



[Translation]
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To Whom It May Concern:

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Announcement Regarding the Commencement of Tender Offer for Shares in Kawasumi Laboratories, Incorporated (Securities Code 7703)

Sumitomo Bakelite Co., Ltd. (the “Company” or the “Offeror”) hereby announces that it resolved at its board of directors meeting held today to acquire shares of common stock in Kawasumi Laboratories, Incorporated (Securities Code: 7703; listed on the Second Section of the Tokyo Stock Exchange, Inc. “TSE”); the “Target”) (such shares, the “Target Shares”) through a tender offer (the “Tender Offer”) based on the Financial Instruments and Exchange Act (Act No. 35 of 1948, as amended; the “Act”).

1 . Purpose of the Purchase, Etc.

(1) Outline of the Tender Offer

As of the submission date of this Statement, the Offeror holds 4,762,980 of Target Shares (shareholding ratio (Note): 23.05%) which are listed on the Second Section of the TSE, and the Target is an equity-method affiliate of the Offeror. The Offeror resolved at the board of directors meeting held on July 31, 2020 to implement the Tender Offer as part of transactions (the “Transactions”) for the purpose of acquiring all of the Target Shares (excluding the Target Shares directly held by the Offeror and the treasury shares held by the Target) and making the Target a wholly-owned subsidiary of the Offeror.

(Note) Deducting the number of treasury shares (2,279,844 shares) owned by the Target as of the same date as stated in the “Fiscal Year ending March 2021 Q1 Summary of Financial Results [Japanese Standards] (Consolidated)” (hereinafter “Target’s Summary of Consolidated Financial Results”) from the total number of issued shares (22,948,003 shares) as of June 30, 2020, stated in the Target’s Summary of Consolidated Financial Results, makes the number of shares (20,668,159 shares) to calculate the percentage (rounded to the second decimal place. The same shall apply hereinafter in the calculation of the ownership ratio.).

In the Tender Offer, the Offeror has set 9,015,900 shares (shareholding ratio: 43.62%) as the minimum number of the shares to be purchased because the Offeror intends to make the Target a wholly-owned subsidiary, and, if the total number of the share certificates, etc., the sale of which is proposed in response to the Tender Offer (“Tendered

Share Certificates, Etc.”), is less than such minimum number (9,015,900 shares), the Offeror will not purchase any of Tendered Share Certificates, Etc. However, the Offeror intends to make the Target a wholly-owned subsidiary by the Tender Offer, and, therefore, has not set the maximum number of the shares to be purchased, and, if the total number of Tendered Share Certificates, Etc., is equal to or more than the minimum number, the Offeror will purchase all of Tendered Share Certificates, Etc. The minimum number of shares planned to be purchased, 9,015,900 shares, is the number of the Target Shares equivalent to the number of voting rights (90,159); the number is calculated by deducting the number of treasury shares (2,279,844 shares) held by the Target as of June 30, 2020, as set forth in the Target’s Summary of Consolidated Financial Results, from the total number of issued Target Shares (22,948,003 shares) as of June 30, 2020, as set forth in the Target’s Summary of Consolidated Financial Results, which makes 20,668,159 shares; and by deducting the number of voting rights (47,629) for the Target Shares (4,762,980 shares) owned by the Offeror as of the submission date of this Statement from 137,788 voting rights (rounds up after the decimal point), which is the two third or more of 206,681 voting rights for 20,668,159 shares, makes 90,159 voting rights.

The minimum number of the shares to be purchased, (9,015,900 shares), will exceed the so-called "majority of minority." The figure for the majority of minority is calculated as follows; deducting (i) the number of treasury shares (2,279,844 shares) held by the Target as of June 30, 2020 as set forth in the Target’s Summary of Consolidated Financial Results, and (ii) the Target Shares (4,762,980 shares) owned by the Offeror as of the submission date of this Statement, from (iii) the total number of issued Target Shares (22,948,003 shares) as of June 30, 2020 as set forth in the Target’s Summary of Consolidated Financial Results, which results in 15,905,179 shares, holding 159,051 voting rights; then, the majority of 159,051 of voting rights will be (79,526 voting rights), which is an equivalent of 7,952,600 shares.

If the Tender Offer has been successfully completed, but the Offeror is unable to acquire all of the Target Shares (excluding the Target Shares directly held by the Offeror and treasury shares owned by the Target) as a result of the Tender Offer, the Offeror intends to acquire all of the Target Shares (excluding the Target Shares directly held by the Offeror and treasury shares owned by the Target) and make the Target a wholly-owned subsidiary by implementing a series of procedures (the “Procedure for Making the Target a Wholly-Owned Subsidiary”) described in “(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters Relating to So-called “Two-step Acquisition”)” below, after the Tender Offer is successfully completed.

According to the "Announcement of Opinion Regarding the Tender Offer for Shares in Kawasumi Laboratories, Incorporated by Sumitomo Bakelite Co., Ltd." announced on July 31, 2020 by the Target (hereinafter referred to as "Target Press Release"), the Target expressed its supportive position regarding the Tender Offer and resolved to recommend the shareholders of the Target to tender their shares in the Tender Offer at the Board of Directors held on July 31, 2020.

For details of the Target Board of Directors resolution above, please refer to the Target Press Release and “(e) Approval of all directors who have no interest in the Target (including Audit and Supervisory Committee members)” in the “(Measures to ensure the fairness of the price of the Tender Offer and measures to avoid conflicts of interest, etc. Measures to ensure the fairness of the Tender Offer)” in the “② Background of Calculation” of “(4) Basis of Calculation of Tender Offer Price, etc.” in the “2 Overview of the Tender Offer.”

(2) Background, Purpose and Decision-Making Process of the Offeror's Decision to Implement the Tender Offer, and Management Policy after the Tender Offer

① Background, Purpose, and Decision-Making Process of the Offeror's Decision to Implement the Tender Offer

The Offeror was born in March 1955 by the merger of Japan Bakelite Co., Ltd. and Sumitomo Synthetic Resin Industries, Ltd. Japan Bakelite Co., Ltd., one of the predecessors of the Offeror, was founded by inheriting the phenolic resin business from Sankyo Co., Ltd., in January 1932 and was listed on the TSE and Osaka Stock Exchange in May 1949. Gosei Jushi Kogyosho K.K., another predecessor of the Offeror, was established in August 1938 and renamed as Sumitomo Synthetic Resin Industries, Ltd. in May 1944 and renamed as Nippon Synthetic Resin Industries, Ltd. in November 1945, and then it reset the name back to Sumitomo Synthetic Resin Industries, Ltd. in November 1952. Sumitomo Synthetic Resin Industries, Ltd. was listed on Osaka Stock Exchange in May 1950. After Nippon Bakelite Co., Ltd. merged with Sumitomo Synthetic Resin Industries, Ltd., in March 1955 and it changed its trade name to Sumitomo Bakelite Co., Ltd. With the integration of the TSE and the Osaka Stock Exchange in July 2013, the Target is currently listed on the First Section of the TSE.

The Offeror, Sumitomo Bakelite Co., Ltd., has been continuously developing technologies under the basic policy of “Our company aims to contribute to the advancement of society and the improvement of people's livelihood through our business with the utmost respect for credibility,” since its founding in March 1955 to the present. Since the Offeror entered the plastics manufacturing business, the Offeror developed "DECOLA," a decorative board composed of melamine resin and phenol resin in the 1950s, developed "SUMIKON EME", a encapsulating material for semiconductor packages in the 1960s, released "SUMILITE CEL", a sheet for food packaging in the 1970s, started selling various medical instruments for surgery, nursing, tissue culture, clinical examination, etc. in the 1980s, started selling "SUMIRESIN EXCEL CRC," a protective film for integrated circuits in the 1990s, and started mass production of semiconductor package substrate material "LaZ", etc. in the 2000s. Currently, the company provides plastic products in three business segments: semiconductor-related materials, high-performance plastics (Note 1), and quality of life (Note 2). In May 2019, with the vision of expanding the possibilities of plastics and creating value for customers, it aim to become a “company that provides dreams for the future,” and set new mid-term management targets for the period from fiscal year 2019 to fiscal year 2021. Under the new mid-term management targets, the Offeror set the basic strategies such as developing of new products with competitive advantage, improving the profitability of existing products, and aggressive M&A in growth areas; it set priority policies for each business segment. In semiconductor-related materials, the Offeror aims to create markets and increase market share in growth areas such as in-vehicle equipment, and strengthen our lineup in highly integrated device areas (Note 3). Regarding high-performance plastics, the Offeror returns to a growth strategy that takes advantage of its own strengths in the consistent development system of resins, molding compounds, and molded products, as well as the globally expanding production and supply system; the Offeror aims to expand and develop the products with competitive advantages, and strengthen the business foundation in the aircraft field and expand the domain. Furthermore, particularly in the healthcare field of the quality of life segment, it aims to enrich the lineup of products and enhance the functions provided to customers by actively expanding into the growing field of the minimally invasive treatment (Note 5) such as endovascular treatment (Note 4) and endoscopic treatment, working with highly advanced specialists of medical device, and amplifying the business scale through external collaboration and cooperation.

- (Note 1) It refers to a business that manufactures and sells plastics focusing on phenolic resins, used for friction materials for automobiles etc., which have added functions such as heat resistance, dimensional stability, electrical properties, mechanical properties, and wear resistance.
- (Note 2) It refers to a business that manufactures and sells plastic products that contribute to a better life and industrial development, including films for product packaging, pharmaceutical packages, medical devices, physics and chemistry equipment, various display fields, interiors, waterproof sheets and various housing materials, building fields.
- (Note 3) It refers to the semiconductor field that supports future infrastructure such as next-generation power devices, next-generation memories, and high-speed communication devices.
- (Note 4) It refers to the treatment of disease by inserting a catheter, etc. into the blood vessel without making a large incision into a body, rather than treated by surgery in a traditional way.
- (Note 5) It refers to the treatment performed while minimizing the damage to the body by using with an endoscope or catheter.

On the other hand, the Target started manufacturing and selling disposable blood collection and transfusion sets (Note 6) made from plastic in December 1954. Also, since the Target became established as the Target Laboratories, Incorporated in June 1957, it has conducted manufacturing and supplying disposable medical devices in Japan, including producing the artificial kidney in Japan, which at that time relied on imported products as well as providing a stable supply of blood bags to the Japanese Red Cross Society, and in February 1987, the Target listed its shares on the Second Section of the TSE. In recent years, the Target has been concentrating efforts on research and development of minimally-invasive, cutting-edge medical devices, such that, in 2013, the Target has acquired approval for and has started marketing the Fenestrated Thoracic Aortic Aneurysm Stent Graft (Note 7) in Japan and overseas. Further, based on its long-term vision of being “a company widely recognized with its originality on the global stage,” the Target announced on May 15, 2018, its mid-term business plan for the period from the Fiscal Year ending March 2019 to the Fiscal Year ending March 2021. In the mid-term business plan, the Target is focusing on key measures such as reviewing its hemodialysis and plasmapheresis business, which consists of the hemodialysis business (Note 8) and plasmapheresis business (Note 9), expansion of the endovascular business (Note 10), entering a new area with the gastroenterology business (Note 11), and improving productivity, and aims to establish a business base with higher added value by devoting resources generated as a result of business structural reforms to research and development, etc. in the growing field of endovascular and the new field of gastroenterology.

- (Note 6) A disposable blood collection and transfusion set is a single-use (designed to use once only) tube circuit made of vinyl chloride for blood transfusion.
- (Note 7) A stent graft is a medical device in which an artificial blood vessel (graft) is sewn to a metal frame (stent). A fenestrated stent graft is a type of stent graft designed with holes on part of the stent in order to not block vessels carrying blood to the head, arms or other parts of the body. A Fenestrated Thoracic Aortic Aneurysm Stent Graft is a type of stent graft used for placement of the stent graft (treatment to prevent aneurysm from enlarging or rupturing by covering the aneurysm with a stent graft so that blood does not flow into the aortic aneurysm) which treats an aortic aneurysm (a disease that enlarges the aorta to form a bulge) which occurs in the aorta around the chest area.
- (Note 8) The hemodialysis business is the business which markets medical devices used for treatment to

mechanically remove wastes and excess fluid from the body.

- (Note 9) The plasmapheresis business is the business which markets medical devices often used for treatment of intractable diseases (diseases with few cases, unknown causes, lack of effective treatment, and problems in daily life for a long term) that are difficult to be cured solely by medical treatment with pharmaceuticals, etc. in which blood is transferred outside the body to remove the substances causing the disease and returned to the body.
- (Note 10) The endovascular business is the business which markets medical devices used for treatment of diseases through the use of catheters, etc. in the vessels without conducting a thoracotomy or celiotomy.
- (Note 11) The gastroenterology business is the business which markets medical devices used for treatment to improve strictures in gastrointestinal organs such as the bile ducts or colon caused by cancerous tumors or other reasons.

In recent years, demand for medical device products has remained firm and strong in Japan due to the aging of the population and the increase in the number of patients with chronic diseases such as diabetes, and such trend is expected to continue. On the other hand, the medical device industry is undergoing a period of major changes, as pressure toward medical device manufacturers to reduce prices is increasing due to the government policy of controlling medical cost; also, as a result, it is expected to increase commoditization of medical device products. In addition, from a global perspective, major manufacturers including U.S. companies in the industry are aiming to further increase market share and acquire technologies through M&A, and at the same time, manufacturers in emerging countries in China and ASEAN are rising up. It is believed that the competitive environment surrounding the Target and the Offeror will become even more intense.

The Offeror recognizes that it is essential for medical device manufacturers including the Offeror to increase the business scale, improve the efficiency of production and sales systems, and promote the development of next-generation medical device products, in order to maintain its competitiveness as main players in the medical device industry and further strengthen its domestic and overseas presence.

In addition to working internally to promote the development of the aforementioned next-generation medical devices, to expand the business scale, and to streamline the production and sales systems, the Offeror began considering an option for a business alliance with a partner with whom the Offeror can share its growth strategies, and Daiwa Securities Co. Ltd. (“Daiwa”) introduced the Target to the Offeror. Subsequently, the Offeror had an opportunity to meet with the Target in the middle of April 2018. Through subsequent meetings, both companies agreed that they were looking at the field of the minimally invasive treatment as a growing area, and that they were committed to focus on this area; therefore, the Offeror and the Target decided to establish a collaborative system in the field of minimally invasive treatment, which is a growth area in order to respond to the intensifying competition environment described above. Specifically, the Offeror and the Target have decided to aim for expanding and developing medical device products business as well as to increase the corporate values for both companies through ① sharing information owned by both companies regarding medical device products and examining the possibility of joint research and development of next-generation medical device products based on the information, ② mutual utilization of bases owned by both companies in Japan and overseas for medical device products, and ③ business alliance such as utilizing the Offeror’s polymer analysis/evaluation technology for medical device products of the Target. Also, the Offeror and the Target would build a capital relationship between the two companies in order to strengthen their medium- to long-term strategic commitment to the business alliance. In order to improve the corporate value of the Target and from

the viewpoint of maintaining the autonomy and independence of the Target as a listed company, the Offeror and the Target decided that it is appropriate to make the Target an equity-method affiliate of the Offeror rather than making it a consolidated subsidiary of the Offeror. As a method of establishing a capital relationship, the Offeror and the Target decided to use the method of transfer of shares from existing shareholders because there were existing shareholders who wanted to sell the Target Shares and there was no demand for funds from the Target. Based on the described above, on March 20, 2019, the Target and the Offeror entered into a capital and business alliance agreement (hereinafter referred to as "Capital and Business Alliance Agreement." Also, capital and business alliance based on the said agreement will be referred to as "Capital and Business Alliance"), and on the same date, the Offeror entered into a share transfer agreement with each of the Target's four existing shareholders (all medical and/or chemical manufacturers), and acquired 4,762,980 shares of the Target as of March 26, 2019 (ownership ratio (Note 12): 23.10% at that time). In addition to making the Target an equity-method affiliate, the two companies, as independent business entities, have promoted in-depth discussions aimed at establishing the above-mentioned collaboration system to the extent that they do not violate the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade (Act No. 54 of 1947 as amended, the "Antimonopoly Act").

(Note 12) Deducting the number of treasury shares (2,332,593 shares) owned by the Target as of the same date as stated in the "Fiscal year ending March 2019 Q3 Summary of Financial Results [Japanese Standards] (Consolidated)" from the total number of issued shares (22,948,003 shares) as of December 31, 2018, stated in the "Fiscal year ending March 2019 Q3 Summary of Financial Results [Japanese Standards] (Consolidated)" submitted by the Target on February 7, 2019, makes the number of shares (20,615,410 shares) to calculate the percentage (rounded to the second decimal place).

However, in the process of the foregoing discussion, among the objectives of the Capital and Business Alliance stated above, it has become apparent that the following actions may likely require exchanging information for effective implementation: ① exchanging essential technologies of both companies for joint research and new product development, ② maintaining and making adjustments of facilities and allocating human resources efficiently in order to effectively use mutual production bases, and ③ sharing information while there are many cases where both companies are developing devices with similar functions in the same clinical field, which would include exchanging confidential information such as technical information, information related to marketing strategies, production, and sales, and customer information with respect to the unreported investment and development plan, competing products, and mutually related products with potential synergies. The Offeror and the Target have realized that in the current situation where the Target and the Offeror do not conduct business as one entity, the foregoing information exchange is restricted from the standpoint of the Antimonopoly Act. In early October 2019, it was concluded that building the collaboration system in the field of minimally invasive treatment, which was the plan of the Capital and Business Alliance, quickly and effectively would be difficult.

In addition, as stated above, in May 2019, the Offeror has set a new medium-term management target for fiscal year 2019 to fiscal year 2021, in which one of the basic strategies is proactive M&A in growth areas. In particular, in the quality of life segment in the healthcare field, the management target is set to improve the product lineups and advance their functions to offer to their customers by aggressively expanding into the growing field of the minimally invasive treatment such as endovascular treatment and endoscopic treatment, adapting to highly advanced and specialized medical equipment, and increasing its business scale through cooperation and collaboration with external parties. The Offeror believes that strengthening the growing field of the minimally invasive treatment is in line with the business strategy set forth in the new medium-term business

goals. In order to realize the "niche & top share" that the Offeror was aiming for increase the business scale, and to further enhance the presence in a difficult business environment and improve the corporate value of both companies, in mid-October 2019, we became convinced that it was indispensable to remove all of the above restrictions, promote the collaboration with the Target in the field of the minimally invasive treatment at an early stage, and generate the following synergy effects by making the Target a wholly-owned subsidiary.

- (i) Sharing information on medical device products owned by both companies and further promoting joint research and development of next-generation medical device products based on the information

By sharing information and knowledge about medical device products owned by the both companies without limitation, and by fusing the technologies of design, molding, welding, metal processing, assembly, evaluation, simulation, etc. owned by the both companies, we believe that we can accelerate the research and development of next-generation medical devices.

- (ii) Improving R&D efficiency by sharing development costs for next-generation medical device product

We believe that more efficient and effective R&D can be implemented by sharing expenses required for a long period of time from development to approval acquisition/start of sales of vascular treatment instruments and endoscopic treatment instruments focusing on implant products that both companies value as a medium- to long-term product group (research, development, basic experiment, evaluation, animal testing, biological safety tests, clinical trials, regulatory affairs, external consulting costs, etc.).

- (iii) Improve industry presence by increasing business scale

Although both companies face a fiercely competitive environment, we believe that increasing the business scale will enable us to further increase our presence in the medical device industry. Both companies will further enhance brand power in the medical device industry and secure excellent human resources so that we can not only increase sales of existing products but also improve the realization accuracy and speed in developing, obtaining approvals, and selling next-generation medical device products.

- (iv) Improve business efficiency through mutual utilization and rationalization of domestic and overseas bases and facilities owned by both companies

We believe that by unifying or mutually complementing the sales and distribution networks of medical device products owned by both companies in Japan and overseas, we can further improve the efficiency of our business. In terms of production, we believe that we will be able to build an efficient production system by strengthening the cooperation system of the production facilities of both companies.

- (v) Improvement of management efficiency

We believe that we can improve management efficiency by integrating some of indirect departments and operations such as investor support operations, capital procurement related operations, holding and operation of general meetings of shareholders, and system investments as a group.

- (vi) Improving business efficiency through mutual utilization of human resources

We believe that we can improve the efficiency of the business by mutually utilizing the human resources of both companies, in the management, sales, production, research, and pharmaceutical

affairs, and by allocating optimal human resources. We also believe that we will be able to share our know-how, further develop human resources, promote new business proposals, and improve the corporate value of both companies.

In light of above considerations, on October 25, 2019, the Offeror approached the Target as to its interest in starting to examine the possibility of converting the Target into the Offeror's wholly-owned subsidiary. Subsequently, in early November in 2019, The Offeror appointed Daiwa as its financial advisor and third-party valuation agent and Nishimura & Asahi as its legal advisor, both of which are independent from the Offeror and the Target, to establish an assessment system for the Transaction and considered the matter internally; on March 26, 2020, the Offeror submitted to the Target a specific letter of intent to make the Target a wholly-owned subsidiary through the Tender Offer.

Based on this, the Offeror implemented due diligence reviews of the feasibility of the Transactions from late April 2020 to early June 2020. Based on the results of the due diligence, the Offeror determined that the effects of the new coronavirus would not impact the viability of the Transaction, and as for the emergency declaration issued on April 7, 2020, even though it may be possible that the preparation for the Transaction may not be able to proceed as smoothly as during normal times due to it the implementation of work-from-home both the Offeror and the Target, considering the importance of the Transaction, the Offeror believed that steadily advancing the Transaction would benefit both the Offeror and the Target, and have continued to study the Transaction. Based on this, the Offeror has been engaged in multiple rounds of discussions and examinations of the price for the purchase, etc. of share of stock of the Target's (hereafter "Tender Offer Price") with the Target since in late June 2020. Specifically, the Offeror made its first proposal for the Tender Offer Price (JPY 1,250 per share) on June 25, 2020. In light of a request from the Target on June 30, 2020 to reconsider the proposal on the ground that it didn't reach the proper price, the Offeror discussed the Tender Offer Price multiple times with Daiwa, the financial advisor to the Offeror, subsequently and made a proposal to set the Tender Offer Price approximately around JPY 1,500 on July 3, 2020 and July 14; it, however, received responses indicating the price had not reached proper price yet for the both proposals. The Offeror continue to discuss and negotiate the Tender Offer Price with the Target. Subsequently, the Offeror made its final proposal to set the Tender Offer Price at JPY 1,700 on July 21. As a result of the discussions and negotiations, the Offeror and the Target reached an agreement to set the Tender Offer Price at JPY 1,700 on July 22. After these discussions and negotiations, the Offeror resolved to set the Tender Offer Price at JPY 1,700 at the Board of Directors meeting held on July 31, 2020 with the aim of making the Target a wholly-owned subsidiary of the Offeror.

As stated above, after the Target received from the Offeror an inquiry about commencing discussions to consider making the Target a wholly-owned subsidiary of the Offeror on October 25, 2019, in order to ensure the fairness of the terms and conditions of the Transaction including the Tender Offer Price, in early February 2020 the Target appointed Mori Hamada & Matsumoto as its legal advisor independent from the Target and the Offeror, and Nomura Securities Co., Ltd. ("Nomura") as its financial advisor and third-party valuation agent independent from the Target and the Offeror, with respect to the Transaction. Also, the Target requested Nomura, which is a third-party valuation agent, to submit a share valuation report on the Target Shares (the "Share Valuation Report (Nomura)"). The compensation payable to Nomura includes a contingency compensation that is payable subject to the completion of the Transaction.

The Offeror subsequently provided to the Target a specific letter of intent on March 26, 2020 stating that the Offeror intended to make the Target its wholly-owned subsidiary through a tender offer. Consequently, given that the Transaction constitutes an acquisition of an equity-method affiliate by the Target's major and largest shareholder, and involves structural conflicts of interest between the Offeror and the Target or the

Target's general shareholders, in order to ensure the fairness of the entire process of discussions and determinations on whether the Transaction should be implemented and the reasonableness of the transaction terms, the Target received legal advice from Mori Hamada & Matsumoto, which is its legal advisor, and resolved at its board of directors meeting held on April 23, 2020 to establish a special committee to discuss and negotiate the Transaction from a standpoint independent from the Offeror (for the structure of the special committee, and details of specific activities conducted, please refer to “③ Establishment of an independent special committee by the Target and obtainment of the report from the special committee” of (Measures to Ensure the Fairness of the Tender Offer, such as Measures to Ensure the Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest) of “②Background of Calculation” of “(4) Basis of Calculation of Tender Offer Price, etc.” in the “2 Overview of the Tender Offer.”). In addition, after implementing the “Plan Regarding Large-Scale Purchases of the Target Share Certificates and Other Securities” by the resolution of the board of directors on April 26, 2007, the Target updated such plan with the approval of its shareholders, and implemented a new “Plan Regarding Large-Scale Purchases of the Target Shares” (the “Takeover Defense Plan”) and further continued the Takeover Defense Plan until now. While the Target is currently implementing the Takeover Defense Plan, because the Target can acquire information and provide the time necessary and sufficient for the shareholders to make appropriate decisions and obtain opportunities to discuss with the Offeror in light of the negotiation process for the Capital and Business Alliance and subsequent amicable relationship with the Offeror, the Target determined at its board of directors meeting held on April 23, 2020 mentioned above that it would not be necessary to take measures in accordance with the Takeover Defense Plan as of April 23, 2020. Therefore, the Target resolved to approve in advance that the proposal of the Transaction does not constitute a “Purchase, Etc.” that requires procedures for exercising the Takeover Defense Plan.

Also, the Target received legal advice from Mori Hamada & Matsumoto, which is its legal adviser, on the matters to be considered when making decisions on the Transaction (including the Tender Offer) such as the decision-making process and the method of decision-making concerning the Transaction (including the Tender Offer), and also received advice and assistance from Nomura, which is its financial adviser, from a financial point of view. After receiving a proposal from the Offeror on June 25, 2020 regarding the Transaction to the effect that the Tender Offer Price should be JPY 1,250, the Target commenced negotiations with the Offeror, and held discussions and negotiations with the Offeror on several occasions, taking into account the advice described above. In addition, the Target reported to the special committee on the progress and details of the discussions and negotiations regarding the Transaction with the Offeror in a timely manner, and proceeded with discussions and negotiations with the Offeror while consulting with the special committee on the policies and other procedures from time to time. Specifically, although the Target received the initial proposal of the Tender Offer Price (JPY 1,250 per share) on June 25, 2020 from the Offeror, the Target requested the Offeror to reconsider its proposal on June 30, 2020 on the grounds that the proposed price has not reached a reasonable price. Then, although the Target received a series of proposals that the Tender Offer Price should be around JPY 1,500 on July 3, 2020 and July 14, 2020, the Target further requested the Offeror to reconsider its proposals on the grounds that the proposed prices have not yet reached a reasonable price. After that, the Target received the final proposal that the Tender Offer Price should be JPY 1,700 on July 21, 2020, and the Target and the Offeror agreed that the Tender Offer Price would be JPY 1,700 on July 22, 2020.

Subsequently, the Target obtained the Share Valuation Report (Nomura) from Nomura on July 30, 2020, and received a written report (the “Report”) from the special committee on July 30, 2020. For details of the Report, please refer to “③ Establishment of an independent special committee by the Target and obtainment of the report from the special committee” of (Measures to Ensure the Fairness of the Tender Offer, such as Measures to Ensure the Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest) of

“②Background of Calculation” of “(4) Basis of Calculation of Tender Offer Price, etc.” in the “2 Overview of the Tender Offer.”

Furthermore, based on the legal advice received from Mori Hamada & Matsumoto on the matters to be considered when making decisions on the Transaction (including the Tender Offer) such as the decision-making process and the method of decision-making concerning the Transaction (including the Tender Offer), and the financial advice and contents of the Share Valuation Report (Nomura) received from Nomura, the board of directors of the Target conducted prudent discussions and examinations from the standpoint of whether the Transaction would increase the Target’s corporate value and whether the terms and conditions of the Transaction (including the Tender Offer Price) are reasonable, while paying the utmost respect to the contents of the Report received from the special committee.

As a result, the Target came to realize that becoming a wholly-owned subsidiary of the Offeror, further strengthening the alliance, and otherwise further applying management resources held by the Offeror would create the following synergies.

(i) Strengthening of research and development capabilities

The Target considers that expansion of its endovascular and gastroenterology businesses will drive an increase in the Target’s corporate value, and as a company focused on research and development, the Target focuses on developing new products in those businesses. The Target believes that because becoming a wholly-owned subsidiary of the Offeror and being able to share information on medical device products owned by both companies more than before will enable the Target to recognize new needs from clinical practice and to newly acquire the know-how of the development of medical device products, the Target will be able to promote and streamline the development of next-generation medical device products, and shorten the period needed to obtain approval for and commence sales of such products. In particular, the Target believes that it may challenge research and development themes that overlap between both companies in a more efficient manner than if the Target were to challenge them independently. The Target also believes that the Target may expand the possibility of applying technologies to existing products and creating new development themes to which technologies apply, and further promote the development of medical device products by applying the Offeror’s polymer analysis and evaluation technology and gaining access to research and development personnel, facilities, management systems and other functions held by the Offeror.

(ii) Strengthening of sales systems

The Target believes that becoming a wholly-owned subsidiary of the Offeror will enable mutual utilization of the Target’s and the Offeror’s sales bases in Japan. The Target also believes that because there is virtually no overlap in the medical device products sold by both companies, which are only metallic bile duct stents (Note 13), the expansion of the product lineups of both companies and cross-sales (Note 14) of the products of the Target and the Offeror will lead to increased sales. In addition, as the Target has been focusing on measures to accelerate global expansion, such as strengthening systems aimed at expanding marketing of its new products abroad and increasing sales of stent grafts in Europe, the Target believes that it may further promote its global expansion by utilizing the Offeror’s overseas sales and marketing bases.

(Note 13) “Metallic bile duct stents” refers to metallic frames (stents) to be used for relieving bile duct obstruction.

(Note 14) “Cross-sales” refers to each party selling related products of the other party to its own customers.

(iii) Streamlining of production activities

As the Target promotes streamlining of its production activities, including, but not limited to, manufacturing, logistics and inventory management of medical device products in each factory through measures such as commencement of integrated management of domestic and foreign production of the Target's products, the Target believes that it may further streamline its production activities by becoming a wholly-owned subsidiary of the Offeror, and improving the Target's production activities by reference to the know-how of the production management system and management structure held by the Offeror.

(iv) Use of management resources of the Offeror

While the Target believes that it is necessary to perform its corporate social responsibilities by making efforts to grow profits through strengthening its business activities including the strengthening of its research and development capabilities, by maintaining and improving its business management functions such as governance, personnel systems and systems, and among other things, by strengthening the measures such as ESG (Note 15) and SDGs (Note 16), for which there has been increasing demand in recent years, in order to sustainably increase the Target's corporate value, the Target considers that when it solely takes measures, it has no choice but to choose measures that are based on the limitations of its management resources. The Target believes that it will be able to fundamentally strengthen its business management functions to perform those social responsibilities by becoming a wholly-owned subsidiary of the Offeror, and effectively utilizing the personnel and management systems of the Offeror and other management resources.

(Note 15) "ESG" is an acronym for "Environment, Social and Governance", and refers to three perspectives necessary for the long-term growth of companies.

(Note 16) "SDGs" is an acronym for "Sustainable Development Goals," and refers to the common goals in the international society to realize a sustainable society.

In implementing the various measures for increasing the Target's corporate value described above, substantial investment will be required. Specifically, the Target will establish new research and development facilities where the development-related operations and head office functions are integrated at Tonomachi International Strategic Zone in Kawasaki City, which is easily accessible by transportation, in October 2021 to accelerate the development, obtainment of approval, and commencement of sale of new products for the endovascular and gastroenterology businesses,. Those investments may cause a decline in profit level in the short term, and could also lead to a decline in corporate value if the Target fails to achieve an increase in profits in the medium- to long-term. The Target believes that becoming a wholly-owned subsidiary of the Offeror will enable the Target to make further additional investment by implementing various measures and utilizing the Offeror's capital strength, while preventing shareholders from bearing those risks. Moreover, the Target expects to decrease audit expenses and other costs necessary for maintaining listing.

Based on the above, the Target believes that becoming a wholly-owned subsidiary of the Offeror through the Transaction and further strengthening the alliance with the Offeror will contribute to increasing the medium- to long-term corporate value of the Target.

The Target also determined at its board of directors meeting held today that the Tender Offer would provide the Target's shareholders with a reasonable opportunity to sell their Target Shares at a price inclusive of a substantial premium, based on the following: (i) the fact that the Tender Offer Price exceeds the range evaluated using the average market price method, and it is within the range evaluated using the comparable

company analysis method and the discounted cash flow analysis (the “DCF Method”) according to the evaluation of the value of the Target Shares by Nomura stated in “② Obtainment of a share valuation report from an independent third-party valuation agent by the Target” of “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Tender Offer Price and to Avoid Conflicts of Interest)” of “②Background of Calculation” of “2 Price for Purchase, etc.” in “4 Period for Purchase, etc., Price for Purchase, and Number of Share Certificate, etc., to be Purchased.” below.; (ii) the fact that the Tender Offer Price is a price inclusive of a premium of (a) 111.18 % (to be rounded to the second decimal place; the same applies to each percentage of a premium on a share price below) on JPY 805, the closing price on July 30, 2020, which is the business day immediately preceding the announcement date of the implementation of the Tender Offer, (b) 102.38 % on JPY 840, the simple average closing price (to be rounded to the nearest one (1) JPY; the same applies to each simple average closing price below) for the past one-month period (the period commencing on July 1, 2020 and ending on July 30, 2020), (c) 97.22 % on JPY 862, the simple average closing price for the past three-month period (the period commencing on May 1, 2020 and ending on July 30, 2020), and (d) 82.80 % on JPY 930, the simple average closing price for the past six-month period (the period commencing on January 31, 2020 and ending on July 30, 2020 of the Target Shares on the Second Section of the TSE, and that the Target considers the premium included in the price to be substantial when compared to the levels of premiums offered in other cases where a tender offer is conducted with the purpose of converting a consolidated subsidiary or an equity-method affiliate into a wholly-owned subsidiary (also, although the Target downwardly revised the consolidated business forecast for the fiscal year ending March 2020 in the “Announcement of Revisions to Consolidated Business Forecast for the Fiscal Year Ending March 2020” announced on April 23, 2020, the Target determines that it is reasonable to take into account the premium on the simple average closing price for the past six-month period as well as the premium on the simple average closing prices for the past one-month period and for the past three-month period because such announcement had a limited impact on the stock value); (iii) the fact that in connection with the determination of the Tender Offer Price, measures are taken to ensure the fairness of the Tender Offer Price and to avoid conflicts of interest stated in “(6) Measures to Ensure the Fairness of the Tender Offer, such as Measures to Ensure the Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest” below, and the minority shareholder profits are deemed to be taken into account; (iv) the fact that the Tender Offer Price is a price proposed as a result of earnest and continuous discussions and negotiations between the Target and the Offeror equivalent to those in an arm’s length transaction after taking measures to avoid conflicts of interest, and more specifically, taking into account the details of the evaluation of the value of the Target’s shares by Nomura and consultations with the special committee; and (v) the fact that although the Tender Offer Price is less than the net asset value per share calculated based on the book net asset value of the Target as of June 30, 2020, the value of the Target Shares should be calculated on the condition that the Target is a going concern. It is not reasonable that the Tender Offer Price is determined only based on the net asset value per share, and the book net asset value will not be always converted into cash taking into account the occurrence of substantial additional costs for liquidation.

Based on the facts above, the Target decided that the Transaction would contribute to increasing the corporate value of the Target and that the transaction terms and conditions of the Transaction, including the Tender Offer Price, are reasonable. Therefore, the board of directors resolved at its meeting held on July 31, 2020 to express its opinion in support of the Tender Offer and recommend that the shareholders of the Target tender their Target Shares in the Tender Offer. At the same time of the resolution above, the Target also resolved with respect to the proposal of the Transaction that it is not necessary to take measures in accordance with the Takeover Defense Plan because the Target considers that it was able to acquire information and provide the time necessary and sufficient for the shareholders to make appropriate decisions and obtain opportunities to discuss with the Offeror in the negotiation process for the Transaction, and that there is no change in the

resolution determined at the board of directors meeting held on April 23, 2020 approving that the proposal of the Transaction does not constitute a “Purchase, Etc.” that requires procedures for exercising the Takeover Defense Plan. For details of the decision-making process at the meeting of the Target’s board of directors described above, please refer to “⑤ Approval of all disinterested directors of the Target (including Audit & Supervisory Committee member)” of (Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest) of “②Background of Calculation” of “(4) Basis of Calculation of Tender Offer Price, etc.” in the “2 Overview of the Tender Offer.”

② Management Policy after a successful completion of the Tender Offer

After a successful completion of the Tender Offer, as stated in the above “① Background, Purpose and Decision-Making Process of the Offeror's Decision to Implement the Tender Offer,” the Offeror will implement the measures stipulated in the Capital and Business Alliance Agreement and strive to increase the corporate value of both the Offeror and the Target.

As of the submission date of this Statement, Mr. Takashi Kobayashi, the director of the Target, also serves as a director and managing executive officer of the Offeror. Future executive structure of the Target is undecided as of the submission date of this Statement, but we will consult with the Target subsequently and examine assembling the optimal system to implement the above-mentioned measures and further strengthening the operating foundation. Regarding the employees of the Target after a successful completion of the Tender Offer, the current employment will be maintained in principle.

In addition, for the management policy of the Target after the Tender Offer, the Offeror basically plans to maintain and respect the independence of the Target's management; the details of the management policy will be decided in consultation between the Offeror and the Target after a successful completion of the Tender Offer.

Regarding the detailed examination of the management system and management policy above, the Offeror and the Target plan to promptly organize subcommittees (Development, manufacturing, sales, human resource, general affairs, system, pharmaceutical affairs, etc.) after a successful completion of the Tender Offer, and hold discussions to maximize synergies between the Offeror and the Target.

(3) Matters concerning Material Agreement between the Offeror and the shareholders of the Target related to the Tender Offer

N/A

(4) Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest

As of the submission date of this Statement, the Target is not a consolidated subsidiary of the Offeror and the Tender Offer does not constitute an acquisition of a subsidiary company by a controlling shareholder. However, in consideration of the fact that (i) the Offeror holds the Target as an equity-method affiliate by holding 4,762,980 Target Shares (Ownership Ratio: 23.05%) and (ii) that one of the Target’s directors is from the Offeror and concurrently serves as an officer of the Offeror, the Offeror and the Target have implemented the following measures for the purpose of ensuring the fairness of the purchase price, etc. and avoiding conflicts of interest (the measures implemented by the Target described below are based on explanations given by the Target).

(a) Obtaining a share valuation report from an independent third-party valuation agent by the Offeror

- (b) Obtaining a share valuation report from an independent third-party valuation agent by the Target
- (c) Establishment of an independent special committee by the Target and obtaining the report from the special committee
- (d) Obtaining advice from an independent law firm by the Target
- (e) Approval of all disinterested directors of the Target (including Audit & Supervisory Committee member)
- (f) Measures to secure opportunities for others to make competing offers
- (g) Setting a minimum number of shares to be purchased equal to the majority of the minority

For more details, please refer to the “(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest)” of “② Background of Calculation” in “(4) Basis of Calculation of Tender Offer Price, etc.” in “2 Overview of the Tender Offer.”

- (5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters Relating to So-called “Two-step Acquisition”)

As stated in “(1) Outline of the Tender Offer” above, the Offeror intends to make the Target a wholly-owned subsidiary of the Offeror. Therefore, if the Offeror is unable to acquire all of the Target Shares upon successful completion of the Tender Offer, the Offeror plans to implement the Procedures to Make the Target a Wholly-Owned Subsidiary with the following steps after successful completion of the Tender Offer for the purpose of purchasing all of the Target Shares (excluding the Target Shares owned by the Offeror and the Target’s own shares that are owned by the Target).

① Share Cash-Out Demand

If the Offeror owns 90% or more of the voting rights of all shareholders of the Target by a successful completion of the Tender Offer and becomes a special controlling shareholder as set forth in Article 179, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended; hereinafter the same), the Offeror plans to request all of the Target’s shareholders (excluding the Offeror and the Target; Hereinafter “Cash-Out shareholders”) to sell all of the Target Shares which they own, pursuant to the provisions of Part II, Chapter II, Section 4-2 of the Companies Act (the “Share Cash-Out Demand”), promptly after the completion of the settlement of the Tender Offer. In the Share Cash-Out Demand, the Offeror plans to set forth that the amount equivalent to the Tender Offer Price will be delivered to the Cash-Out shareholders as the per share price of the Target Shares. In such case, the Offeror will notify the Target to that effect and require the Target to approve the Share Cash-Out Demand. If the Target approves the Share Cash-Out Demand by a resolution of its board of directors meeting, in accordance with the procedures set forth in the relevant laws and regulations, without individual approvals by the Cash-Out shareholders, the Offeror will acquire all of the Target Shares owned by the Cash-Out shareholders as of the acquisition date set forth in the Share Cash-Out Demand. The Offeror plans to deliver the amount equivalent to the Tender Offer Price to each of such Cash-Out shareholders as the per share price of the Target Shares owned by each of the Cash-Out shareholders. In addition, according to the Target’s Press Release, if the Target receives from the Offeror its intention to Share Cash-Out Demand and the notice regarding the matters set forth in each item of Article 179-2, Paragraph 1 of the Companies Act, the board of directors meeting of the Target plans to approve the Share Cash-Out Demand.

In accordance with the provisions of the Companies Act for the purpose of protecting the rights of

minority shareholders related to the Share Cash-Out Demand, the Cash-Out shareholders may file a petition with a court to determine the sale price of the Target Shares that they own, pursuant to the provisions of Article 179-8 of the Companies Act and other relevant laws or regulations. If the said petition is filed, the sale price will be ultimately decided by the court.

② Share Consolidation

Conversely, if the Offeror owns less than 90% of the Target's voting rights by a successful completion of the Tender Offer, the Offeror plans to promptly request the Target to hold an Extraordinary Shareholders Meeting (the "Extraordinary Shareholders Meeting") approximately between late November and early December in 2020 that will resolve proposals including: a proposal regarding consolidation of the Target Shares (the "Share Consolidation") pursuant to Article 180 of the Companies Act and a proposal regarding a partial amendment to the articles of incorporation subject to the Share Consolidation becoming effective for the purpose of abolishing the provision regarding the number of shares constituting one unit of stock, promptly after the completion of the payment of the Tender Offer. The Offeror plans to vote in favor of each of the above-mentioned proposals at the Extraordinary Shareholders Meeting.

If the proposal regarding the Share Consolidation is approved at the Extraordinary Shareholders Meeting, the number of the Target Shares owned by the shareholders of the Target will be changed in proportion to the ratio for the Share Consolidation approved at the Extraordinary Shareholders Meeting as of the effective date of the Share Consolidation. In the case where any fractional share less than one share arises as a result of the Share Consolidation, the amount of cash to be obtained by selling the Target Shares in the amount equivalent to the aggregate of such fractional shares (any fractional shares less than one share in the aggregate will be rounded off; hereinafter the same) to the Target or the Offeror, will be delivered to the shareholders who own the fractional shares of the Target pursuant to Article 235 of the Companies Act and other relevant laws or regulations. With respect to the sale price of the Target Shares in the amount equivalent to the aggregate of such fractional shares, the Offeror plans to request the Target to determine such price so that the amount of money to be delivered to each of the Target's shareholders who did not tender their shares in the Tender Offer (excluding the Offeror nor the Target) as a result of such sale will be equal to the amount obtained by multiplying (a) the Tender Offer Price by (b) the number of the Target Shares held by such shareholder, and file a petition with a court for permission for such voluntary sale. Although the ratio for the consolidation of the Target Shares has not yet been determined as of the submission date of this Statement, it is contemplated that the ratio will be determined so that the Offeror will hold all of the Target Shares (excluding the treasury shares held by the Target) and the number of the Target Shares owned by the Target's shareholders who did not tender their shares in the Tender Offer (excluding the Offeror nor the Target) will be a fractional share less than one share.

In accordance with the provisions of the Companies Act for the purpose of protecting the rights of minority shareholders related to the Share Cash-Out Demand, in the case where the Share Consolidation is implemented and any fractional share less than one share arises, the shareholders of the Target who did not tender their shares in the Tender Offer (excluding the Offeror nor the Target) may request the Target to purchase at a fair price all of its fractional shares less than one share and file a petition with a court for determination of the price of the Target Shares pursuant to the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws or regulations. As stated above, due to the Share Consolidation, the number of the Target Shares owned by the Target's shareholders who did not tender their shares in the Tender Offer (excluding the Offeror nor the Target) will be a fractional share less than one share, opposing shareholders of the Target against the Share Consolidation may be able to file a petition with a court to determine the sale price pursuant to the provisions of Articles 182-4 and 182-5 of the Companies Act and other relevant laws or regulations. If the said

petition is filed, the purchase price will be ultimately decided by the court.

The procedures described in ① and ② above may take longer than anticipated or may be changed due to the amendment or enforcement of the relevant laws and regulations and the interpretation by the authorities on the relevant laws and regulations, etc. However, even in such cases, if the Tender Offer is completed, the Offeror intends to adopt any measures to eventually pay cash to the shareholders of the Target who did not tender their shares in the Tender Offer (excluding the Offeror nor the Target) and cause the amount of cash to be paid to each of the shareholders to be equal to the amount obtained by multiplying the Tender Offer Price by the number of the Target Shares owned by such shareholder.

Specific procedures and the schedule thereof in each case above will be promptly announced by the Target once they are determined through mutual discussions between the Offeror and the Target.

The Tender Offer is not intended to solicit the affirmative vote by the shareholders of the Target at the Extraordinary Shareholders Meeting. Each shareholder of the Target should consult with tax advisors at its own responsibility regarding tax implications in relation to the tender in the Tender Offer or any of the procedures above.

(6) Possibility of Delisting and Reasons Therefor

As of the submission date of this Statement, the Target Shares are listed on the second section of the TSE. However, since the Offeror has not set the maximum number of shares to be purchased in the Tender Offer, depending on the result of the Tender Offer, the Target Shares may be delisted pursuant to the procedures prescribed by the TSE in accordance with the TSE's criteria for delisting. In addition, even if the Target Shares do not fall under such criteria at the successful completion of the Tender Offer, the Offeror plans to implement the procedure to acquire all of the Target Shares (excluding the Target Shares owned by the Offeror and the Target's own shares that are owned by the Target) as described in "(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters Relating to So-called 'Two-step Acquisition'))" after the successful completion of the Tender Offer; in that case, the Target Shares may be delisted pursuant to the procedures in accordance with the TSE's criteria for delisting. The Target Shares will no longer be traded on the second section of TSE after the delisting.

2. Overview of the Tender Offer

(1) Overview of the Target

① Name	Kawasumi Laboratories, Incorporated	
② Address	Shinagawa Intercity Tower B, 9th Floor 2-15-2, Konan, Minato-ku, Tokyo 108-6109, Japan	
③ Title and Name of Representative	Takeshi Saino, President and Chief Executive Officer	
④ Description of Business	Manufacturing and sales of medical devices and pharmaceuticals	
⑤ Capital	JPY 6,642 Million (as of March 31, 2020)	
⑥ Date of Establishment	June 26, 1957	
⑦ Major Shareholders and Shareholding Ratios (as of March 31, 2020)	Sumitomo Bakelite Co., Ltd.	23.05%
	Asahi Kasei Medical Co., Ltd.	4.84%
	MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	4.10%
	(standing proxy Merrill Lynch Japan Securities Company, Limited)	

	Sumitomo Mitsui Banking Corporation	3.51%
	Moriroku Holdings Company, Ltd.	2.96%
	Iyo Bank, Ltd.	2.43%
	Oita Bank, Ltd.	2.43%
	STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002 (standing proxy Payment and Sales Department of Mizuho Bank, Ltd.)	2.31%
	Yukihiro Kawano	2.05%
	Yasuhiro Kawano	1.87%
⑧ Relationship between the Company and the Target		
Capital Relationship	We hold 4,762,980 Target Shares (shareholding ratio: 23.05%) and the Target is an equity-method affiliate.	
Personnel Relationship	As of today, 1 out of Target's 11 directors are concurrently serving as our managing executive officers.	
Business Relationship	N/A	
Status as Related Party	Target is our equity-method affiliate and related party.	

(2) Schedule, etc.

① Schedule

Date to Decide Implementation of the Tender Offer	Friday, July 31, 2020
Date of Public Notice of Commencement of Tender Offer	Monday, August 3, 2020 An electronic public notice will be issued and this will be published in the Nihon Keizai Shimbun. (URL for electronic public notice: https://disclosure.edinet-fsa.go.jp/)
Date of Submission of Tender Offer Statement	Monday, August 3, 2020

② Initial Period of this notification

Monday, August 3, 2020 through Wednesday, September 30, 2020 (40 business days)

③ Possible extension of the Tender Offer Period based on the Target's request

N/A

(3) Price for Purchase, etc.

JPY 1,700 per share of the Common Stock

(4) Basis of Calculation of Tender Offer Price, etc.

① Basis of Calculation

In deciding the Tender Offer Price, the Offeror requested its financial advisor Daiwa, which served

as a third-party valuation agent, independent from the Offeror and the Target, to evaluate the share value of the Target Shares in order to ensure the fairness of the Tender Offer Price. Daiwa is not a related party to the Offeror or the Target and does not have any material interest in the Tender Offer. After considering calculation methods to be used in the Tender Offer, Daiwa calculated the share value of the Target Shares using: (i) the market price method, in light of the fact that the Target Shares are listed on the Second Section of the TSE; and (ii) the DCF Analysis in order to reflect the future status of business activities in the calculation. The Offeror obtained a valuation report from Daiwa on July 30, 2020 (hereinafter the “Offeror’s Valuation Report”). The Offeror has not obtained from Daiwa an opinion letter on the fairness of the Tender Offer Price (a fairness opinion).

The ranges of values per Target Share evaluated by Daiwa are as follows:

Market price method: JPY 808 – JPY 932

DCF Analysis JPY 1,513 – JPY 2,358

In the market price method, the share value range per Target Share of JPY 808 to JPY 932 was derived based on the following figures quoted on the Second Section of the TSE as of the evaluation reference date of July 29, 2020: JPY 808, which was the closing price as of the reference date; JPY 843, which was the simple average closing price over the preceding one-month period; JPY 864, which was the simple average closing price over the preceding three-month period; and JPY 932, which was the simple average closing price over the preceding six-month period.

In the DCF Analysis, the value range of JPY 1,513 to JPY 2,358 per Target Share was derived by calculating the Target’s corporate value and share value by discounting to the present value at a certain discount rate the free cash flow that the Target is expected to generate in the future in and after the fiscal year ending March 2021, based on, among other things, the Target’s income and investment plans described in its business plans for the five fiscal years from March 2021 to March 2025, as well as based on publicly disclosed information.

The Target’s business plans on which Daiwa’s DCF Analysis is based include fiscal years for which a considerable income increase or decrease is expected. Specifically, for the fiscal year ending March 2021, operating profit and ordinary income are respectively expected to increase significantly by more than approximately 30% compared to the previous fiscal year. This will be a result of earnings recovery expected from reviewing the Hemodialysis and Plasmapheresis businesses, which has been implemented as part of the structural reform. On the other hand, net income is expected to decrease significantly by more than approximately 30% compared to the previous fiscal year. This will be a result of the expected decrease, as compared to the previous fiscal year, in the temporary extraordinary income which was recorded for fiscal year ending March 2020 as a result of the sale of investment securities, etc. For the fiscal year ending March 2022, operating profit and ordinary income are respectively expected to decrease significantly by more than approximately 30% compared to the previous fiscal year. This will be a result of increase in amortization expense due to new investments. In the subsequent fiscal years, a significant increase by more than approximately 30% compared to the previous fiscal year is expected in each of the items listed below for the following respective fiscal years: operating profit, ordinary income, and net income for the fiscal year ending March 2023; operating profit and ordinary income for the fiscal year ending March 2024; and operating profit, ordinary income, and net income for the fiscal year ending March 2025. These increases will be mainly due to the expected enhanced performance in the Blood Banking and Transfusion business, the Infusion Therapy business, and the Endovascular Repair business arising from: (i) expansion of the distribution channels to

overseas, such as hospitals and facilities in the U.S., of Push-Button Winged Blood Collection Sets (Note 1), which are the next generation product of the Winged Blood Collection Sets (Note 2); and (ii) growth in demand for stent grafts due to the increase in the number of patients in Japan and overseas. Please note that the aforementioned business plans do not take into account the synergy effects expected from the consummation of the Transaction, due to the difficulty in specifically estimating such synergy effects at this time.

(Note 1) “Push-Button Winged Blood Collection Sets” refers to those Winged Blood Collection Sets whose needle stick prevention mechanism is automatically activated by pushing a button.

(Note 2) “Winged Blood Collection Sets” refers to blood collection kits equipped with a needle stick prevention mechanism, in which the needle is concealed in the cover to prevent needle stick injury that may occur after blood collection.

In addition to the evaluation results described in the Offeror’s Valuation Report obtained from Daiwa, the Offeror took comprehensively into account, among other things: the results of the due diligence on the Target implemented by the Offeror during the period from late April 2020 to early June 2020; examples of premiums placed by a party other than an issuer when making a purchase or other price decisions in past cases where such party implemented a tender offer for the Share Certificates, Etc. with the intention of making the issuer such party’s wholly-owned subsidiary; the support for the Tender Offer by the Target’s board of directors; trends in the market price of the Target Shares; and the estimated number of shares to be tendered in the Tender Offer. Considering the results of discussions and negotiations with the Target as well, the Offeror finally decided, at the meeting of its board of directors held of July 31, 2020, on the Tender Offer Price of JPY 1,700 per share.

The Tender Offer Price represents: a premium of 111.18% on JPY 805, which was the closing price for the Target Shares quoted on the Second Section of the TSE on July 30, 2020 (which was the Business Day immediately preceding the announcement date of the Tender Offer); a premium of 102.38% on JPY 840, which was the simple average closing price over the one-month period up to July 30, 2020; a premium of 97.22% on JPY 862, which was the simple average closing price over the three-month period up to July 30, 2020; and a premium of 82.80% on JPY 930, which was the simple average closing price over the six-month period up to July 30, 2020.

In this regard, the Offeror obtained 4,762,980 shares of the Target effective as of March 26, 2019 (shareholding ratio at that time: 23.10%) at the price of JPY 724.70 per share, on an off-market negotiation basis. This price was agreed upon between the Offeror and the other party to the transaction through private negotiation, based on the share prices on the market at that time, with the reference date of March 19, 2019 (the Business Day immediately preceding the date of execution of the share transfer agreement for the transaction) (JPY 752, which was the closing price on March 19, 2019, and JPY 755, JPY 702, and JPY 678, which were the simple average closing prices over the one-month period, three-month period, and six-month period, respectively, preceding the same date), and by taking into consideration the Target’s business performance, financial condition, etc. This price was lower than the Tender Offer Price of JPY 1,700 by JPY 975.30, for the following reasons: (i) these prices were determined at different times, and during the period between these times the market price of the Target Shares increased (i.e., the closing price of JPY 752 on March 19, 2019 in the former event vs. the closing price of JPY 805 on the Second Section of the TSE on July 30, 2020, which was the Business Day immediately preceding the date of submission of this Statement, in the latter event); and (ii) as described above, the Tender Offer Price of JPY 1,700 represents a premium of 111.18% on the Target Shares’ closing price of JPY 805 on the Second Section of the TSE on July 30, 2020, which was the Business Day

immediately preceding the date of submission of this Statement, as a result of taking comprehensively into account the following factors in addition to the evaluation results described in the Offeror's Valuation Report obtained from Daiwa, and also based on the results of discussions and negotiations with the Target: the results of the due diligence on the Target implemented by the Offeror during the period from late April 2020 to early June 2020; examples of premiums placed by a party other than an issuer when making a purchase or other price decisions in past cases where such party implemented a tender offer for the Share Certificates, Etc. with the intention of making the issuer such party's wholly-owned subsidiary; the support for the Tender Offer by the Target's board of directors; trends in the market price of the Target Shares; and the estimated number of shares to be tendered in the Tender Offer

② Background of Calculation

(Background to the determination of the Tender Offer Price)

As stated in “① Background, Purpose, and Decision-Making Process of the Offeror's Decision to Implement the Tender Offer” of “(2) Background, Purpose and Decision-Making Process of the Offeror's Decision to Implement the Tender Offer, and Management Policy after the Tender Offer” in "1. Purpose of the Purchase, Etc." above, in order to realize the “niche & top share” and to increase the business scale, which are targets in the new mid-term management plan, as well as to further enhance the presence in the difficult business environment, and to improve the corporate value of the Offeror and the Target, in mid-October 2019, the Offeror ascertained that it was essential for them to quickly proceed with the collaboration with the Target in the field of the minimally invasive treatment and to maximize synergies by removing all restrictions on confidential information exchange as a result of making the Target a wholly-owned subsidiary. Subsequently, on October 25, 2019, the Offeror inquired the Target to start to examine the possibility of converting the company into the Offeror's wholly-owned subsidiary. Later, in early November 2019, The Offeror appointed Daiwa as its financial advisor and third-party valuation agent and Nishimura & Asahi as its legal advisor, both of which are independent from the Offeror and the Target, to establish an initial assessment system for the Transaction. After the due diligence preparation period by the Target, on March 26, 2020, the Offeror submitted to the Target a letter of intent to make the Target a wholly-owned subsidiary through the Tender Offer.

Furthermore, since late June 2020, the Offeror has been discussing the Tender Offer Price with the Target. Specifically, the Offeror made its first proposal for the Tender Offer Price (JPY 1,250 per share) on June 25, 2020. Based on the Target's request to reconsider the proposals on June 30, 2020, reasoning that the proposed price was not appropriate, the Offeror subsequently continued to examine Tender Offer Price with the Offeror's financial advisor, Daiwa multiple times. On July 3 and 14, 2020, the Offeror proposed the Tender Offer Price around JPY 1,500, but it received responses indicating that the price had not reached the proper price yet for both proposals. The Offeror continued to discuss and negotiate the Tender Offer Price with the Target. After these discussions, on July 21, 2020, the Offeror made the final proposal to the Target with the Tender Offer Price at JPY 1,700. After the discussions and negotiations, the Offeror and the Target reached to an agreement to set the Tender Offer Price at JPY 1,700 on July 22, 2020.

At the board of directors meeting held on July 31, 2020, the Offeror resolved to set the Tender Offer Price at JPY 1,700 for the purpose of making the Target a wholly-owned subsidiary of the Offeror.

(Measures to Ensure the Fairness of the Tender Offer Such as Measures to Ensure the Fairness of the Purchase Price and Measures to Avoid Conflicts of Interest)

- (a) Obtainment of a share valuation report from an independent third-party valuation agent by the Offeror

In order to ensure the fairness of the Tender Offer Price while deciding the Tender Offer Price, the Offeror requested Daiwa, a financial advisor as a third-party agent independent from the Offeror and the Target, to evaluate the share value of the Target Shares. Regarding the details of the calculation result of the Target Shares value in the Offeror's value report, which the Offeror obtained from Daiwa, please refer to the above-mentioned "Basis of Calculation."

- (b) Obtainment of a share valuation report from an independent third-party valuation agent by the Target

In arriving at our opinion regarding the Tender Offer, in order to ensure the fairness of the decision-making process concerning the Tender Offer Price presented by the Offeror, the Target requested Nomura, a financial advisor and third-party valuation agent independent from the Target and the Offeror, to calculate the value of the Target Shares. The Target obtained from Nomura the Share Valuation Report (Nomura) dated July 30, 2020. The Target has not obtained from Nomura any opinion concerning the fairness of the Tender Offer Price (a fairness opinion).

Nomura is not a related party of the Target or the Offeror, and does not have any material interest to be disclosed in relation to the Tender Offer.

As a result of considering the valuation methods for the Tender Offer, Nomura calculated the value of the Target Shares using (i) the average market price method because the Target Shares are listed on the Second Section of the TSE, (ii) the comparable company analysis method because there are listed companies that are comparable to the Target and an analogical inference of the share value based on comparable companies is viable, and (iii) the DCF Method so as to reflect in the valuation the status of future business activities, based on the premise that the Target is a going concern and from the perspective that it would be appropriate to calculate the value of the Target Shares in multiple ways. According to Nomura, the methods used for calculating the value of the Target Shares, and the corresponding ranges of per-share price of the Target Shares calculated by such methods, are as follows.

Average Market Price Method: JPY 805 – JPY 930

Comparable Company Analysis Method: JPY 1,365 – JPY 1,739

DCF Method: JPY 1,580 – JPY 1,909

Under the average market price method, setting the valuation reference date on July 30, 2020, the value of the Target Share was calculated to range from JPY 805 to JPY 930 based on the closing price of the reference date (JPY 805), the simple average closing price for the most recent five business days (JPY 816), the simple average closing price for the most recent one month (JPY 840), the simple average closing price for the most recent three months (JPY 862) and the simple average closing price for the most recent six months (JPY 930) of the Target Shares on the Second Section of the TSE.

Under the comparable company analysis method, the value per Target Share was calculated to range from JPY 1,365 to JPY 1,739 via comparison with market share prices and financial indices indicating profitability, etc. of listed companies engaged in relatively similar businesses to those of the Target.

Under the DCF Method, the value per share of the Target Shares was calculated to range from JPY 1,580 to JPY 1,909, based on the factors including the earnings forecast, investment plan set out in the

business plan prepared by the Target for the period from the Fiscal Year ending March 2021 to the Fiscal Year ending March 2025, and publicly available information and after evaluating the corporate value by discounting to the current value at a certain discount rate corresponding to the business risks the free cash flow that the Target is expected to generate from the first quarter of the Fiscal Year ending March 2021. The business plan of the Target used as the basis of calculation in the DCF Method includes the fiscal years in which substantial increases and decreases in profits are expected. Specifically, the operating income and ordinary income for the Fiscal Year ending March 2021 are respectively expected to significantly increase by more than approximately 30% from the previous period due to improvement of profits resulting from the review of the hemodialysis and plasmapheresis businesses, which was conducted as part of structural reforms. On the other hand, the net income for the Fiscal Year ending March 2021 is expected to significantly decrease by more than approximately 30% from the previous period due to a decrease from the previous period in the one-off extraordinary income recorded as the proceeds from sale of investment securities, etc. in the Fiscal Year ending March 2020. In addition, the operating income and ordinary income for the Fiscal Year ending March 2022 are respectively expected to significantly decrease by more than approximately 30% from the previous period due to an increase in depreciation from new investments. Moreover, it is expected that the operating income, ordinary income, and net income for the Fiscal Year ending March 2023 will respectively significantly increase by more than approximately 30% from the previous period, that the operating income and ordinary income for the Fiscal Year ending March 2024 will respectively significantly increase by more than approximately 30% from the previous period, and that the operating income, ordinary income, and net income for the Fiscal Year ending March 2025 will respectively significantly increase by more than approximately 30% from the previous period, based on the expectation that the business results of the blood transfusion and endovascular segment will increase due to (i) the expansion of sales networks for Push-button Winged Blood Collection Sets, which are next-generation products of Winged Blood Collection Sets, marketed to hospitals and facilities in the United States and other countries and (ii) an increased demand for stent grafts resulting from increased use of stent grafts in Japan and overseas. The synergistic effect expected to be achieved by the execution of the Transaction is not reflected in the business plan.

(Note 1) In calculating the value of the Target Shares, Nomura assumed the accuracy and completeness of the publicly available information and all of the information that Nomura has been provided, and did not independently verify the accuracy or completeness of such information. Nomura has not conducted an independent evaluation, appraisal, or assessment, and has not made any request to a third party agent for any appraisal or assessment in connection with any assets or liabilities (including derivatives, off-balance sheet assets and liabilities, and other contingent liabilities), including any analysis or evaluation of individual assets and liabilities, of the Target and its affiliated companies. Nomura assumed that the financial forecast (including profit plans and other information) of the Target was reasonably considered or prepared based on the best forecasts and judgments that could be made by the management of the Target at the time that such information was provided. The calculation by Nomura reflects the information and the economic conditions available to it as of July 30, 2020. The sole purpose of the calculation by Nomura is for the board of directors of the Target to use the calculation results as a reference for considering the value of the Target Shares.

- (c) Establishment of an independent special committee by the Target and obtaining the report from the special committee

For the purpose of addressing structural conflict of interest issues and information asymmetry issues in the Transaction and ensuring the fairness of the Transaction, at the board of directors meeting held on

April 23, 2020, the Target established a special committee, which consisted of three members, namely Mr. Yasumasa Kondo, outside director of the Target (audit and supervisory committee member); Mr. Shigeru Kawamura, then-current outside director of the Target (former audit and supervisory committee member); and Mr. Shinsuke Hasegawa, an outside expert (a member of the independent committee established in line with the Takeover Defense Plan of The Target and certified public accountant and tax accountant). Upon selecting Mr. Shinsuke Hasegawa, who is an outside expert, the board of directors of the Target determined the selection by considering (i) that Mr. Shinsuke Hasegawa serves as a member of the independent committee established in line with the Takeover Defense Plan of the Target and has the knowledge regarding the basic policy for control of the Target and (ii) that he has considerable experience as a member of the independent committee in the type of transactions similar to the Transaction. Mr. Shigeru Kawamura resigned as director at the conclusion of the 63rd annual shareholders meeting held on June 18, 2020, but continues his duties as a member of the special committee even after his resignation. The special committee elected Mr. Yasumasa Kondo as a chairperson of the special committee from among its members. The members of the special committee will be paid under a compensation system which will pay the fixed amount to the members regardless of whether the Transaction is executed.

Upon deciding to establish the special committee, the board of directors of the Target requested that the special committee (i) evaluate whether the board of directors of the Target should express an opinion in support of the Tender Offer and whether it should recommend that the shareholders of the Target tender their Target Shares in the Tender Offer and (ii) evaluate whether the decision on the Tender Offer by the board of directors of the Target will be disadvantageous to the minority shareholders of the Target and provide its opinion to the board of directors of the Target, and evaluate whether the contemplated decision by the board of directors of the Target to make the Target a wholly-owned subsidiary after the Tender Offer will be disadvantageous to the minority shareholders of the Target and provide its opinion to the board of directors of the Target. In evaluating the matters in (i), the board of directors of the Target requested that the special committee (a) evaluate and determine whether the Tender Offer is reasonable from the perspective of whether it contributes to the increasing of the corporate value of the Target; and (b) evaluate and determine the reasonableness of the transaction terms and conditions and the fairness of the procedures from the perspective of securing the interests of the general shareholders of the Target (including the details of the measures to ensure the fairness for the Tender Offer). The board of directors of the Target referred the above matters (the “Inquiry Items”) to the special committee and requested the special committee to submit its response on those matters to the Target. In addition, at the board of directors meeting above, the Target determined that the determinations of the special committee should be given the utmost respect in relation to the decisions made by the board of directors regarding the Tender Offer and that the Target will not support the Tender Offer if the special committee determines that the terms and conditions of the transactions are not reasonable. At the board of directors meeting above, the Target further determined to grant the special committee the authority (i) to be involved in the negotiation process between the Target and the Offeror to secure fair negotiation conditions between the Target and the Offeror, (ii) to evaluate the degree of measures to be taken to ensure fairness for the Transaction and provide comments and recommendations as necessary, (iii) to appoint its own financial, legal or other advisors as necessary (fees are to be borne by the Target) to prepare responses concerning the Inquiry Items, or to name or approve the Target’s financial, legal or other advisors (including retrospective approval), and (iv) to receive from the officers and employees of the Target the information necessary to evaluate and make determinations regarding the Tender Offer. As a result, the special committee confirmed that there are no issues with the independence from the Target and the Offeror of Mori Hamada & Matsumoto as the legal advisor and Nomura as the financial advisor, which were appointed by the Target, and they were both approved as advisors of the Target.

From May 20, 2020 to July 30, 2020, the special committee met seven times in total to discuss and evaluate the Inquiry Items for around 12 hours in total. Specifically, the special committee was briefed by the Target regarding the purpose and background of the Transaction, the Target's business operations, performance and financial conditions, and business plans, and held question-and-answer sessions on these matters. At each stage of the negotiation with the Offeror, the special committee also expressed its opinions and gave advice to the Target. In addition, the special committee was briefed by Nomura regarding matters such as the development of negotiations on the terms and conditions of the Transaction and calculation of the value of the Target Shares, and was briefed by Mori Hamada & Matsumoto regarding the details of the measures to ensure the fairness in procedural aspects of the Transaction, methods and processes of decision-making by the board of directors of the Target regarding the Transaction, and other measures to avoid conflicts of interest, and held question-and-answer sessions on these matters.

Based on the background above, the special committee submitted on July 30, 2020 to the board of directors of the Target the Report with respect to the Inquired Items as a result of the multiple, careful negotiations and review on the Inquired Items, as summarized below.

(i) Opinion

- (a) The special committee believes that the board of directors of the Target should resolve to express an opinion in support of the Tender Offer and to recommend that the shareholders of the Target tender their Target Shares in the Tender Offer.
- (b) The special committee believes that resolving to express an opinion in support of the Tender Offer and to recommend that the shareholders of the Target tender their Target Shares in the Tender Offer at the board of directors of the Target would not be disadvantageous to the minority shareholders of the Target. The special committee also believes that the decision of making the Target a wholly-owned subsidiary of the Offeror as planned after the completion of the Tender Offer would not be disadvantageous to the minority shareholders of the Target.

(ii) Reasons

- (a) Based on the following aspects, the special committee has determined in light of the business environment surrounding the Target and the management issues of the Target and from the perspective of whether the Transaction will contribute to enhancement of the corporate value of the Target, that the Transaction is reasonable.
 - Taking into account the changes in the major shareholders, which are regarded as part of the Target's capital policies pursued in the past to explore business synergies, the special committee has the same perception as the Target with respect to the current status concerning the business environment surrounding the Target and the Offeror and the management issues of the Target set out in “① Background, Purpose, and Decision-Making Process of the Offeror's Decision to Implement the Tender Offer” and “(2) Background, Purpose and Decision-Making Process of the Offeror's Decision to Implement the Tender Offer, and Management Policy after the Tender Offer” in “1. Purpose of the Purchase, Etc.” above, and there is no objection to such recognition from the special committee with respect to the fact that the consideration of the Transaction has been started in the context of determining that the Transaction does not conflict with the triggering of Takeover Defense Plan.

- Based on the business environment and management issues stated above, since the Target and the Offeror executed the Capital and Business Alliance Agreement on March 20, 2019, the Target and the Offeror continued negotiations to establish an effective cooperative structure that does not violate the Antimonopoly Act, and the management of the Target recognizes that, in the situation where the Target and the Offeror do not conduct businesses as a single business entity, there are restrictions on information sharing in relation to unannounced investment and development plans, and on products that could compete or create synergies with each other from the perspective of the Antimonopoly Act, and it is difficult to quickly and effectively establish a cooperative structure between the Offeror and The Target in the field of the minimally invasive treatment as intended for the Capital and Business Alliance. It is also recognized that if the Transaction becomes realized, the Target will be able to accelerate the enhancement of collaboration with the Offeror without these restrictions, and specifically, in the endovascular business and the gastroenterology business, where both the Offer and the Target are promoting research and development, (i) it will be possible for the Target to promote the development of next-generation medical device products, improve the efficiency of such development, and shorten the period to obtain an approval for and start marketing such products as a result of the situation that it becomes more achievable to understand new needs at medical sites and newly obtain know-how to develop medical device products because the Target and the Offeror will be able to share more information than before on medical device products held by the Target and the Offeror, (ii) the development of the Target's products will be further promoted because application of polymer analysis and evaluation technology held by the Offeror and provision of functions such as research and development personnel, equipment, and management systems from the Offeror will broaden the possibility to evolve such technology for the current products of the Target and create new subjects to develop the application of such technology. In addition to the reasons above, the management of the Target recognizes that each synergy set out in “① Background, Purpose, and Decision-Making Process of the Offeror's Decision to Implement the Tender Offer” and “(2) Background, Purpose and Decision-Making Process of the Offeror's Decision to Implement the Tender Offer, and Management Policy after the Tender Offer” in “1. Purpose of the Purchase, Etc.” above becomes possible to be created.
 - The special committee also believes that such explanation by the management of the Target based on the business environment surrounding the Target and the management issues of the Target is reasonable to a certain extent, and the Transaction is an option which may be taken to create and realize such synergies.
- (b) Based on the following aspects, the special committee has determined that appropriateness of the terms of the Transaction has been ensured from the perspective of ensuring the interests of general shareholders of the Target.
- The average market price method, comparable company analysis method, and DCF Method, which are the valuation methods used in the Share Valuation Report (Nomura) prepared by Nomura are considered to be standard and reasonable methods in light of currently assessed practice, and the reasons for selecting comparable companies in the comparable company analysis method and the explanation of the grounds for the discount rate and other calculation in the DCF Method are also considered to be reasonable and the content of the valuation is appropriate in light of current practice. Also, in light of the background of the preparation of

the business plan of the Target, which is the basis for the valuation in DCF Method, and the Target's current situation, adopting the business plan of the Target is considered to be not unreasonable. In light of the valuation of the Target Shares based on the Share Valuation Report (Nomura), the Tender Offer Price exceeds the upper limit of the result of the average market price method, and the median of the result of the comparable company analysis method, and is within the range of the results of the DCF Method.

- The premium level of the Tender Offer Price to the market share price is considered to be reasonable in light of the premium level for recent tender offers for the purpose of converting a consolidated subsidiary or an equity-method affiliate into a wholly-owned subsidiary, which were similar transactions to the Transaction.
 - The special committee received explanations on the strategy for negotiation from an early stage, held multiple discussions so that the tender offer price would not be a price that would be disadvantageous to the general shareholders of the Target, the results of such discussions were reflected in the strategy for negotiation with the Offeror, and negotiations with the Offeror were conducted under the strategy for negotiation determined by the special committee and in accordance with the instructions thereof. As a result, the price was raised three times in total by 36% (JPY 450), from the initial proposal, through those negotiations.
 - (i) It is difficult to deem that the Offeror proposed the Transaction by specially taking advantage of the current situation, which is becoming increasingly uncertain due to the spread of COVID-19 infections, and (ii) the Tender Offer Price was agreed upon under a policy of discussing and negotiating with the Offeror based on the Target's intrinsic value, which is not influenced by the market share price situation triggered by the worldwide spread of COVID-19 infections, so it is not considered unreasonable to conduct the Transaction at this time based on the current situation in which there is a certain amount of disruption due to the spread of COVID-19 infections.
 - There are no other specific circumstances that would raise doubts about the fairness of the process of determining the Tender Offer Price.
 - The method used in the Transaction is believed to be reasonable because the method by which an Offeror conducts a tender offer as a first step, and then conducts a demand for cash out of shares or a share consolidation as a second step is generally used in transactions conducted in order to make a company a wholly-owned subsidiary.
- (c) Based on the following aspects, the special committee has determined that the procedures in the Transaction can be considered fair from the perspective of securing the interests of the general shareholders of the Target.
- The board of directors of the Target has established a special committee that is independent from the Offeror and the Target.
 - The negotiations with the Offeror proceeded with the special committee expressing its opinions, and giving instructions and making requests to the Target and Nomura regarding material aspects.

- The Target has received legal advice from Mori Hamada & Matsumoto, the independent legal advisor of the Target.
 - The Target has obtained the Share Valuation Report (Nomura) from Nomura, an independent financial advisor and third-party valuation agent of the Target.
 - The Target established a framework under which not only the officers and employees of the Target concurrently serving as officers and employees of the Offeror's group companies but also officers and employees of the Target who had a position as an officer or employee of the Offeror's group companies in the past are not involved in the process of discussions and negotiations between the Offeror and the Target relating to the terms and conditions of the Transaction or the process of preparing the business plan.
 - The board of directors of the Target has not allowed Mr. Takashi Kobayashi, who is the Target's director and is concurrently serving as the Offeror's director, to participate in the deliberations and resolutions (including unofficial reports, etc.) at the board of directors meetings for the Transaction since the board of directors meeting held on February 6, 2020, and will not allow him to participate in the deliberations and resolutions at the board of directors meeting for the Transaction scheduled on July 31, 2020. Further, the board of directors of the Target has not allowed Mr. Takashi Kobayashi to participate in the deliberations and negotiations for the Transaction on behalf of the Target.
 - The tender offer period has been set at a longer period (40 Business Days) than the minimum period prescribed by laws and regulations (20 Business Days), the Target has not made any agreement with the Offeror that would restrict the Target having contact with persons other than the Offeror who have competing acquisition proposals and it can be found that a so-called indirect market check has been performed.
 - In the Tender Offer, the minimum number of the shares to be purchased is set to achieve the "Majority of Minority," and the intentions of the Target's minority shareholders are given weight.
 - Appropriate information disclosure will be made.
 - It can be said that the legality of the squeeze-out procedures in the Transaction has also been secured with due consideration toward ensuring that issues of coerciveness do not arise.
 - It cannot be found that there are any other facts that would give rise to a presumption that the Target was subject to inappropriate influence from the Offeror in the course of discussions, examinations, or negotiations for the Transaction.
- (d) Based on the above, the board of directors of the Target believes that it should resolve to express its opinion in support of the Tender Offer and recommend that the shareholders of the Target accept the Tender Offer.
- (e) Furthermore, the board of directors of the Target believes that resolving to express an opinion in support of the Tender Offer and to recommend that the shareholders of the Target accept the Tender Offer would not be disadvantageous to the minority shareholders of the Target. The board of directors of the Target also believes that making the Target a wholly-owned subsidiary of the

Offeror after the completion of the Tender Offer would not be disadvantageous to the minority shareholders of the Target.

(d) Obtainment of advice from an independent law firm by the Target

To ensure the fairness and appropriateness of decision-making by the board of directors of the Target, the Target appointed Mori Hamada & Matsumoto as a legal advisor and received legal advice regarding the method to elect members of the special committee, the methods and processes of decision-making by the board of directors of The Target for the Tender Offer and subsequent procedures, and other points to consider for decision-making. Mori Hamada & Matsumoto is independent from the Offeror and the Target and does not have any material interest with the Offeror and the Target.

(e) Approval of all disinterested directors of the Target (including Audit & Supervisory Committee member)

The Target carefully discussed and evaluated the details of various terms and conditions regarding the Tender Offer by the Offeror, based on the legal advice obtained from Mori Hamada & Matsumoto, advice from a financial point of view and details of the Share Valuation Report (Nomura) received from Nomura, details of the Report obtained from the special committee, the details of ongoing multiple discussions conducted with the Offeror, and other related materials. As a result, as stated in “① Background, Purpose, and Decision-Making Process of the Offeror's Decision to Implement the Tender Offer” of “(2) Background, Purpose and Decision-Making Process of the Offeror's Decision to Implement the Tender Offer, and Management Policy after the Tender Offer” in “1. Purpose of the Purchase, Etc.” above, the Target resolved at its board of directors meeting held today to express an opinion in support of the Tender Offer and to recommend that the shareholders of The Target tender their Target Shares in the Tender Offer.

At the board of directors meeting of The Target above, 10 of 11 directors of The Target other than Mr. Takashi Kobayashi participated in the deliberations and resolutions and The Target resolved by unanimous approval of the directors (including audit and supervisory committee members) who participated in the resolutions to express an opinion in support of the Tender Offer and to recommend that the shareholders of The Target tender their Target Shares in the Tender Offer.

Mr. Takashi Kobayashi, director of The Target, concurrently serves as a managing executive officer of the Offeror, so he did not participate in the deliberations or resolutions at the board of directors meeting for the Transaction, including the board of directors meeting above, in light of avoiding any possible impact of structural conflict of interest issues in the Transaction, and he did not participate in the discussions or negotiations on the Transaction on behalf of The Target.

(f) Measures to secure opportunities for others to make competing offers

The Offeror has not entered into any agreement with the Target that will restrict the Target from contacting persons making competing offers, including any agreement providing a transaction protection clause that may forbid persons making competing offers from contacting the Target.

The Offeror has set the Tender Offer Period for 40 Business Days, which is relatively longer than the statutory minimum period of 20 Business Days. By setting the Tender Offer Period at a relatively long period of time, the Offeror intends to secure an appropriate opportunity for the shareholders of the Target

to make a decision as to whether to tender their shares in the Tender Offer and an opportunity for persons other than the Offeror to make competing offers, and thereby ensure the fairness of the Tender Offer Price.

(g) Setting a minimum number of shares to be purchased equal to the majority of the minority

The Offeror has set a minimum number of shares to be purchased in the Tender Offer, and if the total number of the Tendered Share Certificates, Etc. is not meeting the minimum number of shares to be purchased (9,015,900 shares), and then any of the Tendered Share Certificates, etc. will not be purchased. On the other hand, because there is no set number for the maximum number of shares to be purchased for the Tender Offer, if the total number of Tendered Share Certificates, Etc. exceeds the minimum number of shares to be purchased, then all of the Tendered Share Certificates, Etc. will be purchased.

9,015,900 shares, the minimum number of shares planned to be purchased, is the number of the Target Shares equivalent to the number of voting rights (90,159); the number is calculated by deducting the number of treasury shares (2,279,844 shares) held by the Target as of June 30, 2020, as set forth in the Target's Summary of Consolidated Financial Results, from the total number of issued Target Shares (22,948,003 shares) as of June 30, 2020, as set forth in the Target's Summary of Consolidated Financial Results, which makes 20,668,159 shares; and by deducting the number of voting rights (47,629) for the Target Shares (4,762,980 shares) owned by the Offeror as of the submission date of this Statement from 137,788 voting rights (rounds up after the decimal point) which is the two third or more of 206,681 voting rights for 20,668,159 shares, makes 90,159 voting rights.

In addition, the minimum number of the shares to be purchased will exceed the so-called "majority of minority." The figure for the majority of minority is calculated as follows; deducting (i) the number of treasury shares (2,279,844 shares) held by the Target as of June 30, 2020 as set forth in the Target's Summary of Consolidated Financial Results, and (ii) the Target Shares (4,762,980 shares) owned by the Offeror as of the submission date of this Statement, from (iii) the total number of issued Target Shares (22,948,003 shares) as of June 30, 2020 as set forth in the Target's Summary of Consolidated Financial Results, which results in (iv) 15,905,179 shares, holding 159,051 of voting rights; then, the majority of 159,051 voting rights will be 79,526 voting rights, which is equivalent of 7,952,600 Target Shares.

Thus, if the Offeror fails to obtain the support of a majority of Target's shareholders who do not have an interest in the Offeror, the Offeror will not implement the Transaction including the Tender Offer; valuing the will of the shareholders of the Target, the Offeror setting the minimum numbers of shares to be purchased.

(Note) In calculating the equity value of the Target, Nomura assumed that the information publicly available or provided to them was accurate and complete. Nomura did not independently verify the accuracy and completeness of the information. Nomura did not make any independent valuation, assessment, or appraisal of the assets or liabilities (including financial derivatives, out-of-book assets and liabilities, and other contingent liabilities) of the Target and its related companies including making analysis and valuation of each of their assets and liabilities. Nomura did not request an assessment of appraisal from a third-party agent either. With respect to the financial projections (including the profit plan and other information) of the Target, Nomura assumes that they were reasonably examined or prepared by management of the Target based on the best and most faithful projections and judgment available at present. The calculation by Nomura reflects the information and economic conditions that they obtained prior to July 30, 2020. The purpose of Nomura's calculation is only to provide a reference

to the Target's board of directors for the purpose of assessing the Target's equity value.

③ Relationship with the valuation agent

The Offeror's financial advisor Daiwa Securities is not a related party to the Offeror or the Target and does not have any material interest in the Tender Offer.

(5) Number of Share Certificates, Etc. to be Purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
15,905,179 (shares)	9,015,900 (shares)	— (shares)

(Note 1) If the total number of the Tendered Share Certificates, Etc. is below the minimum number of shares to be purchased (9,015,900 shares), none of the Tendered Share Certificates, Etc., will be purchased. If the total number of Tendered Share Certificates, Etc. exceeds the minimum number of shares to be purchased (9,015,900 shares), any of the Tendered Share Certificates, Etc. will be purchased.

(Note 2) In the Tender Offer, the maximum number of shares to be purchased is not determined. The number of shares to be purchased is the maximum possible number of shares of the Target (15,905,179 shares) the Offeror can purchase in the Tender Offer. The number of shares to be purchased is the number of shares outstanding as of June 30, 2020 reported in the Target's Summary of Consolidated Financial Results (22,948,003 shares) minus the number of shares the Offeror owns as of the submission date of this Statement (4,762,980 shares), minus the treasury shares held by the Target as of June 30, 2020 as reported in the Target's summary of Consolidated Financial Results (2,279,844 shares).

(Note 3) Shares constituting less than a unit will also be subject to purchase in the Tender Offer. If shareholders of the Target exercise their rights to require the Target to purchase shares constituting less than a unit pursuant to the Companies Act, the Target may purchase its own shares during the Tender Offer Period in accordance with the procedures therein.

(Note 4) The Offeror does not intend to acquire any treasury shares held by the Target in the Tender Offer.

(6) Changes in Ownership Ratio of Share Certificates, Etc. as a Result of the Tender Offer

Number of Voting Rights Represented by Share Certificates, Etc., Owned by Offeror before Tender Offer, Etc.	47,629	(Ownership Percentage of Share Certificates, Etc., before Tender Offer, Etc. 23.04%)
Number of Voting Rights Represented by Share Certificates, Etc., Owned by Specially Related Parties before Tender Offer, Etc.	1,296	(Ownership Percentage of Share Certificates, Etc., before Tender Offer, Etc. 0.63%)
Number of Voting Rights Represented by Share Certificates, Etc., Owned by Offeror after Tender Offer, Etc.	206,680	(Ownership Percentage of Share Certificates, Etc., before Tender Offer, Etc. 100.00%)
Number of Voting Rights Represented by Share Certificates, Etc., Owned by Specially Related Parties after Tender Offer, Etc.	0	(Ownership Percentage of Share Certificates, Etc., after Tender Offer, Etc. 0.00%)
Total Number of Voting Rights of All	206,572	

Shareholders, Etc. of the Target		
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(Note 1) “The Number of Voting Rights Represented by Share Certificates, Etc., Owned by Offeror after Tender Offer, Etc.” indicates the Number of Voting Rights Represented by Share Certificates, Etc., to be Purchased plus the “Number of Voting Rights Represented by Share Certificates, Etc., Owned by Offeror before Tender Offer, Etc.”

(Note 2) The “Number of Voting Rights Represented by Share Certificates, Etc., Owned by Specially Related Parties before Tender Offer, Etc.” represents the total number of voting rights represented by the Share Certificates, Etc. held by all specially related parties (excluding parties excluded from specially related parties under Article 3, paragraph 2, item (i) of the Cabinet Office Order on Disclosure Required for Tender Offer for Listed Share Certificates, etc. by Person Other than Issuer (Ministry of Finance Ordinance No. 38 of 1990, as amended thereafter; the “Cabinet Office Order”) in the calculation of ownership ratio of share certificates, etc. under the items of paragraph 1 of Article 27-2 of the Act). Because the Share Certificates, Etc., Owned by Specially Related Parties (excluding the Target’s own shares that are held by the Target) are subject to the Tender Offer, Number of Voting Rights Represented by Share Certificates, Etc., Owned by Specially Related Parties after Tender Offer, Etc. is calculated as 0. If the document needs corrections, the Offeror intends to submit the amendment after confirming the Share Certificates, Etc., Owned by Specially Related Parties after submitting this document.

(Note 3) The “(j) Number of Voting Rights of All Shareholders, Etc. of the Target” is the total number of voting rights of all shareholders as at March 31, 2020 listed in the Securities Report for the 63rd Fiscal Year that was submitted by the Target on June 18, 2020. However, as fractional unit shares are also subject to the Tender Offer, the denominator for the calculation of the “Percentage of Voting Rights Represented by Share Certificates, Etc., to be Purchased out of the Total Number of Voting Rights of All Shareholders, Etc.” and the “Ownership Percentage of Share Certificates, Etc., after Tender Offer, Etc.” shall be the number of voting rights (206,681 units) regarding the number of shares (20,668,159 shares) which excludes the Target’s own shares that are owned by the Target (2,279,844 shares), as set forth in the Target’s Summary of Consolidated Financial Results, from the total number of shares issued as at June 30, 2020) (22,948,003 shares) listed in the Target’s Summary of Consolidated Financial Results.

(Note 4) The “Percentage of Voting Rights Represented by Share Certificates, Etc., to be Purchased out of Total Number of Voting Rights of All Shareholders, Etc.” and the “Ownership Percentage of Share Certificates, Etc., after Tender Offer, Etc.” are rounded to two decimal places.

(7) Aggregate Tender Offer Price (JPY) 27,038,804,300

(Note) The “Aggregate Tender Offer Price (JPY) (a)” is calculated by multiplying the number of shares to be purchased (15,905,179 shares) by the Tender Offer Price per share (JPY 1,700).

(8) Method of Settlement

① Name and Address of the Head Office of the Financial Instruments Business Operators / Banks in Charge of Settlement for Purchase, Etc.

Daiwa Securities Co. Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

② Settlement Commencement Date

October 7, 2020 (Wednesday)

③ Method of Settlement

A notice of purchase by way of the Tender Offer will be mailed to the address of each of the Tendering Shareholders, Etc. (or to the standing proxy in the case of Foreign Shareholders) without delay after the end of the Tender Offer Period.

The purchase will be made in cash. The Tender Offer Agent will remit the payment the Share Certificates, Etc. sold in the Tender Offer immediately after the commencement date of the settlement to the place (or to the standing proxy in the case of the Foreign Shareholder) designated by the Tendering Shareholder (a remittance fee may be charged), or the payment will be wired to the Tendering Shareholders Account at the Tender Offer Agent where the tender application was received.

④ Method of Returning Share Certificates, Etc.

If all or part of the shares are not purchased in accordance with the terms described in “1 Conditions set forth in each Item of Article 27-13, Paragraph 4 of the Act and Details thereof” or “2 Conditions of Withdrawal, Etc. of the Tender Offer, Details thereof and Method of Disclosure of Withdrawal, Etc.” of “11. Other Conditions and Methods of the Purchase, Etc.” below, the Tendered Share Certificates, Etc. that are required to be returned will be returned to the Tendering Shareholders promptly after two (2) Business Days following the last day of the Tender Offer Period (the day of the withdrawal, etc. if the Tender Offer is withdrawn, etc.) by restoring the state of the Tendering Shareholder Account opened in the Tender Offer Agent at the time at which the relevant tender was accepted.

(9) Other Conditions and Methods of the Purchase, Etc.

① Conditions Set Forth in Each Item of Article 27-13, Paragraph 4 of the Act and Details Thereof

If the total number of the Tendered Share Certificates, Etc., is less than the minimum number of shares intended to be purchased (9,015,900 shares), any of the Tendered Share Certificates, Etc. will not be purchased. If the total number of the Tendered Share Certificates, Etc., is greater than the minimum number of shares intended to be purchased (9,015,900 shares), all the Tendered Share Certificates, Etc. will be purchased.

② Conditions for Withdrawal, Etc., of the Tender Offer, Details thereof and Method of Disclosure of Withdrawal, Etc.

Upon the occurrence of any event listed in Article 14, Paragraph 1, Items 1.1 through 1.9 and Items 1.12 through 1.18, Items 3.1 through 3.8 and 3.10, Item 4, as well as Article 14, Paragraph 2, Items 3 through 6 of the Financial Instruments and Exchange Act Enforcement Order (Cabinet Order No. 321 of 1965, as amended; the “Order”), the Tender Offer may be withdrawn. With respect to Article 14, Paragraph 1, Item 3.10 of the Order, the “matters equivalent to the matters listed in Items 3.1 through 3.9” means ① any case where it is found that there is a false statement regarding a material matter, or an omission of a material matter required to be stated in the statutory disclosure documents submitted by the Target in the past, and ② any case where any of the events listed in Items 3.1 through 3.7 occurs with respect to any of the important subsidiaries of the Target.

Up until the day before the last date of the Tender Offer Period (including the case of an extension), (i) if the Taiwan Fair Trade Commission takes measures such as prohibiting the Share Acquisition in response to the prior, or (ii) if the above waiting period has not expired, the Tender Offer may be withdrawn as if the “Permit, Etc.” of Article 14, Paragraph 1, Item 4 of the Order cannot be obtained.

Should the Offeror intend to withdraw, etc., it will give public notice thereof through an electronic disclosure and make an announcement with respect thereof in the *Nihon Keizai Shimbun*. However, if it is difficult to give such notice within the Tender Offer Period, the Offeror will make an official announcement pursuant to Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter.

③ Conditions for Reduction of Price for the Purchase, Etc., Details Thereof and Method of Disclosure for Reduction

Pursuant to Article 27-6, Paragraph 1, Item 1 of the Act, if the Target takes any action set forth in Article 13, Paragraph 1 of the Order during the Tender Offer Period, the Offeror may reduce the price for the purchase, etc. pursuant to the standards set forth in Article 19, Paragraph 1 of the Cabinet Office Ordinance. Should the Offeror intend to reduce the price for the purchase, etc., it will give public notice thereof through an electronic disclosure and make an announcement with respect thereof in the *Nihon Keizai Shimbun*; provided, however, that if it is difficult to give such notice within the Tender Offer Period, the Offeror will make an official announcement pursuant to Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter. If the price for the purchase, etc., is reduced, the Offeror will also purchase the Tendered Share Certificates, Etc., tendered on or prior to the date of such public notice at the reduced price for the purchase, etc.

④ Matters concerning the Right of Contract Cancellation of the Tendering Shareholder

The Tendering Shareholder may cancel the contract relating to the Tender Offer at any time during the Tender Offer Period.

In the event of such cancellation, the Tendering Shareholders must deliver or mail the Cancellation Documents (the Tender Offer Application Receipt or copy of the Tender Offer Application Receipt and documents for cancelling the contract relating the Tender Offer) to the head office or any branch office in Japan of the Tender Offer Agent by 16:00 on the last day of the Tender Offer Period. If by mail, the cancellation of the Tender Offer will not be effective unless the Cancellation Documents are delivered by 16:00 on the last day of the Tender Offer Period.

The Offeror will not demand any compensation for damages or penalty payments to any Tendering Shareholder, Etc. in the event that a contract by the Tendering Shareholder is canceled. The cost of returning the Tendered Share Certificates, Etc., will be borne by the Offeror. If the Cancellation is requested, the Tendered Share Certificates, Etc. will be returned, promptly after the completion of the cancellation procedures, by the method indicated in “④ Method of Returning Share Certificates, Etc.” of “(8) Method of Settlement” above.

⑤ Method of Disclosure if Terms of the Purchase, Etc. Are Changed

The Offeror may change the terms of the purchase, etc. during the Tender Offer Period, except in cases where such change is prohibited by Article 27-6, Paragraph 1 of the Act and Article 13, Paragraph 2 of the Order.

Should any terms of the purchase, etc., be changed, the Offeror will give public notice thereof through electronic disclosure and make an announcement with respect thereof in the *Nihon Keizai Shimbun*; provided, however, that if it is difficult to make such notice within the Tender Offer Period, the Offeror will make an official announcement pursuant to Article 20 of the Cabinet Office Ordinance and give public notice immediately thereafter.

Should any terms of the purchase, etc., be changed, the purchase, etc., of the Tendered Share Certificates, Etc., tendered on or prior to the date of such public notice will also be made in accordance with the changed terms of the purchase, etc.

⑤ Method of Disclosure if Amendment Is Submitted

If the Offeror submits an amendment to the Statement to the Director-General of the Kanto Local Finance Bureau (except in the case prescribed in the provision of Article 27-8, Paragraph 11 of the Act), the Offeror will, in respect of the details of such amendment, immediately make an official announcement to the extent relevant to the contents of the public notice in respect of the Tender Offer pursuant to the method set forth in Article 20 of the Cabinet Office Ordinance. The Offeror will also immediately amend the explanatory statement and provide the amended explanatory statement to the Tendering Shareholders, who received the original explanatory statement. However, if the extent of the amendments is limited, the Offeror will convey the changes to the Tendering Shareholders, by way of preparing and delivering to the Tendering Shareholders, a document stating the reason for the amendments, the matters amended and the details thereof.

⑥ Method of Disclosure of Results of the Tender Offer

The Offeror will announce the results of the Tender Offer in accordance with the methods set forth in Article 9-4 of the Order and Article 30-2 of the Cabinet Office Ordinance on the day following the last day of the Tender Offer Period.

(10) Date of Public Notice of Commencement of Tender Offer

August 3, 2020 (Monday)

(11) Tender Offer Agent

Daiwa Securities Co. Ltd. 9-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo

3. Policies after the Tender Offer and Future Prospects

(1) Policies after the Tender Offer

For the policies, etc. after the Tender Offer, see “(2) Background, Purpose and Decision-Making Process of the Offeror's Decision to Implement the Tender Offer, and Management Policy after the Tender Offeror” under “1. Purpose of the Purchase, Etc.,” “(5) Policy for Organizational Restructuring, Etc. after the Tender Offer (Matters Relating to So-called “Two-step Acquisition”)” and “(6) Possibility of Delisting and Reasons Therefor” above.

(2) Future Prospects

The potential effects of the Tender Offer on the Targets performance are currently being analyzed. If it becomes necessary to amend the Target's earnings forecasts or if any facts which should be publicly announced arise, the Offeror will promptly make a public announcement.

4. Other Matters

(1) Agreements between the Offeror and the Target or its Officers, and Details Thereof

According to the Target's Press Releases, the Target expressed its supportive opinion on the Tender Offer and resolved to recommend all shareholders of the Target to tender their shares in the Tender Offer at the Board of Directors' meeting held in July 31, 2020.

For details of the resolution of the Target's Board of Directors Meetings, please refer to "(e) Approval of all Directors (including Audit and Supervisory Committee members) who have no conflict of interest in the Target" of "(Measures to Ensure the Fairness of Purchase Prices and measures to ensure fairness of the Tender Offer to avoid conflicts of interest, etc.)" in the "②Background of Calculation" of "(4) Basis of Calculation of Tender Offer Price, etc." in the "2 Overview of the Tender Offer." above.

(2) Other Information Required by Investors When Considering Whether to Tender Their Shares in the Tender Offer

① Announcement of "Announcement of Dividend of Surplus (No Interim Dividend)"

According to the "Announcement of Dividend of Surplus (No Interim Dividend)" announced by the Target on July 31, 2020, the Target resolved at the board of directors meeting held on the same day, not to pay the interim dividend for the period ending March 2021 with the evaluation reference date of September 30, 2020. For more details, please refer to the content of the announcement by the Target.

End

- This press release is to announce the Tender Offer to the public and has not been prepared for the purpose of soliciting an offer to sell shares. If shareholders wish to make an offer to sell their shares, they should first read the tender offer explanatory statement for the Tender Offer and make their own independent decision. This press release does not constitute, nor form part of, any offer to sell, solicitation of a sale of, or any solicitation of any offer to buy, any securities. In addition, neither this press release (or any part of it) nor the fact of its distribution shall form the basis of or be relied on in connection with any agreement relating to the Tender Offer.
- The Tender Offer will be implemented in accordance with the procedures and information disclosure standards prescribed in the Financial Instruments and Exchange Act of Japan. However, these procedures and standards are not necessarily consistent with those in the United States. In particular, Section 13(e) and Section 14(d) of the United States Securities Exchange Act of 1934 (hereinafter “Securities Exchange Act of 1934,” as amended), and the rules prescribed thereunder are not applicable to the Tender Offer. Further, this Tender Offer does not follow those procedures and standards. All of the financial statements in this press release are prepared in accordance with Japanese accounting standards, and they are not in accordance with U.S. accounting standards. Accordingly, the financial statements in this press release may not be comparable to those prepared in accordance with U.S. accounting standards. In addition, both the Offeror and the Target are corporations incorporated outside of the United States, and their directors are non-U.S. residents. Thus, it might be difficult to enforce any rights or demand arising under U.S. securities laws. Furthermore, it might be impossible to commence a legal proceeding against a corporation incorporated outside of the United States or against their directors in a non-U.S. court on the grounds of a violation of U.S. securities laws. U.S. courts might not have jurisdiction over a corporation incorporated outside of the United States or its subsidiaries and affiliates.
- Unless otherwise noted, all procedures for the Tender Offer will be implemented in the Japanese language. All or some documents relating to the Tender Offer will be prepared in the English language. However, in cases where there are any discrepancies between an English document and a Japanese document, the Japanese document shall prevail.
- This press release and the reference documents contains “forward-looking statements” as defined in Section 27A of the United States Securities Act of 1933, as amended, and in Section 21E of the United States Securities Exchange Act of 1934. Due to known or unknown risks, uncertainties, or any other factors, actual results may be substantially different from the projections, etc. as expressly or implicitly indicated in the “forward-looking statements.” Neither the Offeror nor its affiliated companies guarantee that the projections, etc., expressly or implicitly indicated in the “forward-looking statements” can turn out to be accurate. The “forward-looking statements” in this press release and in the reference documents are prepared based on the information available to the Offeror as of the date of this press release. Neither the Offeror nor its affiliated companies are required to update or modify the “forward-looking statements” to incorporate any future events or circumstances unless it is required to do so by applicable laws and regulations, or, by the regulations and rules of financial instruments exchanges.
- The Offeror or the Target’s financial advisors and their affiliated companies may, within their ordinary course of business, and to the extent permitted by applicable Japanese financial instruments and exchange laws and regulations may purchase or prepare to purchase the common stock of the Target by themselves or on behalf of their customers’ accounts outside of the Tender Offer, prior to the commencement of, or during, the Tender Offer Period, in accordance with the requirements in Rule 14e-5(b) of the United States Securities Exchange Act of 1934. If any information concerning the purchase is disclosed in Japan, the relevant purchaser will also disclose such information on in a similar matter in the United States.