

Acquisition Q&A

***Applied Ink Solutions*, subsidiary of MicroChem Corp. & Conductive Compounds, Inc.**

September 1, 2016

Who are MicroChem, *Applied Ink Solutions*, Argential, and Conductive Compounds, Inc. -- Why This Acquisition?

Q: Who is Conductive Compounds?

A: Conductive Compounds, a New Hampshire business established in 1994, is a leading supplier of high quality engineered materials for the global electronics assembly market. In addition to standard product lines of conductive and resistive inks, UV curable dielectrics and insulators, adhesives, coatings, transducer inks, and potting compounds, Conductive Compounds specializes in custom formulations for new and unique applications in the printed electronics industry. An experienced staff with extensive knowledge and understanding of materials, manufacturing methods, and applications makes this possible. The company's materials are used across a diverse range of industries including consumer electronics, computer, automotive, medical devices and sensors, industrial controls, defense, aerospace, photovoltaic, telecommunication, electronic packaging, and electronic display technology.

Q: Who is MicroChem?

A: MicroChem, a Massachusetts business established in 1992, develops and manufactures specialty chemicals including photoresists, optical dyes and ancillary materials for MEMS, microelectronics, advanced lithography, specialty displays, packaging, optoelectronics and other dynamic technology markets. The company's innovative material platforms, multi-industry experience, applications expertise, interdisciplinary perspective and credentials, and culture of collaboration—from development through production—make MicroChem a preferred partner to technology startups, leading universities, and Fortune 50 companies alike. These core competencies place MicroChem at the forefront of many of today's emerging technologies.

Q: Why did a MicroChem subsidiary acquire Conductive Compounds?

A: The acquisition of Conductive Compounds is part of a broad, ongoing search by MicroChem for opportunities to augment its existing materials technologies with additional new and innovative products and services. It is an acquisition that met our search goals and will deliver synergies benefiting customers of both companies. Conductive Compounds' functional electronic inks, coatings, epoxies, dielectrics and other compounds provide a uniquely complementary enhancement to a number of MicroChem products, while MicroChem's new, 76,000 SF high-tech facility enables future expansion of manufacturing capacity of Conductive Compounds' products. MicroChem's focus on identifying unmet chemical market needs will continue to drive our materials design and development in order to meet the rapidly advancing demands of our customers' technology markets. It will also drive future acquisitions as we expand our product lines.

Q: Who are Argential and *Applied Ink Solutions*?

A: Argential is the wholly owned subsidiary of MicroChem Corp. that has acquired the assets of Conductive Compounds in an agreement effective September 1, 2016. Argential will conduct business under the trade name *Applied Ink Solutions*.

Q: Will we keep the Conductive Compounds name?

A: No. The new entity will conduct business under the trade name *Applied Ink Solutions*.

Q: Will *Applied Ink Solutions* remain in a separate location or be moved to the Westborough facility?

A: The plan is to move *Applied Ink Solutions* into MicroChem's 76,000 SF Westborough, Massachusetts headquarters, where it will benefit from the facility's ample space for growth, as well as access to administrative and additional engineering resources. Timing for this move is still to be determined.

Q: Will MicroChem and *Applied Ink Solutions* integrate operations?

A: An integration team comprised of MicroChem and *Applied Ink Solutions* employees will be formed to ensure a smooth transition and integration between the two companies. The team will address issues including information systems integration that will be transparent to customers, while assuring accurate and timely order acknowledgements, shipping and invoice processing; ISO compliance; facility and operational needs; and relocation timelines planned around the physical move.

Q: What are the growth plans for the *Applied Ink Solutions* business?

A: Growth plans will be developed over the coming weeks and months as we gain a strong working understanding of the specific needs of customers and market opportunities. While our initial focus will be on securing and supporting existing business, we will simultaneously work to identify niche and emerging customer requirements and use our chemistry background to develop new products for the printed electronic assembly market.

Q: As a long-standing customer of Conductive Compounds, how will this acquisition benefit my company?

A: We bring expanded manufacturing capacity, capital to invest, and core competencies in product collaboration and development, application engineering support, and manufacturing and supply chain management, all of which we will exercise to further support customer needs and customer growth in emerging technologies. Additionally, while MicroChem delivers the speed, responsiveness and solutions-orientation of an entrepreneurial organization, we also bring a strong financial standing, backed by the depth and resources of our parent company, Nippon Kayaku, the world's largest supplier of electronic grade epoxy resins.

Q: Will *Applied Ink Solutions* maintain the ISO9001:2008 registration?

A: Yes.

Q: Will my contacts change?

A: Your business development/sales contact will remain Carolee Dalton at caroleed@conductivecompounds.com or 603-595-6221, ext. 311.