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Fujifilm to Acquire Semiconductor High Purity Process Chemicals Business from Entegris for $700 Million

Broadens Product Lineup with Complementary Products and Accelerates Fujifilm's Growth Trajectory

TOKYO – May 10, 2023 – FUJIFILM Corporation (President and CEO, Representative Director: Teiichi Goto) today announced that the company has entered into a definitive agreement[*1] to acquire the semiconductor high purity process chemicals (HPPC) business, CMC Materials KMG Corporation (KMG), from the US-based Entegris, Inc. (Entegris) NASDAQ: ENTG for $700 million[*2].

Through the acquisition of KMG, Fujifilm will be able to offer its customers a broader lineup of electronic chemicals, including KMG's line of HPPCs, which are used to etch and clean silicon wafers in the production of semiconductors, and which are a growing segment of materials used in that production. KMG's HPPC product lineup is complementary to Fujifilm's existing products, which include Photoresists[*3], photolithography materials, CMP slurry[*4], post-CMP cleaner[*5], Thin Film Precursors[*6], Polyimide[*7] and Wave Control Mosaic[*8] (WCM). The expanded product lineup, the application of Fujifilm's continuous improvement and innovation processes to that lineup, and the combined resources of Fujifilm and KMG will better position Fujifilm to meet the growing short-and long-term needs of semiconductor manufacturers for world class, innovative products to support the manufacture of their own cutting-edge products.

The acquisition will also provide Fujifilm with world-class talent of approximately 560 employees, at twelve additional sites, including seven manufacturing locations across the United States, Europe and Singapore, one of which will be Fujifilm's first electronic materials manufacturing site in Southeast Asia. KMG's global footprint is strategically located in close proximity to the world's top semiconductor fab manufacturers, and as a result, the acquisition will provide enhanced supply chain resilience for those manufacturer customers. As part of the acquisition, Fujifilm will also add KMG's Total Chemical Management (TCM) business, which includes logistic services provided to customers in Southeast Asia and Europe.

"Our mission is to contribute to the creation of a society that enriches people's lives by developing and providing new advanced materials designed to meet new needs. New needs arise as society changes and technology evolves," added Goto. "This investment will be an important milestone to further accelerate growth by meeting the ever-increasing needs of customers of the electronic materials business, which is the largest business in the advanced materials field. By integrating KMG's resources, Fujifilm will provide customers with a broader product lineup and accelerate innovation in the semiconductor industry."

"The combined resources of the two global businesses with a strong talent base and complementary technology platforms will foster the development of next generation HPPC products to further enhance semiconductor performance," said Tetsuya Iwasaki, general manager, Electronic Materials Division, FUJIFILM Corporation. "We're excited about what the future holds, and we look forward to welcoming the KMG team to Fujifilm. Together we will continue our focused commitment to provide innovative and comprehensive solutions to our customers."

KMG uses its advanced purification technology and quality control expertise to develop, manufacture, and distribute globally HPPC products in ppt[*9] level, including high-purity sulfuric acid, isopropyl alcohol (IPA),

and ammonium hydroxide, as well as specialty blended acids and solvents. HPPCs comprise a broad group of bulk chemicals used extensively in semiconductor manufacturing for wafer cleaning, drying, and removing metal and organic residue contaminants. The use of HPPCs is anticipated to increase dramatically with the semiconductor industry growing at the annual rate of 11%[*10] and the increase in cleaning, etching[*11] and drying steps required for more advanced semiconductor fabrication.

With the overall semiconductor industry projected to reach $1 trillion dollars by 2030[*12], Fujifilm will continue to build upon its foundation as a leader in the semiconductor manufacturing supply chain, in anticipation of the industry's significant growth. With continued investment in Fujifilm's electronic materials business, including the acquisition of KMG, and the expected growth of the semiconductor industry, Fujifilm is poised to meet its financial goals for its electronic materials business of 250 billion yen in sales by FY2026 and 400 billion yen in sales by FY2030 – two years ahead of the original schedule. Furthermore, Fujifilm revised the sales target for FY2030 upward by 100 billion yen to 500 billion yen.

The acquisition is expected to close by the end of 2023, subject to the satisfaction of customary closing conditions, including the expiration or termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 in the United States.

*1: An agreement was signed by Fujifilm and CMC Materials LLC, a subsidiary of Entegris.
*2: The acquisition cost may fluctuate as it is determined in consideration of the target business's deposit balance, interest-bearing liabilities, operating capital and other factors as at the time of acquisition. The timing of completing the acquisition will be by the end of 2023, subject to the satisfaction of customary closing conditions.
*3: Light-sensitive chemical applied to a wafer when creating a circuit pattern during the manufacturing of semiconductors.
*4: Abrasive containing chemical used in the Chemical Mechanical Planarization (CMP) process to evenly level semiconductor surface that features wiring and insulating films of varying hardness.
*5: Cleaner used after polishing with CMP slurry to wash off particles, trace metal and organic residues while protecting the metal surface.
*6: Specialty electronic chemicals delivered by Chemical Vapor Deposition (CVD) to form dielectric or other films on the surface of the wafer.
*7: Material with a high level of heat resistance and insulation performance, used to form semiconductor's protective film and re-wiring layer.
*8: General term referring to a group of functional materials that control electromagnetic waves (light) of a wide range of wavelengths, including pigmented photosensitive materials for manufacturing color filters of an image sensor, such as CMOS sensor used in digital cameras and smartphones.
*9: ppt stands for parts per trillion, indicating that a contains impurities in the order of one-trillionth.
*10: Average annual growth rate over 5 years from 2021, quoted from a semiconductor materials report by the U.S. research company "Linx."
*11: The process of using exposure equipment to transfer a circuit image to a silicon wafer and applying chemical corrosive action to remove an unnecessary metal layer or oxide layer to form a semiconductor circuit.
*12: McKinsey, "The semiconductor decade: A trillion-dollar industry" April 1, 2022

About Fujifilm

FUJIFILM Corporation, Tokyo, is an operating company of FUJIFILM Holdings Corporation along with FUJIFILM Business Innovation Corp. FUJIFILM Holdings leverages its depth of knowledge and proprietary core technologies to deliver Value from Innovation in our products and services in the business segments of healthcare, materials, business innovation, and imaging. Our relentless pursuit of innovation is focused on providing social value and enhancing the lives of people worldwide. Fujifilm is committed to responsible environmental stewardship and good corporate citizenship. For more information about Fujifilm's Sustainable Value Plan 2030, click here. For the year ended March 31, 2022, the company had global revenues of approximately 2.5 trillion yen (21 billion $USD at an exchange rate of 122 yen/dollar). For more information, please visit: www.fujifilmholdings.com.

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