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DIC Corporation

DIC Announces Creation of Supply Framework for PPS Compounds in North America

*—Establishment of production configuration comprising bases in five regions will reinforce
the Company's leading share of the global market—*

Tokyo, Japan—DIC Corporation announced today that it has resolved to build a new production line for its global market-leading polyphenylene sulfide (PPS) compounds within the facility occupied by wholly owned subsidiary DIC Imaging Products USA, LLC, in the U.S. state of Wisconsin. The new PPS compounds production line—the Company's first in North America—is scheduled to begin operating in the fall of 2020. Through investing in the construction of the line, the Company will create a global production configuration comprising bases in five regions (Japan, the People's Republic of China (PRC), Southeast Asia, Europe and North America) and expand the DIC Group's overall annual PPS compounds production capacity by 3,000 metric tonnes, to 46,000 metric tonnes.



DIC Imaging Products USA

Valued for their excellent heat and chemical resistance, as well as for their dimensional stability, PPS compounds are super-engineering plastics that are used widely as an alternative to metal materials in automotive components and other products. Of particular note, the volume of PPS compounds per vehicle used in hybrid and electric vehicles—which contain a significant number of components that require superior heat resistance—is estimated at between two and three times that for gasoline-powered vehicles. In addition, the volume of PPS compounds used in vehicle electrical systems continues to grow, as increasing functionality boosts component size. Against a backdrop of robust demand, the global market for PPS compounds continues to grow and is expected to be more than 20% higher in 2021 than in 2017.

The DIC Group's PPS compounds production and technical service bases provide products that leverage proprietary compounding technologies to meet demand from customers in key areas, including automotive

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and related materials. The decision to establish a production line in the United States was taken with the aim of responding to expanding regional demand by ensuring a stable supply, shortening lead times and reinforcing its ability to develop products that satisfy the quality requirements of customers. Wholly owned subsidiary Sun Chemical Corporation, which boasts robust sales channels in its printing inks and other businesses in both the Americas and Europe, is also expected also realize rapid growth in its sales network by launching full-scale sales of PPS compounds.

Guided by its new medium-term management plan, DIC111, DIC is working to provide both social value, which contributes to sustainability and markets, and economic value, which underpins corporate growth, ensuring it remains a unique global company that is trusted by society. The plan's regional strategy for the Americas and Europe also calls for increasing production capacity for products other than inks. Going forward, the Company is committed to further expanding sales of its proprietary high-value-added PPS compounds and becoming a global leader in this key business.

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