

This document is an English translation of a statement written originally in Japanese for reference. The Japanese original should be considered as the primary version.

July 7, 2022

To Whom It May Concern,

Company Name: DAICEL CORPORATION
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Notice Regarding Disposal of Treasury Stock as Restricted Stock Compensation

DAICEL CORPORATION (The “Company”) hereby announces that, at the Board of Directors’ meeting held today, the company has resolved to dispose of treasury stock as restricted stock compensation (hereinafter, “Disposal of Treasury Stock” or “Disposal”), as follows:

1. Overview of the Disposal

(1)	Disposal date	August 5, 2022
(2)	Class and number of shares to be disposed of	The Company’s Common stock 215,666 shares
(3)	Disposal value	823 yen per share
(4)	Disposal value	177,493,118 yen
(5)	Allottees and number thereof, number of shares to be allotted	The Company’s Board Directors (excluding Outside Board Directors): 4 people 63,789 shares Executive Officers: 19 people 133,652 shares Corporate Officers: 5 people 18,225 shares
(6)	Other	The Disposal of Treasury Stock is conditional upon the taking effect of the Securities Registration Statement filed in accordance with the Financial Instruments and Exchange Act

2. Purposes and Reasons for the Disposal

The Company, at the Board of Directors’ meeting held on May 10, 2018, resolved to introduce a Restricted Stock Compensation Plan (hereinafter, the “Plan”) as a new compensation plan for the Company’s Directors, excluding Outside Directors (hereinafter, the “Eligible Directors”), Executive

Officers who do not concurrently serve as Directors (including Executive Fellow, the same hereinafter), and Corporate Officers (hereinafter collectively the “Eligible Directors, etc.” together with the Eligible Directors), aiming to step up value-sharing with shareholders and motivate them to contribute further to the improvement in corporate value of the Company in the medium and long term. In addition, at the 152th Annual General Meeting of Shareholders held on June 22, 2018, the Company obtained approval for the provision of monetary compensation claims of up to 100 million yen per year to Eligible Directors as monetary compensation to be contributed for the acquisition of restricted stock (hereinafter, “Restricted Stock Compensation”) under the Plan, and for the transfer restriction period of the restricted stock to be set by the Company’s Board of Directors within a period from 3 years to 30 years.

The outline of the Plan is as follows:

[The outline of the Plan]

The Eligible Directors, etc. shall pay all of the monetary compensation claims provided by the Company under the Plan to the Company as the properties contributed in kind, and in turn shall receive the issuance or disposal of the Company’s common stock.

In addition, the total amount of monetary compensation claims to be provided by the Company to the Eligible Directors under the Plan shall be no more than 100 million yen per year, and the total number of shares of the Company’s common stock to be issued or disposed of shall be no more than 125 thousand shares per year (however, in the event of a stock split (including a gratis allotment of the Company’s common stock) or a reverse stock split of the Company’s common stock, or other events requiring adjustment of the total number of the Company’s common stock to be issued or disposed of as restricted stock, such total number shall be adjusted to a reasonable extent). The amount to be paid in per share shall be determined by the Board of Directors to the extent that it is not particularly advantageous to the Eligible Directors, etc. who subscribe for the restricted stock based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution by the Board of Directors (or the closing price on the transaction day immediately prior thereto if no transaction is made on such business day).

Based on the above, upon the receipt of recommendation issued by the Nomination and Compensation Committee in which Outside Directors account for the majority and Outside Director chairs the Committee, the Company decided to grant a total amount of 177,493,118 yen as monetary compensation claims, 215,666 shares of the common stock, and set a transfer restriction period at 30 years, in the consideration of the purpose of the Plan and the scope of duties of the Eligible Directors, etc.

In the Disposal of Treasury Stock, the 28 Eligible Directors, etc. as the scheduled allottees shall pay all of the monetary compensation claims to the Company as the properties contributed in kind under the Plan, and in turn shall receive the disposal of the Company’s common stock (hereinafter, the “Allotted Shares”). In the Disposal of Treasury Stock, the outline of the restricted stock allotment agreement to be executed between the Company and the Eligible Directors, etc. (hereinafter, the “Agreement”) is as described in 3. below.

3. Outline of the Allotment Agreement

(1) The Period of the Transfer Restrictions: from August 5, 2022 to August 4, 2052

(2) Conditions for lifting the transfer restrictions

On the condition that the Eligible Directors, etc. had been in any one of the positions including Directors, Executive Officers who do not concurrently serve as Directors, Audit & Supervisory Board Members, Corporate Officers, or any other positions equivalent thereto of the Company on a continuing basis during the transfer restriction period, the Transfer Restrictions of the Allotted Shares shall be lifted as of the expiration of transfer restriction period. However, if the Eligible Directors, etc. resign or retire from the aforementioned positions before the expiration of the transfer restriction period due to expiration of the term of office, death, or any other justifiable reason, the time to lift the Transfer Restrictions shall be reasonably adjusted according to the length of their tenure.

(3) Number of shares subject to lifting the transfer restrictions

The number shall be calculated by multiplying the number of the Allotted Shares held by the Eligible Directors, etc. at the time of lifting of the Transfer Restrictions as described in (2) above by the number obtained (if such number exceeds 1, the number shall be rounded down to 1) by dividing the term of office of the Eligible Directors, etc. (by month) pertaining to the transfer restriction period by 12 (however, if any fraction of less than one share arises, the fractional share shall be discarded).

(4) Gratis acquisition by the Company

If the Eligible Directors, etc., resign or retire from the positions indicated in (2) above before the expiration of the transfer restriction period, the Company shall, as a matter of course, acquire the Allotted Shares without compensation unless there are justifiable reasons for the retirement or resignation, such as expiration of the term of office, death, or other cause deemed justifiable by the Board of Directors of the Company.

(5) Administration of shares

During the transfer restriction period, the Allotted Shares shall be administered in a dedicated account opened at Nomura Securities Co., Ltd. in order to ensure that the Eligible Directors, etc. neither transfer, nor create any security interest on, nor otherwise dispose of the Allotted Shares during such period. To ensure the effectiveness of the Transfer Restrictions, etc. pertaining to the Allotted Shares, the Company has entered into an agreement with Nomura Securities Co., Ltd. concerning the administration of the account for the Allotted Shares held by each Eligible Directors, etc.

(6) Treatment in the event of organizational restructuring, etc.

In cases where, during the transfer restriction period, a merger agreement wherein the Company becomes the extinct company, or a share exchange agreement or a share transfer plan wherein the Company becomes a wholly owned subsidiary, or other matters regarding organizational restructuring, etc., is approved by a general meeting of shareholders of the Company (however, in cases where such organizational restructuring, etc., does not require approval from a general meeting of shareholders of the Company, by the Board of Directors of the Company), the Company shall lift the Transfer Restrictions as of the time immediately before the business day prior to the effective date of said organizational restructuring, etc., for

the number of the Allotted Shares calculated by multiplying the number of the Allotted Shares held at such time by the number obtained (if such number exceeds 1, the number shall be rounded down to 1) by dividing the number of months between the month when the transfer restriction period started and the month to which the date of such approval belongs by 12 (however, if any fraction less than one share arises as a result of the above calculation, the fractional share shall be discarded).

4. Basis of calculating the amount to be paid in for the Allotment Shares and other specific details

The Disposal of Treasury Shares to the scheduled allottees shall be funded by the monetary compensation claims provided as Restricted Stock Compensation under the Plan for the 157th fiscal year of the Company. The company determined the disposal price to be 823 yen, the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on July 6, 2022 (the business day prior to the date of the resolution of the Board of Directors), in order to eliminate any arbitrariness in such price. As this is the market price immediately prior to the date of the resolution of the Board of Directors, the Company believes that it is rational and not a particularly advantageous price.

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