

TOKYO OHKA KOGYO CO., LTD. -tok Medium-Term Plan 2024-

tok

Feb 15, 2022
TOKYO OHKA KOGYO CO., LTD.

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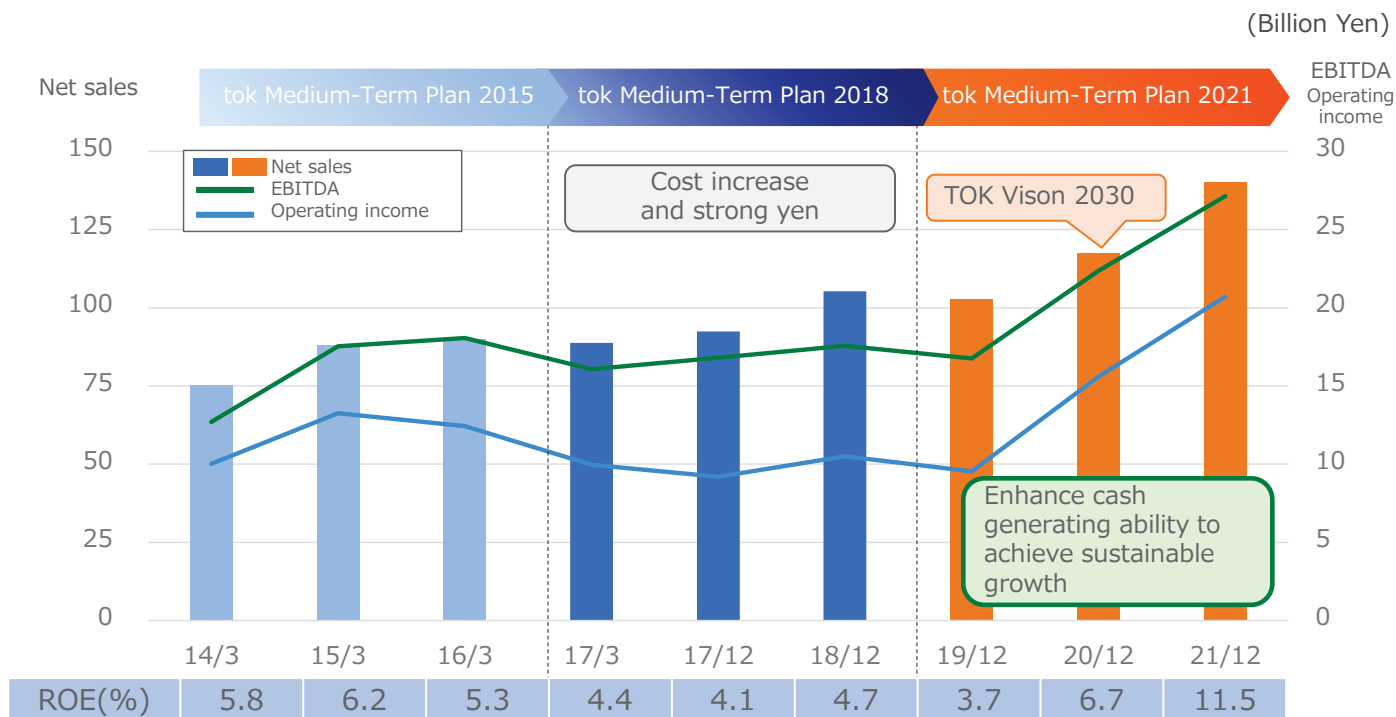
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Review of tok Medium-Term Plan 2021 (1)

02

- FY19/12: Earnings declined due to impact of the U.S.-China trade friction, etc.
- FY20/12 and FY21/12: **Achieved record-high performance for two consecutive years** due to expanding semiconductor demand → **Successfully returned to a growth trajectory**



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Review of tok Medium-Term Plan 2021 (2)

03

- Net sales target: Achieved the higher end of the target range
- Operating income/ROE: Achieved the targets due to sales growth in high added-value products supported by brisk semiconductor demand

Performance Targets (Billion Yen)	Targets		FY21/12 Result
	Net sales :	125.0~145.0	➤
Operating income :	15.0~20.5	➤	20.7
ROE :	Over 8.0%	➤	11.5%

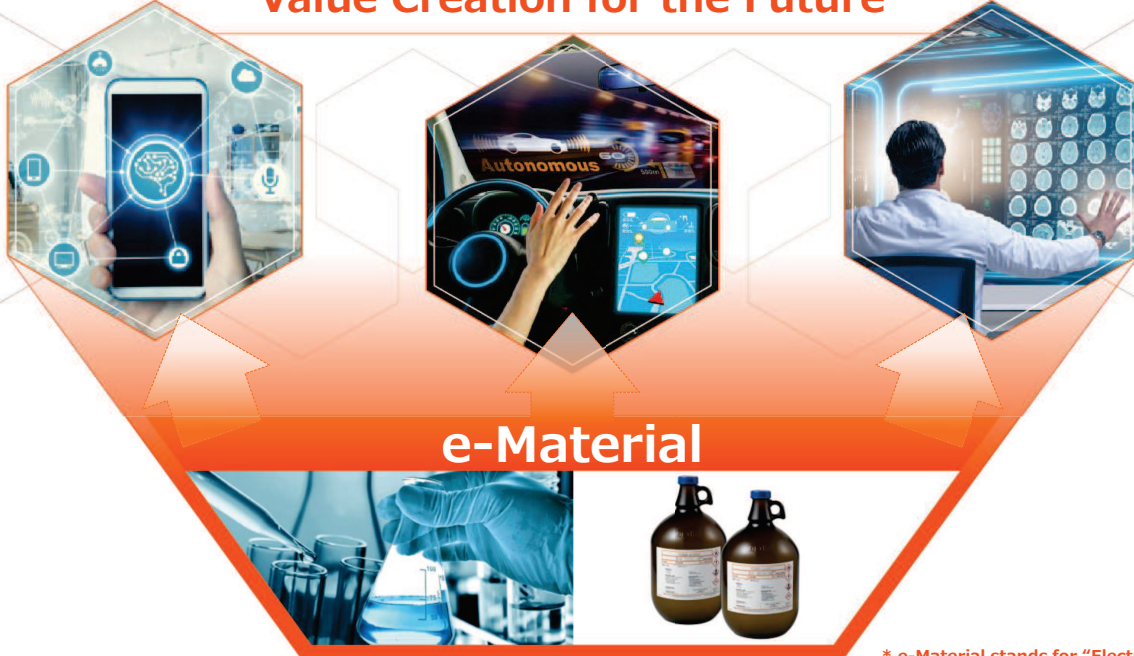
Businesses /Products	Review	Achievement level
ArF/EUV	<ul style="list-style-type: none"> • Increases in adoption and production by major customers • Gained high share in major customers 	○
KrF	<ul style="list-style-type: none"> • Growing demand for thick-film photoresists for 3D-NAND • Demand growth in Asia 	○
High-density integration materials	<ul style="list-style-type: none"> • Adoption of photoresists for cutting-edge package in addition to growing OSATS' demand • Japanese and foreign customers expanded adoption of MEMS materials 	◎
High-purity chemicals	<ul style="list-style-type: none"> • Growing demand due to strong semiconductor production in Asia • Growing demand for new clean solutions in North America 	○
Equipment Business	<ul style="list-style-type: none"> • Delay in equipment setup due to COVID-19-related travel restrictions • Delay in components procurement due to COVID-19 	×



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“The e-Material* Global Company” contributing to a sustainable future through Chemistry.

Value Creation for the Future

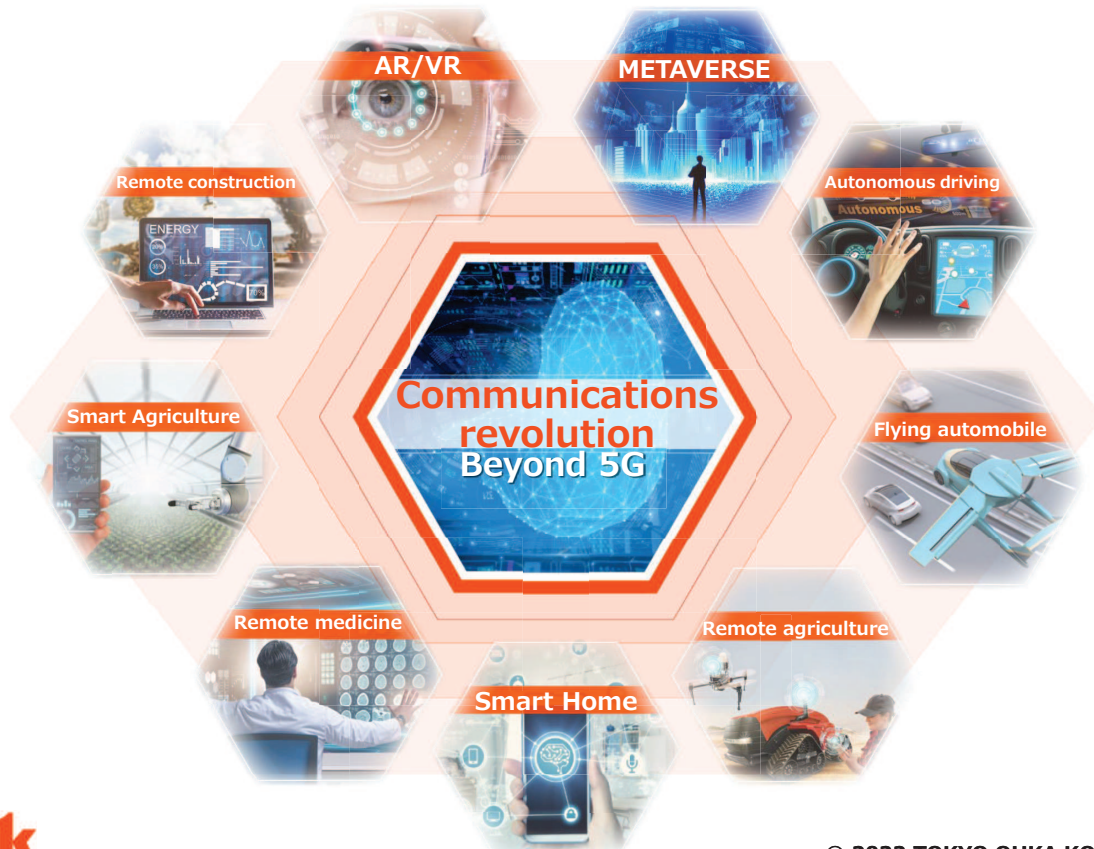


* e-Material stands for “Electronic Material.”

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Progress as planned in addition to **accelerating decarbonization**



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Qualitative Aspects

- Provide new added value that inspires customers
- Earn trust from stakeholders worldwide
- Continue developing high technological capabilities and show international presence
- Enhance corporate value sustainably with an aim to contribute to SDGs
- All employees can work lively with pride

Quantitative Aspects

	FY21/12 Result		FY30/12
• Net sales	140.0 billion yen	➤	200.0 billion yen
• EBITDA	27.1 billion yen	➤	45.0 billion yen
• ROE	11.5%	➤	Over 10%



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-tok Medium-Term Plan 2024-

~“Boost up TOK!!” towards 2030~



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Features of the tok Medium-Term Plan 2024 (1) ⁰⁸

Medium-term plan to attain TOK Vision 2030

Management Vision

“The e-Material Global Company”
contributing to a sustainable future through Chemistry.



Business Strategies

- (1) Increase global market share of cutting-edge photoresists
- (2) Acquire and create core technologies in electronic materials and new fields
- (3) Secure stable supply of high-quality products and establish an optimal production system for the Group
- (4) Improve employee engagement and promote people-oriented management
- (5) Build sound and efficient management foundation



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Features of the tok Medium-Term Plan 2024 (2) ⁰⁹

“Boost up TOK!!” towards 2030

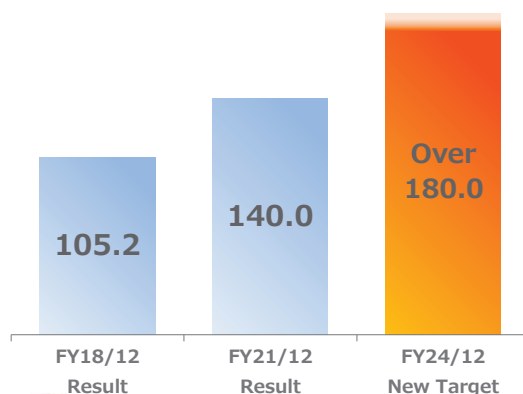
Performance Targets (FY24/12)

Net Sales	Over 180.0 billion yen
Operating Income	Over 27.0 billion yen
EBITDA	Over 35.0 billion yen
ROE	Over 8.0%

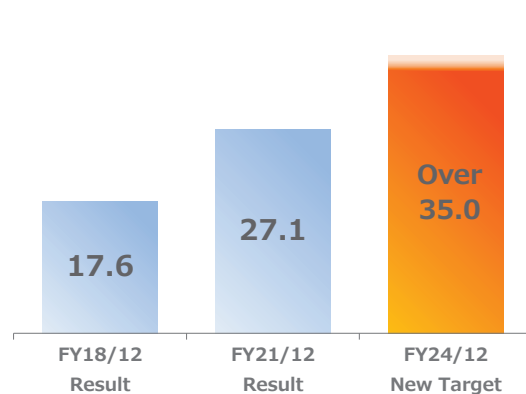
Management Vision (TOK Vision 2030)

“The e-Material Global Company”
contributing to a sustainable future
through Chemistry.

Net sales (Billion yen)



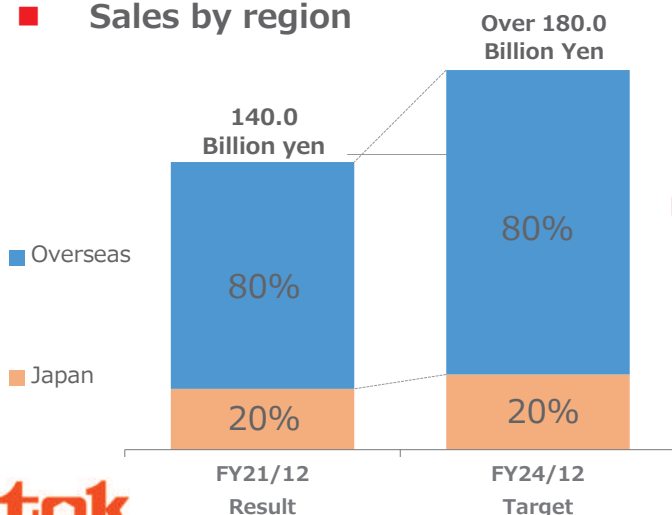
EBITDA (Billion yen)



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(Billion Yen)	FY21/12 Result	FY22/12 Forecast	FY24/12 Target
Net Sales	140.0	162.1	Over 180.0
EBITDA	27.1	31.2	Over 35.0
ROE (%)	11.5%	10.4%	Keep over 8.0%
Exchange rate (US\$/yen)	109.0	110.0	110.0

Sales by region



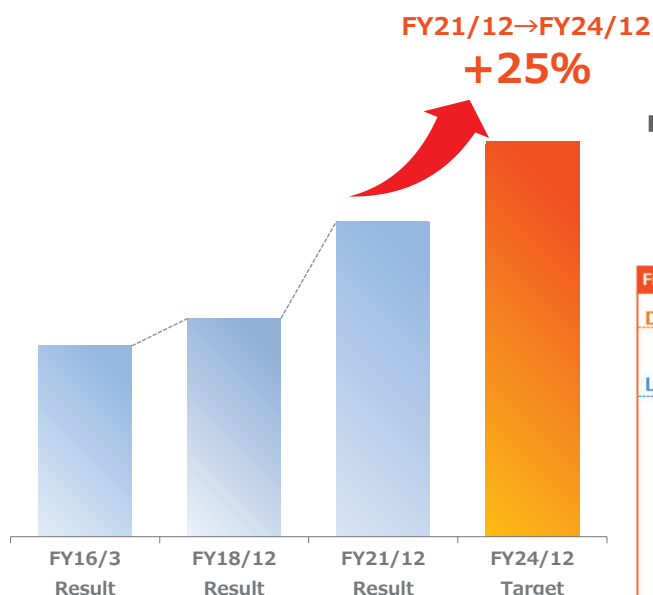
Sales growth will be continuously driven by Asia: Korea, Taiwan and China



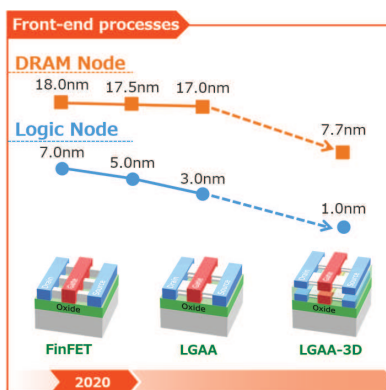
Business Strategy (1): Semiconductor Photoresists

Expand sales with a full lineup of products to meet growing demand for semiconductors

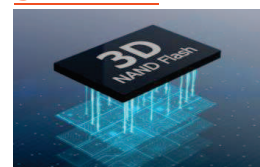
Sales results and target



- **ArF/EUV**
Rapidly provide cutting-edge products which drive miniaturization
- **KrF**
Provide products used for a wide range of semiconductors including cutting-edge logic, memory, and general-purpose devices
- **g/i-line**
Meet legacy semiconductor demand on the rise across the entire spectrum (e.g. automobiles, decarbonization)



3D-NAND



Legacy Semiconductors

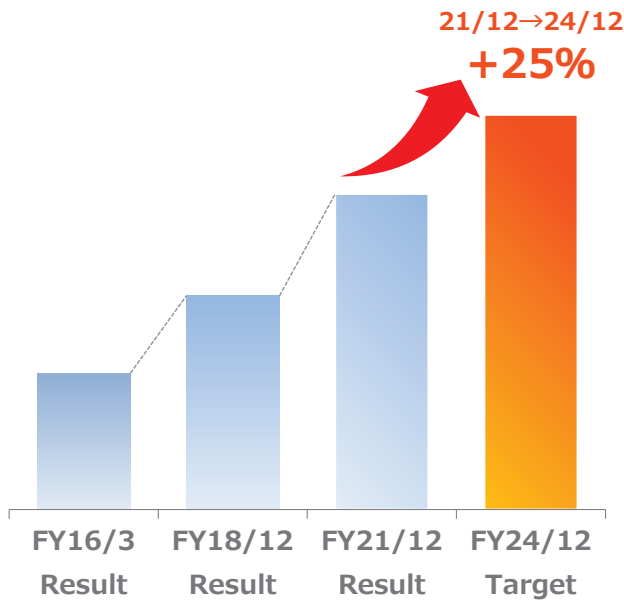


<Source: TOK Vision 2030>

Business Strategy (2): High-density Integration Materials 12

Rapidly develop products for the **cutting-edge packaging technologies**

Sales results and target



■ Packaging materials

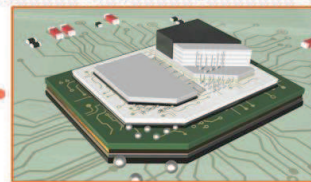
- Increase adoption of cutting-edge packaging materials
 - Provide bump photoresists and RDL resists which drive the cutting-edge technologies
- Expand sales for OSATs

■ MEMS materials

- Expand sales for RF devices and meet the next-generation needs
- Adoption by global leading electronic components manufacturers

Back-end processes

2.5D package/3D package



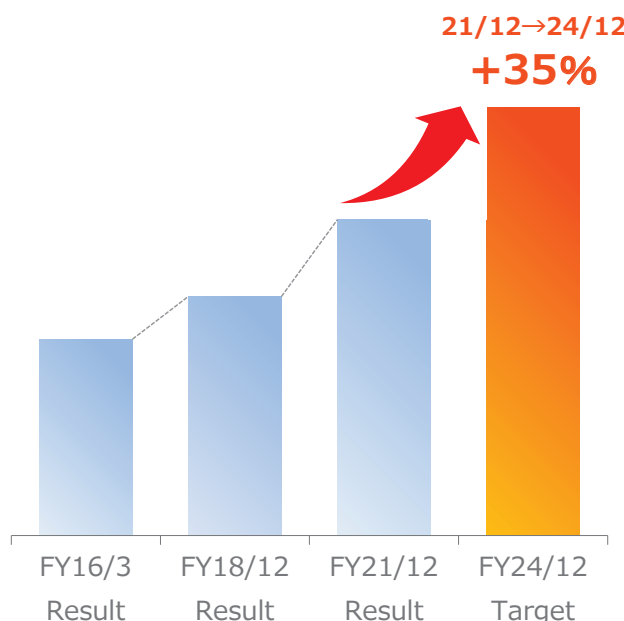
<Source: TOK Vision 2030>

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Business Strategy (3): High-Purity Chemicals 13

Expand sales in Asia and North America in response to the **sophistication of semiconductor process and demand increase**

Sales results and target



- Expand sales in Asia including China
- Growing demand for products for cutting-edge processes
- Develop new next-generation clean solutions/thinner with major customers

peripheral materials

New clean solution and evolution of cleaning technology



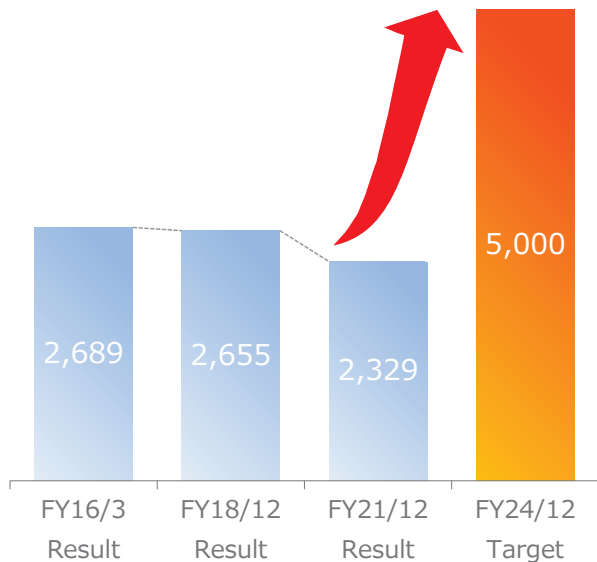
<Source: TOK Vision 2030>

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Aim for **sales expansion** by rapidly meeting market needs

Sales results and target

(Millions of yen)



■ Wafer handling systems(WHS)

- Enhance sales for cutting-edge packaging

■ Plasma ashing systems

- Enhance sales for power semiconductors



Bonding machine for 3D packaging



Debonding machine for 3D packaging



Single-wafer plasma ashing system



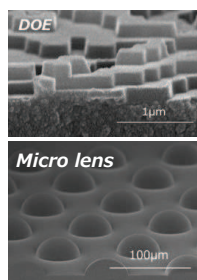
Business Strategy (5): New Business

Create new businesses with an eye on becoming a 100-year company



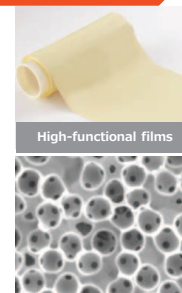
Optical materials

- For AR/VR and 3D sensors
 - Nanoimprint materials
 - High refractive index materials
- Focus on high value-added use



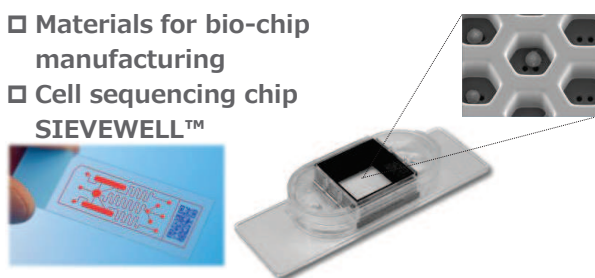
High-functional materials

- High-functional films
- Surface modification materials



Life science-related materials

- Materials for bio-chip manufacturing
- Cell sequencing chip SIEVEWELL™



Others

- Acquire new technologies through collaboration with external partners and fuse them to internal technologies



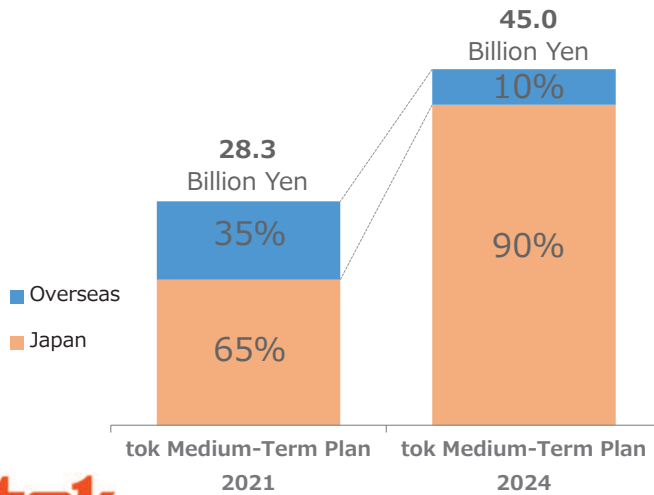
- Create new themes to contribute to society (SDGs/CSR)



(Billion Yen)	TOK Medium-Term Plan 2018 (2016/4 to 2018/12)	TOK Medium-Term Plan 2021 (2019/1~2021/12)	TOK Medium-Term Plan 2024 (2022/1~2024/12)
Capital investments*	21.7	28.3	45.0
Depreciation	19.2	20.4	22.0
R & D	23.6	28.3	33.0

Capital investments (by region)

*Including intangible assets and other assets from FY22/12



- Largest-ever capital investment plan
- Make aggressive capital investment in Japan to enhance supply chain



Previous Medium-Term Plan: Actual Capital Investment Made

Strengthened R&D and production bases, etc. in overseas sites by the end of the previous Medium-Term Plan



Make aggressive capital investments
as an **essential company in the semiconductor industry**


Preparing to acquire new land for commercial use in Kumamoto Prefecture

- Further strengthen production bases in Japan
- KIKUCHI techno-park
- The surface area : 12.8ha



Gotemba Plant

- Promote smart manufacturing
- Increase productive capacity



Koriyama Plant

- Promote smart manufacturing
- Increase productive capacity
- Enhance quality control




Sagami Operation Center

- Cutting-edge R&D facilities
- Enhance quality control
- Net zero carbon investments



Aso Plant

- Promote smart manufacturing
- Increase productive capacity




Strengthen the Management Foundation
(Promote DX)

Create new value through **digital transformation**



Supply chain

- Increase product development speed
- Enhance product performance, stabilize quality, improve safety, and reduce costs

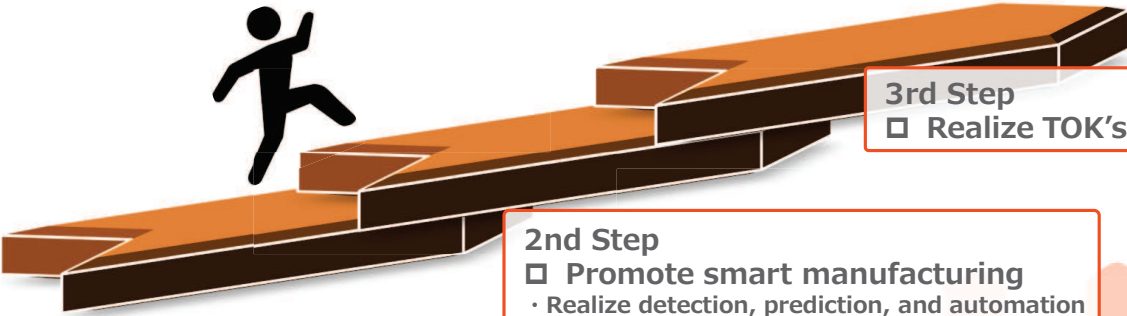
Social

- Capture and meet social demand for microprocessing technology
- Appropriately invest management resources and disclose non-financial information in a transparent and accurate manner

tok Medium-Term Plan 2024

- Promote material development using materials informatics
- Smart factory project

Overarching Aspiration 2030



2nd Step

- Promote smart manufacturing
- Realize detection, prediction, and automation

3rd Step

- Realize TOK's version of DX



Reinforce management foundation (Improve employee engagement)

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Enhance sustainable corporate value

Personnel system reform

Human resource development

Work-style reform

Improve employee engagement

Build the foundation
for a **100-year company** envisioned by TOK Group



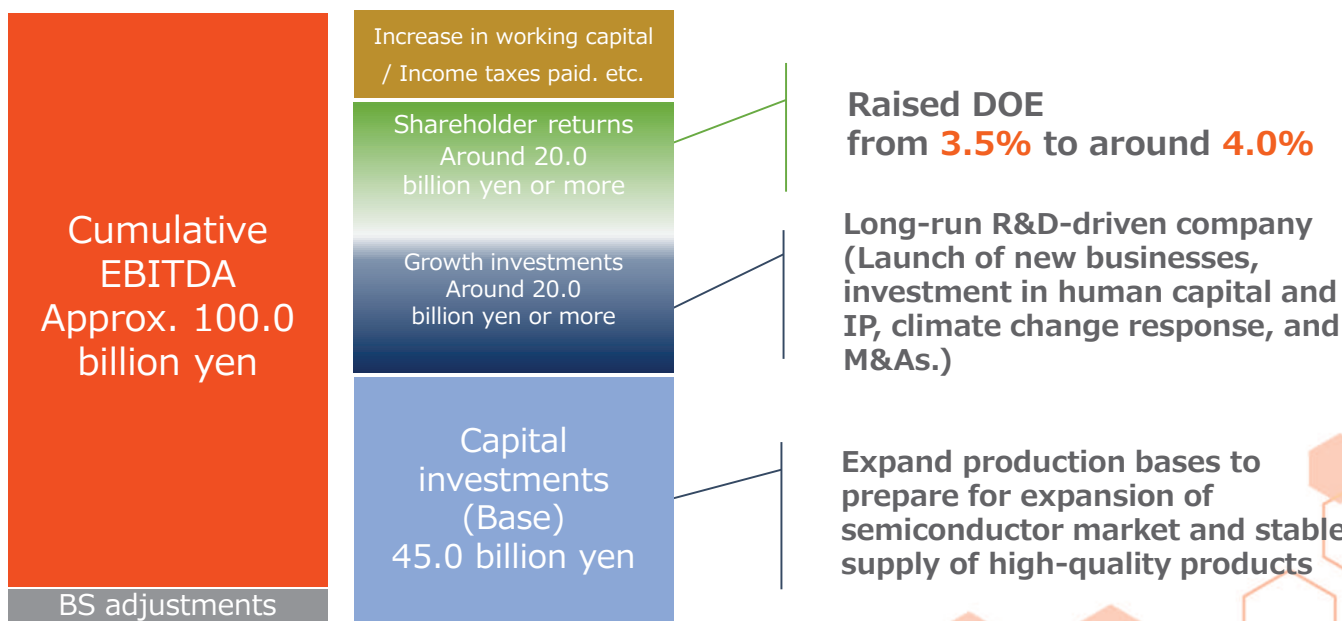
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Reinforce management foundation (Promote BS management)

21

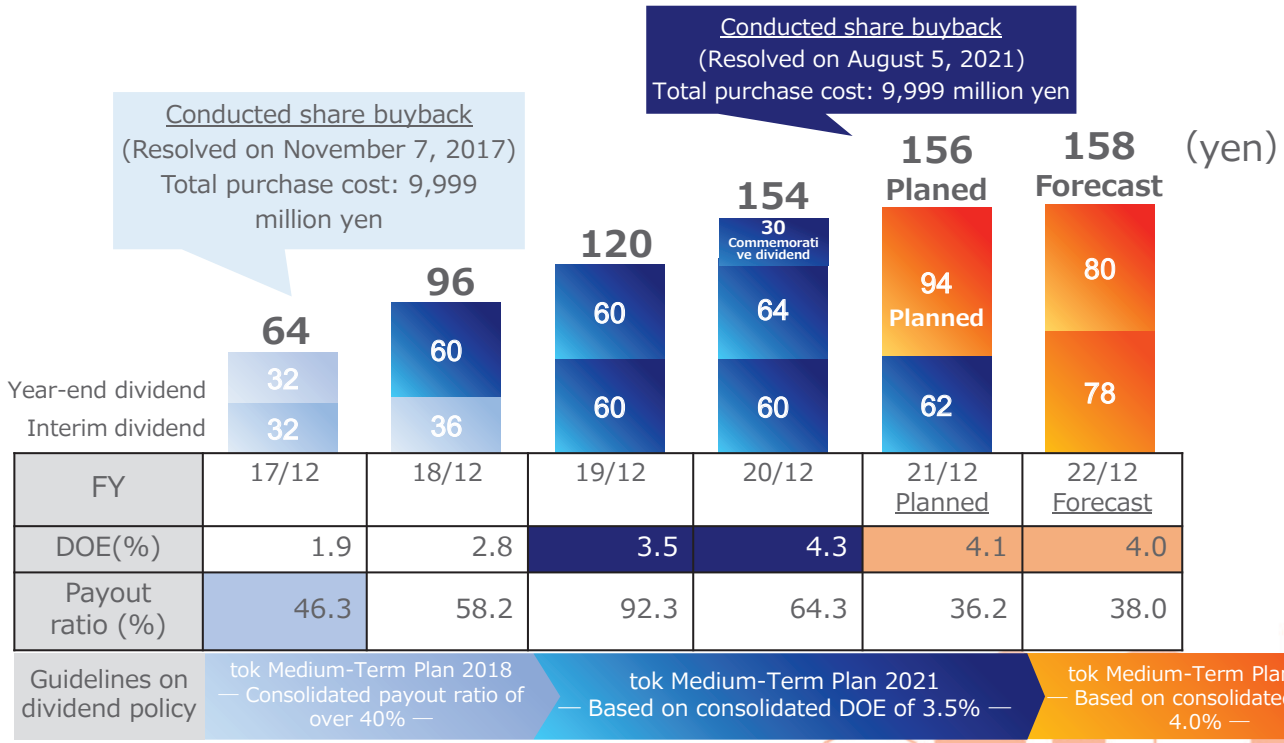
EBITDA generated by a growth in semiconductor materials will be used for capital investment to prepare for demand growth in the semiconductor market and also flexibly allocate to shareholder returns after making sufficient growth investments.

3-year cash flow plan (image)



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- Updated the dividend policy with the objective of steadily and continuously returning profits to shareholders ⇒ New dividend policy: Aim for **DOE of around 4.0%** (from FY21/12)
- **Flexibly conduct** share buyback as a means of returning profits to shareholders



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Toward Realization of Carbon Neutrality

~Challenges to achieve “net zero GHG emission” by 2050~

Toward Realization of Carbon Neutrality

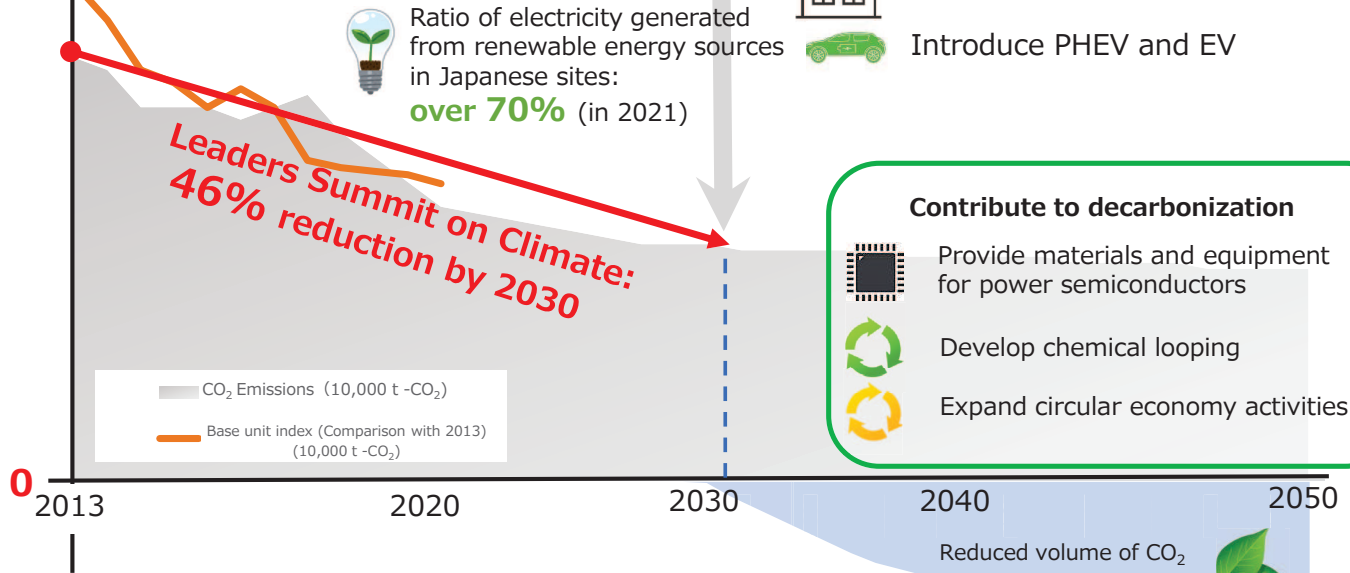
Challenges to achieve "net zero GHG emission" by 2050



TOK-J
CO₂ emissions
(Scope 1 + 2)

2030 Target
Reduce energy-related CO₂ emissions
(per base unit) by **15 points**
(compared with 2019)

In 2020 : Reduced energy-related CO₂ emissions(per base unit) by **25%**
(compared with 2013)



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(Note)

This presentation material contains forward-looking statements that describe future prospects of TOKYO OHKA KOGYO CO., LTD. (the Company) in terms of business planning, earnings and management strategies. Such statements are based on management's judgement, derived from information available to it at the time such information was prepared. Readers are cautioned not to rely solely on these forward-looking statements, as actual results and strategies may differ substantially according to changes in the Company's business environment.

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