

Announcement of the TOK Group's Medium-Term Plan

— tok Medium-Term Plan 2021 (FY2019-FY2021)—

TOKYO OHKA KOGYO CO., LTD. ("TOK") has formulated "tok Medium-Term Plan 2021," a three-year plan covering FY2019-FY2021 (from January 1, 2019 to December 31, 2021). The following is a summary of the plan.

■ Summary of tok Medium-Term Plan 2021 (FY2019-FY2021) ■

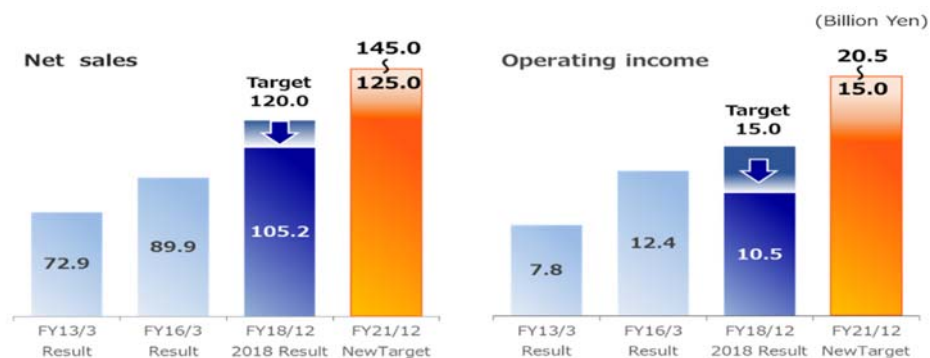
Performance targets

(Fiscal year ending December 31, 2021)

Net sales	125.0 to 145.0 billion yen
Operating income	15.0 to 20.5 billion yen
ROE	Over 8.0%
Exchange rate	1 U.S. dollar = 105 yen

Management Vision

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



Features of the Medium-Term Plan

- Strengthen business portfolio reforms . . .
Ambitiously develop the technologies required by **5G, IoT & Innovation**.
※5G, IoT & Innovation: Commercialize and enhance IoT and other technologies leveraging the features of the 5G mobile communications system .(high speed and large capacity, ultra-low latency and ultra-large numbers of connections)
- Return to a growth trajectory . . .
Operating income target : 15.0 billion to 20.5 billion yen (Fiscal year ending December 31, 2021)
- Strengthen balance sheet management and introduce a new dividend policy
 - . . . A new dividend policy targeting a dividend on equity ratio (DOE) of 3.5%.
⇒Dividends applicable to the year per share forecast = 120 yen.
(Fiscal year ending December 31, 2019)
 - . . . Flexibly conduct share buyback as a means of returning profits to shareholders.

1. Background and aims of formulating **tok** Medium-Term Plan 2021

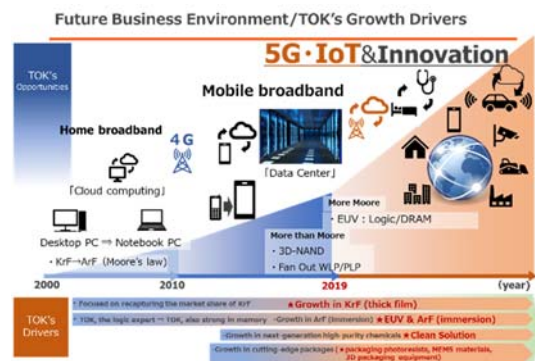
Under the **tok** Medium-Term Plan 2018, TOK has made progress on strengthening business foundations such as R&D and the production base. However, profit growth continued to slow down, mainly because sales fell short of target. Based on the lessons learned, TOK has revamped its company-wide strategies under the TOK Medium-Term Plan 2021. TOK will implement its business strategies with the aim of capturing growing business opportunities spawned by the technological advances required by **5G, IoT & Innovation**.

-Support further multilayer stacking of 3D-NAND and related developments.

-Adoption of 5nm and 3nm-compatible photoresists.

-Develop new Clean Solution, new thinners and related items.

-Address the cutting-edge bump process, high-frequency devices, etc.



In addition, TOK is also actively working to solve social issues through its business activities by focusing on ESG material issues.

2. Company-Wide Goal and Strategies, etc.

(1) Company-Wide Goal

Cultivate niche markets that the TOK Group should develop.

(2) Details of Company-Wide Strategies

TOK will implement the following priorities to achieve its company-wide goal along with performance targets.

1) Accurately identify and rapidly address the customers' voice to build an even larger and stronger pipeline to customers

-Rapidly and steadily work to develop a support structure rigorously focused on customer satisfaction along with R&D.

2) Strengthen marketing, increase understanding of the customers' value creation processes and translate these efforts into new value creation

-Through rigorous marketing, TOK will carefully identify solutions that lead to the creation of new value for customers as it makes intensive and proactive efforts to address those solutions.

3) Strengthen human resources who can perform research, make decisions, and take actions on their own initiative

-Bolster human resources that will pursue the possibilities of business with a variety of customers and continue to tackle challenges until they succeed.

4) Strengthen **tok** management foundation

-Focus on further sophisticating Group management, improving corporate governance, and promoting balance sheet management to utilize management resources more efficiently.

(3) Addressing New Businesses

While positioning high-functional films, optical materials, and life science-related materials as core themes, TOK will work to establish new technological seeds as core technologies.

(4) Measures Based on Balance Sheet Management

1) Cash reserves

-As a long-run R&D-driven company, TOK will calculate cash reserves from the standpoint of securing the necessary funds.

2) Shareholder returns/dividends

-Formulate a new dividend policy for the purpose of steadily and continuously returning profits to shareholders.

⇒Target a dividend on equity ratio (DOE) of 3.5%.(scheduled to commence from the year-end dividend for the fiscal year ended December 31, 2018)

-Flexibly conduct share buyback as a means of returning profits to shareholders.

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For Contact: Public Relations Division

Tel. +81-44-435-3000