

Company name	<b>DIC Corporation</b>
Representative	Kaoru Ino Representative Director President and CEO
(Securities code)	4631)
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### Notice of Financing through a Subordinated Term Loan

DIC Corporation announced today that the procurement of a total of ¥60 billion through a subordinated term loan (“the subordinated loan”) had been approved at a meeting of its Board of Directors held earlier in the day.

#### 1. Purpose and significance of the subordinated loan

In the press release titled “Notice Regarding the Acquisition of the Shares and Assets of the Pigments Business from BASF SE of Germany and Transformation of the Business into a Subsidiary,” issued on August 29, 2019, DIC announced that it had resolved to acquire the shares and assets of the Colors & Effects business of German firm BASF.

With regard to the method of procuring funds for this acquisition, the Company planned to choose an approach that would avoid a decline in capital efficiency due to stock dilution and enable it to maintain financial soundness. Having since explored hybrid financing, the Company made the decision to use a subordinated loan.

As previously announced, DIC currently has no plans to raise funds through the issue of new shares (equity financing).

#### 2. Characteristics of the subordinated loan

A subordinated loan is a type of hybrid financing midway between equity and debt. Accordingly, while classified as debt, it has characteristics similar to equity. As a result, the subordinated loan will be eligible for recognition by credit rating agencies as having equity credit attributes to a certain extent, enabling the Company to strengthen its financial base without causing stock dilution. Specifically, the Company expects 50% if the total amount procured to be assessed as having equity credit attributes by the Japan Credit Rating Agency, Ltd.

#### 3. Summary of the subordinated loan

Total amount procured	¥60 billion
Contract date (scheduled)	March 31, 2020
Drawdown date	Any date within one year of the contract date

Use of funds procured	Business Acquisition
Due date	60 years from the drawdown date
Early repayment*	The Company may repay before the due date all or part of the principal on each interest payment date five years from the drawdown date or later, or in certain other specified circumstances.
Interest deferral clause	The Company may defer payment of interest.
Arrangers	MUFG Bank, Ltd., and Mizuho Bank, Ltd.
Assessment of equity credit attributes (expected)	Japan Credit Rating Agency: Medium / 50%

Note:

In the case of early repayment of the subordinated loan, DIC anticipates procuring funds through the issue of common stock or debt (refinancing securities) approved by rating agencies as having equity credit attributes equivalent to or higher than the subordinated loan. However, if the Company satisfies certain financial requirements when early repayment is made five years after the drawdown date or later, it may defer the procurement of funds through refinancing securities.

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