May 14, 2024

Menicon Co., Ltd.
President and COO: Koji Kawaura
Securities Code: 7780
TSE Prime Market, NSE Premier Market
Contact:
Hideki Koga
Senior Executive Officer,
Corporate Management, CFO
Phone: +81-52-935-1646

Notice of Establishment of New Quantitative Targets in the Medium-Term Management Plan

Menicon Co., Ltd. (hereinafter "the Company") announces that it has set quantitative targets for the fiscal year ending March 31, 2028 as a new milestone in its mid-term management plan "Vision 2030". Until now, the Company has been promoting its business under quantitative targets for the fiscal year ending March 31, 2026 as the milestone of "Vision 2030."
For details of the medium-term management plan, please refer to the "Medium-Term Management Plan" ("Medium-Term Management Plan"
→URL: https://www.menicon.com/corporate/Investors/mid-term-management-plan)

1. Background of Setting Quantitative Targets for the Fiscal Year Ending March 31, 2028

As announced in May 2021, the Company has been working toward achieving the quantitative targets of our medium-term management plan, which are net sales of 140 billion yen, operating margin of 12%, and ROE of 10% for the fiscal year ending March 31, 2026.

Although consolidated sales have continued to grow, it took longer than initially expected to increase production capacity due to a review of the timing of investment in production facilities for daily disposable contact lenses following the temporary stagnation of demand for the COVID-19 pandemic and subsequent supply chain disruptions caused by changes in the global situation, etc. As a result, the supply of daily disposable contact lenses has not been sufficient to meet demand. In addition, the market growth of orthokeratology lenses has moderated due to the economic stagnation in China. Moreover, on the profit side, the Company has been affected by rising procurement costs due to inflation. The assumptions have changed from the time when the quantitative targets were set, and the details to be addressed have also changed.

In light of these circumstances, in order to realize "Vision 2030," the Company has set two growth strategy policies: "1DAY-lens Strategy Policy: Aim to be Top Global Player of 1DAY-lens Business with

original products and services” and “Orthokeratology-related (Myopia Control-related) Strategy Policy: Aim to be Leading Company of Orthokeratology-related (Myopia Control-related) Business by creating new value related to myopia control” and set new quantitative targets for the year ending March 31, 2028.

2. Growth Strategy

The growth pillar will be the expansion of sales of daily disposable contact lenses, which are expected to continue to be in strong demand due to their convenience as the global population of myopia is expected to increase. In addition, the Company aims to achieve stable growth in orthokeratology lenses, which are expected to be effective in controlling the progression of myopia, and lens care products used with orthokeratology lenses ("orthokeratology-related business"). Orthokeratology lenses are part of the solution to the growing population of people with high myopia due to the low age of myopia. Through these efforts, the Company also aims to continuously expand sales and improve profitability over the medium to long term in each of our key regions in Japan and overseas.

With regard to daily disposable contact lenses, the Company will increase production capacity by operating the Malaysia plant, in addition to improving the utilization rate and expanding production facilities in existing plants. In Japan, the Company expect stable sales growth through an increase in the membership ratio of daily disposable contact lenses in MELS Plan, and overseas sales growth mainly through sales expansion to major mass retail chains in Europe and North America. In orthokeratology-related business, the Company expects sales growth through sales expansion in global markets, including Asia, especially China, where stable demand is expected, by utilizing multiple orthokeratology lens lineups and lens care products with recognized disinfecting and cleaning effectiveness.

In terms of profit, the Company expects to improve profitability by increasing the production volume of daily disposable contact lenses, mainly through full-scale production at the Malaysia plant.

3. Quantitative Targets

	Fiscal year ending March 31, 2026 (Announced on May 13, 2021)
Net sales	140.0 billion yen
Operating margin	12%
ROE	10%

⇨

	Fiscal year ending March 31, 2028 (Announced on May 14, 2024)
Net sales	over 140.0 billion yen
Operating margin	12%
ROE	12%

*The strategic targets for the fiscal year ending March 31, 2028 are 42.0 billion yen in sales of daily disposable contact lenses and 20.0 billion yen in sales of orthokeratology-related business.

4. Establishment of Dividend Policy

As stated in the May 14, 2024 release titled “Notice of Change in Dividend Policy and Dividends from Surplus,” the Company's dividend policy was to pay dividends appropriately by comprehensively taking into account the business results for the current fiscal year and the enhancement of internal reserves necessary for future business development and strengthening of the Company's financial position. However, we have added a dividend payout ratio of approximately 30% as a target to ensure continuous stable dividends. We will continue to return profits to our shareholders. In the future, the Company will continue to return profits to our shareholders.

End