

May 26, 2021

To whom it may concern,

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Supplemental Information on Proposal 7 of the 76th Ordinary General Meeting of Shareholders

JSR has confirmed that Institutional Shareholder Services Inc., a voting advisory firm, has issued an English-language report recommending "Against" with respect to Proposal 7 of the 76th Ordinary General Meeting of Shareholders to be held on June 17, 2021. We would like to explain our stance on Proposal 7 as described in the Notice of Convocation of this Ordinary General Meeting of Shareholders, as follows. We would like to ask our shareholders for their understanding of the said proposition after confirming the following.

< Proposal to be covered >

Proposal 7: Approval of Absorption-Type Company Split Agreement

< Reasons for ISS's Negative Recommendation >

Due to insufficient disclosure of information regarding the calculation method of the sale price, it is difficult to assess whether the price is fair to JSR's shareholders.

< Our Position >

At a meeting of the Board of Directors held on May 11, 2021, JSR decided to have its Elastomer Business ceded as Japan Synthetic Rubber Spin-off Preparation Co., Ltd, which will be newly established as a subsidiary of JSR, by way of an absorption-type demerger, and to transfer all shares of the ceding company to ENEOS Corporation. We released a timely disclosure document that we have signed a share transfer agreement with ENEOS Corporation.

JSR has already disclosed the required information on the decision-making process of the Share Sale Transaction in the timely disclosure document in accordance with the laws and regulations and the rules of the financial instruments exchange, and we believe that the information disclosure is adequate compared to other similar transactions. However, from the perspective of providing information to our shareholders, we would like to provide a supplementary explanation on the process of determining the consideration for the Share Sale Transaction as follows.

As stated in the timely disclosure document, JSR has determined that the best way to achieve sustainable development of the Elastomer Business is through transfer to ENEOS Corporation, a subsidiary of ENEOS Holdings, as a transferee. ENEOS Corporation is the largest integrated energy, resources and materials company in Japan and is engaged in the manufacture and sale of petrochemical products on a global scale with high technological capabilities, and is actively

working to strengthen its lineup of high value-added products. In addition, it was agreed that the enterprise value of the business, which is the premise of the share transfer price to ENEOS Corporation, will be 115 billion yen.

In deciding on the transfer of the subject business to ENEOS Corporation, GCA Advisors Corporation, which is a third-party organization independent of JSR and the candidates for the transfer of the subject business, including ENEOS Corporation, was appointed as a financial advisor. A market check was also conducted where we consulted with several domestic and foreign candidates through a fair bidding process and compared the terms of transfer.

JSR requested GCA Advisors, Inc. to calculate the value of the subject business as an independent third-party appraiser and obtained the calculation results based on various analyses including DCF method, comparable company method, and comparable transaction method, for the calculation report for the Board of Directors of JSR. The corporate value agreed upon with ENEOS Corporation is within the range of the calculation results in the valuation report, and based on the fact that it is the result of discussions with multiple candidates, the Board of Directors has determined that the terms and conditions of the transaction, including the corporate value, are appropriate for the shareholders of JSR.

The transaction is the best choice for JSR's sustainable growth and enhancement of its corporate value over the medium to long term, and this is also in line with the values that the market demands of JSR.

Proposal 7 is not the subject of the Share Sale Transaction but seeks approval for the Company Split, in which the subject business will be ceded to the new company by way of a company split. Since the Share Sale Transaction itself is not a matter for resolution at the General Meeting of Shareholders due to the scale of the transaction (Article 467, Paragraph 1, Item 2-2 (a) of the Companies Act), it will not be submitted to the General Meeting of Shareholders, but will be resolved by the Board of Directors of JSR and disclosed in a timely manner. As explained in the reference documents, even if the Share Sale Transaction is not executed, the Company Split will proceed. Therefore, we would like to ask our shareholders to consider approval of the Company Split, separately from the Share Sale Transaction.

Based on the above, we would like to ask for your approval of the implementation of this company split (Proposal 7 at this Ordinary General Meeting of Shareholders).

(Note) The purpose of this document is to provide supplementary information on the agenda, apart from the reference materials for the general meeting of shareholders, as required by laws and regulations.

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