

**13 Sep, 2022**

**Q&A for conference call regarding Change of Representative Director of the Board (change in CEO)**

Time: 7:30-8:00am, 13 Sep, 2022 (JST)

Speakers:

Akira Kurokawa Representative Director of the Board, Chairman

Takeshi Ito Representative Director of the Board, President and CEO

Yutaro Shintaku Outside Director

Q-1-1

Now that you have explained the background behind the change of leadership, I would like to ask you about your future strategy.

You commented that you would explain your future strategy again at some point in the future, but since the change of top management occurred soon after the announcement of the Long-Term Vision and Medium-Term Plan last year, can we assume that there will be no major changes in the strategy? Are there any issues that you feel need to be changed in this area?

Can you please provide any information you can share with us about the outlook for the future? Thank you.

A-1-1

**Itō:** Thank you. I would like to answer your question. As I commented earlier, we have taken on many new challenges in the field of ophthalmology over the past three years. I believe that many of these results are very successful and have great potential for the future. I feel that one of my first missions is to make sure that such things blossom.

On the other hand, I feel that the evaluation and review of the status of various initiatives as they were being expanded was a bit weak. In such a situation, resources are dispersed in various ways, and I think we are seeing some signs of this phenomenon in the lack of solid KPI management. I believe that this has

also led to an increase in costs in a variety of ways. I would like to create a growth plan for the future while carefully reviewing these areas from my perspective.

We will work on that as soon as possible now and hope to explain at the appropriate time.

Q-1-2

Thank you very much. So, the main policy would remain the same, but Mr. Ito would make suggestions on how it could be better implemented.

A-1-2

**Ito:** Yes. I think it is safe to assume that this is the case.

Q-2-1

Regarding this change of President, I believe there was an announcement that Chairman Kurokawa would return to the Board of Directors last June. At that time, the person in charge of finance told us that the share price of JPY1,000 was perceived as a crisis within the Company and that one of the measures taken to leverage the situation was to reinstate Mr. Kurokawa as the Chairman of the Board of Directors.

Am I correct in understanding that the resignation of Mr. Taniuchi from the President role this time is based on personal reasons and it has nothing to do with this series of ups and downs of the Company's performance, and it is a solely individual decision? Has the Company decided to move forward under the new leadership of Mr. Ito, as he stated?

Also, will the role of Mr. Kurokawa as the Chairman change at all? Could you perhaps tell us what his new role is going to be? That's all for me.

A-2-1

**Shintaku:** I will take this question. Given the situation, it was critical for the Board of Directors and the Nominating Committee to restore the Company's performance. The Nominating Committee has also asked the Board of Directors, or the President and CEO, to continue to focus on the importance of rebuilding the system and improving the Company's performance.

Under these circumstances, Mr. Taniuchi has resigned for personal reasons, and I understand that this was his own decision. That's all for me.

**Kurokawa:** My role will not change. Basically, as the Chairman of the Board of Directors, I would like to focus on the Board of Directors, the ultimate decision-making body of our company, to fully reflect the opinions of the Board of Directors, and also to focus on supporting the executive departments.

Q-3-1

I believe that Mr. Ito mentioned earlier that he would like to make decisions with a greater sense of speed, and also that there has been a lack of management due to the weak evaluation and examination of the situation in the course of various initiatives.

On the other hand, looking at the Company's recent efforts, for example, the decision to change to a holding company was made and then canceled, and the change in the fiscal year-end was also the same, but I sometimes feel, from an outside perspective, that you may not have given sufficient consideration before making the decision.

Could you tell us what kind of issues you are aware of at this point regarding the process of consideration before making a decision?

A-3-1

**Ito:** You asked about the process of making a decision.

Q-3-2

Yes, that's right.

A-3-2

**Ito:** When making decisions, I feel that it is not enough to simply say that we are going to do something, but rather to consider how we are going to do it and whether or not it is feasible to achieve it.

My style is not only to decide what to do but also to execute things after confirming a clear roadmap of how to do it and how to carry it out. In retrospect, I feel it was not sufficient in this area. That's all from me.

Q-4-1

You mentioned earlier that you would explain at the appropriate time, but I think the most pressing thing is the development of glaucoma in the US in Q2 at the

beginning of November or something like that. I believe that reducing the US deficit is the most important issue for your company to tackle in the short term, and I'm assuming that you are making progress to some extent toward this November.

A-4-1

**Ito:** Of course, we are not yet in a position to give a final answer here. However, we have already begun to consider the future positioning of each of these regional businesses and appropriate growth scenarios.

This is not limited to the US, but also includes EMEA, China, and Asia. After carefully evaluating the current status of each of these businesses, we will determine their respective positions and carefully consider the direction in which we can achieve steady growth.

Q-5-1

I would like to confirm Mr. Shintaku's answer (A-2-1), regarding the process when the request for the resignation was received. What I understood from the nuance of Mr. Shintaku's earlier statement is that after Mr. Taniuchi offered his resignation, there was no move to challenge Mr. Taniuchi's resolution. Is that correct?

A-5-1

**Shintaku:** Considering the various conditions, we understand that Mr. Taniuchi's intention is firm. Therefore, we did not dare to comfort them. That's all for me.

[END]