



2021.12.21

To whom it may concern:

Company Name: Harima Chemicals Group, Inc.
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**Notice Concerning Acquisition of Assets of Solder Materials Business of
Henkel AG & Co. KGaA**

Harima Chemicals Group hereby announces that its Board of Directors has resolved to conclude an agreement to acquire commercial rights, assets, etc. related to the Solder Materials business of German chemical manufacturer Henkel AG & Co. KGaA

1. Reason for acquisition

Harima Chemicals Group produces various chemicals from pine tree-derived rosin, and one of our main products is solder paste, a material made from a combination of metal powder and rosin derivatives. Our solder products are mainly used in the automotive and communication equipment industries for electronic substrates and components.

In the automotive industry, as the trend toward electrification and automated driving accelerates, the volume of electronic components used is rapidly increasing, and there is growing demand for solder materials that offer high reliability and excellent durability even in harsh environments. We have already responded to this demand by developing and launching "high durability lead-free solder pastes" to meet the needs of our customers. In the telecommunications industry, demand for electronic components and solder materials is expected to continue to increase with the progress and spread of 5G.

Since Henkel AG & Co. KGaA's Solder Materials business has numerous customers in the automotive industry in Europe, as well as in the industrial equipment and consumer electronics industries worldwide, this acquisition will greatly expand our customer base. In addition to high durability lead-free solder pastes, Henkel AG & Co. KGaA's solder materials line-up includes solder pastes which are proof against long-term storage at room temperature. This type of solder

paste is environment friendly, because it does not require refrigeration like regular solder pastes and can save electricity. We target enhancement of market competitiveness by the additional variety of products as well as improvement of profitability and plant productivity through increased production volume after consolidation of the two businesses.

Our mid-term management plan "NEW HARIMA 2021 stipulates accelerating growth by expanding market share outside Japan and entering new markets, and we will continue to pursue further business development.

2. Overview of the acquiring assets

(1) Assets related to Solder Materials business of Henkel AG & Co. KGaA

We will acquire production assets, production technology, trademarks, patents, research equipment, inventory, employees, commercial rights, etc. in Europe, the U.S. and Asia, as well as factory real estate in Malaysia, and integrate them with the operations of our overseas subsidiaries.

(2) Financial highlights of Solder Materials business of Henkel AG & Co. KGaA (FY2020/12)

	Solder Materials business of Henkel AG & Co. KGaA
Revenue	EUR 28million (equivalent of JPY3.6billion @€1=JPY126.96 as of 2020/12/30)

(3) Purchase price and method of payment

The acquisition price will not be disclosed due to an arrangement with Henkel AG & Co. KGaA. The acquisition price has been determined by obtaining and referring to a business valuation report by a third-party organization, in addition to an estimate of future profitability.

3. Overview of the counterparty

(1)	Company Name	Henkel AG & Co. KGaA
(2)	Location	Henkelstraße 67, 40589 Düsseldorf, Germany
(3)	Name and title of representative	Chief Executive Officer: Carsten Knobel
(4)	Business	Adhesive Technologies, Beauty Care, Laundry & Home Care
(5)	Capital	EUR438million (equivalent of JPY55.6billion)
(6)	Established	1876

(7)	Equity	EUR17,879million (equivalent of JPY2,269.7billion)	
(8)	Total Assets	EUR30,250million (equivalent of JPY3,840.2billion)	
(9)	Major shareholders and their shareholding ratios	Henkel Family 61.54 and others (2021/3/1)	
(10)	Relationship with the listed company	Capital relationship	No relationship
		Personnel relationship	No relationship
		Business relationship	No relationship
		Related party relationship	No relationship

4. Timetable for acquisition

(1)	Date of Board Resolution	2021/12/16
(2)	Date of Signing	2021/12/16
(3)	Date of Closing	2022/04/01 (tentative)

5. Overview of accounting treatments

Currently under examination and will be determined upon consultation with an external auditor.

6. Future outlook

The impact of this acquisition of commercial rights and assets on the consolidated financial results for the fiscal year ending March 31, 2022 is expected to be negligible, but we will make an announcement as soon as there is a need to do so.