



February 19, 2021

Company name	<b>DIC Corporation</b>
Representative	Kaoru Ino Representative Director President and CEO (Securities code: 4631)
Contact	Masaaki Nakagawa General Manager Corporate Communications Department (Tel.: +81-3-6733-3033)

### **Notice Regarding Recognition of an Extraordinary Loss (Loss on Business Liquidation)**

DIC Corporation hereby announces that it has recognized an extraordinary loss (loss on business liquidation) in fiscal year 2020, ended December 31, 2020.

#### **1. Details of and reason for extraordinary loss**

As previously announced in two press releases (“Notice Regarding the Acquisition of the Shares and Assets of a Pigments Business from BASF SE of Germany and Transformation of the Business into a Subsidiary,” published on August 29, 2019, and “Notice Regarding Change of Closing Schedule for the Acquisition of the Shares and Assets of a Pigments Business from BASF SE,” published on October 28, 2020), DIC has entered into an agreement with BASF to acquire the shares and assets of the latter’s Colors & Effects business, and is currently working with the German company to close this transaction in the first quarter of 2021.

In connection with this acquisition, DIC has resolved to divest a pigment manufacturing business based at U.S. subsidiary Sun Chemical Corporation’s plant in Bushy Park, South Carolina. Because DIC and BASF Colors & Effects control substantial shares of the global pigments market, this divestiture is being undertaken to ensure compliance with relevant antitrust laws. Although the Bushy Park plant is a high-performance pigments manufacturing facility, producing pigments for automotive coatings and other applications, the aforementioned acquisition from BASF means that the impact of this divestiture on DIC’s strategy of significantly expanding its high-performance pigments business will be negligible.

Having resolved to divest this business, DIC has recognized ¥8,762 million in losses it expects to incur on the disposal of related assets as an extraordinary loss (loss on business liquidation) in its results for the fiscal year ended December 31, 2020.

## 2. Profile of the target business

### (1) Overview of Sun Chemical Corporation

1. Name	Sun Chemical Corporation
2. Location	35 Waterview Boulevard, Parsippany, New Jersey, U.S.A.
3. Representative	Myron Petruch, President and CEO
4. Description of business	Manufacture and sale of printing inks and pigments
5. Stated capital	US\$500,001

### (2) Business to be sold

High-performance pigments manufacturing business based at Sun Chemical's plant in Bushy Park, South Carolina

## 3. Impact on operating results

The extraordinary loss that DIC expects to incur in relation to the disposal of assets of the business to be sold is reflected in "Consolidated Financial Results for the Year Ended December 31, 2020 (Japan GAAP)," published today.

## 4. Outlook

DIC currently plans to complete its acquisition of BASF's Colors & Effects business in the first quarter of 2021. However, because the closing of this transaction is pending approval by the U.S. Federal Trade Commission, there is a possibility that execution will be rescheduled to the first half of 2021 as a consequence of ongoing approval procedures. Should any matters requiring disclosure arise, DIC will promptly issue notification.

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