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CCF



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Investor Presentation

March 3, 2021

Safe Harbor, Reference to Public Filings and Non-GAAP Measures Statements



Forward-Looking Statements

Certain statements in this presentation are forward-looking. These can be identified by the use of forward-looking words or phrases such as “believe”; “expect”; “anticipate”; “should”; “planned”; “estimated”; “forecasted”; “projected”; and “potential”, among others. These forward-looking statements are based on Chase Corporation’s current expectations. The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for such forward-looking statements. To comply with the terms of the safe harbor, the Company cautions investors that any forward-looking statements made by the Company are not guarantees of future performance and that a variety of factors could cause the Company’s actual results and experience to differ materially from the anticipated results or other expectations expressed in the Company’s forward-looking statements. The risks and uncertainties which may affect the operations, performance, development and results of the Company’s business include, but are not limited to, the following: uncertainties relating to economic conditions; uncertainties relating to customer plans and commitments; the pricing and availability of equipment, materials and inventories; technological developments; performance issues with suppliers and subcontractors; economic growth; delays in testing of new products; the Company’s ability to successfully integrate acquired operations; the effectiveness of cost-reduction plans; rapid technology changes and the highly competitive environment in which the Company operates. Important factors that could cause actual results to differ materially from our expectations are disclosed under Item 1A (“Risk Factors”) in our latest Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission, and subsequent Quarterly Reports on Form 10-Q and should be read together with this presentation. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made.

Further Information

This presentation should be read together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and the related notes thereto included in our public filings.

Non-GAAP Financial Measures

We believe that EBITDA, Adjusted EBITDA, Free Cash Flow and Organic Revenue are useful performance measures. They are used by our executive management team to measure operating performance, to allocate resources, to evaluate the effectiveness of our business strategies and to communicate with our Board of Directors concerning our financial performance. The Company believes EBITDA, Adjusted EBITDA, Free Cash Flow and Organic Revenue are also useful to investors. EBITDA is useful in comparing the core operations of the business from period to period by removing the impact of the Company’s capital structure (through interest expense), asset base (through depreciation and amortization) and tax rate, and in evaluating operating performance relative to others in the industry. Adjusted EBITDA allows for comparison to the Company’s performance in prior periods without the effect of items that, by their nature, tend to obscure the Company’s core operating results due to the potential variability across periods based on their timing, frequency and magnitude. Free Cash Flow provides a means for measuring the cash generated from operations that is available for mandatory obligations, including interest payments and debt repayment, and discretionary investment opportunities such as funding acquisitions, product and market development and paying dividends. As a result, management believes these metrics, which are commonly used by financial analysts and others in the industries in which the Company operates, enhance the ability of investors to analyze trends in the Company’s business and evaluate the Company’s performance relative to peer companies and the past performance of the Company itself. EBITDA, Adjusted EBITDA, Free Cash Flow and Organic Revenue are non-U.S. GAAP financial measures.

We define EBITDA as net income before interest expense from borrowings, income tax expense, depreciation expense from fixed assets, and amortization expense from intangible assets. We define Adjusted EBITDA as EBITDA excluding costs and (gains) losses related to our acquisitions and divestitures, costs of products sold related to inventory step-up to fair value, settlement (gains) losses resulting from lump-sum distributions to participants from our defined benefit plans, operations optimization costs, impairment losses on long-lived assets, and other significant items. We define Free Cash Flow as net cash provided by operating activities less purchases of property, plant and equipment. Organic revenue is defined as legacy businesses, plus revenue from acquired businesses beginning 12 months after acquisition, less revenue associated with currently divested businesses for all periods shown.

The use of EBITDA, Adjusted EBITDA, Free Cash Flow and Organic Revenue has limitations and these performance measures should not be considered in isolation from, or as an alternative to, U.S. GAAP measures such as net income, net cash provided by operating activities and revenue. None of these measures should be interpreted as representing the residual cash flow of the Company available solely for discretionary expenditures or to invest in the growth of our business, since we may have certain non-discretionary expenditures that are not deducted from these measures, including scheduled principal payments on outstanding debt. Our measurement of EBITDA, Adjusted EBITDA, Free Cash Flow and Organic Revenue may not be comparable to similarly-titled measures used by other companies.

Why Invest in Chase Corporation

- ✓ *Strategic diversification of product offerings, firmly rooted in proven chemistries, has led to Chase's recognition as a leading manufacturer of protective materials for high-reliability applications.*
- ✓ *Ability to effectively manage and rationalize cost base in all market conditions to improve relative profitability results, while effectively addressing risk management, implementation of sustainable business practices and continuously improving operating performance.*
- ✓ *Proven growth strategy through organic and inorganic paths guides our capital allocation philosophy with a focus on return on investment.*
- ✓ *A continuous-improvement mindset focused on creating an ethical corporate culture that emphasizes contributing to the community, respecting the environment and treating employees fairly.*
- ✓ *Chase's solidified position as a trusted partner to customers, a provider of effective and reliable product solutions, brings long-term value for our shareholders.*

Vision and Mission

Chase offers a balanced growth and value investment opportunity at a reasonable price compared to our peers

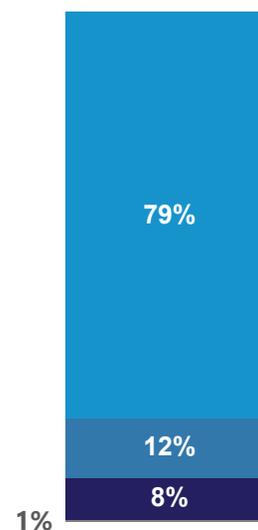
Chase Corporation at a Glance

A global specialty chemicals company that is a leading manufacturer of protective materials for high-reliability applications across a broad range of market sectors

- **Headquarters:** Westwood, MA, USA
- **Ticker:** NYSE American: CCF
- **Market Cap** ^[1]: \$1.02 Billion
- **Employees:** ~620 (~500 US, ~120 other)
- **Facilities** ^[3]: 15 manufacturing facilities strategically located in the US (10), UK (2), China, India and France
- **Revenue** ^[2]: \$261.2 Million
- **Adjusted EBITDA** ^[2]: \$60.2 Million

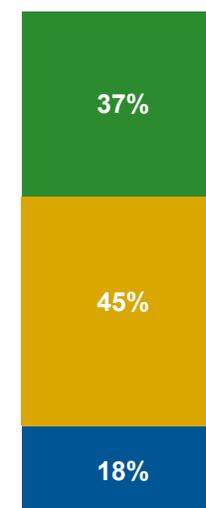
Attractive Business Profile ^[2]

Revenue by Geographic Region of Customers



■ North America
■ Asia
■ Europe
■ All other foreign

Revenue by Segment



■ Adhesives, Sealants and Additives
■ Industrial Tapes
■ Corrosion Protection and Waterproofing

[1] Market capitalization data as of February 26, 2021

[2] For fiscal year ended August 31, 2020, percentages rounded to sum to 100%

[3] As of November 30, 2020

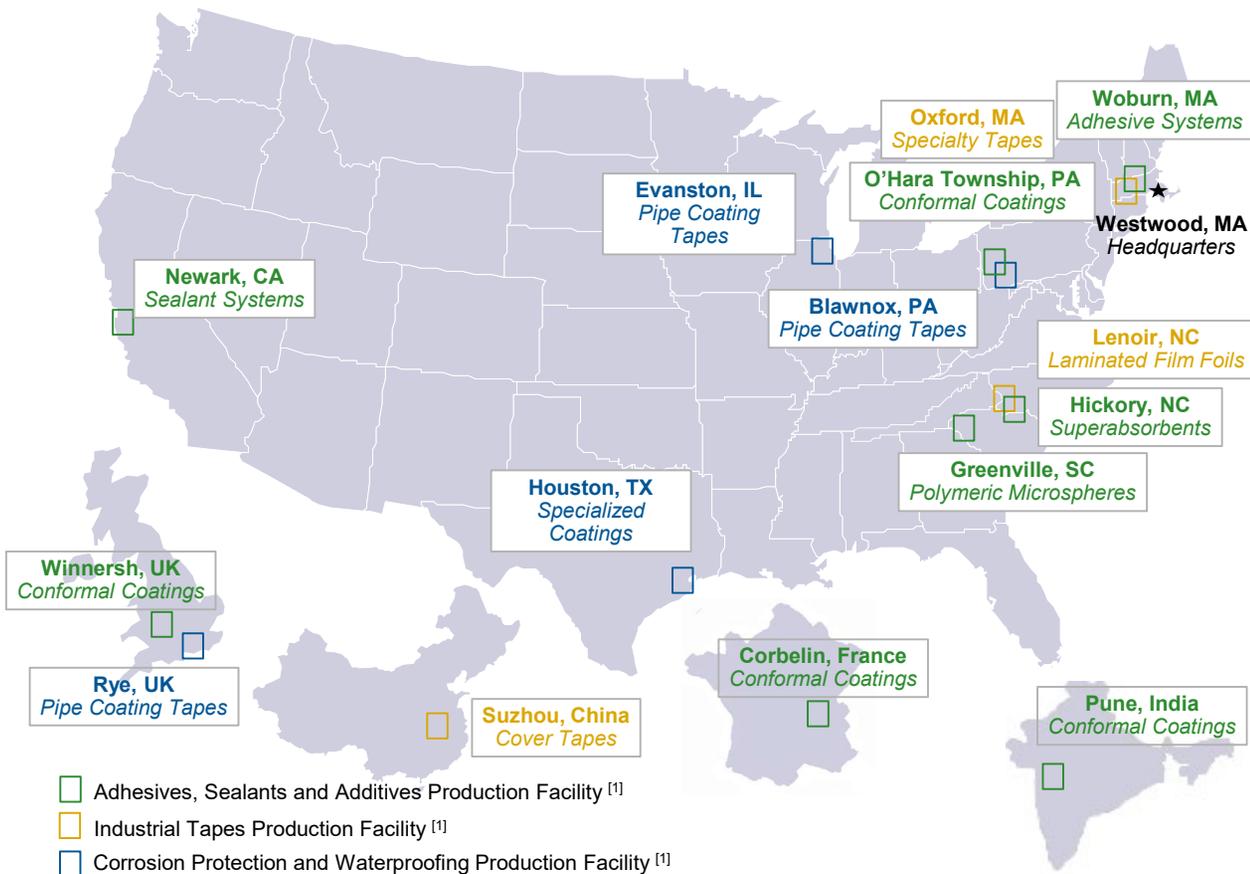
World-Class Operational Platform Anchored by Strong North American Presence



Chase's global footprint and best-in-class manufacturing and R&D capabilities provide significant competitive advantages and access to high-growth markets, while demonstrating our commitment to risk mitigation and strategic redundancy

Platform Overview

Platform Highlights



- ✓ Distribution centers in Canada, France and the Netherlands
- ✓ Broad footprint with products sold globally across various sales channels: direct, distribution and royalty
- ✓ Earns royalties from electronic coating products licensed to a manufacturer in Asia
- ✓ Highly efficient platform with strong focus on operational excellence
- ✓ World-class productivity and efficiency with significant opportunity for further optimization
- ✓ Well-invested facilities support significant incremental growth
- ✓ Minimal ongoing annual maintenance capital spending required

[1] Our manufacturing facilities are distinct to their respective segments with the exception of our O'Hara Township, PA, Blawnox, PA and Hickory, NC facilities, which produce products related to multiple operating segments. Classifications above based on predominant operating activity and product at each respective location.

Three Strategic Operating Segments

Adhesives, Sealants & Additives

Innovative and specialized **proven chemistries** differentiate Chase brands from competitors. Adhesives, sealants and additives **leverage core specialty chemical development competencies** of the Company.

Industrial Tapes

Proven chemistries, diverse **specialty offerings** and a **reliable supply chain** makes Chase a leader in the industrial tapes segment. **Expansive brand offerings** include legacy wire and cable materials, specialty tapes, and other laminated and coated products.

Corrosion Protection & Waterproofing

Numerous **construction-related products** with a successful track record in demanding anticorrosion, membrane, waterproofing, and other high-performance applications. Chase product offerings **solve a range of challenging problems** for the oil, gas, water, wastewater, bridge, highway and associated industries.



Electronic and Industrial Coatings, and Functional Additives

Protective coatings, adhesives and additives to ensure reliability of our customers' product functionality

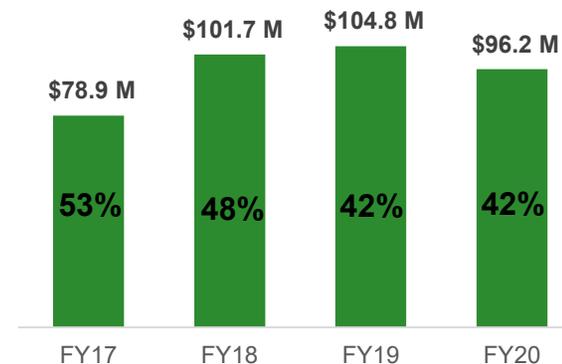
Product Offerings

- Electronic & Industrial Coatings
 - *Conformal coatings*
 - *Adhesives & sealants*
- Functional Additives
 - *Polymeric microspheres*
 - *Superabsorbent polymers*
 - *Polyurethane dispersions*



[1]

Revenue (\$) and Gross Margin (%) [2]



Select Markets

- Aerospace
- Automotive
- Electronics
- Appliances
- Medical
- Environmental
- Intermediates
- Coatings

[1] ABchimie acquired September 1, 2020 (FY21)

[2] Source: FY20, FY19 Annual Reports

Industrial Tapes

Unique customizable solutions are engineered with broad analytical and developmental capabilities supported by an experienced technical staff

Laminated and coated films, fillers and high-strength woven materials which protect end-products from damage and environmental influences

Product Offerings

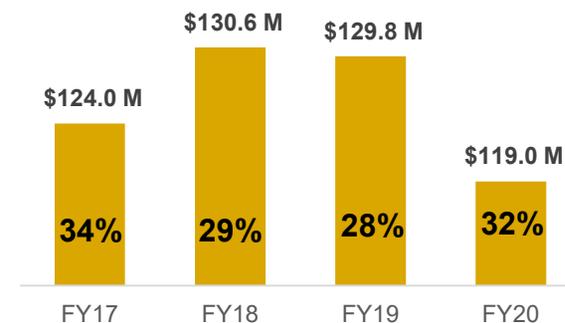
- Cable Materials
 - *Shielding, binding, bedding and barrier tapes*
 - *Strand seal compounds*
- Specialty Tapes, Coatings and Laminates
 - *Detection tapes*
 - *Pulling tapes*
 - *Antistatic cover tapes*
 - *Specialty manufacturing*

Select Markets

- Energy
- Electronics
- Industrial
- Oil & Gas
- Consumer & Packaging
- Utilities & Telecom



Revenue (\$) and Gross Margin (%) [1]



[1] Source: FY20, FY19 Annual Reports

Corrosion Protection & Waterproofing

Chase has harnessed qualities of a spectrum of chemistries to develop complete and respected product lines across numerous industries

Durable adhesive tapes and high-strength flexible coating materials and additives which protect infrastructure from exposure to environmental influences

Product Offerings

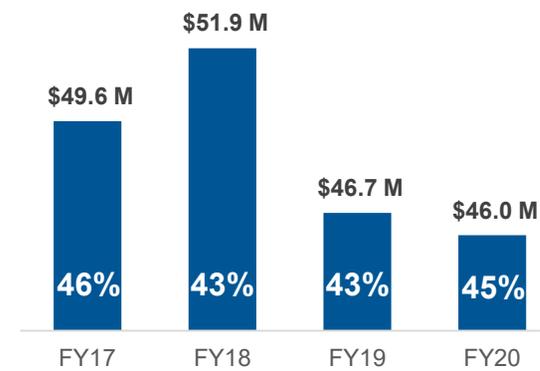
- Pipeline Coatings
 - Casing fill services
 - Hot- and Cold-applied tapes
 - Epoxy systems
 - Liquid coatings and primers
- Protective Coatings, Linings & Additives
 - Asphalt waterproofing additives
 - Expansion & control joint systems
 - Waterproofing membranes
 - Coating & lining systems

Select Markets

- Water
- Wastewater
- Infrastructure
- Oil & Gas



Revenue (\$) and Gross Margin (%) [1]



[1] Source: FY20, FY19 Annual Reports

Chase is a Brand Leader Across All Segments



	Adhesives, Sealants & Additives		Industrial Tapes		Corrosion Protection & Waterproofing	
Product Offerings	Electronic & Industrial Coatings	Functional Additives	Cable Materials	Specialty Tapes, Coatings and Laminates	Pipeline Coatings	Protective Coatings, Linings & Additives
Key Products	<ul style="list-style-type: none"> Conformal coatings Adhesives & sealants 	<ul style="list-style-type: none"> Polymeric microspheres Polyurethane dispersions Superabsorbent polymers 	<ul style="list-style-type: none"> Power cable tapes Communication cable tapes Strand seal compounds 	<ul style="list-style-type: none"> Detection tapes Pulling tapes Durable paper products Antistatic cover tapes Specialty manufacturing 	<ul style="list-style-type: none"> Casing fill services Cold-applied tapes Hot-applied tapes Epoxy systems Liquid coatings and primers 	<ul style="list-style-type: none"> Asphalt waterproofing additives Expansion & control joint systems Waterproofing membranes Coating & lining systems
Select Markets	<ul style="list-style-type: none"> Aerospace Automotive Electronics Appliances 	<ul style="list-style-type: none"> Medical Environmental Intermediates Coatings 	<ul style="list-style-type: none"> Energy Electronics Industrial Oil & Gas 	<ul style="list-style-type: none"> Consumer & Packaging Utilities & Telecom 	<ul style="list-style-type: none"> Water Wastewater Oil & Gas 	<ul style="list-style-type: none"> Infrastructure Water
Brand Names						

Strategy Rooted in Multiple Growth Avenues

Chase is dedicated to maintaining sustainability while executing on its proven growth strategy of financial discipline and maximized product growth

Expand Global Presence

- Continued expansion in new geographies to enhance capacity and product mix

Expansion in Top End-Markets

- Capitalize on expected growth in core end-markets including electronics, housing and automotive

Drive Share Gains

- Leverage Chase's full suite of market-leading capabilities to expand customer wallet share



New Products & End-Markets

- Chase's size, geographic footprint, industry focus and financial capacity uniquely position the Company to capture additional growth through product and market development, and new market expansion

Financial Discipline

- Focus on gross margins, working capital management and free cash flow
- Financial discipline and flexibility; a strong balance sheet is fundamental

Strategic M&A

- Growth strategy sharply focused on building upon core competencies and sustainable competitive advantages
- Focused on acquisition, integration, appropriate consolidation opportunities, and expanding the platform

Proven growth strategy sharply focused on building upon core businesses and on enhancing operational infrastructure and commonalities to gain competitive advantage



Actionable Growth Strategies

- Inorganic growth through attractive acquisitions and efficient integration
- Organic growth through differentiated R&D capabilities and market development



Enhance operational infrastructure and commonalities

- Appropriate consolidation and rationalization of assets
- Continuous improvement mindset built around operational excellence



Adhere to financial discipline

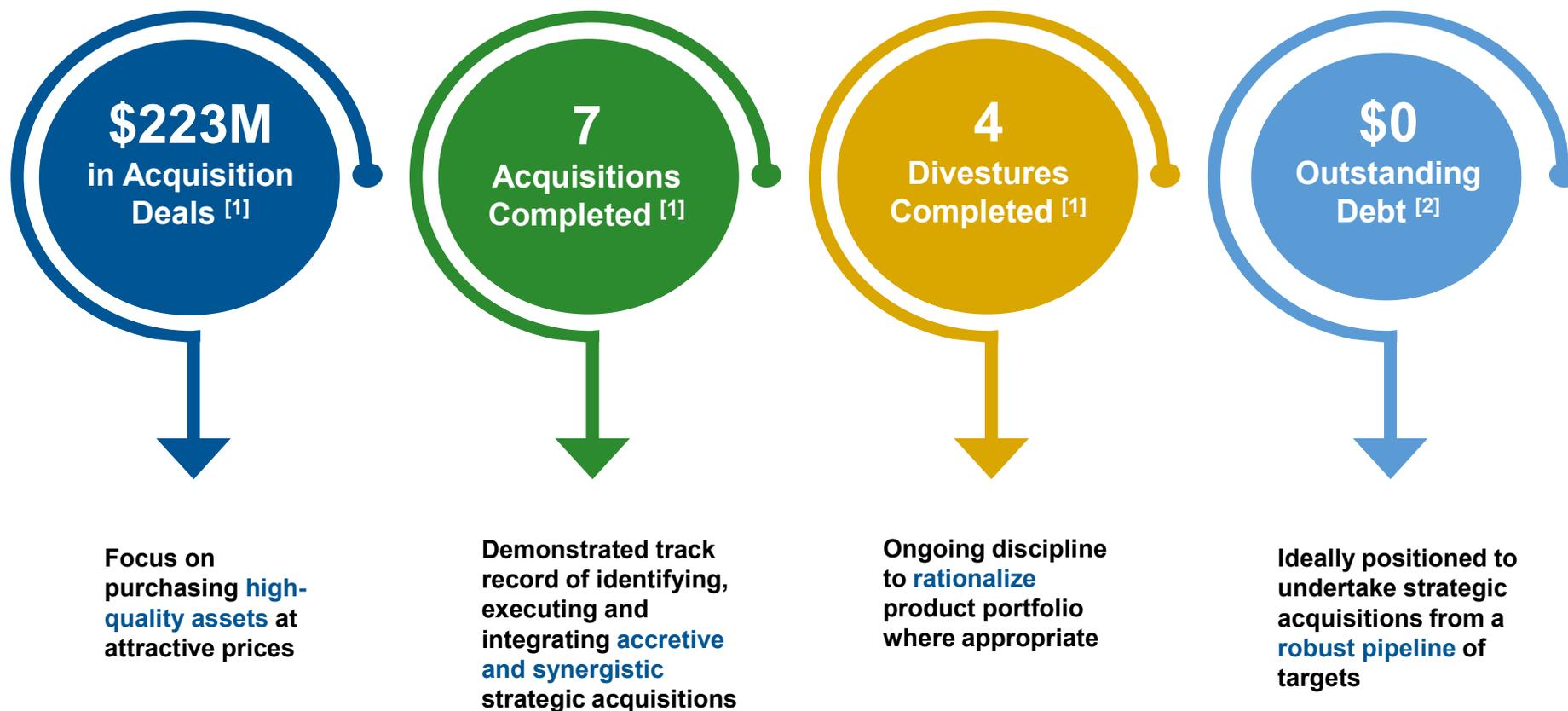
- Maintain strong and flexible balance sheet
- Focus on improved margin profile and free cash flow generation



Develop competitive advantages

- Leverage market-leading capabilities to drive share in existing customer base
- Capitalize on ability to enter new markets from position of strength

Legacy of Successful Inorganic Growth Strategy



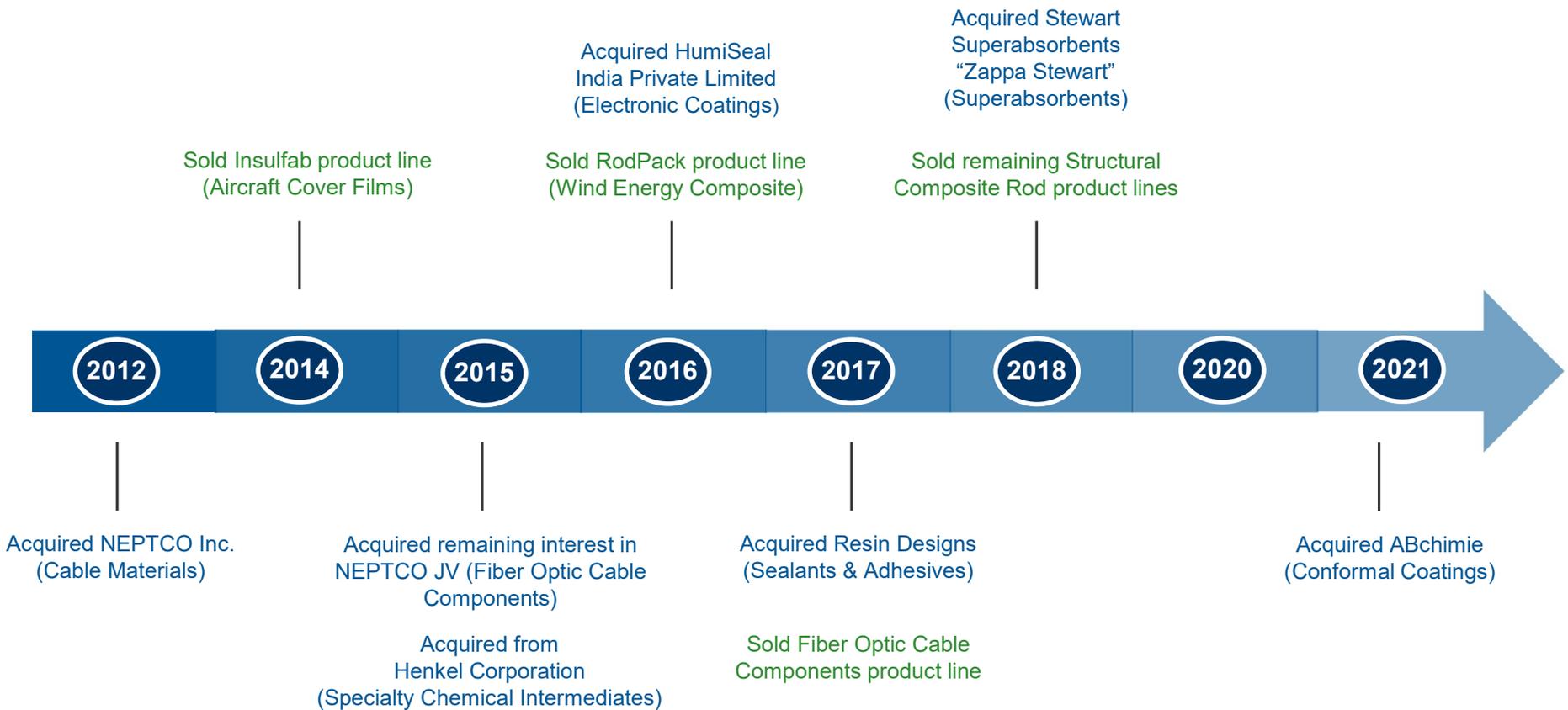
[1] Source: 10-Q/K filings; Fiscal 2012 through November 30, 2020

[2] Source: 10-Q for period ended November 30, 2020

Proven Consolidator with Attractive Pipeline of Accretive Targets



Chase has built a global platform through consistent organic growth and successful integration, optimization and growth of key acquisitions



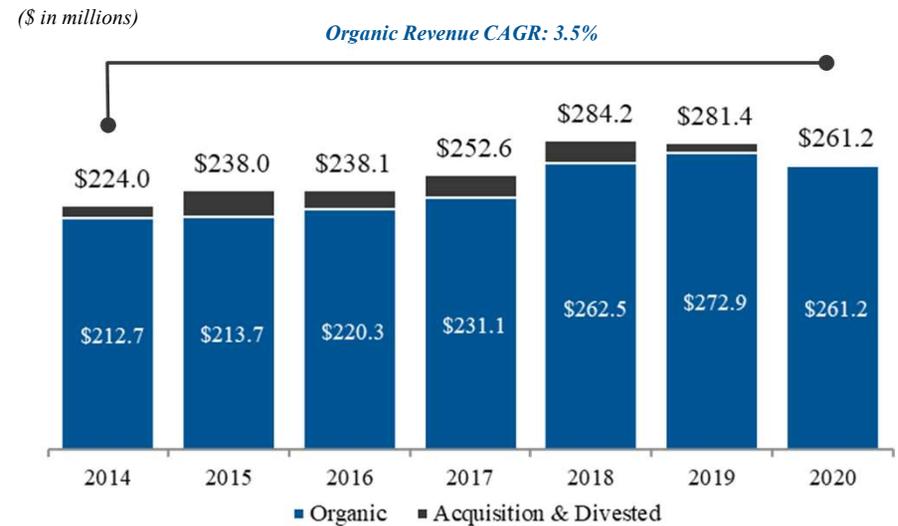
Sustainable Financial Performance with Strong Cash Flow Generation



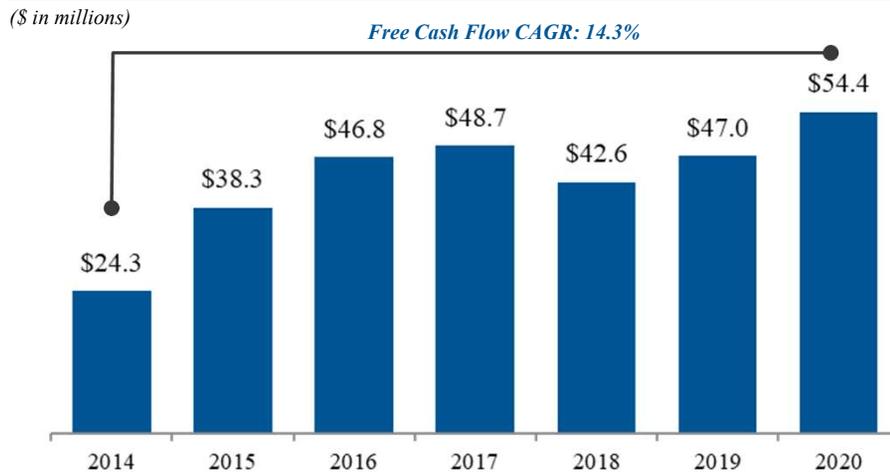
Financial Highlights

- ✓ Attractive product portfolio with highly customizable solutions creates competitive barrier to entry to drive organic growth
- ✓ History of strong free cash flow
- ✓ Proven track record of consistent performance

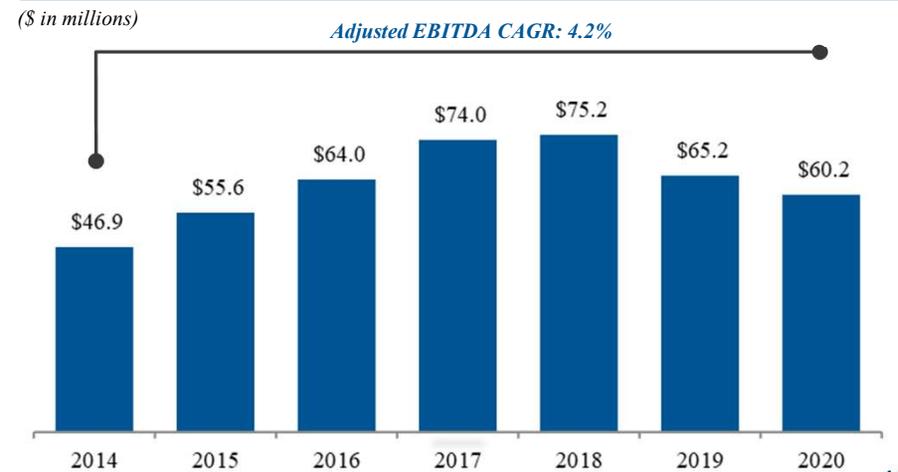
Organic Growth in Revenue by Fiscal Year ^[1]



Free Cash Flow by Fiscal Year



Adjusted EBITDA by Fiscal Year



[1] Organic revenue defined as legacy businesses, plus revenue from acquired businesses beginning 12 months after acquisition, less revenue associated with currently divested businesses for all periods shown. All years are fiscal years ended August 31.

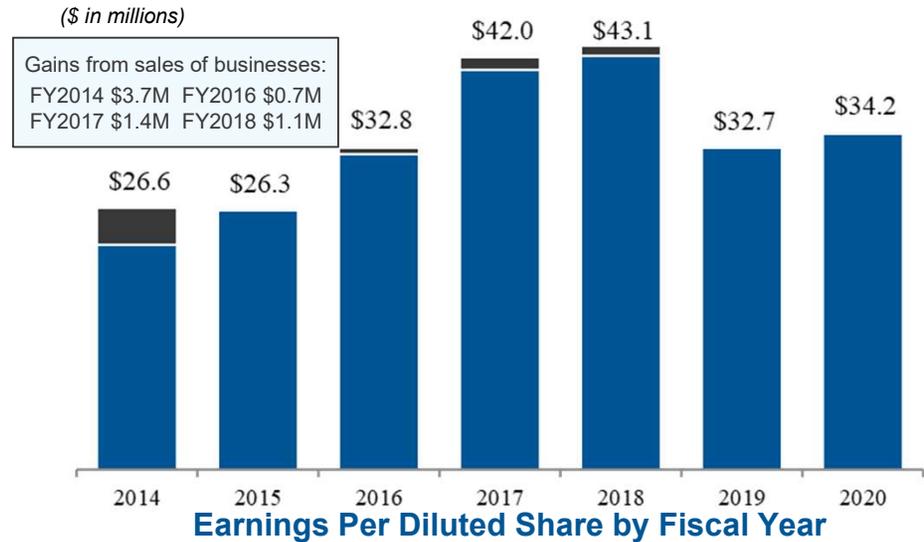
Income Reinvested Into Business, Coupled With a Return to Shareholders



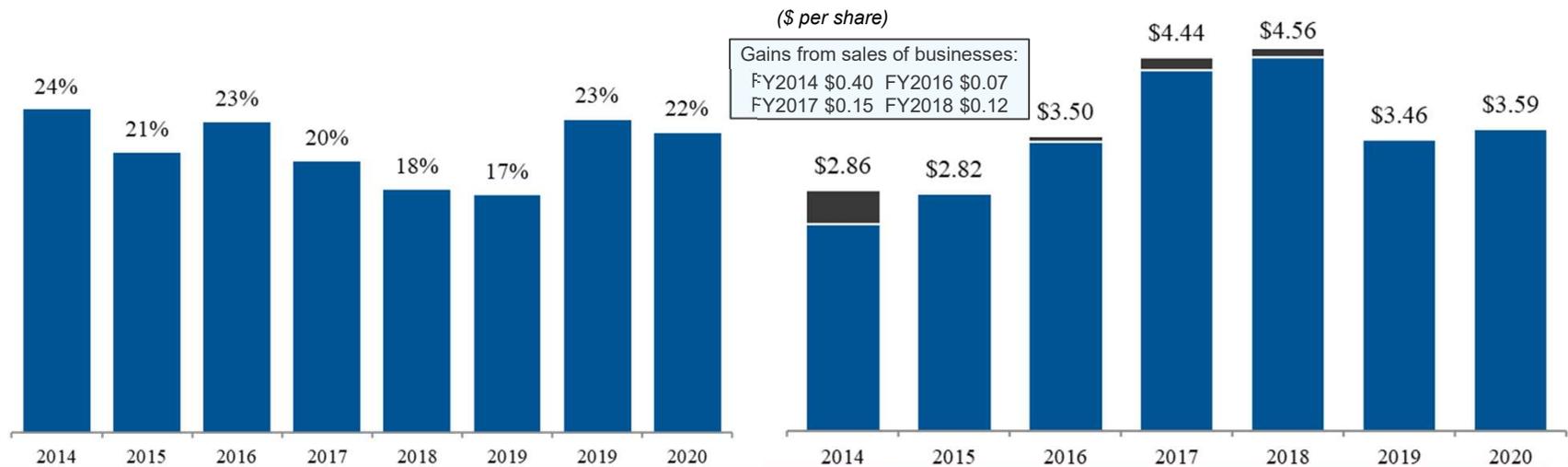
Financial Highlights

- ✓ Profitability driven by organic growth and appropriately capturing synergies from inorganic expansion
- ✓ Shareholder return-focused business model with robust dividend payout targeting 15% to 25% of earnings
- ✓ Operational efficiencies continue to bottom line

Net Income by Fiscal Year ^[1]



Dividends Paid as a % of Prior Year Net Income ^[1]



[1] Net income attributable to Chase Corporation
 All years are fiscal years ended August 31

Creating Consistent Shareholder Value

Strong record of disciplined approach to capital allocation resulting in long-term shareholder value creation

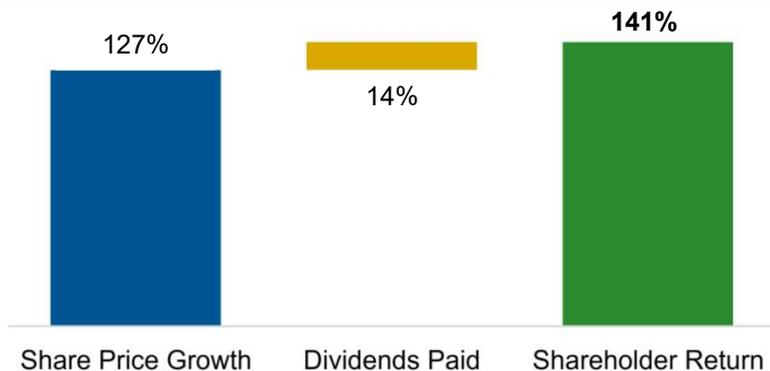
- 1** Support growth through operational execution
- 2** Continuation of accretive M&A strategy
- 3** Maintain financial flexibility & ample liquidity
- 4** Return capital to shareholders

Commitment to Returning Capital to Shareholders

Cash Dividends Per Share by Fiscal Year Paid



Trailing 5-Year Total Shareholder Return [1]



[1] Trailing five years ended February 28, 2021

Experienced Leadership Team

Chase is led by a highly-regarded management team with significant experience and an established track record of executing commercial and operational initiatives



Adam P. Chase

President and Chief Executive Officer

- Over two decades with Chase
- President (2008 – present)
- Chief Executive Officer (2015 – present)
- Chief Operating Officer (2007 – 2015)



Michael J. Bourque

Treasurer and Chief Financial Officer

- Joined Chase in February 2021 as CFO
- Keystone Dental, Inc - Chief Financial Officer of (2019 – 2020)
- Analogic Corporation – most recently as Senior Vice President, Chief Financial Officer and Treasurer (2014 – 2018)

Business Leadership Across All Segments

Christopher Seitter

VP Corrosion Protection and Waterproofing

- Over 10 years with Chase
- Vice President, SEMX Corporation (2004-2009)
- President, Extrusion technology (2001-2003)

Mark Canrobert

VP Industrial Tapes

- More than 35 years with Chase and affiliates
- Former Business Unit, General and Facility Manager for Chase and affiliate NEPTCO operations

Keith Waryold

VP Adhesives, Sealants and Additives and Technology

- Over 10 years with Chase
- Dow Chemical, Global Sales and Marketing Director (2005-2010)
- Rohm and Haas, Global Business Manager (1998-2005)



CHASE
Corporation

We make a material difference

Q&A

Q&A Section 1: COVID-19



How have your customers engaged with you since the outbreak of COVID-19? Have you had any orders canceled? Delayed?

We cannot comment on any customer-specific issues. Many of our customers received “essential business” designations at the onset of the COVID-19 pandemic, which has allowed us in large part to continue manufacturing uninterrupted. As a result, we continue to meet the orders received and deliver our products on time.

How have your facilities been affected by COVID-19?

Currently, all of our facilities are operating. Our smallest location, Pune, India, had suspended operations in response to a general order issued by the Indian government, but operations have now resumed. This speaks to the essential nature of our products and the industries that purchase them. Our Newark, CA location was also affected for a short time by a general government order, but quickly resumed operations.

Q&A Section 1: COVID-19



How are you managing costs to keep yourself in a strong financial position? Are there more costs you can cut from the business? Have you considered furloughing employees?

Financial flexibility is a core component of our strategy and we are in a strong financial position during the coronavirus (COVID-19) pandemic, with our \$90.1 million cash on hand (as of November 30, 2020) and a \$150 million credit facility fully available to support our global operations.

Through our operational discipline and proactive initiatives, we were able to make progress on multiple improvement efforts. We completed the consolidation of our pulling and detection product line into an existing Chase location, which immediately translated to an improved bottom line in our Industrial Tapes segment, and we successfully exited from providing low-margin transitional toll manufacturing services, which improved our sales mix. We remain focused on driving optimization initiatives and will respond to the changing environment with our disciplined approach that balances short-term requirements with long-term objectives to create value for our shareholders.

Q&A Section 2: Corporate Strategy & Risks



What is the overall strategy at Chase?

“Stay the course” of continued growth in markets we serve via internal and external means, staying close to our core strategic financial principles:

- M&A
- Consolidation
- Organic growth in selected areas

Has the Company considered the possibility of a stock split?

On reflection, our investors find value in liquidity measured in terms of total dollars of CCF stock traded per day, and not in the price and shares traded. Over the past few years, liquidity, or total dollars per day, has increased.

Since there are both one-time and recurring costs to splitting the stock, the cost/benefit to Chase and its shareholders indicates a stock split is not warranted.

Where do you expect organic growth?

We see growth drivers in several areas using our specialty chemicals technologies: electric and hybrid electric vehicles, IoT expansion in consumer products and appliances, broadband and 5G implementations, and in multiple industries using electronics; and broadened use of superabsorbent polymers in medical, consumer and environmental applications. Some areas, such as cable materials and antistatic cover tapes, are in “harvest mode,” and provide a stable cash flow that supports our other strategic moves.

Q&A Section 2: Corporate Strategy & Risks



What are you doing to improve your ESG scores published by ratings agencies?

Chase is committed to operating long term in a sustainable and ethical space. We have recently launched a *Responsibility* page on our chasecorp.com website, detailing Chase's Human Rights- and EHS (Environmental, Health and Safety) Sustainability-related policies. We expect that this will help inform our investors and other concerned parties, and, as an extension, improve our scores.

Please visit us and learn more at: <https://chasecorp.com/responsibility/>

Further, in October 2020, we modified our Board structure, creating the position of Lead Independent Director, with responsibilities including presiding over executive sessions of independent directors and assisting with setting agendas for Board meetings.

Q&A Section 3: Capital Allocation & Investments



Please discuss your capital allocation philosophy and priorities going forward?

We will continue to use free cash flow and leveraged debt as our two main sources of capital to fund strategic initiatives, while maintaining a balanced approach with an annual dividend payout determined by Net Income.

It seems like there is minimal capex in your business?

Explicit capex is fairly low, since our major pieces of production equipment have long useful lives and the technology changes slowly. However, "hidden" capex spending usually occurs from our M&A activity. While our reported "Purchases of property, plant and equipment" totaled \$1,371, \$2,488 and \$3,488, for fiscal 2020, 2019 and 2018, respectively, these do not include:

- Zappa Stewart acquisition (fiscal 2018) - \$1,872 in PP&E obtained

We currently have several on-going capital projects that are important to our long-term strategic goals. Machinery and equipment will be added as needed to increase capacity or enhance operating efficiencies in our manufacturing plants. Also, we can readily increase production in our facilities through adding shifts, without needing to acquire additional equipment.

What is the maximum level of leverage of your current credit facility?

Our all-revolver credit facility with BoA, Citizens Bank, and JPMorgan calls for no more than a 3.25 leverage on EBITDA (as defined in the credit agreement).

Q&A Section 3: Capital Allocation & Investments



What is Chase's priority for use of excess cash?

Our main focus is to increase shareholder value through growth initiatives where the return is greater than the cost of capital. We focus on our Mergers, Acquisitions and Divestitures program as the first priority for "excess" cash, as well as strategic market and product development efforts. Our variable debt structure allows us to pay down debt (de-lever) in times when a project is not ready for investment, and then subsequently use the debt structure to make accretive acquisitions, so debt repayment is our second priority. Our third priority is to pay out dividends.

We expect to retain our substantial cash balance as "dry powder" for future acquisitions. In view of Chase's low float, buying back shares is not currently in our plans.

What was the basis for keeping the dividend the same as the last four years at \$0.80?

We base our dividend on the net income we earned in the prior fiscal year. We aim to distribute, via dividends, 15-25% of this amount, depending on future needs of the Company for growth, debt repayment, and other capital requirements. Our dividends paid in December 2020, 2019 and 2018 represented 22%, 23% and 17% of our prior fiscal years' net income, respectively.

Q&A Section 4: Acquisitions & Divestitures – Strategy



How do you source deals (i.e., bankers, sellers come to you, you approach sellers, etc.)?

Yes to all.

What internal resources do you have dedicated to M&A?

We utilize a cross-functional team made up of senior management and outside consultants.

The integration process?

We expect to fully integrate all new acquisitions into our business model with centralized administrative services and inclusion in our centrally-managed ERP environment.

Opportunities for cost and/or revenue synergies?

Each opportunity is unique, but we always look to leverage our fixed costs.

The financial hurdles or returns you seek when doing M&A?

We look for any acquisition to be accretive to one or more of our overall metrics (GM %, ROI, ROA, ROE, EBITDA, etc.).

The level of M&A to expect going forward?

Mergers, acquisitions and divestitures will continue to be an important part of our strategy.

Q&A Section 4: Acquisitions & Divestitures – Strategy



Are acquired companies folded 100% into Chase Corp., or are they run autonomously? Do you retain key executives from the acquired company?

We centralize the back office and administrative functions while complying with localization requirements in non-U.S. locations. Our goal is to implement our global ERP system at each acquired location within a time period that makes sense to each unique situation. Zappa Stewart (fiscal 2018) and Resin Designs (fiscal 2017), as examples, are fully integrated into our single accounting and IT platform.

Our preference is to retain “acquired” talent where they will assist in growing the business, and where they are willing to work in the management and controls environment of a U.S. public company. This includes not only management and technical people, but salespeople, production supervisors, and line workers.

How does the acquisition of ABchimie in September 2020 fit into Chase’s strategy?

ABchimie is a Corbelin, France-headquartered solutions provider for the cleaning and the protection of electronic assemblies, with further formulation, production, and research and development capabilities. The business supports our international marketing opportunities, and broadens our electronics coatings product portfolio within the Adhesives, Sealants, and Additives reporting segment with high-performance, environmentally-friendly technologies that are complementary to our existing product offerings. We see this as a continuation of our desire to invest in specialty chemical opportunities where products provide attributes of protection at a low cost and high value.

Can you clarify what you mean by ABchimie being accretive to earnings, and what was the multiple paid for this acquisition?

We see ABchimie as increasing our earnings per share, as well as providing a top-line and relative margin boost to the Company’s overall financial results. We are not disclosing the EBITDA multiple paid, and given the size, will not be providing pro forma financial information in quarterly financial reports.

Q&A Section 5: Products & Markets



Review your product mix now and how it has changed over time?

Chase has grown from its cable materials roots into a broad range of industrial and construction-related markets, specializing in protective materials for high-reliability applications with specialized properties and formulations.

What end-markets are your products sold into? Changes over time?

Our primary markets span multiple industries: telecommunication, electronics, energy distribution, automotive/transportation, appliance, general industrial, infrastructure (water, oil, natural gas), bridge & highway, commercial building, housing, medical, consumer, environmental, mining/drilling, etc. Our fiscal 2015 acquisition of our functional additives product line, our fiscal 2017 acquisition of Resin Designs, our fiscal 2018 acquisition of Stewart Superabsorbents/Zappa-Tec ("Zappa Stewart") and our fiscal 2021 acquisition of ABchimie represent major immediate and long-term opportunities for growth by providing us entry into new markets and expansion in certain markets we already serve.

Do you have any significant customer concentration?

No. During fiscal 2018, 2019 and 2020, no one customer accounted for as much as 10% of sales. The acquisitions that we have made in recent years have expanded our customer roster and broadened our end-market reach, reducing our customer and industry concentration as a welcome side-benefit.

What is the cost of your product as a percent of the product it is being sold into?

It varies by product line, but we believe it to generally be a very small part of the cost of the end product or project.

How critical are your products to the performance of the products that they are incorporated into?

Our products are not typically the "active" part of an end product (e.g., they do not transmit a signal or energy), but rather allow the end product to perform more reliably over time, protect its warranty and increase its durability.

Q&A Section 5: Products & Markets



Are your products sold direct or via distributors?

We use multiple sales channels, depending on market and location. Most revenue comes from direct sales, but with distributors accounting for a significant overall portion of the business.

Are your products a “consumable” or a one-time purchase?

Our Adhesives, Sealants and Additives and Industrial Tapes segments include specified products that are used in or integrated into another company’s product, with demand typically dependent upon general economic conditions. These could be viewed as “consumable” in nature.

Our Corrosion Protection and Waterproofing segment comprises principally project-oriented product offerings that are primarily sold and used as “Chase”-branded products. Each project could be viewed as a one-time purchase, although some projects extend over multiple years and some give rise to follow-on projects (and purchases).

Are any of your products sold on a contract basis?

We have agreements with some of our large customers covering prices, terms, warranties, specifications, etc., but our standard terms and conditions do not include minimum purchase quantities, “take or pay” or exclusivity provisions.

Can you walk through your manufacturing process?

Our products are made in batches, with the specific processes varying greatly by product line. There are usually one to three steps, including coating, laminating, blending, polymerizing, mixing, weaving, printing, slitting and containerizing. Our products are produced quickly, going from raw materials to finished goods typically within a day or two. Some products lines are made to order, but most are made to stock, with some products being held in semi-processed form awaiting specific customer requirements.

Q&A Section 5: Products & Markets



Would expansion into new geographical areas involve an expansion of the direct sales force, or would you rely on independent distributors?

We have both direct and distributor sales in our Adhesives, Sealants and Additives, Industrial Tapes and Corrosion Protection and Waterproofing segments. We lean towards direct sales force expansion for new areas, but distribution is always considered as an alternative.

There is a third option: to access India, we bought a small Indian manufacturer/distributor of industrial coatings in 2016, and we have purchased small distributors in other areas over the years.

What are your “differentiated R&D capabilities?”

We spend almost all our R&D effort in developing specific solutions to solve customer problems or extend product capability and function. We are “differentiated” in that our focus is providing products and performance in reliability and protection uses for specific customer requirements, rather than general line extensions for which we hope we can find a market.

Q&A Section 5: Products & Markets



How important are automotive-related sales to your current results and planned future growth?

The automotive industry is important to us, as our products are used throughout current vehicles. For example, HumiSeal and Resin Designs products are utilized in engine and cabin control systems, in-dash circuitry and displays; our polyurethane dispersions are utilized in headliners, dashboards and soft-touch vinyl interior components; our polymeric microspheres are utilized in adhesives and coatings for weight and density reduction, and in lining systems for sound dampening; and our cable shielding tapes, among our oldest products, have sales into automotive industry markets. The burgeoning electric vehicle market uses our materials in power/energy management systems and in charging stations.

A substantial slowdown in the automotive industry would hurt our results, but no one industry is critical to our future plans.

How is the sales team structured? By segment, division, product, end-market, geography...?

Because our products and markets are so varied, our sales organization varies as well. Product line specialization is more important than geography for high-volume product lines, and geography is more important for low-volume ones. Providing a single point of contact for a customer is also important. We try to be easy for our customers to work with while providing cost-effective service.

Q&A Section 6: Competition



What is the principal way that you compete in the marketplace (i.e., cost/price, technology/value added, brand/reputation, breadth of offerings, service, etc.)?

Diverse products and markets require diverse ways of competing. Price, service, and technology are always important.

What do you see as your primary competitive advantages in the market?

We are a reliable supplier with a long track record of producing and delivering high-quality value-added products. In certain markets we are differentiated through the depth and breadth of our proven product solutions to meet specific needs.

What percent of your revenue is tied to products that have patents or IP protecting them?

Relatively low on legally-protected IP, but our trade secrets are important to our success. We hold various patents, but we believe that they are not material to the success of our business.

What proportion of your products could be replaced by a different material/chemical already on the market?

Most of our products face pressure from some form of substitution, but we believe we offer both tangible and intangible value to our customers over these alternatives. Product and supply performance proven over years is important to most of our customers, and technological obsolescence is therefore less of an issue than it might be in other industries. Of course, there are other companies that manufacture or sell products and services similar to those made and sold by us.

Q&A Section 6: Competition



Have there been any new entrants into the markets that you serve in the last 3-5 years?

There are always new entrants, or ones that re-appear because of exchange rates and other factors, and existing competitors can expand their presence to new parts of the world where we already sell. However, we have not faced the situation of an Amazon-like competitor swooping in and threatening to dominate a business segment.

Would a competitor's exit radically improve your ability to win business and improve your financial results?

Probably not. Given the diversified nature of Chase's product offerings and markets served, the elimination of any one or two competitors would not dramatically improve the results of the Company as a whole.

Q&A Section 7: Plant Consolidation and Rationalization



Why did you close the Pawtucket, RI manufacturing facility?

We closed the facility to reduce fixed costs. Continued margin pressures from raw material cost increases and consolidation in our customer base in our Industrial Tapes segment made such action necessary. Pawtucket was the smallest of the three plants that produced cable material products, and we determined that there was room for all of Pawtucket's equipment and inventory in the other two locations (Oxford, MA and Lenoir, NC).

We are not disclosing the anticipated amount of savings, but it will be meaningful in future periods. We will measure the savings by comparing our actual costs in future periods with what we would have expected them to be if we had not closed Pawtucket.

We completed the sale of the property, for a gain, in April 2020.

Why did you exit the Granite Falls, NC facility, and what impact has it had on the business?

The Granite Falls facility came to Chase as part of the NEPTCO acquisition in 2012. When we subsequently sold two businesses that were manufactured there, we agreed to leave the related equipment and employees in place and charge rent and other costs to the buyer while we each considered our options. Over time they increased the amount of space they were using and needed more. We concluded that we could move the only remaining Chase product line (Pulling and Detection) to our nearby Hickory, NC facility, retaining experienced staff, more fully utilizing the Hickory space, and largely eliminating the fixed costs of the Granite Falls facility. Chase continues to own the Granite Falls location, and its future remains under consideration. The Pulling and Detection business continues unchanged aside from the location of its manufacture.

Q&A Section 8: Financials, Profitability, Trends



Has your historical revenue growth been driven by volume, price or a combination of the two?

Primarily volume, with M&A expansion significantly contributing to growth. Chase has at times increased prices to address rising raw material costs.

What are the appropriate long-term revenue growth rates to think of for your segments/products? Are these rates being driven by volume, price, or both?

We do not provide earnings guidance. We predict both volume and price will play a part in future revenue growth, based upon underlying commodity pricing fluctuations.

What are the primary raw materials in your COGS?

We purchase a wide variety of commodity items, including petroleum-based solvents, films, yarns and nonwovens; aluminum and copper foils; specialty papers; and various chemicals, resins, adhesives, polymers and inks.

Are you able to pass through raw material cost increases to your customers either contractually or on a spot basis? When raw material costs decline, do you typically keep some of this margin or pass it along to your customers?

We usually retain the effects of both cost increases and cost declines in the short term. Over the longer term, these ebbs and flows work themselves through the supply chain.

What is the plan for the ERP system? Are you replacing the current system?

Our plan is in the evaluation stage. We currently utilize JDE World and are planning/evaluating moving to the more advanced version within the same "ecosystem" to take advantage of advanced features while maintaining the current database and nomenclature. We see this more as an upgrade than a replacement.

Q&A Section 8: Financials, Profitability, Trends



How much room is left in the consolidation strategy and streamlining of operations?

There is room for further consolidation, and an active and opportunistic M&A program means that we are always thinking about how to best use our current set of facilities and equipment. Moving all manufacturing from our Pawtucket, RI and Granite Falls, NC facilities shows that we are serious about reducing fixed costs while maintaining revenue.

Can you achieve margin expansion without significant revenue growth?

We believe we can improve margins on a constant-volume basis by leveraging our consolidation efforts to reduce fixed costs. In 2020 and 2021, we continued to focus on elimination of low-margin revenue (tolling and support services), growing product lines with higher margin opportunity and continuously improving our operating performance.

Can you discuss how previously enacted tax reform (the “Tax Cuts and Jobs Act of 2017”) has impacted Chase and how potential future reform under the new administration could impact the Company?

We had fiscal 2020, 2019 and 2018 all-in effective tax rates (including state tax and discrete items) of 24.6%, 24.9% and 24.3%, respectively. These rates, which are predominantly the results of the Tax Act, are significantly below the all-in effective tax rates of 31.0% and 34.5% recognized in fiscal 2017 and 2016, respectively.

Additionally, certain provisions in the Tax Act have allowed us to repatriate significant amounts of cash from our U.K. operations without any additional tax effects.

Looking forward, we can only speculate on the future ramifications of potential changes in federal and state tax law. While the current administration’s proposal includes a potential increase in the corporate federal statutory tax rate from 21% to 28%, the timing of adoption, or even the likelihood of this proposal becoming law, is currently unknown.

Q&A Section 8: Financials, Profitability, Trends



How have recent changes in tariffs impacted the business? What has Chase done to address them?

The general theme is one of playing defense. The tariffs have had impacts in several areas across many of our business units.

On the supply chain front, we have been forced to accept higher costs of certain raw materials coming from tariffed countries as a result of no other available, reliable or approved sources. These materials do not represent a large portion of our purchases but are necessary in our product formulations. For our more significant purchased items, we have developed non-tariff-sourced materials to have options of avoiding higher tariff levels and in some cases have been successful in minimizing cost impact.

We have also altered our manufacturing logistics by utilizing non-U.S. manufacturing facilities where the tariffs do not apply to remain competitive and maintain our margin.

We believe that tariffs with China are in part the cause of the Asian headwinds we saw in 2019 and 2020 in revenue (trade sales and royalty), most specifically in our electronic and industrial coatings and electronic materials product lines.

What is your backlog? How has it changed over time?

Our backlog is generally around one month of revenue, and, with certain ebbs and flows, this has been consistent over a long time. Most of our production cycles are short, and most of our products are standard, allowing us to maintain a stock of finished or semifinished materials that we can ship quickly as customer orders are received. We do not consider our backlog to be an important metric or performance indicator.

The new revenue recognition standard (ASC 606) has very slightly accelerated our revenue recognition, with a corresponding very slight reduction in our backlog.

Q&A Section 9: Organization



What was the reason for the auditor change to Grant Thornton?

After over a decade with the prior audit firm, we believe Grant Thornton is better aligned with our size and structure to provide assurance services at a reasonable cost. There were no disagreements with our prior audit firm about accounting or presentation that led to this change.



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