Menicon Integrated Report 2019

Menicon

Menicon

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Our mission is to delight people around the world by giving them clear vision.

Corporate Slogan

Contributing to society by providing superior visual correction.

Management Philosophy

Values

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

Creation | Originality | Challenge

Mission The kind of enterprise we want to be

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

Vision The dream that we want to achieve

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

Our Mission to Stakeholders

To End Users

As a pioneer company, to enhance customer satisfaction by offering superior technology that provides the joy of sight and the joy of living, and to become a company regarded by all customers as an enterprise they want to continue to use as long term end-users.

To Our Employees

To heighten employee satisfaction by providing a rewarding work environment that permits self-actualization as a company respectful of individuals, and to be regarded by all employees as an enterprise where they want to continue working as family.

To Industry Participants

To boost satisfaction among outside researchers, clients, business partners, and other collaborators by contributing proactively to the growth of the industry as a corporate leader, and to be regarded by all other members of the industry as a partner with which they want to continue to do business in the future.

To Society

As a global citizen, to pay respect to all life, the environment, cultures, and history, and to increase the satisfaction of all citizens, and to be eternally considered a "good neighbor" by all.

To Our Shareholders

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

CONTENTS

History of Menicon ····· 3
Top Message ····· 5
CFO Message ····· 8
Special Interview:
Outside directors ····· 9
Corporate Governance ····· 11
Four Important Challenges ····· 15
1. Providing vision
2. Protecting the health of the eye
3. Fostering technology and cultivating human resources
4. Creating sustainable values
Financial & Non-financial Highlights ····· 23
Investor & Stakeholder Relations ····· 25
Corporate & Stock Information ··· 26

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

Vision 2020

Under our medium-term business plan that sets "growth of MELS Plan," "growth of overseas businesses," and "growth of new businesses" as the three pillars, we aim for further growth and to become a sustainable company.

Vision2020 Numerical Targets
- Net sales of 100 billion yen
- Operating profit ratio of 10%
- ROE 10%

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

History of Menicon

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

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

1967
"Menicon" registered as a trademark

1977
Menicon SAS founded in France
[*Menicon SAS*]

1984
Seki Factory established in Gifu Prefecture as the main plant

1988
Menicon GmbH founded in Germany
[*Menicon GmbH*]

1992
A lens care product plant established in France
[*Menicon Pharma SAS*]

1995
The R&D Center established in Aichi Prefecture

1997
Hard contact lens Menicon Z introduced to market

Acquired shares of contact lens affiliate in Aichi Prefecture
[*Menicon Business Assist Co., Ltd.*]

2001
Menicon España S.L. founded in Spain
[*Menicon España S.L.*]

Menicon America, Inc. founded in the U.S.A.
[*Menicon America, Inc.*]

MELS Plan member-only system launched

2002
Technology development center Menicon Techno Station established in Gifu Prefecture

2003
A subsidiary operating veterinary medical business founded in Aichi Prefecture
[*Meni-one Co., Ltd.*]

2005
Menicon Singapore Sales Pte. Ltd. founded in Singapore
[*Menicon Singapore Sales Pte. Ltd.*]

2006
Acquired shares of contact lens manufacturer in Netherlands
[*NKL Contactlenzen B.V.*]

Menicon Singapore Pte. Ltd. founded in Singapore
[*Menicon Singapore Pte. Ltd.*]

2008
Two-week replacement silicone hydrogel contact lenses 2 WEEK Menicon PremiO introduced to market

2009
Acquired shares of contact lens manufacturer in UK
[*Menicon Limited.*]

2010
Acquired shares of contact lens care product manufacturer in Aichi Prefecture
[*Menicon Nect Co., Ltd.*]

2011
Thin 1 mm package daily disposable contact lenses Magic introduced to market

2012
Acquired shares of contact lens retail outlet in Tokyo
[*W.I. System Co., Ltd.*]

First Glory Holdings Ltd. founded in Hong Kong
[*First Glory Holdings Ltd.*]

2013
Acquired shares of sales distributor in Australia
[*Menicon Australia Pty Ltd*]

Number of MELS Plan members reached one million

2014
Menicon Korea Co., Ltd. founded in Korea
[*Menicon Korea Co., Ltd.*]

Circle lenses 2 WEEK Menicon Rei introduced to market

2015
Kakamigahara Factory established in Gifu Prefecture as a manufacturing plant for daily disposable contact lenses

Menicon newly listed in the First Section of the Tokyo Stock Exchange and the First Section of the Nagoya Stock Exchange

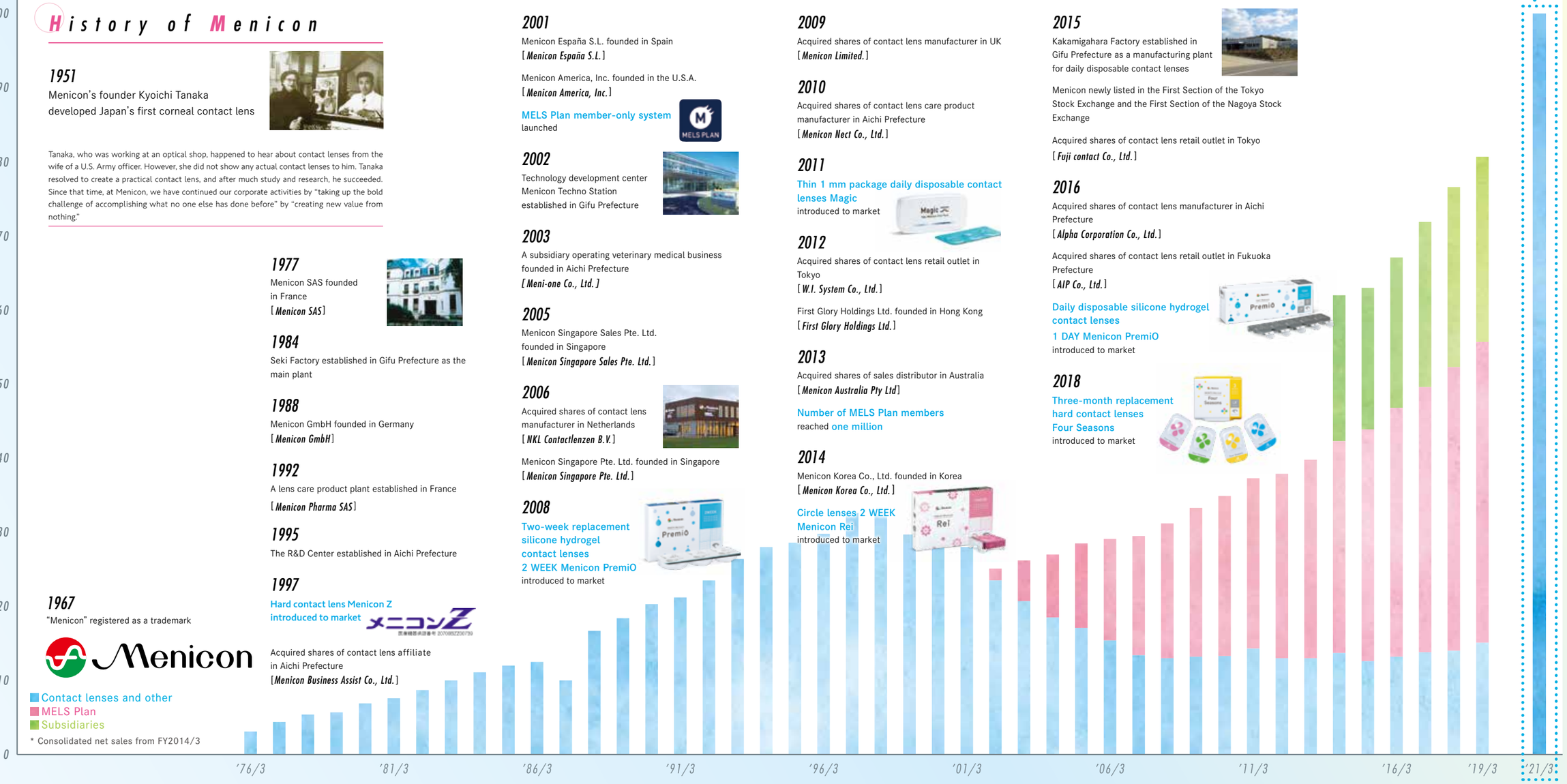
Acquired shares of contact lens retail outlet in Tokyo
[*Fuji contact Co., Ltd.*]

2016
Acquired shares of contact lens manufacturer in Aichi Prefecture
[*Alpha Corporation Co., Ltd.*]

Acquired shares of contact lens retail outlet in Fukuoka Prefecture
[*AIP Co., Ltd.*]

Daily disposable silicone hydrogel contact lenses 1 DAY Menicon PremiO introduced to market

2018
Three-month replacement hard contact lenses Four Seasons introduced to market



Menicon continues as a "creative specialist company" appreciated by the society, with an "End User First" perspective.

President and CEO **Hidenari Tanaka**

Who we are

Here at Menicon, ever since developing Japan's first corneal contact lenses, over the years we have continued to grow as a leading contact lens company. We have upheld our corporate slogan "Contributing to society by providing superior visual correction" since our incorporation, so as to continue being a "creative specialist company" offering to the world products and services that benefit society.

With regard to the performance of the fiscal year ended March 2019, net sales posted a growth of 5.5% over the previous fiscal year, driven by increases in sales of contact lenses, lens care products, and MELS Plan. In addition to steady sales of disposable contact lenses such as our "1 DAY" products, MELS Plan has enjoyed strong growth in the number of membership, acting as performance driver. Concerning profits, operating profit marked 5.5 billion yen, an increase of 26.8% over the previous year.

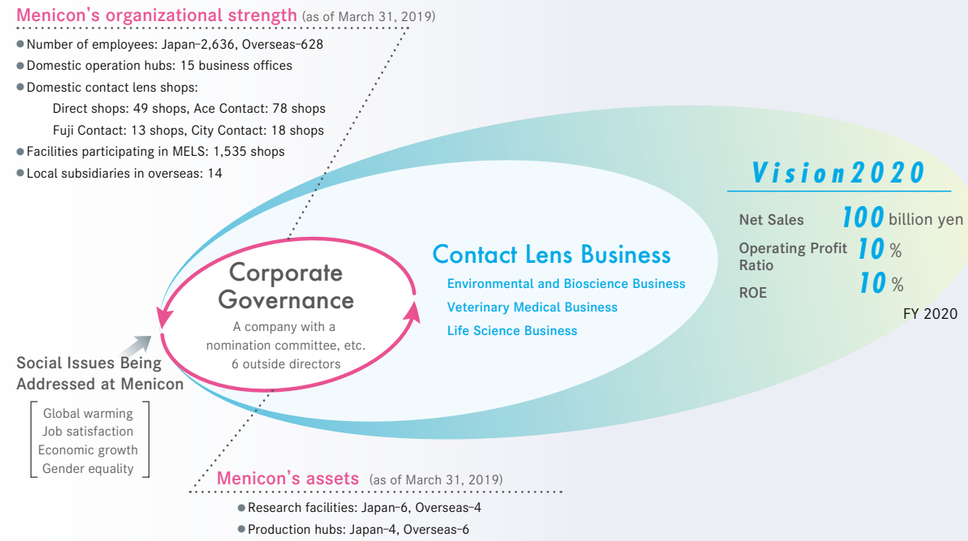
For future growth, we will focus on expanding the production and sales of disposable contact lenses. We are promoting investment projects such as plant expansions to reinforce production capabilities in Japan, which will be the driving force for overseas sales. In addition, we will continue to develop a series of new products to expand our product lineup.

While the year ended March 2019 has seen steady progress on medium-term management plan, our management philosophy disallows complacency and urges us to go even further.

"Vision 2020," the medium-term business plan of the Menicon group, defines its ideal state in 2020 and sets the target of 100 billion yen for net sales and 10% for operating profit ratio. In order to achieve these goals, we are working to expand business leveraging our integrated development, production and sales capabilities, and have established the three-core strategy of pursuing "growth of MELS Plan," "growth of overseas businesses," and "growth of new businesses."

Looking back on the past year with the "Vision 2020" in mind, we are making good progress in terms of numbers. This, I believe, represents the fact that the business strategies we have been working on are steadily producing results little by little. At the same time, I get the feeling that we have yet to reach our full potential and there are still many more things we can do, which urges me, as a corporate manager, to work even harder for higher targets. We will always remind ourselves to be humble, to work on detecting our weaknesses especially when the business is good.

Creating Menicon's Value Centering on Corporate Governance



Introducing "MELS Plan" long before flat-rate services became common, and breaking the mold with new "SMART TOUCH" packaging

Flat-rate subscription services are becoming increasingly popular in many areas. At Menicon, we launched the "MELS Plan" as early as 2001, introducing a flat-rate membership plan that allows customers to use our products for a fixed monthly fee, rather than purchasing each product. To this day it has been well received, over the many years.

Why, then, is MELS Plan gaining such strong support from customers? It is primarily because of our strong commitment to the principle of "End User First." We have built the largest sales channels in Japan overwhelming our competitors, and with product specifications qualifying us as one of the top brands, product line-up covering almost all types of lenses, and a wide and close network with ophthalmologists that works as a system to ensure compliance, we continue to fulfill our supply responsibility.

In addition, we have our proprietary technology, "SMART TOUCH" that is applied to "1 DAY Menicon PremiO" and "Magic." This is a packaging based on Menicon's unique concept that allows users to put on contact lenses easily and hygienically without touching their inner surface. Advancement into overseas markets armed with this unrivaled SMART TOUCH technology is at the core of our strategy. We believe creating a new approach in sales promotions can bring us the possibility of a dramatic growth in our overseas business.

Corporate governance system incorporating the "Pioneering Spirit"

The Company became a listed company in 2015. Before the listing, at an earlier stage it had completed its transition to a company with a nomination committee, etc., establishing a nomination committee, an audit committee, and a remuneration committee. The majority of the members of each committee is outside directors in order to ensure fairness and objectivity. This is because we have determined it important to allow for a swift decision making in management and to strengthen supervisory control

functions. The role of the board of directors is to supervise and advise on important business execution matters that executive officers have deliberated and determined. To follow this principle, it is better to split the responsibility between those who press the accelerator (executive officers) and who apply the brake (directors). In other words, by separating the executive function and the supervisory function, we have implemented an institutional design that both wins trust from stakeholders and achieve sound corporate management.

As a director, president and CEO, I came to think that the essential requirement for directors is diversity. Giving due consideration to diversity among the members of the board makes it possible to achieve greater balance in engaging in intensive discussions on overall directions and strategies, how they will be implemented, and how to fulfill accountability during the course, thereby enhancing the effectiveness of the board of directors.

To achieve sustainable growth

Research and development

Differentiating ourselves by quality and performance of our products can be a key competitive advantage in the market, including overseas markets. Our proprietary research and development capabilities to adjust to rapidly evolving medical challenges is crucial, and research and development activities in the Menicon group are carried out with the basic principles of 1) developing highly reliable products with safety as the top priority, and 2) pioneering the development of unique new products as a "creative specialist company." We will continue to conduct research toward the development of new products with higher added value and based on the safety philosophy, with the aim of continuously offering to the world products and services that benefit society.

Commitment to employees, environment, and society

Sustainable business growth is not possible without developing human resources. The issue of "how to become a company where employees are enthused about working," also poses a question to myself, "What should I do to provide an environment where employees can work feeling safe and comfortable?" Human resource development is all about finding talented people at an earlier stage and giving them opportunities to grow. In order to do that, the people who evaluate people should also learn more about how to do it properly. This is not something you can accomplish overnight. However, I believe the important thing is that everyone shares such awareness and works together as a team. And I realize that I, as a member of the management, am assigned the important role of fostering such corporate culture and helping each and every personnel reach their full potential. Menicon has put the CSR Committee in place for the purpose of strengthening CSR activities and internal control functions in an organized manner, with the aim to realize a sustainable society. As part of these activities, in terms of the environment, we are promoting the environmental and bioscience business that utilizes the technology cultivated in contact lens development and such other initiatives as reducing the environmental burden from our business activities. In the area of culture and education, we do not only take the word mécénat—corporate patronage of the arts and culture—literally; rather, we treat it as part of our business operation to actively support cultural activities of the local community on an ongoing basis.

Message to shareholders and investors

We expect that our shares will be held by those investors who look after our growth warmly from a medium- to long-term perspective. In addition, we would like our shareholders to resonate with the dreams and visions of Menicon, and support with a passion, taking part with us in realizing a sustainable society. Going forward, we are committed to steadily promoting our growth strategy and meet the trust and expectations of our shareholders and investors.

CFO Message

Aiming for the long-term enhancement of corporate value by improving profitability and capital efficiency

Director of the management control department (CFO)
Motonari Watanabe

The Menicon group aims for sustainable growth by operating responsibly for the interest of end users, shareholders, industry participants, employees, and society.

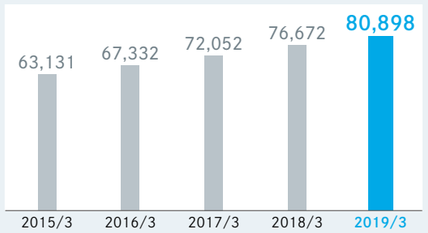
Our financial performance for the fiscal year ended March 2019 has seen increases in both sales and profit, with net sales of 80.8 billion yen, operating profit of 5.5 billion yen, and operating profit margin of 6.9%. Going forward, Menicon group's medium-term management plan "Vision 2020" sets the target for the year ending March 2021 at net sales of 100 billion yen and operating profit ratio of 10%.

We consider the return on equity (ROE) as another important indicator. Our ROE, which had been 4.3% for the fiscal year ended March 2015, rose to 8.7% by the year ended March 2019. The "Vision 2020" aims at 10% and above.

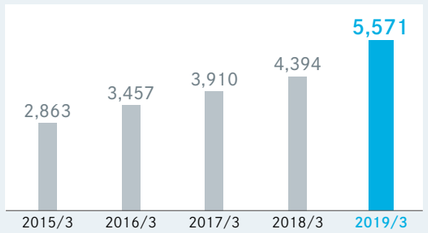
Achieving net sales of 100 billion yen requires further business expansion, and we are working to strengthen each function from the perspective of 1) development of strategic products, 2) enhancement of production capacity, and 3) expansion of sales channels. As a field of particular importance, we have designated "daily disposable contact lenses," for which continuous market growth can be expected, as our focus segment, stepping up investments in lens manufacturing facilities. More specifically, we have started investing in the expansion of Kakamigahara Factory in Gifu Prefecture to turn its current one-story structure to three stories, and plan to gradually increase the number of production lines. We will continue to make capital investments while maintaining a sound financial position.

As for securing return to shareholders, our basic principle is to ensure continuous and stable payment of dividends to our shareholders, with an approximate target payout ratio set at 30% on a consolidated basis as a return to shareholders. Internal reserves will be utilized in investments for business expansion. We are committed to continuously enhancing our corporate value by carrying out investments for business expansion and appropriately funding the investments.

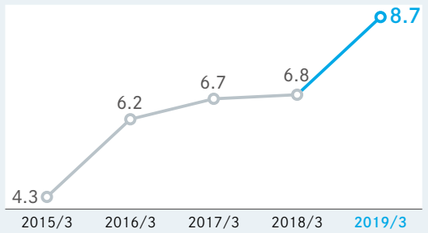
● Net Sales (¥ million)



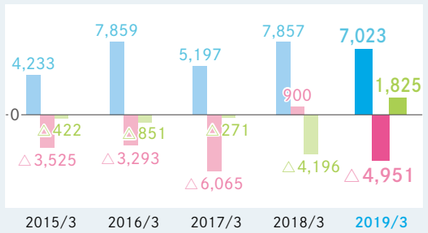
● Operating Profit (¥ million)



● ROE (%)



● Cash Flows (¥ million)



■ Cash flows from operating activities
■ Cash flows from investing activities
■ Cash flows from financing activities

Special Interview Attaining a leading industry position through strength of governance

What is the role of an outside director?

Horinishi

Corporate governance is a field strongly needed by Japan's corporations. The people who become outside directors come from various fields. Some are skilled professionals, while others are management specialists. As an outside director who brings a legal perspective, I think it is important that my perspective reflects the current trends in society so that I can provide not only legal insight but also opinions regarding the typical standards that a company should apply when making evaluations.

Watanabe

It was extremely easy to carry out discussions relating to specialized conversations relating to law because you, Ms. Horinishi, shared your legal knowledge and conveyed your opinions, which were grounded on experience.

As a CPA, I was in charge of auditing and preparing initial public offerings for numerous companies while working at an audit firm. My experience includes not only working in Japan but also my time posted overseas. I believe that as Menicon pursues its medium-term management plan and works to achieve its "Vision 2020" targets, it needs my perspective as a CPA with an international viewpoint because of the knowledge I can offer, namely, what is essential for global growth and what is important for effectively implementing governance in numerous overseas subsidiaries. Menicon applies JGAAP as its accounting standards in Japan but applies IFRS at its overseas subsidiaries. For example, when the financial information was presented to the board of directors, I described the unique accounting methods of each country.

Horinishi

When you explained how issues should be considered from an accounting standpoint, Mr. Watanabe, I was able to understand it very well, and I found it extremely helpful.

Evaluation of overall management

Horinishi

Menicon was an early adopter of the system of a company with a nomination committee, etc., and this has strengthened the governance structure. But simply introducing the system is not sufficient as it is also important to properly manage it. The discussions at the board of directors meetings are lively and I feel free to state my opinion without reservation. I am a member of the remuneration committee and the audit committee, and I think it can be said that because the management circumstances are described in detail at each committee, the system runs smoothly.

Watanabe

I think the governance system is functioning appropriately for a listed company, but I also feel a strong motivation to continue efforts to improve governance even further. I sense the desire to improve corporate value among the top management as well. They have set numerical targets and are demonstrating leadership. I think this motivation is being clearly communicated to the stakeholders, particularly the employees. However, the pressure to always achieve numerical targets can be a threat to the integrity of corporate governance. Therefore, it is highly important that two perspectives be upheld: one being the aim to raise corporate value, and the other to properly preserve the corporate governance system.

Future challenges and points for further improvement

Watanabe

When Menicon was conducting its IPO, I think it achieved its listing by clearing some extremely tough standards imposed by not only the audits of the audit firm but also the examinations, etc. of the securities companies and the stock exchange. In my experience, I have encountered some cases where companies have let their governance system weaken five or ten years after listing as the tough standards that were required for the listing fade from memory. I believe the bodies performing internal control must continue to uphold these tough standards. It is important that a company strive to improve its corporate value while maintaining an awareness of internal control and corporate governance.

Horinishi

In last year's integrated report, I said that it was important for Menicon to be increasing its share in the disposable contact lens market and expanding in markets globally. Because disposable contact lenses are required across the globe, I believe that it is important to continue to address these needs.

On the other hand, Menicon is also focusing on the field of hard contact lenses, in which it holds an overwhelming share. Menicon has launched a new product called "Four Seasons," and I think its key selling point of frequent use without disposal is in line with social trends concerning the environment. Also I think that these specialty lenses that have technology only Menicon provides are contributing to society.

Expectations for Menicon

Horinishi

The pursuit for profit is important for a company listed on a stock exchange. However, companies are also integral members of society, and I think it is important that activities provide happy outcomes for everyone. I believe my philosophy and Menicon's corporate stance are in agreement on this point, and I look forward to continuing the challenge of working in Menicon's original field. I believe these activities will ultimately contribute to improving the corporate value.

Watanabe

Because Menicon conducts both manufacturing and sales, and its products and services have a direct connection with the end users, it has held brand names since before it was a listed company. In terms of the ESG (Environment, Social, Governance) aspects, I think the CEO, Hidenari Tanaka is leading initiatives that cover all aspects. I also think that Menicon's efforts to further pursue the ESG aspects is exactly what society expects. As an outside director, I am looking forward to supporting these endeavors.

Companies are integral members of society. They must work to achieve happy outcomes for all.

Further strengthening governance will promote global growth

Outside director
Yoshimi Horinishi
Attorney

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Outside director
Shingo Watanabe
Certified public accountant

Views on Corporate Governance

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

Overview of Corporate Governance System

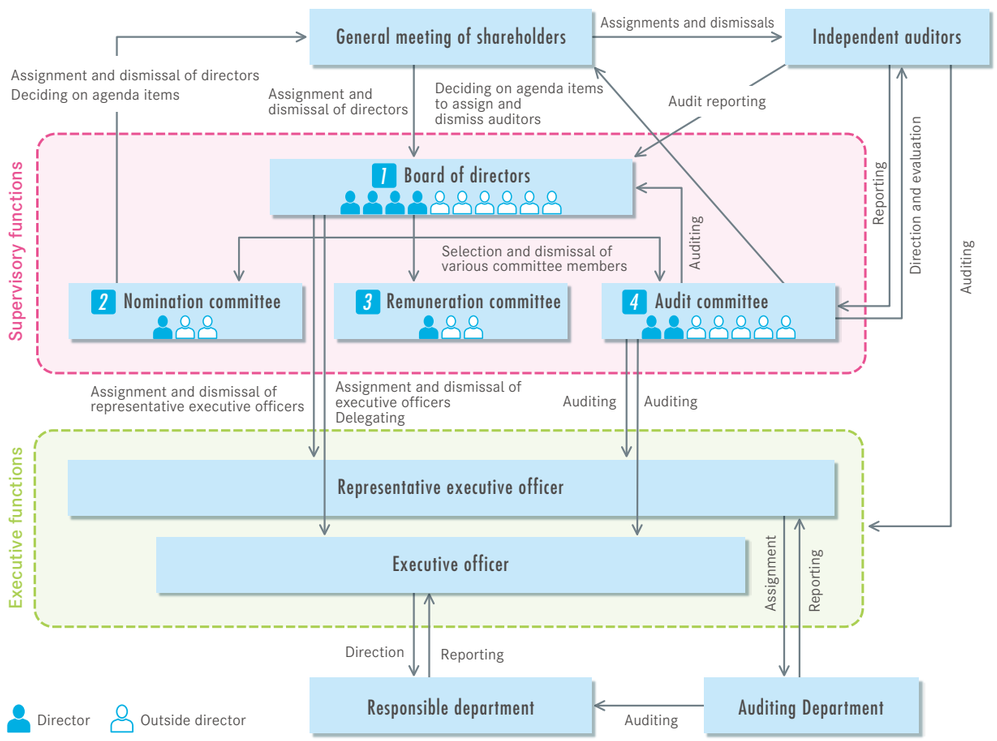
Menicon is a company with a nomination committee, etc., as required by corporate law, and the company's governance structure is made up of 10 directors (six of whom are outside directors) and 10 executive officers (including one who is also a director). Outside directors supervise and provide advice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

As a mechanism for the administration of business matters and the monitoring of management, the board of directors — composed of directors appointed at a general meeting of shareholders — makes important corporate decisions and supervises the performance of their duties of the executive officers and management. The board of directors also names executive officers. Through the authority of these executive officers that is strengthened with each matter placed under their charge, swift, effective execution of business is achieved.

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

As for the roles of each committee, the nomination committee decides the director candidates to be submitted at the next general meeting of shareholders, the audit committee inspects the compliance and suitability of the performance of their duties of the directors and executive officers and determines a plan for appointment, dismissal, and non-reappointment of accounting auditors to be submitted to the general meeting of shareholders, and the remuneration committee is responsible for deciding compensation plans and amounts for directors and executive officers.

Matters important to the administration of business matters (excluding matters decided by the board of directors) are deliberated and decided upon at meetings of the executive committee — made up of all executive officers — and other important management meetings. Executive officers report to the board of directors on the status of business matters and fulfill accountability.



1 Board of directors

Evaluation of the effectiveness of the board of directors

We get each director to perform a self-evaluation every year and based on that we evaluate the effectiveness of the board of directors and each committee. In the current fiscal year, we again surveyed each director regarding the overall effectiveness of the board of directors. As a result of the analysis and evaluation, improvements were seen in the issues we had been engaging and the board of directors was given an assessment that it is generally operating in an effective manner.

As a future challenge, we will continue with our efforts to further ensure the effectiveness of the board of directors by making it possible for directors to obtain information early for correct managerial judgment.

2 Nomination committee

The nomination committee comprises three directors: Hiroshi Okada (chairperson), Yoshiyuki Takino and Ryutaro Honda (two of the three are outside directors). The committee determines the content of proposals regarding the appointment and dismissal of directors to be submitted to the general meeting of shareholders. In addition, the nomination committee has the authority to formulate proposals on the appointment and dismissal of executive officers and submit them to the board of directors, determine the basic policies necessary for the execution of duties, and to establish, revise or abolish operational regulations and procedures, etc. based on this authority.

In the appointment, etc. of directors and executive officers, we select from the viewpoint of enhancing the Company's social value and corporate governance, taking into consideration factors such as abilities and experience necessary for each role.

The nomination committee deliberates on the eligibility of the appointment and dismissal of a director, who is then appointed or dismissed at the general meeting of shareholders after deliberation by the board of directors. The majority of the board of directors shall be composed of outside directors who are independent and neutral.

The nomination committee deliberates on the eligibility of the appointment and dismissal of an executive officer, who is then appointed or dismissed after deliberation by the board of directors. The nomination committee deliberates on the eligibility of the selection of a representative executive officer, and the representative executive shall be selected from the executive officers after deliberation by the board of directors. The nomination committee also deliberates on dismissals, and implements dismissals after deliberation by the board of directors.

3 Remuneration committee

The remuneration committee comprises three directors: Mamoru Fukimbara (chairperson), Hiroshi Okada and Yoshimi Horinishi (two of the three are outside directors) and determines compensation plans and amounts, etc. for directors and executive officers. Compensation for Menicon's directors and executive officers is intended to provide strong motivation for directors and executive officers to carry out their duties and the results related to raising corporate value (performance) are also reflected in the compensation. When determining compensations, the improvement of corporate governance is ensured by maintaining the rationality and the transparency of these decisions, and the level of compensation is kept within an appropriate level by taking into consideration factors such as the business environment, performance, and levels set by other companies.

(a) Operation guidelines for determining compensation

1. Strong motivation will be fostered by rewarding people who deliver results.
2. In addition to short-term achievements, contributions that will improve corporate value over the long term will also be reflected in compensation.
3. Compensation contains a fundamental principle of promoting "work" to equal both the "execution of duties" and the "results."
4. The compensation content has a fairness and reasonableness that can be explained to shareholders and employees.
5. The compensation content is capable of securing excellent personnel in the management team.

(b) Compensation structure

1. As basic compensations, yearly compensation amounts are derived from the designated duties and consolidated performance results. Consolidated performance results are reflected more greatly for compensations for executive officers.
2. A share remuneration-type stock option scheme has been implemented as an incentive for recipients to share awareness for profit with the shareholders and to strongly motivate them in continuously working to improve business performance from a mid- to long-term perspective.

In the processes to determine above compensations, regulations and detailed rules regarding executives' compensations are established and operational procedures and standards are clarified.

4 Audit committee

The audit committee comprises seven directors: Tokiyasu Tsuchida (chairperson), Yoshiyuki Takino, Yoshimi Horinishi, Hideshi Honda, Shingo Watanabe, Yozo Miyake, and Ryutaro Honda (five of the seven are outside directors). The committee conducts audits and prepares audit reports regarding the appropriateness and suitability of the directors' and executive officers' execution of duties and submits these audit reports to the general meeting of shareholders. The committee also determines the resolutions regarding the appointment, dismissal or non-reappointment of the accounting auditor.

The audit committee lays down audit policies and audit plans, and regularly receives reports or holds hearings from directors and executive officers on matters regarding execution of their duties. Furthermore, the audit committee performs investigations at our primary offices as to whether business processes and asset management are being properly carried out, on top of receiving reports from related companies, and these results are reported at the audit committee meetings. In addition to the above, members of the audit committee attend important internal meetings such as those of the executive committee, read through meeting materials for the performance review council, audit reports by the internal audit departments, etc., and as necessary, give instructions to departments responsible for internal audits regarding matters including the departments subject to audits and priority issues related to auditing.

The audit committee receives reports and explanations about audit schedules and results from the accounting auditors, and verifies the results of audits of financial statements based on the information they provide. They also receive reports and explanations on the quality control structure in place for accounting auditors.

Directors

1 Hidenari Tanaka

1987 Joined the company.
1994 Became a director.
1999 Became an executive vice-president.
2000 Became president and representative director.
2010 **Became director and representative executive officer. (present post)**
Became CEO. (present post)

2 Mamoru Fukimbara

1977 Joined the company.
2003 Became an executive officer, general manager of production headquarters.
2006 Became an executive officer, general manager of management headquarters.
2010 Became an executive officer, director of the office of business management.
2013 Became an executive officer, general manager of overseas corporation administration headquarters.
2015 **Became a director. (present post)**

3 Yoshiyuki Takino

1984 Joined the company.
2016 Became an executive officer, director of the office of business management.
2017 Became an executive officer, director of the office of business management, management control department.
2018 **Became a director. (present post)**

4 Tokiyasu Tsuchida

1980 Joined the company.
2006 Became an executive officer, general manager of production headquarters.
2009 Became an executive officer, general manager of global marketing strategy office.
2010 Became a director and vice president, Menicon Nect Co., Ltd.
2012 Became a representative director and president, Menicon Nect Co., Ltd.
2019 **Became a director at Menicon. (present post)**

5 Hiroshi Okada Outside Director Independent Director

1968 Began working at Brother Industries, Ltd.
2003 Became a professor, Nagoya City University Graduate School of Economics.
2005 Became a visiting professor, Jianghan University, China.
2007 Became a professor, Department of Modern Management, Sugiyama Jogakuen University.
2009 Became principal of Ohzan Japanese Language School.
2010 **Became a director at Menicon. (present post)**

Important concurrent posts

Professor, Tokyo University Graduate School of Social Welfare

6 Yoshimi Horinishi Outside Director Independent Director

2000 Certified as an attorney.
Joined the Nagoya Bar Association.
2004 Joined the Asahikawa Bar Association.
2007 Rejoined the Nagoya Bar Association (Currently the Aichi Prefecture Bar Association).
2014 Became a member of the Nagoya Architectural Dispute Resolution Committee. Became a Nagoya Summary Court civil mediation officer.
2016 **Became a director at Menicon. (present post)**

7 Hideshi Honda Outside Director Independent Director

1977 Joined Eisai Co., Ltd.
2003 Became an executive officer, senior director of the International business and development department, Eisai Co., Ltd.
2005 Became general manager of the consumer health product division, Eisai Co., Ltd.
2007 Became a managing executive officer, Eisai Co., Ltd.,president, Eisai Japan.
2008 Became a senior managing executive officer, Eisai Co., Ltd.,president, Eisai Japan.
2011 CEO and deputy president, Eisai Co., Ltd.
2017 **Became a director at Menicon. (present post)**

8 Shingo Watanabe Outside Director Independent Director

1980 Started work in Deloitte, Haskins & Sells.
1984 Became a certified public accountant.
1987 Started work in Dusseldorf Office of Ernst & Young.
1990 Started work in Zurich Office of Ernst & Young.
1995 Started work in London Office of Ernst & Young.
1998 Started work in Nagoya Office of ShinNihon LLC (Currently Ernst & Young ShinNihon LLC).
2017 Opened Shingo Watanabe Certified Public Accountants Office.
2018 **Became a director at Menicon. (present post)**

9 Yozo Miyake Outside Director Independent Director

1968 Joined Ophthalmology Laboratory, Nagoya University.
1982 Became a head of ophthalmology, Social Insurance Chukyo Hospital.
1997 Became a professor of ophthalmology, Faculty of Medicine, Nagoya University.
2005 Became an emeritus professor, Nagoya University. Became a director, National Institute of Sensory Organs.
2007 Became a professor, Faculty of Medical and Welfare, Aichi Shukutoku University.
2010 Became a director, Aichi Medical University.
2019 **Became a director at Menicon. (present post)**

10 Ryutaro Honda Outside Director Independent Director

1970 Joined Aichi Music FM Broadcasting Co., Ltd.
1996 Became a director and general manager of program development office, FM AICHI BROADCASTING Co., Ltd.
1998 Became a managing director, FM AICHI BROADCASTING Co., Ltd.
2004 Became a representative director and president, FM AICHI BROADCASTING Co., Ltd.
2009 Became a representative director and president, NAKANIHON MULTIMEDIA BROADCASTING Co., Ltd.
2017 Became a chairperson of the board, FM AICHI BROADCASTING Co., Ltd.
2019 **Became a director at Menicon. (present post)**

Executive Officers

1 Motonari Watanabe

1997 Joined the company.
2017 Became an executive officer, director of the office of management strategy.
2018 **Become an executive officer, director of the strategy control department and CFO. (present post)**
2019 **Became an executive officer, director of the management control department. (present post)**

2 Koji Kawaura

1992 Joined the company.
2010 Became president, Menicon Singapore Pte. Ltd.
2013 Became an executive officer, director of the office of area & products marketing strategy.
2015 Became an executive officer, director of the office of brand strategy.
2016 Became an executive officer, director of the product development department.
2017 **Became an executive officer, director of the Manufacturing and R&D. (present post)**

3 Hiroki Shinoda

1986 Joined the Company.
2013 Became an executive officer, director of the domestic business department.
2015 Became an executive officer, director of the 2nd domestic business department.
2018 **Became an executive officer, director of the domestic business control department. (present post)**

4 Hideki Koga

1993 Joined the company.
2016 Became an executive officer, director of the overseas department.
2017 **Became an executive officer, director of the overseas control department. (present post)**

5 Wataru Ito

1983 Joined the company.
2016 Became an executive officer, director of the office of domestic marketing strategy.
2018 **Became an executive officer, director of the new business control department. (present post)**

6 Toshikazu Miura

1984 Joined the company.
2017 Became an executive officer, director of production and physical distribution.
2019 **Became an executive officer, director of the office of business management, management control department. (present post)**

7 Stephen Donald Newman

1997 Joined Igel CM Laboratory Pte. Ltd.
2007 Joined the company.
2010 Became CTO, Menicon Singapore Pte. Ltd.
2013 Became president, Menicon Singapore Pte. Ltd.
2017 Became an executive officer, director of the product development department.
2019 **Became an executive officer, director of the R&D division, Manufacturing and R&D. (present post)**

8 Akihisa Sugiyama

1985 Joined the company.
2005 Became a corporate officer, director of the development department.
2010 Became an executive officer, director of the development department.
2011 Became an executive officer, director of the office of global R&D strategy, director of the development department.
2012 Became an executive officer, director of the development department.
2015 Became an executive officer, director of the R&D department.
2016 Became an executive officer, director of the new business department.
2017 Became an executive officer, director of the new business control department.
2018 Became an executive officer, director of the management department.
2019 **Became an executive officer, director of the Manufacturing & Logistics division, Manufacturing and R&D. (present post)**

9 Hisashi Moriyama

1988 Joined the company.
2016 Became an executive officer, director of the 1st domestic business department.
2018 **Became an executive officer, vice-director of the domestic business control department. (present post)**

Menicon Standard

Four Important Challenges for Menicon

Since the practical application of Japan's first corneal contact lens in 1951, Menicon has provided products and services that contribute to society under the corporate slogan of "Contributing to society by providing superior visual correction." We will continue to develop safe and high-quality products, and, with technologies and human resources cultivated through the development of contact lenses, we will take bold steps towards new businesses outside the field of ophthalmology and expand our global share by developing businesses with a view on the global market.

Based on this recognition, Menicon has identified four important challenges. It is the underlying DNA of Menicon to take challenges of creating new and original things that nobody else is working on. Based on the pioneering spirit that has been passed on to this day, we, the Menicon group as a whole, will continue advocating our principles of "End User First" and make all-out efforts to aim not only at protecting the health of our customers' eyes but also at becoming a "global enterprise that is friendly to people, animals and the environment."

1. Providing vision →P16

Menicon, as a manufacturer of specially controlled medical devices, will develop and product high-performance and high-quality product, and continue to provide optimal vision for each individual.

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

2. Protecting the health of the eye →P18

Menicon is committed to fulfilling its mission of protecting people's eyes through proposing and offering a comfortable lifestyle which is most suitable to individuals of all generations.

- Create a system to stably supply high-quality products
  Focus area ... Strengthening the MELS Plan
- Supply various products suited for every lifestyle

3. Fostering technology and cultivating human resources →P19

Menicon hands over "technology" and "knowledge" that support manufacturing to next generations and leads the future based on our will that we never let them be weathered by the tide of the times.

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

4. Creating sustainable values →P21

Menicon breaks new ground to create improved corporate values focusing on the contact lens business.

- Deploy the business models cultivated in Japan to overseas markets
  Focus area ... Growth of overseas businesses
- Monetization of new business on the theme of life and environment
  Focus area ... Growth of new businesses

1. Providing vision

Development capabilities

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

There are three main research and development functions, consisting of product development for conducting research on materials and designs such as contact lens materials, clinical research for clinical evaluation of eye safety and product efficacy, and research on production technologies that enable mass production of high-quality products. By coordinating these functions closely and in an interactive manner, we will continue to create new value that is unique to Menicon.

Research Facilities (6 in Japan and 4 outside Japan)

Production capabilities

Commercialization of products requires not only research and development but also superior production technology. The research department and the manufacturing department work together closely to develop and operate, entirely in-house, production lines tailored to the materials. Menicon's advanced proprietary manufacturing technology supports contact lens production.

Production Hubs (4 in Japan and 6 outside Japan)

Menicon Seki Factory

Menicon Nect Gujo Factory

Menicon Singapore

Development and production capabilities utilizing Menicon's proprietary technology

One of the strengths of Menicon group's research and development lies in its comprehensive research and development capabilities from lens material development to design, development of manufacturing methods, and clinical development. It is these capabilities that help us develop our unique products that are comparable to those from major overseas manufacturers. Our production systems use a variety of manufacturing technologies suitable for each product ranging from custom-order items to mass production of daily disposable contact lenses, to stably produce high-quality products. Our logistics systems are in place to deliver the products to all over Japan in a timely manner.

Going forward, it is important to develop products that meet the needs of customers in the global market in addition to the Japanese market. To that end, we are promoting the internationalization of research and development activities, such as strengthening ties with research institutes both at home and abroad. In addition, it is essential to enhance production capabilities and build up a logistics network that delivers products worldwide, centering on daily disposable contact lenses. In order to strengthen the supply chain, we are making capital investments such as increasing the floor space of the factories for daily disposable contact lenses as well as adding new production lines, and have established a distribution center in Europe to strengthen our international logistics network.

The Menicon group is committed to working on a company-wide basis to approach a wider customer base including overseas, with products and services that make the most of its technological capabilities.

Executive Officer
Director of the Manufacturing and R&D
Koji Kawaura

Production Factories

Expanding the production of silicone hydrogel daily disposable contact lenses

Artist's impression of Kakamigahara Factory after expansion

Since its release in 2016, "1 DAY Menicon PremiO", a daily disposable contact lens with silicone hydrogel, has been steadily increasing its sales. Silicone hydrogel is a material with high oxygen permeability, which is important for the safety of eyes. The lens for astigmatism joined the lineup in September 2018, adding to the availability for more users.

In addition, as a brand for overseas market, we launched sales in Europe under the product name "Miru 1 day UpSide." UpSide means "facing upwards." When a user opens the "SMART TOUCH" package, the outer surface of the lenses are always facing upward as opposed to normal lenses facing downwards, making it possible for the user to wear them without touching the inner surface. The name aims to intuitively appeal such usability of the function of the SMART TOUCH package.

With a view to expanding sales overseas as well as in Japan, we have started construction works at Kakamigahara Factory in December 2018, to expand its floor space by turning its current one-story structure to two/three stories in an aim to expand its production capacity. This floor space expansion work will allow the factory to have up to 15 manufacturing lines. The lines will be gradually expanded, and in the future expected to produce more than 500 million lenses a year. By the expansion of the production volume and our product lineup, we will further expand sales in the daily disposable contact lens market, a market that promises growth both in Japan and in the world.

The world's first hard contact lens that commercializes the mold manufacturing method

Menicon has launched "Four Seasons" contact lens, a new category of three-month replacement lenses that combines the advantages of hard contact lens and regular replacement lens. It is the first lens in the world that commercializes the mold manufacturing method, other than soft materials that contain moisture such as for daily disposable lens. Aiming to improve the fitness of wearing by the mold manufacturing method, we have succeeded in making the lens surface smoother and its periphery thinner than conventional products.

The colors of the lens represent each season, which are pink, green, orange, and blue, and feature the concept of "contact lens that can be changed as the season changes." The lens can be replaced once in three months before its condition gets unfit to wear, just like seasons change. It is sold in a box containing four lenses, giving the sense of reassurance that there are spare lenses at hand. Packages of care products also come in four different colors so you can use them synchronously with the lens. Just soak the lens in the protein adhesion prevention ingredients, and you can make it difficult for protein to adhere to the lens surface; it has the benefit of protecting the lens from protein contamination.

Four Seasons/Four Seasons Care

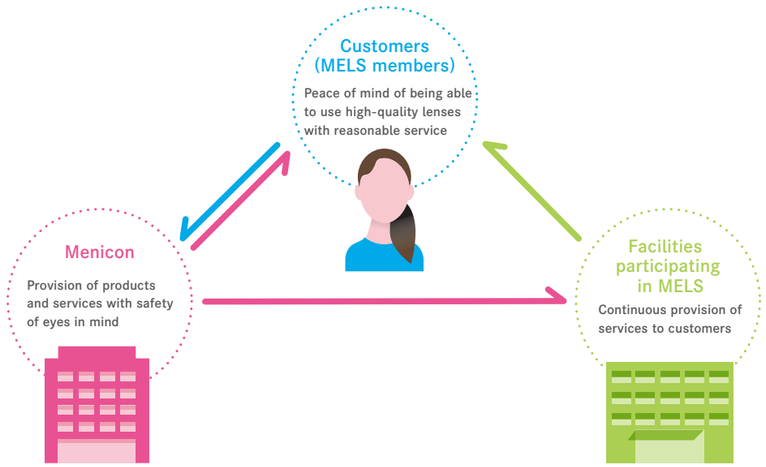
Seki Factory, which manufactures the lens, is adding its manufacturing lines in preparation for expanding sales. We are committed to continue offering a convenient and comfortable contact lens lifestyle for more and more users by providing them with our products.

2. Protecting the health of the eye

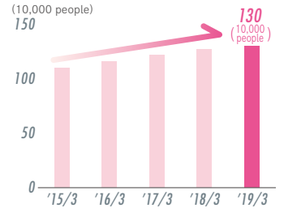
How to make the best use of contact lenses on the MELS Plan (Menicon Eye Life Support Plan)

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

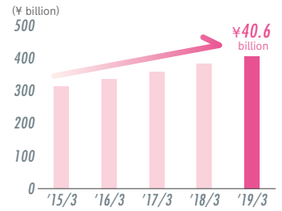
Prior to the introduction of the MELS Plan, there were cases where recommended uses were not complied with, such as continued use in a state of severe scratches and dirt, and use of lenses beyond the prescribed usage period. This was because users wanted to continue using the lens they purchased as long as possible. With MELS Plan, contact lenses can be changed at any time as an ophthalmologist determines, and can be used in better condition.



Changes in the Total Number of Members in MELS Plan



Changes in MELS Plan Sales



"Miru", the Menicon group shops

We have unified various brands into "Miru" to further strengthen collaboration within the group so that the general public remembers the brand image as guaranteeing the use of our contact lenses feeling reassured and providing high-quality services.

We expect synergy effects, such as sharing knowledge and experience, and conducting co-promotional activities under the "Miru" brand. We will also let the users feel reassured to be able to find shops wherever they move nationwide. We will ensure this unified brand will further enhance customer satisfaction and will follow up on the users so that they will continue to use contact lenses on the MELS Plan.

Towards the realization of "End User First"

Menicon has nearly 70 years of history in the Japanese market and has received good reputation from many users and business partners as the pioneer of contact lenses. This, we believe, is because we have provided products with a high level of safety standards since our establishment, and this achievement has won a sense of trust for the brand.

Today, the way people buy contact lenses is very diverse. While buying them on-line has enhanced convenience, there are also voices of concern about safety.

Menicon wants to offer a lifestyle with MELS Plan where members feel reassured with safety using our contact lenses. MELS offers the benefit of using good products in better condition.Members of MELS receive high-quality services at around 1,700 participating shops and facilities nationwide.

Looking inside the Company and feeling the atmosphere, one will notice that there are many customer contacts due to the presence of sales functions, and this gives employees the sense of "End User First" in quite a natural way. It also gives one of our strengths of adopting feedbacks from the users directly in our corporate activities.

We commit ourselves to working hard, by leveraging these advantages, to build a service structure that combines convenience and safety while meeting the diverse needs of our users.

Executive Officer
Director of the domestic business control department
Hiroki Shinoda

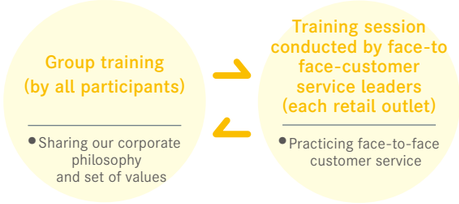
3. Fostering technology and cultivating human resources

Initiatives for encouraging the shop staff to create the brand value

Menicon operates its direct shops under the brand name "Menicon Miru."
We have defined the set of values which the direct shop should aim to realize as, "Make the experience of choosing contact lenses more fun. Make the daily lives of customers more delightful.", a concept given to each retail outlet. We have established this retail outlet concept as a guiding principle for action, and aim to be a good partner for selecting contact lenses for each customer.
Believing that it is the staff who work at Miru shops that can enhance Miru 's brand value, we prioritize their training and development.

Workshop-style group training

Staff training and development consists of a combination of group training and on-the-job training in each outlet led by experts in face-to-face customer service, and much care is taken to bestow in trainees the capability to create customer value through such face-to-face interaction, which is the source of our brand image.
At each outlet, activities to improve the quality of our face-to-face interaction with customers, such as workshops and meetings, are conducted on an ongoing basis. The experts in face-to-face customer service play a leading role in setting specific goals for face-to-face interaction and working on making these skills a natural part of the entire staff's conduct.
Group training sessions are conducted regularly by the in-house education department, aiming to instill corporate philosophy and retail outlet concepts as well as to let the trainees acquire knowledge. We believe that in order to make customers have "fun" and feel "joyful", it is first necessary to let the staff have "fun" and feel "joyful", the main concept of the Miru retail outlets, while they are working. We will endeavor to make our direct "Menicon Miru" shops evolve even further, through the combined efforts of the Miru staff sharing the common set of values for the realization of the retail outlet concept.



Initiatives to improve the workplace environment

Menicon is working to improve the workplace environment to make it friendly to our employees. Employees at its head office and research laboratories are free to change desks at which they work, as part of our efforts to create an environment that would promote active communication between employees and would facilitate creative ideas and a new set of values.
The Company's long history, 69 years since its establishment, is one of our strengths; there are, however, concerns that stereotype ideas and sectionalism might emerge. In order to respond flexibly to a rapidly changing society and evolve as a corporate organization, each employee must have the ability to think for oneself, accept new ideas, and create new ones. Our focus to continuously improve workplace environment is for addressing these issues.

Menicon's original polo shirts

Our dress code is that of the smart casual. Especially in summer, we supply original polo shirts to employees to work hard in sales activities. The Great East Japan Earthquake in 2011 made us think hard about conserving power consumption. We concluded to drastically change our dress code, and successfully changed the awareness of all employees.
We will continue our initiatives to create the workplaces that empower every employee to play active roles.

The Voice

Planning and administrations department, Overseas control department
Daisuke Yamanaka

Making the best use of company programs to achieve the desired career formation

It was about a year after I was assigned to the directly-managed retail outlet in Sapporo in my third year at Menicon when I applied for the training course for developing future corporate managers. It was my instant decision to make the application, as I, filled with the motivation for work and study harder, thought no other training courses would give me such an opportunity to learn about work closest to the presence of the President and CEO.
The training course for developing future corporate managers provides its participants with an opportunity to take part in "Aoi Juku", the special workshop aiming to enhance the management and strategic thinking of young and ambitious employees of Menicon. At the workshops, each of which had their own set theme, the attending participants learned to think independently and use their own analytical skills. Having a common mindset of "thinking from the perspective of a corporate manager" enabled the participants to learn the way to do so while consolidating various opinions.
Halfway through the course, the participants were given the opportunity to take part as observers in a meeting where presidents of overseas subsidiaries gathered to discuss important issues. In the year I was in the workshop, the meeting was held in the United States, the country I never dreamed, at that time, that I would be assigned to a year later.
At Menicon America, Inc., the company I was assigned to after finishing the training course for developing future corporate managers, I was in charge of a wide range of tasks including managing the introduction of new products and making proposals for business plans. In the introduction of new products, I formulated an introduction schedule that was planned backward from the launch date of the product, which helped me proceed with product introduction that ensured all action items were completed without omission. This experience helped me learn about the way of working in which I always imagine the total picture of what needs to be done. In making the proposals for business plans, I closely worked with the president of the overseas subsidiary discussing and proposing a scenario for achieving the plan, which helped me learn about the skills needed to materialize the hypotheses by numbers, skills required of candidates for management positions. I appreciate that the Company provides the environment that supports the development of the employees and their careers, and the opportunity to work globally, which I had hoped from the day I joined the Company.

Asia and Oceania sales promotion department, Overseas control department
Aung Kyaw-Nyunt

Bringing the prescription technology for contact lenses to Myanmar

Menicon has opened the Menicon Contact Lens Training Center at Yangon Eye Hospital in the Republic of the Union of Myanmar. There are few hard contact lenses or orthokeratology lenses available in the Myanmar market. I bore in mind that the purposes of establishing the training center were to provide education and technical support regarding such contact lenses, contribute to the vision correction in cases where eyeglasses were incapable of doing so, help to suppress the progress of myopia in young people's eyes, and expand the market.
One of the things that motivate me in operating the center is that the quality of life (QOL) of patients has improved after they were prescribed contact lenses for cases where vision correction is difficult with eyeglasses. The level of satisfaction was high and the patients were very grateful. On the other hand, the challenge is that I have to do many things; I am responsible for not only education and prescription but also the management of the training center on my own as well as developing the market.
The training sessions have already been conducted around 10 times. Participating experts expressed interest in orthokeratology and were attracted to the fact that hard contact lenses and special contact lenses could correct the vision of patients with special cases, giving numerous opinions and comments.
As there is still little knowledge about hard contact lenses currently in the field of ophthalmology in Myanmar, I am determined to continue providing technical assistance in order to let more experts know that vision correction can be performed for various cases. I want to contribute to the development of the Myanmar market by increasing the number of doctors and experts who can prescribe contact lenses by as many as possible.

4. Creating sustainable values

Growing demand for contact lenses on a global scale

It is said that the number of people having myopia is increasing not only in Japan but all over the world. The need for better vision correction will continue to grow for a comfortable daily living. For many years, Menicon has been manufacturing contact lenses with the highest priority on eye safety, and we wish to make our principles for safety the global standard. We are working to expand sales of our products that are best suited for each country and region, while taking advantage of the superiority of Menicon.

European Market

<Market>
- Around 25% of global market
- Maintain stable growth

<Current status of Menicon>
- 7 local subsidiaries in 5 countries mainly in Western Europe
- Solid business foundation owing to long history

<Our Challenges>
- Strengthen the competitiveness of disposable contact lenses

<Going Forward>
- Expand businesses with major volume retailers
- Penetrate into Southern Europe and Northern Europe markets

Asian Market

<Market>
- Around 15% of global market
- Continued rapid growth, particularly in Chinese market

<Current status of Menicon>
- 4 local subsidiaries in 3 countries
- Expanding sales in orthokeratology market in China

<Our Challenges>
- Expand product lineup to meet diverse needs

<Going Forward>
- Introduce new products with high added value
- Enhance sales and marketing functions in China
- Develop emerging markets and professionals with high potential

North American Market

<Market>
- Around 35% of global market; the largest market
- Daily disposable contact lens is making rapid growth

<Current status of Menicon>
- 1 local subsidiary
- Restructuring of business is underway to expand sales of disposable contact lenses

<Our Challenges>
- Prevent loss of opportunity by enhancing product diversity
- Strengthen sales and logistics systems

<Going Forward>
- Enhance product portfolio with functional lenses such as for astigmatism and bifocal lenses
- Strengthen relationships with local retail partners
- Build the supply chain system that encompasses logistics network

Achieving growth on a global scale

Menicon's overseas business began with the establishment of a local subsidiary in France 40 years ago. Our hard contact lenses have received good reputations in the European market for their high quality and high performance, which has laid the solid foundation we have in Europe. On the other hand, the global trend of contact lens market has shifted to disposable contact lenses, and Menicon is also introducing these products that are best suited for each country and region as they become available. Such overseas strategies have begun to bear fruit, and in the year ended March 2019, overseas sales reached 10.9 billion yen*.

The global market for contact lenses is said to be approximately 1.3 trillion yen on a retail price basis, and is expanding steadily. Among them, the growth rates in China and the U.S. markets are high, driving worldwide growth. Especially in the daily disposable contact lens segment, the main driving force, we have the package called "SMART TOUCH" with the concept of allowing its users to wear lenses easily and cleanly without touching their inner surface, which we believe are strong weapons against competitors. We are committed to achieving our global growth surpassing that of the market by introducing, upon completion of development, high-quality, high-performance contact lenses suitable for each market.

* Includes sales to overseas market made through domestic sales agencies

Executive Officer
Director of the overseas control department
Hideki Koga

New opportunities with contact lens and lens care products technologies

Menicon has led the industry as "the pioneer of contact lenses" for many years, since its development of Japan's first corneal contact lenses. Looking towards our next stage, and with the wish to "To be a global enterprise that is friendly to people, animals and the environment", we are applying our technologies and human resources we have cultivated in the history of Menicon to the fields relevant to and deriving from contact lenses, and are developing new businesses. We will continue to challenge ourselves, hoping that we will repay to the whole earth with technology and wisdom we have developed.

Apply technology for humans to veterinary uses

Research and development of intraocular lenses for humans

Commercialization of intraocular lenses for dogs Veterinary medical business

Apply the technology acquired through past research and development

In the process of developing care products, we discovered a special plant fiber-decomposing enzyme.

Providing degradation-accelerating agent for rice straws, composting promotion system, etc., contributing to reducing environmental burden.

Support your eyes from the inside

Support your vision with contact lenses

Dietary supplements that support good health from inside the body

Product lineup

[Veterinary medical business]
Intraocular lenses for veterinary use / Contact lenses for veterinary treatment / Veterinary medical equipment / Veterinary dietary supplements

[Environmental and bioscience business]
Agriculture: Degradation-accelerating agent for rice straws / Animal husbandry: composting promotion system / Animal feed: calcium enhancer with organic acid

[Life science business]
Fertility supplements / QOL supplements / Physics and chemistry products for research activities

Our challenge to create new values

Our new businesses are diverse, but they all originate from the contact lens business, our core business. Currently, we are conducting multiple businesses in relatively small scale, making selections out of them and concentrating on the selected businesses while exploring and fostering new businesses. However, every business is very unique and we recognize there remain great opportunities for growth.

They also give us the delight of being able to deliver new values to the world, an experience unique to new businesses. Expanding our area of business from eye care to health care, and then to life science, we hope that our products and services created by Menicon's proprietary technology and know-how will be useful to more and more people. Furthermore, we are also promoting business activities with a view to expanding into overseas markets.

Although being still at a trial-and-error stage, they are the businesses that can contribute greatly to society and have huge potential. As a company that provides the joy of sight and the joy of living, we will, through our new businesses, provide products and services that will contribute to people's daily living throughout their entire life.

Executive Officer
Director of the new business control department
Wataru Ito

Financial & Non-financial Highlights

Fiscal year ended	March 2014	March 2015	March 2016	March 2017	March 2018	March 2019
Business Performance						
Net Sales (¥ million)	62,209	63,131	67,332	72,052	76,672	**80,898**
Operating Profit (¥ million)	2,294	2,863	3,457	3,910	4,394	**5,571**
Operating Profit Ratio (%)	3.7	4.5	5.1	5.4	5.7	**6.9**
Profit Attributable to Owners of Parent (¥ million)	1,010	1,431	2,224	2,543	2,657	**3,576**
Capital Investment (¥ million)	4,958	4,780	2,256	4,729	4,474	**6,560**
Depreciation Allowance (¥ million)	2,770	3,186	3,349	3,635	3,966	**3,656**
Research and Development Expenses (¥ million)	2,811	2,755	3,459	3,497	3,398	**3,656**
Cash Flows						
Cash Flows from Operating Activities (¥ million)	1,116	4,233	7,859	5,197	7,857	**7,023**
Cash Flows from Investing Activities (¥ million)	(3,380)	(3,525)	(3,293)	(6,065)	900	**(4,951)**
Cash Flows from Financing Activities (¥ million)	3,029	(422)	(851)	(271)	(4,196)	**1,825**
Free Cash Flows (¥ million)	(2,264)	707	4,566	(868)	8,757	**2,071**
Financial Conditions (fiscal year-end)						
Total Assets (¥ million)	67,414	67,609	68,901	72,336	71,706	**78,275**
Debt with Interest (¥ million)	19,681	19,984	16,634	19,787	16,185	**18,873**
Net Assets (¥ million)	33,148	33,872	38,439	37,681	40,121	**42,549**
Shareholders' Equity (¥ million)	33,247	34,189	39,043	38,405	40,467	**43,208**
Per Share Information						
Basic Earnings per Share (¥)	30.93	43.79	62.52	71.75	75.67	**101.63**
Net Assets per Share (¥)	1,010.88	1,034.07	1,049.18	1,072.01	1,138.62	**1,205.46**
Dividend per Share (¥)	15	15	15	19	25	**28**
Management Indicators						
Equity Capital Ratio (%)	49.0	50.0	55.8	52.0	55.9	**54.3**
ROE (%)	3.1	4.3	6.3	6.6	6.8	**8.7**
ROA (%)	1.5	2.1	3.3	3.6	3.7	**4.8**
Payout Ratio (%)	48.5	34.3	24.0	26.5	33.0	**27.6**
DOE (%)	1.5	1.5	1.4	1.8	2.3	**2.4**
Employees						
Number of Employees (Consolidated) (Person)	2,452	2,580	2,710	2,971	3,083	**3,264**
Number of Employees (Non-consolidated) (Person)	1,089	1,116	1,153	1,208	1,259	**1,319**
Of which, male	687	707	729	760	789	**805**
Of which, female	402	409	424	448	470	**514**

The Company conducted a 2-for-1 stock split of common shares on January 1, 2018. Basic earnings per share, net assets per share and dividend per share are calculated, assuming that the stock split was conducted at the beginning of the fiscal year ended March 2014.
The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the fiscal year ended March 2019 and the management indicators for the fiscal year ended March 2018 have been retrospectively reflected the application of the aforementioned standard, etc.

Philosophy on disclosing information to shareholders and investors

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

General meeting of shareholders

In addition to ensuring the early distribution of convocation notices for the annual general meetings of shareholders, we disclose the convocation notices on the Company's website before distribution to ensure shareholders can secure adequate time to properly examine the agenda items of the meeting and thereby appropriately exercise their voting rights. In order to provide more convenient ways for shareholders to exercise their voting rights, we have made it possible for shareholders to exercise their voting rights via the Internet. In addition, we participate in the Electronic Voting Platform operated by ICJ, Inc.

Participation in IR events

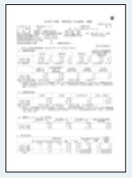
Menicon annually holds IR presentations specifically for individual investors to deepen understanding about our business through holding dialogue with investors and shareholders. In FY2018, presentations targeting individual investors were held in Tokyo, Nagoya, Osaka and Fukuoka. At these presentations, CEO Hidenari Tanaka explained the current and future states of the contact lens market, Menicon's vision, and our growth strategy. Looking forward, we aim to continue to actively hold these IR presentations and the like to provide opportunities for dialogue.

About our IR website

At Menicon, we strive to build an information-rich IR website in order to provide shareholders and investors with timely information. We encourage all shareholders and investors to sign up to our "IR mailing list" (in Japanese only), which we use to distribute important information to you.

In our IR library, we make various documents available, including the most recent financial information and forecasts of future performance.

Consolidated Financial Results report



Presentation Material

Menicon IR Search www.menicon.com/corporate/ir/

Corporate Profile

Company name
Menicon Co., Ltd.

Representative's name
Hidenari Tanaka, President & CEO

Headquarters
3-21-19, Aoi, Naka-ku, Nagoya, 460-0006 Japan

Phone
(+81)-52-935-1515

Initiation
February 1951

Established
July 1957

Capital
3.379 billion yen

Employees
3,264 (consolidated) 1,319 (non-consolidated)

Description of business
Contact lenses, lens care products, etc.

Number of offices(non-consolidated)
15 business offices, 49 stores, 6 laboratories and factories, 1 customer center and 4 distribution centers

Number of affiliated companies
7 in Japan, 14 overseas

Customers
Hospitals, ophthalmological clinics, contact lens vendors, optical shops and pharmaceutical wholesalers throughout Japan, and overseas sales companies (exporting to more than 80 countries around the world).

Banking1 partners
MUFG Bank, Mizuho Bank, Resona Bank, the Shizuoka Bank and others

Website
www.menicon.co.jp www.menicon.com

Shareholder registry administrator
1-4-5, Marunouchi, Chiyoda-ku, Tokyo
Mitsubishi UFJ Trust and Banking Corporation

Stock exchange listings
Tokyo, Nagoya

Stock code
7780

Shareholder Circumstances

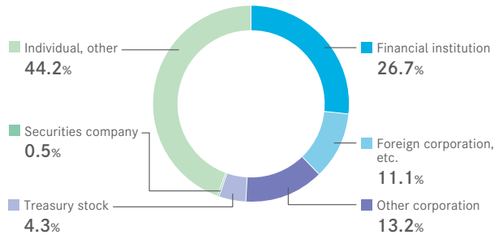
Total number of authorized shares	62,184,000
Number of shareholders	3,846
Total number of outstanding shares	36,804,000
Total number of voting rights	352,270

Major Shareholders

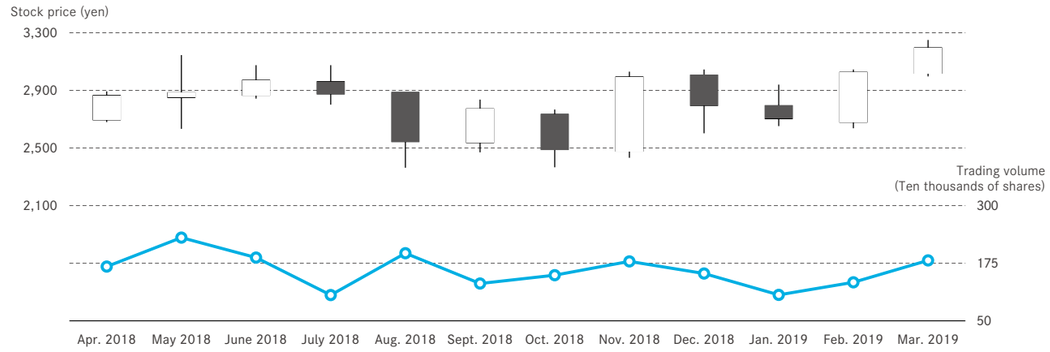
Shareholder name	No. of shares held (thousand shares)
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,866
Toyotomi Co., Ltd.	1,982
Mami Co., Ltd.	1,860
Japan Trustee Services Bank, Ltd. (Trust Account)	1,508
Kazuko Tsukamoto	1,414
Menicon Employee Shareholder Association	1,368
Hidenari Tanaka	1,000
MUFG Bank, Ltd.	800
Japan Trustee Services Bank, Ltd. (Trust Account 9)	702
Yasunori Tanaka	682

*Treasury stock: 1,573 thousand shares

Shareholder Type Percentage Breakdown by Number of Shares



Stock Prices Chart



TSR*

Fiscal year ended	March 2017	March 2018	March 2019
TSR (%)	91.2	142.2	172.9
Comparative indicator: Dividend-included TOPIX (%)	114.7	132.9	126.2

* TSR=Total Shareholder Return. Expresses total investment yield, combining capital gains with dividends.

As of March 31, 2019