

Medium-Term Plan

Review of the Past Two Medium-Term Plans / Overview of TOK Medium-Term Plan 2021

TOK Medium-Term Plan 2015

—From FY 2014/3 to FY 2016/3—

In 2012, TOK established customer-oriented sites using an integration of the trinity platform that covers development, manufacturing, and sales in South Korea, where the semiconductor industry was showing remarkable growth, and accelerated its customer-oriented strategies overseas, especially in the United States, South Korea, and Taiwan, under the TOK Medium-Term Plan 2015.

Management Objectives/Features

- **Deepen and expand existing business domains**
- **Swiftly launch new business domains**
 - Surpass record-high profits
 - Carry out large-scale investment to enhance business foundations in support of sustainable growth
 - Expand business domains to include the renewable energy field

Results

- **Achieved record-high profits**
FY 2015/3 Operating income: ¥13.2 billion
- **Customer-oriented strategies made significant progress**
- **Diversified earnings drivers**
 - **ArF excimer laser photoresists:** Growth in sales in North America
 - **KrF excimer laser photoresists:** Two-digit annual growth in sales in Asia
 - **g-Line and i-Line photoresists:** Secured positive growth
 - **High-density integration materials:** Expanded to major OSAT manufacturers and made progress in acquiring new customers
 - **High-purity chemicals:** Succeeded in development and sales expansion of high-grade products

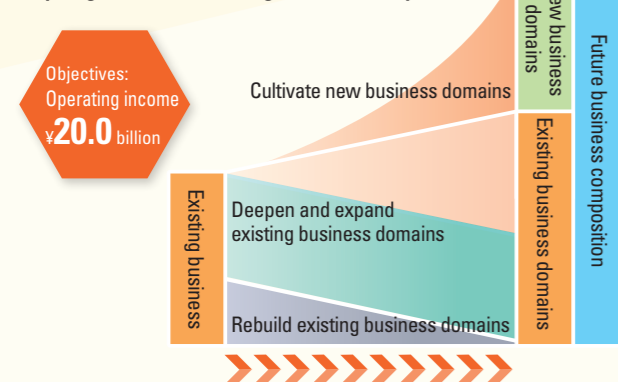
Strategy

- **Company-wide strategies**
Build close relationships with regional users/
Reform business portfolios/Develop global personnel
- **Important strategies**
[Earnings Drivers]
Continue the growth of semiconductor photoresists/Capture business for advanced packaging materials/Expand LCD materials by capturing demand related to high resolution LCD panels for tablet devices and smartphones/Continue multi-faceted development of existing technologies to contribute to sales/Recover earnings in the equipment segment and fully commercialize TSV equipment
[Strengthen Business Potential]
Strengthen development of ArF excimer laser photoresists (at the 10 nm level) to secure market share/Develop next-generation clean solutions/Develop new materials in the renewable energy field/Enter the optoelectronics field

Long-term vision (formulated in 2010)

—Overarching aspiration for 2020

Aim to be a globally trusted corporate group by inspiring customers with high value-added products



TOK Medium-Term Plan 2018

—From FY 2017/3 to FY 2018/12—

By achieving record-high profits under the TOK Medium-Term Plan 2015, the company gained momentum for the overarching aspiration for 2020 (operating income of ¥20 billion), and TOK began proactive investments focusing on strengthening the management foundation and reforming the business portfolios.

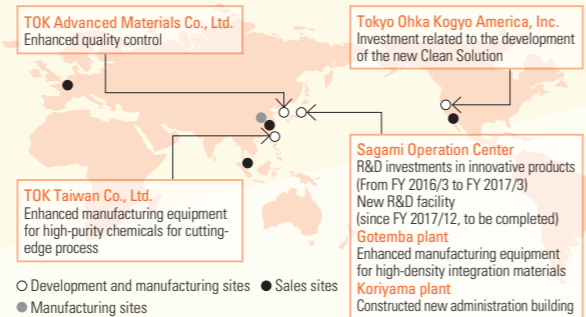
Positioning/Management Objectives/Features

- **Key three years for achieving the overarching aspiration**
- **Strive to deepen existing business domains and swiftly launch new business**
 - Continue proactive investments for the overarching aspiration
 - Aim for record-high profits in the final year
 - Aim for ROE of over 7% and enhance returns to shareholders

Results/Issues

- **Strengthened R&D and production bases**
Invested capital of ¥21.7 billion
- **Leveraged strengths in the innovative semiconductor segment**
 - **EUV photoresists:** Highly rated by major customers
 - **KrF excimer laser photoresists:** Adoption for 3D-NAND (Japan, Asia)/Increasing demand accompanying expansion of 3D-NAND mass production (Japan, Asia)
 - **High-density integration materials:** Adoption for FOWLP (semiconductor field) by a major customer/Adoption by customers in Japan and overseas resulting in expanded adoption and application (electronic components field)
 - **High-purity chemicals:** Expanded adoption for next-generation process by a major customer (Asia)/Adoption of and increased demand for new clean solution (Asia and North America)
- **Midway through reforming business portfolios**
 - **ArF excimer laser photoresists:** A major customer did not adopt (Asia), and major customers' production plans delayed (Asia and North America)
 - **Equipment business:** Delayed expansion of 3D packaging process market
 - **New business:** Delay in commercializing focused themes (high-functional films and nanoimprints)

Main Capital Investments under the TOK Medium-Term Plan 2018



Strategy

- **Company-wide strategies**
[Reform business portfolios]
Renew mainstay products/Create new businesses and new materials/Recover earnings in the equipment segment and develop versatile applications for TSV technology
[Evolve the customer-oriented strategies]
Strengthen development of ArF excimer laser photoresists (for the 10 nm and higher levels)/Further increase market share of KrF excimer laser photoresists (thick-film photoresists for 3D-NAND)/Strengthen customer support structure in the Chinese market
[Develop global personnel]
Promote the development of core human resources with a Group-wide perspective, as well as recruit and promote diverse personnel appropriate for global business
[Strengthen management foundation]
Build a governance system to reduce the risks accompanying globalization and to raise corporate value

Overview of the TOK Medium-Term Plan 2021

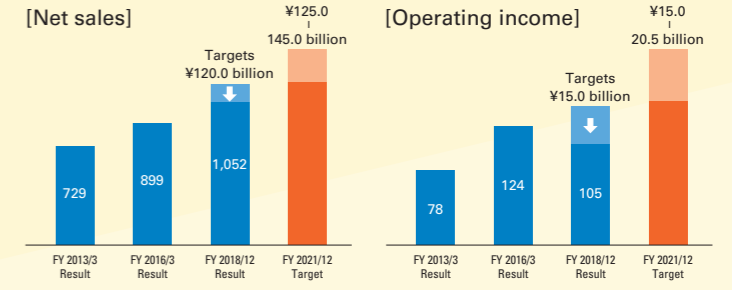
—From FY 2019/12 to FY 2021/12—



2019-2021

Management Vision Aim to be a globally trusted corporate group by inspiring customers with high value-added products that have satisfying features, low prices, and superior quality.

[Performance/Targets]	FY 2018/12 Result	MTP targets FY 2021/12	FY 2020/12 Result	2021/12 Forecast*
Net sales	¥105.2 billion	¥125.0-145.0 billion	¥117.5 billion	¥122.6 billion
Operating income	¥10.5 billion	¥15.0-20.5 billion	¥15.5 billion	¥16.5 billion
ROE	4.7%	over 8.0%	6.7%	7.0%



* Figures announced on February 15, 2021.

Features of the TOK Medium-Term Plan 2021

- Point (i) Strengthen business portfolio reforms** => Ambitiously develop the technologies required by 5G, IoT, and Innovation
- Point (ii) Return to a growth trajectory** => Targeted operating margin (FY 2021/12): ¥15.0-¥20.5 billion
- Point (iii) Strengthen balance sheet management and introduce a new dividend policy**
 - => A new dividend policy targeting a DOE of 3.5%
 - => Flexibly conduct share buyback as a means of returning profits to shareholders

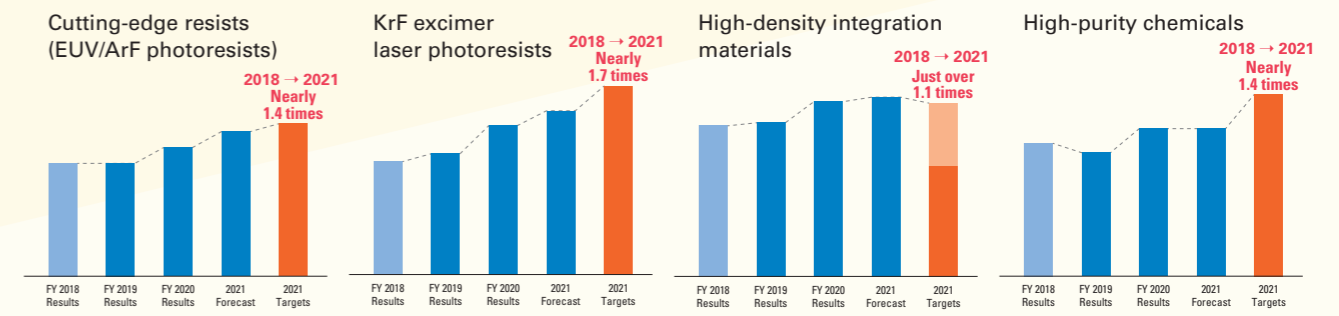
Background and Aims behind Formulation

5G/IoT and Innovation

- EUV/ArF photoresists
- KrF excimer laser photoresists
- High-density integration materials
- High-purity chemicals
- Equipment segment

Sales Results and Target of Each Growth Driver

TOK's Drivers



Company-Wide Goals (Qualitative goals)

Cultivate niche markets that the TOK Group should develop.

Company-Wide Strategies

- 1 Accurately identify and rapidly address customers' opinions to build an even larger and stronger pipeline to customers
- 2 Strengthen marketing, increase understanding of the customers' value creation processes, and translate these efforts into new value creation
- 3 Strengthen human resources who can perform research, make decisions, and take the initiative
- 4 Strengthen the TOK management foundation

Strategy for New Business



Financial Capital Policy

[Balance sheet management] As a long-running R&D-driven company, TOK will pursue the optimal balance between investment, cash reserves, and shareholder returns.

- 1 Pursuit of higher asset efficiency
- 2 Cash reserves
- 3 Shareholder return policy and dividend policy