

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

July 12, 2021

To whom it may concern,

Company name: JSR Corporation
Representative: Eric Johnson, Representative Director, CEO
(Code #4185, Tokyo Stock Exchange)
Inquiries to: Yoshiko Takeda, General Manager
Corporate Communications Dept.
TEL: (03)6218-3517 (Japan)
+81-3-6218-3517 (from abroad)

Notice Concerning Disposal of Treasury Shares as Restricted Stock Compensation

JSR announces that , at the Board of Directors meeting held on July 12, 2021, the company resolved to dispose of treasury stock as Restricted Stock (Hereinafter referred to as the "Disposal of Treasury Shares"). Details are as follows.

1. Overview of Disposal

(1)	Date of disposition	August 11, 2021
(2)	Class and number of shares to be dispositioned	144,900 shares of our company common stock
(3)	Disposal value	3,485 yen per share
(4)	Total amount of disposal	504,986,500 yen
(5)	The persons to whom shares are allotted, the number of such persons, and the number of shares to be allotted	Directors (excluding outside directors): 5 persons, total 76,600 shares Executive Officers 21 persons total 46,900 shares Officers of certain subsidiaries 4 persons total 21,400 shares
(6)	Other	With respect to the disposal of treasury stock, a securities registration statement has been submitted pursuant to the Financial Instruments and Exchange Act.

2. Purpose and reasons for the disposition

At the Board of Directors meeting held on May 9, 2017, our company reviewed its executive compensation plan and resolved to introduce a restricted stock compensation plan (Hereinafter referred to as the "System"). In addition, at the 76 Ordinary General Meeting of Shareholders held on June 17, 2021, the Company received approval to pay to the Directors of the our company (Excluding Outside Directors. Hereinafter referred to as "Eligible Directors") an annual amount of up to 400 million yen as monetary compensation (Hereinafter referred to as "restricted stock compensation") to be used as assets contributed for the restricted stock acquisition under the System. In addition, the System will also be applied to executive officers who do not

concurrently serve as directors of our company and directors of certain subsidiaries of our company.

The System is intended for Eligible Directors, Executive Officers of our company, and officers of certain subsidiaries of our company (Hereinafter collectively referred to as "Eligible Directors, etc."). The purpose of the System is to provide Eligible Directors, etc. with incentives for sustainable enhancement of our company's corporate value in the medium to long term, and to promote early sharing of value with shareholders by owning shares of our company. An outline of the System is as follows.

[Outline of the System]

Eligible Directors, etc. will receive all monetary compensation claims or monetary claims provided by our company under the System as Properties Contributed in Kind and will be issued or disposed of with respect to the common shares of our company (The common shares of our company to be issued or disposed of under the System will hereinafter be referred to as the "Allotted Shares").

The total number of common shares to be newly issued or disposed of by our company to Eligible Directors under the System shall be 400,000 shares or less per year. However, in the event of a stock split (Including a gratis allotment of shares of common stock of our company.) or a reverse stock split of our company's common stock taking effect on or after the date of the resolution of the General Meeting of Shareholders, or in the event of any other event requiring adjustment of the total number of shares of our company's common stock to be issued or disposed of as restricted stock, such total number shall be adjusted within a reasonable range.

The amount to be paid in per share of the common stock newly issued or disposed of by our company under the System shall not be particularly favorable to Eligible Directors, etc., such as the closing price of our company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the Board of Directors (the closing price on the previous trading day if there were no transactions on the same day).

In addition, in issuing or disposing of common shares of our company under the System, the conditions for the allotment of shares between our company and the Eligible Directors, etc. shall be conclusion of Allotment Agreement with Restriction on Transfer of Shares, or keeping trails of "understanding and agreeing" with the Plan Rules for the purpose of obtaining the same effect as the execution of Allotment Agreement with Restriction on Transfer of Shares as stipulating the following: (1) In respect of directors and executive officers of our company, the Company shall prohibit the transfer of the Shares to a third party, creation of a security interest in the Shares or any other disposition thereof for a period of 30 years and remove such restriction upon the transfer of the Shares upon retirement of such directors or executive officers on such grounds as the Board of Directors may deem justifiable, (2) The officers of certain subsidiaries shall be prohibited from transferring the Shares to a third party, establishing security interests, or otherwise disposing of the Shares for 3 years and shall be uniformly released upon expiration of the transfer restriction period; (3) In the event of certain events, our company shall acquire the Allotted Shares without compensation, etc

Taking into account the purpose of the System, our company's business performance, the scope of duties of each Eligible Director, etc. and various other factors, the Company has decided to grant a total of 504,976,500 yen in monetary compensation claims or monetary claims (Hereinafter referred to as "Monetary Compensation Claims or Monetary Claims" Of which, the amount for directors at our company is 266,951,000 yen.) and 144,900 shares of common stock (of which 76,600 shares are for the directors of our company).

In the Disposal of Treasury Shares, 30 Eligible Directors, etc., who are scheduled to be allotted will pay all of the Monetary Compensation Claims and Monetary Claims to our company as Properties Contributed in Kind and receive the disposition of common shares of our company under the System.

3. Overview of the Allocation Agreement

(1) Transfer restriction period: From August 11, 2021, a period determined in advance by the Board of Directors between 3 and 30 years

(2) Cancellation of Transfer Restriction by Expiration of Transfer Restriction Period

Our company will lift the transfer restrictions on all of the Allotted Shares at the expiration of the Transfer Restriction Period, on the condition that the Eligible Directors, etc. have been officers, executive officers, company auditors, employees or other positions equivalent thereto (Hereinafter referred to as the "Position") of our company or its our company subsidiaries continuously during the Transfer Restriction Period. Our company will, in principle, acquire the Allotted Shares for which the transfer restrictions have not been lifted at the time of expiration of the transfer restriction period without compensation.

(3) Treatment in case of resignation, etc.

In the event that the Eligible Directors, etc. resign from any of their positions prior to the expiration of the Transfer Restriction Period, our company will automatically acquire the Allotted Shares without compensation, except for cases where there are justifiable grounds such as expiration of the term of office or death of the Eligible Directors, etc. approved by the Board of Directors of our company. In the event of the expiration of the term of office, death, or any other cause deemed justifiable by the Board of Directors of our company, the number of the Allotted Shares for which the transfer restrictions shall be lifted and the timing for lifting the transfer restrictions shall be reasonably adjusted as necessary.

(4) Handling of Corporate Restructuring, etc.

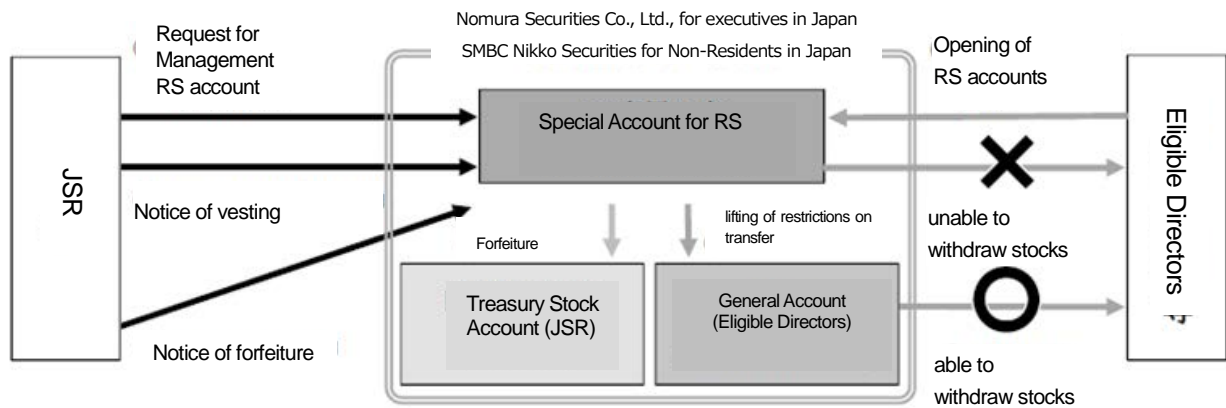
If, during the Transfer Restriction Period, a merger agreement under which our company becomes the Absorbed Company, a share exchange agreement or share transfer plan under which our company becomes a wholly-owned subsidiary, or any other matter concerning Organizational Restructuring, etc. is determined, the number of Allotted Shares for which the Transfer Restriction will be cancelled and the time of cancellation of the Transfer Restriction will be reasonably adjusted as necessary.

4. Basis for calculating the amount to be paid in and specific details thereof

The Disposal of Treasury Shares to Eligible Directors, etc. will be conducted with monetary compensation claims or monetary claims paid as restricted stock compensation for the 77th fiscal year of our company under the System as capital contributions. In order to exclude arbitrariness, the disposal price was set at 3,485 yen, which is the closing price of our company's common stock on the First Section of the Tokyo Stock Exchange on July 9, 2021 (the business day immediately before the date of the resolution of the Board of Directors). This is the market share price immediately before the date of the Board of Directors resolution, and is considered reasonable.

(Reference) [Management Flow of Restricted Stock (RS) under Restricted Stock System]

To ensure that the Allotted Shares cannot be transferred, secured, or otherwise disposed of during the transfer restriction period, the Allotted Shares will be managed in a dedicated account opened by the Eligible Directors, etc. at the securities company during the transfer restriction period.



###