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Menicon Co., Ltd.

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Securities Code: 7780

TSE, 1st section, NSE, 1st section

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Announcement on Introduction of
“Stock Benefit Trust (Employee Shareholder Association Purchase-Type)”
(Decision on Details)

Menicon Co., Ltd. (hereinafter, the “Company”) passed a resolution at the board of directors meeting held on May 13, 2021 on introducing a “Stock Benefit Trust (Employee Shareholder Association Purchase-Type)” (hereinafter, the “Plan”) for the purpose of enhancing employee benefits and providing incentives for increase of the Company’s corporate value, and the details were resolved at the board of directors meeting today.

1. Purpose for Introducing the Plan

The purpose of the Plan is to enhance employee benefits and raise awareness of stock prices and employees’ motivation for work through the steady provision of the Company’s shares to the Employee Shareholder Association and distribution of profits created by trust property management in order to increase the Company’s corporate value.

2. Overview of the Plan

The Plan is an incentive plan that returns benefits from rising prices of the Company’s shares to all members of the “Menicon Employee Shareholder Association” (hereinafter, the “Shareholder Association”).

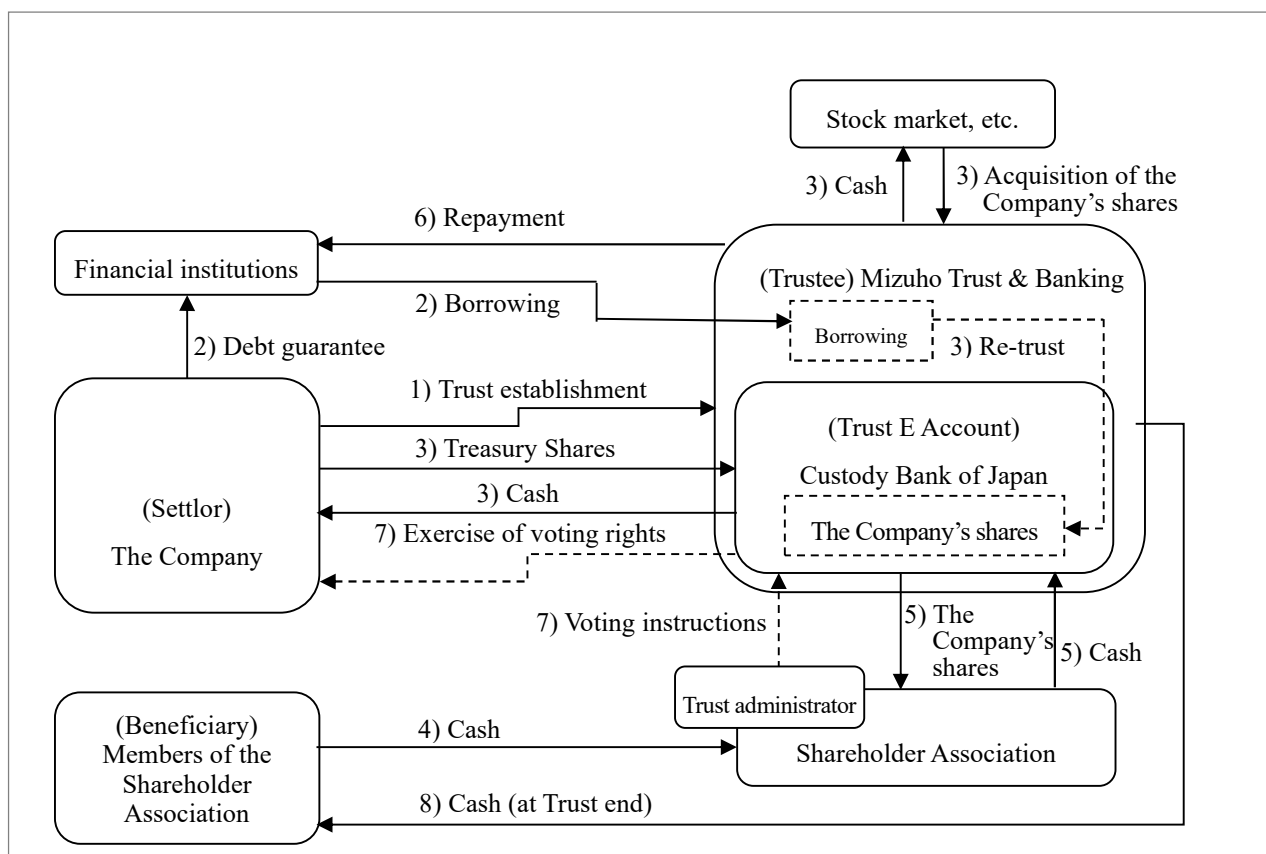
With the introduction of the Plan, the Company, as the settlor, will enter into a “Stock Benefit Trust (Employee Shareholder Association Purchase-Type) Agreement” (hereinafter, the “Trust Agreement”; and the trust established pursuant to the Trust Agreement is hereinafter referred to as the “Trust”) with the trustee, Mizuho Trust & Banking Co., Ltd. (hereinafter, the “Trustee”). Additionally, the Trustee will enter into a re-trust agreement with the Custody Bank of Japan, Ltd. regarding management of securities and other trust assets with the Custody Bank of Japan, Ltd. as the sub-trustee.

The Custody Bank of Japan, Ltd. will be entitled to collectively acquire in advance to the Trust E Account established at the Custody Bank of Japan, Ltd. a number of the Company’s shares equivalent to the number of shares anticipated to be purchased by the Shareholder Association over the next five years, and then regularly sell the Company’s shares when the shares are purchased by the Shareholder Association. If proceeds from sale of shares are accumulated in trust assets for the Trust up through the time of expiration of the Trust through the sale of

the Company's shares from the Trust E Account to the Shareholder Association, such proceeds shall be distributed as residual assets to members of the Shareholder Association who satisfy the beneficiary eligibility requirements.

Additionally, since the Company provides a guarantee when the Trustee takes out a loan in order for the Trust E Account to acquire the Company's shares, if the Trustee has an outstanding loan balance equal to loss on the sale of shares as of the time of expiration of the Trust due to a decline in the Company's share price, etc., the Company will pay off the outstanding loan balance pursuant to the guarantee agreement.

3. Structure of the Plan



- 1) The Company will contribute cash to the Trustee Account and establish a third-party benefit trust.
- 2) The Trustee will borrow funds from financial institutions for acquisition of the Company's shares. (The Company will provide a debt guarantee to financial institutions.)
- 3) The Trustee will re-trust the borrowed funds to the Trust E Account, and the Trust E Account will use these funds to acquire the Company's shares. (The Trust E Account will acquire the shares by undertaking disposition of the Company's treasury shares and purchasing via stock market.)
- 4) Members of the Shareholder Association will contribute cash to the Shareholder Association in conjunction with company contributions.
- 5) The Shareholder Association will use the purchase funds contributed each month by employees to purchase the Company's shares from the Trust E Account at market value.
- 6) The Trustee will use proceeds in the Trust E Account from sale of shares to the Shareholder Association to pay off loan principal, and the Trust E Account will use dividends, etc., received from the Company to repay interest.
- 7) Throughout the trust term, the Trust will exercise voting rights for the Company's shares held in the Trust E

Account in accordance with voting instructions from the trust administrator.

- 8) The Trust will end upon the conclusion of the trust term, for shortage of trust assets, or for other reasons. The residual shares in the Trust will be converted into cash upon the ending of the Trust, and once the loan is repaid in full, any remaining cash will be distributed to members of the Shareholder Association who satisfy the beneficiary eligibility requirements.

(If the Trustee is unable to repay loans using trust assets at the ending of the Trust, the Company will perform its debt guarantee to repay the loan.)

4. Overview of Trust

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| (1) Purpose of Trust: | For the steady provision of the Company's shares to the Shareholder Association, and the provision of profits to beneficiaries generated by trust property management and disposition |
| (2) Settlor: | The Company |
| (3) Trustee: | Mizuho Trust & Banking Co., Ltd.
Mizuho Trust & Banking Co., Ltd. shall enter into a comprehensive trust agreement with the Custody Bank of Japan, Ltd., and the Custody Bank of Japan, Ltd. shall be the retrustee. |
| (4) Beneficiary: | Members of the Shareholder Association who satisfy the beneficiary eligibility requirements |
| (5) Date of Establishment of Trust: | September 10, 2021 (tentative) |
| (6) Term of Trust: | From September 10, 2021 to September 10, 2026 (tentative) |

5. Details of acquiring the Company's shares by Trust

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| (1) Acquiring Shares: | Common shares |
| (2) Total Amount of Acquisition Funds: | 1,190,000,000 yen |
| (3) Method of Acquiring Shares: | Undertaking disposition of the Company's treasury shares (see today's Announcement on Disposition of Treasury Shares by Third Party Allotment with "Stock Benefit Trust (Employee Shareholder Association Purchase-Type)" for an overview of the treasury shares disposition) and acquiring from the stock market (including after-hours trading) |
| (4) Term of Acquiring Shares: | From September 10, 2021 to September 30, 2021 (tentative) |

End