



Commencement of the Tender Offer for the Shares of Kawasumi Laboratories, Inc. by Sumitomo Bakelite Co., Ltd. (Summary)

July 31, 2020

Sumitomo Bakelite Co., Ltd.

Outline of the Tender Offer

Outline

- Sumitomo Bakelite Co., Ltd. (hereinafter called as “Sumitomo Bakelite”) resolved at the meeting of its board of directors held on July 31, 2020 to implement the Tender Offer for the purpose of acquiring all the shares of Kawasumi Laboratories, Inc. (hereinafter called as “Kawasumi Laboratories”)
- Kawasumi Laboratories expressed its supportive statements regarding the Tender Offer and resolved to recommend the shareholders of Kawasumi Laboratories to apply for the Tender Offer

Shares to be purchased

- Number of shares to be purchased: 15,905 (thousands shares)
- Minimum number of shares to be purchased: 9,015 (thousands shares)
- Maximum number of shares to be purchased: N/A

Price for Purchase

- JPY 1,700 per share

If the total number of the Tendered Shares is not meeting the minimum number of shares to be purchased, then all of the Tendered Shares will not be purchased.

Aggregate Tender Offer Price

- About 27 billion yen

Period for Purchase

- From August 3, 2020 (Mon) through September 30, 2020 (Wed) (40 business days)

Settlement Commencement date

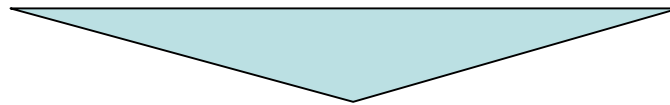
- October 7, 2020 (Wed)

Methods of Financing

- All is to be done by Sumitomo Bakelite’s Funds

Background

- ✓ Demand for medical device products is firm and steady due to the aging of society and an increase in the number of patients with chronic diseases.
- ✓ In the medical equipment business, Sumitomo Bakelite is focusing on the growth area of minimally invasive treatment and is expanding its business by providing advanced new products in endoscopic-related and intravascular treatment fields.
- ✓ On the other hand, Kawasumi Laboratories is also focusing on R&D in the area of minimally invasive advanced medical equipment as well, and the future focus fields of both companies is the same.



- ✓ Sumitomo Bakelite and Kawasumi Laboratories came into the same idea that it is necessary to improve their presence by expanding business scale and to establish an efficient R&D and business execution system, and agreed to implement a tender offer in order to increase the corporate value of both companies.

Business area and Focusing field

Focusing field

Minimally invasive treatment

SUMITOMO BAKELITE CO.,LTD.



Existing business area



Artificial dialysis



Blood purification



Blood transfusion related



Digestive tract stent



Stent graft



Endoscopic treatment
Bile duct stent



Intravascular treatment



Endoscopic clip



Steerable micro catheter

Existing business area



Digestive system



Medication / Nutrition management



Respiratory system

Fusion of technologies and implementation of human resources in the specific field

Synergy expected

1) Promoting joint research and development of next-generation medical device products

We believe that our joint R&D will accelerate the development of next-generation medical devices by sharing information and knowledge without limitation and combining technologies of design, molding, welding, metal processing, assembly, evaluation, simulation, etc.

2) Improving R&D efficiency

More efficient and effective R&D can be conducted by cooperating on the long-term process required for approval of new medical devices and start to sales(including research, development, basic experiment, evaluation, animal testing, biological safety tests, clinical trials, regulatory affairs, external consulting, etc.)

3) Improve industry presence by expanding business scale as a group

As the main players in the medical device industry, the two companies will further enhance brand power and improve presence by expanding business scale as a group

4) Improve business efficiency through mutual utilization and unification of domestic and overseas bases

We believe that by unifying or mutually complementing the sales and distribution networks of medical device products owned by both companies we will be able to build an efficient production system

5) Improvement of management efficiency through by integrating some back-office functions and operations

We can improve management efficiency by integrating some back-office functions and operations as a group

6) Optimization through mutual utilization of human resources

We can improve the efficiency of our business by mutually utilizing the human resources of both companies, including sales, production, research, and pharmaceutical affairs, and by allocating optimal human resources

Financial figures of the two company (Consolidated)

Kawasumi Laboratories, Inc. The year ended March 2020 (Japanese GAAP)

Net Sales	22.3 billion yen
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Operating profit	0.65 billion yen
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Net profit*	1.4 billion yen
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Share Capital	6.6 billion yen
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Total net assets	39.0 billion yen
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Total assets	44.1 billion yen
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Employee number at the end of the fiscal year	2,389 people
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Sumitomo Bakelite Co., Ltd. The year ended March 2020 (IFRS)

Revenue	206.6 billion yen
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Business Profit	14.3 billion yen
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Net profit*	9.0 billion yen
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Share Capital	37.1 billion yen
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Total equity	179.1 billion yen
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Total assets	283.3 billion yen
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Employee number at the end of the fiscal year	5,969 people
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* Profit attributable to owners of parent

For more details, please refer to the content of “Announcement Regarding Commencement of the Tender Offer for the Shares of Kawasumi Laboratories, Inc. (Securities Code:7703) ” released at 3:00 pm on July 31, 2020.