breaking them down in greater detail than before and adding some questions for which respondents could freely write their answers. This made the questionnaire better able to capture the specific issues and views recognized by each director. As a result, while confirming that the Board of Directors operated effectively in fiscal year 2025, we were able to identify more clearly the issues to address going forward. Examples of these include the Board of Directors' roles and responsibilities, the functions of its secretariat, and discussions aimed at medium- to long-term enhancement of corporate value.

• Overview of the FY2025 Effectiveness Evaluation

Subjects and respondents	All eight directors responded
Survey method and frequency	Questionnaire format conducted once a year
Main evaluation items	Composition, operation, and structure of the Board of Directors; Board of Directors discussions and fulfillment of functions; monitoring; operation of the Nomination and Remuneration Committees; directors' self-evaluations; stakeholder relations and disclosure; support for directors; and overall evaluation

PLAN

- Further enhance both the quality and quantity of discussions by the Board of Directors
- Consider further strengthening monitoring functions
- Strengthen stakeholder engagement by establishing systems for sharing information and reflecting it in business execution
- Optimize the supervisory functions of outside directors and the operating structures of each committee

DO

- Carefully select agenda items of Board of Directors and accelerate and enrich information sharing on those items
- Enhance reports to the Board of Directors on the status of business execution, helping outside directors understand execution processes and the issues involved
  - Share stakeholder responses to investor relations activities and timely disclosures with executives
- Strengthen independent committee operations by appointing outside directors as the chairs of each committee

CHECK

FY2025 Effectiveness Evaluation Process
(Evaluation incorporating an objective third-party perspective)

1. Preliminary interviews: A third party interviewed selected directors to understand the current state of the Board of Directors and identify the main issues.
2. Questionnaire survey: Preliminary interviews were used as the basis for expansion of questionnaire items and the introduction of questions for which respondents could freely write their answers.
3. Compilation and analysis: From an objective third-party perspective, the results were compared with the previous evaluation and trends were analyzed for each evaluation item.
4. Identification of issues: The analysis results and third-party advice were used to identify strengths and priority issues, and directions for future improvement were considered.

ACT/ADJUST

FY2025 Evaluation Results

Strengths Identified
- Board of Directors composition and operation: Active discussions drawing on diverse expertise
- The separation of execution and supervision functioned as expected swiftly and effectively, and a monitoring board framework was steadily established
- Greater effectiveness through information sharing and discussion of issues across IR activities

Priority Issues
- Roles and responsibilities of the Board of Directors: Clarification and shared understanding of roles and responsibilities
- Board of Directors secretariat: Clarification and strengthening of secretariat functions
- Nomination and Remuneration Committees: Enhanced operations from a medium- to long-term perspective

FY2026 Initiatives
- Revisit the roles and responsibilities of the Board of Directors through discussions among outside directors, internal directors, and executives, then translate this into stronger governance
- Clarify the role of the secretariat to maintain an advanced governance system in Board of Directors and committee operations led by outside directors
- Strengthen internal and external information gathering and enrich discussions so that outside-director committee chairs can further enhance committee deliberations

Comments from the Board Chair

Director, Chairman of the Board of Directors Yoshiyuki Takino

We have consistently assessed the Board of Directors as effectively fulfilling its role. However, following changes in the management structure, an evaluation was conducted by a third party to objectively identify issues for further improvement. The evaluation reconfirmed that each officer participates in Board of Directors discussions with a strong sense of ownership. It also enabled us to clarify the issues and directions for improvement. We will continue to translate the evaluation results into concrete improvements and further strengthen our governance system.

Skills Required of Directors

The Company has clearly stated the skills it requires of directors in order to increase corporate value, strengthen corporate governance, and realize the Management Principles.

- **Required Skill Definition**

Skill	Skill definition
Overall management	Has the expertise and experience necessary to build and formulate management strategies and can appropriately supervise corporate strategy, corporate decision making, and the execution of business operations.
Global experience	Has wide-ranging knowledge and experience regarding corporate management from a global perspective, and can provide appropriate advice and supervision on global business development and strategy
Sales and marketing	Has expertise and experience regarding sales and marketing, and can provide advice and supervision, drawing on their insights and global perspectives in marketing
Manufacturing R&D	Has awareness of issues and expertise in development and manufacturing, and can provide appropriate advice and supervision on industry and technological trends
Law	Has specialized legal knowledge and can supervise the development and operation of compliance and risk management systems
Finance and accounting	Has expertise in financial strategy and accounting, and can provide advice, opinions, and supervision on financial strategy when developing business globally as an expert in finance and accounting
Academic	Can provide advice on academic research in the medical industry and supervision of related communications based on wide-ranging expertise and insights in the ophthalmology and medical fields

Executive Training

The Company provides outside directors with opportunities to deepen their understanding, such as by sharing information about the issues unique to the Company in preparation for Board of Directors meetings, and by holding briefing sessions to understand the actual state of the Group.

We held two comprehensive study sessions for directors and executive officers in fiscal year 2025. In addition, we held a study session led by external lecturers to promote greater understanding of sustainability management. We also provided training for directors so that they may better understand their responsibilities and key governance considerations, thereby establishing a framework capable of addressing management challenges.

- **Skill Matrix (as of June 26, 2026)**

Name	Gender	Position	Executive	Tenure	Affiliated committees (◎Chair / Committee Chair)				Skills						
					Board of Directors	Nomination Committee	Audit Committee	Remuneration Committee	Overall management	Global experience	Sales and marketing	Manufacturing R&D	Law	Finance and accounting	Academic
Koji Kawaura	Male	Director	Executive	1 year	○				○	○					
Yoshiyuki Takino	Male	Director	Non-executive	8 years	◎	○	○		○			○		○	
Hiroki Shinoda	Male	Director	Non-executive	1 year	○		○	○	○		○				
Shingo Watanabe	Male	Independent Outside Director	—	8 years	○		○	○		○				○	
Katsuhiko Yanagawa	Male	Independent Outside Director	—	5 years	○	○	◎		○	○					
Hiroko Terasaki	Female	Independent Outside Director	—	2 years	○		○					○			○
Yumi Takeuchi	Female	Independent Outside Director	—	Newly appointed	○		○	◎					○		
Katsuhiko Masumoto	Male	Independent Outside Director	—	Newly appointed	○	◎	○		○	○				○	

Introducing Our Officers



Directors

1 Director, President and CEO
Koji Kawaura

2 Chairman of the Board of Directors, Nomination Committee Member, Audit Committee Member
Yoshiyuki Takino

3 Audit Committee Member, Remuneration Committee Member
Hiroki Shinoda

4 Remuneration Committee Chairman, Audit Committee Member
Yumi Takeuchi

5 Audit Committee Member, Remuneration Committee Member
Shingo Watanabe

6 Nomination Committee Chairman, Audit Committee Member
Katsuhiko Masumoto

7 Audit Committee Chairman, Nomination Committee Member
Katsuhiko Yanagawa

8 Audit Committee Member
Hiroko Terasaki

Executive Officers

9 Director of Corporate Management Head Office; CFO
Hideki Koga

10 Director of Manufacturing and R&D Head Office
Motonari Watanabe

11 Director of Japan Sales Management Head Office
Kenji Takeshita

12 Director of International Business Head Office
Remco Engelhart*

13 Director of Miru Mirai Head Office
Kensuke Muraki

*In this report, Mr. Engelhart's alias is used. In statutory documents such as timely disclosure materials and notice of convocation, his official name, "Nicolaas Johannes Adrianus Engelhart," is used.

Compliance

Basic Approach

All Group employees will comply with social rules, such as Japanese and international laws and regulations, to constantly improve corporate ethics and carry out business activities aimed at sustainable growth. The Basic Compliance Policy has been established to serve as a guideline.

Basic Compliance Policy

Compliance System

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

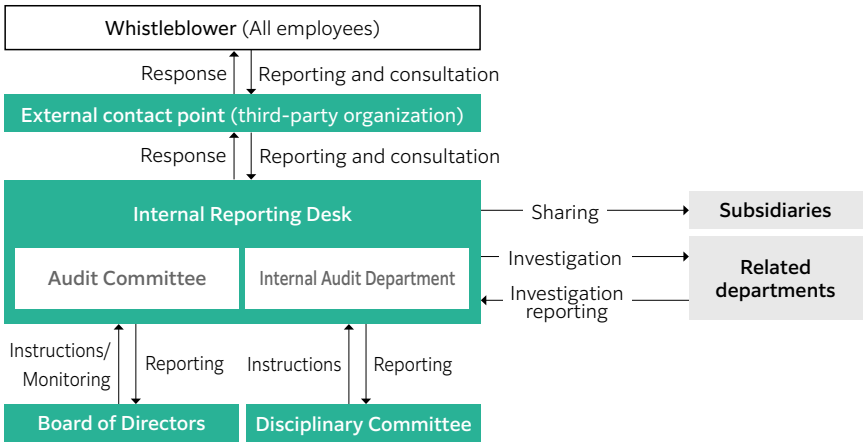
Implementation of Internal Control Systems and Processes

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

Whistleblowing System

We have introduced a whistleblowing system for the purpose of prevention, early detection, and correction of misconduct by our employees and officers, and have set up a "Menicon Group Whistleblowing Hotline" outside the Company (a specialized third-party organization). In order to protect whistleblowers, we have established internal regulations that allow anonymous reporting to ensure that whistleblowers will not be adversely affected because of their reporting.
Menicon responds to reports in a fair, impartial, and sincere manner, while giving due consideration to the protection of whistleblowers and confidentiality, and conducts investigations into the relevant facts. If the results of the investigation confirm that misconduct has occurred, the matter is handled appropriately in accordance with employment regulations. Even when no acts of misconduct are identified, if there are signs of potential risks—such as a high volume of reports from certain departments—we provide guidance for corrective action and take proactive measures. If the reported content or misconduct pertains to a subsidiary, we share the relevant information with the subsidiary and request corrective action.

● **Menicon Group Whistleblowing Hotline**



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

● **Number of internal whistleblowing cases** Scope: Consolidated

(cases)

	FY2021	FY2022	FY2023	FY2024	FY2025
Reporting and consultation	32	29	31	55	67

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

● **Breakdown of whistleblowing cases in FY2025** Scope: Consolidated

	Harassment	Labor environment	Human relationships	Fraud suspicion	Other	Total
Number of cases	23	17	1	4	22	67

Raising Awareness of the Whistleblowing System

We are informing employees on how to use the whistleblowing system and relevant contact information during compliance training. Also, we are increasing awareness by handing out Whistleblowing Hotline Cards listing whistleblowing contact information to all employees.



Whistleblowing Hotline Card

Prevention of Corruption and Bribery

In order to conduct fair and transparent corporate activities in accordance with the "Basic Compliance Policy," the Group strives to build highly transparent relations by prohibiting all Group employees from engaging in any behavior that could be suspected of corruption or bribery with all business partners, including public servants and government-related agency officials. In addition, we strive to prevent corruption and bribery by clearly stating that we do not accept any benefits such as improper gifts of money or goods in our work rules and regulations, as well as in our procurement and purchase management rules and procurement purchasing manual for suppliers. Employees who receive or have received hospitality or gifts from interested parties (trading companies, advertising agencies, customers, etc.) are required to report to the relevant head office, office, or business manager by way of the Hospitality and Gifts Acceptance Report through the line of command.
In fiscal year 2025, there were no cases of suspected corruption or bribery, and no employees were disciplined, penalized, or fined for corruption or bribery.

Spreading Awareness of Compliance

The Group provides company-wide compliance training to all Group employees in Japan every year to raise compliance awareness among employees and prevent violations of laws and regulations. In fiscal year 2025, we provided all Group employees in Japan with training, including training on anti-corruption content, regarding the Promotion Code of the Medical Device Industry*. In the future, we will continue to incorporate relevant content into various forms of training as appropriate, taking account of social trends and developments specific to our industry, in order to further ingrain compliance awareness among our employees.

*A code of conduct defined by the Japan Federation of Medical Devices Associations that specifies standards to be followed when promoting medical devices.

Fiscal year 2025 compliance training results

- Frequency: 6 times
- Themes: Harassment education, personal data protection, etc.
- Implementation method: e-learning
- Participants: All Japan Group employees
- Attendance rate: 100% for all six sessions

Political Donations

When making donations to political parties or politicians, the Company ensures proper management in accordance with the relevant laws and regulations and prohibits donations to specific political organizations or parties in amounts exceeding those permitted by law.
We made no political donations in fiscal year 2025.

ESG Data: Compliance

Risk Management

Basic Approach

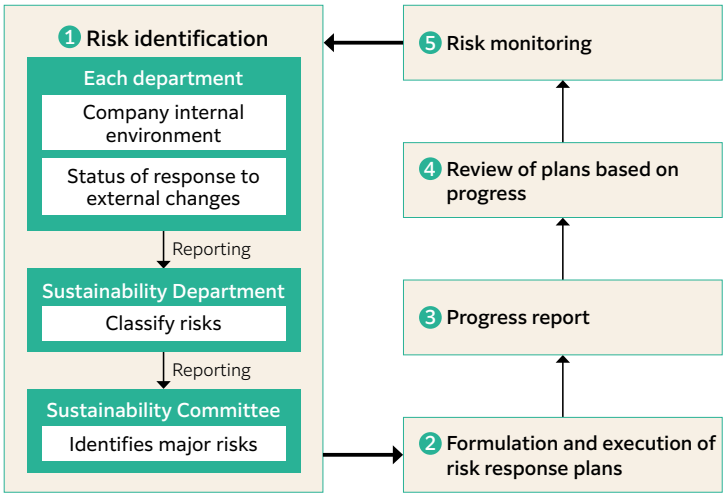
The Group has established a risk management system and procedures, and ensures their operation in order to avoid or reduce losses, preserve company assets, ensure the safety of stakeholders, and ensure the stable continuation of the business. In addition, to reduce the risk of information leaks, we have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

Privacy Policy
Menicon Group Information Security Policy

Risk Management Structure

The Group has appointed the President and CEO as the person responsible for risk management and has established a Sustainability Committee to promote risk management company-wide and to share information necessary for risk management. The Sustainability Committee will analyze anticipated risks and implement necessary preemptive measures regarding risk avoidance, mitigation, transfer, and acceptance. 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 and execution, (3) progress report, (4) review, and (5) risk monitoring.

● Risk Management Structure and Procedure

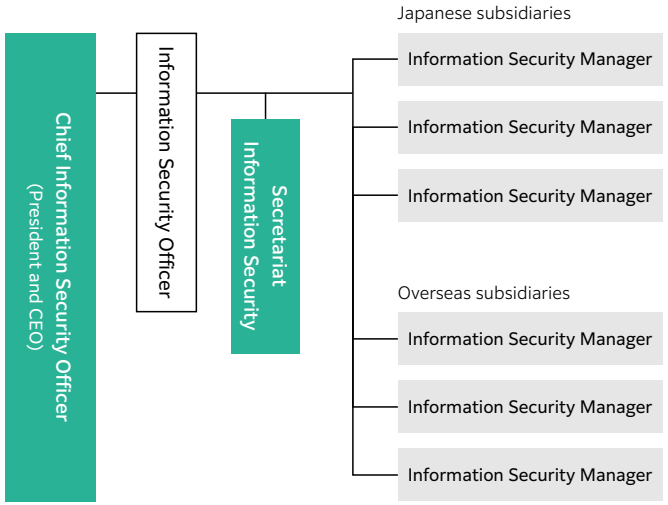


Information Security

Information Security Management

We have established an information security management organization that oversees information security for the Menicon Group, as well as an in-house information security organization and administrator at each subsidiary to promote information security measures. In the event of an information leak, the organization responds in accordance with the "Computer Security Incident Response Team (CSIRT) Manual." CSIRT drills are 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 Japan Group employees.

● Information Security Management System Chart



Information Security Initiatives

Cybersecurity Measures

In fiscal year 2025, we implemented penetration testing on major Company systems to assess their resilience against cyberattacks. We also utilized a web vulnerability assessment tool utilizing AI and RPA to conduct security inspections efficiently.
In addition, we established new security standards to be achieved by all Group companies, thereby raising the overall security level across the Group.

Information Security Education and Training

The Company provides annual information security training to all Japan Group employees, covering topics such as information management systems and information on security attacks. We also provide separate information security training for new employees and newly appointed managers, covering the mindset and other considerations required of employees in a company that handles personal information. The attendance rate for these training programs in fiscal year 2025 was 100%.
The Information Security Secretariat leads CSIRT drills simulating a potential cyberattack on critical servers that are conducted regularly for employees. These drills are intended to strengthen our ability to respond to various security incidents, such as information leaks and cyberattacks, and we plan to continue conducting them on an expanded scale.

Privacy

Based on our Privacy Policy, we appropriately use, manage, and protect personal information entrusted to us by our customers and all those involved with the Group.
In addition, we comply with the GDPR (EU General Data Protection Regulation) and have also established the "Menicon Group Personal Data Protection Regulations."
Furthermore, in order to ensure that our services and those of Group sales companies can be used with peace of mind, we have acquired the "Privacy Mark," provide regular training for all employees, guide our business partners (subcontractors), and have posted information on our website for inquiries regarding personal data.
We are happy to report that there were no incidents related to personal data in fiscal year 2025.

Business Continuity Plan (BCP)

The Group takes preventive measures to ensure that critical operations are not interrupted due to natural disasters or other such contingencies. In addition, we have formulated our BCP so that critical operations can resume within the target recovery time in the event they are interrupted.

Formulation of BCP

The Group has formulated a BCP based on four key points to ensure the safety of our employees and the early recovery of our business in the event of a disaster or other emergency. We are currently strengthening our BCP in procurement while also reviewing the BCP as a whole in order to further strengthen our systems.

Key BCP Points

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

P.46 Strengthening BCP in Procurement

Emergency Response Structure

In the event of a large-scale natural disaster, the Group President and CEO, acting as an overall supervisor, will activate the BCP and establish a task force. To assess the damage, we have established a system in which the response leaders for corporate management, manufacturing and R&D, Japan business, overseas business, and new business gather information and report it to the task force, after which a decision is made on how to handle the situation. In addition, we have introduced a safety confirmation system to ensure the safety of employees in the event of an emergency.

Disaster Preparedness

In preparation for emergencies, the Group has established emergency contact information for the Company, Japan and overseas subsidiaries, and expatriate employees. Also, each business site prepares disaster prevention stockpiles and conducts regular inspections and maintenance of these items in accordance with our Risk Management Manual.
Disaster prevention drills are conducted twice a year at the headquarters and major business sites, and once a year at other business sites.

Sustainability Promotion System

Our group reviewed our sustainability policy and materiality and developed a sustainability promotion system in fiscal year 2022 in order to contribute to social issue resolution through the products and services contributing to society. In fiscal year 2025, we also conducted a reassessment using a double-materiality approach as part of a review of our current Sustainability Policy and related matters. With a more strengthened system, we will strive "To achieve a healthy and spiritually rich society" through our sustainability activities.

Sustainability Activity Policy

Our Vision To achieve a healthy and spiritually rich society

Sustainability Policy

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

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

Promotion System

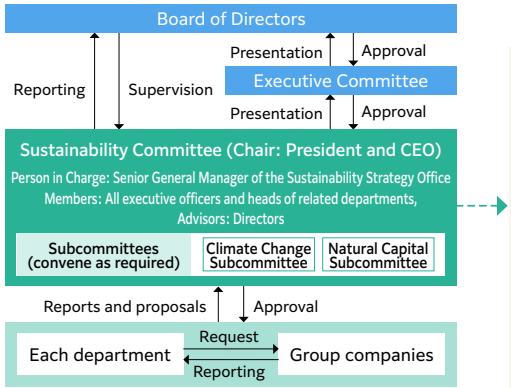
The Sustainability Committee, composed of all executive officers and heads of related departments, is responsible for promoting sustainability throughout the Group. In addition to its four regular meetings each year, the committee convenes extraordinary meetings as necessary to consider the state of progress on our materiality, matters examined by each subcommittee, and our future trajectory, and reports regularly to the Board of Directors. Following changes to the organizational structure, the committee chair was changed from the Chairman to the President in fiscal year 2024. We have centralized responsibility under the President, thereby establishing a framework for seamlessly advancing sustainability initiatives from planning through execution under top management leadership.

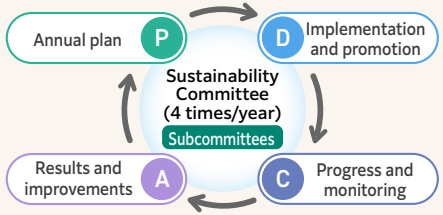
Main Discussion Themes in Fiscal Year 2025

- Meeting 1: Report on the operation of the internal control system, report on risk investigation results, and report on human resource management
- Meeting 2: Disclosure of sustainability information and climate-change related information
- Meeting 3: Report on disclosures under transparency guidelines, application of the Kuala Lumpur Principles*, report on results of analysis based on TNFD, and report on resource circularity
- Meeting 4: TNFD-related disclosure and setting KPIs for human capital
- Extraordinary meeting····Report on the current status of efforts to establish resource circularity

* Principles concerning fair transactions and corporate ethics in the healthcare industry

● Sustainability Promotion System Chart





KPIs for materiality have been set, and initiatives are underway while seamlessly implementing the PDCA cycle.

Progress in Sustainability Promotion

FY2022

- Revised the CSR Policy as the Sustainability Policy
- Established the Sustainability Committee
- Redefined our Materiality
- Formulated the Human Rights Policy
- Formulated the Sustainable Procurement Policy
- Expressed support for TCFD

FY2023

- Implemented due diligence for human rights
- Expanded coverage of Scope 1, 2, and 3 to the entire Group

FY2024

- Established the Sustainable Procurement Guidelines
- Implemented due diligence for human rights on a global scale
- Set emission reduction targets for Scope 1 and 2
- Analyzed water risks

FY2025

- Response to the TNFD framework and disclosure of related information
- Obtaining supplier endorsement of the Sustainable Procurement Policy
- Enhancing global ESG and GHG management using AI (collaboration with Zevero)
- Review of materiality
- Introduction of off-site PPA services
- Expansion of sites using renewable energy
- Review of the strategy section under TCFD (review of risks and opportunities)
- Decision to comply with the Kuala Lumpur Principles

Environment

Environmental Management

Basic Approach

Under the Menicon Declaration on Environment, the Group works in a variety of areas to reduce environmental burden, such as by taking action to address climate change and reducing waste. We are particularly focusing on resource circularity by making effective use of resources. Our aim is to contribute to environmental protection and the economy by treating plastics generated during the contact lens production process and after use as recyclable materials rather than waste.

Menicon Declaration on Environment

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

Menicon Declaration on Environment

Governance System

We deliberate on Group climate- and nature-related issues at the Sustainability Committee. In order to have more focused discussions, we have established the Climate Change Subcommittee and Natural Capital Subcommittee as subordinate bodies of the Sustainability Committee. These subcommittees gather information from relevant departments and review and discuss matters to be deliberated by the Sustainability Committee. Measures and policies that have a significant impact on management are approved by the Executive Committee and the Board of Directors, and matters deliberated are regularly reported to the Board of Directors, enabling sustainability management to be promoted under the supervision of the Board of Directors.

P.37 Sustainability Promotion System Chart

Tackling Climate Change

Information Disclosure Based on TCFD Recommendations

The Group considers climate change as a key management issue. We announced support for the TCFD recommendations in July 2022 and have since been advancing initiatives in line with the TCFD framework. In fiscal year 2025, we reviewed our strategy, reassessed the climate-related risks and opportunities identified through scenario analysis, and estimated their financial impacts. The results are then reflected in our corporate strategy and risk management processes to strengthen our medium- to long-term resilience.

Information Disclosure Based on TCFD Recommendations

Strategy

The Group has set its key risks and opportunities for all Japan and overseas businesses and supply chains in reference to the IEA's Net Zero by 2050 (1.5°C Scenario) and the IPCC SSP5-8.5 (4°C Scenario). We categorized time frames as short term (present to 2027), medium term (2028 to 2030) and long term (2031 onward).

- **Key risks and opportunities**

Category		Key Factors	Impact on the Company
Transition risks	Political and legal	Higher carbon prices, tighter GHG emissions regulations, and stricter product and waste regulations	Higher energy costs and capital investment
	Market	Growing demand for environmentally conscious products and changes in customer needs	Changes in product demand and impact on the competitive environment
	Reputation	Growing expectations for climate action and information disclosure	Impact on corporate value and financing
Physical risks	Acute	Increasing severity of natural disasters	Impact on production activities
	Chronic	Water resource constraints and rising temperatures	Higher water usage costs and occupational health and safety costs
Opportunities	Resource efficiency	Improving production efficiency and using renewable energy	Cost reductions and greater business efficiency
	Products and services	Growing demand for environmentally conscious products and myopia control-related products	Increased sales and creation of new market opportunities
	Social changes	Growing health and environmental awareness and changes in lifestyles	Greater value of our products and services and stronger brand value

* This table presents selected key climate-related risks and opportunities recognized by the Company. For details of the analysis results and response measures, please refer to our website.

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.

P.35 Risk Management Structure

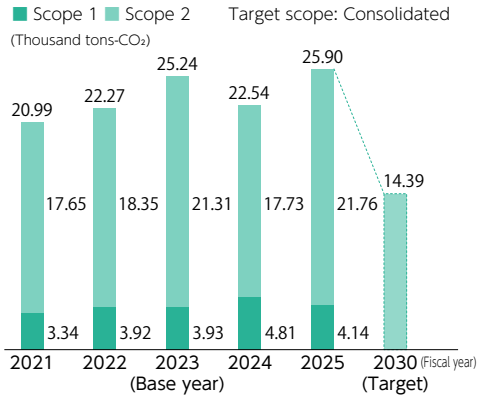
Indicators and Targets

Since fiscal year 2020, we have been calculating our Group's greenhouse gas (GHG) emissions (Scope 1 and 2) and have also begun calculating Scope 3 emissions across our supply chain, encompassing both upstream and downstream activities. For our GHG emissions reduction targets, we have set a Scope 1 and 2 target of reducing GHG emissions by at least 43% by fiscal year 2030, compared with fiscal year 2023 levels. For our Scope 3 target, we plan to conduct reviews across the Group based on the results of our calculations.

Initiatives for Reducing Scope 1 and 2 Emissions

The Group's Scope 1 and 2 emissions for fiscal year 2025 were 4.14 thousand tons-CO_2 and 21.76 thousand tons-CO_2, respectively. In fiscal year 2025, emissions increased 14.9% from the previous year, reflecting the commencement of operations at the Malaysia Plant to support expanded production. Although the operation of the new plant increased Scope 2 emissions by approximately 8.4 thousand tons-CO_2, the introduction of renewable energy at existing plants reduced emissions from existing facilities by 24.8% from the previous year. As a result, total emissions were 2.6% above the fiscal year 2023 level.

• GHG Emissions (Scope 1 and 2)



• Scope 1 and 2 Reduction Measures

Reducing the amount of energy used

- Improving the energy efficiency of equipment
- Increasing the efficiency of products and production methods
- Efficient operation of energy-consuming equipment
- Usage of heatpumps

Expanded use of renewable energy

- Introduction of renewable energy source power generation systems (PPA)
- Switching to renewable energy source power generation contracts
- Conversion of business vehicle to EVs/FCVs
- Introduction of biomass boilers

Promoting Renewable Energy Usage

In fiscal year 2025, after having done so at the Seki Plant and Kakamigahara Plant in the previous fiscal year, we introduced renewable electricity at the Ina Plant of our subsidiary, Alpha Corporation Inc. We did so through the Shinshu Green Electricity plan, which supplies renewable electricity generated at hydroelectric power plants in Nagano Prefecture. We are making efforts that will enable us to reduce the environmental burden by consuming electricity that was produced in the same region as our plants.
We also switched part of the Kakamigahara Plant's renewable energy procurement to an off-site PPA, which is expected to provide a stable supply of renewable electricity through a long-term contract.

Initiatives for Reducing Scope 3 Emissions

The Group is preparing to expand the scope of Scope 3 calculations in order to improve the accuracy and comprehensiveness of emissions data. In fiscal year 2026, we plan to include 14 European subsidiaries in the scope of emissions calculation and aim to disclose data for fiscal years 2025 and 2026.
Category 1 accounts for approximately 60% of the Group's Scope 3 emissions. We will promote the dissemination of the "Sustainable Procurement Guidelines," which were formulated in fiscal year 2024. In addition, we will request the support of existing and new suppliers, promote emissions reductions involving suppliers while also considering reviewing transactions based on their response status, and aim to reduce Category 1 emissions.

• GHG emissions (Scope3)

Subject scope: The Company + Five subsidiaries*1
(Thousand tons-CO_2)

Scope/Category*2		FY2023*3	FY2024*3	FY2025
Scope 3 (indirect emissions other than Scope 1 and 2)		192.22	204.90	235.92
Category 1	Purchased goods and services	130.15	137.74	149.55
Category 2	Capital goods	28.74	30.46	47.98
Category 3	Fuel- and energy-related activities not included in Scope 1 or 2	4.30	4.15	7.39
Category 4	Upstream transportation and distribution	10.49	12.41	21.26
Category 5	Waste generated in operations	0.48	0.51	0.53
Category 6	Business travel	4.12	3.84	2.74
Category 7	Employee commuting	1.14	1.27	1.24
Category 11	Use of sold products	1.37	2.50	2.81
Category 12	Disposal of sold products	11.44	12.01	2.53

*1 Five subsidiaries in the subject scope include, W.I. System Co., Ltd., Menicon Nect Co., Ltd., Menicon Singapore Pte. Ltd., Itabashi Trading Co., Ltd., and Menicon (Dalian) Co., Ltd.
*2 Categories 8, 9, 10, 13, 14, and 15 are out of scope.
*3 Emissions were recalculated following expansion of the scope.

Initiatives Involving Nature-related Issues

Information Disclosure Based on TNFD Recommendations

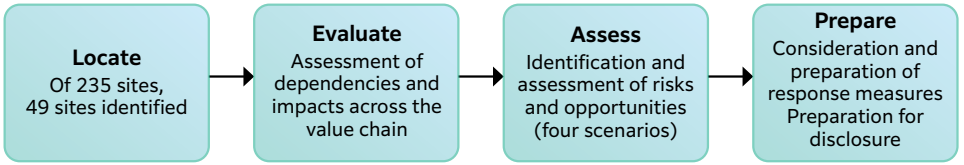
Under the Menicon Declaration on Environment established in 2009, Menicon formulated its Sustainability Policy in 2022 and is working to "achieve a healthy and spiritually rich society" while reducing the burden on the natural environment.
The Group benefits from many forms of natural capital, including the clean water resources used in contact lens manufacturing. Given the growing international interest in natural capital, we have determined that it is important to conserve biodiversity and sustainably use ecosystem services. In fiscal year 2025, we conducted an analysis of nature-related risks and opportunities for the Vision Care Business in accordance with the LEAP approach. The Group is at the forefront of TNFD disclosure within the contact lens industry and seeks to become an industry leader on nature-related issues.
For governance relating to TNFD, please see "Governance System" in the "Environmental Management" section.

Initiatives Involving Nature-related Issues P.37 Sustainability Promotion System P.38 Governance System

Strategy

Focusing on our core Vision Care Business, we analyzed nature-related issues in accordance with the TNFD-recommended LEAP approach in key activities across the value chain, from "procurement" through "disposal and recycling."

• Flow of Nature-related Issue Analysis Using the LEAP Approach



• Key Risks and Opportunities

Category		Key Risks and Opportunities	Impact on the Company
Physical risks	Acute/Chronic	Changes in water resources, worsening severity of natural disasters, and impacts on the supply chain from ecosystem degradation	Risk of operational suspension, higher water usage costs, and greater procurement risks
Transition risks	Political and legal	Tighter environmental regulations and plastic regulations	Higher management costs and capital investment
	Market	Changes in the procurement environment and declining supply of raw materials with high environmental burden	Higher procurement costs and raw material shortages
	Reputation	Growing societal demands regarding management of pollutants and waste	Decline in corporate value, lower sales, and liability risks
Opportunities	Resource efficiency	Improved resource efficiency, improved water-use efficiency, and promotion of recycling	Cost reductions and greater procurement resilience
	Products and services	Adoption of environmentally conscious products and services	Increased sales and access to new markets
	Reputational capital	Contributing to nature-positive outcomes and collaborating with local communities	Enhanced corporate value and brand value

*This table presents selected key nature-related risks and opportunities recognized by the Company. For details of the analysis results and response measures, please refer to our website.

Risk and Impact Management

With regard to risk management (including loss impact management), the Group has established a risk management system and procedures. The purpose of this is to not only protect corporate assets by avoiding or reducing losses, but also to maintain business continuity by ensuring security for stakeholders. Nature-related risks are also managed within the overall risk management process. Departments responsible for key risks are designated, and the departments in question manage and monitor those risks in accordance with the response plans they have formulated.

P.35 Risk Management Structure

Indicators and Targets

The Group discloses waste, water intake, and drainage. Going forward, we will continue to study appropriate metrics and targets for managing our Group's nature-related dependencies, impacts, risks, and opportunities, while using the disclosure metrics recommended by the TNFD.

ESG Data

Conservation of Water Resources

We use a great deal of water resources in the manufacturing process for contact lenses. To reduce the amount of water intake, the Group has installed a water purifying apparatus at the Kakamigahara Plant that achieves a 50% reduction in water use compared with conventional systems, while at the Seki Plant, we utilize some of the water discharged during the production process of soft contact lenses as waste water for toilets in the plant.

- **Fiscal Year 2025 Water Intake/Drainage**

Amount of water intake	395.9 thousand m³ (14.8% YoY increase)
Drainage	286.7 thousand m³ (9.5% YoY increase)

*Target scope: Menicon Co., Ltd., Menicon Nect Co., Ltd., Alpha Corporation Inc., Menicon SAS, Menicon Pharma SAS, Menicon Limited, Menicon Singapore Pte. Ltd., Menicon B.V., SOLEKO S.p.A., Menicon Malaysia Sdn. Bhd., and Menicon (Wenzhou) Co., Ltd. (excludes water intake)

Response to Water Risk

Freshwater is an essential resource for the manufacture of contact lenses and lens care products. At the same time, only about 0.8% of the Earth's water is available as freshwater, and given its uneven distribution, conditions vary greatly by region. In this context, to ensure the sustainability of our business activities, it is essential to identify potential water risks at each site and implement appropriate measures. Based on this approach, we conducted an evaluation of water risk at Group plants and other facilities. We identified sites where we should prioritize our response as "Priority Plants," and we are formulating policies targeted at reducing water risk.

Evaluation of Water Risk

Status of Water Risk in Regions Where We Operate and Identified Water Risks

Using the Aqueduct, one of the leading water risk assessment tools developed by the World Resources Institute (WRI), we assessed the water risk conditions in the regions where our plants and other facilities are located. Overall water risk was High in Italy, Medium-High in China, and Low-Medium in Japan, France, and the UK. We identified four water risks as requiring particular focus: water stress, flooding, drought, and water quality.

System for Management of Toxic Substances

We have set routine examinations and discharge standards as toxic substance management practices. Specialists examine the water quality at each plant every two months. In addition, we have entered into a Pollution Prevention Agreement with Seki City, where the Seki Plant is located, and Sakahogi Town, where the Kiso River, into which the plant's waste water is drained, flows, and we have confirmed that the plant is complying with the standards set pursuant to this agreement. In fiscal year 2025, the Group did not violate any environmental laws or regulations and was not subject to any fines or sanctions associated with such violations.

Sustainable Resource Consumption

Basic Approach

Our core products, namely contact lenses and lens care products, generate plastic and other waste after use. For this reason, the Group recognizes that reducing this waste and circulating it appropriately is one of our key social responsibilities. Given the nature of our business, this waste is also a resource that can be put to effective use. We are therefore working with other companies to promote the recycling of plastic waste in order to realize sustainable resource circularity and address our material issue of "reducing impact on the global environment."

Plastic Resource Circularity

The waste generated in the Group's plants is managed and disposed of appropriately in accordance with the laws and regulations of each country and the Menicon Declaration on Environment. In recent years, demand for daily disposable contact lenses has been increasing, and usage is expected to rise further in the future as the myopic population continues to grow. This in turn is expected to result in an increase in both the plastic used in manufacturing and distribution and waste plastic generated after product use. The Group is focusing on building an ecosystem that promotes resource circularity in order to prevent plastic waste generated after product use from being simply discarded. As part of these efforts, we are strategically advancing measures to comply with the EU Packaging and Packaging Waste Regulation (PPWR). We are accelerating the transition to a circular economy by reducing plastic use throughout the product life cycle, developing collection and recycling systems, and ensuring transparency of product information across the value chain. We position these activities not merely as regulatory compliance, but as important measures for fulfilling our responsibilities to society and supporting the Group's sustainable growth.

ESG Data (Waste)

Initiatives Regarding Products and the Production Process

The Magic 1-DAY lens, manufactured at our Singapore plant, reduces plastic usage in lens containers by 80% compared with our conventional products, and its packaging is produced entirely from plastic recycled from the lens manufacturing process. To ensure that resources are used even more effectively, we are working on the 1Case Project to collect used cases for disposable soft contact lenses.

1Case Project

In October 2024, we rolled out the Menicon 1Case Project to promote resource circularity by recycling cases for disposable soft contact lenses. The project puts upcycling into practice by recycling collected plastic cases into high-value-added products, such as automotive components. By making the fullest possible use of finite resources, we aim to go beyond simple recycling so that the materials are reborn as products that are even more useful to society. The project also aims to help consumers understand the value of resources and raise awareness of how they can participate in a circular society through the act of collecting used cases cleanly.

Collection boxes are installed at all Miru stores of the Menicon Group. We are also progressively establishing collection points at MELS Plan-affiliated facilities. Additionally, we have set up collection boxes at a city office in Sendai, where the "Menicon x Tohoku University Menicon Future Device Laboratory" is located, and at the HOKUSHU Sendai City Science Museum. Through pilot projects with local governments, we are actively promoting the establishment of environmentally conscious behavior in local communities. Supplier companies have also announced their support for the project, and as of the end of January 2026, the number of collection points stands at 962. Looking ahead, we will expand collection points at schools and other locations while strengthening awareness-raising activities that encourage changes in consumer behavior, thereby contributing to the realization of a resource-circulating society.



Collection box at the HOKUSHU Sendai City Science Museum

Menicon 1Case Project (in Japanese only)

Contributing to the Plastic Circular Economy

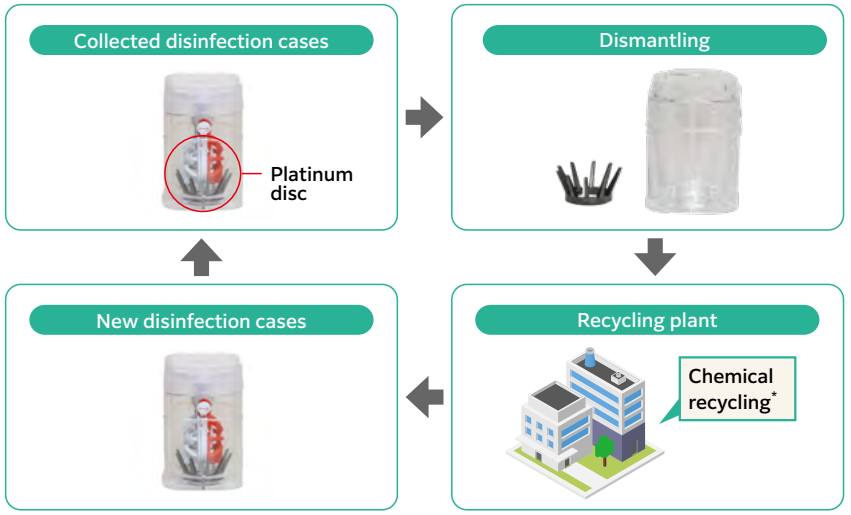
The Company is part of a Cabinet Office-led program that aims to solve the social issue of plastic waste. As a joint research facility, we have rolled out the "Menicon x Tohoku University Menicon Future Device Laboratory" in April 2024 to promote research activities into resource circularity for plastic in the manufacture and distribution of contact lenses.

Establishment of the Menicon x Tohoku University Menicon Future Device Laboratory

Resource Circularity for Rare Metals

The platinum used in Smart Clean disinfection cases is a rare precious metal that acts as a catalyst for hydrogen peroxide. To address the risk of resource depletion, we began collecting used cases at our directly managed Menicon stores in January 2026. We aim to realize closed-loop recycling by extracting platinum from collected cases through chemical recycling and using it to manufacture new Smart Clean disinfection cases. Going forward, we will progressively expand collection locations and promote the development of a circular business model.

- **Platinum Closed-loop Recycling Flow**



*Chemical recycling is a technology that chemically breaks down used products and converts them back into raw materials of the same quality as virgin materials. Unlike material recycling, which crushes and reuses materials without changing their physical form, chemical recycling can repeatedly regenerate them into the same product without degrading quality.

Society

Human Capital

Basic Approach

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

Human Resource Strategy

We regard each employee as a source of corporate value creation under a human resource strategy aligned with our Management Principles and Sustainability Policy. To realize the goal in Vision 2030 of becoming "a company needed by people around the world," we have established three key points for our human resource strategy. We are reforming the HR system, fostering a culture that draws out originality, and using AI technology to create added value as measures to advance this strategy.

Three Key Points of the Human Resource Strategy

- Promotion of 0-to-1 creation thinking
- Agility in taking on unknown fields
- Developing global leaders

P.12 Accelerating human capital investment through HR system reform

Promotion of 0-to-1 Creation Thinking

Introduction of a New HR System that Encourages Initiative

In fiscal year 2025, we introduced a new HR system. This system evaluates not only results but also the processes leading to those results. To make employees' new ideas visible and put them to use, we launched the M.I.X. Board, an intranet platform that centrally manages ideas submitted by employees and makes them available for all employees to view. As a result, more than 2,000 ideas were submitted in its first year. A willingness to take on 0-to-1 challenges was fostered throughout the Company. We will establish processes for evaluating, selecting, and deploying these ideas so that they can be systematically converted into business value. We are also conducting training for evaluators in parallel to ensure that the process of taking on challenges is assessed appropriately.

Human Resources Recruitment

The Group follows fair hiring practices in line with the Menicon Group Human Rights Policy and recruits the personnel needed to execute its growth strategy. We are focusing on recruiting manufacturing engineering personnel to support the expansion and globalization of the 1-DAY lens business together with personnel who will support overseas operations. We recruit new graduates through internships and also hire international students from overseas universities as well as experienced professionals. We also recruit local personnel at each business base, thereby securing people with diverse expertise and perspectives.

- **Enhancing Employment Competitiveness by Raising Compensation Levels**

The Group reviewed its compensation structure and raised compensation levels to reflect roles and expected contribution levels. Through these measures, we aim to build a foundation for continuously securing and retaining highly specialized personnel and people who will support future business growth.

Active Participation of Diverse Talent

The Group focuses its recruitment and development efforts on the potential for originality among people with diverse backgrounds, such as a willingness to take on challenges, creativity, and the ability to formulate and test hypotheses. With our human resource portfolio and the characteristics of each role as our guide, we also assign each employee to the position best suited to their capabilities, career aspirations, and performance. As part of the HR system reforms underway since fiscal year 2025, we established a framework that enables promotion and advancement according to individual capabilities and roles, regardless of an employee's years in grade or age. We are also making internal systems available in multiple languages to expand opportunities for non-Japanese personnel. We continue initiatives such as a career return program and reduced overtime to help employees strike a good balance between work and childcare. The proportion of women in leadership positions* reached 16.6% in fiscal year 2025 and has risen every year.

* Female managers, store managers and section chiefs

ESG Data (Diversity)

Office Reform

The Company is reforming its offices through Activity Based Working (ABW), which allows employees to choose where they work according to the nature and purpose of their tasks. This in turn provides a foundation for smarter and more creative ways of working. We have changed office layouts to strengthen collaboration between departments and introduced measures such as highly visible name badges and spatial designs that take into account the amount of greenery visible within the office (green view index). Through these measures, we are developing work environments that encourage collaboration and the integration of knowledge across organizational and occupational boundaries.



Open corner: "Hidamari Spot"

Agility in Taking on Unknown Fields

Optimizing Talent Development to Support Capability Building

We regard "General Training," "Specialist Training," and "Practical Training" as three core pillars of human resource development. We implement these programs systematically to develop people who can more expeditiously take on unfamiliar fields. We also take an integrated approach to developing, assigning, and making the most of people. Our aim is to achieve both faster action in taking on challenges and greater productivity.
In fiscal year 2025, we began training designed to enhance ideation and hypothesis-testing skills. We also established a mechanism through which experienced senior personnel can pass on their know-how, technical expertise, and professional networks, enabling knowledge to be systematically accumulated across the organization. We will gradually increase investment in capability development and continue optimizing the development system to support employees in taking on challenges, in response to changes in the external environment and management strategy.

General Training	Nurturing proactive human resources
Specialist Training	Nurturing human resources with a high level of expertise
Practical Training	Nurturing of employees by leaders who assign roles (OJT)

→ Developing "Core Human Resources" and "Global Human Resources" who enhance corporate value through the reinforcement and implementation of the three pillars

Enhancing Employee Engagement

The Company provides internal job postings, self-reporting systems, and other mechanisms that match individual career aspirations with organizational needs. Our self-development grant program also supports self-directed career development and upskilling. To monitor the degree of fit between employees and their work, as well as their engagement with the Company, we conduct an annual engagement survey of all employees, including contract staff.

Employee Engagement Survey

● Survey Subjects	● Survey Results*1	FY2024	FY2025
Full-time employees, designated-role employees, contract employees, and part-time employees of the Company	Work engagement*2	50.3	50.1
	Employee engagement*3	48.0	47.5

*1 Figures are expressed as standardized scores *2 A positive psychological state toward work *3 Attachment to and trust in the Company

Strengthening Psychological Safety

As we introduce an HR system with revised evaluation methods, we continue to train managers to achieve results through positive feedback and constructive dialogue.
For the regular stress checks we conduct, we have a system for arranging interviews with an occupational physician when necessary. We also provide a return-to-work support program for employees who temporarily leave work for medical treatment or other reasons, helping them return smoothly to the workplace. We are also fostering a psychologically safe organizational culture in which employees can readily exchange views through regular e-learning on harassment and human rights and the provision of multiple consultation channels.

Developing Global Leaders

Developing the Next Generation of Management Talent

The Group regards as a key priority the development of future management personnel capable of viewing business from a global perspective and making decisions amid rapid change. We help participants acquire a management-centric perspective and develop leadership through the selective Menicon Business College (MBC) program. At MBC, participants learn both mindsets and skills from instructors inside and outside the Company and experience the global business environment through overseas training and other opportunities. We also emphasize building management experience in stages through progressively broader assignments and responsibilities. In fiscal year 2025, five participants selected from the Group in Japan took part in the program.

Global Talent Management System

The Group is building a global talent management system as a foundation supporting its global growth strategy. This system provides centralized visibility of talent across the Group and enables the strategic deployment of this talent. At the same time, we are preparing for future job rotations and the optimal assignment of personnel through information exchange with personnel at overseas bases. We are also making greater use of non-Japanese and locally hired personnel and developing local staff. Going forward, we will maximize human capital through the strategic assignment and development of global personnel.

Respect for Human Rights

Basic Approach

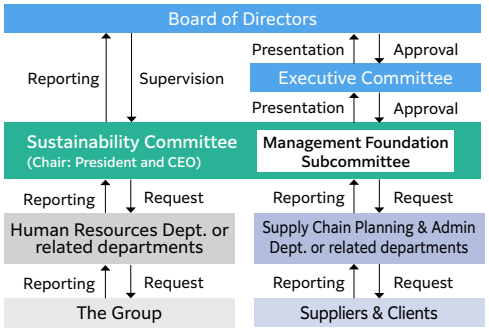
The Group's human rights policy is based on the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles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

Menicon Group Human Rights Policy

Promotion System

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

• System Chart



Risk Assessments and Countermeasures for Human Rights

The Group has established a process for human rights due diligence*. In fiscal year 2023, we launched initiatives to identify human rights risks. From fiscal year 2024, we expanded the scope of these initiatives to cover overseas employees and started mapping human rights risks on a global scale. We will review the identified human rights risks in light of changes in the business environment and societal trends.

*A continuous process that proactively investigates and identifies potential negative impacts on human rights that the Company may have on society, prevents or mitigates those impacts, takes appropriate corrective action, and discloses the progress and results externally.

1 Investigations into Group companies

We selected the 11 largest group companies by revenue and conducted interviews and questionnaires.

2 Identification and assessment of actual human rights risks

We determined the severity and likelihood of the human rights risks that were brought to light by the investigation. We plotted the risks on a map with these two factors as axes and identified human rights risks that were of a high level for both factors.

High-level human rights risks

- Right to access remedy
- Human rights issues within the supply chain
- Information security
- Excessive or unfair working hours
- Occupational health and safety

3 Consideration and implementation of countermeasures

For high-level human rights risks, we will assess and clarify the status of our countermeasures within the Group, as well as our policies for future response. We will take steps to address areas where countermeasures are deemed to be insufficient.

Main measures in fiscal year 2025: Preparation for establishment of a whistleblowing contact point for suppliers; customer harassment training; formulation of the Menicon Group Customer Harassment Policy

Establishment of a Contact Point

The Group has introduced a whistleblowing system that allows whistleblowers to report matters concerning human rights violations as well as matters concerning compliance violations. When reporting, whistleblowers will not suffer any disadvantage. In fiscal year 2025, there were 23 cases in which issues concerning human rights were reported. These cases were properly investigated and handled.

In addition, to strengthen respect for human rights in the supply chain, we began developing the internal systems necessary to establish a whistleblowing contact point for suppliers. Having this contact point in place will allow us to identify human rights risks early and take appropriate action going forward.

P.33 Whistleblowing System

Human Rights Education

The Group explains the importance of human rights to all employees and ensures that they understand the "Menicon Group Human Rights Policy." In addition, we are working to improve human rights education in our compliance training. In fiscal year 2025, we added new customer harassment training and expanded the content of our education in order to protect the human rights of employees who interact with customers and communicate the Group's stance on human rights. The Group conducts regular training sessions to encourage employees to view human rights as a personal and relevant issue, and to put this awareness into practice in their actions.

• Fiscal year 2025 human rights training

Subject	Themes and key content	Frequency (times)	Participation rate (%)
All Japan Group employees	Customer harassment policy training	1	100
All Japan Group employees	Compliance training (human rights)	1	100
(Non-consolidated) New managers	New manager training (harassment)	1	100
(Non-consolidated) New employees	New employee training (harassment)	1	100
(Non-consolidated) Open-application participants	Career design training	1	—*

*Participation rate not recorded as participation is voluntary.

Supply Chain Management

Basic Approach

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

Sustainable Procurement Policy Sustainable Procurement Guidelines

Management System

The Company has prepared a procedure manual for procurement and purchasing based on our quality management system, and is managing operations accordingly. Also, the Supply Chain Management Department has established a system for the integrated management of everything from material procurement to logistics. This enables the stable procurement, manufacture, and sale of products. Raw materials are procured mainly from Japanese trading companies and manufacturers, and we make efforts to ensure the stable procurement of key raw materials by providing forecasts. Overseas subsidiaries independently manage their own raw material procurement, while each purchasing department manages delivery schedules and quality. In the future, we will promote procurement between Group companies and aim to generate synergies through joint procurement and role-sharing among our overseas manufacturing bases.

Supply Chain Risk Management

Supplier Engagement

To assess the suitability of business partners, the Company has been conducting annual evaluations for existing business partners, and, as necessary, for new business partners on factors such as quality, financial standing, and compliance. Through regular on-site audits of key suppliers and visits by top management, we are building a mutually cooperative system for stable procurement.

Sustainable Procurement Survey

Since fiscal year 2024, based on the "Sustainable Procurement Guidelines," the Company has been requesting Group companies and suppliers to reduce risks related to human rights, environment, legal compliance, quality and safety, information management, and other matters in the supply chain. At the same time, we surveyed all 53 suppliers involved in product manufacturing and materials procurement. For suppliers identified as high-risk, we will formulate improvement measures and pursue corrective action from fiscal year 2026 onward. Furthermore, to strengthen our efforts to respect human rights, we will continue to require all suppliers to comply with anti-corruption measures and pay fair wages.

Strengthening BCP in Procurement

We are working to strengthen relationships with suppliers to ensure the stable delivery of products to our customers. Regarding the procurement of key materials, including lenses, beginning from fiscal year 2025 we have expanded the scope of purchases from multiple suppliers to include materials and equipment procurement, and are strengthening our system to address risks in emergencies. Furthermore, we have introduced tools to collect information on disasters to accurately and promptly monitor disaster-related risks and incidents in our Japanese and international supply chains, thereby strengthening our initial response capabilities in the event of a disaster.

P.36 Business Continuity Plan (BCP)

Implementation of Trainings and Seminars

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

Strengthening Partnership with Suppliers

To strengthen our relationships with suppliers, the Company holds an annual "MenioClub" event with the participation of our key suppliers. In fiscal year 2025, the MenioClub event was not held because it was to be combined with Menicon's 75th anniversary ceremony in fiscal year 2026. However, amid growing instability in the global environment, we intensified information exchange with key suppliers beyond usual levels, including Technical Meetings among the Company, raw material manufacturers, and trading companies.

Strengthening Partnership with Clients

In 1972, the Company established a full-scale contact lens training center in Nagoya, contributing to the training and development of personnel at our client companies. Since 2020, we have expanded and centralized our information outreach for medical professionals into "Menicon Academy." Currently, we operate training facilities at four locations: Nagoya, Tokyo, Osaka, and Fukuoka. In addition to group training at each location, we offer a wide range of training formats, including on-site seminars and online training, providing programs that support the development of our clients' facilities and cover everything from basic knowledge about contact lenses to customer service skills in the medical field. These programs are used by many of our clients.

Consolidated Financial Data

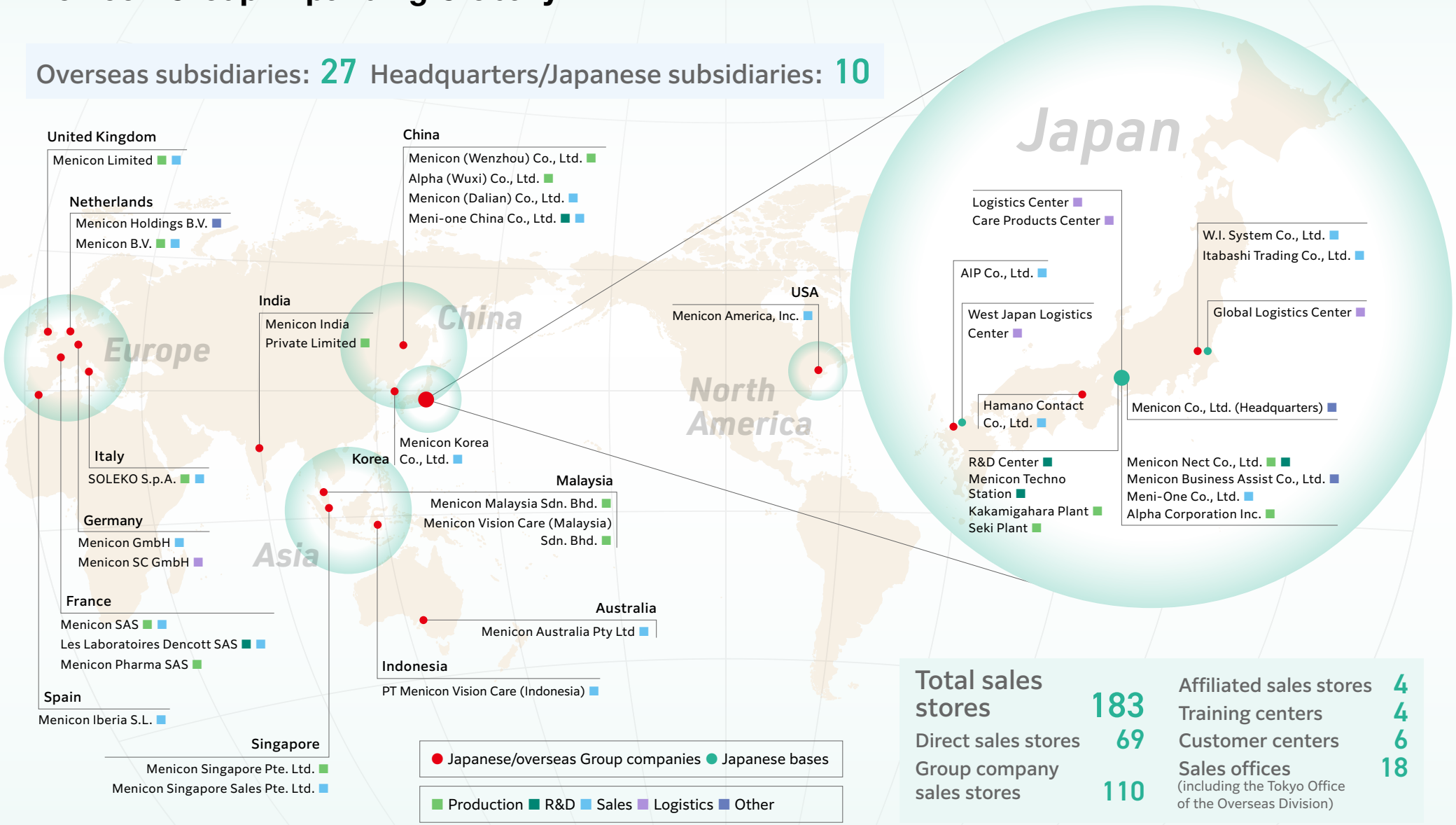
	(Fiscal year)	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Business Performance	Net sales (JPY mn)	67,332	72,052	76,672	80,898	84,519	86,209	100,172	110,194	116,192	121,491	**125,605**
	Operating profit (JPY mn)	3,457	3,910	4,394	5,571	7,033	8,106	9,957	12,062	8,951	10,012	**10,236**
	Operating profit margin (%)	5.1	5.4	5.7	6.9	8.3	9.4	9.9	10.9	7.7	8.2	**8.1**
	EBITDA*1 (JPY mn)	7,822	8,564	9,402	10,213	12,455	14,135	17,251	19,511	16,900	18,457	**21,054**
	EBITDA margin (%)	11.6	11.9	12.3	12.6	14.7	16.4	17.2	17.7	14.5	15.2	**16.8**
	Profit attributable to owners of parent (JPY mn)	2,224	2,543	2,657	3,576	4,060	5,952	6,481	7,377	4,538	5,597	**5,916**
	Capital investment (JPY mn)	2,256	4,729	4,474	6,560	9,991	12,726	15,838	14,549	24,229	16,782	**15,171**
	Depreciation (JPY mn)	3,349	3,635	3,966	3,656	4,486	5,286	6,394	7,035	7,551	7,960	**9,728**
	R&D expenses (JPY mn)	3,459	3,497	3,398	3,656	3,813	3,598	3,942	4,325	5,140	5,892	**5,561**
Management Indicators	Equity ratio (%)	55.8	52.0	55.9	54.3	61.2	46.5	49.7	47.5	44.1	45.4	**48.5**
	Net DER (times)	0.11	0.19	(0.02)	(0.03)	(0.07)	0.07	0.14	0.17	0.30	0.39	**0.44**
	ROE (%)	6.2	6.7	6.8	8.7	8.5	10.6	10.4	10.7	6.0	6.8	**6.6**
	ROIC (%)	3.8	4.2	4.9	5.9	7.2	6.0	6.1	6.2	3.6	3.4	**4.5**
	ROA (%)	3.3	3.6	3.7	4.8	4.9	5.6	5.0	5.2	2.7	3.0	**3.1**
	DOE (%)	1.4	1.8	2.3	2.4	2.1	2.3	2.4	2.8	2.5	2.6	**2.3**
Stock-Related Information*2	Total dividends (JPY bn)	0.54	0.66	0.87	0.98	1.05	1.32	1.52	1.90	1.90	2.14	**2.09**
	Dividend per share (JPY)	7.5	9.5	12.5	14.0	14.0	17.5	20.0	25.0	25.0	28.0	**28.0**
	Total shareholder return*3 (%)	—	91.2	142.2	172.9	260.6	352.6	320.1	308.9	182.1	149.4	**163.3**
	Payout ratio (%)	24.0	26.5	33.0	27.6	24.9	22.2	23.3	25.7	41.9	38.0	**35.4**
Cash Flows	Cash flows from operating activities (JPY mn)	7,859	5,197	7,857	7,023	8,712	10,628	12,719	12,749	11,866	13,944	**11,839**
	Cash flows from investing activities (JPY mn)	(3,293)	(6,065)	900	(4,951)	(7,656)	(15,629)	(16,149)	(13,776)	(21,575)	(19,661)	**(16,488)**
	Cash flows from financing activities (JPY mn)	(851)	(271)	(4,196)	1,825	(3,438)	28,913	(5,402)	8,900	14,554	714	**(6,037)**
	Free cash flows (JPY mn)	4,566	(868)	8,757	2,071	1,055	(5,000)	(3,429)	(1,026)	(9,709)	(5,716)	**(4,674)**

Note 1: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 fiscal year 2018. The main management indicators for fiscal year 2017 have retrospectively reflected the application of the aforementioned standard, etc.
Note 2:Provisional accounting for business mergers was finalized in fiscal year 2021. Figures for fiscal year 2020 reflect the details of finalized accounting.
Note 3:Provisional accounting for business mergers was finalized in the first quarter of fiscal year 2025. Figures for fiscal year 2024 reflect the details of finalized accounting.

*1. EBITDA is calculated from operating profit, depreciation, amortization of goodwill.
*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 fiscal year 2013.
*3. Total shareholder returns and comparative indicators for fiscal year 2013, fiscal year 2014, and fiscal year 2015 are not stated as the Company was listed on the First Section of the Tokyo Stock Exchange on June 25, 2015. Total shareholder returns and comparative indicators for fiscal year 2016 and beyond are calculated based on fiscal year 2015.

Menicon Group Expanding Globally

Overseas subsidiaries: 27 Headquarters/Japanese subsidiaries: 10



Total sales stores	183
Direct sales stores	69
Group company sales stores	110
Affiliated sales stores	4
Training centers	4
Customer centers	6
Sales offices (including the Tokyo Office of the Overseas Division)	18

Corporate Information & Stock Information

Corporate Information (as of March 31, 2026)

Corporate Profile

Company name	Menicon Co., Ltd.
Representative	Koji Kawaura Director, President and CEO
Headquarters	21-19 Aoi 3, Naka-ku, Nagoya, 460-0006 Japan
Phone	(+81)-52-935-1515
Founded	February 1951
Established	July 1957
Capital	JPY 5.650 bn
Number of employees	4,493 (consolidated), 1,946 (non-consolidated)
Business	Contact lenses, lens care products business and other businesses
Clients	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/corporate (Global website)

75th Anniversary 1951-2026

Menicon celebrated its 75th anniversary on February 8, 2026. A special website commemorating the anniversary is now live.

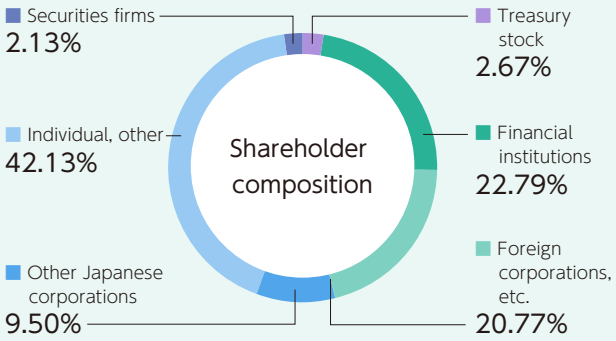
75th Anniversary Website

Stock Information (as of March 31, 2026)

Stock Status

Total number of authorized shares	124,368,000
Total number of outstanding shares	76,761,888
Number of shareholders	37,026
Total number of voting rights	746,709
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

Shareholder Composition



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

Major Shareholders

	Number of shares held (thousand)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	8,721	11.67
Toyotomi Co., Ltd.	3,964	5.30
GOLDMAN,SACHS & CO.REG	3,304	4.42
Custody Bank of Japan, Ltd. (trust account)	3,109	4.16
Hidenari Tanaka	2,517	3.36
Kazuko Tsukamoto	2,266	3.03
The Nomura Trust and Banking Co., Ltd. (trust account 2052116)	2,000	2.67
Menicon Group Employee Shareholder Association	1,834	2.45
Mami Co., Ltd.	1,747	2.33
STATE STREET BANK AND TRUST COMPANY 505001	1,617	2.16

Note: 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)".