

July 30, 2021

To whom it may concern:

Company Name: Sumitomo Bakelite Co., Ltd.
Representative: Kazuhiko Fujiwara
President and Representative Director
(Code: 4203 Tokyo Stock Exchange 1st Section)
Contact: Katsuhisa Shiramoto
Manager of Corporate Communication Dept.,
Corporate General Affairs Div.

Notice concerning Execution of Absorption-type Company Split Agreement for
Company Split of the Company's Medical Device Business to
Wholly-owned Subsidiary

As described in the "Notice concerning Company Split (simplified absorption-type split) of the Company's Medical Device Business to Wholly-owned Subsidiary" dated March 31, 2021, Sumitomo Bakelite Co., Ltd. has announced that the Company would succeed its medical device business to its wholly-owned subsidiary, Kawasumi Laboratories, Inc. ("Kawasumi Laboratories"), through a company split (the "Company Split"). Since the Company executed the absorption-type company split agreement for the Company Split today, the Company hereby announces as follows.

Certain items which was "To be determined" in the disclosure dated March 31, 2021 or items updated from such disclosure are underlined.

As the Company Split is a simplified absorption-type split with a wholly-owned subsidiary, some disclosure items and/or details are omitted.

1. Purpose of the Company Split

The Company defines a healthcare field as one of its creation areas. In the medical device business of the field, the Company has been aiming at expanding the business scale by launching advanced products into the market of and implementing active development in the growing area of the minimally invasive treatment such as endovascular treatment and endoscopic treatment.

On the other hand, the competitive environment surrounding the recent medical device industry becomes intense. To overcome such environment, based on the recognition that it was necessary for the Company to not only make self-help efforts but also form a business alliance with the partner with whom the Company can share its growth strategies, the Company executed a capital and business alliance agreement on March 2019 with Kawasumi Laboratories who defined the minimally invasive treatment as the growing area same as the Company. Furthermore, in order

to promote the collaboration between both companies quickly and effectively, as of October 30, 2020, Kawasumi Laboratories has become a wholly-owned subsidiary of the Company after the tender offer for the shares in Kawasumi Laboratories and demand for a share cash-out to the shareholders of Kawasumi Laboratories.

Thereafter, the Company and Kawasumi Laboratories considered optimization for the business expansion through a mutual exchange meeting and sectional committee. As the result, both companies has reached a consensus that integration of the medical device business between both companies leads to the early generation and maximization of group synergy.

Through the Company Split, both companies expand the medical device business further by strengthening and accelerating R&D of next-generation medical device products such as those in the field of the minimally invasive treatment on which both companies focus and improving business efficiency including production and sales structure, and aim at increasing presence in the medical device industry in the future.

2. Outline of the Company Split

(1) Schedule for the Company Split

Resolution date of the absorption-type split agreement at the meeting of the Board of Directors	<u>July 30, 2021</u>
Execution date of the absorption-type split agreement	<u>July 30, 2021</u>
Effective date of the Company Split	October 1, 2021 (planned)

(Note) The Company Split will be carried out without obtaining approval of the general meeting of shareholders of both companies because the Company Split is a simplified absorption-type of company split pursuant to Article 784, Paragraph 2 of the Companies Act for the Company, and a summary absorption-type of company split pursuant to Article 796, Paragraph 1 of the Companies Act for Kawasumi Laboratories.

(2) Method of the Company Split

The Company Split is an absorption-type of company split (simplified absorption-type split) with the Company as the splitting company and Kawasumi Laboratories as the succeeding company.

(3) Details of allocation related to the Company Split

Because the Company Split is carried out with the Company's wholly-owned subsidiary, no allocation of shares or delivery of other consideration will take place.

- (4) Treatment of share options and bonds with share options associated with the Company Split
Not applicable.
- (5) Increase or decrease in capital stock due to the Company Split
There will be no increase or decrease in capital stock due to the Company Split.
- (6) Rights and obligations to be succeeded by the succeeding company
Kawasumi Laboratories will succeed the rights and obligations in relation to the Company's medical device business to the extent provided in the absorption-type split agreement executed with the Company.
- (7) Prospects for fulfillment of liabilities
The Company has determined that there will be no adverse effect on the expected fulfillment of obligations assumed by Kawasumi Laboratories after the effective date of the Company Split.

3. Profiles of the Parties involved in the Company Split (As of March 31, 2021)

	Splitting Company	Succeeding Company
(i) Name	Sumitomo Bakelite Co., Ltd.	Kawasumi Laboratories, Inc.
(ii) Location	5-8, Higashi-Shinagawa 2-chome, Shinagawa-ku, Tokyo, Japan	Shinagawa Intercity Tower B, 9th Floor, 2-15-2, Konan, Minato-ku, Tokyo, Japan
(iii) Title and name of the representative	Kazuhiko Fujiwara, President and Representative Director	Takeshi Saino, President and Representative Director
(iv) Business description	Manufacturing and sales of various synthetic resins and synthetic resin products	Development, manufacturing and sales of medical devices and pharmaceuticals
(v) Capital	37,143 million yen	310 million yen
(vi) Date of establishment	January 25, 1932	June 26, 1957
(vii) Issued shares	49,590,478 shares	20,667,927 shares
(viii) Fiscal year-end	March 31	March 31
(ix) Major shareholders and shareholding ratios	Sumitomo Chemical Co., Ltd. 22.33% The Master Trust Bank of Japan,	Sumitomo Bakelite Co., Ltd. 100%

[Tentative Translation]

	Ltd. (Trust Account) 9.36%		
	Custody Bank of Japan, Ltd. (Trust Account) 5.83%		
	Custody Bank of Japan, Ltd. (Trust Account 9) 5.47%		
	JAPAN POST INSURANCE Co., Ltd. 2.51%		
(x) Financial position and operating results for the latest fiscal year			
Fiscal year	Year ended March 31, 2021 (Consolidated/IFRS)	Year ended March 31, 2021 (Non-consolidated/JGAAP)	
Total equity	202,141 million yen	/	
Total assets	345,763 million yen		
Equity attributable to owners of parent per share	4,254.48 yen		
Revenue	209,002 million yen		
Business profit	16,642 million yen		
Operation profit	19,914 million yen		
Profit attributable to owners of parent	13,198 million yen		
Basic earnings per share	280.46 yen		
Net assets			32,175 million yen
Total assets			36,943 million yen
Net assets per share			1,556.76 yen
Net sales			20,286 million yen
Operating income			△230 million yen
Ordinary income		133 million yen	
Net income attributable to owners of parent		△431 million yen	
Net income per share		△20.90 yen	

(Note) “Business profit” is calculated by deducting “Cost of sales” and “Selling, general and administrative expenses” from “Revenue”.

4. Outline of the Business to be Split

(1) Business to be split

The Company's medical device business

(2) Operating results of the business to be split

Net sales: 7,488 million yen (fiscal year ended March 31, 2021)

(3) Items and amounts of assets and liabilities to be split

<u>Assets</u>		<u>Liabilities</u>	
<u>Current assets</u>	<u>156 million yen</u>	<u>Current liabilities</u>	<u>41 million yen</u>
<u>Fixed assets</u>	<u>610 million yen</u>	<u>Fixed liabilities</u>	<u>—</u>
<u>Total</u>	<u>766 million yen</u>	<u>Total</u>	<u>41 million yen</u>

(Note) The amounts stated above are calculated by adding the important increases and decreases expected to arise until the effective date of the Company Split based on the balance sheet as of June 30, 2021. Therefore, the amounts to be actually split will be the figures reflecting adjustments of the other increases and decreases in the amounts stated above.

5. Status after the Company Split

As a result of the Company Split, there will be no changes in the Company's name, location, title and name of the representative, business description, capital or fiscal year-end.

With regard to Kawasumi Laboratories, the succeeding company, as of the same date as the effective date of the Company Split, it will change its name to "SB-Kawasumi Laboratories, Inc." and its location of head office and registered address to "25-4, Tonomachi 3-chome, Kawasaki-ku, Kawasaki City, Kanagawa, Japan". There will be no changes in its title and name of the representative, business description, capital or fiscal year-end.

6. Outlook

The impacts of the Company Split on the Company's consolidated financial results are to be minor since the Company Split is carried out between the Company and its wholly-owned subsidiary.

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