

Announcement of the TOK Group's Medium-Term Plan

-tok Medium-Term Plan 2024 (FY2022-FY2024)-

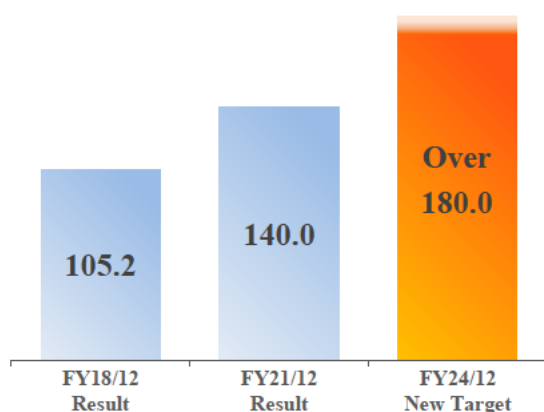
Tokyo Ohka Kogyo Co., Ltd., (“TOK”) has formulated “**tok Medium-Term Plan 2024**”, a three-year plan covering FY2022-FY2024 (from January 1, 2022 to December 31, 2024). The following is a summary of the plan.

■ Summary of tok Medium-Term Plan 2024 (FY2022-FY2024) ■
“Boost up TOK!!” towards 2030

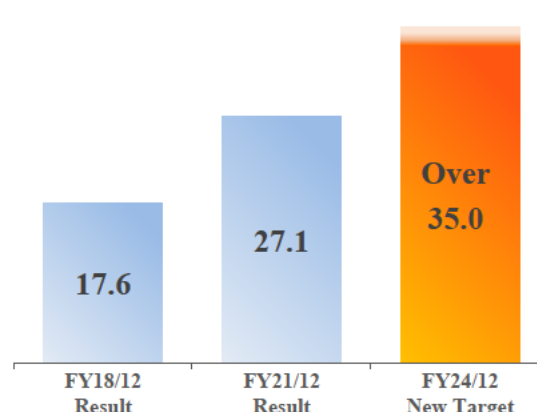
Performance targets (Fiscal year ending December 31, 2024)	
Net sales	Over 180.0 billion yen
Operating income	Over 27.0 billion yen
EBITDA	Over 35.0 billion yen
ROE	Over 8.0%

Management Vision (TOK Vision 2030)
“The e-Material Global Company” contributing to a sustainable future through Chemistry.

Net sales (Billion yen)



EBITDA (Billion yen)



For the tok Medium-Term Plan 2024, we have developed **five strategies** to realize the Group’s management vision “The e-Material Global Company” contributing to a sustainable future through chemistry.

The tok Medium-Term Plan 2024 is developed by backcasting from “TOK Vision 2030” and a milestone that must be achieved. Through these five strategies, we will build a solid foundation to achieve our overarching aspiration, aim at the future goal of becoming a 100-year company, and make a group-wide effort to contribute to a sustainable future through Chemistry.

1. Summary of “tok Medium-Term Plan 2021 (FY2019-FY2021)”

Successfully returned to a growth trajectory amid rapidly changing external environment


The company-wide policy of tok Medium-Term Plan 2021 which started in 2019 was to “aim to become an Only One, Number One Company” to differentiate from other companies and to achieve the numerical targets for our “overarching aspiration for 2020” in the final year of the Plan. However, the external environment had changed drastically over the three years subject to tok Medium-Term Plan 2021 (from 2019 to 2021).

2019: Escalation of the U.S.-China trade friction/year-on-year contraction of semiconductor market (calendar year basis)

2020: COVID-19 pandemic

2021: Semiconductor shortage/COP26

Under such circumstances, net sales achieved the higher end of the target range and both operating income and ROE exceeded their respective targets.

Performance targets	tok Medium-Term Plan 2021			FY 21/12 Result
	Net sales	: 125.0~145.0 billion yen		
Operating income	: 15.0~20.5 billion yen		20.7 billion yen	
ROE	: Over 8.0%		11.5%	

2. tok Medium-Term Plan 2024 (FY2022-FY2024)

—Contribute to achieving SDGs through five strategies—

(1) Increase global market share of cutting-edge photoresists

Increase the market share of cutting-edge photoresists, the Group’s growth driver, to establish a solid position as the e-Material Global Company and offer technology, quality, environment, and added value that contribute to the customers’ value creation processes.

(2) Acquire and create core technologies in electronic materials and new fields

Create new businesses comparable to photoresists and high-purity chemicals, pillars of our current business, with an eye on becoming a 100-year company.

(3) Secure stable supply of high-quality products and establish an optimal production system for the Group

Establish an optimal production system by rapidly and accurately adapting to changes in external environment and capturing customers’ requests that are becoming more sophisticated and complicated.

(4) Improve employee engagement and promote people-oriented management

Create an environment to increase happiness and productivity of individual employees as well as provide education or system to leverage their strengths, implementing measures to generate the sense of fulfillment and support their growth.

(5) Build sound and efficient management foundation

Implement the four strategies above achieving maximum performance and build a management foundation to further develop the Group. Enhance the Group’s governance by realizing eco-friendly production, information/risk management, and compliance at a high level.

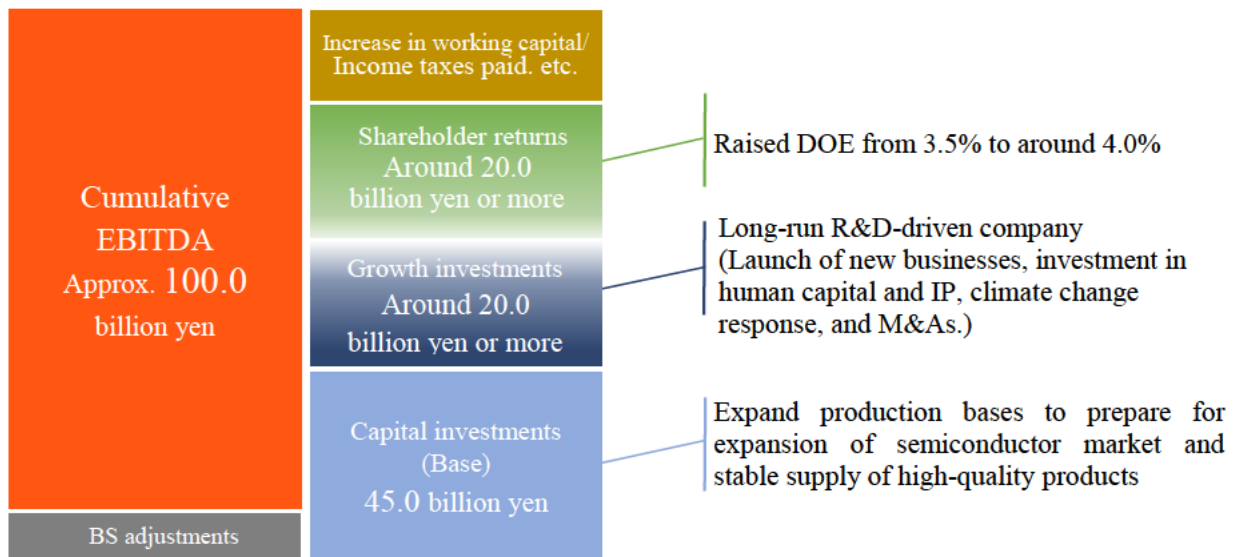
Also adapt to continuously changing external environment by improving the digital environment of the company toward smart manufacturing and data utilization.

3. Promote BS management

Aim at an optimal balance between “investment,” “cash reserve,” and “shareholder returns”

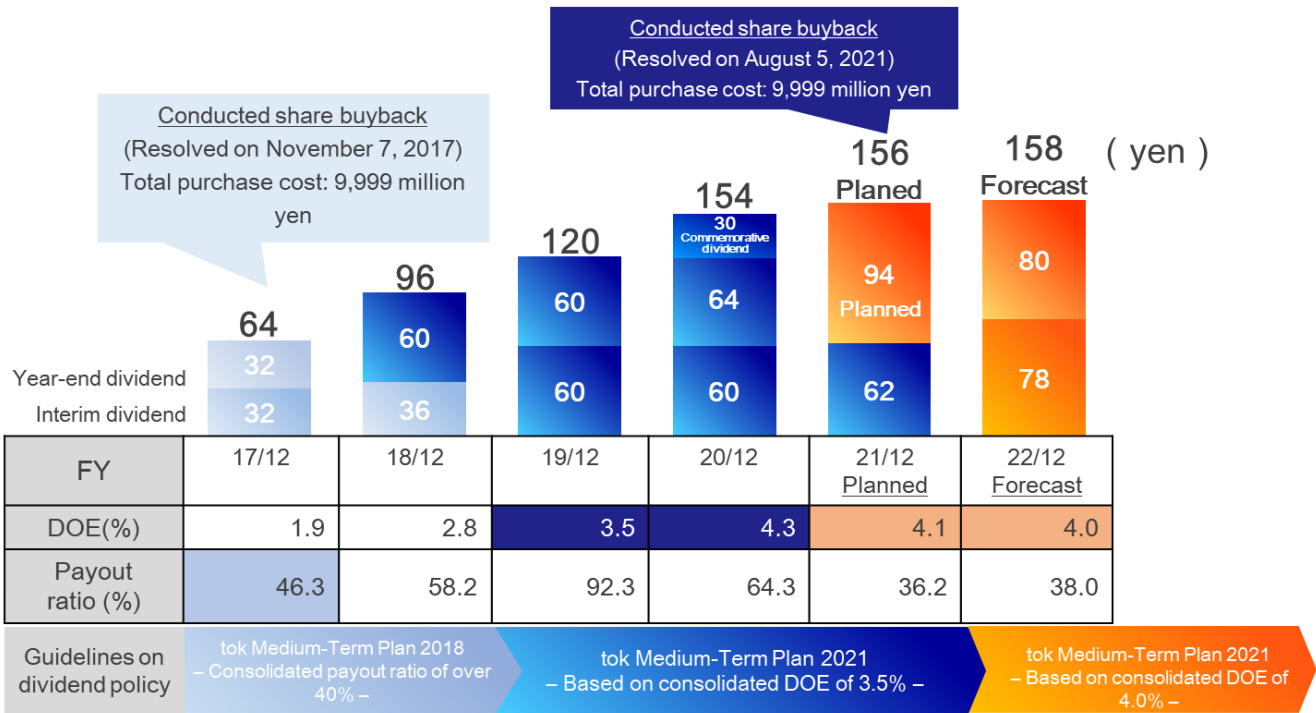
- ◆ EBITDA generated by a growth in semiconductor materials will be used for capital investment to prepare for demand growth in the semiconductor market and also flexibly allocate to shareholder returns after making sufficient growth investments.

(1) 3-year cash flow plan (image)



(2) Shareholder returns and dividends

- ❑ 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 FY2021)
- ❑ Flexibly conduct share buyback as a means of returning profits to shareholders



(Reference)

4. TOK Vision 2030

(1) Management Vision

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

(2) Overarching Aspiration

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

- Net sales : 200.0 billion yen (FY2030)
- EBITDA : 45.0 billion yen (FY2030)
- ROE : Over 10.0% (FY2030)

(3) Management strategy

Deepen and cultivate electronic materials field

Create new business

Utilize global personnel

Renovate production sites

Address key social issues sustainably

Develop and effectively use financial position “To be an acquirer” “Not to be an acquiree”

Promote DX



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