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Menicon Co., Ltd.

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(Change of Disclosure Matters) Earn-out Consideration and Accounting Treatment in Relation to the Acquisition of Shares of Itabashi Trading Co., Ltd. Referred to in “Notice Regarding Acquisition of Shares (Conversion into Subsidiary) of Itabashi Trading Co., Ltd. by Menicon Co., Ltd.”

Menicon Co., Ltd. (hereinafter, the “Company”) hereby announces that the accounting treatment for the payment of additional consideration based on earn-out provisions related to the acquisition of shares of Itabashi Trading Co., Ltd., which was disclosed in the timely disclosure dated February 22, 2023, titled “(Change of Disclosure Matters) Notice Regarding Partial Changes to the Payment Terms for the ‘Notice Regarding Acquisition of Shares (Conversion into Subsidiary) of Itabashi Trading Co., Ltd. by Menicon Co., Ltd.’”, has been changed. The details are as follows.

1. Accounting Treatment

In the timely disclosure dated February 22, 2023 mentioned above, it was stated that the amortization of goodwill arising from the occurrence of the additional consideration would be recorded in full as an extraordinary loss of up to JPY 3,520 million for the fiscal year ending March 2027 (expected), based on the guidance of EY ShinNihon LLC (hereinafter, the “auditing firm”). However, as a result of the auditing firm subsequently conducting a renewed and detailed review of the accounting treatment, the auditing firm expressed the view that the relevant expenses should be recorded not as an extraordinary loss but in SGA as expenses related to operating activities. In light of the new view presented by the auditing firm, the Company has determined that it had no choice but to record the relevant expenses as SGA. Accordingly, the amortization of goodwill corresponding to the five years that have elapsed to date since the acquisition of the shares will be recorded as SGA for the fiscal year ending March 2026.

The amount to be recorded is currently being calculated; however, it is expected to be up to JPY 500 million.

2. Impact on Financial Results

This matter is expected to have an impact on operating profit and profit levels for the current fiscal year. However, at this time, the Group's financial results are expected to remain at the level of the consolidated financial forecast announced at the beginning of the fiscal year, and therefore no revision to the financial results forecast is made. Should any matters requiring disclosure arise in the future, the Company will promptly announce them.

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