March 10, 2020

To Those Shareholders with Voting Rights

TOKYO OHKA KOGYO CO., LTD.

Additional Information Regarding Proposals to Be Resolved at the 90th Ordinary General Meeting of Shareholders

We would like to express our appreciation for your continued support for TOKYO OHKA KOGYO CO., LTD. (the "Company")

We have been advised that, regarding Proposal No. 2 Election of Nine Directors to be resolved at the Company's 90th Ordinary General Meeting of Shareholders to be held on March 27, 2020 (the "General Meeting of Shareholders"), the voting advisory company, Institutional Shareholder Services, Inc. ("ISS") is recommending shareholders to vote against the election of the two candidates for Director – Ikuo Akutsu, Chairman and Noriaki Taneichi, President. In response to such a recommendation, we would like to elaborate on the Company's position regarding this recommendation and ask that shareholders decide on the exercise of their voting rights upon carefully examining the following.

１. Why ISS is recommending shareholders to vote against this proposal

ISS is recommending shareholders to vote against this proposal on the grounds of the Company's low return on capital, as a result of the Company's average ROE (Return on Equity) for the past five years and the ROE for the current fiscal year falling below 5%.

２. The Company's position

(1) Earnings have temporarily declined as a result of a worse-than-expected deterioration of the external environment including the intensified trade friction between US and China, and while it is difficult to predict the impact of COVID-19, business results are expected to recover once the demand environment improves.

(2) The Company is currently implementing measures to improve ROE, in terms of both the numerator (Profit attributable to owners of parent) and the denominator (Equity capital). (The "tok Medium-Term Plan 2021"(from the FY ended December 2019 to the FY ending December 2021) is targeting a ROE of 8%)

(3) Both candidates, Ikuo Akutsu and Noriaki Taneichi are indispensable talent for the Company in the enhancement of its corporate value in the long-term.

Summary

（１） Deterioration of the external environment

During the fiscal year under review, the demand for electronic functional materials and high purity chemicals, which comprise the Company's main businesses declined; delays occurred in the inspections of the Equipment business; and net sales fell far below initial expectations, as a result of the emerging effects of the trade friction between US and China, the decline in the demand for smartphones and the stagnant growth of the server market, among other factors. This had the effect of significantly holding down profits, given the Company's business structure, which is characterized by a high marginal profit ratio. Additionally, the business results for the current fiscal year reflect the negative impact of the revisions to the US accounting standards (Note), and that the level of earnings remained low is an undeniable fact.

However, this does not change the Company's superior competitiveness. Despite the temporary decline in earnings and the difficulty of predicting the impact of COVID-19, we expect our business results to recover with the improvement in the demand environment, as 5G gains full momentum, in line with the recovery anticipated in the Asian markets, the Company's main markets.

(Note) Overseas consolidated subsidiaries that apply US accounting standards have applied *ASC 606 Revenue from Contracts with Customers*, starting from the current fiscal year.

（２） Initiatives to enhance ROE

The Company's businesses are characterized by long-term business-cycles and the Company will eventually be entering a phase of collecting the results of past development and investments. One example is the South Korean subsidiary, TOK ADVANCED MATERIALS CO., LTD., whose depreciation of the capital investments made at the time of its founding has been completed and which will enter a phase of recovering its earnings, as evidenced by the annual improvement in earnings of around ¥1.0 billion expected this year (Further improvements of several hundred millions of yen are expected in the next fiscal year). Going forward, the Company predicts an upward trend for profits, the numerator of the ROE.

Meanwhile, in terms of the denominator, we are proactively promoting the management of our balance sheet. The Company has been acutely aware of its capital costs and has been committed to initiatives to improve its balance sheet. Specifically, in 2017, the Company purchased approximately ¥10 billion in treasury shares, while in 2018, it replaced its debt and equity through a long-term debt financing of ¥10 billion in capital investment funds. Additionally, from the year-end dividend of the fiscal year ended December 2018, it announced a dividend policy aiming for a Dividend on Equity (DOE) of 3.5% and a policy to control the increase in net assets. Through these policies, the Company's shareholder returns for the previous medium-term plan (the three-year period to the fiscal year ended December 2018), including the purchase of treasury shares, exceeded the entire amount of free cash flows for the three-year period. Furthermore, the Company will continue to uphold a policy of flexibly purchasing its treasury shares.

Going forward the Company plans to carry out these measures to improve both the numerator and denominator of the ROE in a well-balanced manner.

It should be noted that the Company will propose a performance-linked share-based remuneration plan for Directors (excluding Outside Directors) to the General Meeting of Shareholders under Proposal No. 4. This remuneration plan will also be based on the ROE and other KPIs, which the Company is committed toward achieving.

(3) The necessity of the two candidates for long-term business management

As mentioned above, the Company's businesses are characterized by long-term business spans and require a long period of time from the time of sowing the seeds (R&D) to reaping their fruits (Recognition of revenue). From such a perspective, we believe that the ROE of the past few years is insufficient for an appropriate assessment of the business results of the Company.

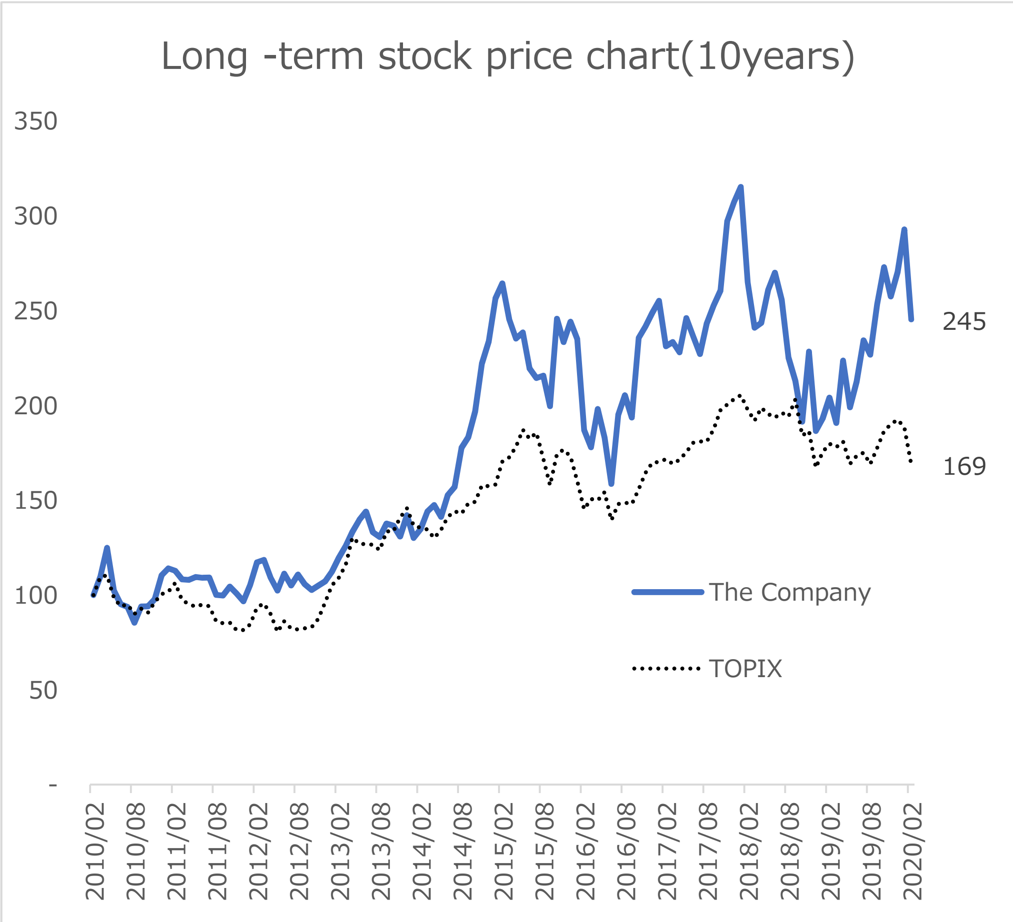
The Company, as an R&D-driven company, has been focused on responding to new fields and new technologies. As a result, we are currently recognized as a highly competitive company in the fields of cutting-edge photoresists of semiconductors including EUV, ArF, photoresists for 3D-NAND and high-density packaging technologies. We are also going forward with the development of new businesses such as life science-related materials and optical materials and engaged in business management that looks beyond to long-term growth.

Moreover, because we are a company with a long time span, we are engaged in business management focused on sustainability and ESG (Environment, Society and Governance) and to provide a better understanding of our mission, we publish the Integrated Report. The Company's *Integrated Report 2018* received the Special Award at the Nikkei Annual Report Awards 2019 sponsored by Nikkei Inc. Furthermore, the Company is currently formulating a long-term plan for the next ten years and plans to announce its long-term growth strategies to its stakeholders.

Ikuo Akutsu, Chairman and Noriaki Taneichi, President, as stated above, have successfully led the Company's long-term business management and, given that they will continue to steadily lead the Company into the future, are candidates of Directors who are indispensable to the Company.

(Reference)

The following shows the trend of the Company's stock prices for the past ten years. While there have been relatively large fluctuations according to the circumstances of the respective times, its performance has consistently exceeded that of the market.



Comparison of stock prices with TOPIX with the end of February 2010 as 100.