

Notice Regarding Disposal of Treasury Shares Used for Restricted Stock Compensation

Kuraray Co., Ltd. (hereinafter, the "Company") hereby announces that at a meeting of the Board of Directors held today, it was resolved to dispose of treasury shares used for restricted share compensation (hereinafter, the "Disposal of Treasury Shares"). The details are as follows:

1. Overview of the disposal

(1)	Payment date	April 22, 2022
(2)	Class and number of shares to be disposed of	Ordinary shares of the Company 61,500 shares
(3)	Disposal price	¥1,054 per share
(4)	Total disposal amount	64,821,000 yen
(5)	Method of Performance of Contributions	Due to the contribution of monetary remuneration claims in kind
(6)	Allottees, Number Thereof and Number of Shares to Be Disposed of	Directors (excluding Outside Directors and Directors Working Overseas) Six people 36,500 shares (Note) Executive Officers (excluding those who serve concurrently as Directors and Executive Officers working overseas) 14 people 25,000 shares (Note) Includes Executive Officers portions who are also our Executive Officers.
(7)	Other	The Company has submitted a Securities Registration Statement based on the Financial Instruments and Exchange Act for Treasury Shares' Disposal.

2. Purpose and reason for the disposition of treasury stock

At a meeting of the Board of Directors held on February 18, 2021, we resolved to introduce a restricted stock compensation plan (the "RS") to provide incentives to our Directors (excluding outside directors; hereinafter referred to as the "Eligible Directors") and our Executive Officers (collectively referred to as the "Eligible Directors, etc.") to improve our corporate value continuously and to promote further value sharing between the Eligible Directors, etc. and shareholders. At the 140th Ordinary General Meeting of Shareholders of the Company held on March 25, 2021, they approved the payment of monetary remuneration claims to the Eligible Directors, etc. of up to ¥90 million per annum for the delivery of shares subject to RS and the delivery of RS of up to 60,000 shares per annum.

Considering the purpose of the RS and the scope of responsibilities of each Eligible Directors, etc., it has been resolved to pay a total of ¥64,821,000 in monetary compensation

claims to the Eligible Directors, etc. on the condition that the disposal of self stock will be paid in kind as an investment property, and also decided to dispose of this treasury stock to the Eligible Directors, etc. To provide incentives and shareholder value to realize the sustainable improvement of corporate value, which is the purpose of introducing this system, the transfer restriction period is limited to retirement, as described in 3 below.

3. Outline of the Restricted Stock Compensation Allotment Agreement

Company and each Eligible Directors, etc. individually enter into a Restricted Stock Compensation allotment agreement (the "Allotment Agreement"), which is outlined below.

(1) Period of Restriction on Transfer

During the period from April 22, 2022, the due date for payment to the retirement date, the Eligible Directors, etc., shall not transfer, pledge or otherwise dispose of the Common Shares allotted through the disposition of treasury shares (hereinafter referred to as the "Allotted Shares"). Retirement refers to the retirement of either a director or an executives officer.

(2) Termination of the Restrictions on Transfer

We will terminate the restrictions on the transfer of all of the Allotted Shares (but, in the event of resignation before the expiration of a certain period as provided in this Allotment Agreement, a portion of the Allotted Shares) upon the expiration of the restriction on transfer, provided that the resignation of the Eligible Directors, etc. is for such reason as the Board of Directors deems justified. For the event of resignation before the expiration date, the portion of the Allotted Shares for the termination of the restriction is obtained by multiplying the number of months from the month including the Payment Date until the month including the date on which Eligible Directors, etc. resigns by 12 (provided, however, that if the calculation exceeds 1, the number shall be 1) by the number of Allotted Shares.

(3) Acquisition without compensation by the Company

The Company will acquire, without compensation, the Allotted Shares for which the restriction on transfer has not been terminated pursuant to paragraph (2) provisions above upon the expiration of the restriction on transfer. In addition, any misconduct or any other event as stipulated in this Allotment Agreement, we shall automatically acquire all or part of the Allotted Shares free of charge.

(4) Management of shares

In order to prevent transfers, security interests, or other dispositions of the Allotted Shares during the transfer restriction period, the Eligible Directors, etc., will open and manage a dedicated account at Daiwa Securities Co. Ltd.

(5) Handling of organizational restructuring, etc.

Notwithstanding the provisions of (1) above, in the event that, during the restriction period, proposals relating to a merger agreement in which the Company is the dissolving Company, a share exchange agreement or share transfer plan in which the Company becomes a wholly-owned subsidiary, or other reorganization, etc. are approved at the Company's Ordinary General Meeting of Shareholders (or at a meeting of its Board of Directors in cases where approval at the Company's General Meeting of Shareholders is not required in relation to the reorganization, etc.), the Company shall, by resolution of the Board of Directors of the Company, lift the transfer restrictions for a number of Allocated Shares reasonably determined in light of the period from the commencement date of the restriction on transfer to the effective date of such organizational restructuring, etc., prior to the effective date of such organizational restructuring, etc. In such case, the Company shall automatically acquire, without compensation, all Allotted Shares which still remain subject to the transfer restrictions as of the date indicated above, on the business day before the day on which the reorganization, etc., becomes effective.

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

The disposal price of treasury stock for the planned Allotment Shares was set at ¥1,054, the closing price on the business day immediately before the board of directors' resolution date, to eliminate arbitrary considerations. The disposal value of treasury stock related to treasury share disposal is not particularly advantageous for the planned allotment and is considered reasonable.

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