May 29, 2024

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# Announcement on Reintroduction of Employee Stock Ownership Plan (Stock Benefit Trust) for Employee Shareholder Association

Menicon Co., Ltd. (hereinafter, the "Company," together with its subsidiaries, the "Group") passed a resolution at the board of directors meeting held on May 29, 2024, to reintroduce the Employee Stock Ownership Plan (Stock Benefit Trust) for the Employee Shareholder Association for the purpose of enhancing employee benefits and providing incentives to increase the Group's corporate value. It is an employee incentive plan (hereinafter, the "Plan") similar to the Stock Benefit Trust (Employee Shareholder Association Purchase-Type) introduced in September 2021, and is based on a trust agreement that the Company concludes with Resona Bank, Limited (hereinafter, the "Trust Agreement") using a trust to be established pursuant to the Trust Agreement (hereinafter, the "Trust"). Details are as follows.

## 1. Purpose of reintroducing the Plan

The purpose of the Plan is to increase the Group's corporate value by enhancing employee benefits, raising employees' awareness of stock prices, and increasing their motivation for work through the steady provision of the Company's shares to the Menicon Group Employee Shareholder Association (hereinafter, the "Shareholder Association") and distribution of profits generated by trust property management.

In conjunction with the new quantitative targets established to realize the Medium-term Business Plan (Vision 2030), which was announced on May 14, 2024, the Company has decided to reintroduce the Plan after considering what employee incentives to offer to further expand business and sustainably increase the Group's corporate value. The Company believes that by reintroducing the Plan, employees of the Group will be able to accumulate assets in a stable and ongoing manner with a keen awareness of participating in company management, which will be conducive to enhancing the Group's corporate value over the medium- and long-term.

2. Overview of the Plan

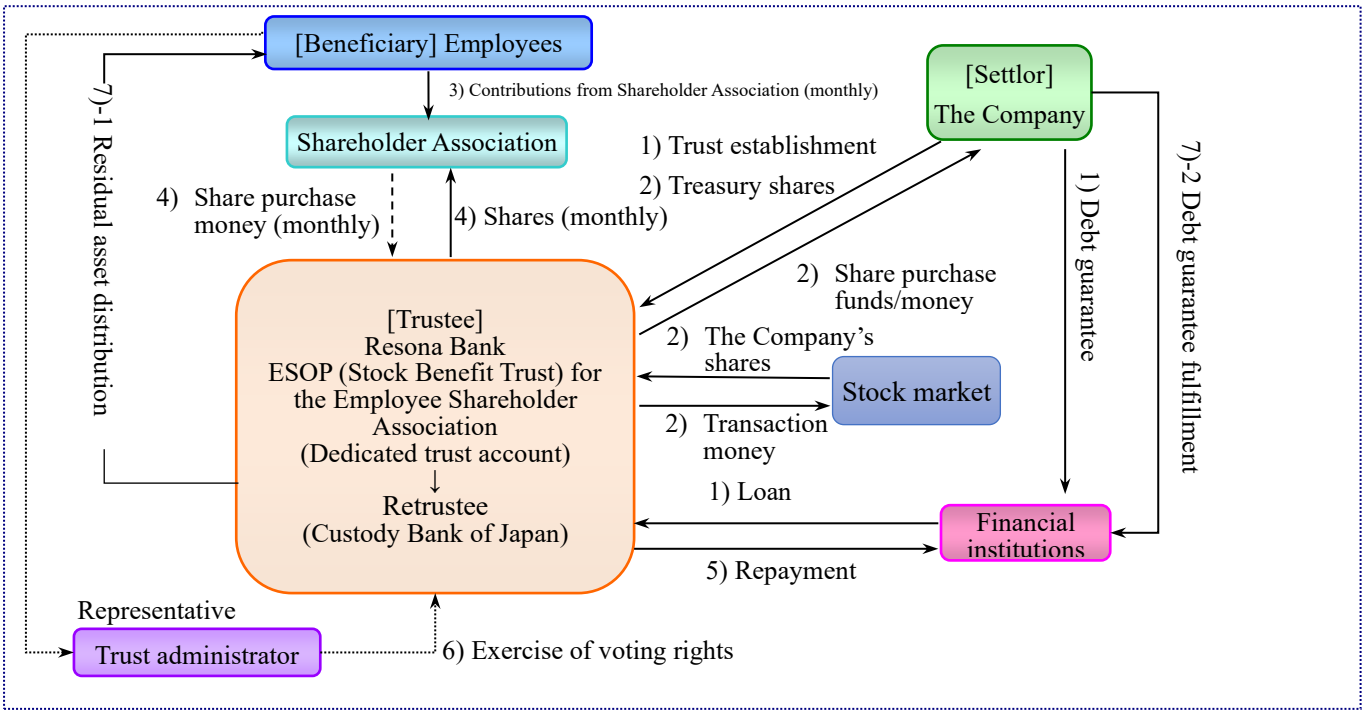
The Plan is an employee benefit program designed mainly with reference to the Employee Stock Ownership Plan (ESOP), an employee compensation package widely used in the U.S. as part of an employee incentive plan, and the “Report on Company Stock Holding Schemes” released by the Ministry of Economy, Trade and Industry of Japan on November 17, 2008.

The Company will establish a trust in which members of the Shareholder Association who satisfy a certain set of requirements are beneficiaries, and the said trust will acquire the number of the Company’s shares that the Shareholder Association is expected to acquire during the trust period within the pre-determined share-acquisition period. Then, the trust will sell the Company’s shares to the Shareholder Association on the same day every month. If the trust has generated profits due to a rise in share prices or otherwise at the time of expiration of the trust, cash will be distributed to employees who satisfy the beneficiary requirements. If, on the other hand, the trust incurred a loss on transfer due to a decline in share prices and a debt pertaining to trust assets remains, there will be no additional burden on the part of employees as the Company will pay off the outstanding loan balance en bloc to the bank pursuant to warranty provisions of the non-recourse loan agreement.

The Company resolved at the same board meeting that upon the reintroduction of the Plan, it would sell 420,300 shares (equivalent to 558,999,000 yen) of the 420,333 treasury shares held by the Company as of March 31, 2024 to the Plan in a lump sum. For more details, see “Announcement on Disposition of Treasury Shares by Third-Party Allotment upon Reintroduction of Employee Stock Ownership Plan (Stock Benefit Trust) for Employee Shareholder Association” dated May 29, 2024.

An overview of the Plan's structure and the Trust Agreement is as follows.

3. Structure of the Plan




*If all the Company's shares in the trust have been sold to the Shareholder Association, the trust will be terminated before the expiration of the trust period.

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| At the commencement of the Plan | 1) | The Company will establish a trust account in support of the Shareholder Association. The Trust will borrow funds from financial institutions to purchase shares. (The Company will provide a debt guarantee for the loan.) |
| | 2) | The dedicated trust account will acquire the number of the Company's common shares that the Shareholder Association is expected to acquire during the trust period using borrowed funds by way of disposition of treasury shares (third-party allotment) and trading in the stock market (including after-hours trading). |
| While under management | 3) | Employees will make contributions to the Shareholder Association monthly. |
| | 4) | The Shareholder Association will purchase shares from the dedicated trust account monthly over a certain period. |
| | 5) | The dedicated trust account will repay the loan to financial institutions using proceeds from sales of shares, etc. |
| | 6) | The trust administrator will exercise the voting rights of the shares in the dedicated trust account. |
| At termination | 7)-1 | If there remains residual assets in the dedicated trust account after the loan is repaid in full due to a rise in share prices:<br>→ The assets will be distributed to beneficiaries (employees) as predetermined. |
| | 7)-2 | If the dedicated trust account runs out of resources to repay the loan due to a decline in share prices:<br>→ The Company will fulfill its guarantee obligations to financial institutions. |

4. Overview of the Trust Agreement

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| (1) Type of Trust: | Individually operated designated money trust (non-grantor trust) |
| (2) Purpose of Trust: | For the steady and continued provision of the Company's shares to the Shareholder Association, and the enhancement of benefits and incentives for the Group's employees who satisfy the beneficiary requirements |
| (3) Settlor: | The Company |
| (4) Trustee: | Resona Bank, Limited<br>Resona Bank, Limited shall enter into a specified comprehensive trust agreement with Custody Bank of Japan, Ltd., and Custody Bank of Japan, Ltd. shall be the retrustee. |
| (5) Beneficiaries: | Members of the Shareholder Association who satisfy the beneficiary requirements |
| (6) Date of Trust Agreement: | June 12, 2024 (tentative) |
| (7) Trust period: | From June 12, 2024 to June 30, 2028 (tentative) |
| (8) Exercise of voting rights: | The trustee will exercise the voting rights of the Company's shares in accordance with instructions from the trust administrator that reflect the status of exercise of voting rights by the Shareholder Association. |

5. Details of the Trust's acquisition of the Company's shares

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| (1) Class of shares to be acquired: | Common shares |
| (2) Total amount of acquired shares: | 1,140,000,000 yen (tentative) |
| (3) Share-acquisition period: | From June 14, 2024 to July 15, 2024 (tentative)<br>(excluding the period from 24 June, 2024 to 30 June, 2024) |
| (4) Method of acquiring shares: | Undertaking third-party allotment of the Company's treasury shares and trading in the stock market (including after-hours trading) |

End