

Supplementary Materials

June 1, 2023

DIC Corporation

Strategic Positioning of Acquisition of PCAS Canada

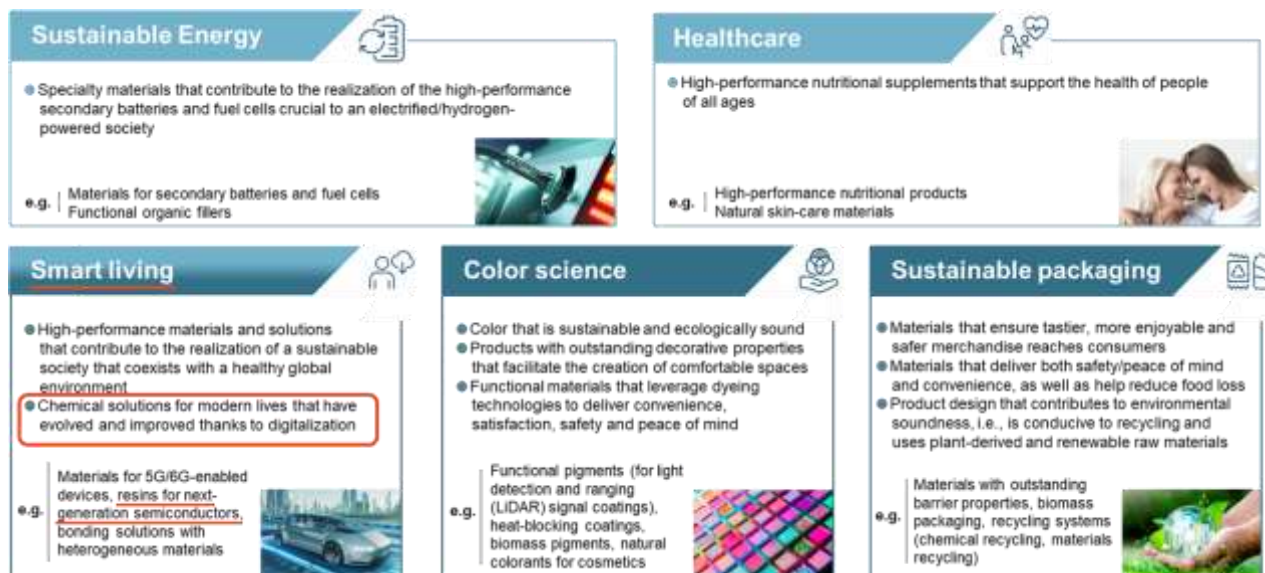
Tokyo, Japan—Pursuant to its June 1, 2023, press release titled “DIC Acquires Photoresist Polymers Manufacturer PCAS Canada,” DIC has prepared supplementary materials to explain the strategic positioning of this acquisition.

1. Positioning of acquisition relative to DIC’s long-term management plan

One of the basis strategies of DIC’s long-term management plan, DIC Vision 2030, is “business portfolio transformation.” In accordance with this strategy, the Company is has identified **five priority business areas** in which it can make important contributions to a society that is increasingly green, **digital** and quality of life (QOL)-oriented by leveraging its competitive strengths.

In one of these priority business areas, **“smart living,”** DIC is **expanding its portfolio of resins for next-generation semiconductors** with the aim of **providing chemical solutions for modern lives that have evolved and improved thanks to digitalization.**

(Source: DIC Vision 2030 long-term management plan presentation materials (page 20))



The infographic displays five business areas with their respective goals and examples:

- Sustainable Energy:** Speciality materials that contribute to the realization of the high-performance secondary batteries and fuel cells crucial to an electrified/hydrogen-powered society. e.g. Materials for secondary batteries and fuel cells, Functional organic fillers.
- Healthcare:** High-performance nutritional supplements that support the health of people of all ages. e.g. High-performance nutritional products, Natural skin-care materials.
- Smart living:** High-performance materials and solutions that contribute to the realization of a sustainable society that coexists with a healthy global environment. **Chemical solutions for modern lives that have evolved and improved thanks to digitalization.** e.g. Materials for 5G/6G-enabled devices, resins for next-generation semiconductors, bonding solutions with heterogeneous materials.
- Color science:** Color that is sustainable and ecologically sound; Products with outstanding decorative properties that facilitate the creation of comfortable spaces; Functional materials that leverage dyeing technologies to deliver convenience, satisfaction, safety and peace of mind. e.g. Functional pigments (for light detection and ranging (LIDAR) signal coatings), heat-blocking coatings, biomass pigments, natural colorants for cosmetics.
- Sustainable packaging:** Materials that ensure tastier, more enjoyable and safer merchandise reaches consumers; Materials that deliver both safety/peace of mind and convenience, as well as help reduce food loss; Product design that contributes to environmental soundness, i.e., is conducive to recycling and uses plant-derived and renewable raw materials. e.g. Materials with outstanding barrier properties, biomass packaging, recycling systems (chemical recycling, materials recycling).

2. Objective of acquisition in terms of business group strategy

The Functional Products Business Group has set a basic strategy of ensuring the **timely provision of functional materials that support digital innovation.** One of the principal measures being pursued in line with this strategy is to **expand its lineup of high-performance products for the**

semiconductor fabrication and mobility fields. The principal business of PCAS Canada is consistent with the strategies of this business group and is expected to benefit DIC by **increasing the Company’s presence in the market for photoresists for semiconductor photolithography.**

(Source: DIC Vision 2030 long-term management plan presentation materials (page 20))

Functional Products

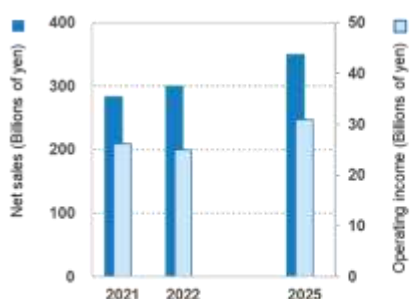
New priority business area

Smart living

Basic strategies

- Ensure the timely provision of functional materials that support digital innovation
- Contribute to a carbon-neutral society by promoting a shift to biomaterials
- Cultivate demand by directly communicating the appeal of materials, devices and services to consumers and society at large
- Supply polymers that help reduce environmental impact and impart functionality widely across Asia

Net sales and operating income targets



Principal measures

- ▶ Propose high-performance products for the semiconductor fabrication and mobility fields
 - Extend functional materials portfolio with forward-looking offerings for an increasingly digital society, including low-dielectric resins, organic-inorganic hybrid resins and resins for optical materials
 - Augment lineup of industrial adhesive tapes and polyphenylene sulfide (PPS) compounds, and offer bonding and disassembly solutions, for CASE vehicles
- ▶ Develop sustainable products
 - Launch and expand sales of new environment-friendly waterborne resins
 - Develop and offer bio-based polymers
- ▶ Increase selection of products that contribute to an improved QOL
 - Augment portfolio of molding materials for medical applications
- ▶ Expand operations in promising geographic areas
 - Concentrate efforts to expand coating resins business in the PRC and the Asia-Pacific region on M&As

3. Photoresists for semiconductor photolithography and polymers used therein: Market potential

The semiconductor market is growing worldwide and its importance is increasing with the development and proliferation of the Internet of Things (IoT), big data, artificial intelligence and other advanced information technologies. The **annual global market for photoresists used in semiconductor photolithography, approximately ¥200 billion (\$1.9 billion) in 2021,* is expected to grow by approximately 56%** from that level by fiscal year 2026. PCAS Canada, an upstream supplier in the semiconductor fabrication supply chain, manufactures and sells **polymers used in these photoresists.** DIC’s acquisition of this company is expected to give it a **10%-plus share of the global market** for these polymers.

* Source Report on the current status and future outlook for materials used in semiconductor fabrication published by FUJIKAZAI GROUP CO., LTD. (Japanese Website only)
<https://www.fuji-keizai.co.jp/press/detail.html?cid=22061>

Supply Chain and Market for Photoresists for Semiconductor Photolithography



DIC is confident that the **combination of existing technologies and technological development efforts, as well as the realization of a well-balanced geographical footprint**, will enhance synergies between the two companies' and secure its position as the first choice of photoresist manufacturers worldwide. The Company looks forward to securing an increased share of the global photoresist market and has set a goal for **annual sales in this business in fiscal year 2030 of ¥15 billion**.

