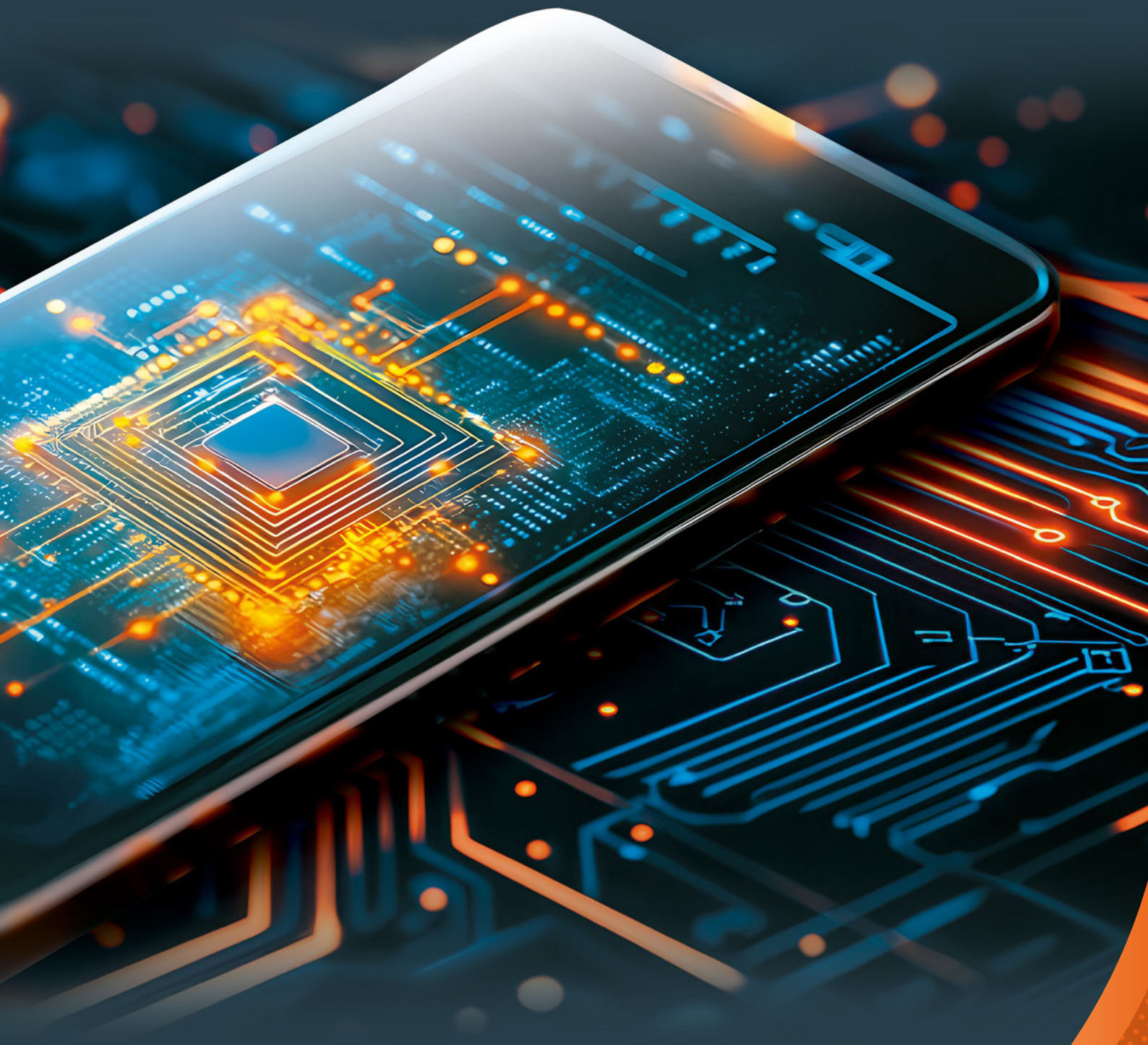
Tokyo Ohka Kogyo Co., Ltd.

Integrated Report 2024

FY 2024/12



Contribute to a sustainable future
through chemistry as
The e-Material Global Company™

Preface/Statement of Authenticity

Semiconductors bring many innovations to humanity, including generative artificial intelligence (AI), edge computing, and autonomous driving while contributing to resolutions of complex social and environmental challenges, such as treatments for rare diseases and decarbonization, and making our lives more convenient, comfortable, safe, and secure. TOK is a fine chemical manufacturer with the largest global market share of photoresists, which are materials essential for the manufacture and upgrading of semiconductors.

Following the prototype of the TOK management principles established 85 years ago by founder Shigemasa Mukai—**"Create a frank and open-minded business culture, continue efforts to enhance our technology, raise the quality levels of our products, and contribute to society"**—TOK has provided high value-added products that contribute to resolving the social issues of each era through integrated thinking management* that focuses all corporate activities on the single point of *contributions to society*. Today, under the management vision of The e-Material Global Company™ contributing to a sustainable future through chemistry, TOK strives to create value from a long-term perspective by aiming to contribute to Beyond 5G by 2030, to become a 100-year company in 2040, and to achieve carbon neutrality by 2050. In the near term, in particular, TOK established advantages in the race to develop cutting-edge fields and now holds the top market share in photoresists for creating the world's most miniature semiconductors while also establishing as its core competency the world-class 3D stacking technology essential for the evolution of generative AI GPUs.

This *Integrated Report 2024* presents TOK's innovative value creation and its medium to long-term growth strategy from multiple perspectives by focusing primarily on practicing the management principles and implementing the purpose of the company to achieve a positive social impact in the pursuit of happiness by human capital. In authoring this report, TOK referenced the *International Integrated Reporting Framework* published by the IFRS Foundation and the *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0* issued by the Ministry of Economy, Trade and Industry. The company considered the feedback received in dialogues with shareholders, investors, and other stakeholders, as well as the opinions received regarding the *Integrated Report 2023*. I would like to assure readers that this report represents management's best efforts to bring together a variety of information related to long-term value creation at TOK through the commitment of management executives and company-wide due processes in each division.

* A management approach where companies integrate the financial and nonfinancial domains (sustainability and ESG: environmental, social, and governance initiatives) to pursue long-term value creation

August 2025

Noriaki Taneichi

Representative Director,
President and Chief Executive Officer

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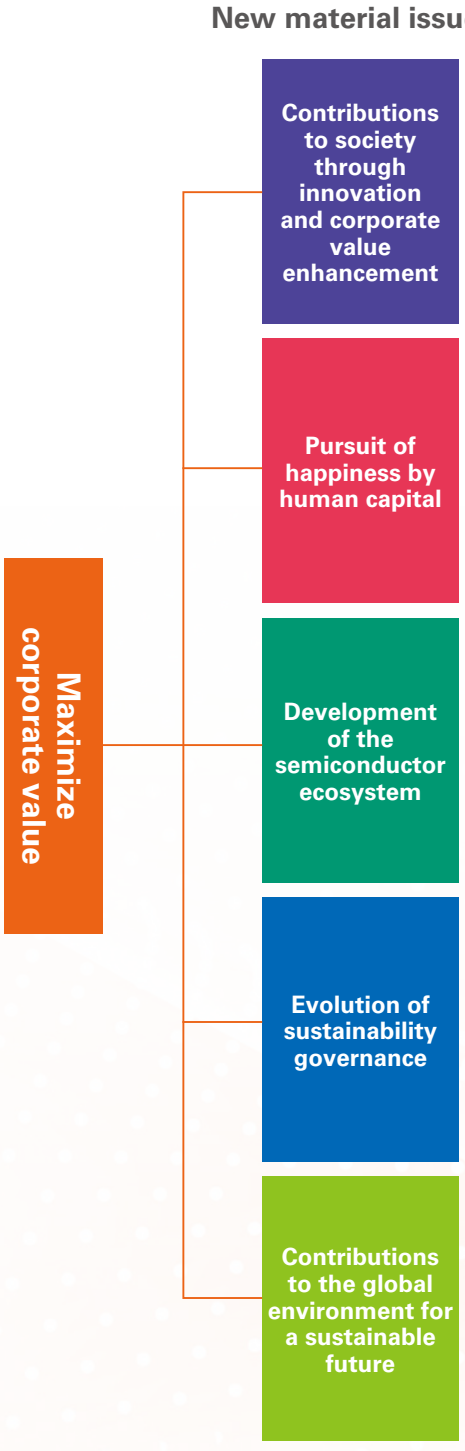


Editorial Policy

Scope and time frame of this report

- Time frame: Fiscal year ended December 31, 2024 (January 1, 2024, to December 31, 2024) (Includes some information after January 2025)
- Organization: Tokyo Ohka Kogyo Co., Ltd., and its consolidated subsidiaries and equity-method affiliates **(→ see pages 104–105 "Global Network")** unless otherwise specified in the text
- Publication on the website: Information on the variety of initiatives related to financial and nonfinancial information, including information not presented in this integrated report, can be found on the company's website. https://www.tok.co.jp/eng

Third-Party Verification

Third-party verification by the Japan Chemical Industry Association covers all pages, except the financial information.

https://www.tok.co.jp/application/files/6317/6188/6174/Integrated_Report_2024_Third-Party_Verification_Report.pdf

Reference guidelines

- *International Integrated Reporting Framework* published by the IFRS Foundation
- SSBJ Sustainability Disclosure Theme-Based Standards No. 1 and No. 2
- GRI Sustainability Reporting Standards
- ISO 30414
- *Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation 2.0* published by the Ministry of Economy, Trade and Industry
- *Environmental Reporting Guidelines 2018* published by the Ministry of the Environment
- ISO 26000: 2010 — Guidance on Social Responsibility released by the Japanese Standards Association

Environment Social Governance 価値協創ガイダンス

Forward-looking statements and estimates

This integrated report contains forward-looking statements, forecasts, and social impact estimates that present the future prospects of Tokyo Ohka Kogyo Co., Ltd., (the company) in terms of business planning, earnings, and management strategies. Such statements are based on management judgments and estimates derived from information available at the time the information was prepared. Readers are cautioned not to rely solely on this report because the actual results, management strategies, and social impact may substantially differ from those discussed in this report because of changes in the business environment and other conditions.

Purpose

Contribute to a sustainable future through chemistry

Management Principles

Create a frank and open-minded business culture

Continuous technological refinement

Product advancement

Contribution to society

CSR Policy

- Increase sustainable corporate value as a whole group by improving employee engagement.
- Continue to provide high-value-added products that contribute to technological innovations in order to resolve social issues.
- Strive to grow together with society and remain as an attractive company that earns the trust of all stakeholders.

Source

Established in 1940

Shigemasa Mukai, TOK founder

Original management principles

— "Create a frank and open-minded business culture, continue efforts to enhance technology, raise the quality levels of products, and contribute to society" —

Corporate Culture

Practicing the TOK management principles and purpose

Pursuit of the top of the niche

Long-run R&D

Management Vision

Contribute to a sustainable future through chemistry as The e-Material Global Company™

The Society We Strive to Achieve

TOK pursues a sustainable society of the future filled with happiness, and this starts from the pursuit of happiness for individuals in the workplace.

The TOK Group practices its purpose of contributing to a sustainable future through chemistry extracted from the management principles and vision and invests in human capital, while setting the material issue of pursuing happiness for individuals in the workplace. The Group hopes that these measures will have a ripple effect that improves the happiness of external stakeholders and disseminates throughout society.

Happy people often demonstrate high performance. Customers who use our products with high added value made by such human capital will also achieve high performance, leading to an increased sense of happiness. When many consumers can improve the quality of life by using excellent end products made by TOK customers, happiness is enhanced throughout society.

TOK will continue in its pursuit of a society of happy people that starts from the pursuit of happiness for individuals in the workplace.

OUR EDGE AND POSITIVE IMPACT

TOK aims to have an even greater social impact by continuing to win at the world's forefront

Through the journey to date, Tokyo Ohka Kogyo (TOK) has become convinced through numerous experiences that practicing the management principles and implementing the purpose not only enhances social value but also increases the economic value, sharpens business competitiveness, and leads to having an even greater social impact. Advances in semiconductor technology underlies the positive social impact generated by the communications revolution through the ongoing use of generative AI, the progress of robotics, and the arrival of next generation 6G specifications. The company believes that semiconductors will substantially contribute to the achievement of carbon neutrality as a social requirement of humankind.

Social issues (examples)

Widening economic disparity due to the digital divide

Solutions and value chain

[TOK]
Development and provision of thick-film KrF excimer laser photoresists

[Semiconductor manufacturers and device manufacturers]
- Cost reduction per byte with increased layers of 3D-NAND
- Production and marketing of low-price smartphones

Expected social impact by 2030

Provision of information and educational infrastructure to 3.3 million people in developing countries*1

KrF excimer laser photoresists

Social issues (examples)

Long working hours due to global labor shortages

Solutions and value chain

[TOK]
Development and provision of EUV, ArF, KrF, g-line and i-Line photoresists

[Semiconductor manufacturers and device manufacturers]
- Increase in speed per semiconductor operation
- Increase in the processing speed of a variety of terminals, data servers, and other devices

Expected social impact by 2030

Reduction of global working hours by approximately 1.4%*2

Semiconductor photoresists

Social issues (examples)

Economic loss due to increased deaths from traffic accidents

Solutions and value chain

[TOK]
Development and provision of Photoresists for image sensors

[Semiconductor manufacturers and device manufacturers]
- Evolution and mass production of automotive image sensors
- Increased production of ADAS vehicles

Expected social impact by 2030

Reduction of annual deaths from traffic accidents by about 25,000*3 (about 2% of the total)

Photoresists for image sensors

*1 Estimated from the number of non-smartphone owners and the effect of device price reductions. The population with 30 US dollars as the down payment for installment payments that exceed 5% of annual income is defined as the population who cannot afford to purchase smartphones.
*2 Calculated for 185 countries where employment data for 2022–2023 is available from the World Bank and the OECD. Assuming that total factor productivity improves with continued semiconductor miniaturization, the labor hour reduction rate is calculated on the basis of the spread of different devices and electronic equipment and improvements in user productivity
*3 Estimated by using deaths from traffic accidents and the ratio of ADAS vehicles. The estimation is based on fatal accidents in 2019 and excludes anticipated increases through 2030 in emerging countries with many fatal traffic accidents.

The expected social impact by 2030 shown below quantifies the expected value of the social impact that TOK can contribute by 2030 based on product market shares in each value chain. As the market share of TOK in innovative fields continues to grow, the social impact contributed by TOK will also increase. Therefore, in the tok Medium-Term Plan 2027 starting from fiscal year 2025, the company set No. 1 in Global Market Share for Innovative Photoresists as the top priority objective, and TOK is striving to continue winning the race to the world's forefront.

Social issues (examples)

Improving efficiency of renewable energy systems

Solutions and value chain

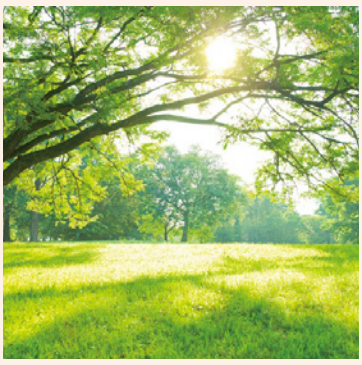
[TOK]
Development and provision of photoresists for next-generation power semiconductors

[Semiconductor manufacturers and device manufacturers]
- Evolution and mass production of next-generation power semiconductors
- Improved efficiency of EVs and wind/hydropower generation systems

Expected social impact by 2030

Reduction of global power consumption by approximately 0.4%*4

Photoresists for next-generation power semiconductors



Social issues (examples)

Increased power consumption due to the rapid expansion of data centers

Solutions and value chain

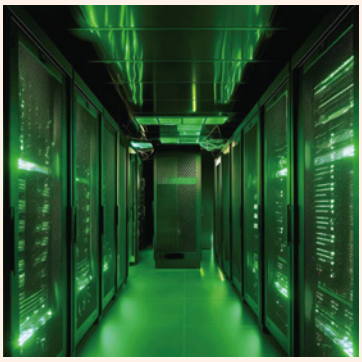
[TOK]
Development and provision of EUV photoresists

[Semiconductor manufacturers and device manufacturers]
- Reduction of power consumption per computational session by logic semiconductors
- Reduction of power consumption at data servers

Expected social impact by 2030

Reduction of global power consumption by approximately 0.2%*5

EUV photoresists



Social issues (examples)

Concerns about a global economic growth slowdown due to changes in global demographics and geopolitical risks

Solutions and value chain

[TOK]
Development and provision of EUV, ArF, KrF, g-line, and i-Line photoresists

[Semiconductor manufacturers and device manufacturers]
- Evolution and mass production of semiconductors for (generative) AI and HPC
- Performance improvements in AI and HPC

Expected social impact by 2030

Contributing to a 0.36%*6 increase in the global GDP growth rate (annual average)

Semiconductor photoresists

*4 Estimated from the use of power from wind and solar power generation consumed by EVs and data centers and the dissemination of next-generation power semiconductors with SiC and GaN as key factors. Train cars and commercial vehicles are excluded.
*5 Estimated power consumption by data center servers and the sustained effects of Moore's law as key factors. The use of high-end logic semiconductors includes data centers but excludes servers and laptop PCs in use elsewhere.
*6 Calculated on the basis of the total factor productivity growth rate from generative AI and regional differences in the total factor productivity growth rate as key factors. Also accounts for growth-suppressing effects from widening inequality

IMPACT ENABLER
Role of TOK Photoresists

Contributing to social innovation by enhancing the quality of customers' value creation

TOK photoresists serve as the starting point for customers' value creation while contributing to social impact creation through innovation by enhancing the quality of the customers' value creation in terms of innovative semiconductor quality and yield. This section describes the functions, performance, and core value provided by TOK photoresists in the semiconductor manufacturing process.

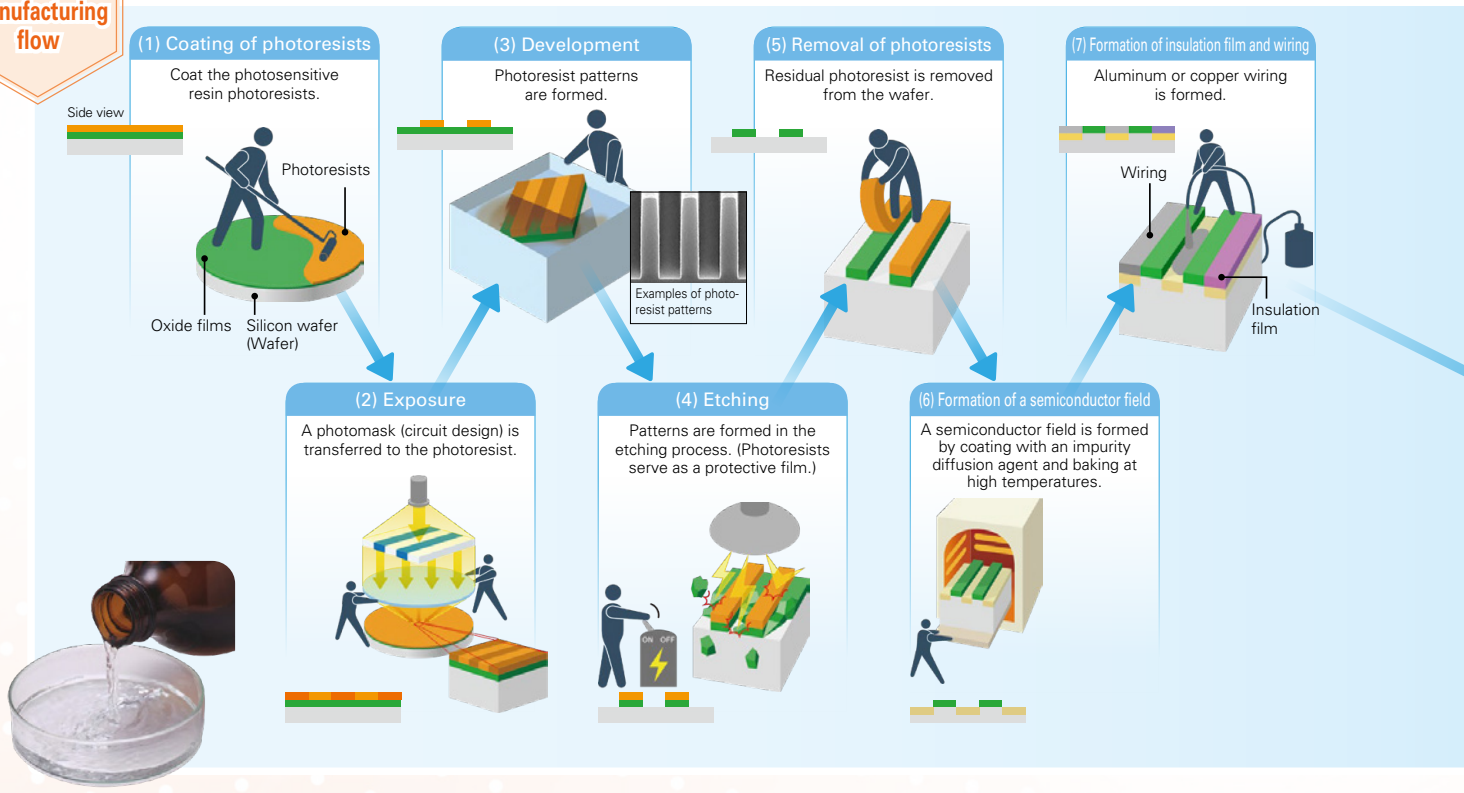
TOK's Semiconductor Photoresist Business

Process of manufacturing integrated circuits on a silicon substrate and producing semiconductor chips. The process uses the resistance to etching by the photoresists.

See the informational video concerning the contribution by TOK.

Semiconductor manufacturing flow

Front-end processes of semiconductor manufacturing



Three Factors in the Creation of a Social Impact

1 High Added Value

Photoresists are high value-added chemical solutions composed of mainly photosensitizers, polymers, and solvents. As indicated by the two root words "photo (light)" and "resist," the device has the performance to react and change with *light* and to *resist* etching, is essential for semiconductor manufacturing processes, and is used to form miniature circuit patterns.

Since the circuit patterns have a significant effect on semiconductor performance, the improved quality and evolution of photoresists are major factors that directly contribute to semiconductor evolution by delivering innovation through final products and the creation of social impacts.

2 Key to Semiconductor Evolution

Miniaturization, one of the axes of the evolution of semiconductors, has progressed as the wavelength of light sources in the exposure process has shortened.

The photoresists in use are designed to react most efficiently with each light source, and by recreating the photoresist from scratch to meet individual customer requirements, photoresists support the evolution of semiconductors.

TOK Strength

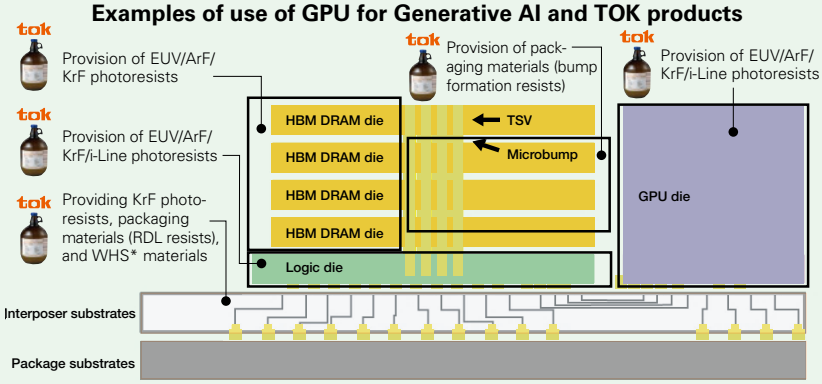
Providing photoresists as an impact enabler in both the front-end process and the back-end process of semiconductor manufacturing

Deploy a wide product portfolio for generative AI semiconductors

TOK is currently expanding revenue significantly by deploying a comprehensive product portfolio for generative AI GPUs. The company holds a high market share particularly in materials for high bandwidth memory (HBM), and TOK is expanding the supply of EUV/ArF/KrF photoresists for DRAM in addition to photoresists for packaging.

* Wafer Handling System (manufacturing equipment for 3D semiconductor structures)

Examples of use of GPU for Generative AI and TOK products



In this process, individual semiconductor chips are cut out and sealed into different packages. The process takes advantage of the thick film forming capacity of photoresists.

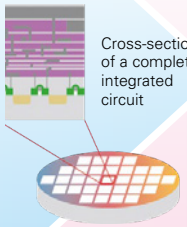
Back-end processes of semiconductor manufacturing

(8) Formation of integrated circuits

ICs are formed by repeating processes (1) through (7).

(9) Completion of an integrated circuit

Multiple ICs are created on the wafer surface using microprocessor technology.



Cross-section of a completed integrated circuit

(10) Dicing of wafers

Wafers are diced into chip sizes.

Semiconductor chips completed

Each diced wafer becomes an IC chip.

* Based on the projected shipment volume of EUV, ArF, KrF, g-Line, and i-Line photoresists in 2024 (calculated on the basis of Fuji Chimera Research Institute, *Current Status and Future Outlook of Innovative/Noticeable Semiconductor-Related Markets 2025*)

3 Accumulation of Trade-Ons Through Ultimate Fine-Tuning

Photoresists can only contribute to the evolution of semiconductors through individual optimization and development as custom-made products to meet the different needs for each customer's application and semiconductor manufacturing process, not just differences in light sources. In this process, many technical trade-offs* are resolved by repeated and precise fine-tuning to individual customer requirements and processes, which becomes the added value (impact enabler) provided by the photoresists.

* Conflicting technical and social needs. Achieving both is called a trade-on

IMPACT ENABLER
TOK Photoresists

TOK aims for further corporate value enhancement by continuing to win in innovative fields of growth markets

Since the 1960s, Tokyo Ohka Kogyo has expanded its social impact and enhanced corporate value by focusing particularly on innovative fields within the growth industry of semiconductors. In TOK Medium-Term Plan 2027, which started from FY 2025/12, the aim was for further corporate value enhancement by setting global market share as number one in innovative photoresists as the primary goal.

List of semiconductor photoresist types by light source

	EUV photoresists	ArF excimer laser photoresists	KrF excimer laser photoresists	i-Line photoresists
				
Light source for lithography	EUV (Extreme Ultraviolet)	ArF (argon fluoride) excimer lasers	KrF (krypton fluoride) excimer lasers	i-Line
Wavelength of light source	13.5 nm Short	193 nm	248 nm	365 nm Long
Semiconductor process nodes*	10 nm > – Narrow	130 nm > to ≧ 10 nm	250 nm > to ≧ 130 nm	350 nm > to ≧ 250 nm Wide
Main applications and end products	Generative AI Innovative smartphones Next-generation servers Next-generation supercomputers Next-generation communications systems	Generative AI Smartphones Wearable devices High-performance servers	Smartphones High-performance servers Game consoles	SiC/GaN etc. Next-generation power semiconductors Power semiconductors Sensors LEDs

* Only rounded values for primary ranges are shown.

Innovative photoresists

Sales growth and corporate value trends over the past 10 periods

Net sales
123% increase (¥89.9 billion → ¥200.9 billion)

Aggregate market value
3.6 times (¥127.0 billion → ¥451.5 billion)

PBR
1.3-point increase (0.9 times → 2.2 times)

ROE
6.5-point increase (5.3% → 11.8%)

tok Medium-Term Plan 2018 → tok Medium-Term Plan 2021 → tok Medium-Term Plan 2024

Global market size for semiconductor photoresists

(Based on sales in 2024*1)

2,689,000,000 US dollars

Increased by 14.1% year-over-year

Market share for TOK semiconductor photoresists

(based on estimated shipment quantity 2024*2)

EUV photoresists

28.0%

Global No.2

ArF excimer laser photoresists

15.9%

Global No.4

KrF excimer laser photoresists

32.4%

Global No.1

g/i-Line photoresists

22.7%

Global No.1

Market growth forecast for TOK semiconductor photoresists (from 2024 to 2030)*2

— EUV photoresists — CAGR

31.8%

— ArF excimer laser photoresists — CAGR

8.7%

— KrF excimer laser photoresists — CAGR

8.5%

— g/i-Line photoresists — CAGR

5.2%

*1 Calculated by TOK based on aggregation by SEMI

*2 Source: Fuji Chimera Research Institute, *Current Status and Future Outlook of Innovative/Noticeable Semiconductor-Related Markets 2025*

MATERIAL ISSUES
Revise the Material Issues

Toward achieving a sustainable future

TOK revised its material issues simultaneously with the formulation of the new medium-term management plan starting from fiscal year 2025.
As the external environment, including the global economy, undergoes dramatic changes and both risks and opportunities surrounding the global semiconductor industry expand, TOK, which plays a role in this industry, identified priority issues for future corporate activities by analyzing both the risks and opportunities the company faces and the impact TOK brings to society.

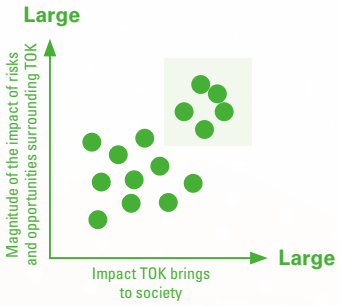
Process of defining new material issues

STEP 1

Based on changes in the TOK business environment and business portfolio over the past three years, the latest global sustainability disclosure standards and the various guidelines, and the Japan Chemical Industry Association's Responsible Care Code, TOK extracted issues for growth in earnings and sustainable corporate value enhancement toward the realization of tok Vision 2030.

STEP 2

TOK evaluated the extracted issues on two axes: the magnitude of risk and opportunity impact, and the magnitude of the impact on society while taking into account daily dialogue with stakeholders that included ESG investors and the goals and strategies of tok Vision 2030; consequently, TOK identified five particularly high-priority items.



STEP 3

For each material issue, TOK discussed and formulated the details of the main initiatives and risks and opportunities on the premise of strongly linking these with the new tok Medium-Term Plan 2027, and TOK then identified them as material issues after approval by the board of directors.

New material issues

Contributions to society through innovation and corporate value enhancement	**Pursuit of happiness by human capital**	**Development of the semiconductor ecosystem**	**Evolution of sustainability governance**	**Contributions to the global environment for a sustainable future**

— Toward maximizing corporate value —

TOK intends to realize the objective to *contribute to a sustainable future through chemistry as The e-Material Global Company™ in tok Vision 2030* and targets its contributions to the creation of a variety of positive impacts* through semiconductor technology, including autonomous vehicles/AR-VR/remote medical care/remote agriculture/remote construction with information and communication technology (Beyond 5G) at its core as the sustainable future the company envisions.

In the new material issues and new medium-term plan, TOK will focus on maximizing such positive impacts while minimizing any negative impacts by responding to different risks, such as the deepening of climate change risks and the heightening of geopolitical risks. Through these comprehensive initiatives, TOK will maximize its cash generation capacity and minimize capital costs to achieve maximum corporate value.

* Favorable (positive) or undesirable (negative) impacts that the activities of organizations and commercial companies have on society

tok Vision 2030
Contribute to the realization of a sustainable future

Backcasting

Accumulated achievements

tok Medium-Term Plan 2027

Close linkage

New material issues

Seven key strategies of the medium-term plan

Material issues	SDGs to which we contribute	ESG fields	Key initiatives	Risks and opportunities
Contributions to society through innovation and corporate value enhancement	3, 9, 11, 12, 13, 17	Society (S)	Pursue cutting-edge technologies and develop unique technologies for the TOK Group	■ Growth of the semiconductor industry and the intensification of competition in global markets and rising strategic importance ■ Response to increasing geopolitical risks and supply chain disruptions and the creation of new business opportunities and ecosystems ■ Expansion of the role of semiconductors in innovation and the resolution of social and environmental issues ■ Technological advances and market expansion in innovative fields both in the miniaturization and stacking of semiconductors and expansion of applications for legacy fields ■ Expansion of applications and social need for semiconductor technologies (such as life science-related materials, functional materials, and optical materials) ■ Risk reduction and long-term stable growth through the diversification of the business and regional portfolios and multiplication of target markets ■ Emergence of optical semiconductor and quantum computing markets and the increasing demand for new material development
			Deepen customer relationship and expand customer base through enhanced marketing capabilities	■ Increase in power consumption due to evolution and increased use of generative AI and rising demand for new energy-efficient semiconductors ■ Increase in the customer's need for further advances, complexity, and ultrahigh purification of semiconductor materials ■ Coexistence of supply shortage areas and oversupply areas in semiconductor markets and the resulting complexity of silicon cycles
			Establish a digital infrastructure aimed at creating new value	■ Increasing importance of materials informatics (MI) and computational chemistry as a means of innovation creation ■ Creation of better development environments through conversion to databases and automation and the promotion of a digital transformation
Pursuit of happiness by human capital	3, 4, 5, 8, 10		Create and strengthen a safe and secure work environment where every employee can feel comfortable both physically and mentally	■ Intensification of cross-border competition for recruitment of human capital in semiconductor-related industries ■ Development and strengthening of global human capital in conjunction with an increase in overseas sales ■ Increase in the importance of the happiness of employees and society (well-being) ■ Creation of better working environments through business efficiency improvement and burden reduction for workers through digital transformation ■ Improvement of work-life balance
			Diversity, equity, and inclusion	■ Creation of innovation and increase of competitiveness through the leveraging of diverse human capital ■ Utilization of "know-why" accumulated by senior talent
Evolution of sustainability governance	16, 17	Governance (G)	Establish a financial foundation to support long-term R&D and stable production	■ Increase in the potential risks and opportunities associated with business growth and the increase of stakeholders ■ Rapid changes in the business environment in the era of VUCA ■ Increase in business opportunities directly linked to sustainability issues inside and outside the company, domestically and internationally ■ Upgrades to monitoring, supervisory, and control functions to directly link business growth to the enhancement of corporate value ■ Maintenance and enhancement of social trust and brand power in communities in Japan and overseas ■ Increase in tail risks that include pandemics and extremely severe natural disasters and conflicts ■ Strengthening of risk tolerance to continue fulfilling supplier responsibilities and strengthening the response to laws and regulations (ordinances)
			Ensure respect for human rights and fair working conditions	■ Monitoring of human rights issues throughout the value chain (human rights due diligence)
Contributions to the global environment for a sustainable future	6, 7, 11, 12, 13, 14, 15	Environment (E)	Foster a corporate culture that contributes to SDGs	■ Cost increases for responding to carbon pricing introduction and policies, laws, and regulations ■ Cost increases for process and product temperature management, water stress, and water procurement difficulties from rising temperatures ■ Contributions to lower power consumption of semiconductors through miniaturization ■ Rising demand for power semiconductors
			Promote resource recycling	■ Increase in interest in the marine plastics issue ■ Expansion of a circular economy
			Conserve the air, water, and soil environments	■ Tighter emissions regulations in major developed countries ■ Further risk reduction by satisfying standards stricter than the regulatory requirements
			Preserve biodiversity	■ Increased risk of global biodiversity loss ■ Risk reduction through initiatives that address biodiversity and water resources as a single issue
Development of the semiconductor ecosystem	12, 17		Precisely address laws and regulations	■ Tighter chemical substance control regulations in major developed countries ■ Increased product value through comprehensive action prior to legislation before and during the early stages of material development
	3, 12	Society (S)	Build a robust supply chain	■ Increased risks of accidents due to the increase in production sites, production volume, and operating hours ■ Escalation of human rights risks resulting from the expansion of the supply chain and increases in the importance of lifecycle assessments ■ Further risk reduction through RBA audits and ISO 45001 certification

KPIs, Detailed Measures & Objectives by Material Issue

Seven key strategies of the medium-term plan

Material issues	Relevant capital	Key initiatives	Risks and opportunities
Contributions to society through innovation and corporate value enhancement	■ Financial capital ■ Manufactured capital ■ Intellectual capital ■ Social and relationship capital	Pursue cutting-edge technologies and develop unique technologies for the TOK Group	■ Growth of the semiconductor industry and intensification of competition in global markets and rising strategic importance ■ Response to increasing geopolitical risks and supply chain disruptions, and the creation of new business opportunities and ecosystems ■ Expansion of the role of semiconductors in innovation and the resolution of social and environmental issues ■ Technological advances and market expansion in innovative fields both in the miniaturization and stacking of semiconductors and expansion of applications for legacy fields ■ Expansion of applications and social need for semiconductor technologies (such as life science-related materials, functional materials, and optical materials) ■ Risk reduction and long-term stable growth through the diversification of the business and regional portfolios and multiplication of target markets ■ Emergence of optical semiconductor and quantum computing markets and the increasing demand for new material development
		Deepen customer relationship and expand customer base through enhanced marketing capabilities	■ Increase in power consumption due to evolution and increased use of generative AI and rising demand for new energy-efficient semiconductors ■ Increase in the customer's need for further advances, complexity, and ultrahigh purification of semiconductor materials ■ Coexistence of supply shortage areas and oversupply areas in semiconductor markets, and the resulting complexity of silicon cycles
		Establish a digital infrastructure aimed at creating new value	■ Increasing importance of materials informatics (MI) and computational chemistry as a means of innovation creation ■ Creation of better development environments through conversion to databases and automation and the promotion of a digital transformation
Pursuit of happiness by human capital	■ Financial capital ■ Intellectual capital ■ Human capital	Create and strengthen a safe and secure work environment where every employee can feel comfortable both physically and mentally	■ Intensification of cross-border competition for recruitment of human capital in semiconductor-related industries ■ Development and strengthening of global human capital in conjunction with an increase in overseas sales ■ Increase in the importance of the happiness of employees and society (well-being) ■ Creation of better working environments through business efficiency improvement and burden reduction for workers through digital transformation ■ Improvement of work-life balance
		Diversity, equity, and inclusion	■ Creation of innovation and increase of competitiveness through the leveraging of diverse human capital ■ Utilization of "know-why" accumulated by senior talent
Evolution of sustainability governance	■ Financial capital ■ Human capital ■ Social and relationship capital	Establish a financial foundation to support long-term R&D and stable production	■ Increase in the potential risks and opportunities associated with business growth and the increase of stakeholders ■ Rapid changes in the business environment in the era of VUCA ■ Increase in business opportunities directly linked to sustainability issues inside and outside the company, domestically and internationally ■ Upgrades to monitoring, supervisory, and control functions to directly link business growth to the enhancement of corporate value ■ Maintenance and enhancement of social trust and brand power in communities in Japan and overseas ■ Increase in tail risks that include pandemics and extremely severe natural disasters and conflicts ■ Strengthening of risk tolerance to continue fulfilling supplier responsibilities and strengthening the response to laws and regulations (ordinances)
		Ensure respect for human rights and fair working conditions	■ Monitoring of human rights issues throughout the value chain (human rights due diligence)
Contributions to the global environment for a sustainable future	■ Financial capital ■ Natural capital	Foster a corporate culture that contributes to SDGs	■ Cost increases for responding to carbon pricing introduction and policies, laws, and regulations ■ Cost increases for process and product temperature management, water stress, and water procurement difficulties from rising temperatures ■ Contributions to lower power consumption of semiconductors through miniaturization ■ Rising demand for power semiconductors
		Promote resource recycling	■ Increase in interest in the marine plastics issue ■ Expansion of a circular economy
		Conserve the air, water, and soil environments	■ Tighter emissions regulations in major developed countries ■ Further risk reduction by satisfying standards stricter than the regulatory requirements
		Preserve biodiversity	■ Increased risk of global biodiversity loss ■ Risk reduction through initiatives that address biodiversity and water resources as a single issue
Development of the semiconductor ecosystem	■ Financial capital ■ Natural capital ■ Social and relationship capital	Precisely address laws and regulations	■ Tighter chemical substance control regulations in major developed countries ■ Increased product value through comprehensive action prior to legislation before and during the early stages of material development
		Build a robust supply chain	■ Increased risks of accidents due to the increase in production sites, production volume, and operating hours ■ Escalation of human rights risks resulting from the expansion of the supply chain and increases in the importance of lifecycle assessments ■ Further risk reduction through RBA audits and ISO 45001 certification

[Self-assessment of goal achievement]
○ Matters undertaken and results achieved
△ Implemented with room for further accomplishments
× Did not undertake nor achieve yet

Issues, qualitative objectives, and KPI objectives for FY 2025/12	Main achievements, progress, and KPI in FY 2024/12	Evaluation	Pages
■ Increase the global market share of innovative photoresists ■ Anticipate technology trends and customer needs through long-term research and development ■ Thoroughly implement customer-oriented strategies through the trifecta of development, manufacturing, and marketing ■ Continue to develop and strengthen commercial viability in building businesses in new fields (high-functional films, life science-related materials, and optical materials)	■ Expand adoption of EUV photoresists and high-purity chemicals for cutting-edge nodes ■ Record-high consolidated net sales: 23.8% increase year-over-year > Global semiconductor market growth rate: 19.7% (Source: WSTS)	○ ○	P9 P14 P32 P35
■ Provide materials that use world-leading microprocessing and high purity processing technology and stacking technology ■ Establish advanced technology and stable mass production systems that respond to customers as soon as possible ■ Improve detection sensitivity for metal impurities that comply with customer development roadmaps ■ Strengthen global marketing system coordination to deliver innovation that impresses customers	■ Expanded sales of semiconductor device materials for generative AI ■ Electronics functional materials consolidated net sales: 22.5% increase year-over-year ■ High-purity chemicals consolidated net sales: 27.1% increase year-over-year ■ R&D efficiency: 309% (46-point increase year-over-year) ■ Improve detection sensitivity for metal impurities that comply with customer development roadmaps	○ ○ ○ ○ ○	P7 P23 P30 P36 P37
■ Focus on developing digital talent and enhancing digital literacy within the company ■ Accelerate further growth of the TOK Group by using digital technology ■ Promote digital transformation that flexibly responds to changing market environments ■ Create new value through DX (material development using MI and shift to smart factories)	■ Sequentially deploy advanced production systems at new factories ■ Promote the sophistication of development work through automation of material data and experimental result accumulation	○ ○	P59 P65
■ Employee engagement*: Objective for 2027: Improve by 5.4 points (vs. 2024) * Employee engagement = average of employee engagement and environment that utilizes employees ■ Provided management education and 360-degree evaluations of division heads ■ Continue to implement Self-Career Dock (SCD) training to promote career autonomy ■ Support voluntary reskilling ■ Expand welfare benefit systems ■ Reduce the prescribed working hours ■ Childcare leave user rate among male employees: Maintain at 70% or more ■ Implement measures based on different surveys ■ Continue the appropriate operation of internal reporting system ■ Enhance the internal reporting system (addition of internal reporting routes) ■ Number of internal reports and the promotion and penetration of internal reporting system and whistleblowing system/counseling section (contact information) ■ Establish a reporting desk from business partners (Supplier Hotline)	■ Employee engagement: Improve by one point (vs. 2021) ■ Employee-friendly environment: Improve by four points (vs. 2021) ■ Implemented management education and 360-degree evaluations of division heads ■ Implemented and completed career (SCD) training for managers and continuing career (SCD) training for middle senior layers (ages 45-54) ■ Implemented DX Readiness training on a volunteer basis with over 500 participants, including executives ■ Expansion of various welfare benefit systems ■ Childcare leave user rate among male employees: 74.3% ■ Reports to the whistleblowing system: 3, other consultations with the counseling section: 9 ■ Provided education for whistleblowing response personnel and explained the internal reporting system through in-house education ■ Number of internal reports (FY 2023), promotion of whistleblowing system and internal reporting/counseling section (contact information)	△ △ ○ ○ ○ ○ ○ ○ ○	P44–49 P59 P78
■ Strengthen new graduate recruitment and mid-career hires ■ Continue to implement roundtable discussions with female employees for students ■ Implement panel discussions with current managers on career themes for management candidate pool ■ Organize TOK Group global grading and visualize careers achievable within the TOK Group ■ Implement unity building and philosophy penetration programs ■ Appropriately operate the retirement age extension and Elder Meister system aimed at supporting senior talent activities	■ Number of hires: 113 (new graduate recruitment: 53/mid-career hires: 60) ■ Mid-career hires ratio: 53.1% ■ Implemented roundtable discussions with female employees for students ■ Percentage of female new graduates hired: 32.1% ■ Implemented panel discussions with current managers on career themes for management candidate pool ■ Overseas management localization rate: 60.8% ■ Implemented roundtable discussions with locally hired managers and locally hired employees at overseas subsidiaries ■ In addition to extension of the retirement age from 60 to 65, introduced the Elder Meister employment system for those 65 and older on an application basis (effective from January 2025)	○ ○ ○ ○ ○ ○ ○ ○	P44–49
■ Continue to thoroughly operate the PDCA cycle to improve the effectiveness of the board of directors (assess effectiveness once a year) ■ Implement a continuous review of the decision-making authority ■ Continue activities to instill compliance ■ Implement regular reviews and dissemination of the *CSR Policy Manual* ■ Continue the periodic checks of laws and regulations (four times annually) and review the list of applicable laws and legal management procedures ■ Discussion and consultation by the TOK Group Risk Management Committee	■ Deepened discussions of company-wide management issues and checked the progress of resolved issues ■ Reviewed the decision-making authority and granted appropriate authority ■ Conducted compliance education and explained compliance in the CSR education program ■ Revised and disseminated the *CSR Policy Handbook* ■ Performed checks on compliance with laws and regulations (four times annually), and reviewed the list of applicable laws and legal management procedures ■ Continued major risk reduction activities under the leadership of the newly established ERM Department ■ Build a system to confirm employee safety status within 24 hours and confirm effectiveness through drills and other means	○ ○ ○ ○ ○ ○ ○	P70 P73 P77–81
■ Continue efforts to prevent harassment ■ Implement human rights education	■ Continue efforts to prevent harassment ■ Implement human rights education	○ ○	P78 P81
■ Reliable operation of a comprehensive management system for environment-related data ■ Active information disclosure: publication of the *Integrated Report* and environmental information disclosure on the website ■ Energy-derived CO_2 emissions: 30% reduction by 2030 compared to 2019 ■ Expand sales and stably supply i-Line photoresists for power semiconductors	■ Reliable operation of a comprehensive management system for environment-related data ■ Active information disclosure: publication of the *Integrated Report* and environmental information disclosure on the website ■ Energy-derived CO_2 emissions: 39.2% reduction (vs. 2019) ■ Stably supply i-Line photoresists for power semiconductors	○ ○ ○ ○	P9 P31 P34
■ Reduce water consumption by renewing the equipment ■ Domestic water usage: 15% reduction by 2030 (vs. 2019) ■ Industrial waste emission intensity: 15-point reduction by 2030 (vs. 2019)	■ Each site formulated and implemented water usage reduction plans ■ Domestic water consumption: Increased by 19% compared with 2019 ■ Industrial waste generation (per base unit): Increased by 13 points compared with 2019	○ × ×	P84 P95 P100
■ Excess of operational thresholds: None ■ Managed CFC leakage volume through the proper management of equipment ■ Examined the introduction of non-CFC equipment when renewing facilities ■ Environmental accidents: No major accidents	■ Excess of operational thresholds: None ■ Managed CFC leakage volume through the proper management of equipment ■ Examined the introduction of non-CFC equipment when renewing facilities ■ Environmental accidents: No major accidents	○ ○ ○ ○	P84 P95 P100
■ Implement ongoing employee training ■ Participate in forest conservation activities	■ Implemented CSR training for all employees and all directors and auditors: 100% participation rate ■ Participated in environmental conservation activities at each site	○ ○	P84 P95
■ Consider the modification and expansion of a chemical substance information management system ■ PCB waste (low concentration): Formulate and promote an equipment renewal plan based on the roadmap toward the deadline for disposal in 2027	■ Established chemical substance information management system ■ Formulate and promote an equipment renewal plan based on the roadmap toward the deadline of the disposal of PCB waste (low concentration) in 2027	○ ○	P96
■ Stable supply of high-quality products ■ Establishment of occupational safety culture ■ Promotion of effective occupational safety activities ■ Implementation of effective emergency response training that functions during emergencies, reducing unexpected situations as much as possible ■ Workplace environment creation in compliance with the RBA Code of Conduct ■ Continuation of workplace safety training and hazard experience education	■ Implemented 5S activities based on common procedures for 5S implementation toward establishing autonomous 5S activities ■ Confirmed progress management and the effectiveness of safety measures based on safety inspection results from all sites, including overseas, toward eliminating occupational accident risks ■ Implemented response training with different assumed scenarios for different emergencies (environmental accidents that could not be responded to as assumed: 1) ■ Achieved zero accidents resulting in lost workdays Lost workdays accidents: 5, without lost workdays accidents: 7	○ △ △ ×	P80–81 P85 P88–89

Continuing to Win at the Global Cutting Edge

Noriaki Taneichi
Representative Director,
President and Chief Executive Officer

Practicing Integrated Thinking

Evolve customer-oriented strategies

In 2024, the global semiconductor market grew to its largest scale ever with demand for advanced applications centered on generative AI expanding significantly, despite sluggish automotive and industrial applications*1. The semiconductor industry continues medium- to long-term growth through the successive emergence of driving forces in each era, while competition among semiconductor manufacturers and materials manufacturers intensifies year by year.

In this environment, the TOK Group achieved record-breaking performance in the fiscal year ended December 2024 by deploying a robust product portfolio for generative AI applications. Furthermore, TOK increased its ROE by 4.6 percentage points from the previous year to achieve a record high of 11.8% by expanding market share in high value-added, advanced fields across semiconductor front-end photoresists, semiconductor back-end related materials, and high-purity chemicals.

Additionally, the Group's strength at the world's forefront, including continued victories in the competition for development of EUV photoresists for advanced semiconductors with the world's smallest circuit line widths, has been highly valued by capital markets, resulting in the PBR maintaining levels above 2x.

There are several reasons why TOK has been able to achieve such remarkable progress in innovative fields but let me first explain the evolution of one of our core competencies: the TOK customer-oriented strategy. TOK traditionally established customer-oriented sites near major overseas customers and built competitive advantages through the combination of sales, development, and manufacturing working together to provide swift, meticulous, high-level responses. Because semiconductor miniaturization has progressed in recent years and technical difficulty and quality requirements have increased exponentially, whether we can stably provide the same high quality in mass production as in development samples has become a major factor determining adoption success. Therefore, TOK not only generously invests in world-class technologies for product development but also simultaneously advances process development with mass production in mind by rapidly establishing mass production systems with high and stable quality to expand adoption. The TOK Group intends to continue winning at the world's forefront by continuously improving the speed and quality of its customer-oriented strategy.

*1 Source: World Semiconductor Trade Statistics (WSTS)

Growing social impact

The beginning of the mass production of advanced 2 nm semiconductors is expected to bring a variety of benefits to humanity. As I mentioned in the integrated report two years ago, not only will power consumption and CO_2 emissions per computer operation decrease but the response speed of data servers, generative AI, and autonomous driving will further improve, which will enhance convenience and safety throughout society. By using materials with high and stable quality, customers achieve cost reductions through yield improvement and thus enable the benefits of innovative semiconductors to reach more end users at lower costs. As a result, we have great expectations for the creation of such social impacts as the reduction of global working hours and global GDP growth as shown at the beginning of this report. Furthermore, when mass production of semiconductors with circuit line widths in the 1 nm range begins, edge AI will penetrate every corner of society, which will in turn enable robots to act more autonomously and create even greater social impact.

As such, semiconductor evolution has no end point where we can say the level we have achieved is sufficient. Whether to challenge the limits of each era is always judged from the perspective of *how much of a social impact can be generated for how much cost*, and it's not uncommon for cases to be deemed *too costly relative to the characteristics gained, making practical application difficult* during the consideration stage. However, when actually created and implemented, benefits and social impact far exceeding expectations become apparent and will then give birth to new markets. I believe the semiconductor industry has continued to evolve and expand through precisely this kind of cycle. Since this cycle will continue, the TOK Group will continue to play a role in the semiconductor industry as the world's top share manufacturer of semiconductor photoresists and will continue to strive alongside customers to create an even greater social impact.

The practice of integrated thinking leads to victory

The strategic reasons why the TOK Group continues to win in the world's most advanced fields are as stated above; however, let me discuss another reason: our unique mindset approach—the practice of the TOK management philosophy.

The TOK management philosophy consists of four elements: *create a frank, open-minded business culture; continue efforts to enhance technology; raise the level of quality of products; and contribute to society*. The details of the philosophy are presented at the beginning along with the purpose. These were systematized into four elements upon the stock listing in 1986 to communicate clearly to investors and employees with the original prototype coming from the following statement raised by the founder Shigemasa Mukai. —"Under a frank and open-minded business culture, we continue efforts to enhance our technology, raise the quality levels of our products, and contribute to society."—In other words, integrated thinking that all of our company's activities ultimately lead to contributions to society is deeply rooted throughout the company as DNA from the founding.

For example, in the development divisions, we first carefully listen to, grasp, and understand what customers are thinking and seeking, then evolve our technology accordingly. This is precisely the concept of "continuing efforts to enhance technology"; as a result, the level of development samples and products improves as we upgrade them to meet customer needs. When adoption is achieved, dopamine is released in the engineer's brain. This is because there is a real sense that achievements lead to *contributions to society* and the *creation of a social impact* through innovative semiconductors. This dopamine is also a form of employee happiness, which TOK positions as one of its material issues.

In the marketing departments as well, we promote the idea of continuing *efforts to enhance technology* by accurately conveying customer views internally and collaborating with technical departments. After delivery, we collect customers' candid feedback on whether our concept of raising the quality levels of products has been sufficiently achieved and we then provide feedback internally. Particularly in the Sales Strategy Department, we take an overarching view of both social needs and the company's resources by using integrated thinking-based marketing to identify which areas can be expected to have the next major social impact and then allocate management resources accordingly. In this way, departments that directly interact with customers and the markets always achieve victory through activities rooted in integrated thinking.

Meanwhile, the TOK management departments support the practice of integrated thinking by firmly handling indirect operations so that marketing, development, and manufacturing can concentrate on raising the quality levels of TOK products.

The TOK Group has maintained this approach for 84 years with all workplaces acting on the basis of the TOK management philosophy and integrated thinking. I am convinced this is the fundamental reason we continue to win at the world's forefront.

We have seen firsthand how investing in human capital drives corporate value

It is precisely our human capital that carries out this integrated thinking practice every day. Since 2022, the TOK Group has positioned the *pursuit of happiness by human capital* as one of its material issues and accelerated human capital investment company-wide, including introducing employee engagement indicators into executive compensation KPIs.

In addition to the reforms to such internal processes as renewing personnel systems and strengthening education and training programs, we are focusing on the physical reforms of renovating facilities at each site. By expanding open spaces and lounges at research and development and production sites, we enable field personnel to demonstrate their capabilities in more comfortable and safe environments while working to improve the quality and quantity of internal communication.

As a result, the engagement scores increased significantly in fiscal year 2024. In fact, when I visit the TOK Technology Innovation Center, which is the heart of our development operations, I often see employees engaged in lively discussions over coffee in the lounge. I can see that the *frank and open-minded* spirit, which is one of our management philosophies and the core of our corporate culture, is taking even deeper root and spreading.

Recently, as I join these communication circles, I have noticed that the period when such casual dialogues became commonplace coincides with when the company secured a top position at the world's forefront, and our PBR increased. I truly

feel that investment in human capital is indeed leading to improved corporate value.

These results are evident not only domestically but every time I visit overseas sites in Korea, Taiwan, the United States, and elsewhere, I am keenly aware of the effects of the Tokyo Ohka Global Employee Shareholding Association System introduced in August 2023. Previously at overseas subsidiaries, there was often a somewhat detached working style as subsidiary employees of Tokyo Ohka, a Japanese company. However, when I speak with young international employees now, they demonstrate a strong sense of ownership as members of the Tokyo Ohka Group and actively participate in discussions. Our *frank and open-minded* culture is definitely taking root at overseas sites as well.

These series of results from human capital investment will continue to accumulate and should demonstrate even greater power as tremendous growth drivers for the TOK Group. My hope is to connect human capital investment not only to our company's growth and corporate value improvement but to the realization of a happier society through the creation of a greater social impact.

Establishing New Core Competencies

Long-term initiatives are paying off in a big way

The strength of TOK materials for semiconductor back-end processes that I mentioned in last year's integrated report further progressed and became evident in the fiscal year ended December 2024. As demand for package materials for innovative GPUs for generative AI and WHS-related materials for TSV expanded significantly, sales of materials for semiconductor back-end processes increased 45% compared to the previous period, recording the highest growth rate among product segments. Since we possess high market share and competitiveness for all of these materials, including KrF photoresist for 3D-NAND, we decided to add world-class stacking technology to our core competencies and now actively promote it. As the technical difficulty of front-end processes centered on microprocessing increases each year, the development of back-end technologies centered on stacking will be essential for the future evolution of semiconductors. Going forward, we will contribute to the sustainable growth of the semiconductor industry by continuing to refine stacking technology as a core competency.

Furthermore, TOK has pursued the package materials business persistently and tenaciously with a narrow focus for over 30 years as well as WHS-related materials for TSV for about 20 years. Neither market progressed well, and the Group endured a prolonged initial stage while thinking that someday this technology would take off. Nevertheless, as such package sophistication as flip-chip gradually progressed, signs of business potential began to emerge little by little. Demand suddenly expanded from the rapid growth of the generative AI market as we steadily continued to supply products while building relationships of trust with customers. In other words, the current success resulted from persistently refining and proposing core technologies for 20–30 years while keeping an eye on the long-term evolutionary direction of semiconductor stacking. This is exactly one representative example of the corporate culture of long-term R&D bearing fruit. Most importantly, I have been directly involved in leading the development of semiconductor three-dimensional packaging equipment, including WHS materials for TSV, since around 2005 (the equipment business was divested in 2023), experiencing firsthand the struggles and conflicts behind such long-term R&D. At that time, sales volumes were small compared to front-end materials, and the equipment business continued to operate at the break-even point, sometimes drawing ridicule from colleagues. Nevertheless, my superiors continued to give me opportunities and said, "Don't give up, keep trying." Those results led to establishing our current new core competency of stacking technology. The three-dimensional packaging equipment being developed by the company that bought the business is also growing, and we can expect future growth in our WHS-related materials.

There are many employees in the TOK Group who, like me 20 years ago, are persistently challenging the markets that have not yet materialized. Just as I was once given a frank and open-minded environment where I could do research, make decisions, and take the initiative along with opportunities to take on challenges, I want to provide such environments and opportunities to today's young generation. Creating an environment where all employees can work in a frank and open-minded way is my greatest mission. With these thoughts in mind, we plan to develop a new product portfolio consisting of six pillars: photoresists, package peripheral materials, optical materials, high-purity chemicals, surface modifiers, and new business as we work toward realizing tok Vision 2030 **(→ see page 31)**. By deliberately including fields where markets have not yet significantly materialized, our main focus is to shine a light on all human capital.

Summary of tok Medium-Term Plan 2024

We achieved all quantitative and qualitative targets and set new performance records

Under the above series of integrated thinking by management, the tok Medium-Term Plan 2024, which was formulated by backcasting from tok Vision 2030 and concluded in the fiscal year ended December 2024, saw revenue decline in the second year because of customer production adjustments and other factors. However, as mentioned above, both semiconductor front-end photoresists and back-end related materials expanded significantly, and we established a global supply system for high-purity chemicals and expanded product market share, which allowed us to achieve all quantitative targets.

We were also able to advance people-oriented management through expanded human capital investments, initiatives to activate our four earning capabilities through digital, and reforms to improve governance effectiveness, which in turn allowed us to accelerate carbon neutrality efforts. For our company-wide strategy "Build a sound, efficient management foundation," we met all qualitative targets and steadily achieved results. We can say that the first step toward achieving tok Vision 2030 progressed smoothly overall.

Recognition of Business Environment

Ever-expanding opportunities and risks

Global semiconductor market expansion—which is one of the main rationales for the upward revision of our tok Vision 2030 sales and EBITDA targets by 1.7 times and raising ROE targets by 3 points in February 2024—is progressing smoothly at present. In 2024, it expanded 19.7% compared to the previous year to $630.549 billion*2 and is expected to grow to approximately $1 trillion by 2030, about 1.6 times the 2024 level*3. We can say that opportunities related to TOK's further creation of social impact and sustainable corporate value improvement continue to expand.

Meanwhile, risks, which are the other side of the coin to opportunities, continue to expand with climate change risks and geopolitical risks becoming increasingly more serious over the past year. Currently, we are addressing two risks specific to our company.

The first is the further intensification of the US-China confrontation and the rise of domestic Chinese photoresist manufacturers. While TOK recorded the highest sales ever in China, one of the world's leading semiconductor markets, in the fiscal year ended December 2024, export restrictions stemming from the US-China confrontation have become even more stringent, which raised concerns as a factor that could slow future growth, given that we adopt a full lineup strategy. Regarding the status of the Chinese market, while we will fully comply with the Japanese government's policies on export restrictions, in our product strategy, we intend to maintain our advantages by continuing to refine development capabilities for high value-added advanced products and high and stable quality during mass production as our lifeline. In particular, production technology that can achieve high and stable quality is the result of the ecosystem built through years of fine-tuning between domestic photoresist manufacturers that include ourselves and domestic raw material suppliers and, as mentioned above, leads to greater social impact by improving customer yields. Going forward, we intend to maintain our position as the world's top manufacturer of semiconductor photoresists by continuing to refine world-class fine processing technology, high-purity technology, and stacking technology, as well as our production technology that achieves high, stable quality together with the raw material suppliers, thereby raising barriers to entry.

Additionally, another risk we are working to convert into an opportunity is responding to PFAS*4. Regarding PFAS regulations, while legislation for the semiconductor industry is expected from 2038 onward, concerns about the impacts on biodiversity make this a risk factor for the sustainability of the current supply chain. Since substitution with alternative materials has become one competitive advantage, we have been actively working on R&D for PFAS-free products for several years, and customer evaluations are currently underway. Going forward, we plan to accelerate the development of PFAS-free products for advanced products as well, converting risks into growth opportunities and leading to further market share improvement for our products.

*2 Source: World Semiconductor Trade Statistics (WSTS)
*3 Source: SEMI Japan
*4 Per- and polyfluoroalkyl substances. Substances that are widely used in daily necessities, semiconductor materials, including photoresists, and semiconductor manufacturing equipment, but about which there are concerns about the impacts on human health and biodiversity.

With the ERM Department and Risk Management Committee at the center, risk response capabilities continue to evolve

In responding to this series of risks, the ERM Department newly established in April 2024 is functioning steadily by centrally managing all risks our company faces and countermeasures, including responses to export regulations and PFAS, as well as strengthening BCP responses during disasters. Additionally, we have built a system for the entire company to respond promptly to rapid environmental changes by enhancing the TOK Group's overall risk response capabilities and by increasing the frequency of the Risk Management Committee, which I chair, from twice to four times per year.

Based on recognition of the risks and opportunities I have described up to this point, we identified new material issues to maximize corporate value by maximizing the positive impacts the company brings to society and minimizing the negative impacts.

New Material Issues

Developing deep discussions for evolution of sustainability governance and corporate value improvement

We began identifying new material issues prior to formulating the new medium-term plan by conducting repeated discussions in the Council of Directors, which consists of executive officers, relevant department heads, and personnel in addition to board

members. While developing deep discussions that included outside directors on such topics as the relationship between sustainability management and materiality, the relationship between how we address human rights and the pursuit of happiness by human capital, as well as how to link supply chains with ESG, we compiled five new material issues with the intention of strongly linking them with the tok Vision 2030 and the new medium-term plan tok Medium-Term Plan 2027 in terms of strategy, content, concepts, and verbal expression. All have been revised to align with changes in the external environment and management strategy while inheriting the framework of previous material issues, and we take pride in the fact that they have been refined to drive future corporate value improvement by appropriately reflecting the latest state of TOK's risks, opportunities, and impacts.

In particular, the Evolution of Sustainability Governance, which represents the largest change from the previous material issues, expresses our determination to further increase board involvement in sustainability and accelerate integrated thinking management company-wide under the purpose of contributing to a sustainable future through chemistry. Furthermore, the *contributions to the global environment for a sustainable future* and the *development of the semiconductor ecosystem* are intentionally designed to closely align with our management vision of a "Sustainable Future" and "The e-Material Global Company™," respectively. "Contributions to society through innovation and corporate value enhancement" deliberately links our management philosophy of contributing to society directly with corporate value enhancement by embodying our commitment to practicing integrated thinking by continuously winning at the world's forefront as stated at the beginning.

tok Medium-Term Plan 2027

Setting nonfinancial quantitative targets that closely link material issues with the medium-term plan to further accelerate integrated thinking management

The new tok Medium-Term Plan 2027, which started in fiscal year 2025, aims to achieve six qualitative targets and six quantitative targets by promoting seven key strategies closely linked to the five new material issues. By incorporating the seven key strategies as the main initiatives to address material issues and setting two of the six quantitative targets as nonfinancial goals (employee engagement indicators and CO_2 emission reduction targets), we aim to further accelerate integrated thinking management. The details of the largest-ever capital investments and cash allocation by TOK to promote these initiatives are explained on other pages **(→ see pages 40–43 "Message from the Executive Officer of Accounting and Finance")**. Here, I will explain the seven key strategies that form the core of our new medium-term plan in my own words.

Strategy 1: The concept of "building an environment where every employee can work safely and securely, both physically and mentally" focuses on ensuring psychological safety for each employee while aiming for more employees to feel that their workplace is a comfortable and enjoyable place to work with a focus on further investment in human capital. As part of this effort, we will strengthen communication between managers and subordinates while continuing proactive investment in the physical infrastructure.

Strategy 2: The concept of "building a robust supply chain" further evolves our customer-oriented approach. For electronics, functional materials require substantial capital investment; therefore, we will strengthen our base consolidation model, while for high-purity chemicals where transportation efficiency is crucial, we will enhance our local production and consumption model, in addition to deepening engagement with suppliers as mentioned earlier.

Strategy 3: The concept of "deepening and cultivating customer relationships through enhanced marketing capabilities" involves carefully nurturing individual promising sectors while maintaining an overview of the entire market. We will connect these results to deeper customer relationships and new customer development while focusing on organizational expansion and upfront investments to promote this throughout the company. Since the integration of marketing and development progressed sufficiently in the previous medium-term plan, we dissolved the dual executive system from 2025 to forge ahead with this strategy for the next evolution of marketing.

Strategy 4: The concept of "pursuing advanced technologies and developing proprietary TOK group technologies" focuses on refining world-class microprocessing technology, high-purity technology, and stacking technology, as well as production technologies that achieve consistently high-quality standards, as mentioned earlier.

Under **Strategy 5:** The concept of "establishing a financial foundation for long-term R&D and stable production" means that we will build a solid financial foundation that enables smooth capital deployment to necessary areas, including our largest-ever capital investment of 76 billion yen and R&D investment of 52 billion yen.

Under **Strategy 6:** The concept of "establishing a digital foundation for new value creation" means that we will leverage digital technologies to improve production and development efficiency and advance process visualization to achieve overall management efficiency and greater value creation.

Strategy 7: The concept of "deepening a corporate culture that contributes to the SDGs" aims to further permeate a culture that promotes the sustainability of both society and TOK as inseparable. Setting nonfinancial quantitative targets for the first time in the company's medium-term plan is part of this effort as we focus on further integration of our sustainability and growth strategies.

We request your continued expectations regarding further corporate value enhancement through the TOK Group's integrated thinking management.

Overview of tok Medium-Term Plan 2027 and tok Vision 2030

tok Medium-Term Plan 2027 (From FY 2025/12 to FY 2027/12)

tok Medium-Term Plan 2027 is a new medium-term management plan set by backcasting from tok Vision 2030. To realize the management vision, TOK set six qualitative objectives, plus nonfinancial targets, in addition to traditional financial targets as quantitative objectives. TOK will establish a solid basis to achieve the management vision by employing seven key strategies that will lead to the next medium-term plan.

Features

- Medium-term plan for attaining tok Vision 2030
- "Go beyond 27, Jump to the Future!!"

Key Strategies

[1] Create and strengthen a safe and secure work environment where every employee can feel comfortable both physically and mentally **(see pages 44–55, 85, and 88–89)**

[2] Build a robust supply chain **(see pages 56–61)**

[3] Deepen customer relationship and expand customer base through enhanced marketing capabilities **(see pages 32–34)**

[4] Pursue cutting-edge technologies and develop unique technologies for the TOK Group **(see pages 14–18, 22–24, and 35–39)**

[5] Establish a financial foundation to support long-term R&D and stable production **(see pages 40–43, 98–99, and 102–103)**

[6] Establish a digital infrastructure aimed at creating new value **(see page 59)**

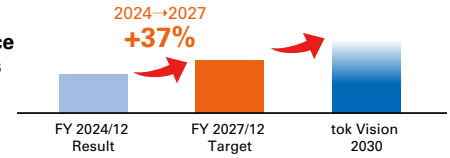
[7] Foster a corporate culture that contributes to SDGs **(see pages 11 and 39)**

Strategies by Product

[1] Semiconductor photoresists

■ Sales increase by exceeding market growth with share expand

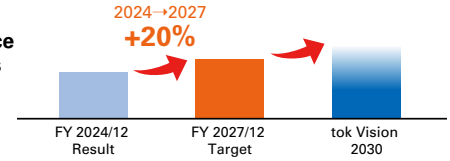
Sales performance and targets



[2] Various electronic materials
(MEMS materials, WHS materials, display materials, etc.)

■ Sales expand by increasing share in existing and new markets

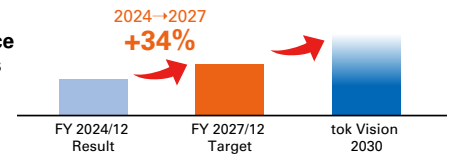
Sales performance and targets



[3] High-purity chemicals

■ Sales expand by demand increase and build supply system

Sales performance and targets



Objectives

[Qualitative objectives]

- Gain No.1 global market share of cutting-edge photoresists
- Increase global share in all business fields with an eye on tok Vision 2030
- Create businesses in new fields
- Secure stable supplies of high-quality products
- Improve employee engagement
- Establish a robust management foundation to realize tok Vision 2030

[Quantitative objectives (FY 2027/12)]

Financial targets

- Consolidated net sales: 270 billion yen
- Consolidated operating income: 48 billion yen
- EBITDA: 61 billion yen
- ROE: 13.0%

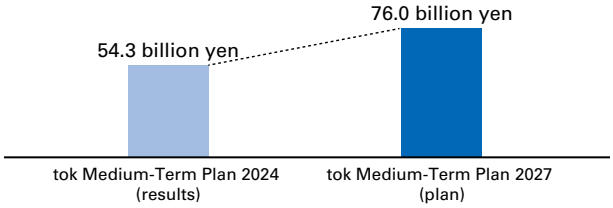
Non-financial targets

- Employee engagement: Up 5.4 points (compared to FY2024)
- CO_2 emissions (Scope 1+2): Cut by 27% (compared to FY2019) /35,000 tons-CO_2e or less

Capital Investment Plan

[Record-high capital investment plan]

■ To strengthen the supply chain, proactively invest capital globally

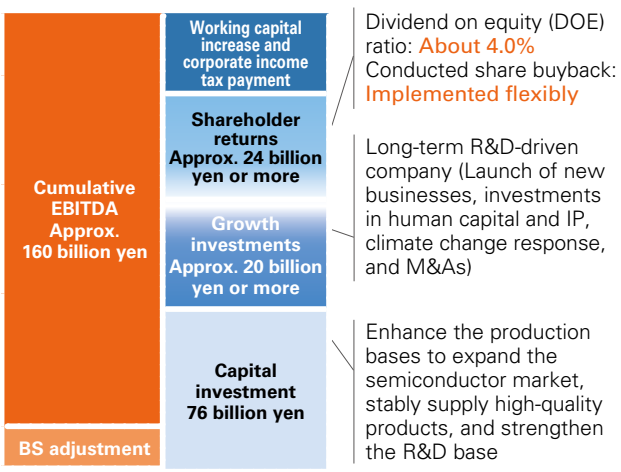


Balance Sheet Management

[Pursue a new optimal balance among investments, cash reserves, and shareholder returns]

■ The company will allocate the generated EBITDA to stable and continuous dividends targeting a dividend on equity (DOE) of 4.0%, invested in capital expenditures and growth investments anticipating demand in the semiconductor market, in addition to flexible allocation to share buybacks.

Three-year cash flow plan (conceptual graph)



tok Vision 2030

Management Vision

Contribute to a sustainable future through chemistry
as The e-Material Global Company™

Thoughts embodied in the Management Vision

The management vision incorporates five concepts: contributing to the SDGs, customer-oriented perspective, elevating chemical technology to greater heights, global growth, and becoming a unique company in the electronic materials field.

Initial (formulated in August 2020)

Net sales: **200 billion yen**
EBITDA: **45 billion yen**
ROE: **10.0% or higher**

After upward revision (revised in February 2024)

Net sales: **350 billion yen**
EBITDA: **77 billion yen**
ROE: **13.0%**

- 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

Seven strategies for 2030

Succession to a 100-year company

Core Competencies and Capital TOK Continues to Refine - 1

World-leading microprocessing technology and intellectual capital

Over the past 50 years, semiconductors have evolved mainly through the miniaturization of line widths in the front-end process (→ **see pages 6–7**).
As the line width becomes finer, semiconductors become faster, more power-efficient, smaller, and lower cost, which results in a greater social impact.
TOK has been involved in reducing power consumption per operation by approximately 1/5000 over the past 54 years of semiconductor miniaturization while contributing to reduced power consumption per operation, improved operating speed, and cost reductions per transistor. By doing so, the company continues to meet the expectations of promoting decarbonization and improving productivity through artificial intelligence (AI). Currently, TOK is beginning to leverage this core competency in back-end processes as well (→ **see pages 6–7**).

Semiconductor miniaturization history [front-end processes]*1*3

World's forefront

2025– Social expectations

Further productivity improvements through the evolution of AI

tok EUV photoresists

Semiconductor process nodes
2 nm

Examples of final services
Generative AI

2000s Social expectations

Social networking

tok ArF excimer laser photoresists

Semiconductor process nodes
130 nm to 32 nm

Examples of final products
Smartphones

1970s Social expectations

More efficient economic activities

tok First semiconductor positive photoresist developed in Japan

Line width of semiconductors
10 μm to 1.5 μm

Examples of final products
Calculators*2

*1 Includes estimates by TOK for the decades shown
*2 The photos of examples of final products on this page are for illustration purposes only.
*3 1 μm = 1,000 nm

World-leading high-purity processing technology and manufacturing capital

TOK's world-leading high-purity processing technology (manufacturing capital) is rooted in the founding business, contributes to improving production quality not only in front-end processes but also in all processes, and includes the back end. TOK released fine chemical products that leveraged this processing technology and satisfied the many expectations of society in the early post-war era in Japan. Through subsequent global expansion, these chemical products have been adopted by many customers, including world-leading semiconductor manufacturers.
The synergy effect through interactions with world-leading microprocessing technology (intellectual capital) is particularly noteworthy and significantly contributes to improved market share in innovative fields by improving customer yields, reducing costs, and lowering the environmental impact.

Trends in level of high-purity processing (impurities)*4*5

World's forefront

2023– Social expectations

Higher purity processing

tok
High-purity chemicals and semiconductor photoresists

Level of impurities
≤1 ppt

Value provided
In pursuit of the ultimate in defect reduction with state-of-the-art equipment

2000s Social expectations

Resource saving and environmental contribution

tok
High-purity chemicals and semiconductor photoresists

Level of impurities
≤100 ppt

Value provided
Reduced material loss in semiconductor/LCD production

1970s Social expectations

Higher productivity

tok
High-purity chemicals and semiconductor photoresists

Level of impurities
≤1 ppm

Value provided
Higher yields in semiconductor production

*4 1 ppm = 1/1,000,000; 1 ppt = 1/1,000,000,000,000
*5 Includes estimates by TOK for the decades shown

Core Competencies and Capital TOK Continues to Refine - 2

World-class 3D stacking technology and culture of long-term R&D

As miniaturization advances in the front-end processes, the trend is intensifying of exponentially rising technical difficulty and development costs, which make the 3D stacking technology of vertical stacking in the back-end processes increasingly important for future semiconductor evolution. More than 20 years ago, TOK began developing packaging materials and WHS-related materials that form the core of this technology. As a result of long-term R&D, one of the important intangible assets (corporate culture) since the founding of the company, TOK has created many earnings drivers that include products with the highest global market share, and stacking technology has become a new core competency.

Evolution of 3D semiconductor packaging technology

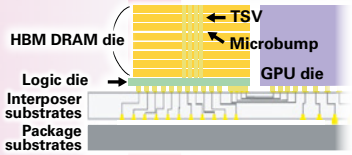
World's forefront

2023– Social expectations

Further acceleration of AI

tok
Packaging materials
WHS-related materials

Chiplet



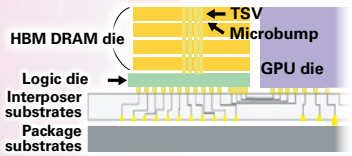
Examples of final services
Generative AI

2012– Social expectations

Solving complex social challenges

tok
Packaging materials
WHS-related materials

2.5D structure



Examples of final products
Cloud servers
Supercomputers

1990– Social expectations

More advanced communication

tok
Packaging materials

Flip chip integration

Mobile phones

Refining human resources through customer-oriented strategies and expanding social and relationship capital

TOK opened its first overseas site in 1987 and accelerated overseas expansion as the offshoring of the semiconductor industry proceeded. The company established customer-oriented sites in the United States, South Korea, and Taiwan, where human capital from the trifecta of development, manufacturing, and marketing functions collaborate. The difficult assignment of meeting the expectations of world leaders in semiconductor manufacturing on-site on a daily basis hones the human resources of TOK by building significant added value through collaboration, strong relationships of trust, and new human connections (social and relational capital). This virtuous cycle not only accelerates innovation and creates social impact but also leads to improved engagement among employees seeking fulfillment, making contributions to customers and society, and achieving personal growth.

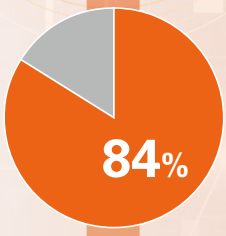
Trends in overseas sales ratio

Creation of social impact worldwide

2024 Customer-oriented

Deploying customer-oriented strategies globally

Currently deploying meticulous customer-oriented strategies in Japan/USA/Korea/Taiwan



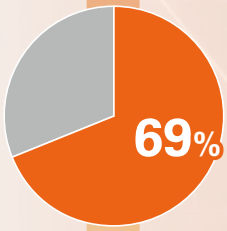
Overseas sales ratio (FY 2024/12)

Received the 2024 TSMC Excellent Performance Award

2012 Customer-oriented

Established customer-oriented bases with integrated trifecta functions

TOK Advanced Materials Co., Ltd. (Korea), which became the starting point for the overseas customer-oriented strategy



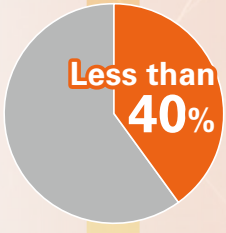
Overseas sales ratio (FY 2013/3)

Expanding recruitment of local foreign employees (Korea)

1987 Customer-oriented

Opening of first overseas site

Ohka America, Inc. (present Tokyo Ohka Kogyo America, Inc.)



Overseas sales ratio (FY 2000/3)

Received the SCQI Award from Intel Corporation (1996)

Management Resources for Continuing to Win at the World's Forefront

Continuing to evolve value creation power with linkage and synergy among capital resources at the core

The TOK Group will continue to win the race in the innovative field of semiconductors while sustaining long-term value creation in decarbonization and other fields with substantial environmental contributions by strategically enhancing technology (manufactured capital and intellectual capital), human capital, and human connections (social and relational capital) based on robust financial capital and cash generating capabilities. Under the new material issues, TOK will further expand the interaction between capital resources, thereby creating a greater social impact and contributing to further innovation.

Financial capital

Strengths

- Financial capital policy for the ultra-long term
- Dividend based on net assets

Strength Details

■ **Balance sheet management**
Pursue a new optimal balance between investment, cash reserves, and shareholder returns
- Execute the niche top strategy in innovative fields
- Aggressively take risks as an R&D-driven company

■ **Strategic policy on cash reserves**
Establish a policy for cash reserves as investment reserves and risk reserves
- Develop technologies in anticipation of an ultra-long time frame
  Continue to take on challenges over an ultra-long time frame
  Preparedness for major natural disasters
- Represent top-class financial soundness in the chemicals sector

■ **Enhancement of dividends**
Dividend on Equity (DOE) of 4.0% policy
- Steady and continuous shareholder returns

Future Strengthening Measures

■ **Pursuit of higher asset efficiency**
ROE Objectives: 13.0% (FY 2030/12)

■ **Maximize cash generating capability**
Promote investment and business strategies using EBITDA, ROIC, and IRR as monitoring indicators

Strongly Related Material Issues

■ **All material issues**

Manufactured capital

Strengths

- World-leading microprocessing/high-purity technology/stacking technology

Strength Details

■ **Microprocessing technology**
Material technology for making finer semiconductor circuit line widths

■ **High-purity technology**
Minimizing impurities in products to the limit
- Improve yields, increase productivity, save resources, and reduce the costs of the customer's mass production lines

■ **3D Stacking technology**
Material technology for high-density or 3D stacking of semiconductor packages

■ **Niche top products**
DNA of the founder, Shigemasa Mukai: "Create materials that are supported by advanced technologies and that cannot easily be imitated by other companies"
- Focus on niche business fields shaped by radical and rapid technological changes
- Business model continues to develop to bring to market new, high-end, high-value-added products

Future Strengthening Measures

■ **Expand and renew manufacturing facilities**
Strengthen and update shortfalls in manufacturing capital for the realization of tok Vision 2030

Strongly Related Material Issues

■ **Contributions to society through innovation and corporate value enhancement**

■ **Development of the semiconductor ecosystem**

Intellectual capital

Strengths

- Sustain high levels of R&D investment
- Corporate culture that supports long-term development

Strength Details

■ **High ratio of R&D costs to net sales**
Maintain the ratio of R&D costs to net sales of around 8%
- Strengthen R&D functions in Japan, the United States, South Korea, and Taiwan
- Research capabilities in functional polymer materials and development of their application technologies
- Development capabilities in new high-functional materials and production technologies

■ **Marketing capabilities in R&D**
Strong collaboration between development and marketing
- Accelerate development from a stringently customer-oriented perspective by integrating development and marketing under the eternal startup spirit and blue ocean strategy of TOK

■ **Long-term development**
Remain willing to accept challenges based on the management principle of creating a frank, open-minded business culture
- A frank, open-minded business culture that supports the challenges of the persistent pursuit and deepening of knowledge, taking on challenges, and exploration of new seeds has continued for more than 10 years even though R&D in innovative fields is becoming increasingly more difficult.

Future Strengthening Measures

■ **Significantly raise efficiency targets**
Raise the R&D efficiency* target from previous 200% to 400% (from 2025)

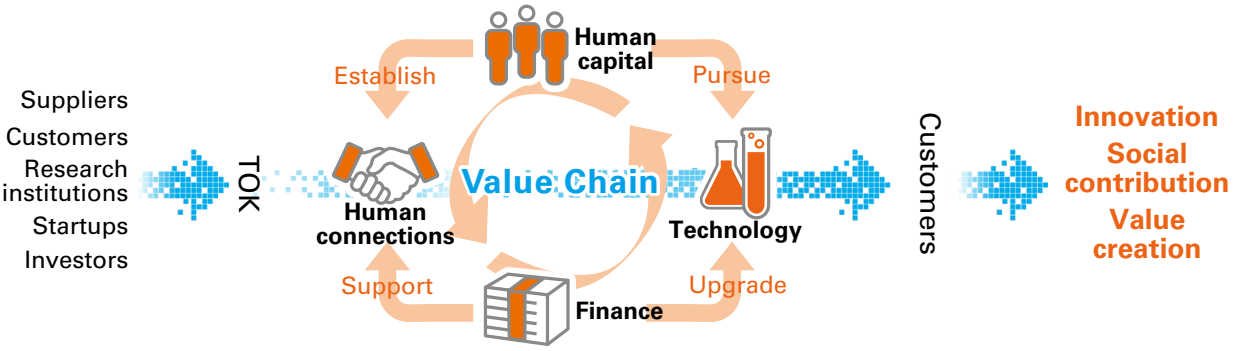
Strongly Related Material Issues

■ **Contributions to society through innovation and corporate value enhancement**

■ **Pursuit of happiness by human capital**

* R&D efficiency = Operating income over the past five years / R&D costs over the preceding five years

Value chain to expand interactions between capital resources, thereby helping to create a greater social impact and further innovation



Human capital

Strengths

- Personnel measures focused on happiness
- Pursuit of DE&I

Strength Details

■ **Increase investments in human capital as a growth strategy**
Pursue measures that align with the individual values of personnel and their happiness

- Average annual salary per person increased by 1.29 million yen over the past 10 years*1
- Ratio of paid leave taken stood at 79.8%, which was significantly higher than the national average of 65.3%.*2
- The KPIs for performance-linked share-based remuneration for officers consist of the ROE and an employee engagement indicator
- Personnel system based on the mission grade system
- Different recognition systems, including the Executive Fellow system, SP position system, Performance incentive system, and TOK Shinka Award

■ **Merit-based hiring and promotions regardless of nationality or gender**
The consolidated foreign employee ratio is rising. The ratio of local hires for overseas management positions is stable at a high level of around 60%.

- High participation rate in the Tokyo Ohka Global Employee Shareholding Association System
- Number and ratio of female employees is increasing

Future Strengthening Measures

■ **Accelerate the supplementation of shortages in human capital for the realization of tok Vision 2030**
■ **Employee engagement scores have risen, but the company is focusing on further improvement**

Strongly Related Material Issues

■ **Pursuit of happiness by human capital**
■ **Evolution of sustainability governance**

*1 Unconsolidated basis
*2 Source: Ministry of Health, Labour and Welfare's Summary 2024 of General Survey of Working Conditions for fiscal years 2023 or 2022

Social and relationship capital

Strengths

- Staying abreast of customers who lead global innovative technology
- Co-creation with suppliers

Strength Details

■ **Establish development and manufacturing sites of the many customers in the United States, South Korea, and Taiwan**
Introduce prototype production lines equal to those of customers who are leaders in global innovative technology

- Quickly commercialize R&D achievements and build a robust relationship of trust in the fast-changing semiconductor and electronics industries

■ **Provide customers in all areas with a full portfolio, including legacy products**
■ **Build innovation ecosystems**
Collaborate with stakeholders and customers to drive innovation in state-of-the-art semiconductor fields

- Expand collaborations with startup companies with excellent technical capabilities, academic personnel, and consortia

■ **Create innovative value with suppliers**
Create from the formulation of raw materials together with suppliers

- Strengthen initiatives for human rights and environmental conservation with suppliers

Future Strengthening Measures

■ **Flexible response to risk distribution and global multisite operations of customers**
Turn rising geopolitical risks into opportunities

Strongly Related Material Issues

■ **Contributions to society through innovation and corporate value enhancement**
■ **Development of the semiconductor ecosystem**
■ **Evolution of sustainability governance**

Natural capital

Strengths

- Contribute to decarbonization through business
- Minimize negative impacts

Strength Details

■ **Expand the contributions to reductions from products**
Develop and provide multiple products that contribute to decarbonization

- Reduce power consumption through the miniaturization of semiconductors
- TOK holds the world's top market share*1 in g/i-Line photoresists, which are essential for manufacturing power semiconductors that serve as the core components of renewable energy systems and EVs, as well as next-generation SiC/GaN power semiconductors. Sales of g-/i-Line photoresists have reliably accounted for almost 10% of consolidated net sales.

■ **Responsible care activities*2**
Appropriate management as a manufacturer handling chemical substances and using large volumes of water in the production processes, combined with efforts for conserving biodiversity

- Focus efforts on minimizing environmental risks in the production process and throughout the supply chain
- Focus on biodiversity conservation through participation in nature conservation activities

Future Strengthening Measures

■ **Strive to minimize absolute CO_2 emissions**
TOK established interim targets to align the 1.5°C goal with the growth strategy through 2030, and the company is expanding environmental investments to reduce absolute emissions rather than just emission intensity.

Strongly Related Material Issues

■ **Contributions to the global environment for a sustainable future**

*1 Based on the projected shipment volume in 2024 (Source: calculated based on Fuji Chimera Research Institute, *Current Status and Future Outlook for markets related to advanced/noteworthy semiconductors 2025*)
*2 Please refer to the following definition: https://www2.nikkakyo.org/english/responsible-care

Value Creation Process

TOK sustainable value creation process

As both opportunities and risks expand for the Group, TOK is advancing toward the realization of tok Vision 2030 under the new tok Medium-Term Plan 2027 and its slogan "Go beyond 27, Jump to the Future!!" guided by the management vision as The e-Material Global Company™ contributing to a sustainable future through chemistry. TOK contributes to the resolution of social issues by creating interactions between technology (manufactured capital), human capital, and human connections (social and relational capital), which the company has continuously evolved as a global niche top company and with a foundation of robust finances (financial capital).

Social issues / megatrends → **Inputs** (FY 2024/12)

Greater difficulty and longer spans of technological innovation

Financial capital
Total assets: **281.9** billion yen
Equity ratio: **71.1**%

Spread of generative AI and energy issues and the accelerated use of 5G, IoT, and other technologies

Manufactured capital
Investment in plant and equipment
24.7 billion yen

Concretization and promotion of a transition plan for accelerating decarbonization

Intellectual capital
Number of patent registrations: **318**
R&D costs:
14.5 billion yen

Emerging risks from global multi-polarization, fragmentation, and conflicts

Human capital
Number of employees (consolidated)
1,996

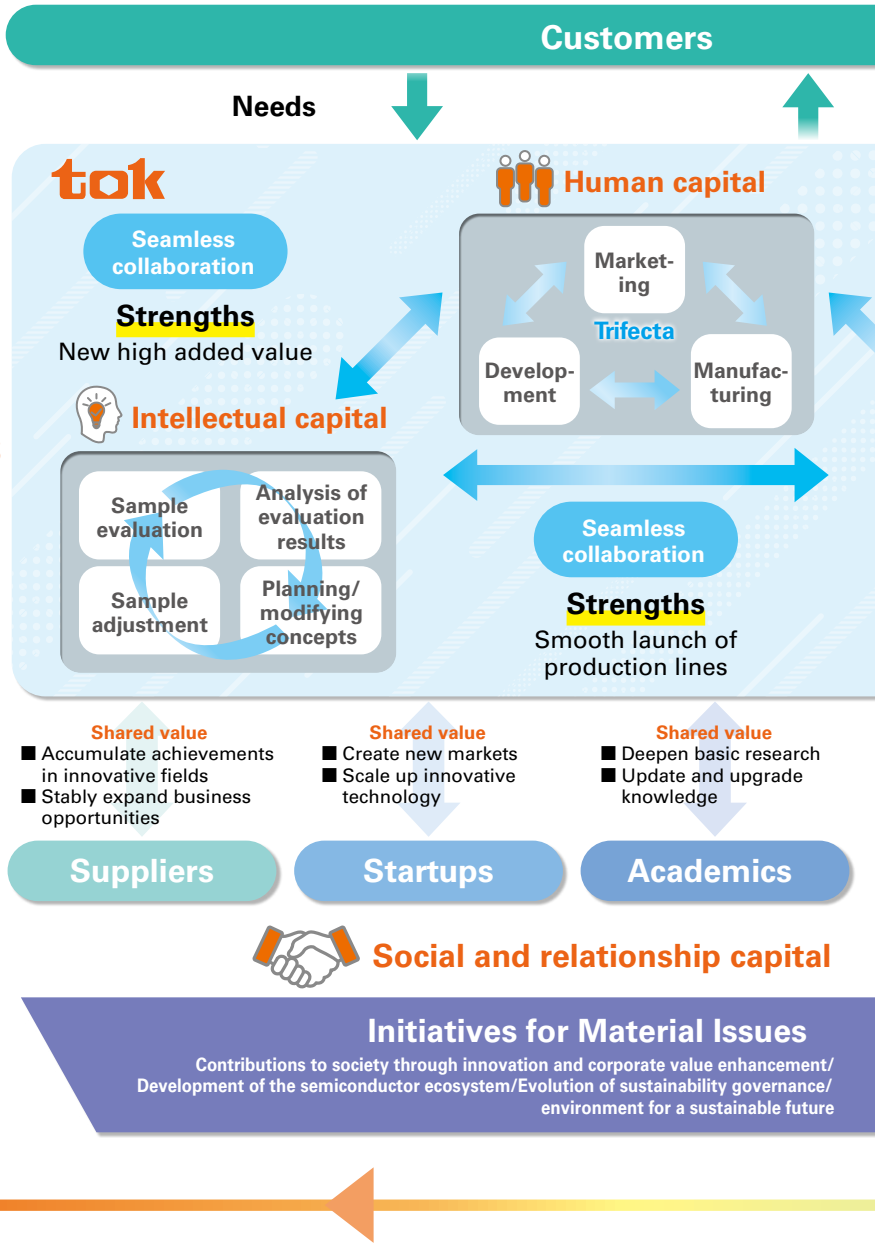
Shift to a new society of greater mobility

Social and relationship capital
Selling products in
30 countries and regions

Widening of information and education inequalities resulting from economic disparities

Natural capital
Initiatives for sustainable natural resources and biodiversity

Increases in the risks of using fossil resources/ Biodiversity crisis



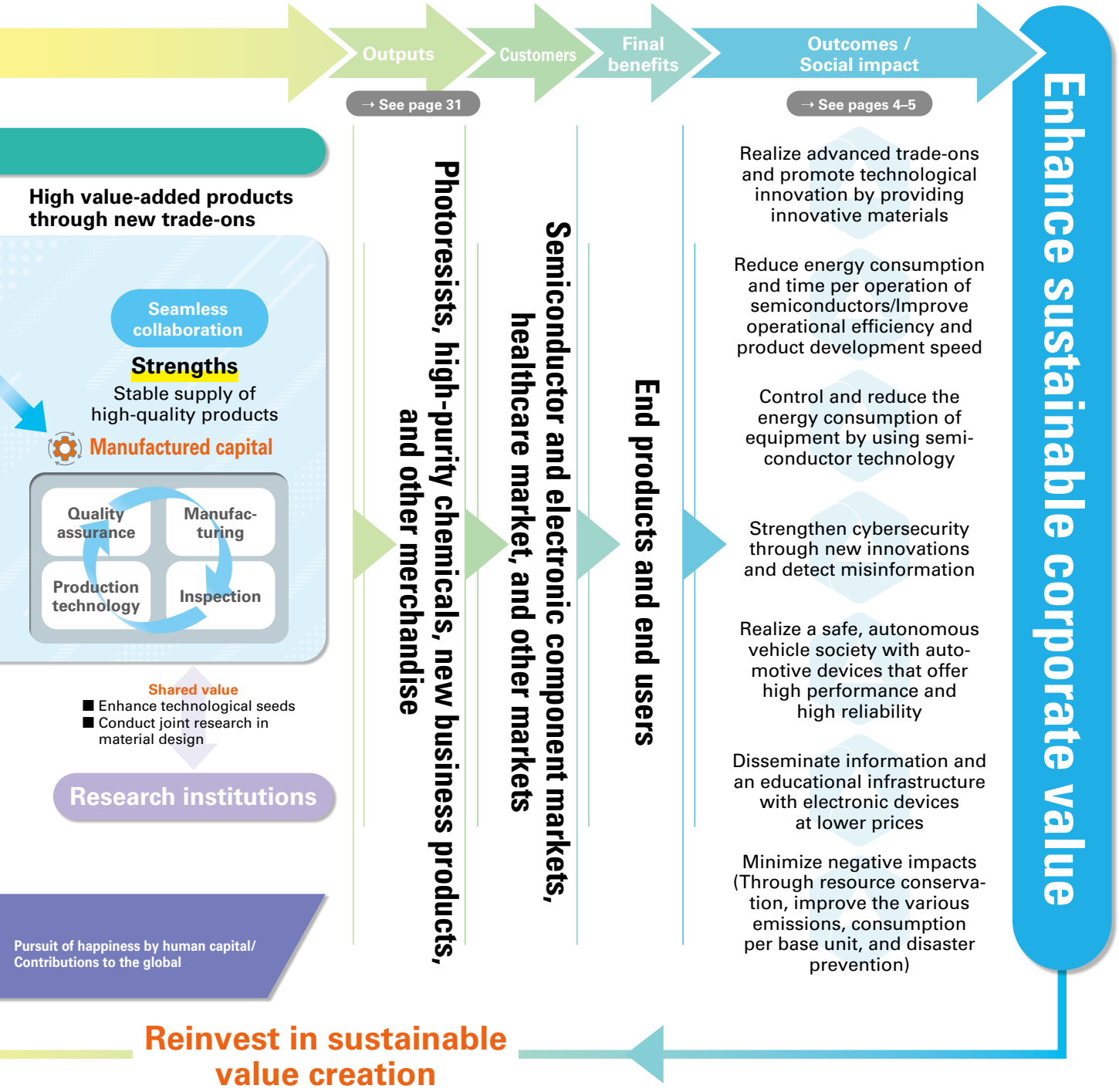
tok Vision 2030

Revised upward in February 2024

Net sales	EBITDA	ROE
350 billion yen	77 billion yen	13.0%

- Provide new innovations that inspire customers
- Earn the trust of stakeholders worldwide
- Continue to develop high technological capabilities and show an international presence
- Sustainably enhance corporate value to contribute to the SDGs
- All employees can work with enthusiasm and pride

Value creation in the semiconductor and electronics-related businesses, where both an agile response to extremely fast technological changes and long-term R&D are important, is supported by investments in human capital, by financial and capital strategies with an ultra-long-term view, by world-leading technological capabilities based on continuous R&D, and by initiatives for material issues. TOK will continue to flexibly upgrade its value creation process while closely monitoring the business environment as it wins the race at the world's forefront, thereby enhancing sustainable corporate value.



Product Portfolio and Regional Portfolio

Maximize synergies between technologies and convert risks into opportunities

TOK pursues synergies between technologies by applying world-class microprocessing and 3D stacking technologies to the electronics functional materials products while leveraging world-class, high-purity technology not only for manufacturing high-purity chemicals but also for defect reduction across all products. By flexibly deploying this product portfolio across the global markets, TOK thoroughly implements customer-oriented strategies and risk diversification by focusing its efforts on converting geopolitical risks into opportunities.

Electronic functional materials | **High-purity chemicals**

Materials for semiconductor front-end and back-end processes and display materials

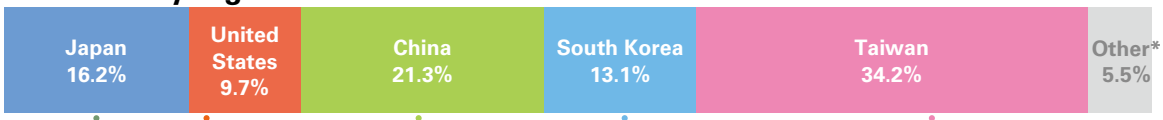
World-leading microprocessing/ high-purity technology/ 3D stacking technology

Thinners, developing solutions, surface treatment agents for semiconductor front-end and back-end processes

Net sales by product

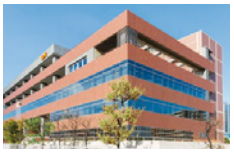
FY 2024/12 Consolidated net sales **200.9** billion yen

Net sales by region

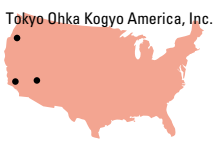


Japan
- Headquarters (nine sites)
- Number of employees: 1,447

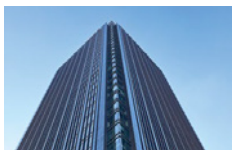
Headquarters, five plants
Logistics Center
TOK Technology Innovation Center
Aso Kumamoto Site



United States
- Two local subsidiaries (three sites)
- Number of employees: 149



China
- One local subsidiary (one site)
- Number of employees: 31



South Korea
- One local subsidiary (one site)
- Number of employees: 165

Taiwan
- One local subsidiary (two sites)
- Number of employees: 191

* Number of employees and sites as of December 31, 2024

Toward 2030

Establish new value creation domains

As outlined in the President's Message (→ **see page 17)**, the TOK Group aims to establish six pillars that include new businesses as the new product portfolio toward the realization of tok Vision 2030. By deploying five portfolios (excluding new businesses) across four focus areas of Information Terminals, Cloud, Sensing & IoT, and Green Energy, TOK aims to deliver a variety of different forms of value (outcomes) to society through end applications while pursuing sustainable growth and enhanced corporate value.

Message from the Director of Marketing

Under our management principle of a *frank and open-minded business culture*, we continue to take on the challenges for continuing to win at the world's forefront.

Toward maximizing corporate value

Building a framework to continue to win at the world's forefront

During the three years of tok Medium-Term Plan 2024, which recently concluded, we worked to strengthen competitiveness by promoting integration between sales and development under President Taneichi's leadership, aligning both organizations' vectors, and maximizing synergies. As the general manager overseeing both divisions, I advanced everything from strategic planning to execution in an integrated manner while establishing a new Sales Strategy Department and placing it on the same floor as the Research and Development Division to promote daily dialogues and collaboration while clarifying must-achieve projects and concentrating TOK resources.

As a result, the integration of sales and development progressed well, and we expanded market share in advanced materials for generative AI applications in both the frontend and back-end processes, as well as expanding the market share of advanced process products in high-purity chemicals, which created clear results while building a framework to continue to win the competition at the world's forefront.

Based on these three years of achievements, starting this January, I began to oversee sales while Mr. Omori oversees R&D, and both divisions continue to work in deep integration while striving for further strengthening of competitiveness.

Expanding the customer participation model under the world's top market share brand

Since launching the photoresist business in earnest in 1968, the TOK Group has consistently challenged advanced fields under the management principles of a frank and open-minded business culture and will continue efforts to enhance TOK technology while deploying customer-oriented strategies to build and maintain the position as the world's top market share holder. In recent years, we focused on strengthening the virtuous cycle that leverages being the top market share holder to further enhance competitiveness.

Specifically, by earning the deep trust of customers based on our top market share position, we receive one-step-deeper market information and detailed technical information that can only be obtained from customers, which then further strengthens the TOK Group's marketing and development capabilities to lead to even greater market share improvement.

This virtuous cycle in customer-oriented strategy has now evolved into a customer participation model where our customer-oriented strategies in the United States, South Korea, and Taiwan not only do the TOK Group's personnel work at local development bases and customer sites but customers also regularly visit the TOK Group's bases, development sites, and factories for discussions and development activities. Since this customer participation model also contributes to improved development efficiency in innovative fields **(→ see pages 35–37 "Message from the Director of Development")**, we plan to continue expanding this virtuous cycle to strengthen our ability to continue to win the competition at the world's forefront.

Response to greater risks and opportunities

Responding quickly and flexibly to materialized risks

While the global semiconductor market is expected to continue growing long term despite repeating silicon cycles **(→ see page 18 "Message from the President" and page 58 "Toward Minimizing Supply Chain Risks")**, business opportunities for the TOK Group are expected to continue expanding; however, different risks have materialized recently, so we are prepared to convert these into opportunities by responding quickly and flexibly.

First, regarding the tariffs that began in April under the Trump administration of the United States, we are pursuing optimal solutions through a variety of adjustments and negotiations with customers, while for the rising raw material costs that

Kosuke Doi
Director, Senior Managing Executive Officer,
Marketing Division

Expanding sales channels through both Web and real approaches

→ Product site with over 15,000 followers
https://www.tok-pr.com/en/

Overseas exhibition (India)

Overseas exhibition (South Korea)

continue to surge, we have begun applying price adjustment measures (price pass-through to selling prices and selling price determination methods linked to raw material prices) for both photoresists and high-purity chemicals.

Next, regarding the growth of the Chinese semiconductor market, we continue to maximize the market as a business opportunity for the TOK Group in accordance with the Japanese government's policies, while competition risks are also increasing due to the growth and improved capabilities of material manufacturers within China, so we plan to maintain our world's top market share by continuously strengthening the TOK Group's unique advantages **(→ see page 18 "Message from the President")**.

Expanding sales channels from short-term/ medium-term/long-term perspectives

While working to minimize risks and convert such risks into opportunities as described above, we are also focusing on expanding sales channels to maximize opportunities and collaborating with external stakeholders.

Specifically, for daily sales activities, we continue to expand and strengthen the activities of the Electronic Materials Sales Department and customer-oriented bases under the grand design of the sales policy by the Sales Strategy Department, while also strengthening Web marketing and exhibition activities to focus on comprehensive marketing activities.

Particularly for Web marketing, we have expanded personnel under a dedicated organization with follower numbers and new demand acquisition steadily increasing, and by expanding content for both existing and new businesses from short-term/ medium-term/long-term perspectives, we are working to capture even more business opportunities.

For exhibitions, we are actively participating in events for existing businesses, new businesses, and emerging markets, such as India, laying the groundwork for new customer-oriented strategies from a medium to long-term perspective.

Aiming for world's top market share in all product categories of semiconductor frontend photoresists

As we work toward the qualitative goals set in tok Medium-Term Plan 2027 of the gain to the No. 1 global market share of cutting-edge photoresists and increase in global share in all business fields with an eye on tok Vision 2030, we will first work to reclaim the world's top market share by steadily advancing mass production of products for innovative logic applications that have already been adopted for EUV photoresists, which are responsible for the cutting edge of the current semiconductor miniaturization.

For ArF photoresists, which are also cutting-edge photoresists, we will refine strategies for logic and memory applications, respectively, and focus on sales and marketing activities with an eye toward developing and introducing products for 3D-DRAM and PFAS-free products as we aim for the world's top market share.

For KrF photoresists, we will accelerate marketing and development in anticipation of the spread of next-generation devices,

such as further layer expansion of 3D-NAND, and expand sales for implant applications to maintain our world's top market share.

For g/i-line photoresists, where we also have the world's top market share, we deployed an expansion project for SiC/GaN power semiconductor materials in 2024 where medium to long-term demand growth is expected in decarbonization applications, and we were able to expand sales as targeted. Looking ahead, as power-saving needs will increase even more with the further spread of generative AI, we plan to focus on developing high heat-resistant materials for the latest generation of power semiconductors, such as Ga_2O_3 power semiconductors, to make the world's top market share of these photoresists rock solid.

Toward further market share expansion in semiconductor back-end materials

In the back-end field where we have newly positioned world-class 3D stacking technology as the TOK Group's new core competence, we continue to flexibly respond to the segmented and diversified needs of individual customers, so we are focusing not only on such forecast marketing but also on consortium activities to strengthen backcast marketing.

As part of this effort, we participated in the US-JOINT consortium of ten Japanese and U.S. semiconductor material and equipment manufacturers in July 2024 to develop next-generation semiconductor packaging technology. Through the activities of this consortium, we plan to evolve marketing methods and packaging technology from the perspective of end users that will include U.S. Big Tech companies, further strengthening our world-class 3D stacking technology.

For bump formation resists, where we also have a high share in generative AI GPU applications, we are prepared to expand the share of advanced back-end materials by focusing on marketing and development of bonding resists for hybrid bonding, resists for plasma dicing, and resists for wet etching since replacement with bump-free (hybrid bonding) is expected in the medium to long term.

Transforming environmental risks and climate change risks into growth opportunities

In recent years, efforts to maximize the positive impact of semiconductors on humanity while minimizing the negative impacts of environmental risks have been expanding worldwide. The development of PFAS-free products has become one of the important differentiation points in semiconductor materials. The TOK Group, which is addressing the material issues of its philosophy of "Contribution to the global environment for a sustainable future" and "Development of the semiconductor ecosystem," is currently accelerating the development of PFAS-free products, including the EUV/ArF/KrF/g-line and i-line photoresists and high-purity chemicals with a dedicated system. By leveraging our core competence of world-leading high-purity processing technology plus computational chemistry while deepening collaboration with suppliers, we are focusing on accelerating the expansion of alternative products as new competitive strength and revenue opportunities.

M&E strategy creating significant results

As we have previously communicated, the TOK Group operated the equipment business with our own resources for about 20 years until 2022 while focusing on an M&E strategy based on knowledge of both materials and equipment; however, since 2023, we have transferred the equipment business to AIMECHATECH, Ltd., and have been developing a new M&E strategy through close collaboration with them.

As a result, WHS materials have grown significantly along with the rise of the generative AI market, and the series of business portfolio transformations and the new M&E strategy have achieved very significant results so far. We will continue to deepen the collaboration with AIMECHATECH by connecting the TOK Group's unique M&E strategy to sustainable growth and corporate value improvement.

Marketing personnel development for continuing to win at the world's forefront

For the TOK Group, where the overseas sales ratio exceeds 80%, to continue winning the competition at the world's forefront, it is essential to further enhance unity with overseas local personnel who are gradually increasing and to evolve sales and marketing activities from a global perspective. As part of this effort, starting in 2024, TOK established the Sales Strategy Conference where sales and marketing personnel from all domestic and overseas bases gather at the TOK Technology Innovation Center in Japan and implement mutual presentations and discussions on key themes, followed by social gatherings four times a year to strengthen unity as one team.

In addition, as a specialist career path, the SP position system introduced in the Marketing Division in 2022 is penetrating and being utilized with increasing numbers of people obtaining qualifications as negotiation analysts who acquire MBA-level negotiation knowledge and skills and as sales representatives certified as marketing and sales specialists, which show that advancement and diversification of sales and marketing personnel is progressing under the TOK management principle of a frank and open-minded business culture. We plan to continue connecting such career path formation tailored to each individual's characteristics to further improvement of employee engagement and personnel development for continuing to win the competition at the world's forefront.

Message from the Director of Development

We will lead efforts toward the material issue of a "Contribution to society through innovation and enhancing corporate value" through our development strategy.

Toward maximizing corporate value

Establishment of development and marketing integration

The TOK Group focused on the integration of development and marketing during the three years of the previous medium-term plan, tok Medium-Term Plan 2024, and under a stringently customer-oriented perspective, development and marketing aligned their vectors while working closely with strategic marketing activities by the Sales Strategy Department and Strategic Alliance Department, successfully improving the global share of cutting-edge photoresists.

These integration efforts have sufficiently penetrated both the R&D and marketing divisions, and clear results of winning and continuing to win in the world's forefront for EUV photoresists for innovative logic semiconductors, high-purity chemicals, and HBM materials for generative AI have begun to appear, so we have ended the dual management system by Director Doi and established a system where Doi oversees the Marketing Division and I oversee the Research and Development Division. In the development field, we will continue to establish a stringently customer-oriented perspective as our basic stance while working on our new division action guidelines of creating innovation with intellectual curiosity as we strive to achieve the various goals of tok Medium-Term Plan 2027 and the material issue of the *contribution to society through innovation and enhancing corporate value*.

Additionally, while the integration of R&D and marketing progressed rapidly in frontend fields where the semiconductor industry's overall development roadmap is clear, there is significant room to capture further opportunities in the back-end fields where needs differ by customer and where process diversification and optimization are progressing, so we will continue to strengthen this area. For high-purity chemicals, which deploy local production for local consumption models for individual local customers, we will accelerate synergy strengthening and revenue expansion globally by promoting further integration that includes inter-base collaboration.

Research and Development Division Action Guideline

Creating innovation with intellectual curiosity

Customer-oriented strategy for continuing to win at the world's forefront

The essence of the evolution of customer-oriented strategies communicated in the President's Message **(→ see page 14)** lies in domestic and overseas customer-oriented bases leveraging the geographical advantage of the physical proximity to customers for rapid and detailed responses, while using the integration of R&D and marketing I mentioned above to ensure that marketing, development, and manufacturing collaborate seamlessly as a trifecta with sales and R&D members as well as manufacturing members directly holding dialogues and discussions with overseas local customers, which demonstrate Tokyo Ohka's overall comprehensive strengths while focusing on minimizing opportunity loss.

Furthermore, in the innovative semiconductor materials fields, not only lithography performance but also reducing impurities (defects) to the extreme limit is important, so we pursue defect-free conditions using our own equipment as well as with customer cooperation. The TOK Group has been advancing this customer-oriented strategy in earnest since the opening of TOK Advanced Materials Co., Ltd., (South Korea) in 2012, centered on overseas bases, and TOK has continued to expand and evolve this strategy as a core competence alongside our world-class microprocessing technology, high-purity processing technology, and 3D stacking technology. As quality requirements for cutting-edge products continue to rise with the advances in circuit line width miniaturization, the importance and advantages of this strategy are increasingly heightened, so we intend to continue evolving our customer-oriented strategy as a united group to continue winning at the world's forefront **(→ see page 25)**.

Katsumi Ohmori
Director, Executive Officer, Division Manager,
Research and Development Division

Collaboration with suppliers also leads to achieving high and stable quality and creating innovation

The essence of the above series of customer-oriented strategies, technology coordination, is conducted with customers and closely with raw material suppliers, and through seamless collaboration with our resources, we sublimate this into advanced production technology and innovation to provide the value of our world-class microprocessing technology, high-purity processing technology, and 3D stacking technology as mass-produced products with a stable supply to customers.

Specifically, we provide detailed raw material specifications from TOK to suppliers and provide technical knowledge for stabilizing raw material quality, while suppliers share their unique knowledge as raw material manufacturers with us to achieve high stable quality during mass production.

Additionally, collaboration with suppliers often contributes significantly to the creation of new innovations and technological breakthroughs, and technical suggestions from suppliers have made major contributions to the development of DRAM g-line photoresists that achieved high market share as a de facto standard in the 1980s. In recent years, in the development of 3D-NAND KrF photoresists where TOK has the world's top market share, suppliers' accumulated technical libraries for packaging materials have made major contributions to breakthroughs. We will continue to deepen engagement with suppliers to strengthen the ecosystem to continue to win the competition at the world's forefront.

Response to greater risks and opportunities

Focusing on maximizing opportunities and minimizing risks by differentiating development approaches from short-term/medium-term/long-term perspectives

In the development of innovative technologies, which is the most important key in continuing to take advantage of opportunities, we will continue to focus on further reducing R&D risks under a stringently customer-oriented perspective as described above to continue winning against competing companies that are larger than us and have different cash generation structures and business portfolios.

Specifically, the competition for technological development among semiconductor manufacturers, our customers, is intensifying each year, and in the most advanced fields, there are always multiple promising technological approaches for creating innovations, so the method TOK chooses and which to invest capital in greatly affects the market share of the Group. Therefore, TOK will expand its technology seeds through collaboration with stakeholders other than customers, such as academia, startup companies, and research institutions, to ensure a path for growth regardless of which technology blooms and spreads in future markets while pursuing a customer-oriented strategy and marketing activities centered on the Sales Strategy Department and Strategic Alliance Department to refine our ability to discern future markets.

We focus on minimizing R&D risks and maximizing development efficiency by differentiating these multilayered development approaches along short-term, medium-term, and long-term time axes as follows.

For the long term, while it's unclear which technologies will bloom and spread in the market, we work to accumulate technology seeds by steadily advancing R&D centered on pathfinding and opportunity exploration jointly with universities. For the medium term, we work on refining such technologies toward commercialization centered on Executive Fellows while utilizing consortia with international research institutions and corporate research institutes as material technologies that will bloom and spread in three to five years become roughly visible. In the short term, we make large-scale investments of Research and Development Division resources and focus on business value acquisition by solving customers' technical issues through our customer-oriented strategies.

Development of metal oxide resist (MOR) for the next innovative technologies

As an example of such short-term/medium-term/long-term efforts in innovative fields, we are currently focusing on developing a metal oxide resist (MOR) that will be responsible for the 1 nm generation and beyond of semiconductor miniaturization.

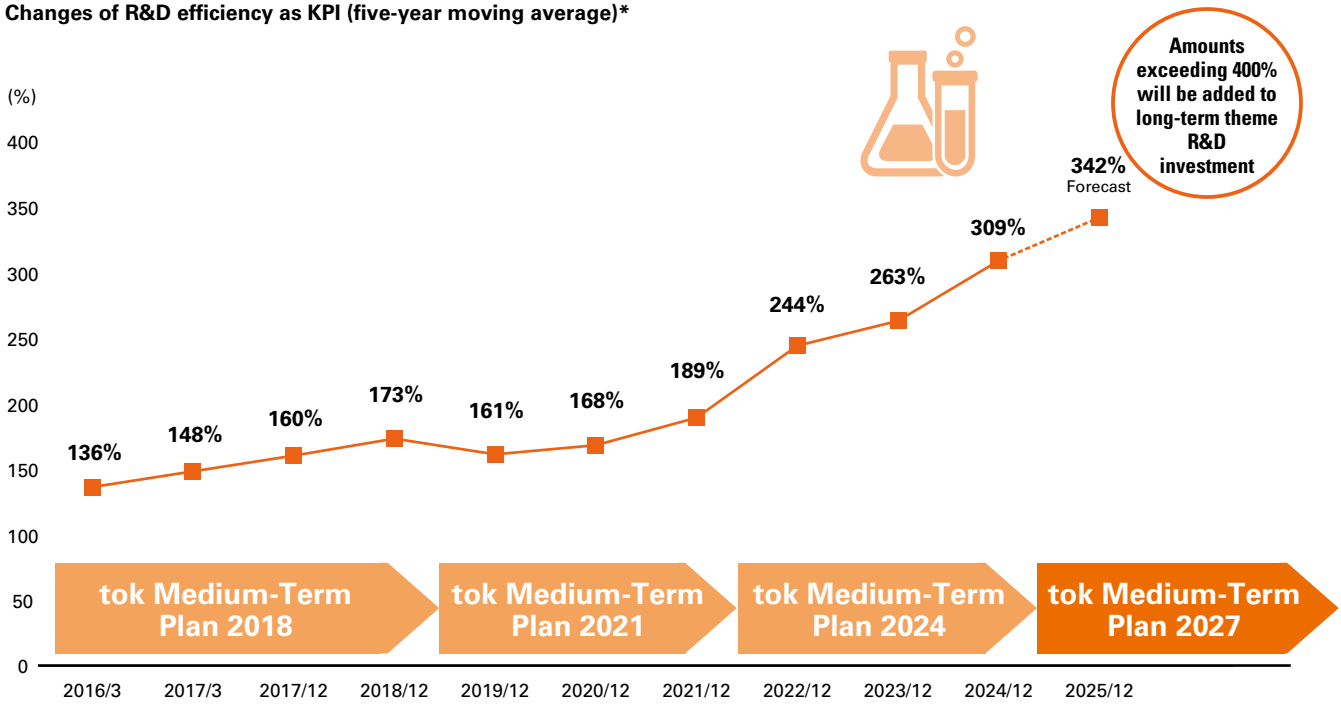
In the early development of this resist, we first deepened basic knowledge about MOR etching characteristics and metal characteristics through joint research with universities from a long-term perspective and then selected the optimal metals for the product concept and processes. Next, from a medium-term perspective, we refined materials together with international research institutions, such as IMEC, and input those results into short-term development activities starting in 2024. Currently, we are advancing sample preparation and conducting an evaluation for commercialization as part of our customer-oriented strategy.

Doubling the target for KPI R&D efficiency toward further improving capital efficiency

As a KPI to efficiently monetize the results of the above series of short-term, medium-term, and long-term R&D and connect them to improved capital efficiency, the TOK Group has worked to achieve and maintain 200% R&D efficiency (= operating profit for the most recent five years / R&D expenses for the previous five years), and has reinvested amounts exceeding 200% into strategic investments to maintain and improve competitiveness from a medium to long-term perspective and R&D with long-term themes looking ten years into the future. As a result, we consistently achieved over 200% during the three years of tok Medium-Term Plan 2024, exceeded 300% in fiscal 2024, and are expected to approach 350% in fiscal 2025, so we have now raised the target value for this indicator to 400%, double the previous level, to further heighten our expectations and standards for improving capital efficiency.

Furthermore, for long-term theme R&D looking ten years ahead, we plan to allocate part of the largest R&D investment in our history (52 billion yen) to be implemented during the three years of tok Medium-Term Plan 2027 and add portions exceeding 400% development efficiency to this.

Changes of R&D efficiency as KPI (five-year moving average)*



* R&D efficiency = Operating income over the past five years / R&D costs over the preceding five years

R&D personnel development for continuing to win at the world's forefront

For TOK, which has achieved sustainable growth since its founding by always solving the most advanced social and technical issues of the times as a fine chemical manufacturer, to continue winning the competition at the world's forefront as a sharp technology-based company, I believe the key lies in continuing to practice our management principles. The four management philosophies of "create a frank and open-minded business culture," "continue efforts to enhance our technology," "raise the quality levels of our products," and "contribute to society" have penetrated to every corner of the organization, and I feel that individuals refer to these management philosophies and take proper action when facing the various decision-making situations in the field **(→ see pages 50–55 "Employee Dialogue")**.

Furthermore, by setting the new action guideline for the Research and Development Division as creating innovation with intellectual curiosity, we strongly emphasize the employee perspective, and the reason we put intellectual curiosity at the forefront is that many personnel who join TOK and aspire to development work have strong research orientations, so we want to respect that intention to the maximum extent. Even when engaging in development work with the speed and severity that differs greatly from student days, we hope they will work toward the material issue of making a *contribution to society through innovation and enhancing corporate value* by always maintaining intellectual curiosity and approaching it proactively.

On the other hand, innovation is new value born from the combination of different types of knowledge, and its realization requires not only one's own expertise but also the fusion of diverse perspectives and experiences. TOK has deep expertise in fine chemicals, but without being bound by that alone, new knowledge and experiences gained during nonwork time are important sources for nurturing creativity. The Research and Development Division is shifting from a culture centered on long working hours to one that emphasizes a positive work-life balance, and precisely because the competitive environment is becoming increasingly more severe, we are convinced that a fulfilling life ultimately becomes the soil for innovation, and we are working to foster a new organizational culture.

Message from General Manager of the Intellectual Property Department

We will strive to maximize corporate value through speedy and strategic intellectual property activities.

Chima Shinohara
General Manager,
Research and Development Division,
Intellectual Property Department

Intellectual property strategy for continuing to win at the world's forefront

Business strengthening and strategic development driven by intellectual property

In tok Medium-Term Plan 2027 starting in fiscal 2025, the Intellectual Property Department is focusing on two points: strengthening existing businesses and promoting the IP landscape.

For strengthening existing businesses, we understand the positions of TOK and other companies from patent/technology/market perspectives, extract issues, and work on priority activities for each technology field.

Specifically, for microprocessing technology and 3D stacking technology, we implement very rapid applications and reliable rights acquisition with risk clearance, while strengthening R&D strategy and intellectual property strategy by analyzing competitors, customers, and industry trends through benchmarking activities.

For high-purity processing technology, we visit domestic and overseas factories for interviews with production sites, properly understand the details of intangible assets, including the expertise that should be kept confidential to realize high and stable quality when mass-producing cutting-edge products, and deploy open and close strategies.

For promotion of the IP landscape and to use patent and non-patent information analysis for management decisions and business development, we provide information and formulate intellectual property strategies to support decision-making by analyzing business environments from an intellectual property perspective through activities, such as early participation in M&A considerations and projects for products that contribute to the environment.

In addition, as medium to long-term activities, we are also focusing on the IP landscape for next-generation technologies of Beyond-EUV, back-end technologies, and new business development, and have started initiatives to dispatch personnel to specialized back-end departments in the Research and Development Division.

KPI

Number of Surviving Patents —Trend over the past 10 years—

FY 2015/3
4,254

→

FY 2024/12
6,041

Mission of the Intellectual Property Department

Maximize corporate value through intellectual property

Visualization of patent acquisition activity status

For patent application and acquisition, we have set the surviving patent count (= number of patents pending application or with rights in force) as a KPI to understand the overall scale of TOK's intellectual property. We also emphasize the registration rate, which indicates the efficiency of patent acquisition, and the registration rate in cutting-edge photoresist fields has been about 80% in recent years.

Currently, there are phases where registration rates fluctuate because of changes in the external environment, such as increased technical difficulty in advanced fields and intensified development competition, so we will continue to use it as an indicator of efficiency.

Strengthening intellectual property activities including overseas

The TOK Group's overall overseas sales ratio has been around 80%, and intellectual property creation is progressing and centered on advanced fields at development bases that are closely connected to customers in each region. Based on this situation, the Intellectual Property Department and overseas bases work closely together to promote rights acquisition for inventions created locally while strengthening efforts to reduce patent risks in business. The recent overseas application ratio maintains a level of over 80%, which is roughly consistent with the overseas sales ratio, and we will continue to strive for intellectual property protection suited to global business development.

Improving efficiency and sophistication of intellectual property-related operations through DX

We are introducing a system to centrally manage and utilize intellectual property information in order to improve the efficiency and sophistication of the above series of intellectual property-related operations. This creates the capacity for strategic activities while achieving qualitative improvement of patent portfolio management and intellectual property-related operations.

Strengthening intellectual property information dissemination and educational activities for internal and external stakeholders

We are activating communication through face-to-face and Web platforms in order to strengthen intellectual property-related information dissemination and educational activities for employees including overseas subsidiaries, related departments, and management. We also plan to advance information disclosure to communicate the relationship between intellectual property activities and corporate value more clearly.

Message from the Executive Officer of New Businesses Development

We are working to create new businesses for long-term corporate value improvement.

For the enhancement of long-term corporate value

Building new business foundations that only Tokyo Ohka can

I have recently been appointed the general manager of the New Business Development Division after serving as the general manager of the High-Density Integration Marketing Department, deputy general manager of the Marketing Division, and head of TOK China. By using my career experience, I am working to grow existing projects, explore new developments of existing projects, and nurture new technologies that form the basis for creating new themes toward long-term corporate value improvement for Tokyo Ohka Kogyo (TOK). By leveraging the unique world-class microprocessing technology and strength in responsiveness of TOK, I will further expand new technologies that form business foundations to create businesses that only the TOK Group can achieve.

Create new businesses envisioning a 100-year-old company based on core competencies

In tok Medium-Term Plan 2027, which just started, toward creating new businesses envisioning a 100-year company, we will proceed with verification toward commercialization in the fields of life sciences, optical materials, functional materials, and environment based on the core competencies of our world-class microprocessing technology and high-purity processing technology, while working to nurture new core technologies in electronic devices (electro-optical, thermal management, etc.). As part of this effort, we are also focusing on open innovation through the Tokyo Ohka Kogyo Future Creation Collaborative Research Base and startup investments.

Recently, we began sales of biomimetic system (MPS chip) Fluid3D-X® in the life sciences field, and in the environmental field, under a joint development contract concluded with Carbon Xtract Co., Ltd., in June 2024, we began focusing on development toward early practical application and social implementation of direct CO_2 recovery from the atmosphere using gas separation membranes.

Growth of existing projects and exploration of new developments

In fiscal 2024, we reviewed the sales system based on increased recognition of cell array chip SIEVEWELL™ and expanded application range and sales channels, resulting in a steady increase in the number of customers in the sales areas. In addition, we are making progress in the redevelopment of chip structures and designs for lineup expansion and plan to launch new types during 2025.

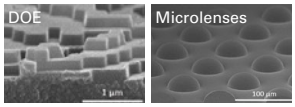
For functional films, by utilizing the microprocessing technology TOK has cultivated in the semiconductor field, we achieve uniform pore sizes with connectivity for use as high-performance separation membranes, and we will advance mechanism analysis through computational science and demonstration experiments for further performance improvement. Additionally, since they possess high heat resistance, high chemical resistance, and ultra-low dielectric constant, we receive requests for new applications from many directions, and we aim to expand sales in the future by establishing new technologies and developing multiple applications through external development collaborations.

Create new businesses envisioning a 100-year company

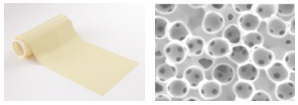
SDGs to which we contribute

Life science
- Biochip materials
- Biomimetic system
- Cell array chip, SIEVEWELL™

Optical materials
- Nanoimprint materials and high-refractive materials for AR/VR and 3D sensors



Functional materials
- High-functional films
- Surface modifiers



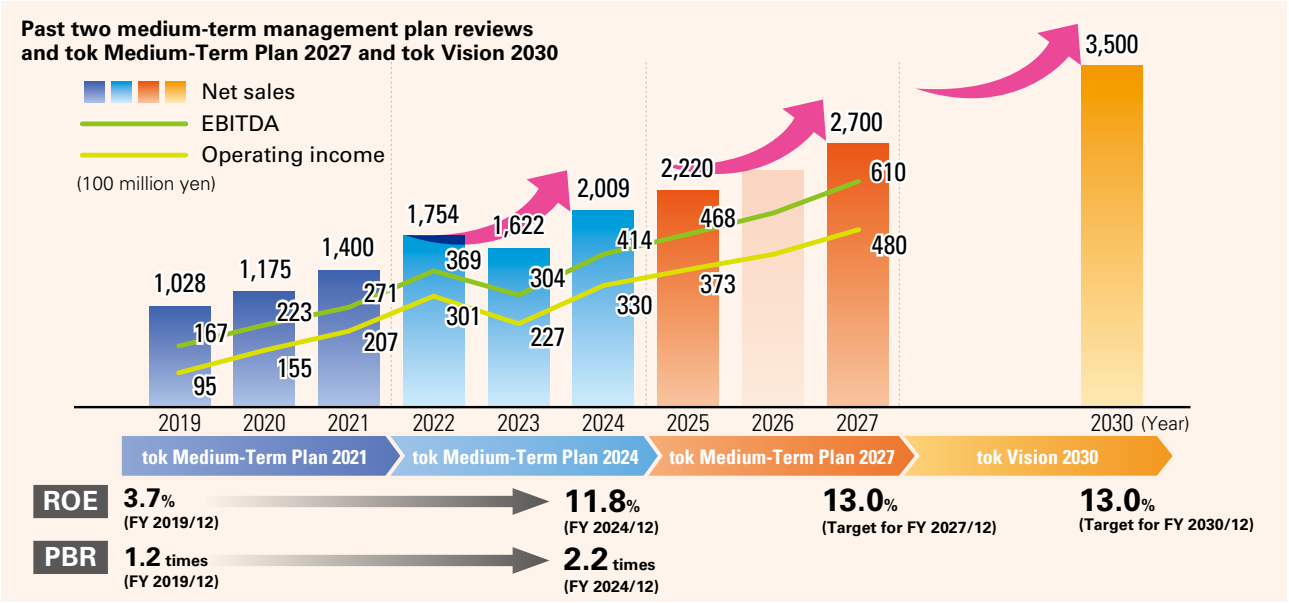
Technologies contributing to decarbonization
- Radiating heat-dissipation material
- Electro-optical polymers
- CO_2 gas separation membrane

CX Carbon Xtract

Naoki Watanabe
Executive Officer, Division Manager,
New Business Development Division

Message from the Executive Officer of Accounting and Finance

We aim to continue winning the race at the world's forefront through BS management that encompasses "six capitals."



Financial capital policy to continue winning at the world's forefront

BS Management—Review of past three medium-term management plans

In tok Medium-Term Plan 2024, which was formulated as the first medium-term plan backcast from tok Vision 2030, TOK continued to focus on BS management, such as the previous medium-term plans, while evolving cash allocation and pursuing the best balance of investments, cash reserves, and shareholder returns, and then prioritizing earned EBITDA for growth investment while also flexibly allocating to funds to shareholder returns.

As a result, ROE increased by 8.1 points over the past five years, and PBR improved from 1.2 times to 2.2 times, which represented the quantitative achievement of steady results. Qualitatively, cash allocation initiatives with a focus on future cash flows became established. By strengthening management of two axes—cash in based on EBITDA and cash out, including investment and shareholder returns—flexible and long-term financial capital policy planning and operation became embedded.

Pursuing a new best balance

Meanwhile, for net sales, TOK expanded sales 2.2 times over the past ten periods by deploying a full lineup strategy that demonstrated its strengths in all areas: front-end and back-end semiconductors and cutting-edge and legacy fields. For the tok Medium-Term Plan 2024 in particular, TOK accelerated the expansion of market share by winning the development competition at the world's forefront, which was centered on EUV photoresists and packaging materials for generative AI, further strengthening its position within the industry. In tok Medium-Term Plan 2027, which just started, TOK will achieve steady sales growth by capturing the solid growth of the semiconduc-

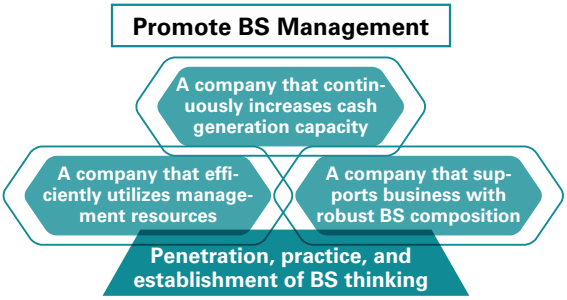
Okikuni Takase
Executive Officer and Department Manager,
Accounting and Finance Department

tor industry based on these strengths.

However, at this time, cash reserve levels are trending downward from the expanded investment scale for further production increases and increased working capital while TOK maintains a healthy financial structure with an equity ratio near 70%. Additionally, because of the increasing external risks, such as new geopolitical risks and rapid financial market changes, tok Medium-Term Plan 2027 will evolve BS management while exploring a new best balance of investment, cash reserves, and shareholder returns.

Specifically, TOK will build a system to secure optimal cash reserves and select optimal fundraising methods for each situation in consideration of the rapid expansion of front-end microprocessing material sales and increased working capital associated with continuing to win at the world's forefront by expanding capital needs accompanying the market development of back-end stacking materials and the expanded scale and by ensuring the flexibility of fundraising for M&A with an eye toward discontinued growth. Additionally, TOK will focus on BS management to continue winning at the world's forefront by strengthening EBITDA monitoring of each business strategy and pursuing asset efficiency using financial KPIs, such as ROIC.

BS management with an eye toward 2030



Toward enhancing sustainable corporate value

Accelerate BS management conscious of *six capitals* and material issues that encompass nonfinancial aspects

The above comprehensive BS management means that TOK will continue to practice integrated thinking management by encompassing all *six capitals*, including not only financial capital but also nonfinancial capital, and material issues. Setting nonfinancial quantitative targets alongside financial targets for the first time in tok Medium-Term Plan 2027 represents TOK's renewed commitment to seriously practice integrated thinking management. The Accounting and Finance Division will actively engage with nonfinancial targets to deepen the cooperation with other divisions while operating cycles of quantification, disclosure, and improvement.

Specifically, for financial capital, TOK will build a sustainable financial foundation by more deeply incorporating concepts of capital efficiency and capital cost, such as ROIC and WACC, into management decisions in consideration of the structural changes in capital markets in recent years.

For manufacturing capital, under medium-term plan key strategy (5) "Establish a financial foundation that enables long-term R&D and stable production," TOK will not only expand R&D investment and capital investment but also strengthen financial strategies that support sustainability by evolving long-term depreciation and asset lifecycle management.

For intellectual capital, TOK will provide financial and human support to startups or sales networks and financially support joint intellectual property development, sharing, and transfers with academia, while considering visualization of the processes where intellectual capital contributes to corporate value.

For human capital, starting from the KPI value creation capability formulated in cooperation with the Human Capital Division, TOK will further pursue methods of expressing value created by talent **(→ see page 46 "Message from the Executive Officer of Human Capital")** while working to build frameworks that quantitatively capture the return on investment of human capital.

For social and relationship capital, TOK will continue its attempts to financially capture relationships with customers, suppliers, and local communities while taking on the challenge of quantifying nonfinancial risks, social risks, and reputational risks.

Finally, for natural capital, TOK will continue to comprehensively communicate internally to prevent investment restraint on environmental impact reduction investments, while working to establish accounting procedures for acquiring and then using carbon credits and evaluation methods for environment-related assets.

This stance toward all *six capitals* is TOK's implementation plan that will support value creation across the entire TOK Group as a bridge between the financial and nonfinancial aspects while further strengthening connections and interactions among the *six capitals*.

For example, in customer-oriented strategies, a core competency of TOK, the company first establishes sites (manufacturing capital) in convenient locations for customers, which strengthens the social and relationship capital by establishing relationships with customers and regions. Then, by enhancing human capital and intellectual capital and continuously achieving customer satisfaction, TOK strengthens the four earning capabilities (technology, human capital, human connections, and finance) and redistributes them to each capital, making the virtuous cycle toward corporate value improvement more powerful.

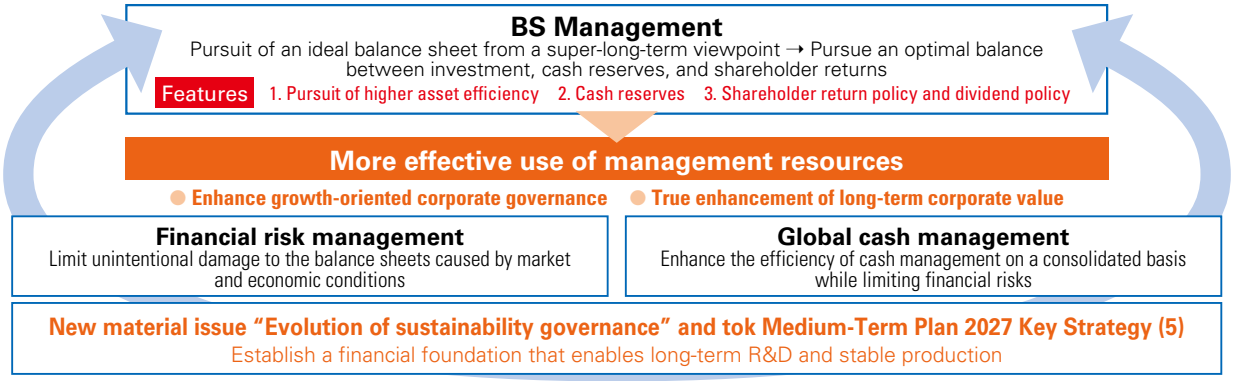
Additionally, in initiatives toward material issues closely linked to tok Medium-Term Plan 2027, TOK will promote integrated thinking management across the entire TOK Group by deeply engaging in all material issues activities. In doing so, TOK will prioritize the optimization of capital allocation most highly, not just monitoring the PDCA of KPIs, measures, and targets for each material issue.

In the new material issue, "Contributions to the global environment for a sustainable future," for example, while executing investments that do not generate cash in the short term toward reducing environmental impact temporarily affects cash flow, TOK believes this will lower capital costs and will strengthen financial capital in the long term.

Additionally, TOK can strengthen intellectual capital and manufacturing capital, leading to the strengthening of social and relationship capital and natural capital, as well as strengthening human capital, by increasing employee engagement and further expanding all these activities through healthy and robust

financial capital. TOK will practice this comprehensive integrated thinking management as part of medium-term plan key strategy (5) "Establish a financial foundation that enables long-term R&D and stable production" and the new material issue "Evolution of sustainability governance" by implementing it as an execution strategy directly linked to corporate value improvement that shows the value that the TOK Group will provide to society in the future.

Continue promoting the trinity of BS management, financial risk management, and global cash management



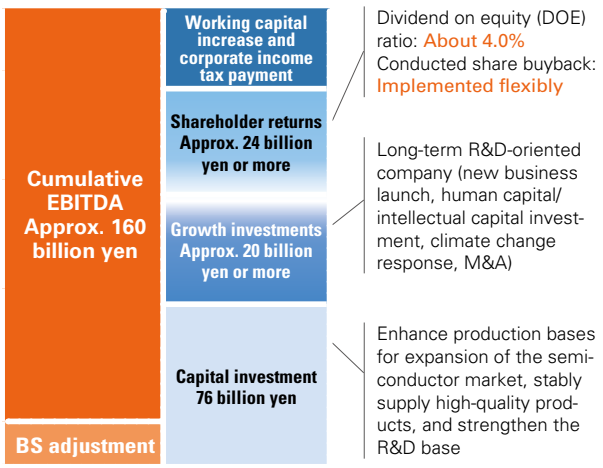
Financial capital strategy in tok Medium-Term Plan 2027 and tok Vision 2030

Implement the largest capital investment and R&D investment ever

tok Medium-Term Plan 2027 includes plans for the largest capital investment and R&D investment ever (total 128 billion yen) to accelerate strategic investment toward realizing tok Vision 2030.

For electronic functional materials centered on photoresists, TOK will invest in the world's highest quality photoresist manufacturing buildings, inspection buildings, and development equipment in Japan and South Korea in order to strengthen the integrated bases model, while for high-purity chemicals, TOK will implement manufacturing equipment enhancement in Japan, Taiwan, and the United States in order to expand the local production and local consumption model. Then, in order to pursue not only scale expansion but also investment quality for the future that combines profitability, sustainability, and social value, TOK is focusing on the three points shown on the upper right.

Three-year cash flow plan (conceptual graph)



❶ **Thorough pursuit of capital efficiency**
Thoroughly implement ROIC-focused investment evaluation by selecting investments that balance profitability and sustainability

❷ **Maintaining financial soundness**
Distribute risk by combining diverse fundraising methods (corporate bonds, borrowing, internal reserves) while ensuring the soundness of the equity ratio and cash flows

❸ **Strengthening cooperation with nonfinancial areas**
Strongly aware that R&D investments are the accumulation of intellectual capital and that capital investment means the strengthening of manufacturing capital, TOK will also strengthen coordination with human capital and natural capital from the perspective of managing the aforementioned *six capitals*.

Continue DOE 4.0% policy

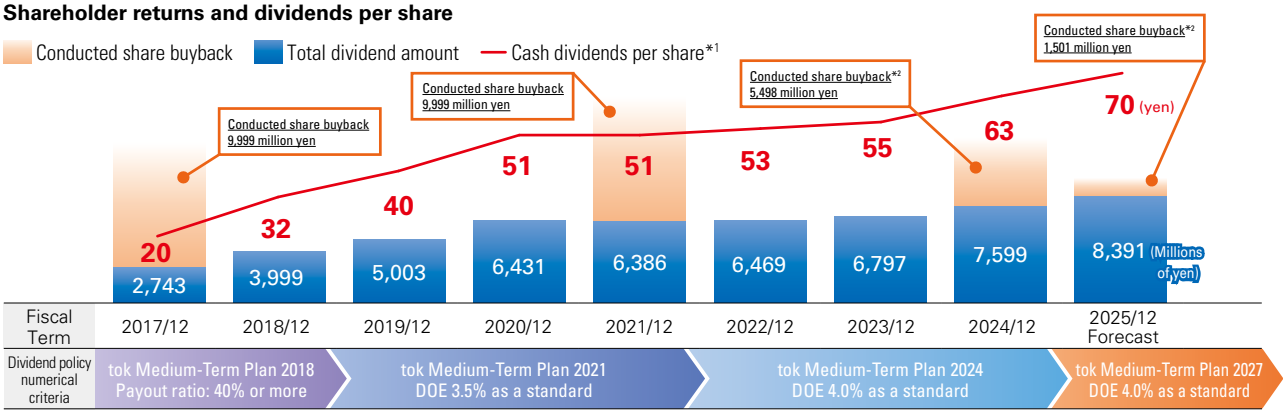
TOK plans shareholder returns of about 24 billion yen or more over three years under the DOE 4.0% policy started from FY 2022/12 and the aforementioned cash allocation plan as explained above. Based on this plan, the cash dividend applicable to the year per share was increased by seven yen* from the previous fiscal year to 63 yen* for FY 2024/12, the highest dividend ever, and is expected to be 70 yen* for FY 2025/12, which will also be the highest ever.

The dividend policy based on DOE has generally been well received by shareholders and investors. In tok Medium-Term Plan 2027, the company will implement the largest capital investment and R&D investment ever in order to realize the trade-on of shareholder returns and growth investment while steadily advancing activities to reinvest the acquired cash and enhance corporate value to meet the expectations of long-term shareholders. Additionally, while aware of such a dividend policy, shareholder returns, including share buybacks, and optimal capital allocation in view of capital costs, TOK will continue to deepen engagement with long-term shareholders and investors by properly communicating and engaging in dialogues about stories based on integrated thinking regarding the future that Tokyo Ohka Kogyo envisions as a company and the capital allocation that the company is implementing toward that realization.

* Post-split conversion value

Regarding share buybacks, while receiving various opinions from shareholders and investors, TOK's policy remains unchanged to first optimize the cash necessary for sustainable growth while pursuing the aforementioned new best balance and flexibly implement share buybacks.

Shareholder returns and dividends per share



(Note) Stock split of one share into three shares implemented effective January 1, 2024 (effective date)
*1 Calculated by rounding down amounts under 1 yen after the stock split conversion for FY 2023/12 and earlier *2 Acquisition period: November 13, 2024, to January 30, 2025

ROIC activities conscious of *six capitals*

The ROIC and ROIC tree initiatives is steadily progressing and penetrating to all sites with focus on identifying optimal cash reserves from a long-term perspective and ROIC activities to measure business strength toward ROE improvements. First, TOK will continue deep discussions with stakeholders about the level of cash reserves and how to hold them (net cash holdings and use of debt etc.) as growth expectations for the company from investors have further increased. Second, TOK continues both macro approach and bottom-up approach initiatives for ROIC activities as part of the efforts to realize the optimal balance of maximizing earning capabilities and the quality of assets (financial capital and manufacturing capital, intellectual capital, social and relationship capital, human capital) while aware of the *six capitals*. In particular, because large-scale decarbonization investments are expected to increase towards the achievement of the 2030 interim target in view of carbon neutrality by 2050, TOK will strengthen its monitoring based on IRR and improve investment efficiency in the natural capital area.

Initiatives toward ROIC and ROE improvement targeting non-financial capital

ROE = ROA × Financial leverage

Improve the numerator of ROA based on the ROIC tree while dividing the denominator into invested business assets and cash reserves and pursuing the medium- to long-term efficiency of each

Invested business assets Achieve efficient business operations based on the ROIC tree perspective

ROIC

Maximize cash generating ability
· Pursuit of EBITDA and EBITDA margin

Improve invested capital turnover ratio
· Effective use of assets (targeting all financial capital, manufacturing capital, intellectual capital, social and relationship capital, human capital)
· Redefinition of judgment criteria for capital investment and enhancement of monitoring

Cash reserves Retain cash reserves as a management objective (moving target)

Cash reserves = Investment reserves + Risk reserves

Strengthen tax governance, including BEPS 2.0 response to visualize sustainability and social responsibility

The TOK Group will continue to visualize its sustainability and social responsibility through taxation, and the Group values taxation as a way of returning social and relationship capital. The TOK Group will continue to fully understand taxation and tax customs, as well as product market conditions, in all regions where the Group does business, while maintaining an overview of tax affairs and identifying the requirements at each entity on a consolidated basis. At the same time, TOK will continue to formulate a transfer pricing policy based on the information above, incorporate the policy into the transfer pricing documents for Base Erosion and Profit Shifting (BEPS), and enhance training for group tax personnel in each country. In addition to these measures, TOK will strengthen the governance of tax affairs on a worldwide basis, including a response to BEPS 2.0 in cooperation with many stakeholders in Japan and overseas.

Message from the Executive Officer of Human Capital

Under the material issue of the pursuit of happiness by human capital and our new medium-term plan, we will enhance corporate value by creating a major virtuous cycle.

Accelerating the creation of a major virtuous cycle to enhance corporate value

Established the Human Capital Division based on top management's strong commitment

In the fiscal year ended December 2024, the final year of the previous tok Medium-Term Plan 2024, we established the Human Capital Division to clearly embed President Taneichi's philosophy that "truly caring for people is our company's starting point" throughout the organization and to deploy more effective measures. Simultaneously, we formulated four human capital strategies under the Policy on Utilizing Human Capital: Form a diverse talent pool, Human capital development, Promote DE&I, and Improve employee engagement. Through this, we believe we have successfully demonstrated our commitment to valuing people through our actions and clearly communicated to employees our sincere intention to value people and draw out their potential. In addition, we have systematized all human capital initiatives under these four strategies and restructured them into a consistent framework with clear purposes and goals, and we are proud of this significant progress.

Discussions related to the material issue of the pursuit of happiness by human capital

In the deliberation process for formulating new material issues starting in 2025, human capital emerged as the most critical keyword in all discussions regarding other material issues: "Contributions to society through innovation and corporate value enhancement," "Evolution of Sustainability Governance," "Global environmental conservation considering future generations," and "Development of the semiconductor ecosystem." Therefore, we decided to continue our existing material issue of the *pursuit of happiness by human capital* while further strengthening it.

Why does the TOK Group continue to focus intently on the material issue of the pursuit of happiness by human capital? Because we firmly believe that employee happiness is the driving force behind the company's growth. We believe that when each employee is happy, the sum total of that happiness leads to corporate growth. Building on this belief, the Human Capital Division conducted extensive discussions based on engagement surveys and questionnaire results to understand when employees are happy.

The results showed that there are four main factors: having a sense of purpose, experiencing personal growth, feeling that one is contributing, and feeling economically prosperous. The TOK Group continues to pursue human capital happiness by expanding initiatives that help employees experience these four happiness factors more deeply, while focusing on continuous improvement through PDCA cycles that include KPI setting and monitoring through engagement surveys.

Creating a major virtuous cycle through win-win relationships

Additionally, I consistently communicate that it's not enough for the company to strengthen human capital initiatives as mentioned above for the TOK Group to continue achieving sustainable growth and corporate value enhancement, each employee must take ownership and strive for proactive career development. This effort accelerates personal growth and leads to self-actualization, and the successful experiences gained through proactive engagement generate new motivation to take on challenges and fulfill one's career objectives. Such a

Policy on Utilizing Human Capital

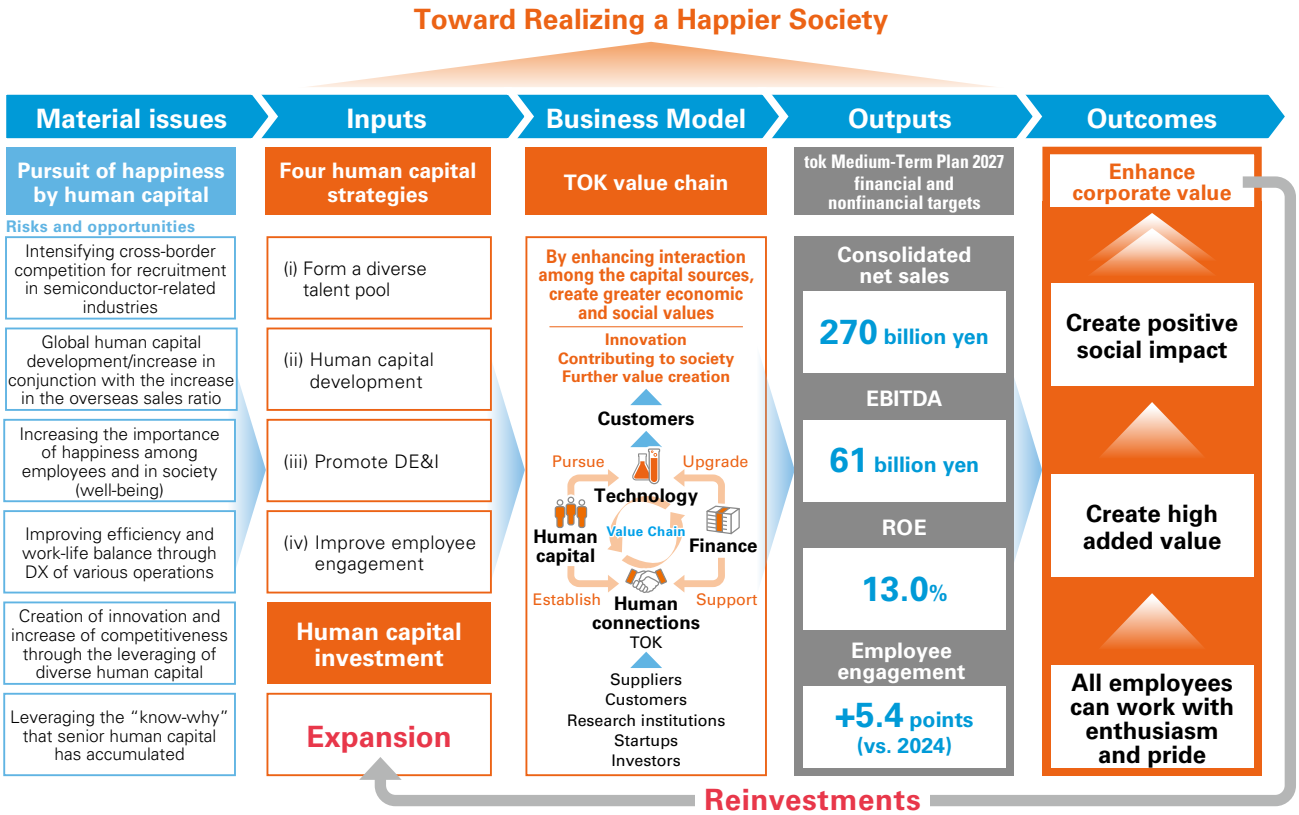
Since its founding, employees have been the greatest asset of the TOK Group. The company's human capital policy is based on the following five principles derived from its long-held philosophy that human capital is one of the company's most important assets.

- Never forget that business always starts with people.
- Any discrimination within the company and among employees is strictly prohibited.
- Ensure full compliance with applicable laws and regulations as well as fair and equal compensation.
- Educate personnel and promote creativity as a company that develops innovative technologies.
- Make sure that personnel systems are based upon performance while emphasizing and ensuring transparency.

Motoko Samezawa
Executive Officer and Division Manager,
Human Capital Division

* As of July 1, 2025, Shogo Ishihara became Division Manager, Human Capital Division.

Human Capital Strategy Roadmap for Creating the Major Virtuous Cycle



Pathways connecting four human capital strategies to enhanced corporate value

(i) Form a diverse talent pool → Secure the workforce scale needed for business growth while also ensuring diversity → Steadily capture expanding opportunities and improve the sophistication and balance of development concepts, business concepts, and decision-making → Revenue growth and improved business profitability and investment returns → Enhance corporate value
(ii) Human capital development → Enhance human capital performance → Improve performance → Enhance corporate value
(iii) Promote DE&I → Diversify ideas and approach to risk-taking → Enhance the sophistication and balance in development concepts, business concepts, and decision-making → Improve business profitability and investment returns → Enhance corporate value *Same as (i)
(iv) Improve employee engagement → Enhance human capital performance → Improve performance → Enhance corporate value

corporate culture where employees can enthusiastically take on challenges accelerates the creation of new added value and leads to company growth, social contribution, and ultimately the realization of a happier society. Through these comprehensive initiatives, the TOK Group focuses on creating mechanisms that generate a major virtuous cycle of happiness encompassing all stakeholders, including employees.

Setting employee engagement indicators as quantitative targets in tok Medium-Term Plan 2027

As part of this effort, in the new tok Medium-Term Plan 2027 that started in 2025, employee engagement indicators were set as quantitative targets on par with ROE targets and other metrics. Since introducing employee engagement indicators as evaluation criteria in the executive compensation system in 2022 when the previous medium-term plan began, TOK has firmly established awareness for engagement improvement throughout the company through KPI setting and monitoring. Having reconfirmed the importance of human capital initiatives through the aforementioned discussions, TOK has now set these as quantitative targets in the medium-term plan. By setting these as evaluation criteria for executive compensation and as target values in the medium-term management plan where employees participate as stakeholders, TOK will strongly promote initiatives toward the newly formulated Human Capital Strategy Roadmap.

KPI

Employee engagement indicator positive response rate

Employee engagement 2024 targets
Up **3** points
(vs. 2021)

Employee-friendly environment 2024 targets
Up **7** points
(vs. 2021)

Employee engagement* 2027 targets
Up **5.4** points
(vs. 2024)

* Employee engagement: Average of employee engagement and employee-friendly environment

TOK set value creation ability as an indicator to quantitatively measure the degree of implementation

In implementing the Human Capital Strategy Roadmap, the TOK Group will pursue sustainable value creation by actively investing in human capital, which serves as the source of technology and human connections that build the value chain, while setting value creation ability as an indicator to quantitatively measure the degree of implementation and conducting monitoring. The overall aim of the company is to expand investment in human capital, which is the denominator, and further increase added value, which is the numerator, to maintain consistently high value creation ability. Similar to R&D efficiency, which is a KPI for the development divisions, and based on our corporate culture of long-term R&D and management philosophy, TOK set the numerator as the most recent five years and the denominator as the preceding five years while focusing on human capital management from a long-term perspective.

In setting and operating these indicators, management will work closely with the HR, Accounting, Finance, and Corporate Communications/IR departments, incorporating financial insights and the latest knowledge from capital markets through repeated discussions to pursue the three-way integration and maximization of synergies among human capital, financial capital, and social and relationship capital **(→ see pages 40–43 "Message from the Executive Officer of Accounting and Finance")**.

KPI

$$\text{Value creation ability} = \frac{\text{Value added over the last five years}}{\text{Personnel costs for the previous five years}}$$

FY 2024 employee engagement survey results

Within this, the fiscal year 2024 employee engagement survey results showed the following:

- **Employee engagement improved by 1 point compared to 2021**
- **Employee-friendly environment improved by 4 points**

While neither reached their target values, the company confirmed steady improvement with scores improving for 92% of the items of all survey questions.

Also, in the following qualitative evaluations:

- **Quality and customer orientation symbolized by high quality and close customer relationships**
- **Competitive compensation, benefits, and accompanying human capital system that are significantly higher than the average in Japan**

achieved high scores again following the previous survey, including the new HR system introduced in 2022,

- **Continuous improvement of HR systems**

was newly recognized as a strength. In addition, last year's challenges of

- **Strategy/Direction and Leadership that drive the evolution of the whole company**

showed significant improvement through reinforcement and transformed into strengths. The data confirms that management's sincere intention to value people and draw out their potential, as mentioned at the beginning, is effectively reaching all employees.

On the other hand,

- **Innovative ways of conducting business**
- **Resource shortages (especially ongoing human capital reinforcement)**
- **Cross-organizational collaboration**

showed room for improvement. Therefore, TOK will accelerate the DX initiatives going forward **(→ see page 59, "Message from the Executive Officer of DX")**, while continuing to focus on expanding recruitment and enhancing job rotation.

Addressing expanded risks and opportunities

Intensifying competition for human capital and the rise of emerging markets

The geopolitical risks surrounding the semiconductor industry described in last year's integrated report have become increasingly acute as the company entered 2025 with semiconductors taking on a more pronounced character as strategic materials that significantly influence each nation's economic security and national power. Strengthening domestic development and production, as well as risk diversification through multi-site expansion, are advancing in countries worldwide, and related industries, including TOK, continue to face intense borderless competition for talent acquisition both domestically and internationally.

Additionally, South Asian and Southeast Asian countries, such as India, Singapore, Thailand, and Malaysia, are rapidly gaining prominence as new manufacturing and supply players in the semiconductor industry. For the TOK Group, which implements a customer-oriented strategy, further diversification of Group human capital to appropriately respond to further customer diversification is becoming an urgent challenge.

Moreover, in Japan with its declining birth rate and an aging population, the transition from traditional membership-based employment to a job-based employment system is accelerating, especially for young people, and employment mobility is advancing because of the expansion of the job change market. Furthermore, against the backdrop of declining working-age population and extending healthy life expectancy, the further utilization of the skills and expertise of senior employees has become an essential issue for sustainable corporate growth and economic growth.

Strengthening initiatives to further leverage international human capital

In response to these multiple risks and opportunities, the TOK Group is accelerating efforts toward further activation of international human capital and strengthening diversity from a medium- to long-term perspective.

As part of this effort, the Tokyo Ohka Global Employees Shareholding Association plan, which was introduced in August 2023 to align all domestic and international human capital toward performance improvement and corporate value enhancement and to further promote Group-wide value creation, has been very well received by international employees with participation rates remaining at high levels.

Since launching the overseas customer-oriented strategy in earnest with the establishment of TOK Advanced Materials Co., Ltd. (Korea), in 2012, over ten years have passed, and the growth of local international human capital has become notable. The TOK Group is increasing opportunities for secondments

and training from overseas locations to Japan as well as promoting cross-border activities by Group employees, such as from Taiwan or Korea to the United States.

As one initiative for strengthening diversity from the medium- to long-term perspective, TOK started recruiting Indian engineers in the fiscal year ended December 2024. Although TOK initially approached Indian networks residing in Japan, this did not progress as expected. Through trial and error, the company ultimately achieved recruitment by holding seminars at local universities in India. TOK also gained new recruitment expertise by hiring multiple people to ensure psychological safety when working in Japan. The TOK Group is confident that these experiences will form the foundation for future global recruitment and retention strategies.

Continuing to expand the recruitment of younger employees while starting the operation of the 65-year retirement system with maintained compensation

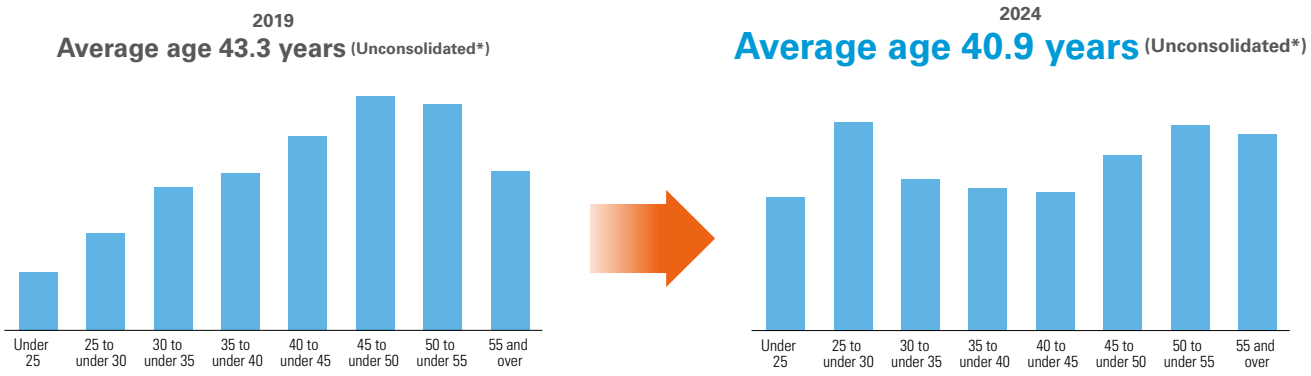
In order to further strengthen domestic human capital, the Group started operating the 65-year retirement system with maintained compensation described in last year's integrated report from 2025. In the innovative field of semiconductors, it is crucial to engage in long-term research and development spanning over ten years, alongside maintaining daily responsiveness. The intellectual capital and the technology and expertise accumulated by senior personnel will generate significant value in future business strategies.

This groundbreaking system that started after a three-year preparatory period maintains the same role-based salary for employees over the age of 60 as they received during their careers of active service. By fully utilizing this system, the company aims to enhance its ability to address increasingly complex business and technical challenges while also strengthening the effective transfer of intellectual capital from senior to younger employees, thereby creating a virtuous cycle in the human capital portfolio.

The foundation of talent acquisition has continued with over 100 hires annually for the past three consecutive years with consolidated and unconsolidated employee numbers in the talent pool reaching all-time highs in the fiscal year ended December 2024. By strengthening both new graduate and mid-career recruitment to increase young human capital, TOK successfully reduced the average employee age (unconsolidated) in the fiscal year ended December 2024 by 0.2 years compared to the previous year and by 2.4 years compared to 2019. Going forward, the TOK Group will pursue the realization of tok Vision 2030 by strengthening the sustainability of human capital in both qualitative and quantitative aspects.

Number and breakdown of recruitment (new graduates/mid-career hires)

2024
113
(53 new graduates, 60 mid-career hires)



* Excluding those seconded from TOK to other companies and contract workers but including people seconded from other companies to TOK

Launched executive study sessions focused on developing future management human capital

Since expanding the younger workforce alone is not sufficient for sustainable growth and corporate value enhancement, and developing the next generation of management is also crucial, TOK has been holding executive study sessions since 2023 with a view to cultivating human capital who will lead future management. These sessions target about ten candidates for next-generation management positions and are held four times per year with the president, outside directors, and former company executives as instructors. They function as a venue for cultivating next-generation management by imparting management perspectives, aspirations, and thinking, while also contributing to increased Group-wide synergies through deeper communication among the members.

Formulating the Human Capital Division's overarching aspiration, ideal personnel profile, and divisional activity policy to continue winning at the world's forefront

Through material issues, risks and opportunities, and the new medium-term plan initiatives communicated thus far, the Human Capital Division will provide maximum support from a human capital perspective for value creation that allows the TOK Group to continue winning at the world's forefront. TOK has articulated the overarching aspiration, ideal personnel profile, and divisional activity policy for this purpose as follows with

"providing robust support for the potential of those who take on challenges" as the key phrase. Under the tok Medium-Term Plan 2027, the Group will focus on human capital investment and four human capital strategies guided by this key phrase.

■ Overarching aspiration
- **Promote self-actualization through individual autonomous learning and action to solve more challenging social and technical issues**
- **Provide opportunities and environments where individual capabilities can be fully utilized**
- **Create a virtuous cycle where individual happiness increases from self-actualization and results in enhanced corporate value**
- **Through the above, become a company where all employees can work with enthusiasm and pride**

■ Desired candidate profile
- **People who can think, learn, judge, and act independently while continuing to take on challenges**
- **People who can pursue expertise while maintaining a broad view of the entire business**
- **People with human strengths (curiosity, boldness, integrity, respect, collaboration, completion)**

■ Division activity policy (excerpt)
- **Ensure formation of a talent pool that supports growth and development · Provide robust support for the potential of those who take on challenges and engage in human capital development**
- **Develop broad-minded management personnel with human strengths and passion**
- **Create environments where individual capabilities can be fully utilized**

Further improving corporate value by expanding investment in human capital

The value chain of the TOK Group consists of its advanced technology and the human connections with customers and suppliers. Human capital is the source of these capabilities. Therefore, the TOK Group aims for sustainable added value creation and corporate value enhancement by actively investing in human capital to promote the evolution of technology and human connections **(→ see pages 26–27 "Management Resources for Continuing to Win at the World's Forefront")**.

Under this policy, TOK has expanded human capital investment, continuing annual wage increases of approximately 2% to 5% over the past ten years, and implementing wage increases exceeding 5% for three consecutive years since 2022.

Wage increase status

2022 to 2024
Implemented wage increases exceeding
5% for three consecutive years

Trend in education and training expenses per person (Unconsolidated)

2023
96,000 yen

→

2024
129,000 yen

* Average of 169 listed companies in the Research on Education and Training Expenses in FY 2024 by the Sanro Research Institute: 34,000 yen

The trend is for per-capita education and training expenses to also increase. Particularly in the fiscal year ended December 2024, TOK conducted DX Readiness training to enhance productivity with over 500 people, more than one-third of executives and domestic employees, gathering from headquarters, development sites, and manufacturing sites for large-scale, high-quality training, which resulted in a significant increase in per-capita education and training expenses. Going forward, under the divisional activity policy of *providing robust support for the potential of those who take on challenges*, TOK intends to invest generously in education and training that contributes to the TOK Group's further growth and corporate value enhancement.

Furthermore, TOK expanded its award system to further promote a culture of praise. The Mukai Technology Award, which recognizes outstanding R&D, now features a prize amount maintained above the competitive benchmark, and the company also runs the TOK Shinka Award for fields other than R&D to further improve motivation. In the fiscal year ended December 2024, as part of the effort to strengthen global consolidated management, TOK expanded the award scope to include overseas Group companies, resulting in many overseas employees receiving awards and providing momentum for further strengthening the TOK Group's global competitiveness.

Strengthening "Form a diverse talent pool" and "Promote DE&I" to realize a major virtuous cycle

As mentioned above, the TOK Group is working on human capital strategies of "Form a diverse talent pool" and "Promote DE&I" to realize a major virtuous cycle. Recognizing that diversification of ideas and risk-taking approaches are essential for continuing to practice the management philosophy and purpose, the TOK Group focuses on the further advancement of female human capital and the further evolution in utilizing international human capital.

The TOK Group achieved a record-high ratio of women in senior and middle management and a record-high ratio of women among the overall employees in the fiscal year ended December 2024 because of the effects of its continued efforts to recruit and retain female employees and its efforts to promote them to senior and middle management. The number of users of the overseas expatriate spouse accompanying leave system introduced in August 2023 is also increasing, which demonstrates the steady progress in building a culture and systems for further advancement of women. Moreover, the use of the male childcare leave system has accelerated over the past three years, reaching an all-time high in the fiscal year ended December 2024. The TOK Group will continue to promote a work environment that makes it easy to balance work and childcare regardless of gender.

The number and ratio of international employees remained at levels similar to the fiscal year ended December 2023, while the localization ratio of overseas managers, one of our material issue KPIs, reached an all-time high of 60.8%. TOK will further expand human capital exchange between Group companies and accelerate the creation of synergies from knowledge and values that transcend nationality.

KPI

Ratio of women in senior and middle management

Objective for 2030: Increase by two fold (vs. 2020)

KPI

Childcare leave user rate among male employees

Objective: Maintain 70% or more

Indices related to female employee participation (Unconsolidated)*1

	2020	2021	2022	2023	2024/12
Ratio of female new employees hired (%)	38.5	17.0	26.4	22.4	32.1
Ratio of women among the overall employees (%)	13.7	14.0	14.6	15.3	16.1
Difference in average tenure figures for men and women (years)	9.1	8.4	8.1	7.9	8.2
Ratio of women in senior and middle management (%)	3.2	3.8	4.0	4.5	4.5
Ratio of women on the Board of Directors (%)*2	7.7	7.1	10.0	20.0	10.0

*1 Employees exclude those seconded from TOK to other companies and contract workers but include people seconded from other companies to TOK
*2 The ratio of women on the Board of Directors is as of April next year.

Wage difference between male and female employees (percentage of female wage to male) (Unconsolidated)*1

	2020	2021	2022	2023	2024/12
All workers (%)	59.1	65.5	65.4	71.3	68.8
Permanent employees*2 (%)	67.4	69.4	68.2	70.0	67.5
Fixed-term employees*3 (%)	49.8	60.4	61.5	83.4	97.4

*1 Wage: Includes base salary, payment for overtime work, and bonuses but excludes retirement allowance, commuting allowance, and other allowances.
*2 Permanent employees: Secondees exclude those seconded from TOK to other companies but include persons seconded from other companies to TOK
*3 Fixed-term employees: Include temporary employees but exclude dispatched temporary worker staff

Supplementary explanation concerning difference:
Although no gender-based differences in the wage system or policies exist, gender disparities do exist in the distribution of personnel by grade, including management positions, which has led to differences in wages. In the coming years, TOK will promote the appointment of female managers with the goal of doubling the ratio of women in senior and middle management by 2030 (vs. 2020).

Number of users of childcare-related systems (Unconsolidated)

	2020	2021	2022	2023	2024/12
Childcare leave system (number of users)	19	27	31	40	43
Shorter working hours (number of users)	12	16	17	24	32
Childcare time (number of users)	16	13	15	37	69
Childcare leave system (number of male users)	5	8	12	24	29

Number of non-Japanese employees

	2020	2021	2022	2023	2024/12
Number of non-Japanese employees (unconsolidated)	18	17	24	16	15
Number of non-Japanese employees (consolidated)	424	475	524	457	483
Ratio of non-Japanese employees (consolidated) (%)	24.2	26.2	26.9	24.3	24.2

* The decrease in 2023 was due to the restructuring of overseas consolidated subsidiaries.

Ensuring the health and safety of human capital

Promote health and productivity management

Since formulating the Health Management Declaration in June 2022, the TOK Group has been dedicated to health management. The Group will continue to foster an environment where individuals can achieve self-realization and enhance their well-being both mentally and physically. In the fiscal year ended December 2024, TOK advanced the visualization of presenteeism and will continue to evolve the following measures going forward.

As one of the ways to create an environment where employees can be physically and mentally healthy and to maximize their individuality and abilities, TOK continued to implement Collab Health for the prevention and identification of diseases in cooperation with the Tokyo Ohka Kogyo Health Insurance Society while encouraging officers and employees to maintain and promote their own health conditions. For example, the company launched the My Health Web as a portal to provide health-related information for improving health knowledge and awareness among officers and employees. The company also holds periodic walking festivals with the participation of the president and many officers and employees. In January 2025, TOK was designated a Sports Yell Company by the Japan Sports Agency for the fifth time.

TOK has also expanded the sites where public health nurses are appointed for counseling services on mental and physical health, working to reduce the percentage of employees who smoke while strengthening countermeasures against passive smoking. TOK will continue to enhance the PDCA cycle of health and productivity management through its aim to nourish a health culture where officers and employees autonomously manage their health.

These efforts have been appreciated, and TOK was recognized in the 2025 Certified Health and Productivity Management Outstanding Organizations Recognition Program by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi in March 2025 for the seventh time.

By reinvesting the fruits of growth in human capital, TOK will continue to create a major virtuous cycle of corporate value improvement

Through the series of human capital initiatives described above, the TOK Group will continue to invest in human capital and promote the self-realization of each individual by enhancing their skills and capabilities. By contributing to solving complex social and technical challenges, TOK aims to further enhance the added value and competitiveness of our products.

This will allow the company to achieve further revenue growth to enhance corporate value. By reinvesting the fruits into human capital, TOK will continue to create a large virtuous cycle of improving the happiness of each individual and enhancing corporate value.

Employee Dialogues

Practicing management principles and happiness for continuing to win at the world's forefront

Marketing Division Sales Strategy Department Section Manager	Human Capital Division Human Resources Department Section Manager	Research and Development Division Intellectual Property Department Senior Expert	Accounting and Finance Division Finance Department Section Manager	Research and Development Division Manager, Advanced Material Development Department 1 Section Manager
Keiichi Ohmori	Kazuo Shiota	Chie Harada	Kenta Ishikawa	Yosuke Suzuki

As communicated so far, Tokyo Ohka Kogyo in recent years has continued to win the intense development competition in world's innovative fields in both frontend and back-end semiconductor manufacturing by expanding market share in advanced semiconductor materials for generative AI GPUs and other applications.
Therefore, for this employee dialogue section, we had five young managers who lead activities to continue winning in the world's innovative fields talk about the reality of practicing the TOK management principles, social impact, personnel development, and the happiness they feel.

First, please introduce yourselves (your career history and current job responsibilities).

Ohmori: After joining the company in 2007, I worked in marketing for about seven years covering domestic semiconductor manufacturers, then from 2014 for about nine years, I was stationed at TOK Advanced Materials Co., Ltd., in South Korea covering local customers. Since 2023, I have been assigned to the Sales Strategy Department, and currently handle EUV/ArF/KrF photoresists and CMOS image sensors where I am engaged in formulating and executing marketing strategies aimed at maximizing sales for our entire group. Considering the industry and social trends, photoresist markets, and customer issues, I work in technology assessment and on improving strategy effectiveness in collaboration with domestic and overseas sales bases.

Suzuki: After joining in 2007, I worked in manufacturing i-line photoresists at the Koriyama plant for two years. Then I transferred to the Research and Development Department for the purpose of developing high-quality ArF photoresist samples and have been consistently involved in developing these resists since then. From 2013, like Ohmori-san, I was stationed at TOK Advanced Materials Co., Ltd., in South Korea for five years, where I was responsible for customer support and ArF photoresist development, and after returning to Japan in 2019, I have been working on EUV photoresist development in Advanced Material Development Department 1.

Harada: I have been assigned to the Intellectual Property Department since joining the company in 2006. I registered as a patent attorney in my eighth year with the company, and since 2019, I have served as a manager in the specialist course (SP position). I have experience in application and rights acquisition for our main products, including photoresists, as well as CMOS image sensors and back-end fields/new business areas, in collaboration with overseas bases. Currently, I am focusing on strengthening internal infrastructure, such as intellectual property education and business flow improvement. Originally, I had been interested in advanced fields since studying photochemistry at university, and I built my career with an interest in advanced materials like EUV photoresists.

Ishikawa: After joining the company in 2007, I was responsible for standalone financial statements, statutory disclosure document preparation, and consolidated accounting operations in the Finance Department. From 2016, I was stationed at TOK Taiwan Co., Ltd., as finance manager, where I was involved in local factory startups, business expansion, and reviewing accounting operations accompanying SAP implementation. After returning in 2021, I was assigned to the Finance Department to work on group budgets and cost management and KPI operations, such as ROIC.

Shiota: After joining the company in 2007, I worked in the General Affairs Department for about five years on stock management and shareholder meeting operations. When the Legal Department was newly established in 2012, I transferred there and worked on creating and reviewing contracts domestically and internationally and promoting compliance activities, as well as collaborating with the IT Department to introduce a contract management system. After transferring to the Human Resources Department in 2018, I participated in human resource system reform projects, and after about two years of consideration, we were able to introduce a new human resource system in 2022.

The original form of our founder Shigemasa Mukai's management principles was to *create a frank and open-minded business culture, continue efforts to enhance our technology, raise the quality levels of our products, and contribute to society*. In other words, Tokyo Ohka Kogyo has integrated thinking that converges all efforts into the single point of a contribution to society as the DNA inherited since the founding of the company.
So first, regarding the contribution to society, please talk about what you feel in your current work, episodes you have felt through past work experience, and future aspirations and goals.

Ohmori: In the Sales Strategy Department, my role is to understand social issues and industry trends and identify supply-demand gaps and need gaps in the semiconductor materials market. In recent years, power saving and processing speed improvement have become particularly important themes for generative AI GPUs and other applications, and I feel daily that our EUV photoresists are contributing as materials that support this. Furthermore, ArF/KrF photoresists are also being adopted in various semiconductors, such as GPUs and data center flash memory, and I feel we are contributing to the evolution of society as a whole by improving their performance.

Suzuki: I strongly feel the evolution of semiconductors leading to advancement of home appliances and wearable devices in daily life. As a developer, I am rewarded that photoresists contribute to improving the performance of such final products and are useful to society. Particularly, EUV photoresist users are mainly overseas customers, and I feel that semiconductor technology contributes to the high accuracy of local weather forecasts that I frequently use during overseas business trips.

Harada: In the Intellectual Property Department, I think that visualizing, protecting, and nurturing the intangible assets that support product value and strengths leads to social contributions. In recent years, I visited domestic and overseas bases to confirm the strengths of intellectual capital across our entire value chain, including not only R&D but also manufacturing and equipment design, by conducting dialogues with people at the sites. I consider sharing differentiation factors with other companies and creating opportunities for sites to realize the value of their own work as an important contribution.

Ishikawa: As someone in the Finance Department, I think proper tax payments through business are one form of social contribution. TOK has major bases in Japan, Taiwan, South Korea, the United States, and China and pays taxes while complying with each country's tax systems and international tax

rules. Also, reducing the environmental impact and utilizing renewable energy require continuous business activities and a sound financial foundation. I recognize that supporting such efforts is also an important role that I should fulfill in finance.

Shiota: As someone in the Human Resources Department, I work on employment creation and diversity promotion by strengthening new graduate and mid-career recruitment accompanying business expansion and creating environments where diverse personnel can achieve their potential. I feel we are contributing to society, including from a legal compliance perspective, by promoting women's advancement and employment of people with disabilities through these activities. In addition, for employee education, improving employees' abilities and skills leads to developing better products, making the world more convenient, and contributes to society.

TOK's integrated report clearly discloses its contribution to society through products as having a positive social impact. The figures themselves are calculated through collaborative work between TOK and experts and are mainly communicated to investors; at the same time, we want to connect this to motivating employees. Among TOK's social impact included in last year's version and this time as well, please briefly discuss what most resonates with you (→ see pages 4–5 "OUR EDGE AND POSITIVE IMPACT").

Ohmori: Among the social impacts, I particularly empathize with reducing the digital divide and saving power in data centers. Infrastructure development in developing countries requires widespread adoption of low-cost devices, and I realized that our KrF photoresists and customers' 3D-NAND contribute to this. Also, our EUV photoresists are used for semiconductor miniaturization, and I renewed my recognition that high-performance semiconductors help to reduce data center power consumption.

Suzuki: EUV photoresist development is work that faces highly difficult challenges every day, but having social impacts from power consumption reduction and 1.4% reduction in working hours shown numerically allows me to feel that we have contributed to society. The impact on society from the miniaturization of semiconductors is usually difficult to see, but when visualized numerically like this, I can achieve a sense of accomplishment as a developer. Also, as someone who drives, I was deeply moved by the reduction in traffic accidents, especially fatal accidents.

Harada: Among the social impacts, I was also very impressed by the reduction in traffic fatalities. Reducing the risk of becoming unable to work due to accidents has a very significant meaning for society as a whole. Additionally, this kind of impact visualization has aspects in common with efforts to visualize

patent value. For patents, too, by sharing the overall picture with counterparts through numbers and diagrams, we can establish a foundation for discussion. I feel that impact disclosure and patent value disclosure have similar aspects in creating a common understanding with stakeholders.

Ishikawa: I was also most impressed by the traffic accident reduction. Knowing that our products play a part in the spread of advanced driver assistance systems (ADAS) during the current transition period made me happy that I can be involved, even indirectly. As someone who has a driving license but does not normally drive myself but has expectations for future autonomous vehicle adoption, this particularly resonated with me as a theme to which I can relate.

Shiota: From a human resource perspective, I was most interested in the global working time reduction effect from increased semiconductor operating speeds. With the declining birthrates and aging populations reducing the working-age population, I feel that our products have great significance in contributing to reducing people's working time. In the future, I think it will become more important in society to increase productivity through not only technical aspects but also innovations in work styles and organizational management by creating high added value with less effort. At TOK, too, I want to realize this by enhancing individual and organizational strength and further improving engagement.

Next, regarding the management principle of a frank and open-minded business culture, please talk about what you feel in your current work, episodes you have felt through past work experience, and future aspirations and goals.

Ohmori: I think that a frank and open-minded business culture means exchanging opinions across positions and departments and conducting constructive discussions in an environment with good communication flow. The Sales Strategy Department, where I work, serves as a cross-functional unit that shares customer needs with the marketing, development, and manufacturing departments, and exchanges opinions daily at the same location, the TOK Technology Innovation Center (TTIC). The foundation for this requires sharing clear strategies with a sense of purpose. I feel that an environment with good communication flow where we can discuss freely based on common understanding leads to positive results.

Suzuki: In the development field, I am most aware of a frank and open-minded business culture in situations that require the attitude of researching, judging, and acting on one's own. Particularly in developing innovative EUV photoresists, we

regularly have advanced and intense discussions with world-class customer engineers who are well-versed in technology. We cannot respond unless we have the appropriate knowledge and expertise and can move autonomously. This attitude has deeply penetrated into the Research and Development Division's policies and is essential for achieving both individual growth and organizational results. I want to continue practicing a frank and open-minded business culture and connect my growth as a developer to the company's growth.

Harada: I strongly feel the frank and open-minded business culture through the environment where I can work across departments in the Intellectual Property Department. While belonging to the Research and Development Division, I work on solving issues in collaboration with multiple departments, including the Materials Business Division, New Business Development Division, Corporate Planning Division, and IT Digital Division. Also, Web conferences became widespread due to COVID-19, making information sharing with overseas bases much easier. We can deepen mutual understanding even during complex intellectual property discussions by screen sharing from each person's PC, and I feel that free discussions across departments and countries are expanding. Real communication is, of course, important, too, but I think this is one example of IT promoting a frank and open-minded business culture.

Ishikawa: As someone in finance, I feel the frank and open-minded business culture by being in a position to support businesses that each department develops freely from a financial perspective. Particularly in recent years, with expanding investments, the importance of balance sheet management, including fundraising, has increased, and I am focusing on building a robust financial structure. Management accounting has fewer institutional constraints and has significance in being able to freely discuss indicators that contribute to management, including KPI setting. Current indicators centered on ROIC and EBITDA are also one result born from frank and open-minded discussions **(→ see pages 40–43 "Message from the Executive Officer of Accounting and Finance")**.

Shiota: Through engagement surveys and various interviews, the term frank and open-minded business culture frequently appears within the company, so I feel this philosophy is deeply rooted as the culture of TOK. Even for corporate staff positions like mine, there is an environment where if you express what you want to do, you will be entrusted with the task, and we often hear positive comments about this degree of freedom from people who transferred from other companies. Also, when I talk with people in development, I feel the spirit of trial and error that tolerates failure and connects it to the next step has penetrated throughout the department, and I can sense a corporate culture that encourages challenges.

I can clearly see that a frank and open-minded business culture is established through each individual's autonomous skill development and communication. Now please talk about the management principle to continue efforts to enhance our technology.

Ohmori: I feel that TOK's core competence of a customer-oriented strategy is not just about having close customer relationships but is established only when the continued efforts to enhance our technology accumulate on our side. When I was stationed in Korea, marketing, development, and manufacturing worked as one unit by engaging in joint development at extremely close distances with customers. Based on relationships of trust, we provide products that meet needs at the perfect time, receive feedback, and continue refining technology. That cycle creates high added value and is truly the driving force in the pursuit of excellence. Even from a marketing perspective, I strongly feel this collaboration is the core of TOK's strategy.

Suzuki: During my Korea assignment, I directly received customer feedback, made samples myself, and handled everything from evaluation to inspection myself. This experience of practically deepening my knowledge of equipment and materials was truly a way to continue efforts to enhance our technology. Even in the current EUV photoresist development of facing difficult trade-off barriers, I collaborate with the synthesis, computational, and formulation teams of persistently cycling through the PDCA process while continuing to accept the challenge. Even when facing difficulties, the attitude of thinking through and continuing to learn supports TOK's long-run R&D, and I feel it connects to winning in innovative fields.

Harada: Since intellectual property handles development results, the ability to deeply understand developers' technical backgrounds and problem awareness and accurately draw them out is required. Also, I am recently working on such themes as how to incorporate intellectual property strategy into management strategy through dialogues with management. In that process, I think respecting the perspectives of each stakeholder, including inventors and management, and improving dialogue quality is an important attitude that directly connects to the idea of continuing efforts to enhance our technology, and I try to practice this as much as possible.

Ishikawa: The attitude of "continue efforts to enhance our technology" is required not only in product development but also in indirect departments. From a finance perspective, I consider the pursuit of excellence to be refining KPIs like ROIC and R&D efficiency daily so they can be utilized in forms that everyone can easily understand. To achieve this, I want to continue honing finance and accounting management techniques and contributing to maximizing corporate value.

Shiota: With the human resource system as an example, TOK reviewed the job competency system with strong seniority elements and transitioned to a mission grade system in 2022. By creating a mechanism that evaluates the degree of ability demonstrated and rewards motivated employees, we contributed to creating an environment that leads to further continuous efforts to enhance our technology. On the other hand, human resource operations also require transformation from traditional administrative type to strategic type, and I want to support each employee's growth by formulating human resource

strategies linked to management strategies of tok Medium-Term Plan 2027 and tok Vision 2030.

Next, please talk about the management principle of raising the quality levels of our products.

Ohmori: To realize the principle of raising the quality levels of our products, flexibility and speed to meet high expectations from customers are required. During my Korea assignment, I faced continuous days that required prompt responses in all aspects, including technology, quality, and systems, which was truly a series of tough assignments. In innovative fields where technological transition speed is fast, initial specifications often change during projects, so flexible responses to enhancing the existing product quality and specification changes according to customer needs are essential. Advancing both existing product improvement and new product development as two pillars expands TOK's technology portfolio and directly connects to raising the quality levels of our products.

Suzuki: I also learned a stringently customer-oriented perspective through tough assignments during my Korea assignment. Customer demands are becoming increasingly more sophisticated every year, including EUV photoresists, and by continuing to meet these demands, TOK's products naturally advance in increasing the level of quality. Also, in innovative fields, not only development stage performance but also mass production quality requirements are becoming increasingly stricter, and the daily importance of responding in unity with the manufacturing Department is increasing.

Harada: From that perspective, I think raising the quality levels of our products includes not only future product development but also the evolution of manufacturing technology and quality control technology that support current products. In fact, when I speak with people at the manufacturing sites, I can clearly sense that advanced expertise supporting mass production quality has accumulated, and I feel this is a major strength that can be utilized for TOK's future. Therefore, the perspective of protecting that value is also important. Even in situations requiring customer explanations, we need to carefully determine what information can be disclosed and what expertise should remain confidential to prevent leakage risks. I think we can sustainably improve corporate value by properly managing and protecting such technologies and expertise. As someone in the Intellectual Property Department, I want to contribute to corporate value improvement by building patent strategies and know-how strategies in collaboration with worksites.

Ishikawa: During my Taiwan assignment, especially before COVID-19 when IT tools were not as developed as they are now, I worked on the tough assignments of supporting business expansion phases, including factory construction, system updates, and product launches from a finance perspective. By developing local staff, gathering information, and experiencing revenue management, investment evaluation, and cash flow management, these experiences have become a major asset even now. The experience of working in collaboration with development, manufacturing, and marketing in a position close to the worksite also benefits my current management accounting work, and I feel that it is my own contribution to raising the quality levels of our products.

Shiota: I think having such experiences gained through tough assignments like overseas postings fed back after returning contributes to individual and organizational growth, and ultimately to raising the quality levels of our products. To promote this virtuous cycle, as someone in Human Resources Department, I want to promote strategic job rotations with careers in mind. As the 7-2-1 rule in personnel development shows (experience, advice, training), I think the most important element is experience. I consider ways to provide diverse and practical experiences and create mutual interaction between advice and training elements to be important themes for future human resources.

Next, please talk about how you, as managers, approach developing junior staff.

Shiota: TOK pursues employee happiness as a personnel strategy based on material issues with the basic definition of happiness being self-actualization through personal growth. In the development of staff, I value self-actualization through personal growth and always think about ways to create an environment where people can grow. I particularly emphasize psychological safety, which I feel is essential for building strong organizations. I think companies should be circles, not triangles and not hierarchical relationships, but flat organizations where the president is at the center and people gradually move closer to the center as their years and positions advance. I think this makes it easier to speak up and creates active communication, and I consciously interact with junior staff with this kind of culture building in mind.

Ohmori: In team interviews, we received the comment of wanting to build successful experiences to gain confidence. I feel it's important to distribute work so people can accumulate successful experiences regardless of size. By first accumulating small successes, I expect this will connect to improved happiness and motivation, which then will lead to growth and into personnel who can act independently.

Suzuki: New employee surveys also emphasize environments where people can work with peace of mind, and I am conscious of this point when developing junior staff. Particularly in the busy EUV photoresist development team, even when mistakes occur, I avoid scolding harshly and take care not to stop the momentum. I think having people accumulate small successes while providing reassurance by saying, "Don't worry about it, it's okay," connects to improved happiness and work efficiency.

Harada: Even with difficult tasks, I assign them on the premise that you can rely on me, and I make sure that I watch over them without leaving them alone. On the other hand, I also consciously avoid being too hands-on and not imposing methods. I try to fulfill the role of a guide at the appropriate times, such as noticing changes from junior staff's progress reports and reaching out to them.

Ishikawa: My department has many young employees with little experience, and there are situations where highly difficult finance operations are hard to overcome just by assigning them. Sometimes I work alongside them to solve issues together, helping them gradually build confidence and become independent by accumulating small successful experiences.

Thank you for talking about various things today. Finally, please tell us about the experiences or episodes where you felt the most happiness in your work at TOK so far.

Ohmori: What I felt the most happiness about in my work so far was successfully winning switchover orders for photoresists in innovative fields by maximizing TOK's strengths under customer-oriented strategies. Achieving switchover from other companies' products in fields where processes had already been established was extremely difficult, and we repeatedly offered improvement proposals for several years to meet customer needs for yield improvement and productivity enhancement.

While products in innovative fields take time from adoption to sales results, switchover in already mass-produced fields produces immediate results. We set a common goal within the Marketing Division of absolutely wanting to win the adoption and continued responding to customer requirements, including data submission and development sample provision, ultimately succeeding in the switchover.

Suzuki: There are three main moments when I feel happiness in my work. The first is when I can finally resolve issues by repeatedly holding technical discussions as a customer support contact while customer requirements become increasingly sophisticated with advances in microprocessing technology and identifying causes one by one. The time I received an award from a customer as a result is also very memorable. Second, the moments when customers trust me as a technician through repeated technical discussions and call me by name; that makes me very happy and gives me pride and fulfillment as a technician. Third is the sense of self-growth. Through technical discussions with customers worldwide, being able to acquire language skills, including English and Korean, has been a major asset. I am currently also taking on the challenge of Chinese and continue to feel the joy of growth.

Harada: What makes me feel deeply happy are situations involving personnel education. I have been conducting intellectual property training for new assignees for over five years of instructing new assignees to development departments and some business departments each year about intellectual property. While conducting training for first and second-year personnel shortly after joining, I make sure I match faces with names so that when I see them performing excellently in other situations several years later, I am genuinely happy thinking that young colleague I taught back then has grown so much. Also, within the Intellectual Property Department, as junior staff have increased, when young people who started with "What is intellectual property?" say "Intellectual property is interesting" or when consultations from other departments that initially came to me gradually start going directly to junior staff following OJT, I can sense that the person has become trusted and capable of acting independently, which I find very reassuring. Watching such growth as someone who teaches is the greatest happiness.

Ishikawa: What remains most memorable in terms of fulfillment was the Tongluo factory construction project that I was involved in during my Taiwan assignment. While advancing construction of the second manufacturing building following the first, I repeatedly examined the financial aspects of business plans and created tools for expense and revenue management, providing all possible support locally. When we achieved good performance and stable operation, I was very happy and felt fulfilled. This experience of steady local efforts bearing fruit was one of the happiest experiences in my career.

Shiota: I am happy when I can contribute to someone with my own strength or when I achieve something and feel fulfilled.

For example, when I see people I was involved with interviewing for a position performing well in the company two to three years later, or when people from the worksite tell me that a young colleague is really good, I feel very happy that we hired this person.

Also, I had periods in my younger days when I couldn't feel confident because of a lack of experience and skills, but through various opportunities, I devoted much of my private time to self-improvement around age 30, and as a result, I gained knowledge and abilities, developed confidence, and became able to advance work with my own strength rather than relying on others, which led to being relied upon more by those around me and connecting to feelings of happiness. Based on such experiences, I will continue to work in human resources so that more personnel can be happy.

Stakeholder Engagement

Toward the new material issue “Development of the semiconductor ecosystem”

As both opportunities and the risks surrounding the semiconductor industry expand, Tokyo Ohka Kogyo aims to become a corporate group truly trusted by stakeholders inside and outside the company by accelerating the construction of supply systems that can respond immediately to market fluctuations and supply chain optimization through the medium-term plan key strategy of “Build a robust supply chain.”

Tokyo Ohka Kogyo will build stronger supply chains that function and develop reliably even in the VUCA era by strengthening engagement with all stakeholders.

TOK will help to resolve and mitigate the new social issues that humanity faces along with unanticipated risks, potential risks, and risks that have actually materialized by enhancing shared value with stakeholders.

Customers

■ **Shared value**
- Provide new added value that inspires customers (tok Vision 2030)
- Develop relationships of trust that allow continued value creation in innovative fields
- Ensure a production structure that guarantees a stable supply of products to society
- Expand the social impact through semiconductors

■ **Policies and basic initiatives**
- tok Medium-Term Plan 2027 Key Strategy (2) Build a robust supply chain
- Execute record-high investments in plants and equipment to support stable production in the semiconductor industry as a long-term growth trend
- Further deepen and advance customer-oriented strategies (trifecta of development, manufacture, and marketing)
- Respond flexibly to customers’ global multisite deployments in consideration of geopolitical risks
- Diversify risks for conversion into opportunities by having production sites in four regions across the world
- Promote advanced initiatives in environment and sustainability-friendly products

■ **Communication channels**
- Customer-oriented sites established in Japan, the United States, China, South Korea, Taiwan, Singapore, and the Netherlands and collaboration and engagement at customer sites

■ **Specific examples and latest achievements**
- Received supplier awards from many customers

2024 TSMC
Excellent Performance Award

Shareholders and investors

■ **Shared value**
- Long-term sustainable growth and corporate value enhancement
- Stable and continuous dividends targeting DOE 4.0% and flexibly implement share buybacks
- Increased capital efficiency
- Reduced capital costs
- Strengthened engagement through constructive dialogues

■ **Policies and basic initiatives**
- Promote transparent, fair, and continuous IR activities
- Officer and department manager of the General Affairs Department undertakes management and oversight as the IR Officer.
- Opinions and requests gathered through dialogues are compiled and shared with all executives.

■ **Communication channels**
- Business results meetings for analysts/institutional investors (two sessions*)
- Individual meetings with analysts/institutional investors (413 sessions*)
- Financial results briefings for individual investors (seven sessions*)
- Integrated reports, business reports to shareholders (Q2), and notices of the convocation of ordinary general meetings of shareholders are published on the TOK website.

■ **Specific examples and latest achievements**
- Individual meetings with analysts/institutional investors containing ESG topics (11 sessions*)
- Selected as a constituent stock for JPX Nikkei Index 400 (as of April 30, 2025)

* Achievements in FY 2024/12

SX銘柄2024
Sustainability Transformation

Designated as an SX stock 2024 by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange (April 2024)

By minimizing supply chain risks and building win-win relationships with all stakeholders, TOK will contribute to the development of the semiconductor ecosystem, which is the major premise for improving corporate value.

Employees and future generations

■ **Shared value**
- Share and practice integrated thinking that results in all activities contributing to society
- Execute a powerful virtuous cycle through win-win relationships between company and employees
- Align personnel systems and human capital measures with individual values under the mission grade system
- Expand the environment for working longer term, including enhancement of re-employment system

■ **Policies and basic initiatives**
- The philosophy of the TOK Group Policy on Leveraging Human Capital is incorporated into the measures
- Focus on Key Strategy 1 under the tok Medium-Term Plan 2027 **(→ See page 20)**
- Set employee engagement indicators as quantitative targets for the medium-term plan and KPIs for remuneration system for officers

■ **Communication channels**
- Employee engagement survey
- Dialogue sessions between young employees and the president
- Issue group reports in multiple languages (Japanese/English/Traditional Chinese/Simplified Chinese/Korean/German)
- Internal whistleblowing system to identify and improve or prevent compliance risks at an early stage (reports received: three times*)

■ **Specific examples and latest achievements**
- Strengthened communication to foster unity on a global basis (by issuing group reports and the president's video message in multiple languages with global roundtables and expanding the boundary of internal awards globally)
- Implemented CSR training for all employees, directors, and auditors in Japan: participation rate 100%*
- Introduced the Tokyo Ohka Global Employee Shareholding Association System

* Achievements in FY 2024/12

Global roundtable
(Tokyo Ohka Kogyo America, Inc.)

Suppliers and startups

■ **Shared value**
- Solid partnership to create high added value and high and stable quality
- The supply chain guarantees a stable supply for society while respecting the environment and human rights
- Based on the Occupational Health and Safety Policy, the utmost priority is placed on the maintenance of the health and safety of all internal and external personnel who provide service in the work environment of the TOK Group, and efforts are made to eliminate workplace accidents.
- Open innovation through corporate ventures

■ **Policies and basic initiatives**
- Chemical substance regulations, customer requirement standards, and TOK procurement policy are shared through the TOK Group Standards on Chemical Substance Management.
- Business transactions reflect the principles of impartiality, fairness, and transparency based on the CSR Policy while respecting human rights, society, and the global environment.
- Information is managed in accordance with the TOK Group Information Management Policy

■ **Communication channels**
- Inspection and verification of manufacturing systems through periodic audits (on-site and online)
- Joint research and development in the new R&D building

■ **Specific examples and latest achievements**
- Acceleration of open innovation in the TOK Technology Innovation Center and Semiconductor Manufacturing Materials Laboratory

Fully acquired German micro resist technology GmbH

Academics, research institutions, and consortiums

■ **Shared value**
- Initiatives for a technological breakthrough through industry-academia collaboration from a long-term viewpoint; enhancement and streamlining of basic research
- Activities to expedite the R&D process through collaborations with international research institutions
- Efforts to acquire business opportunities through participation in industrial consortiums

■ **Policies and basic initiatives**
- Accumulate technological seeds that will lead to future blue oceans and new concepts
- Acquire a broad range of technological seeds through open innovation in order to input internal resources in full scale as soon as the market takes off

■ **Communication channels**
- Send TOK human capital to universities and research institutions in Japan and overseas
- Joint research and development
- Provide grants for research and development activities through the Tokyo Ohka Foundation for the Promotion of Science and Technology

■ **Specific examples and latest achievements**
- Established a joint laboratory with Yokohama City University (July 2019)
- Established a joint research site with the Tokyo Institute of Science (June 2023)
- Concluded an agreement on promoting cooperation and collaboration with the University of Hyogo (January 2025)
- Provided grants through the Tokyo Ohka Foundation for the Promotion of Science and Technology in 2024: 121 projects, 53.72 million yen

Participated in a US-JOINT consortium of ten Japanese and American materials and equipment companies (Silicon Valley)

National/ local governments and local communities

■ **Shared value**
- Sustainable development of society
- Realization of a society where people are happy
- Response to global risks that include climate change and geopolitical risks
- Response to unexpected risks that will emerge

■ **Policies and basic initiatives**
- Purpose: Contribute to a sustainable future through chemistry
- Close collaboration with national and local governments and local communities toward the realization of tok Vision 2030
- Proactively promote social contribution activities in the areas around TOK business sites by emphasizing cooperation and collaboration with local communities and establishing relationships of trust
- Set CO_2 emission reduction targets as quantitative targets for the medium-term management plan

■ **Communication channels**
- Negotiations with governmental authorities in Japan, the United States, South Korea, Taiwan, China, and Europe related to environmental regulations and applicable laws and regulations
- Activities in accordance with each country's policies and targets for climate change responses and biodiversity conservation
- Emphasize local communication during normal times as the basis of providing stable value to society

■ **Specific examples and latest achievements**
- Dialogues about the environment and safety: 566 participating employees*
- Dialogues with local communities

* Achievements in FY 2024/12

Participated in afforestation activities with residents of Kanagawa Prefecture through the Kanagawa Trust Midori Foundation

Toward Minimizing Supply Chain Risks

Minimize potential risks in supply networks on short/medium/long-term time axes

Tokyo Ohka Kogyo recognizes the trends surrounding the PFAS and future semiconductor oversupply risks as two representative supply chain risks that could hinder the sustainable development of future semiconductor ecosystems; thus, the company focuses on countermeasures on short, medium, and long-term time axes.

Risks to minimize: 1 Trends surrounding PFAS

Time axis: Short-term/medium-term/long-term

Countermeasure: Accelerate replacement with alternative substances with minimal risk of supply disruption

Regulations on PFAS, called forever chemicals and widely used in waterproof sprays, fire extinguishers, cookware surface processing, and semiconductor materials, including photoresists, due to their non-degradable and stable properties, have been strengthened since around 2022 because of the risks of harming the health of living beings, including humans. As a result, the risks of hindering supply chain sustainability have increased; therefore, customers and the semiconductor industry including TOK are working hard to build sustainable semiconductor ecosystems by accelerating development of PFAS-free products.

Regulatory trends (domestic and international)

- **International trends**
  - 2022: PFHxS newly added to Annex A (elimination) of POPs Convention
  - REACH regulation in Europe and TSCA in USA considering regulations on PFAS in general
  - Regulatory targets: non-degradable, highly accumulative chemicals in general
- **Domestic trends**
  - Industrial Safety and Health Act revision: PFHxS and its salts added to Class 1 specified chemical substances
  - Major chemical substance management laws, including the PRTR Act, successively revised

TOK's response policy and measures

- **Regarding chemical substances in chemical products**
  - Implement appropriate disclosure of information and safety to customers and employees
  - Promote the development and manufacturing of beneficial chemical products while considering the environment
- **Particularly noteworthy trends**
  - PFAS regulations announced in Europe in 2023 spread to multiple industries
  - While some regulations showed easing and postponement trends from 2024, the situation continues to require vigilance

Future strategic response

- **Thoroughly comply with regulations**
- **To minimize production impact from regulations, implement the following:**
  - ① Cooperation with industry groups and regulatory authorities
  - ② Actively promote information provision on safe handling
- **Accelerate development of PFAS-free products**

Customer evaluations of TOK PFAS-free products advancing toward market launch

Risks to minimize: 2 Semiconductor oversupply phases

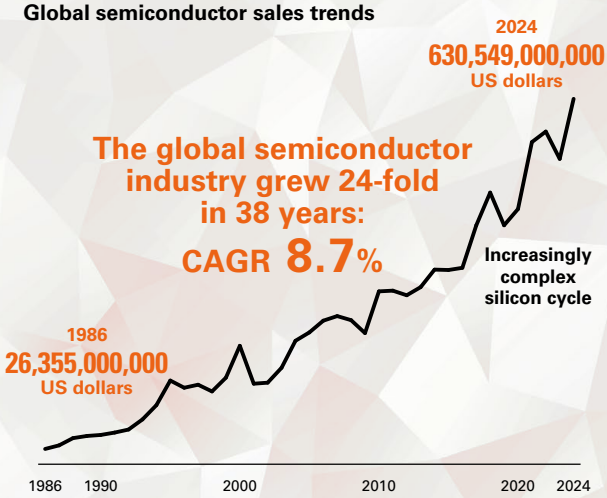
Time axis: Medium-term/long-term

Countermeasure: Monitor silicon cycle changes and expand portfolio

While predictions are that the semiconductor industry will continue the trend toward long-term expansion due to its perpetual evolution and large impact on humanity, the industry grows through repeated boom and bust cycles as shown by the most recent contraction in 2023.

This wave, called the silicon cycle, has become more complex in recent years with supply and demand cycles differing significantly, depending on semiconductor types (logic/memory/power/sensors) and front-end/back-end differences. Currently, concerns are beginning to arise about supply chain disruption risks from U.S. tariff policies and price collapse risks from the growth of China's semiconductor industry. As the market size grows, negative impacts during contraction periods also increase; therefore, the TOK Group will continue to maintain and strengthen the high value-added strategies it has pursued since its founding while expanding its full lineup strategy to many regions and customers to achieve risk diversification. Additionally, in technological development, TOK will incorporate many seeds on short, medium, and long-term time axes to reduce R&D risks and continue to capture future mainstream markets.

Global semiconductor sales trends



Source: Calculated by TOK from WSTS materials

Message from the Executive Officer of DX

TOK will also connect DX promotion to development of the semiconductor ecosystem.

For the enhancement of corporate value

Contributing to sustainable development of the semiconductor ecosystem by linking it to the overall management strategy

TOK established the IT and Digital Division in March 2024, positioning DX at the core of its management strategy. TOK works to maximize corporate value by engaging horizontally with four earning capabilities: technology (intellectual capital/manufacturing capital), human capital, human connections (social and relationship capital), and finance (financial capital). In the new material issues and new medium-term plan from 2025, TOK engages with all material issues and key strategies, particularly focusing on the medium-term plan key strategy to "Build a robust supply chain" and activation of four earning capabilities that serve as its foundation toward the "Development of the semiconductor ecosystem," which is the major premise for the TOK Group's corporate value improvement.

Toward further activation of technology (intellectual capital/manufacturing capital)

- Progress was made to improve the efficiency of key material exploration and product design for innovative products through the introduction and deployment of Materials Informatics (MI) for the advancement of R&D. TOK is currently promoting automation of data generation and collection in order to realize environments that balance convenience and advancement.
- As it works toward advances in production technology, TOK is clarifying models of advanced production management system groups centered on the Koriyama plant and the Aso Kumamoto site by formulating common guidelines for production bases. TOK is leading digitization of production process and equipment information and compilation into databases, as well as efficiency improvement through process automation, while promoting smart approaches in both engagement from the planning stage for new investments and strengthening conventional equipment. Additionally, TOK is making progress in the introduction of protective equipment detection systems using AI and IoT and the automation of visual inspections.

→ **Through these comprehensive initiatives, TOK is taking the technologies and expertise that previously relied on individual engineers at each site and standardizing them as technologies for the entire TOK Group**

Toward further activation of human capital

- As it works toward developing digital human capital, TOK has defined "beginner digital literacy human capital" as those who can accept digital technologies as Level 1, "digital translators" as those who can interpret their business issues to IT specialists as Level 2, and "digital specialists" as those who can improve business using advanced digital technology as Level 3 while focusing on developing Level 2 and above as those who serve as the core of business improvement. TOK is targeting employees from management to new hires for sequentially deploying the DX mindset and basic literacy training, internal tool study sessions, and DX education specialized for production sites. Internal awards show an increasing number of cases of recognition for digital utilization with remarkable changes beginning to appear in both skills and mindset.

Toward further activation of human connections (social and relationship capital)

- Restructuring cybersecurity systems to smoothly advance future external cooperation and collaboration with outside partners. TOK is extracting security issues based on group-wide assessment results, formulating the security strategy and roadmap through 2030, and implementing them from 2025. This promotes the creation of environments where internal and external relationship capital can be employed safely and effectively. Additionally, TOK is deploying improvements to existing measures, including access control and virus countermeasures, internal infrastructure reorganization, and security awareness training **(→ see pages 60–61 "Message from the Executive Officer of ERM")**.

→ **TOK is deploying the above comprehensive activities as one of the key measures toward the material issue of the "Development of the semiconductor ecosystem"**

Toward further activation of finance (financial capital)

- As it works toward further activation of financial capital, TOK is considering improvements in business efficiency by using digital technology and acceleration and risk reduction of investment decisions through advanced analysis of financial data. These efforts contribute to maximizing corporate value through effective capital utilization and the improved quality of the decision-making process. TOK is also deploying infrastructure system improvements and advanced information visualization as important measures that support the strategic operation of financial capital.

→ **TOK is promoting interactions among the four earning capabilities of technology, human capital, human connections, and finance from a systems perspective**

I hope you will look forward to Tokyo Ohka Kogyo's improvement in corporate value through DX.

Shinichi Isogai
Executive Officer,
Division Manager, IT and Digital Division

Message from the Executive Officer of ERM

We will strive for sustainable corporate value improvement by closely linking risk management and growth strategies.

Risk management for corporate value maximization

Toward the development of the semiconductor ecosystem, the ERM Department leads more effective risk countermeasures

Tokyo Ohka Kogyo, which aims to increase corporate value by maximizing the positive impacts on society and minimizing negative impacts, established the ERM Department in April 2024 to comprehensively and professionally address all short/medium/long-term risks recognized by TOK Group. The department formulates countermeasures to the diverse risks of economic security, disasters, geopolitics, and information leakage in cooperation with management and each division.

In today's environment where the TOK Group's business continues to expand and external conditions change moment by moment, simply continuing business operations is not sufficient. The ERM Department will not only respond to the variety of risks surrounding the TOK Group but also comprehensively verify the effectiveness and feasibility of different countermeasures, leading more practical risk countermeasures without making risk management a mere formality.

By viewing risks as the starting point for strategy and closely linking risk management to growth strategies, the department will strive for initiatives toward the material issue of the development of the semiconductor ecosystem and improvements in sustainable corporate value.

Toward minimizing future risks and strengthening risk response capabilities

Currently, dramatic changes are occurring in economic security and industrial policies in different countries and regions; therefore, the ERM Department is developing human capital with specialized knowledge and experience while working on information collection from external organizations. For the themes with high potential for a future impact, the department collects information in the early stage and strives for early risk detection and securing enough time to respond. Through these comprehensive initiatives, the department will improve the TOK Group's short, medium, and long-term risk response capabilities by advancing preliminary preparations for minimizing future risks.

Additionally, the department strengthens risk response capabilities by visualizing and analyzing the various risks through multifaceted risk assessments to understand the relationships between risks and incident occurrence situations by conducting as many scenario analyses as possible. Then, the department strengthens risk response capabilities across TOK by feeding back the analysis results to each department.

Risk assessment and KRI (Key Risk Indicator) operation

The TOK Group convenes risk management committees four times a year across the group **(→ see pages 78–79)**, clarifying themes that should be recognized as risks and managing the progress of countermeasures. For themes defined as major risks, responsible executives serve as risk owners and set KRIs toward risk reduction. Risk management committees verify company-wide risk reduction activities through progress confirmation based on KRIs, establishing a system for continuous improvement.

Currently, TOK specifically identifies natural disasters, civil wars and conflicts, and strengthening environmental regulations as major risks; extracts specific scenarios related to each risk; quantitatively evaluates their impact while setting targets; and promoting risk reduction measures step by step.

Additionally, when large investment projects are deliberated by the board of directors, the department provides objective risk evaluation reports and shares risk recognition with management, leading to further governance strengthening.

Shoji Otaka
Executive Officer and Department Manager,
Corporate Planning Department

Ensuring employee safety as major premise of BCP

As part of BCP strengthening led by the ERM Department, TOK directly faces large-scale natural disaster risks, such as Nankai Trough earthquakes and Mt. Fuji eruptions, related to domestic sites as possibilities and advances the Business Continuity Plan (BCP) for restructuring and refinement. Risk management committees extract a potential Nankai Trough earthquake or Mt. Fuji eruption as risks that can directly impact business continuity for discussions and organization of response policies step by step.

Regarding the Nankai Trough earthquake in particular, on the premise that TOK's main sites are not located in areas that would receive direct tsunami hits, TOK focuses on disaster mitigation measures that minimize damage. Based on the lessons learned from the damage to the Koriyama plant in the 2011 Great East Japan Earthquake, the basic philosophy is one of *building systems that can quickly recover when disasters occur and minimize damage*.

For such major risks, TOK operates decision-making processes by risk management committees chaired by the president as part of the BCP. By clearly maintaining the major principle that *the starting point of BCP is securing human life*, in practical field situations when risks materialize, TOK thoroughly follows the order of first prioritizing the safety of employees and their families and, only after safety is confirmed, initiating business resumption plans.

Going forward, TOK will continue to evolve BCP strategies that balance human life and business by building up its early-stage preparations and training and discussions assuming worst-case scenarios precisely because natural disasters are difficult to predict.

Toward efficiency and strengthening of the security export control system

Strengthening risk information collection and internal deployment capabilities

In responding to the further intensification of US-China trade friction from 2025 and business environment changes, such as introduction of reciprocal tariffs, TOK is strengthening its responses to bills and laws as required in each region. Since risk-related information that the TOK Group must collect is rapidly increasing, TOK established a Security Export Control Section within the ERM Department to focus on comprehensive and rapid information collection and management. The section promotes active education, training, and qualification acquisition to develop many specialized personnel while strengthening direct communication with external organizations to improve the accuracy of information collection. Additionally, the section introduced a system to efficiently deploy high-accuracy and up-to-date information obtained there internally and plans to use AI tools to analyze the latest information from external organizations going forward.

Enhancement and strengthening of economic security response

Toward preventing technology transfer/outflow

TOK recognizes technology transfer and outflow overseas as a major issue not only for the TOK Group but for the entire industry. The TOK Group responds to different countries' policies and regulations, including the Foreign Exchange and Foreign Trade Act by METI and U.S. EAR legislation. As it works toward reducing technology transfer risks, TOK considers the strengthening of information management as the most important issue, including measures to prevent the unintentional outflow of information. Therefore, under the leadership of the Information Management Committee, TOK strengthens and promotes the establishment of the latest IT management systems at all TOK Group sites, including overseas subsidiaries, and implements measures to prevent information leakage accompanying human capital outflow while striving to minimize risks.

Because the importance of the TOK Group's photoresists for semiconductors is increasing in terms of being one of Japan's important technologies, TOK extracts supply chain risks, overseas technology outflow risks, and cybersecurity risks and focuses on continuing the stable production and providing a stable supply of TOK products.

Toward advanced information management and uniform capabilities

Strengthening information management and security levels from a global perspective

In the DX currently being promoted company-wide, the Information Management Committee focuses on initiatives to balance improvements in convenience through digital technologies and strengthening information management and security. Specifically, the committee is reviewing IT systems previously optimized by region for global unification.

In information security, TOK is continuing last year's efforts to visualize and enhance each Group company's security levels through proprietary information protection (PIP) management evaluations and focusing on building a system where all group companies can appropriately manage information by following central management standards and strengthening items. Additionally, TOK implements spot tests for all employees several times a year as a method that is more effective than conventional online education while strengthening information literacy across the Group.

→ Please refer to the *Securities Report* on major business risks and countermeasures. (Japanese language only)
https://www.tok.co.jp/application/files/6317/4314/5605/securities_2412.pdf

Messages from Outside Directors

Deepening governance reform and achieving sustainable growth

Governance reform — achievements and challenges so far

We recognize that governance reforms at our company in recent years have steadily progressed, including increasing the number of outside directors, transitioning to a company with an audit and supervisory committee, and establishing the ERM Department.

The transition to a company with an audit and supervisory committee from March 2023 was particularly significant. Over these two years, we were able to understand the challenges facing field operations and the thinking of personnel in charge by conducting audits of more than 20 business locations and departments including overseas. This brought the field operations closer to the Board of Directors, and I personally feel I can approach board meetings with a clearer sense of field operations.

As an immediate challenge, we recognize that the number of workplace accidents is not decreasing. While we are implementing a variety of company-wide measures toward eliminating workplace accidents, the effects are not yet sufficient. The foundation of all corporate activities is creating a safe and secure work environment, which we have positioned as a key strategy in our new medium-term plan tok Medium-Term Plan 2027. I will continue to maintain a field operations perspective and make recommendations regarding safety as well **(→ see pages 88–89 "Safety and Health Initiatives")**.

There is no end to governance reform, and it is important to continue reforms in response to a changing society and the risks surrounding companies that increase every year.

Nomination and Compensation Advisory Committee — fiscal year 2024 results

The Nomination and Compensation Advisory Committee, which I chair,

(i) created drafts of compensation tables and individual compensation amounts for directors (excluding directors who are audit and supervisory committee members, outside directors, and directors who do not execute business operations), as well as drafts of individual compensation amounts for outside directors and directors who do not execute business operations, and submitted recommendations to the Board of Directors;

(ii) prepared draft proposals for director appointments to be submitted to the shareholders' meeting and reported to the Board of Directors;

(iii) prepared draft evaluations of executive officers and reports them to the Board of Directors; and

(iv) conducted discussions toward clarifying succession plans.

We spent a considerable amount of time discussing succession planning, in particular, during fiscal year 2024. Committee members actively contributed to discussions on revising the requirement definitions for each executive and the nature of Tokyo Ohka's succession plan, and I believe we reached a level where we can identify certain directions. I think we need to further advance ways to connect the results of these discussions to future actions.

Starting in fiscal year 2024, we also conducted interviews between all executives responsible for execution, including directors and outside directors, and summarized the opinions on the appropriateness and future careers of each executive from the perspective of outside directors as an effort to deepen succession plan discussions.

Achieving sustainable growth through the virtuous cycle of employee engagement and ROE

Regarding ROE and employee engagement indicators, we consider both KPIs to be very important indicators, and we use them as evaluations for performance-linked compensation. Moreover, these indicators are not completely independent because we believe that improving employee engagement and achieving continuous growth will also lead to ROE improvement. ROE is particularly important because we need to maximize the efficiency of our largest-ever investment scale under the new medium-term management plan starting in fiscal year 2025, so we intend to discuss this at the level of the Board of Directors.

Hisashi Ando
Outside Director
Nomination and Compensation Advisory Committee
Chairman

Messages from Outside Directors

I expect value creation with the genuine commitment that is uniquely ours.

Pursuing human capital sustainability as a member of the Nomination and Compensation Advisory Committee

As we reach the 85th year since establishment, we must ensure that the human capital who will bear the core of future management is not lacking at any future point for TOK in order to create a new history of growth toward the 90th anniversary and becoming a 100-year company.

Therefore, we conducted individual interviews one by one with management-level human capital who will likely be responsible for Tokyo Ohka's future based on succession plan discussions by the Nomination and Compensation Advisory Committee. Through these interviews, I was reminded that each individual core human capital feels both the difficulty and fulfillment of developing human capital who will aim to become future management.

I believe that through both customer-oriented strategy and strengthening employee engagement, which will contribute significantly to growth in our current performance as part of our core competencies and material issues, everything comes down to how genuinely we can engage with others. Going forward, I hope Tokyo Ohka will approach everything with complete sincerity.

New material issues grounded in the management philosophy and purpose

In formulating the five new material issues including Evolution of Sustainability Governance, we engaged in various discussions at the Council of Directors **(→ see page 19 "Message from the President")**.

The fact that internal and external directors, executive officers, and relevant department members from a variety of backgrounds, diverse skills, and different specialized fields engaged in frank and open-minded discussions covering multiple perspectives to ultimately converge on material issues that everyone could fully accept, I believe, is because our management philosophy, purpose, and management vision have permeated throughout the organization. This is why I think we gained empathy from all Group employees, including overseas staff. This is material issue that we can be proud of even from our perspective as outside directors.

Always carrying TOK Vision 2030

In all of the above series of new material issues and initiatives toward the new tok Medium-Term Plan 2027, the TOK Group's focus is directed toward tok Vision 2030 which aims for sales growth 1.7 times current performance.

Currently, major geopolitical paradigm shifts and digital disruption from AI and other technologies are undermining existing business assumptions, while markets and consumers are also changing significantly. Therefore, I believe that unless our company proactively changes and continues to drive innovation, not only will realizing tok Vision 2030 be impossible but even survival of the company will be difficult. Creating innovation requires repeated trial and error to combine existing knowledge with future knowledge, and the resolve to accept the challenge of creating new value that no one has considered before. I believe this resolve will lead to achieving tok Medium-Term Plan 2027 and realizing tok Vision 2030. To never forget this, I always carry tok Vision 2030 as a booklet with me.

I intend to continue genuine dialogues with the TOK Group's field personnel and walk sincerely toward the goal of realizing tok Vision 2030.

Kazuo Ichiyanagi
Outside Director
Audit and Supervisory Committee Member
Nomination and Compensation Advisory Committee Member

Messages from Outside Directors

By continuously improving the quality of discussions, we will further strengthen the effectiveness of governance.

Strengthening governance effectiveness through the quality of discussions

I sense that the awareness of governance at our company is growing daily.

Specifically, we frequently hold study sessions for executives that include outside directors to create a common understanding of the matters that executives should be aware of before discussions. Additionally, we regularly receive reports from each business division, which creates an opportunity to understand the overall company situation and a state where all executives, including outside directors, can mutually confirm issues.

Although we have four outside directors, which does not constitute a majority, they actively express their opinions based on their experience, and the content of the discussions is reflected in resolutions, which I feel satisfies governance requirements.

In terms of diversity, while the number of female outside directors decreased by one, female managers are steadily increasing, and female executive officers are active; therefore, we expect more female executives to emerge from within the company in the future.

The establishment of the ERM Department in April 2024 has further enhanced risk analysis. This has resulted in more understandable materials being provided for deliberations by the Board of Directors and thereby deepens discussions.

Regarding cross-shareholdings, we verify business synergies and other factors for each individual stock annually at the level of the Board of Directors while fully considering capital costs and other factors. We have a policy of reducing holdings judged to have low necessity or inevitability, and we want to carefully confirm the situation.

Our Audit and Supervisory Committee is very active. I understand that on-site inspections and hearings of the plants in various locations are scheduled, and audits are conducted with a detailed understanding of the situation. Currently, new plant construction and operations are planned in a variety of locations, but for both new and existing plants, I want to advance the audits with an emphasis on occupational health and safety, the working environment, and employee engagement, which is closely related to these factors. I hope that our company's human capital will feel a sense of fulfillment in working at our company and thereby contribute to our company's development, and I want to point out any problems in systems or operations.

I believe it is desirable for this direction to continue going forward.

Thorough discussions about the new material issues

In formulating new material issues, we reviewed the results and progress against material issues challenges and targets for the fiscal year ended December 2024 and took sufficient time to consider whether there were points to newly add or change, including outside directors in the discussion. Responding to social changes since starting the previous material issues, we created content that particularly addresses the increase in war and geopolitical risks, heightened interest in the supply chain and human rights due diligence, and made the necessary revisions to other areas as well.

We also established a new governance-related material issue, the Evolution of Sustainability Governance. Companies must always emphasize sustainability, and the Board of Directors must not be caught up in immediate short-term themes or profits. The phrase "business and human rights" has become more frequently heard in society in recent years, and I welcome the fact that such thinking, including monitoring human rights issues throughout the value chain, has become widely accepted. Moreover, ways to execute this becomes the challenge. Going forward, I want to closely monitor our company's specific initiatives.

While TOK operates many development and manufacturing sites globally, and these field locations support the company, I understand that many overseas customers that lead the world's semiconductor industry often have different perspectives from Japan's workstyle reforms. We need to establish systems to appropriately respond to such demands, and from this perspective, setting employee engagement as a non-financial target in the new tok Medium-Term Plan 2027 is highly significant.

Ayako Ikeda
Outside Director
Audit and Supervisory Committee Member
Nomination and Compensation Advisory Committee Member

Messages from Outside Directors

I will leverage my experience as CFO to contribute to enhancing corporate value.

Isao Nakajima became an outside director in March of this year. I have experience as CFO and HR executive at a major energy company and also have accumulated experience as an auditor and Audit and Supervisory Committee member. I intend to leverage my career experience to contribute to the sustainable enhancement of corporate value at TOK.

Commending rapid decision-making and advanced employee initiatives

Since my appointment, I have attended several board meetings. While there is tension that is unique to the Board of Directors, each director expresses their thoughts frankly not only when showing approval for agenda items but even when holding opposing opinions, and opinions for draft amendments are incorporated flexibly if judged reasonable, making the Board of Directors very substantial in my opinion. This is due to the board chairperson's skillful meeting management, as well as the fact that the spirit of our management philosophy of "frank and open-minded" has permeated among all executives.

Among the various governance reforms our company has implemented, what I particularly focus on is the 2023 transition to a company with an Audit and Supervisory Committee. Companies with a Board of Auditors and companies with an Audit and Supervisory Committee each have their own characteristics, and discussing their superiority or inferiority is not very meaningful. What is important is which is more appropriate for the particular company. TOK focuses on increasing outside directors and enhancing the transparency and objectivity of the Board of Directors, but at the same time, business is becoming increasingly more sophisticated and specialized, requiring an even faster decision-making process. In order to make appropriate decisions, it is necessary to achieve both of these objectives simultaneously, and I believe that by transitioning to a company with an Audit and Supervisory Committee, we have enhanced the objectivity of the Board of Directors while also strengthening management agility.

Another is the introduction of the Tokyo Ohka Global Employees Stockholding Association Restricted Stock Unit Plan in 2024. This system is proof of our conviction that the source of corporate value is human capital and that overseas subsidiary employees are as valuable as parent company employees. Moreover, by realizing the granting of restricted stock to employees through the employee shareholding association system, which is difficult under current law, we demonstrate our strong belief in the significance of employees becoming shareholders.

Pursuing optimal cash allocation based on the medium- to long-term strategy

There is no absolute correct answer for cash allocation, and I believe the balance of shareholder returns, investment, and financial health should be evaluated on how appropriately it reflects capital market trends, the company's medium- to long-term management strategy, and business characteristics. In the tok Medium-Term Plan 2027, more than half of the cash of the company is allocated to investments, showing a strong offensive stance. On the other hand, in terms of shareholder returns, we have established a system for stable dividends and steady dividend increases corresponding to internal reserve growth through our DOE 4% policy, while also implementing timely returns by appropriately combining this policy with share buybacks. I believe such a capital policy is a manifestation of our stance of pursuing the best balance in cash allocation.

Leveraging CFO experience to contribute to enhanced corporate value

The role of the CFO is to translate management strategy into financial information, derive the next management strategy from financial information, and communicate these externally. Furthermore, at the forefront of daily decision-making, it is important to continuously ask about each measure: "What is the biggest issue?" "How does this connect to corporate value enhancement?" "What is the most significant risk to consider?" I paid attention to these during my tenure as CFO. Our company's products and business model are completely different from the company where I was CFO, but I believe such CFO roles are universal. As a director of TOK, I intend to always keep in mind what I focused on during my CFO tenure. However, since I am an outside director rather than a CFO at TOK, I deliberately distance myself from such roles and focus on observing how the Board of Directors and Committee of Executive Officers approach financial information and whether important issues are raised in determining the various measures and whether that leads to essential discussions, and I want to encourage this when necessary.

Isao Nakajima
Outside Director
Audit and Supervisory Committee Member
Nomination and Compensation Advisory Committee Member

Directors and Officers

Directors

Noriaki Taneichi
❶ Representative Director,
President and Chief Executive Officer
Nomination and Compensation Advisory Committee Member
(Number of Shares Owned: 91,000)

1986 Joined the Company
2009 General Manager, Marketing Development Department
2011 General Manager, New Business Development Department
2015 Executive Officer; Deputy Division Manager, New Business Development Division
2017 Director; Executive Officer; Division Manager, New Business Development Division
2019 Representative Director, President, and Chief Executive Officer (to the present)

Harutoshi Sato
❷ Director
(Number of Shares Owned: 55,000)

1984 Joined the Company
2004 General Manager, Quality Assurance Department
2007 General Manager, Advanced Material Development Department 2
2008 General Manager, Advanced Material Development Department 1
2009 Executive Officer; Deputy Division Manager, Research and Development Division and General Manager, Advanced Material Development Department 3
2011 Executive Officer; Deputy Division Manager, Research and Development Division and General Manager, Advanced Material Development Department 1
2012 Director; Executive Officer; Division Manager, Research and Development Division
2017 Director; Managing Executive Officer; Division Manager, Research and Development Division
2019 Director; Senior Managing Executive Officer; Division Manager, Research and Development Division
2022 Director (to the present)
2025 Outside Director of Carlit Co., Ltd. (to the present)

Kosuke Doi
❸ Director and Senior Managing Executive Officer
Division Manager, Marketing Division
(Number of Shares Owned: 41,000)

1986 Joined the Company
2009 General Manager, Advanced Material Development Department 1
2011 President and Director of Tokyo Ohka Kogyo America, Inc.
2016 Executive Officer (President and Director of Tokyo Ohka Kogyo America, Inc.)
2019 Executive Officer; Division Manager, New Business Development Division
2020 Managing Executive Officer; Division Manager, Marketing Division
2022 Director; Managing Executive Officer; Division Manager, Marketing Division and Division Manager, Research and Development Division
2023 Director; Senior Managing Executive Officer; Division Manager, Marketing Division and Division Manager, Research and Development Division
2025 Director; Senior Managing Executive Officer; Division Manager, Marketing Division (to the present)

Hirotaka Yamamoto
❹ Director and Managing Executive Officer
Division Manager, Manufacturing Division
(Number of Shares Owned: 21,000)

1992 Joined the Company
2013 Plant Manager of ADVANCED MATERIALS CO., LTD.
2019 Deputy Division Manager, Corporate Planning Division
2020 Executive Officer; Division Manager, Corporate Planning Division
2023 Director; Executive Officer; Division Manager, Manufacturing Division
2025 Director; Managing Executive Officer; Division Manager, Manufacturing Division (to the present)

Katsumi Ohmori
❺ Director and Executive Officer
Division Manager, Research and Development Division
(Number of Shares Owned: 11,000)

1991 Joined the Company
2012 General Manager, Next-Generation Materials Development Department
2016 Deputy Division Manager, Research and Development Division
2020 Vice President and General Manager of Research Laboratory of TOK ADVANCED MATERIALS CO., LTD.
2021 Executive Officer; Deputy Division Manager, Research and Development Division
2025 Executive Officer; Division Manager, Research and Development Division
2025 Director; Executive Officer; Division Manager, Research and Development Division (to the present)

Skills and Experience Required for Directors of TOK

Name	Position	Outside	Nomination and Compensation Advisory Committee	Skills and experience					
				Management experience in other corporate groups	Research and Development/ Technology/ Production	Sales/ Marketing	Legal/ Compliance/ Risk management	Finance/ Accounting	Global experience
Noriaki Taneichi	Representative Director, President		●		●	●			●
Harutoshi Sato	Director				●				●
Kosuke Doi	Director				●	●			●
Hirotaka Yamamoto	Director				●				●
Katsumi Ohmori	Director				●				●
Hisashi Ando	Director	●	●	●	●	●			
Yusuke Narumi	Director (Standing Audit and Supervisory Committee Member)				●	●			●
Kazuo Ichiyanagi	Director (Audit and Supervisory Committee Member)	●	●	●	●	●			●
Ayako Ikeda	Director (Audit and Supervisory Committee Member)	●	●	●			●		●
Isao Nakajima	Director (Audit and Supervisory Committee Member)	●	●	●		●	●	●	

Hisashi Ando

❻ Outside Director

Nomination and Compensation Advisory Committee Chairman

(Number of Shares Owned: 3,000)

1979 Joined Sony Chemicals Corporation (currently Dexerials Corporation)
2006 Corporate Executive; Kanuma Plant Manager of Sony Chemical and Information Device Corporation (currently Dexerials Corporation)
2007 Executive Officer; Kanuma Plant Manager of Sony Chemical and Information Device Corporation
2010 Director; Kanuma Plant Manager of Sony Chemical and Information Device Corporation
2012 Director and Executive Officer; Senior General Manager, Research and Development Division; Kanuma Plant Manager of Dexerials Corporation
2014 Director and Senior Executive Officer; Senior General Manager, Research and Development Division; Procurement, New Business Planning and Promotion of Dexerials Corporation
2016 Director and Managing Executive Officer; Officer in charge of Manufacturing and Technology; Corporate R&D Division Head of Dexerials Corporation
2016 Representative Director and Senior Managing Executive Officer; Corporate R&D Division Head of Dexerials Corporation
2019 Representative Director and Senior Managing Executive Officer of Dexerials Corporation
2019 Director and Managing Executive Officer; Lieutenant President of Dexerials Corporation
2020 Director and Managing Executive Officer; Lieutenant President of Dexerials Corporation; President of Dexerials America Corporation
2020 Technical Advisor of Dexerials Corporation
2022 Outside Director of the Company
2022 Outside Director of AeroEdge Co., Ltd. (to the present)
2023 Outside Director (Audit and Supervisory Committee Member) of the Company
2025 Outside Director of the Company (to the present)

Yusuke Narumi

❼ Director
Standing Audit and Supervisory Committee Member
(Number of Shares Owned: 27,000)

1988 Joined the Company
2012 General Manager, Marketing Department
2019 General Manager, Display and PV Panel Material Marketing Department
2019 General Manager, Imaging Material Marketing Department
2020 Executive Officer; Division Manager, New Business Development Division
2021 Director; Executive Officer; Division Manager, New Business Development Division
2025 Director (Standing Audit and Supervisory Committee Member) (to the present)

Kazuo Ichiyanagi

❽ Outside Director
Audit and Supervisory Committee Member

Nomination and Compensation Advisory Committee Member

(Number of Shares Owned: 3,000)

1977 Joined Teikoku Tsushin Kogyo Co., Ltd.
2005 Executive Officer in charge of Development Department; General Manager, Development Department of Teikoku Tsushin Kogyo Co., Ltd.
2008 Executive Officer responsible for Development & Engineering and in charge of Engineering Management Department of Teikoku Tsushin Kogyo Co., Ltd.
2008 Executive Officer responsible for Development & Engineering of Teikoku Tsushin Kogyo Co., Ltd.
2009 Director; Executive Officer responsible for Development & Engineering of Teikoku Tsushin Kogyo Co., Ltd.
2009 Director; Executive Officer responsible for Development Headquarters of Teikoku Tsushin Kogyo Co., Ltd.
2010 President of Teikoku Tsushin Kogyo Co., Ltd.
2019 Director and Advisor of Teikoku Tsushin Kogyo Co., Ltd.
2020 Outside Director of the Company
2023 Outside Director (Audit and Supervisory Committee Member) (to the present)

Ayako Ikeda

❾ Outside Director
Audit and Supervisory Committee Member

Nomination and Compensation Advisory Committee Member

(Number of Shares Owned: —)

1984 Registered as attorney and affiliated with the Daini Tokyo Bar Association Joined Harago Law Offices (currently Harago & Partners Law Offices)
1990 Joined Steptoe & Johnson LLP, USA
1991 Admitted to the New York State Bar
1992 Joined Hamada & Matsumoto (currently Mori Hamada & Matsumoto)
2002 Professor at The Legal Training and Research Institute of Japan (in charge of defense in civil cases)
2006 Deputy Secretary General of Japan Federation of Bar Associations
2015 Executive Director of Japan Federation of Bar Associations Vice Chair of the Daini Tokyo Bar Association
2021 Outside Director (Audit & Supervisory Committee Member) of Tokai Tokyo Financial Holdings, Inc. (to the present)
2024 Outside Director of the Company
2025 Partner at Harago & Partners Law offices (to the present)
2025 Outside Director (Audit and Supervisory Committee Member) (to the present)

Isao Nakajima

❿ Outside Director
Audit and Supervisory Committee Member

Nomination and Compensation Advisory Committee Member

(Number of Shares Owned: —)

1982 Joined Tokyo Gas Co., Ltd.
2008 General Manager, Finance Dept. of Tokyo Gas Co., Ltd.
2011 General Manager, Middle Branch of Tokyo Gas Co., Ltd.
2012 General Manager, TG-Group Reorganization Project Dept. of Tokyo Gas Co., Ltd.
2013 Executive Officer; General Manager, Residential Sales Planning Dept., Residential Sales and Service Div. of Tokyo Gas Co., Ltd.
2015 Senior Executive Officer, CFO and in charge of Finance Dept., Accounting Dept., Purchasing Dept. and Real Estate Management Dept. of Tokyo Gas Co., Ltd.
2017 Senior Executive Officer, CFO and in charge of Finance Dept., Accounting Dept. and Personnel Dept. of Tokyo Gas Co., Ltd.
2018 Senior Managing Executive Officer, CFO and in charge of Finance Dept., Accounting Dept., Personnel Dept. and Purchasing Dept. of Tokyo Gas Co., Ltd.
2019 Standing Audit & Supervisory Board Member of Tokyo Gas Co., Ltd.
2021 Director and Standing Audit Committee Member of Tokyo Gas Co., Ltd.
2023 Director and Chairman of the Board of Tokyo Gas Real Estate Co., Ltd.
2025 Outside Director (Audit and Supervisory Committee Member) of the Company (to the present)

Executive Officers

Gitae Kim
Managing Executive Officer
TOK Advanced Materials Co., Ltd.
President

Naoki Watanabe
Executive Officer
Division Manager,
New Business Development Division

Okikuni Takase
Executive Officer
Division Manager,
Accounting and Finance Division

Shoji Otaka
Executive Officer
Division Manager,
Corporate Planning Division

Yuichi Honma
Executive Officer
Division Manager,
General Affairs Division

Shinichi Isogai
Executive Officer
Division Manager,
IT and Digital Division

Shogo Ishihara
Executive Officer
Division Manager,
Human Capital Division

Naoki Tatsuno
Executive Officer
TOK China Co., Ltd.
Chairman and President

Kazuyuki Shiotani
Executive Officer
Tokyo Ohka Kogyo America, Inc.
President

Atsushi Sawano
Executive Officer
TOK Taiwan Co., Ltd.
Chairman and President

Motoko Samezawa
Executive Officer
Managing Director and President,
micro resist technology GmbH

Corporate Governance

Further strengthen corporate governance to sustainably enhance corporate value.

TOK Path to Stronger Corporate Governance

2003	● Executive officer system introduced ● Number of directors adjusted appropriately
2006	● Selected one outside director for the first time ● Tenure of directors shortened from two years to one year
2013	● Added one outside auditor, bringing the total to three
2015	● Appointed a (female) outside director bringing the total to two
2018	● Established the Nomination and Compensation Advisory Committee
2019	● Appointed a chairperson to chair the Board of Directors ● Formulated the Corporate Governance Guidelines
2020	● Added one outside director bringing the total to three ● Introduced a new remuneration system for directors with ROE and other evaluation indicators
2021	● Resolved to discontinue anti-takeover measures
2022	● Appointed four outside directors with an increase by one; elected one non-operating director ● Introduced an employee engagement indicator into the evaluation of the remuneration system for officers
2023	● Shifted to a company with an Audit and Supervisory Committee ● Launched executive study sessions focused on developing future management human capital
2024	● Appointed a (female) outside director ● Appointed first female executive officer ● Established a new ERM department

Basic Concept

The TOK management vision has been to become "The e-Material Global Company™" of contributing to a sustainable future through chemistry under its management principles since the establishment of TOK by creating a frank and open-minded business culture, continuing its efforts to enhance technology, raising the quality levels of our products, and contributing to society. TOK believes that realizing this will lead to benefits shared by shareholders and all other stakeholders and improve its corporate value.

The company strives to realize its management vision by placing the enhancement of corporate governance as one of its most important issues, by ensuring transparency and the solidity of management and efficiency, and by expediting the decision-making process.

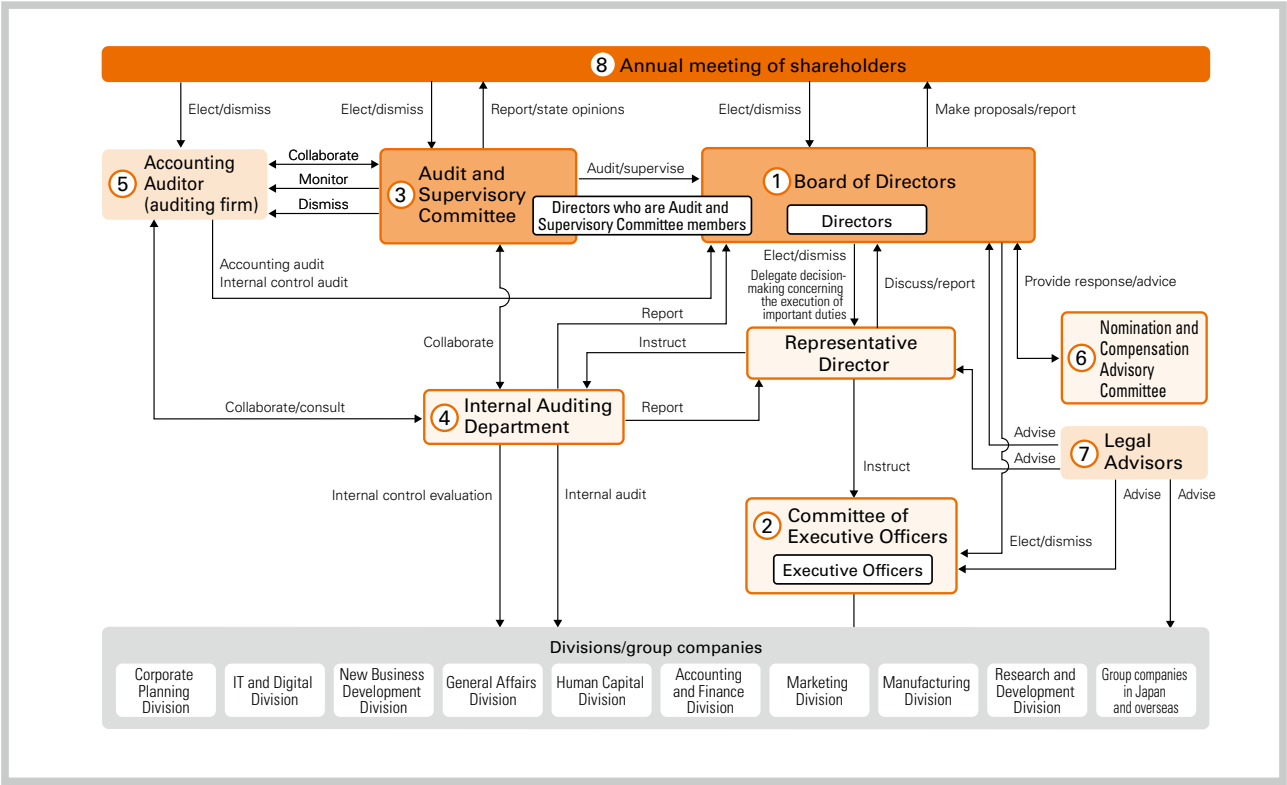
As part of our new materiality initiative launched in 2025, "Advancement of Sustainability Governance," and the qualitative goal of our new medium-term management plan "tok Medium-Term Plan 2027" — namely, "Building a robust management foundation to realize tok Vision 2030" — Tokyo Ohka Kogyo is committed to enhancing corporate governance. In order to continuously strengthen our corporate governance, we are undertaking initiatives in line with the "Tokyo Ohka Kogyo Corporate Governance Guidelines," which outline our fundamental policies and approach to governance.

→ Tokyo Ohka Kogyo Corporate Governance Guidelines (Japanese language only)
https://www.tok.co.jp/application/files/7417/4341/1668/250331_2.pdf

Type of System

TOK has adopted the Audit and Supervisory Committee system. The shift was made because it is considered the most effective for the enhancement of corporate governance in order to achieve more transparent management through the Audit and Supervisory Committee. A majority of members are independent outside directors who audit and supervise the legitimacy and validity of the execution of duties while establishing a structure that more accurately caters to the expectations of stakeholders in Japan and overseas, as well as to enable the delegation of the executive decision-making authority of the Board of Directors to directors, thereby strengthening management with a more agile managerial decision-making process and execution under appropriate supervision by the Board of Directors.

Diagram of Corporate Governance System (As of March 28, 2025)



Directors/Board of Directors Diagram ①

One non-operating director and four independent outside directors were appointed in order to increase the transparency of the Board of Directors and to strengthen its oversight function. As a result, outside directors account for more than one-third of all ten directors.

In principle, the director system has a flat, simplified structure of two layers: the representative director and directors. This structure creates a framework that allows the Board of Directors to fulfill its primary responsibilities of effectively making management decisions and supervising the company's management.

As of March 28, 2025, the Board of Directors is chaired by Director and President Noriaki Taneichi and consists of ten directors: six directors who are not Audit and Supervisory Committee members, including one outside director and one non-operating director with four directors who are Audit and Supervisory Committee members, including three outside directors. The Board of Directors meets on a regular basis (in principle, once a month) and holds extraordinary meetings as required. The meetings are held to make decisions on important matters with regard to business execution with the goal of supervising the business duties executed by the representative director and the other directors.

Assessment of the Effectiveness of the Board of Directors

The directors conduct assessments and hold discussions at meetings of the Board of Directors using an anonymous self-evaluation questionnaire for the composition of the Board of Directors, the effectiveness of the Board of Directors, information related to the Board of Directors, the decision-making process, and external communications. This offers an overall analysis and assessment of the effectiveness of the Board of Directors.

[Evaluation of the Board of Directors for the Fiscal Year Ended December 31, 2023, and Improvements to Identified Issues]

TOK made improvements regarding discussions on (i) deepening company-wide management issues, (ii) analyzing management risks, (iii) creating easy-to-understand materials and streamlining materials, (iv) progress management of resolution matters, which were issues noted in the previous year's evaluation of the Board of Directors.

Time of evaluation	December 2024 (questionnaire survey)
Evaluation item	◆ Composition of Board of Directors ◆ Effectiveness of Board of Directors ◆ Information related to Board of Directors ◆ Decision-making process ◆ External communication
Evaluation results ○ · · · Favorable/ appropriate ▲ · · · Requiring improvement	○ Have an impartial composition offering inside directors with a thorough understanding of each field, and a good balance between experience and actual performance ○ Maintain diversity by incorporating outside directors with differing backgrounds, knowledge, and expertise ○ The size of the Board of Directors, frequency of meetings, matters discussed, and time spent on discussions are all appropriate ○ In an atmosphere of frank and open discussions, rapid decision-making has been achieved by having outside directors that can provide high levels of transparency. These matters are continuously evaluated as favorable. ○ In-house check-and-balance functions are evaluated as favorable ▲ Enhancement of discussions on risk management, business portfolio optimization, global strategy, human capital strategy, DX promotion and realization, and IR activities
Measures for implementation and the matters for examination based on the evaluation results	● Deepened discussions on company-wide managerial requirements ● Considered clearer material preparation, earlier distribution of materials, and enhanced preliminary explanations

Establishment and Operation of the Council of Directors

The Council of Directors consists of directors, executive officers, the heads of related departments, and other members. The Council meets to discuss a reduction in the distance between the Board of Directors and employees and to achieve more transparent management. Its specific activities include the following:

- Exchange of different opinions concerning management issues through frank, open-minded discussions
- Identification of the issues and discussions of ways to approach management indicators and risk management
- Report the extracted direction to the Board of Directors and Committee of Officers,

which leads to discussions and resolutions by the Board of Directors concerning ESG and sustainability issues and initiatives concerning material issues. In fiscal year 2024, starting from discussions by the Council of Directors, TOK advanced the formulation of new material issues and deepened discussions on the overall content of the TOK Medium-Term Plan 2027 that started in 2025, adding depth to the three-year implementation plan.

Executive Officers and Committee of Executive Officers Diagram ②

While taking steps to strengthen the functions of the Board of Directors with regard to management decision-making and supervision, TOK has the Committee of Executive Officers made up of the representative director and all officers to reinforce its business execution capabilities. The committee members include the chief executive officer, the vice president, executive officer, senior managing executive officers, managing executive officers, and executive officers, which allow for their business responsibilities, capabilities, and other considerations.

As of March 28, 2025, the Committee of Executive Officers was chaired by President Noriaki Taneichi and comprised 14 executive officers, including 4 executive officers also serving as directors. In principle, the Committee of Executive Officers meets once a month on a regular basis and convenes extraordinary meetings as necessary. The meetings are convened to share instructions and resolutions adopted by the Board of Directors and the initiatives of each executive officer with the goal of deliberating and approving certain important decisions that are not subject to a resolution for adoption by the Board of Directors. As of July 1, 2025, the Committee of Executive Officers comprised 15 executive officers, including 4 executive officers also serving as directors.

Audit and Supervisory Committee Diagram ③

As of March 28, 2025, the Audit and Supervisory Committee consists of four directors who are Audit and Supervisory Committee members (including three outside directors). The Audit and Supervisory Committee meets once a month on a regular basis and holds extraordinary meetings as necessary in order to discuss important audit-related matters received from Audit and Supervisory Committee members and to propose resolutions. The Audit and Supervisory Committee members attend meetings of the Board of Directors and audit the execution of duties by the directors (excluding directors who are Audit and Supervisory Committee members) while receiving reports from the said directors and requesting explanations when necessary. The auditing complies with the Audit Standards established by the Audit and Supervisory Committee, the audit policy, and the division of duties. In addition, the Audit and Supervisory Committee discusses and exchanges opinions on enhancing the audit and supervisory functions of the Board of Directors. Also, the Audit and Supervisory Committee receives reports from the accounting auditors (auditing firm) on the execution of duties concerning accounting matters and verifies the validity of audit methods and results by requesting explanations when necessary.

In order to improve the effectiveness of Audit and Supervisory Committee audits and ensure the smooth execution of audit duties, one person is assigned to assist the duties of the Audit and Supervisory Committee while serving in other positions.

Internal Auditing Department Diagram ④

The Internal Auditing Division (seven Audit and Supervisory Committee members) is under the direct control of the president. In addition to internal audits, this division offers suggestions, proposals, and advice for continuous improvement through evaluations of the effectiveness of internal controls for financial reporting.

Accounting Auditor Diagram ⑤

The accounting auditor undertakes the accounting audits of TOK from a fair and independent standpoint. The accounting audit of TOK for the fiscal year ended December 2024 was executed by two certified public accountants: Mr. Isao Kamishiro, a designated limited liability partner and executive member of Deloitte Touche Tohmatsu LLC., and Mr. Daijiro Furuya, also a designated limited liability partner and executive member of Deloitte Touche Tohmatsu LLC. There were six other certified public accountants, five persons who passed the certified public accountant examination, and 27 other people who assisted in the accounting audit of TOK. The details of the remuneration paid from TOK to the accounting auditor (Deloitte Touche Tohmatsu LLC) regarding accounting audit for FY 2024/12 were as follows:

· Remuneration in relation to the services set forth in Article 2, Paragraph 1, of the Certified Public Accountants Act (Act No. 103 of 1948): 66 million yen

Nomination and Compensation Advisory Committee Diagram ⑥

TOK established the Nomination and Compensation Advisory Committee to enhance corporate governance by strengthening the fairness, transparency, and objectivity of all procedures related to the nomination, dismissal, and remuneration of directors **(→ see pages 72–76)**.

As of March 28, 2025, a majority of the members of the Nomination and Compensation Advisory Committee are independent outside directors, and the Committee is chaired by an independent outside director. The chair is Hisashi Ando, an outside director, and the members are Noriaki Taneichi, the president, and Kazuo Ichiyanagi, Ayako Ikeda, and Isao Nakajima, who are outside directors.

Main Activities of the Nomination and Compensation Advisory Committee for the Fiscal Year Ended December 2024

- Selection of director and executive officer candidates
- Confirming and exchanging opinions on the compensation structure, performance-linked compensation targets, and the composition of the Board of Directors for the next term and beyond
- Discussion and exchange of opinions on executive development at TOK

Legal Advisers Diagram ⑦

The company concluded advisory contracts with a number of law firms and receives appropriate advice from legal advisors in situations requiring legal assessments.

Efforts to Invigorate Shareholders' Meetings and Facilitate the Smooth Exercise of Voting Rights Diagram ⑧

In order to facilitate the exercise of voting rights by shareholders, TOK convenes the general meeting of shareholders in March when most other Japanese companies' shareholder meetings are not convened, sets the period for reviewing the resolutions for approval at the meeting as longer than the number of days required by law, and publishes the Notice of Convocation of the General Meeting of Shareholders on our website ahead of time, or 28 days (four weeks) before the day of the meeting. The notice is also sent out early (21 days [three weeks]) before the day of the meeting. Shareholders who cannot attend the general meeting of shareholders can exercise voting rights in writing and by electromagnetic means (including the use of a voting rights exercise platform for institutional investors). In addition, the notice of convocation is also prepared in English to help institutional investors overseas develop a better understanding. TOK also explains the reported matters using video and narration to promote the understanding of shareholders who attended the general meeting of shareholders. Also, the Notice of Convocation, Notice of Resolution, and Results of the Exercise of Voting Rights to the General Meeting of Shareholders are uploaded onto the company website for disclosure, each of which is in Japanese and English. Starting with the ordinary general meeting of shareholders convened in 2022, a participative virtual meeting style is applied to increase the opportunity for participation by distant shareholders and to improve the transparency of the meeting.

Cooperation between the Audit and Supervisory Committee, Internal Auditing Division, and Accounting Auditor

Internal Audit and Audit by the Audit and Supervisory Committee

[Cooperation between Audit and Supervisory Committee and Accounting Auditor]

The Audit and Supervisory Committee receives reports on the results of accounting audits and other work from the accounting auditor (auditing firm) four times a year. The Committee also receives an explanation of the auditing plan from the accounting auditor once a year. In addition, as part of auditing the execution of directors' duties, the Audit and Supervisory Committee accompanies the accounting auditor to the factory audits by the accounting auditor, if necessary, and can examine the auditing method of the accounting auditor. The Audit and Supervisory Committee also exchanges information and opinions with the accounting auditor when necessary.

[Mutual Coordination among Supervision/Audit by Outside Directors, Internal Audit, Audit by the Audit and Supervisory Committee, and Accounting Audit, and Their Relationship with the Internal Control Department]

Outside directors supervise the execution of duties by the respective directors through participation in the sessions and meetings of the Board of Directors. In addition to supervision, outside directors as Audit and Supervisory Committee members receive internal audit reports from the Internal Auditing Division and the accounting auditor, thereby auditing the execution of duties by directors. Outside directors also periodically exchange information and opinions with the Audit and Supervisory Committee, the Internal Auditing Division, and the accounting auditor. Moreover, they receive reports as appropriate from the Internal Auditing Division regarding the evaluation of the effectiveness of internal controls over financial reporting and from the accounting auditor regarding its opinion on the internal control audit.

Status of the Election of Outside Directors

The company has ten directors, four of whom are outside directors.
The company established the following criteria and policies regarding independence in the election of outside directors.

Independence Standards for Outside Officers

Independent outside officers under these criteria are defined as those who fulfill the legal requirements of an outside officer and who do not fall under any of the following conditions:

a. A person who executes the business of the company or its consolidated subsidiaries (the "Group") or who did so for a period of 10 years before being appointed.
b. A person or an entity for which the Group is a major client (Note 1) or who executes the business of such a person or an entity.
c. A major customer of the Group (Note 2) or a person who executes the business of such customer.
d. A major lender to the Group (Note 3) or a person who executes the business of such lender.
e. A person who, apart from receiving officer compensation from the Group, is a consultant, accountant, or legal professional (or a person who belongs to corporate entity, association, or other such group) receiving large sums of cash or other assets (Note 4) from the Group.
f. A person to whom the above b through e applied in the previous three years.
g. A person who in the past three years has received donations from the Group averaging more than 3 million yen per year.
h. Major shareholders of the Group (Note 5) or a person who executes the business of such shareholder.
i. A person who executes the business of a company with a mutual relationship with outside officers. (Note 6)
j. A person whose spouse or a relative within the second degree of kinship comes under any one of above items a through i.
k. Regardless of the above provisions, a person for whom it is deemed likely that conflicts of interest will arise with the company.

Note 1: A person or entity for which the Group is a major client means a supplier that provides the Group with products or services where the transactions averaged more than 10.0 million yen per year over the past three years and represented more than 2% of the supplier's consolidated annual revenue in the most recent fiscal year.
Note 2: A major customer of the Group means a customer to which the Group provides products and services where the transactions averaged more than 10.0 million yen per year over the past three years and represented more than 2% of the Group's consolidated annual revenue in the most recent fiscal year.
Note 3: A major lender of the Group means a financial institution that has lent an amount equivalent to more than 2% of the Group's consolidated total assets.
Note 4: A large sum of cash or other assets means assets that averaged more than 10.0 million yen per year over the past three years and that in the most recent fiscal year had an economic value in excess of 2% of the said consultant or accounting or legal expert's consolidated annual revenue. (In the event the beneficiary of the said assets is a corporation, association, or other organization, then the assets that averaged more than 10.0 million yen per year over the past three years and that in the most recent fiscal year had an economic value in excess of 2% of the said organization's consolidated annual revenue).
Note 5: Major shareholder means a shareholder with a ratio of voting rights of more than 10%.
Note 6: A mutual relationship with outside officers means a relationship in which the person who executes the business of the Group is also an outside officer at another company and where the person who executes the business of the said outside company is an outside officer of the company.

Main Activities of Outside Directors

Name	Attendance record and activities at meetings of the Board of Directors and various other committees
Ayako Ikeda Outside Director	Ikeda attended all 11 of the meetings of the Board of Directors (attendance rate 100%) held after her appointment in March 2024. As a legal expert, she expressed timely opinions as required on the basis of her extensive experience and high-level expertise cultivated mainly through legal practice. She also attended all five Nomination and Compensation Advisory Committee meetings held after her appointment (100% attendance rate) and, as a Nomination and Compensation Advisory Committee member, fulfilled supervisory functions with regard to the selection of executive candidates and the decision-making process for executive compensation from an objective and neutral standpoint.
Noriko Sekiguchi Outside Director	Sekiguchi attended all 15 of the meetings of the Board of Directors (attendance rate 100%) held during the fiscal year ended December 2024. She expressed timely opinions as required at meetings of the Board of Directors and Audit and Supervisory Committee when discussing resolutions based on her professional expertise in accounting and abundant direct business experience with several companies as a certified public accountant. She also attended five of seven Nomination and Compensation Advisory Committee meetings (71% attendance rate) and, as a Nomination and Compensation Advisory Committee member, fulfilled supervisory functions with regard to the selection of executive candidates and the decision-making process for executive compensation from an objective and neutral standpoint. Additionally, she attended all 16 Audit and Supervisory Committee meetings (100% attendance rate) and expressed timely opinions as required.
Kazuo Ichiyanagi Outside Director	Ichiyanagi attended all 15 of the meetings of the Board of Directors (attendance rate 100%) held during the fiscal year ended December 2024. He expressed timely opinions as required at meetings of the Board of Directors and Audit and Supervisory Committee when discussing resolutions based on his broad experience and abundant expertise as a former management executive of a listed company. He also attended all seven Nomination and Compensation Advisory Committee meetings (100% attendance rate) and, as a Nomination and Compensation Advisory Committee member, fulfilled supervisory functions with regard to the selection of executive candidates and the decision-making process for executive compensation from an objective and neutral standpoint. Additionally, he attended all 16 Audit and Supervisory Committee meetings (100% attendance rate) and expressed timely opinions as required.
Hisashi Ando Outside Director	Ando attended all 15 of the meetings of the Board of Directors (attendance rate 100%) held during the fiscal year ended December 2024. He expressed timely opinions as required at meetings of the Board of Directors and Audit and Supervisory Committee when discussing resolutions based on his broad experience and abundant expertise as a former management executive of a listed company. He also attended all seven Nomination and Compensation Advisory Committee meetings (100% attendance rate) and, as chairperson of the Nomination and Compensation Advisory Committee, fulfilled supervisory functions with regard to the selection of executive candidates and the decision-making process for executive compensation from an objective and neutral standpoint. Additionally, he attended all 16 Audit and Supervisory Committee meetings (100% attendance rate) and expressed timely opinions as required.

Major Decisions and Agenda of Meetings of the Board of Director in the Fiscal Year Ended December 2024 and after

- ◆ Upward revision to the tok Vision 2030
- ◆ Formulated multi-stakeholder policy
- ◆ Acquired factory site for Korean subsidiary
- ◆ Formulated interim target by 2030 toward carbon neutrality in 2050
- ◆ Appointed one (female) outside director and one female executive officer
- ◆ Established ERM Department, Human Capital Division, and IT and Digital Division
- ◆ Introduced restricted stock incentive system utilizing employee shareholding association system
- ◆ Formulated new material issues and new medium-term plan tok Medium-Term Plan 2027 **(→ see pages 10–13 and 20–21)**

— Highlights —

- · Formulated the Evolution of Sustainability Governance as one of the material issues
- · Set the executive compensation system KPI Employee Engagement Indicators as one of the quantitative targets in the new tok Medium-Term Plan 2027
- · Set the 2027 CO_2 emission reduction target based on the interim target by 2030 toward carbon neutrality as one of the quantitative targets in tok Medium-Term Plan 2027

- ◆ Made German micro resist technology GmbH a wholly owned subsidiary

Remuneration for Directors and Auditors

TOK determines the basic policy of remuneration for directors as follows.

Remuneration for Directors and Auditors

[Basic Policy on Determination of Remuneration for Directors (Excluding Directors Who Are Audit and Supervisory Committee Members, Outside Directors, and Non-operating Directors)]

The company established a Nomination and Compensation Advisory Committee chaired by an independent outside director to serve as an advisory function to the Board of Directors. The committee convened to examine the preferred remuneration system for the company in consideration of the outlook for the business environment and the approach to corporate governance in Japan based on which the company's remuneration policy for directors (excluding directors who are Audit and Supervisory Committee members, outside directors, and non-operating directors; hereinafter referred to as "eligible director") has been determined as follows.

[Basic Principle of Remuneration]

Support the company's sustainable value creation

- Set the composition and level of remuneration to provide healthy motivation to generate sustainable growth and corporate value in the medium to long term
- Clarify responsibility for performance results in each fiscal year by fairly and impartially reflecting quantitative evaluations based on financial performance and the evaluation of efforts to address issues in consideration of the medium- to long-term strategy in performance-linked bonuses
- Strive to create sustainable corporate value by continuously providing long-term incentives linked to the company's medium- to long-term performance
- Promote the long-term possession of shares while serving in management and share interests with shareholders

Ensure objectivity and transparency in remuneration decisions

- Determine the remuneration decision policy and the individual number of payments upon deliberation by the Nomination and Compensation Advisory Committee, which is composed primarily of outside directors
- Employ an independent remuneration advisor and set an appropriate remuneration level in consideration of the company's business characteristics based on verification through comparisons with corporate groups of the same size using objective data from outside while considering recent public opinion
- Proactively disclose the information necessary for stakeholders, including shareholders, in order to monitor the relationship between remuneration and corporate value

[Remuneration Structure]

The company's remuneration structure for eligible directors consists of basic remuneration, which is the fixed salary, and performance-linked remuneration. Performance-linked remuneration consists of a performance-linked bonus that is associated with company-wide performance for each fiscal year, a performance-linked share-based remuneration system (performance share units) that is associated with the sustainable creation of corporate value, and a restricted share-based remuneration system that is provided to continually share value with shareholders through the continued holding of stock. An outline of each remuneration component is presented below.

Outline of Remuneration Components

Type of remuneration	Objective/summary
Basic remuneration	Fixed cash salary based on position
Performance-linked bonus	Performance-linked cash remuneration to evaluate the steady achievement of targets for each fiscal year · To clarify the responsibility for results in each fiscal year, the payment rate is determined within a range from 0% to 200% of the standard amount in proportion to the degree of achievement of the targets for the EBITDA margin and consolidated net sales for each fiscal year, which are key performance indicators · In some cases, the payment rate determined above may be multiplied by any of 0.95, 1.00, or 1.05 depending on a discretionary evaluation by the Nomination and Compensation Advisory Committee or by the president · Paid in a lump sum after the end of each fiscal year
Performance-linked share-based remuneration (performance share unit)	Performance-linked share-based remuneration to provide an incentive to sustainably increase corporate value · The number of shares granted is determined within the range of 0% to 200% of the standard amount (the "payment rate") and calculated as designated by the Board of Directors of the company according to the rate of achievement of the numerical targets, such as earnings during the performance evaluation period · The Board of Directors of the company determines the indicators required for the calculation of numerical targets, performance-linked coefficients, and specific shares granted.*1 · The method for calculating the number of the company's shares granted and the amount of cash paid is as follows. First, the number of the company's shares granted to each eligible director is calculated in accordance with formula (i) below (fractions of less than 100 shares being rounded down), then the amount of cash paid to each eligible director (cash for payment of taxes) is calculated in accordance with formula (ii) below. (i) Number of the company's shares granted to each eligible director Standard share unit number*2 × Payment rate × 50% (ii) Amount of cash to be paid to each eligible director (Standard share unit number × Payment rate – Number of the company's shares calculated in (i) above) × Stock price at the time of grant · Grant shares in a lump sum after the end of a performance evaluation period
Restricted share-based remuneration system	Share-based remuneration to further facilitate the alignment of interests with shareholders by promoting the long-term holding of stock · Grant restricted shares in the number determined by the company's Board of Directors each fiscal year in accordance with the rank of each eligible director · The restriction on transfers is lifted when conditions are met, such as when the restriction period expires, or when an eligible director retires or resigns before the restriction period expires for the reason of the expiration of the term of office, death, or another reason that the company's Board of Directors deems justifiable, and ceases to serve as a director, executive officer, employee, or any other equivalent position stipulated in advance by the Board of Directors of the company.

*1 The performance evaluation period for the performance-linked share-based remuneration system as of March 28, 2025, is the three-year period from the fiscal year ending December 31, 2025, through the fiscal year ending December 31, 2027. With the aim of creating sustainable corporate value, the company will use the ROE target, which is a strategic indicator in the Medium-Term Business Plan, and an employee engagement indicator as a nonfinancial indicator for the evaluation during this evaluation period.

*2 Determined by the Board of Directors in accordance with the rank of each eligible director

[Payment Rate of Basic Remuneration and Performance-Linked Remuneration]

As for the weight of each remuneration component, the ratio of basic remuneration as a fixed salary to performance-linked remuneration was set at 55:45 in order to provide a healthy incentive to generate sustainable growth and increase corporate value in the medium to long term. The ratio of basic remuneration to the performance-linked bonus (standard amount) to performance-linked share-based remuneration (standard amount) to restricted share-based remuneration (standard amount) is set at roughly 1 (55%) to 0.27 (15%) to 0.18 (10%) to 0.36% (20%). The composition of remuneration is indicated in the figure below.

Composition of remuneration

(i) Basic remuneration
(ii) Performance-linked bonus (standard amount)
(iii) Performance-linked share-based remuneration (standard amount)
(iv) Restricted share-based remuneration (standard amount)

[Level of Remuneration]

The level of remuneration for eligible directors is appropriately set according to each position in order to provide healthy incentives to excellent personnel who generate sustainable growth and increase corporate value in the medium to long term. The level is specified by benchmarking against comparable corporate groups selected on the basis of the company's business characteristics using the officer remuneration survey data managed by an external remuneration advisor and other data.

[Remuneration Decision Process]

In order to guarantee the objectivity and transparency of the process of determination of the remuneration for eligible directors, the Nomination and Compensation Advisory Committee formulates standard amounts for the respective remuneration components "remuneration table") and the proposed remuneration for each eligible director, and the company's Board of Directors deliberates and resolves whether the president and chief executive officer may determine the remuneration table and the remuneration for each eligible director based on the propositions above. The president and chief executive officer then determines the remuneration table and the remuneration for each eligible director within the range approved at the general meeting of shareholders.

[Remuneration for Eligible Directors]

The remuneration for eligible directors is determined by the process described above within the range approved at the general meeting of shareholders. The remuneration range includes the portion paid as salary and the bonuses for official duties undertaken by directors who also serve as executive officers. The ranges for remunerations are as follows.

Type of remuneration	Remuneration range
Basic remuneration	Within 330 million yen per year (including the portion for non-operating directors)
Performance-linked bonus	Within 180 million yen per year
Performance-linked share-based remuneration (performance share unit)	The total monetary remuneration claims and cash for tax payments provided to eligible directors as remuneration related to the new performance-linked, share-based remuneration system is within an amount per fiscal year equivalent to 141,000 shares multiplied by the stock price at the time of the grant.
Restricted share-based remuneration system	The total monetary remuneration claims provided as remuneration related to the restricted share-based remuneration system is within 120 million yen per year.

[Basic Policy on Determination of Remuneration for Outside Directors (excluding Directors Who Are Audit and Supervisory Committee Members)]

Remuneration for outside directors who serve in the oversight function from an independent standpoint from business execution (excluding directors who are Audit and Supervisory Committee members) consists only of basic remuneration at a set amount, which is determined after considering the result of a comparison with corporate groups of the same size.

The Nomination and Compensation Advisory Committee formulates the proposed remuneration for each outside director (excluding directors who are Audit and Supervisory Committee members), and the company's Board of Directors deliberates and resolves for approval whether the president and chief executive officer may determine the remuneration for each outside director (excluding directors who are Audit and Supervisory Committee members) based on the propositions above. The president and chief executive officer then determines the remuneration for each outside director (excluding directors who are Audit and Supervisory Committee members) within the range (up to 40 million yen per year) approved at the general meeting of shareholders.

[Basic Policy on Determination of Remuneration for Non-operating Directors]

Remuneration for non-operating directors who serve in the oversight function from an independent standpoint from business execution consists only of basic remuneration at a set amount, which is determined after considering the result of a comparison with corporate groups of the same size.

The Nomination and Compensation Advisory Committee formulates the proposed remuneration for each non-operating director, and the company's Board of Directors deliberates and resolves for approval whether the president and chief executive officer may determine the remuneration for each non-operating director based on the propositions above. The president and chief executive officer then determines the remuneration for each non-operating director within the range (up to 330 million yen per year for directors (excluding directors who are Audit and Supervisory Committee members and outside directors) approved at the general meeting of shareholders.

[Basic Policy on Determination of Remuneration for Directors Who Are Audit and Supervisory Committee Members]

Directors who are Audit and Supervisory Committee numbers are responsible for supervising and auditing the execution of duties by directors (excluding directors who are Audit and Supervisory Committee members) in a position independent of the execution of duties. They receive only basic remuneration in the form of a fixed salary, which is determined and paid following discussions by the Audit and Supervisory Committee within a remuneration framework (within 100 million yen per year) approved at a general meeting of shareholders.

Total Remuneration Paid to Directors and Auditors (Fiscal Year Ended December 2024)

Position	Total remuneration (Millions of yen)	Total of various types of remuneration (Millions of yen)				Number of eligible personnel (Number of people)
		Basic remuneration	Performance-linked bonus	Performance-linked, share-based remuneration	Restricted share-based remuneration system	
Directors (excluding Audit and Supervisory Committee members and outside directors)	384	199	72	47	65	5
Audit and Supervisory Committee members (excluding outside directors)	27	27	—	—	—	1
Outside directors and auditors	58	58	—	—	—	5

(Notes) 1. Total remuneration for directors includes the portion paid as salary for officer duties undertaken by directors who also serve as officers.
2. As the performance indicators pertaining to performance-linked remuneration, EBITDA margin and consolidated net sales as key managerial indicators are applied to the performance-linked bonus in order to clarify responsibility for the results of each fiscal year, while ROE and nonfinancial employee engagement as strategic indicators in the medium-term business plan are applied to performance-linked share-based remuneration in order to pursue the creation of sustainable corporate value. In the fiscal year ended December 2024, the EBITDA margin stood at 20.6%, consolidated net sales at 200.9 billion yen, ROE at 11.8%, and the employee engagement indicator at around the standard value.

Remuneration for Directors and Auditors (Fiscal Year Ended December 2024)

Name	Total remuneration (Millions of yen)	Position	Company	Total of various types of remuneration (Millions of yen)			
				Basic remuneration	Performance-linked bonus	Performance-linked, share-based remuneration	Restricted share-based remuneration system
Noriaki Taneichi	160	Director	Submitting company	76	32	21	29

(Note) The table only includes officers who receive remuneration of 100 million yen or more in total.

Internal Control System

With the further increase in the overseas sales ratio, TOK is focusing on enhancing Group internal control systems, including strengthened integrated management and management control with overseas subsidiaries, which is of increasing importance, and establishing compliance systems. This section is an overview of the initiatives: the group management system, compliance, risk management, the improvement of information management, and supply chain management.

→ **For further details on internal control, please see the Corporate Governance Report.** (Japanese language only)
https://www.tok.co.jp/application/files/7717/4341/1668/250331.pdf

Group Management System (GMS)

In order to establish and maintain the global business management systems, the TOK Group defined 15 fields for group-wide consistent initiatives as management functions, established group-wide common rules, and promoted the operation and maintenance of the Group Management System (GMS) as the basis for continuous improvement. Through these initiatives, TOK will steadily reduce group risks and enhance its corporate value.

[Organization Structure for Promoting GMS]

The division manager of the Corporate Planning Division responsible for supervising subsidiaries was appointed the chief officer for GMS in order to maintain GMS as an important mechanism within the TOK Group. The ERM Department under the Corporate Planning Division functions as the secretariat for GMS. In this way, TOK will maintain group-wide activities to enhance corporate value and reduce risks, while enhancing dialogues with subsidiaries and strengthening the headquarters function to supervise them.

[GMS Initiatives]

The entire Group needs to be optimized in order to achieve the enhancement of sustainable corporate value. Therefore, the company will implement self-inspections to check the management functions and identify problems at the subsidiaries, provide support for improvements, and perform post-improvement monitoring.

In the fiscal year ended December 2024, TOK conducted internal surveys regarding GMS establishment and operation and confirmed the status of improvements through GMS.

Additionally, the resolution rate for minor findings found through self-inspections reached 100%. The company also made progress with a 93% resolution rate on key issues.

15 GMS Management Functions

Business management	Sales management	Accounting/Financial management	Purchase/ Procurement management
Risk management	Human resource management	Production management	EHS management
Compliance	Information management	Security export control	SCM
R&D	Import control	(as the basis) GMS	

Compliance

The TOK Group makes concerted efforts to enhance its compliance system from the perspective that maintaining relationships of trust with all stakeholders is a prerequisite for sustainable development as a corporation that coexists with society. The Group strives to improve the awareness of compliance by all officers and employees to ensure strict compliance with laws and regulations, the Articles of Incorporation, all company rules, and social norms.

[Compliance Promotion System and Standards of Conduct]

Compliance activities are being promoted with the participation of all employees and led by the Compliance Committee, which consists of TOK officers and undertakes awareness raising and dissemination activities at Group companies with the support of the Legal Department (Compliance Committee Secretariat). In order to prevent violations of compliance, the Compliance Committee collects information about potential problems and compliance issues from each site, along with corrective actions and the planned time of correction, and monitors progress on a periodic basis. The standing Audit and Supervisory Committee members and the Internal Auditing Division as the internal audit department attend the Compliance Committee to share key points in audits, thereby improving the quality and effectiveness of audits.

The Ethics and Anticorruption Policy has been established as a subordinate policy under the CSR Policy with the aim of improving the awareness of compliance by each officer and employee and to clarify the values and code of conduct for sharing. This policy is also applicable to subsidiaries in Japan and overseas and is translated into the local language of each group company for distribution to all officers and employees.

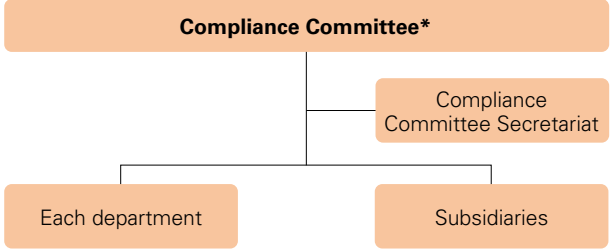
Ethics and Anticorruption Policy

The TOK Group promotes fair and impartial business activities in compliance with the laws of countries and regions and social norms.

- The Group prohibits anti-competitive behavior and maintains fair and free competition.
- The Group prohibits the abuse of its dominant bargaining position and ensures equal and proper transactions.
- The Group does not engage in dishonest acts that may interfere with international peace and security.
- The Group prohibits entertainment and gifts beyond the range of common sense and social norms.
- The Group prohibits conflicts of interest.
- TOK stringently manages all confidential information that the company possesses or acquires with regard to business.
- The Group prohibits the dishonest use of corporate assets.
- The Group properly protects and uses intellectual property while respecting the intellectual property rights of third persons.
- The Group discloses corporate information in a timely and fair manner.
- The Group will place correct advertisements and provide accurate information on products and services.
- The Group prohibits insider trading.
- The Group makes donations and political contributions in accordance with the laws of the countries and regions.
- The Group will never have a relationship with antisocial forces.
- The Group prohibits political activities and soliciting activities on company premises without permission by the company.

Compliance Committee Diagram

* Chaired by the President and Chief Executive Officer



Initiatives for ensuring compliance with laws and regulations

In order to prevent compliance-related risks from emerging, all officers and employees must absorb compliance into business practices. To achieve this, the company works to construct a system to respond rapidly to any revisions to the laws and regulations in each country and region. TOK also provides its own unique compliance training that considers the conditions at each department and site within the Group and executes the PDCA cycle to prevent risks from materializing.

In the fiscal year ended December 2024 and based on the activities in the previous fiscal year, (revision of list of applicable laws and regulations and the procedures for the management of laws and regulations, confirmation of legal compliance status [four times a year]), TOK continued to confirm the legal compliance status (four times a year) while revising the list of applicable laws and regulations and the procedures for the management of laws and regulations. These changes led to the establishment of a continuous process for timely information collection on changing laws and incorporating the information into business practices. To ensure that employees better understand compliance, CSR training was implemented for all employees in Japan, through which the changing concepts of compliance were shared, and the importance of compliance was disseminated.

Prevention of bribery and corruption

To promote fair business activities, TOK prohibits entertainment and gifts beyond the range of common sense and social norms based on the Ethics and Anticorruption Policy. Regardless of whether the counterparty is a public official or private company personnel, TOK has established a policy of not providing entertainment, gifts, money, or other benefits beyond the range of common sense and social norms for the purpose of obtaining improper business advantages or conveniences, or that violate applicable laws and regulations, and not accepting entertainment or gifts beyond the range of common sense and social norms. TOK responds in accordance with the Entertainment and Gift Guidelines that define specific handling procedures and standards. TOK communicates the content of these guidelines to executives and employees through regular awareness campaigns. When making donations or political contributions, TOK personnel will comply with laws and regulations in each country and region and respond through appropriate methods based on the Ethics and Anticorruption Policy.

Internal reporting system

The company has an internal reporting system based on the Whistleblower Protection Act in order to identify and improve or prevent compliance risks in business activities at an early stage. A whistleblower may select one of three channels that respectively report to the Compliance Committee Secretariat (internal), the Standing Audit and Supervisory Committee Member (internal), and the law firm (external). Whistleblowing and consultation may be made by e-mail, by phone, in writing, in person, or by other means, and anonymous whistleblowing is acceptable. It is clearly stated in company regulations that a whistleblower is protected from dismissal or any disadvantageous treatment because of whistleblowing unless it is conducted for an illegitimate purpose. Apart from the whistleblowing system, TOK has an outside counseling section that can be accessed anonymously to receive complaints concerning harassment.

In the fiscal year ended December 2024, the whistleblowing system received three reports regarding labor and the workplace environment for the entire group, and nine consultation requests to other consultation windows. Based on detailed fact-finding and objective situation judgment, TOK implemented guidance to the subjects and education for correction. TOK will further enhance the system and continue disseminating it to the executives and employees so as to establish a more reassuring environment for whistleblowing.

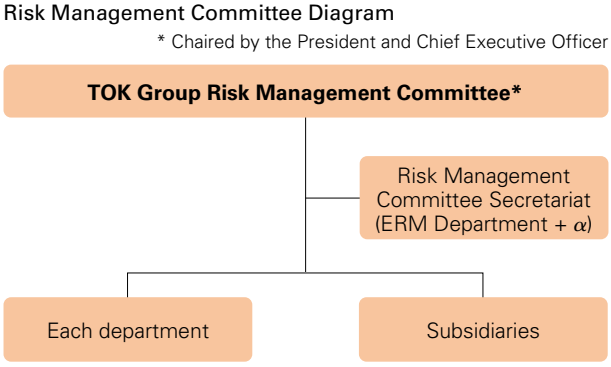
Risk Management

The Group's perpetual development depends on precisely addressing a variety of risks that have major impacts on business. Through communications with stakeholders, TOK strives to identify and prevent a variety of potential risks. If a risk emerges, the company will implement the necessary measures to minimize the negative impacts of the risk. In these and other ways, TOK maintains and improves its global risk management system.

[Risk Management System]

The TOK Group Risk Management Committee plays a central role in reviewing the risk management system and formulating risk management policy. To appropriately handle the different risks, TOK established the TOK Group Risk Management Rules and the TOK Group Emergency Response Standards. Based on the Rules and the Manual, the company implements preventive measures at normal times by identifying the risks that may result in serious outcomes, analyzing such risks, and determining, implementing, and evaluating actions required, among other risk management activities in the categories of management risks, business risks, environmental risks, compliance risks, economic risks, social risks, and political risks.

Risk Management Committee Diagram



Strengthen the risk management structure

The Group reinforced the recognition of the importance of risk assessments in corporate activities and crisis management when risks materialized in the wake of the Great East Japan Earthquake and established a specialized committee to respond to the disaster. Subsequently, as globalization expanded, TOK expanded the form and renamed it the TOK Group Risk Management Committee as part of the building of a system to respond to a wide range of risks that include disasters, accidents, and environmental risks across the TOK Group.

In the fiscal year ended December 2024, efforts were made to reduce risks that were considered to have high impacts on business continuity based on risk assessments in the previous fiscal year (such as risks in material supply and major earthquakes). In April 2024, TOK established the new ERM Department with the aim of comprehensively managing risks across the entire Group, and the Group is strengthening its efforts to respond to rapidly changing economic security and related issues. The Group will continue to promote risk reduction activities for sustainable development.

Enhance the safety confirmation system

The Group believes that the business continuity plan (BCP) begins with the safety of all employees. In Japan, TOK operates a safety confirmation system to confirm whether Group employees are safe in the event of natural disasters, including major earthquakes. Safety confirmation drills are conducted every year to ensure the smooth and efficient operation of the system and to raise awareness among all employees. In the fiscal year ended December 2024, multiple drills were implemented, and the response rate was maintained at high levels in all sessions.

Large-scale natural disaster preparedness

Based on lessons learned from the Great East Japan Earthquake and the Kumamoto Earthquake, TOK established a BCP that envisions damage simultaneously striking the headquarters and multiple sites from earthquakes directly beneath the greater Tokyo area. TOK reviews its BCP every year to ensure that it is grounded in actuality by estimating actual damage that may disrupt order taking and placement, product shipment, and essential utilities.

Improving Information Management

Leaks of information assets could substantially compromise the competitive advantages of the TOK Group and threaten its survival as a business entity. The environment surrounding business entities is drastically changing. Cybersecurity risks may impose a significant threat to the Group not only as a single company but its entire supply chain. Reinforcing the information management system is a priority issue in terms of preserving corporate value and fulfilling its social responsibility. From this standpoint, the company is redoubling its efforts to ensure information security by maintaining the PDCA cycle **(→ see pages 60–61 “Message from the Executive Officer of ERM”)**.

[TOK Group Information Management Policy]

The TOK Group (comprising Tokyo Ohka Kogyo Co., Ltd., and its subsidiaries, hereinafter collectively the “TOK Group”) is implementing measures in line with the following policies after positioning risk management related to information assets as a priority management issue to fulfill its corporate social responsibility.

Definition, protection, and effective utilization of information assets

With respect to all information assets of the TOK Group, including managerial, client, marketing, personal, and technical information, the Group will comply with laws and regulations related to information security, other social norms, in-house rules, and other guidelines and protect the information appropriately. The Group shall only use the information to efficiently execute the operations of the Group within the stipulated scope of authority and for the prescribed purpose.

Update and maintain tools and security platforms

The TOK Group updates and maintains reasonable communications tools and security platforms for the effective use of its information assets.

Organizational structure and organized activities

The TOK Group established an Information Management Committee and will continue to build, maintain, and promote the management structure that can properly govern information assets for the overall Group.

Completeness, confidentiality, and availability

The TOK Group will identify and assess risks and continue to implement countermeasures and improvements as well as appropriately reduce information management risks through a range of human, physical, organizational, and IT-based measures to prevent leakage, falsification, theft, destruction, and other damage to the information assets in the possession of the TOK Group.

Education

The TOK Group will implement in-house education regularly and continuously and work to raise awareness in order to keep everyone well informed of the in-house rules and other regulations.

Incident response

The TOK Group will endeavor to minimize the damage in the event of an information security incident and implement measures to prevent its recurrence.

Audits and continuous improvements

The TOK Group will implement regular audits and make continuous improvements as a part of the management of information assets.

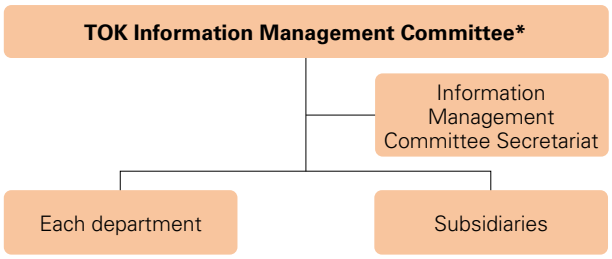
[Information Management Structure]
The TOK Information Management Committee is chaired by the division manager of the Corporate Planning Division. The Committee determines the policies and measures related to information security and cybersecurity. The overseas subsidiaries established information management organizations, which develop systems and rules to collaborate under the guidance of the TOK Information Management Committee, thereby strengthening information management systems throughout the Group.

In addition, the Internal Auditing Division regularly audits compliance with the rules and other matters on information management as part of its internal audits. The division aims to improve the information management system by giving guidance, issuing proposals, and offering advice to relevant departments.

[Initiatives for Information Management]
In the fiscal year ended December 2024, TOK continued to clarify the cybersecurity systems of the TOK Group, implemented measures and training against cyberattacks, and advanced further understanding and penetration of information management rules through employee education. The company also worked to improve information management standards by responding to personal information protection law revisions within the TOK Group and addressing email risks including ransomware.

Information Management Committee Diagram

* Chaired by the division manager of the Corporate Planning Division



Key topics for information management
Trade secret management, education and rules, human security, IT security, physical security, and supplier management

Supply Chain Management (CSR Procurement)

With the overseas sales ratio exceeding 80% and its supply chain spreading across the world, the TOK Group operates in accordance with the RBA Code of Conduct.

Establishing the Human Rights Policy and the CSR Procurement Policy under the CSR Policy Based on the Social Norms

In 2020, TOK formulated the CSR Policy based on the laws of the relevant countries and regions and the social norms (referring to the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, ISO 26000, the RBA Code of Conduct, and other guidelines), under which the company also established the Human Rights Policy and the CSR Procurement Policy. TOK also formulated the CSR Procurement Policy Guidelines to help suppliers understand the TOK CSR Procurement Policy and asked them to consider social issues, including the maintenance of respect for human rights, regulatory compliance, environmental conservation, and occupational health and safety.

Furthermore, the company asks key suppliers to agree to its CSR Policy and then submit written agreements. TOK also conducts a CSR questionnaire survey to research the status of response to social issues.

CSR Procurement Policy

The TOK Group promotes sustainable procurement based on the spirit of co-existence and co-prosperity with business partners and in compliance with all laws and social norms.

- Promotes the highest possible standards of integrity with respect to quality, price, and delivery time.
- Maintains equitable and appropriate purchasing activities with our suppliers.
- Considers social issues such as human rights and occupational health and safety.
- Promotes green procurement by taking environmental factors into consideration.
- Promotes business continuity management to mitigate supply chain risk.
- Strictly controls confidential information that is in the possession or acquired in the normal course of business.
- Promotes responsible mineral procurement throughout the supply chain.

Respect For Human Rights

As subordinate policies to the CSR Policy, the company also formulated the Human Rights Policy in October 2020 in reference to the Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, ISO 26000, the Responsible Business Alliance (RBA) Code of Conduct, and other guidelines.

Continued and Enhanced Human Rights Education under the Human Rights Policy

In the fiscal year ended December 2024, TOK implemented CSR training for all directors and employees at Japanese sites, suppliers at all sites, and some raw material suppliers, aiming to disseminate the Policy throughout the company. TOK will continue to further improve awareness and promote understanding within the Group.

Human Rights Policy

The TOK Group respects the basic human rights and diverse values of individuals and acts in accordance with the laws of countries and regions and the social norms related to human rights* as a good member of the international community.

* The Universal Declaration of Human Rights, the Guiding Principles on Business and Human Rights, ISO 26000, the Responsible Business Alliance Code of Conduct, and other guidelines

- Does not discriminate against anyone in recruiting, hiring, assignment, training, reward, promotion, etc., on the basis of birth, nationality, race, ethnicity, religion, gender, sexual orientation, marital status, pregnancy, medical condition, age, disability, or any other basis prohibited by law.
- Prohibits child labor, forced labor, debt bondage, and human trafficking regardless of the form of employment.
- Prohibits child labor, forced labor, debt bondage, and human trafficking regardless of the form of employment.
- Endeavours to foster and implement fair and impartial treatment of our human resources.
- Maintains a physically and mentally comfortable working environment by ensuring the fairness in employment and the safety at work.
- Respects and guarantee the basic rights of workers stipulated in international labor standards and the constitutions and labor laws of each country and region.
- Properly protects and manages personal information.

Prohibition of child labor and forced labor

The Human Rights Policy clearly states that the TOK Group prohibits child labor, forced labor, bonded labor, and human trafficking regardless of employment status. TOK explicitly states in the CSR Procurement Policy that the company conducts procurement activities with consideration for such social issues as human rights and occupational health and safety. TOK also conducts assessments that include human rights for suppliers and confirms the absence of child labor and forced labor. For the fiscal year ended December 2024 period, both child laborers and forced laborers were zero.

Strengthening the penetration of global standards including initiatives for human rights

To advance supply chain from the perspectives of the environment and occupational health and safety, as well as in the aspects of human rights, ethics, and management, the TOK Group promotes measures in accordance with the RBA Code of Conduct as a global standard based on the Human Rights Policy, the Ethics and Anticorruption Policy, the Environmental Policy, the Occupational Health and Safety Policy, and the CSR Procurement Policy. In 2021, our main factory, the Koriyama plant, and in 2022, the Distribution Control Center at Ebina obtained the highest rating (Platinum) in the RBA-VAP audit*; in 2023, the Koriyama plant maintained a high rating (Gold) in the re-examination and the Distribution Control Center at Ebina maintained the highest rating (Platinum) in its 2024 re-audit. TOK will continue to accelerate its efforts to horizontally deploy employee expertise and the insights gained at both sites to other locations.

* RBA-VAP audit: Validated Audit Program conducted by Responsible Business Alliance

Prevention of harassment

The Human Rights Policy states that the TOK Group prohibits all activities that may be regarded as harassment. TOK codified the Detailed Rules on Harassment to prevent harassment and facilitate responsive improvement measures through the three whistleblowing channels that can be used anonymously (respectively reporting to the lawyer, the Audit and Supervisory Committee members, and the Legal Division), as well as self-declaration, direct reporting to the Human Resources Department, and the establishment of an outside counseling section and supplier hotline.

In the fiscal year ended December 2024, TOK also improved information sensitivity to detect the slightest signs of harassment and to ensure the prevention, identification, and rapid handling of harassment while promoting training for officers and senior employees as well as all managers as a newly added target group.

Message from the Director of the Environment and Occupational Safety and Health

Under the new material issues and new medium-term plan, we are committed to minimizing the negative impact starting with our worksites.

Toward maximizing corporate value starting with our worksites

Setting decarbonization targets as quantitative goals in the medium-term plan

The TOK Group has always been dedicated to contributing to society under our management philosophy and purpose. With the launch of the new tok Medium-Term Plan 2027, our decarbonization targets have been positioned as quantitative goals on par with the ROE targets, which further deepens our integrated thinking management approach.

The process of integrating sustainability goals with the medium-term plan targets was significantly driven by bottom-up initiatives from the Carbon Neutral Committee, which is composed of worksite members. Since setting our carbon neutral targets in 2022, we can confidently say that integrated thinking has steadily taken root as a mindset throughout our worksites, including environmental initiatives centered on decarbonization.

Flow for enhancing corporate value starting from our worksites

Going forward, the TOK Group will continue to maximize our positive impact on society through semiconductor materials-focused business expansion **(→ see pages 4–5 "OUR EDGE AND POSITIVE IMPACT")**. Through the environmental and occupational health and safety activities that I supervise, we will minimize the negative impact by addressing the new material issues of the evolution of sustainability governance, contribution to the global environment for a sustainable future, and the development of the semiconductor ecosystem, thereby aiming to maximize corporate value.

For specific measures, our basic policy in the manufacture of semiconductor photoresists, high-purity chemicals, and other products places the highest priority on the establishment of a safe, comfortable work environment and the stable supply of the quality products needed by customers at all sites in Japan and overseas. Furthermore, workers are defined as "all internal and external stakeholders who provide labor under the TOK Group's work environment," and we strive to evolve activities on the basis of the Environmental Policy and Occupational Health and Safety Policy to minimize the negative impacts from operational stoppage risks and environmental risks. In this way, TOK reduces the short-term, medium-term, and long-term growth inhibitors thereby enhancing sustainable corporate value.

The new Aso Kumamoto site of Aso Plant achieves both human-friendly smart factory automation and carbon neutrality

Steadily advancing carbon neutral investments

Domestic Scopes 1 and 2 reductions are progressing steadily

In the efforts by TOK to achieve carbon neutrality, one of our key activities for minimizing the negative impact, we are steadily advancing investments toward achieving the aggressive interim targets that we established in 2024. As the production activities of the TOK Group expand over the medium to long term, our commitment is to reduce absolute emissions rather than just emission intensity. On this foundation, our aim is to reduce 2030 emissions (consolidated Scope 1 and 2) by 30% compared to 2019 levels by targeting emissions that would otherwise increase significantly without reduction efforts, and we are focusing investments on carbon neutrality.

Hirotaka Yamamoto
Director, Managing Executive Officer
Division Manager, Manufacturing Division

The most significant key is reducing Scope 2; therefore, TOK changed over 70% of purchased electricity at all major domestic sites to renewable energy sources in September 2021, which resulted in a reduction of approximately 15,000 tons compared to 2019 as of 2022, and after switching to 100% in February 2023, TOK has made steady progress in continuously reducing emissions by about 20,000 tons annually.

For Scope 1 reductions, we are treating new facility development and aging equipment updates that accompany business expansion as opportunities and are planning two major investments for CO_2 emission reduction.

The first is the introduction of new equipment to the new photoresist manufacturing building currently under construction at the Koriyama plant, which will achieve the world's largest scale, the world's highest quality, and high production efficiency upon completion. In this building, the heat source essential for cleanroom temperature and humidity control is being converted from conventional gas boiler steam supply to electric chiller hot water supply. This is expected to achieve CO_2-free operation and significant CO_2 emission reduction effects.

The second is the boiler building update at the TOK Technology Innovation Center (TTIC). The current plan is to convert some aging gas boilers to electric chillers, aiming for further CO_2 emission reduction through future investment plans.

Refining plans for overseas Scopes 1 and 2 reductions in tok Medium-Term Plan 2027

With domestic Scopes 1 and 2 decarbonization efforts progressing steadily, the newly launched tok Medium-Term Plan 2027 is accelerating CO_2 emission reduction at overseas sites by examining renewable energy prices that vary by country, utilizing cloud systems to set reduction targets for each overseas site, and promoting three-year activity plans linked to the interim targets.

The TOK Group will continue to accelerate carbon neutral investments for the future both domestically and internationally under its execution-focused approach of moving forward steadily when the time is right.

KPI

Energy-related CO_2 emissions (Scopes 1 and 2)

tok Medium-Term Plan 2027 Nonfinancial Targets	2030 Medium-term Targets
Emissions of **35,000** tons-CO_2e or less	Emissions of **33,000** tons-CO_2e or less
(27% reduction compared to 2019)	(30% reduction compared to 2019)

Maximize the positive impact on society by expanding reduction contributions through business

While the TOK Group aims to minimize the negative impact on society through the above CO_2 emission reduction initiatives, the Group will continue to expand reduction contributions through its many environmentally beneficial products, accumulating positive impact on society to drive sustainable corporate value enhancement.

Based on the original timeframe (short term = up to 2025, medium term = up to 2030, long term = up to 2050) in accordance with the ISSB (SSBJ) S2 disclosure standards and the TCFD framework, the Group will specifically continue to miniaturize semiconductors and reduce power consumption through power semiconductors in all timeframes—the short, medium, and long terms—while aiming for further reductions through the expansion of sales of materials for next-generation power semiconductors, such as SiC/GaN and efforts to develop and market materials for photoelectric fusion devices in the medium and long terms **(→ see page 87)**.

From 2023, TOK has additionally calculated part of the expected value of these reduction contributions and quantitatively disclosed the social impact created together with semiconductor manufacturer clients through TOK products **(→ see pages 4–5 "OUR EDGE AND POSITIVE IMPACT")**. Such disclosure is improving the quality of evaluations and dialogues with external stakeholders and experts, and TOK takes pride in how it contributes to corporate value enhancement through improved employee motivation **(→ see pages 50–55 "Employee Dialogues")**.

Looking beyond achieving the 2030 interim targets, TOK is piloting internal carbon pricing and emissions trading

For internal carbon pricing and emissions trading that advance the carbon neutrality efforts from a financial perspective, TOK has additionally set the timeline for full implementation primarily in the medium to long term (2030–2050), and the company is calculating provisional carbon tax prices and related financial impacts after achieving its interim targets by 2030. Going forward, TOK will consider disclosure of the specific details of these initiatives at the proper time, while deepening its connection with progress and the outlook for financial targets and production plans in tok Medium-Term Plan 2027 and tok Vision 2030.

Response to greater risks and opportunities

Reduce the geopolitical risk impact on environmental products and initiatives through a full lineup and customer-oriented strategies

While the global semiconductor industry is expected to continue its medium to long-term growth, its increasing importance as a strategic material has heightened the sensitivity to geopolitical risks. Therefore, TOK is deepening its customer-oriented strategy in response to geopolitical risks as well **(→ see pages 32–34 "Message from the Director of Marketing")**.
Since environmental product deployment is also affected by

geopolitical risks, TOK maintains its growth trajectory by focusing on high-value-added products, including those for generative AI, under a full lineup strategy.

While paradigm shifts in international politics currently pose the risks of stagnating global decarbonization movements, most of customers continue to demand decarbonization from suppliers based on the GHG Protocol (Scope 3) principles. In this regard as well, under a customer-oriented strategy, TOK Group intends to proceed without delay on a variety of different initiatives toward achieving carbon neutrality by 2050.

Converting the response to chemical substance regulations into flexible business opportunities with biodiversity in mind

Semiconductor-related industries use a diverse range of old and new chemical substances in response to the continuous need for new technological innovation and the stable supply of high-quality products. In this context, compliance with chemical substance management regulations and environmental and safety-related laws is a fundamental prerequisite for semiconductor material manufacturers and chemical manufacturers from the perspectives of biodiversity and sustainability. Under these circumstances, the TOK Group has endeavored to comply with the EU REACH regulation*1 and other applicable laws and regulations in its efforts to provide support for customer products in the acquisition of CE Marking*2 and other certifications. The Group has also completely eliminated the use of PFOS*3 and PFOA*4 as of March 2021. The TOK Group completely eliminated the use of PFHxS*5 in July 2022. This created a new business opportunity as one of the advantages of the Group.

*1 This EU regulation manages the registration, evaluation, and accreditation of chemical substances through an integrated system of ensuring complete fulfillment of responsibility on the producers' part and thorough compliance with preventive principles.
*2 Marking that certifies product conformance to the essential EU requirements
*3 Perfluorooctane sulfonate
*4 Perfluorooctanoic acid
*5 Perfluorohexanesulfonic acid

Working toward PFAS-free products

PFAS is widely used in semiconductor materials, including photoresists and semiconductor manufacturing equipment, while the EU appears to be delaying the complete phase-out timeline for semiconductor-related applications, regulations are being strengthened in multiple U.S. states, particularly for B2C products. Legal and regulatory strengthening is also increasing the sustainability risks in PFAS-containing raw material procurement, making substitution with alternative substances a key competitive strategy. The TOK Group will accelerate the development of PFAS-free products by fully leveraging the materials technology that TOK refined since its founding.

Trends in Environmental and Safety-Related Laws and Regulations across Regions of the World

Japan
- Partial amendment of the Industrial Safety and Health Act (April 2023)
- Partial amendment to the Enforcement Order of the Act on Confirmation of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Law) (April 2023)
- Partial amendment of the Industrial Safety and Health Act (May 2023)
- Partial amendment of the Ordinance on the Prevention of Organic Solvent Poisoning (October 2023)
- Amendment of "Points to note regarding the implementation of partial amendments to the Industrial Safety and Health Act (improvement of labeling and document delivery systems for chemical substances)" (January 2024)
- Partial amendment of the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture (April 2024)
- Partial amendment to the Cabinet Order for the Designation of the Poisonous and Deleterious Substances (May 2024)

Taiwan
- Partial amendment of the Toxic and Concerned Chemical Substances Control Act (March 2023)
- New establishment of Principles for Toxicity and Concerned Chemical Substance Selection and Certification Work (formerly: Principles for Toxicity and Concerned Chemical Substance Selection and Certification Work) (January 2024)
- Partial amendment of Management Matters Related to the Designation and Handling of Toxic Chemical Substances (May 2024)

China
- Partial amendment of the Foreign Trade Law (January 2024)
- Partial amendment of the Regulations on the Administration of Precursor Chemicals (January 2024)

USA
- Amendment of the Reporting Rules for PFAS to the Toxics Release Inventory (October 2023)
- A significant new use rule (SNUR) was added for certain organic fluorine compounds (PFAS) (January 2024)
- Enactment of PFAS regulation bills in the US states of Maine and Minnesota

Europe
- Draft PFAS regulation (slated for 2026)
- The European Chemicals Agency (ECHA) list of chemical substances of very high concern

South Korea
- Partial amendment of the Chemical Substances Control Act (June 2023)
- Partial amendment of the Act on Registration and Evaluation of Chemical Substances (January 2025)

Strengthening water risk management domestically and internationally

Water is indispensable as natural capital for TOK and the broader semiconductor industry. With the greater water demands during semiconductor production and growing water needs for cooling the servers for generative AI end products, water risks surrounding the semiconductor industry are increasing. Therefore, the TOK Group is focusing on reducing water risks at its sites worldwide.

Domestic water use in 2024 increased 19% compared to 2019 due to increased production, but TOK continues to focus on various initiatives to achieve the 2030 target of a 15% reduction compared to 2019.

Environmental Policy

The TOK Group strives to do business through the achievement of a sustainable society by investing appropriate management resources and ensuring health, safety, and an appropriate environment via the Responsible Care Initiatives*.

- Complies with all environmental laws and regulations in each country and region in which TOK operates.
- Strengthens the safe-and-environmentally-friendly handling and management of chemical substances.
- Promotes the efficient use, reduction, reuse, and recycling of resources.
- Improves energy-saving and global warming prevention activities.
- Promotes environmental pollution prevention activities.
- Promotes a healthy biodiversity.

* Responsible Care Initiatives ensure the environment, health, and safety related to all processes of chemical substances from development, manufacturing, distribution, use, final consumption, and final disposition.

Domestically, TOK introduced a central pure water supply system at the Koriyama plant as one of the core initiatives for reducing water use. This eliminates equipment duplication and significantly improves water use efficiency. TOK is currently conducting final-stage construction and establishing complete supply systems for all buildings.

In Taiwan, where the largest customers are located and which specifically accounts for the largest regional sales at 34% (as of December 2024), TOK is refining its BCP measures for those times when water shortages materialize because such shortages have become more serious in recent years as a result of global warming. Specifically, the company built a system to continuously monitor water levels in Taiwan and established a framework with local specialist partner companies to respond quickly when signs of a water shortage are detected. This created a mechanism for prioritizing water resource security to maintain a stable water supply even under limited infrastructure conditions.

Accelerating human-friendly smart factory initiatives to strengthen production capacity and improve employee engagement

Under the newly launched tok Medium-Term Plan 2027, the TOK Group is implementing the largest-scale capital investments in its history to build increased production capacity. Simultaneously, the Group is focusing on one of the key strategies of tok Medium-Term Plan 2027: "Build an environment where each employee can work safely and securely, both physically and mentally," which is closely linked to the material issue "Pursuit of happiness by human capital," and advancing the key environmental and occupational health and safety initiative of human-friendly smart factory automation.

The Aso Kumamoto site of Aso Plant, a new manufacturing base for high-purity chemicals, is now equipped with state-of-the-art automation equipment and robotic process automation (RPA), and the site has started operations as a smart factory that is highly efficient and human friendly. As described above, the new photoresist manufacturing building under construction at the Koriyama plant additionally focuses on human-friendly smart factory automation and is designed to enable diverse human capital to excel by making it easier for female employees to handle heavy objects and minimizing fall risks for older employees through improved workflows.

Occupational Health and Safety Policy

The TOK Group, by prioritizing worker* health and safety in business activities, fosters a safety culture by preventing accidents, disasters, and illnesses in the workplace.

- Complies with all laws related to occupational health and safety in each country and region.
- Reduces risks by completing job hazards analyses.
- Provides comprehensive education and training for employees.
- Strives to strengthen the safety and disaster prevention systems for the purpose of minimizing and mitigating damage for accidents, disasters, or any other unforeseen event.
- Makes effective and continuous improvements by investing the appropriate resources.

* All people who provide service in the work environment of the TOK Group

Focusing on the development of greater safety awareness

In terms of occupational health and safety and in addition to improving the hardware at these facilities, TOK is strengthening efforts on the software side by identifying issues at each site and sharing accident cases to eradicate occupational accidents. With significantly expanded production compared to the previous year and despite activities focused on *safety first* and the *three realities principle*, the number of occupational accidents in 2024 did not decrease. Therefore, in January 2025, TOK established the Occupational Safety Management Section within the EHS Department. This section provides a hub function to strengthen comprehensive, company-wide management of occupational health and safety by forming horizontal connections among sites and promoting field-led, field-autonomous operations **(→ see pages 88–89 "Occupational Safety and Health Initiatives")**.

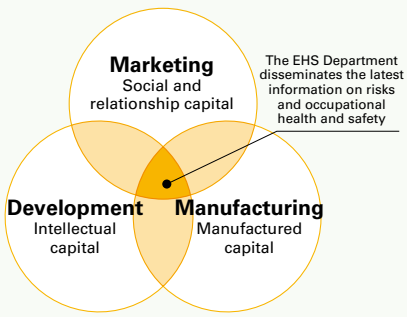
TOK will strengthen innovative value creation and occupational health and safety through inter-capital collaboration.

In addressing the above new material issues, new medium-term plan, risks and opportunities, and megatrends, the customer-oriented strategies based on the trifecta of marketing (social and relationship capital), development (intellectual capital), and manufacturing (manufactured capital) works closely with the EHS Department to create a culture leading to new growth and value creation. Regarding the PFAS regulations in particular as stated earlier, replacement with alternative substances has become an important competitive strategy; therefore, the Environment, Health and Safety Department collects the latest information on revisions to laws and regulations and shares risk information with the core part of the trifecta while closely discussing product strategies to build the Group's new strengths as it strives to achieve PFAS-free products.

Additionally, in occupational health and safety initiatives that become increasingly important as production volumes grow, the newly established Occupational Safety Management Section within the EHS Department will strengthen the various alerts and information dissemination at the intersection (core) of the trifecta. This will lead to further safety level improvements and will realize the material issue of the "Pursuit of happiness by human capital" and medium-term plan key strategy of "Build an environment where each employee can work safely and securely, both mentally and physically."

Tatsuya Hashiguchi
General Manager, EHS Department

The EHS Department is closely involved in *trifecta inter-capital collaboration*



TCFD-based Information Disclosure for Climate Change (including KPI objectives)

Tokyo Ohka Kogyo, which aims to achieve 2050 carbon neutrality by setting KPI targets for the short, medium, and long terms, newly established interim targets in February 2024 to align its growth strategy through 2030 with the Paris Agreement's 1.5°C target. As an immediate milestone for steadily advancing these efforts, TOK clearly set CO_2 emission reduction target values as quantitative goals in the new medium-term plan tok Medium-Term Plan 2027 as KPIs through 2027. TOK continues to pursue corporate value expansion centered on minimizing absolute CO_2 emissions and maximizing reduction contributions through short/medium/long-term KPI target timelines.

The desired society and climate change-related material issues

TOK pursues a sustainable future filled with happiness and considers carbon neutrality as the major premise to accomplish this objective. As a starting point for long-term initiatives to achieve this goal, TOK promotes initiatives to support the new material issue of the "Contribution to the global environment for a sustainable future" and tok Medium-Term Plan 2027 by backcasting from tok Vision 2030.

Governance

Under the unique material issue "Evolution of sustainability governance," TOK focuses on 2050 carbon neutrality initiatives through collaboration between the Board of Directors (role: resolution and monitoring) and the Council of Directors (role: theme setting/discussion) **(→ see pages 70 and 82–83)**. The Council of Directors shares and discusses the latest climate change issues surrounding the company among department/division heads, executive officers, and directors, while executive officers lead the implementation of initiatives at the worksites. These initiatives and KPI trends are monitored by the Board of Directors and consistently updated in consideration of immediate climate change issues, changes in risks and opportunities, and progress on carbon neutral investments.

Risk management

Under the governance structure above and the risk management structure centered around the Risk Management Committee, which comprises the president, the general managers, and the ERM Department **(→ see pages 78–79)**, TOK will ensure the PDCA cycle of each activity countering climate change and will maintain continuous risk management with the president and chief executive officer as the chief risk management officer.

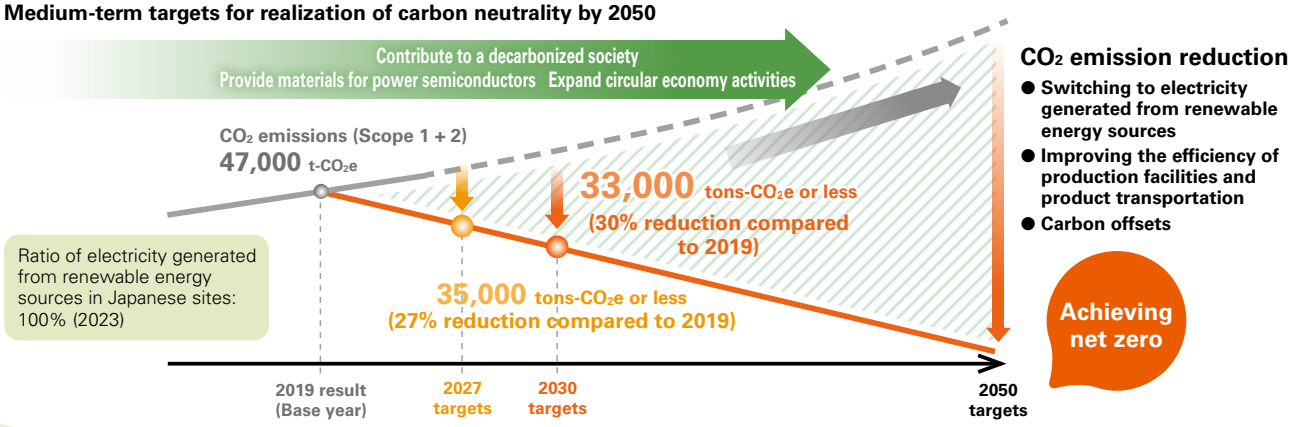
Strategies (scenario analysis)

TOK promoted a scenario analysis of the average temperature increases by the end of the 21st century by referring to the 1.5-degree scenario and the 4-degree scenario presented by the Intergovernmental Panel on Climate Change (IPCC). The company then identified the risks and opportunities for the overall group business, including the quantitative analysis of opportunities **(→ see pages 4–5 "OUR EDGE AND POSITIVE IMPACT" and the next page)**. Both in the 1.5-degree scenario and in the 4-degree scenario, the TOK Group reaffirmed that it would be reasonably possible to enhance corporate value on a medium to long-term basis through the process above by taking advantage of the abundant business opportunities in the miniaturization and multilayer stacking of semiconductors and in the demand for power semiconductors, as well as by adequately responding to the anticipated physical risks and by strengthening resilience.

Indicators and targets

In the medium-term KPI targets, TOK aims to reduce the absolute CO_2 emissions of the entire group in 2030 by 30% compared to 2019, while the factory production volume is expected to increase significantly because of the growth strategy. The intention of this aggressive target is to reduce more than 30% of the 2030 emissions, which are expected to increase significantly compared to 2019 if no reduction efforts are made. Additionally, TOK is calculating the financial impacts from internal carbon pricing and emissions trading toward 2030–2050 after achieving this target, and the company will consider disclosing this at the proper time while deepening the linkage to progress and the outlook for the growth strategies and performance targets.

Medium-term targets for realization of carbon neutrality by 2050



Response to climate-related risks and opportunities (scenario analysis)

★ The short term is defined as until 2025, the medium term as until 2030, and the long term as until 2050.

Risk type	Category	Risks on TOK business	★ Expected apparent time range	Key initiatives (countermeasures against risks)
Transition risks Mainly assuming the 1.5-degree scenario	Policy and regulatory risks	● Increase in costs due to carbon pricing (introduction of the carbon tax and expansion of emission rights trading)	Medium term to long term	● Curb cost increases by accelerating the reduction of CO_2 emissions through shifts to more energy-efficient manufacturing equipment and the increased use of renewable energy ⇒ **See pages 82–83 and 92** ● TOK shifted 100% of its purchased electricity to renewable energy sources at all key sites in Japan in February 2023. If a carbon tax of 10,000 yen per ton were to be introduced in Japan in the next few years, the payment of the tax would be reduced through this shift by 10,000 yen x 20,000 tons, equaling 200 million yen ⇒ **See pages 82–83 and 92** ● TOK completed the estimation of the financial impact under the assumption of the future introduction of internal carbon pricing and the implementation of emission rights trading ⇒ **See pages 82–83**
		● Increase in costs in response to more stringent policies and regulations to reduce CO_2 emissions in Japan and other countries where TOK has manufacturing sites	Short term to long term	● Take the necessary action without delay through careful collection of information and negotiations with governmental agencies in each country, thereby coping with climate change as a member of the local communities ⇒ **See pages 82–84 and 92**
Physical risks Mainly assuming the 4-degree scenario	Acute risks	● Damage to facilities due to an increase in natural disasters	Short term to long term	● Continuing water risk management at the TOK Technology Innovation Center and Logistics Center, the R&D hub facilities ⇒ **See pages 84 and 93** ● Emphasize BCP and resilience to natural disasters in the capital investment plan under tok Medium-Term Plan 2027 toward tok Vision 2030 ⇒ **See pages 78–79, 83, and 93**
	Chronic risks	● Increase in costs for process temperature control and product temperature control due to global warming	Short term to long term	● Develop more efficient and more cost-effective means and methods for the control of process temperatures and product temperatures ⇒ **See page 92**
		● Increase in water stress due to global warming and difficulty in acquiring water resources	Medium term to long term	● Implement continuous measures in Japan and overseas to minimize water consumption in production activities and to maintain and improve effluent quality ⇒ **See page 93**

Opportunities	★ Expected apparent time range	Key initiatives (how to grasp opportunities)
Further miniaturization of semiconductors Assuming both the 1.5-degree scenario and 4-degree scenario	Short term to long term	● Stable supply, sales increase, development, and maintenance of the largest global market share for EUV photoresists for 7 to 2 nm processes ● Expected reduction in semiconductor power consumption by providing EUV photoresists for 7 to 2 nm processes (estimate for 2030) **Contribution to reduction: ▲76 TWh (equivalent to 0.2% of estimated global power consumption by 2030)***
Expansion of the power semiconductor market Assuming both the 1.5-degree scenario and 4-degree scenario	Short term to long term	● Maintain the largest global market shares for g-/i-Line photoresists ● Stably supply and increase sales of g-Line and i-Line photoresists for power semiconductors ⇒ **See pages 9 and 32–34**
Increasing development needs for next-generation power semiconductors that achieve even lower power consumption Assuming both the 1.5-degree scenario and 4-degree scenario	Medium term to long term	● Strengthen the advantage in g-Line and i-Line photoresists for silicon carbide (SiC) power semiconductors as the market starts to grow and further strengthen development and marketing ● Reinforce the development and marketing of g-Line and i-Line photoresists for gallium nitride (GaN) gallium oxide (Ga_2O_3) power semiconductors ⇒ **See pages 9 and 32–34** ● Expected reduction in power in solar/wind power generation, EVs, and data centers, through the provision of g-Line and i-Line photoresists for SiC, GaN, and other next-generation power semiconductors (estimate for 2030) **Contribution to reduction: ▲155 TWh (equivalent to 0.4% of estimated global power consumption by 2030)***
Emergence of the photo-semiconductor market due to advances in photoelectric fusion technology Assuming both the 1.5-degree scenario and 4-degree scenario	Medium term to long term	● Strengthen the development and sales of materials for photo-semiconductors that realize overwhelmingly low power consumption compared to conventional semiconductors ⇒ **See pages 39 and 83**

* See the Note on page 5

Occupational Safety and Health Initiatives

Key initiatives

Follow-up on comprehensive occupational accident risk assessment results

Strategies

Basic Concept

The TOK Group recognizes that ensuring the health and safety of workers who support supply chain sustainability is its social responsibility as a company, as well as a requirement from all stakeholders. By providing comfortable and safe workplaces, TOK additionally cultivates and establishes a culture of safety. In tok Medium-Term Plan 2027, The company made "Build an environment where each employee can work safely and securely, both mentally and physically" a company-wide strategy, and TOK is working to resolve any challenges.

Health and Safety System

With the foundation of the occupational health and safety system, which is headed by the executive department manager of the Manufacturing Department, TOK works to prevent accidents based on the annual action plan of the Safety and Health Committee. Company-wide issues that cannot be addressed by a single site alone are examined by the Safety and Health Liaison Unit, which implements the measures that must be horizontally developed across all sites and then shares information. Based on this structure, the company works to prevent injuries and fire accidents caused by chemical substances as well as severe injuries caused by machinery or heavy objects. In the event of an accident, TOK implements thorough safety measures to improve safety and rolls out such measures horizontally across the organization.

Prevention of Workplace Accidents

Under the Occupational Health and Safety Policy, which is based on the CSR Policy, TOK positions worker health and safety as top priorities by promoting accident, disaster, and illness prevention measures in the workplace and working to cultivate a culture of safety. In 2024 there were 12 occupational accidents (lost workday accidents: 5, without lost workday accidents: 7), which was a decrease of 2 total incidents compared to 2023, but lost workdays accidents increased by 4. The main factor in the increase was the number of fall accidents on stairs and steps among older employees, which raised the proportion of serious accidents.

Comprehensive assessment results follow-up

TOK is confirming the implementation status and effectiveness of countermeasures based on results from the 2023 comprehensive occupational accident risk assessment at all sites. The company is also strengthening safety guidance for contractors throughout the supply chain, particularly transport companies handling chemical substances during worksite entry operations.

From past failures to fostering a safety culture

Since 2023, TOK continued focusing on discovering potential risks and improving safety awareness through external training using past occupational accidents as case studies and participation in hazard experience centers to help workers see that accidents are directly relevant to them. The company also improved its emergency response manuals by incorporating lessons from past training and practice, conducting training for a variety of scenarios, and confirming action standards and roles to apply lessons to safety culture development.

Enhancing the TOK Group occupational health and safety portal

TOK is enhancing the Group occupational health and safety portal to make it accessible to all employees.

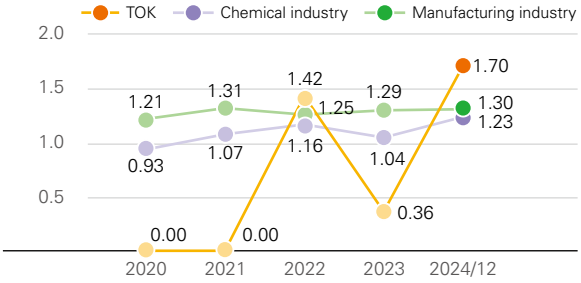
- Converting actual occupational accidents (falls, chemical burns) into educational materials using photos and videos for realistic learning
- Contributing to recurrence prevention, education and training, and risk assessment reviews using accident calendars and past accident databases
- Publishing progress on risk inspection results from all sites to promote safety awareness and continuous improvements

Improvement activities utilizing internal audit and third-party assessment opinions

TOK conducts integrated internal audits on occupational health and safety, quality, and environment, actively using auditors from other sites and new auditors to promote self-improvement while using the sites as venues for internal auditor competency improvement and information sharing. For third-party assessments, the company pursues continuous improvement of health and safety activities based on international standards through ISO 45001 (Occupational Health and Safety Management System) assessment responses. The assessments evaluate risk management validity and corrective action effectiveness, objectively confirming the maturity of the safety culture. Furthermore, through Responsible Business Alliance (RBA) audits, TOK receives third-party evaluations of our compliance with global standards in labor, health and safety, environment, ethics, and management systems, ensuring international credibility and strengthening sustainability management.

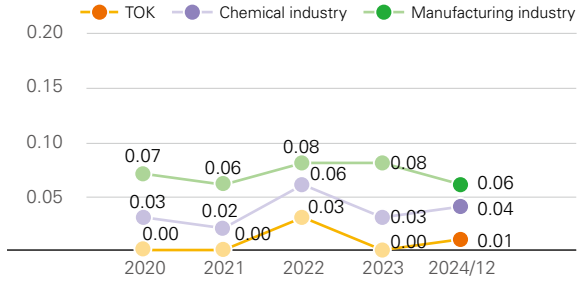
Indicators and targets

Frequency rate of workplace accidents (unconsolidated)



* Frequency rate: Shows the frequency of accidents as the number of deaths and injuries due to workplace accidents per million work hours
  Frequency rate = (number of deaths and injuries due to workplace accidents/ number of work hours) × 1,000,000
  (Number of deaths and injuries due to workplace accidents = number of deaths and injuries resulting in 1 or more lost workdays)
* TOK's frequency rate and severity rate are calculated for the period from December 11, 2023, to December 10, 2024.

Severity rate of workplace accidents (unconsolidated)



* Severity rate: Shows the severity of accidents as the number of lost workdays per thousand work hours
  Severity rate = (number of lost workdays/number of work hours) ×1,000
  (Number of lost workdays = number of lost workdays of dead and injured workers due to workplace accidents)
  Source of data for chemical and manufacturing industries: Ministry of Health, Labour and Welfare's Survey on Industrial Accidents

Future Issues and Initiatives

While TOK implemented a variety of different measures based on the Occupational Health and Safety policy, the company has not yet lifted the Occupational Health and Safety Emergency Declaration issued in April 2023. Behind this are partial deviations from basic rules and negative success experiences. Negative success experiences occur when veteran employees underestimate the risks based on past experience, thinking "there have been no accidents so far" or "I'll be fine." Going forward, TOK will implement continuous education and training for veteran employees, incorporating perspectives like "Why do we need to follow rules?" and "What happens if we don't follow them?" TOK will raise safety awareness of all employees, improve risk assessment and RAKY activities*, and promote effective accident prevention measures. Also, centering on the Occupational Safety Management Section newly established within the EHS Department in January 2025, the company will strengthen horizontal connections among sites and promote worksite-led, worksite-autonomous operations.

* Risk Assessment & Kiken Yochi (Hazard Prediction) (RAKY) activities

tok's Human Resources

We are promoting mindset changes for all employees.

Akihiro Yamada
Manager, Occupational Safety Management Section, EHS Department

Since we observed that partial deviations from basic rules and negative success experiences increase occupational accident risks at our company, we are encouraging all employees to reconsider their mindset toward occupational health and safety. Past experience of no accidents does not guarantee future safety, so we focus on efforts to help everyone recognize the meaning of following the rules as we heighten safety awareness. Through this, we intend to rebuild the worksite-led safety culture and realize safe workplaces with the entire group united.

Contributions to the Global Environment for a Sustainable Future

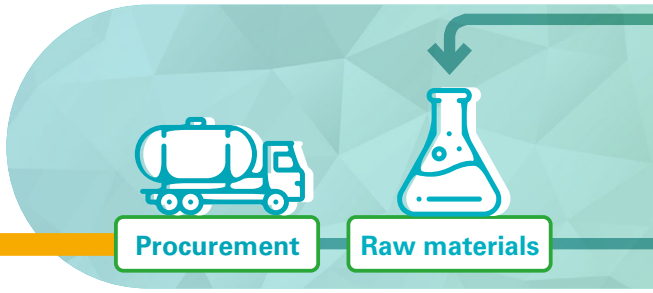
* The reporting scope for the "Contribution to the global environment for a sustainable future" (pages 90–96) covers the unconsolidated basis and consolidated subsidiaries in Japan. In other cases, the scope of coverage is listed on each page.

Reduction in Environmental Impact from Corporate Activities

Environmental Performance*

With the aim of the "Contribution to the global environment for a sustainable future" as a new material issue, the TOK Group conducts daily quantitative and qualitative evaluations of the effects of its corporate activities on the global environment and implements a variety of different initiatives to minimize the impact.

* Environmental performance: Environmental performance evaluations are a method of evaluating an organization's environmental activities performed in accordance with the TOK environmental policy, objectives and goals and the results achieved through the activities in qualitative and quantitative terms.



Purchased goods and services

Scope 3		
Cat. 1	446,965 t-CO_2e

OUTPUT

CO_2 (Sum of Scopes 1 and 2)		10,742 t-CO_2e
SOx*1		0.4 t
BOD*2		0.4 t
General office waste		33 t (Recycling rate: 43.2%)
Industrial waste	General industrial waste	1,562 t (Recycling rate: 30.4%)
	Specially controlled industrial waste	3,226 t (Recycling rate: 80.7%)

Waste generated in operations

Scope 3		
Cat. 5	5,942 t-CO_2e

Business travel and commuting

Scope 3		
Cat. 6	194 t-CO_2e
Scope 3 Cat. 7	696 t-CO_2e

* January 2024 to December 2024
*1 SOx: Abbreviation for sulfur oxides. Produced from the combustion of fossil fuels containing sulfur and considered substances that cause acid rain.
*2 BOD: Abbreviation for biochemical oxygen demand. Refers to the volume of oxygen required when pollutants in the water (organic substances) become inorganic substances or gases through the action of microorganisms. BOD is a major indicator for evaluating the degree of contamination of rivers and other bodies of water. A higher BOD value means a higher level of water contamination.

Please follow the URL below for more detailed information on the environmental impact by site.

Information on environmental impact by site https://www.tok.co.jp/eng/sustainability/env-activity/greenhouse-gases

Emissions of Greenhouse Gases — Scopes 1, 2, and 3

Because climate change has become more serious in recent years, companies are expected to measure greenhouse gas emissions from their properties and across the entire value chain. TOK measures and calculates greenhouse gas emissions based on the Ministry of the Environment's Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain within the context of emissions from business activities (Scopes 1 and 2) and indirect emissions from nonbusiness activities (Scope 3). In 2021, TOK started calculating Scopes 1 and 2 at all overseas sites. TOK will advance its initiatives for the realization of a sustainable society by identifying issues throughout the value chain where corporate activities have an impact.

Scope 1	10,581 t-CO_2e	Scope 2	161 t-CO_2e
Scope 1 (overseas total)	3,069 t-CO_2e	Scope 2 (overseas total)	15,113 t-CO_2e

Scope 3 Emissions by Category (domestic total)

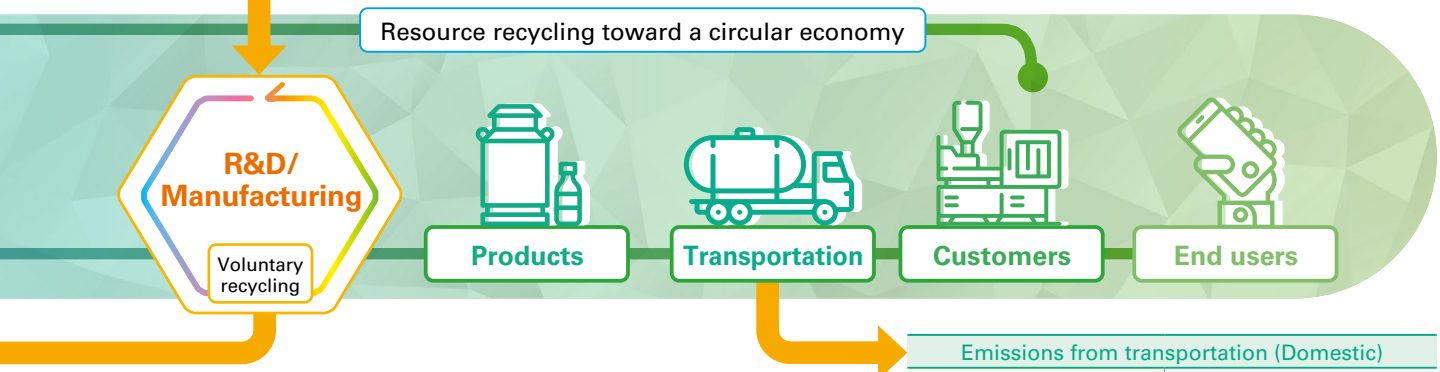
Cat. (Category)	Name	Emissions
Cat. 1	Purchased goods and services	446,965 t-CO_2e
Cat. 2	Capital goods	61,705 t-CO_2e
Cat. 3	Fuel and energy-related activities not included in Scope 1 and 2	6,121 t-CO_2e
Cat. 4	Upstream transportation and distribution	18,259 t-CO_2e
Cat. 5	Waste generated in operations	5,942 t-CO_2e
Cat. 6	Business travel	194 t-CO_2e
Cat. 7	Employee commuting	696 t-CO_2e

Cat. (Category)	Name	Emissions
Cat. 8	Upstream leased assets	85 t-CO_2e
Cat. 9	Downstream transportation and distribution	—
Cat. 10	Processing of sold products	—
Cat. 11	Use of sold products	Not applicable
Cat. 12	End-of-life treatment of sold products	Not applicable
Cat. 13	Downstream leased assets	—
Cat. 14	Franchises	—
Cat. 15	Investments	Not applicable

* January 2024 to December 2024
* Business trips and commuting by employees exclude people seconded to other companies.

INPUT			
Total energy consumed	18,798 kL crude oil equivalent	Water withdrawal	434,000 m³
Electric power	13,038 kL crude oil equivalent	Chemical substances (Class 1 Specified Designated Chemical Substances under the PRTR Law)	2 t
Petroleum (heavy oil)	346 kL crude oil equivalent	Chemical substances (Class 1 Designated Chemical Substances under the PRTR Law)	2,044 t
City gas	5,323 kL crude oil equivalent		

* January 2024 to December 2024 (Chemical substances: April 2024 to March 2025)



Emissions from transportation (Domestic)	
Transportation volume	25.54 million ton-kilometers
Energy consumed	1,224 kL crude oil equivalent
CO_2 emissions (domestic)	3,269 t-CO_2e

Upstream transportation and distribution	
Scope 3 Cat. 4	18,259 t-CO_2e

* January 2024 to December 2024

Environmental Accounting*

TOK used environmental accounting since 2000 to identify the expenses required for environmental conservation activities and the effects of such activities and to help promote environmental management. In 2024, environmental conservation expenses totaled 867 million yen for energy-saving equipment investments and renewals.

* Environmental accounting: A system for understanding and communicating to stakeholders the environmental conservation-related investments and the expenses incurred by businesses and other organizations, as well as the effects of such investments in quantitative terms (currency or physical quantity).

(Unit: Millions of yen)

Category of the cost		Key initiatives	Investment	Cost
Business area cost	Pollution prevention cost	Air, water, and other pollution prevention equipment and the renewal, operation, maintenance, and management of equipment	29	102
	Global environmental conservation cost	Energy conservation activities: non-FIT, non-fossil fuel certificate electricity purchase	52	102
	Resource circulation cost	Installation of melting equipment	2	214
Upstream/Downstream cost		Green purchasing and the collection of used products	0	3
Administration cost		Approach to environmental management system	311	45
R&D cost		Research and development related to environmental conservation (costs of chemical substance screening)	0	6
Social activity cost		Cleanup activities around the production plants	0	1
Environmental remediation cost		Treatment of soil pollution by the construction of a new building	0	0
Total			394	473

* January 2024 to December 2024

Environmental Conservation Cost

Investments refer to accounting for equipment associated with environmental conservation and improvement. Expenses are the sum of depreciation, personnel, and other operating expenses associated with environmental conservation. Computation of personnel expenses is based on the basic unit cost.

Economic Benefits Associated with Environmental Conservation Measures

Figures are calculated on the basis of internally realized benefits from the sale of materials with value and by reducing costs.

(Unit: Millions of yen)

Effects		Amount
Revenue	Gain on the sale of recycled products	28
Cost savings	Reduction in disposal costs by decreasing the volume of waste	460
Total		488

* January 2024 to December 2024
* Scope of environmental accounting covers all facilities in Japan. The reference is the *Environmental Accounting Guidelines 2005* published by the Ministry of the Environment.
* Amounts of less than one million yen have been rounded off.

Initiatives toward Achieving Carbon Neutrality

Key initiatives/Results in 2024

KPI

Energy-related CO_2 emissions

2024 result	2030 targets*
Reduce by **39.2**% (vs. 2019)	Reduce by **30**% (vs. 2019)

Energy consumption intensity

2024 result	2030 targets
Reduce by **19** points (vs. 2019)	Reduce by **15** points (vs. 2019)

* From March 2024, TOK aims for a 30% reduction in absolute CO_2 emissions (consolidated) compared to 2019 under the new medium-term targets **(→ see pages 82–83 and 86)**

Strategies

Basic Concept

Toward the goal of carbon neutrality in 2050 based on the "Contribution to the global environment for a sustainable future" as a new material issue, the TOK Group quantitatively measures the environmental impact throughout the value chain and works to reduce the environmental load, including CO_2 emissions, with a full understanding of the impact that production activities have on the environment. TOK aims to achieve sustainable development with society through the development of photoresists and new products that further conserve resources and energy.

Major 2024 Initiatives and Future Key Measures

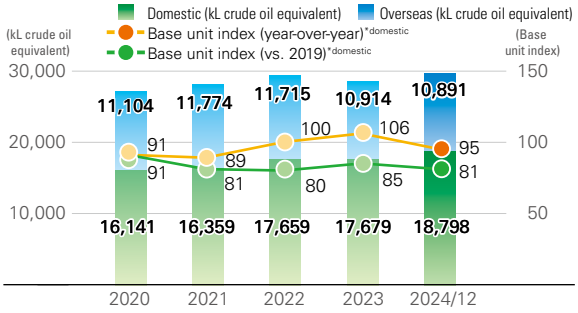
While some factors increased energy consumption in 2024, such as the completion of the Aso Kumamoto site of Aso Plant, energy consumption intensity at domestic sites decreased by 5 points year-over-year through power consumption efficiency improvements that included updating to high-efficiency energy equipment, solar panel installation, and LED lighting conversion. For energy-derived CO_2 emissions, TOK began introducing renewable energy-derived electricity at domestic sites in 2021, and with conversion completed at all major domestic sites in 2023, the company achieved a 37.6% reduction compared to 2019 levels as of 2023. At overseas sites, the company is actively advancing CO_2 emission reduction efforts, including solar panel installation aimed at improving the efficiency of energy use to help prevent global warming.

Additionally, the Logistics Department has worked to expand warehouse operations, including raw material inventory management, in recent years under the mission of safely and accurately storing and transporting TOK products for delivery to customers both in Japan and worldwide. Furthermore, TOK is considering CO_2 emission reduction through modal shifts that include railroad container use and marine transportation in collaboration with each plant in order to optimize logistics across the entire company while reducing the environmental impact from logistics as cargo handling volumes increase. Moreover, the distribution center is advancing energy conservation measures that include solar panel installation (2025) by working to reduce the environmental impact across our entire logistics network.

Going forward, the TOK Group will continue working to achieve 2050 carbon neutrality by advancing further energy conservation measures and renewable energy introduction for CO_2 emission reduction both domestically and internationally, as well as by promoting centralized management through the deployment of environmental data collection systems to overseas sites, advancing group-unified activities.

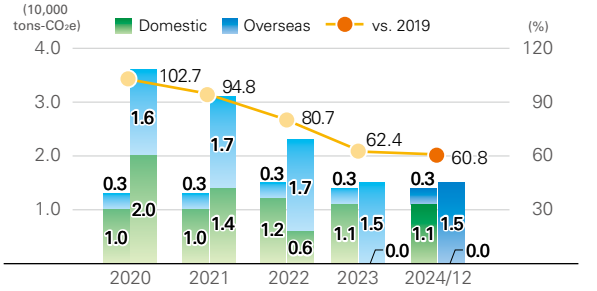
Indicators and targets

Energy consumed



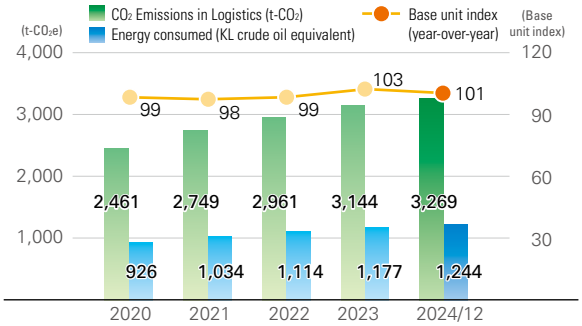
* Indicated for Scopes 1 and 2. For the latest figures for Scope 3, see page 90.
* Errors in *Integrated Report 2023* regarding the figures for 2023 have been corrected.

CO_2 Emissions (Converted from Energy Consumption)



* Starting from 2024, displays are separated into Scope 1 (left bar graphs each year) and Scope 2 (right bar graphs each year) with 2019 comparisons changed from intensity-based to total volume-based comparisons.
* Errors in *Integrated Report 2023* regarding the figures for 2020–2023 have been corrected.

CO_2 Emissions in Logistics /Energy consumed



* The aggregation period has been changed from April–March next year to January–December with retroactive recalculation to 2020 and corrections made to CO_2 emissions, crude oil equivalent KL, and intensity indices.

Promotion of Resource Recycling: Water Risk

Key initiatives/Results in 2024

KPI

Water use volume in Japan

2024 result	2030 targets
Increase by **19**% (vs. 2019)	Reduce by **15**% (vs. 2019)

Strategies

Basic Concept

Amid the increasing public attention for water resources as a global sustainability requirement, water is an essential resource for use in the TOK Group products and manufacturing processes. Therefore, the Group strives to minimize the volume of water consumed for production and to maintain and improve the quality of wastewater. The Group will continue to make environmental contributions through its business activities while monitoring water risks with its "Contribution to the global environment for a sustainable future" as a new material issue.

Major 2024 Initiatives and Future Key Measures

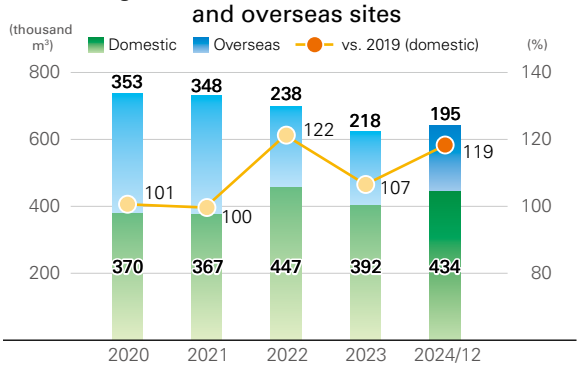
Since water use from 2024 onward has tended to increase because of production volume increases and the expansion of manufacturing buildings at the Koriyama plant, the TOK Group monitors water use at all domestic and international sites while clarifying risks at each stage from water supply to factory discharge.

In terms of reducing water use, TOK focuses on full operation of the pure water building at the Koriyama plant, the introduction of new circulation cooling equipment at the Utsunomiya plant, and improving water circulation rates for existing cooling equipment at the Aso plant. TOK will implement risk reduction measures based on the medium to long-term target of reducing domestic water use by 15% from the 2019 level by 2030.

TOK is also considering responses to water intake restrictions and flood risks from natural disasters, business interruption risks from water contamination, and water risks in the supply chain. With concerns about the water stress impacts from climate change on water resources, potential future regulatory strengthening through water intake restrictions and discharge limitations could affect water use at all TOK Group plants. Therefore, the company will work to reduce water consumption through the cyclic use of water and work to reduce contamination risks to lower the environmental impact and ensure business continuity.

Indicators and targets

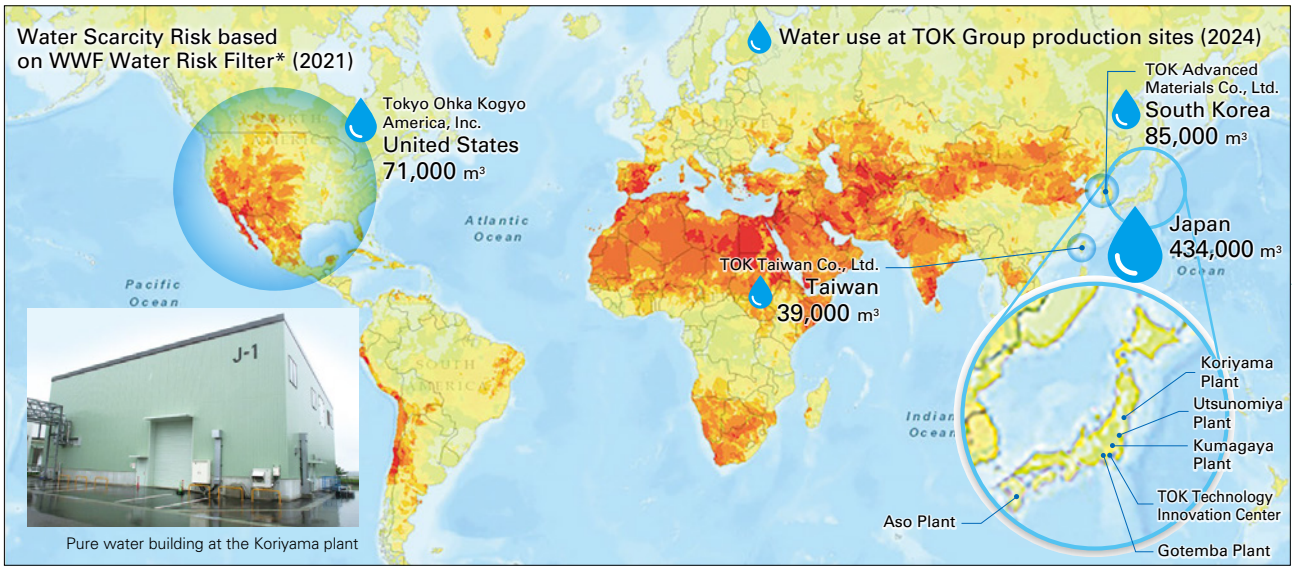
Changes in water use volume at domestic and overseas sites



* Starting from 2024, domestic 2019 comparisons have changed from intensity-based to total volume-based comparisons.

Worldwide Water Scarcity Risks as of 2021

Very low risk — Very high risk



Pure water building at the Koriyama plant

* Water Risk Filter: The water risk assessment database developed by the World Wildlife Fund (WWF) and the German Investment and Development Cooperation (DEG)

Promotion of Resource Recycling: Waste

Key initiatives/Results in 2024

KPI

Volume of industrial waste per base unit

2024 result

Up **13** points (vs. 2019)

2030 targets

Reduce by **15** points (vs. 2019)

Strategies

Basic Concept

As measures for a circular economy, the company promotes the 3Rs (Reduce, Reuse, and Recycle). By restricting the volume of generated waste, thoroughly sorting all waste by type, and increasing the volume of recycled waste, TOK is working to make more effective use of its resources. The company strives to maintain zero emissions* by reducing the landfill disposal volume and by processing waste products through combustion or crushing, called intermediate treatment, as well as through stabilization and volume reduction initiatives.

* Zero emissions: Landfill disposal volume (direct or after intermediate treatment) of less than 1% of industrial waste discharged by production activities

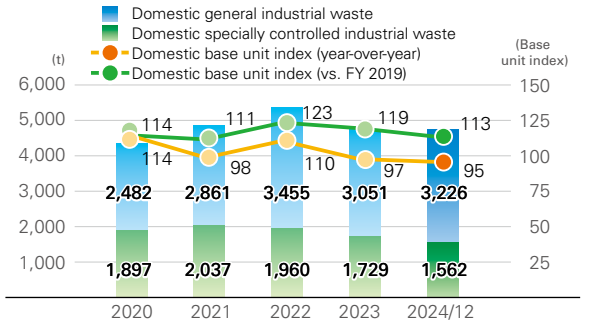
Major Initiatives and Future Key Measures from 2024 Onward

TOK set the goal of reducing industrial waste intensity (per production volume) emissions by 15 points compared to 2019 levels by 2030 domestically by promoting various waste reduction activities. In addition to reusing internally processed waste liquids within plants, the company created value from expanded polystyrene, which was difficult to add value to, by compressing it into ingots, and created value from some waste oil that previously had no value by managing it by specification. Industrial waste intensity emissions in 2024 decreased by 5 points year-over-year because of such efforts. When disposing of industrial waste, TOK selects disposal companies from the perspectives of conversion to new resources after intermediate processing, the effective use of incinerating heat, and the use of final disposal methods. As a result, over 60% of waste oil among specially controlled substances is reused as recycled oil. Additionally, the final disposal rate remained below 1% for an achievement of zero emissions for the 11th consecutive year.

However, since industrial waste intensity emissions increased by 13 points compared to 2019, the company is advancing group-unified efforts to achieve domestic targets and realize a circular economy as the TOK Group by reducing industrial waste emissions and improving the rate of conversion to new resources.

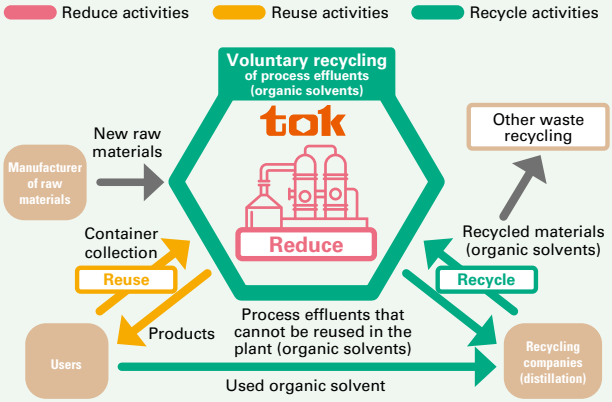
Indicators and targets

Amount of industrial waste generation*



* The base unit index is determined after calculating general industrial waste and specially controlled industrial waste.

To realize a circular economy



Reduce activities

TOK conducts a range of activities to reduce waste to the fullest extent possible at all company manufacturing sites in Japan and around the world, including the internal processing of waste fluid through water treatment facilities, conversion of waste into items of value by sorting, and reducing the generated waste through modifications of the manufacturing processes.

Reuse activities

Products incorporating organic solvents have been placed in stainless-steel containers since the late 1970s. This allows empty containers to be returned to TOK for reuse. In addition, some products are transported by tanker trucks. The company is also beginning to use reusable containers for some photoresist products—chiefly those used in the manufacture of LCD panels.

Recycle activities

TOK recovers the organic solvents (process effluents) used in the manufacturing processes and refines those solvents on-site for reuse in the same processes, among other measures to reduce industrial waste generation. At the same time, raw materials that can be reused through distillation and refining are recycled with the help of trusted partners (recycling companies).

Reduce/This refers to reducing the volume of waste generated. Reduction involves minimizing the volume of materials in products in order to minimize the volume that is eventually discarded.

Reuse/Reuse. This refers to the repeated use of manufactured goods, containers, and other products in order to reduce the volume of waste materials generated and to conserve resources.

Recycle/Recycle. This refers to the use of waste materials as resources rather than incinerating or sending the materials to a landfill, thereby conserving resources and preventing pollution.

Air, Water, and Soil/Biodiversity

Key initiatives/Results in 2024

KPI

NOx emissions into the air
0.1 t reduction (year-over-year)

Estimated CFC leakage volume
Approximately 302 t-CO_2e

Employee training on CSR
Participation rate: 100%

Strategies

Basic Concept

With "Contribution to the global environment for a sustainable future" as a new material issue, the TOK Group takes steps to lighten its environmental impact by reducing the emissions of greenhouse gases* and chemical substances and by upgrading equipment, switching fuels, and reviewing the manufacturing processes to preserve the air, water, and soil environments upon which the livelihoods of employees depend.

* Greenhouse gases: The gas in the atmosphere that allows sunlight to pass through but absorbs infrared rays emitted from the ground and seas. These gases are believed to cause global warming.

Major 2024 Initiatives and Future Key Measures

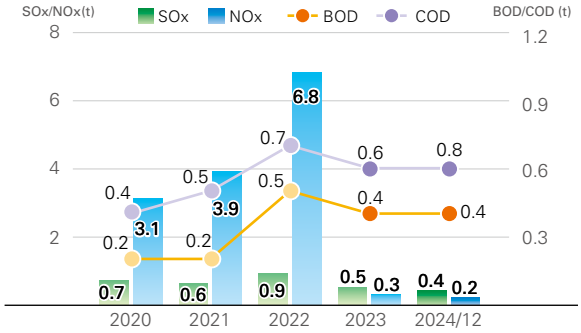
TOK uses natural gas, except in areas where the natural gas supply for boiler fuel is unavailable, and the company has established voluntary regulations and monitoring for NOx and SOx emissions at plants that partially use heavy oil.

TOK recognizes soil and groundwater contamination and discharge of water pollutants as major risks that threaten the safety and health of local residents and employees and affect ecosystems. The company regularly monitors soil and groundwater, has established procedures that define protective measures and prompt information disclosure in case of water pollutant discharge exceeding standards, and provides regular training. For wastewater, the company established voluntary management standards stricter than legal requirements and prefectural regulations by discharging only water that meets company standards into public water bodies. In 2024, there were no environmental pollutant discharges exceeding standards.

TOK also manages PRTR law-designated substances through a dedicated system by working to monitor VOC and hazardous air pollutant emissions and appropriately reporting to authorities.

Indicators and targets

SOx/NOx*/BOD/COD emissions



* NOx emissions are from smoke-generating facilities subject to the Air Pollution Control Act.

Countermeasures against Ozone-depleting Substances

The TOK Group uses the ozone-depleting chlorofluorocarbons CFC-11 and CFC-12 as coolants in refrigerators and freezers. The entire Group is working to reduce the use of these substances and to switch to alternative substances and green coolants (non-CFC). In Japan, the revised Act on the Rational Use and Proper Management of Fluorocarbons mandates regular inspections and the reporting of any leakage; therefore, TOK is updating its environmental system for the proper management, filling, and disposal of CFCs. As a result of these appropriate actions, the leakage volume stood at approx. 302 t-CO_2e in 2024. TOK will continue group-wide inspections and will periodically replace fire extinguishers that use ozone-depleting substances with the aim of further strengthening management to prevent any CFC leakage.

* Data collection period: April 2024 to March 2025

Preserve Biodiversity

The TOK Biodiversity Protection Declaration guides our activities to preserve biodiversity. Every year, TOK implements CSR training (including biodiversity) for all directors, auditors, and employees at its domestic sites, as well as employees of partner companies for some operation centers. The company also dispatches employees to participate in the afforestation activities with residents of Kanagawa Prefecture through the Kanagawa Trust Midori Foundation.

Aso plant personnel participate in forest conservation activities hosted by the Aso Green Stock Foundation with the aim of improving and enhancing the water source conservation function of the Aso region and creating rich ecosystem environments. TOK also conducts activities at each site, such as collecting aquatic plants that have washed ashore at Lake Inawashiro near the Koriyama plant. TOK will continue to preserve biodiversity with the intention of starting a ripple effect inside and outside the company and contributing to the global environment.

Product Responsibility and Product Stewardship

Key initiatives/Results in 2024

Key measures

- **Establish a chemical substance information management system**
- **Continue to strengthen and operate a chemical substance management system**
- **Accurately evaluated chemical substance risks in a timely fashion and properly managed these risks**
- **Properly Comply with PCB Special Measures Act**

Strategies

Basic Concept

Management of chemical substances is one of the key priorities for TOK from the perspective of social responsibility. In addition to compliance with all laws and regulations, group-wide efforts ensure the proper management of chemical substances in the supply chain while TOK remains mindful of globally expanding environmental issues. The Group defined its responsibility to local and international communities as one of the TOK Group Creeds that break down the management principles, and the Group has been working to reduce the impact on the environment by combating global warming, managing chemical substances, effectively using resources, and reducing waste, thereby gearing up the product stewardship activities for *development of the semiconductor ecosystem* as a material issue.

Major 2024 Initiatives and Future Key Measures

In order to ensure appropriate chemical substance management and reliable compliance with the environmental laws in each country, TOK introduced a chemical substance information management system in 2005, advancing collection and centralized management of substance information and legal information.

In 2022, the company introduced functions to rapidly determine legal compliance, and in 2024, TOK achieved automatic determination functions for shipping, strengthening its response capabilities and making its chemical substance investigations more efficient by expanding the system functions.

The company also established the TOK Group Standards on Chemical Substance Management to maintain and strengthen appropriate chemical substance information transmission systems by continuously updating and operating them in response to domestic and international legal revisions and customer requirements. Since 2023, TOK used Version 8 to strengthen information coordination with suppliers to achieve accurate and timely information provision to customers through safety data sheets (SDS) and labels.

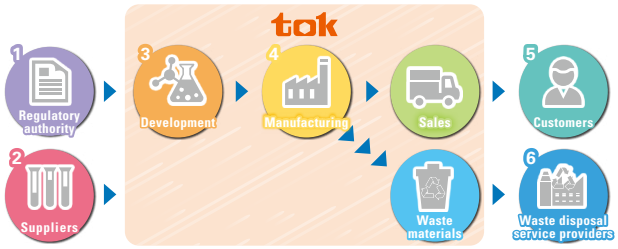
Furthermore, the company attaches importance to its chemical substance risk assessment and management system by building operational procedures that contribute to risk reduction and legal compliance at each stage of development, manufacturing, marketing, and disposal. Additionally, TOK established a roadmap that aims for complete disposal of low-concentration PCB-containing waste and products by the end of March 2027, and the company investigates and manages the status of waste storage and use at all domestic sites. In 2024, the company completed disposal of its stored waste, and TOK is proceeding with phased updates and disposal of the equipment currently in use to avoid disrupting business plans. TOK also appropriately reports the status of PCB storage and disposal to each prefecture as of March 31 each year.

Accurately Evaluated Chemical Substance Risks in a Timely Fashion and Properly Managed These Risks

The risk management of chemical substances can be interpreted as risk management of each part of the supply chain.

To this end, it is necessary for the TOK Group to provide information in accordance with the flow of materials. In each of the development, manufacturing, sales, and disposal stages, TOK creates and implements procedures for complying with all laws and regulations in order to manage all relevant risks.

Chemical substance risk management
in each stage of the supply chain process



→ For details on chemical substance risk management at each stage of the supply chain, please refer to the URL below.

https://www.tok.co.jp/eng/sustainability/env-activity/chemical_substance

Data Section

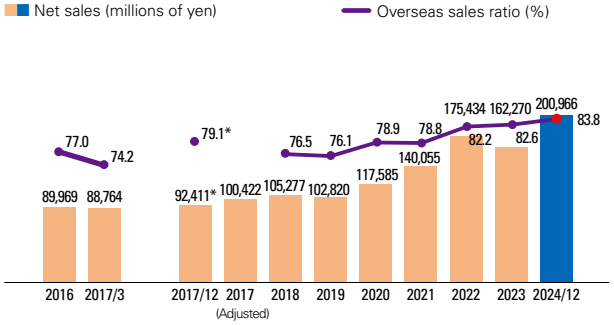
Data Section

Trends of Key Ten-Year Data and Analysis

Ten-Year Financial Highlights

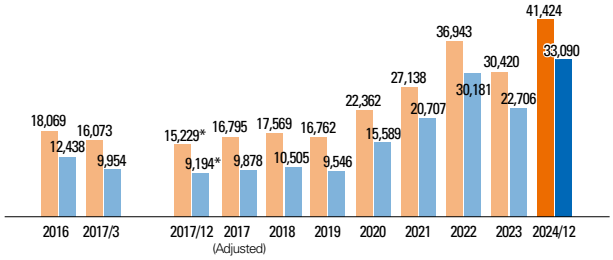
Net sales/Overseas sales ratio*

200,966 million yen **83.8%**



EBITDA/Operating income*

41,424 million yen **33,090 million yen**

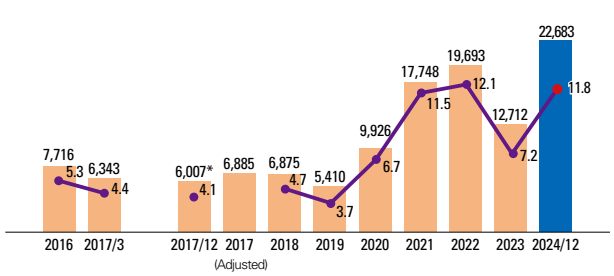


Even though TOK mainly operates within a semiconductor industry that is subject to rapid technological changes with a cyclical nature, the company maintains a long-term management perspective that spans decades. By holding strong competitive positions and market share across the full semiconductor spectrum, from leading-edge to legacy processes and from frontend to back-end operations, TOK has achieved sustained long-term growth as demonstrated in its business performance. In FY 2024/12, TOK achieved record-breaking results across all key metrics of revenue, cash generation (EBITDA), and operating income. In particular, with the expansion of the generative AI market, TOK has currently expanded its market share into the cutting-edge fields of EUV photoresists for GPUs, ArF photoresists, and packaging materials while maintaining the top global market share in legacy materials of g-line and i-line photoresists for power semiconductors that contribute to decarbonization, which resulted in Group earnings maintaining strong downward rigidity and high upward elasticity against the volatility of the silicon cycle and global economics **(→ see pages 32–34 "Message from the Director of Marketing")**.

* Because of the change in the fiscal year-end, the fiscal year ended December 31, 2017, was an irregular nine-month period in Japan but 12 months overseas.

Profit attributable to owners of the parent*/ROE

22,683 million yen **11.8%**

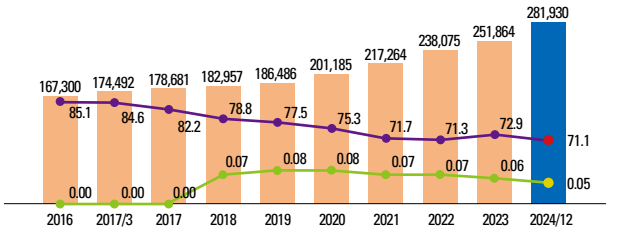


Because of the influence of increased depreciation and amortization resulting from large-scale innovative capital investments, the volatility of operating income and of the profit attributable to owners of the parent was large relative to EBITDA. However, current net income for FY 2024/12 was at a record high, coupled with the record high ROE. In tok Vision 2030, the company promotes measures to emphasize ROIC as a KPI in the promotion of BS management, which is equivalent to ROE **(→ see pages 40–43 "Message from the Executive Officer of Accounting and Finance")**.

* Because of the change in the fiscal year-end, the fiscal year ended December 31, 2017, was an irregular nine-month period in Japan but 12 months overseas.

Total assets/Equity ratio/Debt-to-equity ratio

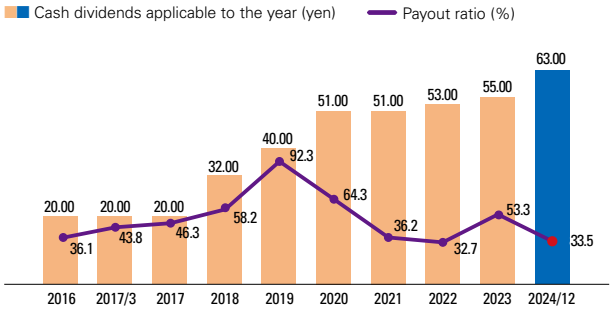
281,930 million yen **71.1%** **0.05 times**



Under the cash reserve policy objective of developing technologies in anticipation of a super-long time frame, continuing to take on challenges over a super-long time frame, and responding rapidly in the event of the unexpected (restoration and rebuilding following major disasters), TOK promoted BS management to prepare and effectively use its financial foundation looking beyond 2030 **(→ see pages 40–43 "Message from the Executive Officer of Accounting and Finance")**. The equity ratio remained above 80% for many years but has been adjusted to around 70% as a consequence of long-term debt financing, better shareholder returns, large-scale share buybacks, and the strategic financial capital policy of the company.

Dividends applicable to the year per share/Payout ratio

63.00 yen **33.5%**

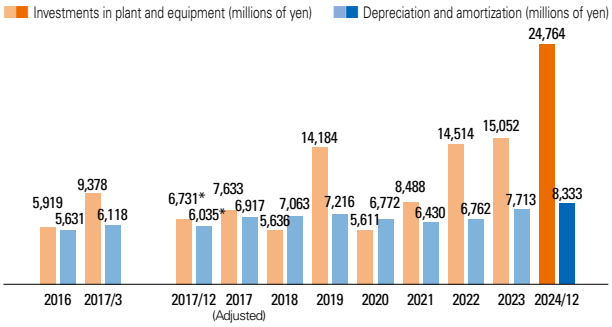


Departing from the basic policy of maintaining the consolidated payout ratio of 30% or more until FY 2016/3 and of 40% or more from FY 2017/3, TOK introduced a new dividend policy targeted at a DOE of 3.5% starting with the year-end dividend in FY 2018/12. Furthermore, from the year-end dividend for FY 2021/12, TOK set a target of a DOE of 4.0% to realize a trade-on between growth investments and shareholder returns while meeting the expectations of long-term investors **(→ see pages 40–43 "Message from the Executive Officer of Accounting and Finance")**.

* TOK conducted a three-for-one stock split of common shares on January 1, 2024. For FY 2023/12 and earlier, calculated by converting to the number of shares after the stock split conversion and rounding down amounts under 1 yen.

Investments in plant and equipment/ Depreciation and amortization*

24,764 million yen **8,333 million yen**

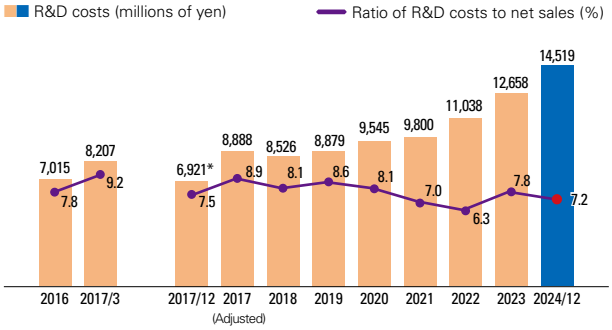


Depreciation and amortization increased as a result of large-scale investments of opening new sites up to tok Medium-Term Plan 2018; however, since tok Medium-Term Plan 2021, the company has been investing in production equipment with longer depreciation periods so that depreciation and amortization will increase at a moderate pace. Currently, TOK is promoting its largest-ever capital investment in production facilities to achieve tok Vision 2030 **(→ see pages 40–43 "Message from the Executive Officer of Accounting and Finance")**.

* Because of the change in the fiscal year-end, the fiscal year ended December 31, 2017, was an irregular nine-month period in Japan but 12 months overseas.

R&D costs/Ratio of R&D costs to net sales*

14,519 million yen **7.2%**



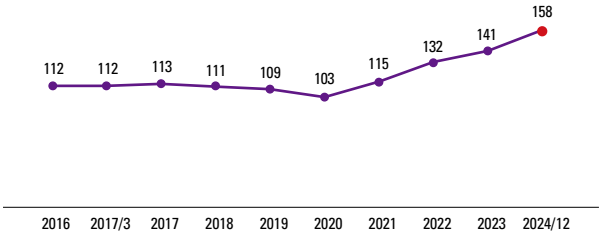
TOK continuously invests about 8% of net sales in R&D. The company aims to achieve 400% R&D efficiency (operating income over the past five years divided by R&D costs over the preceding five years) as an R&D KPI while adding any surplus over 400% to the R&D investment in medium to long-term strategic investments and super-long-term themes for the next ten years and thereafter. Currently, TOK is focusing on initiatives to ensure company growth regardless of which technology blooms and spreads in the market in the future through TOK's largest-ever R&D investment **(→ see pages 35–37 "Message from the Director of Development")**.

* Because of the change in the fiscal year-end, the fiscal year ended December 31, 2017, was an irregular nine-month period in Japan but 12 months overseas.

Exchange rate

158 yen

(Yen/U.S. dollars, as of the end of each fiscal year)

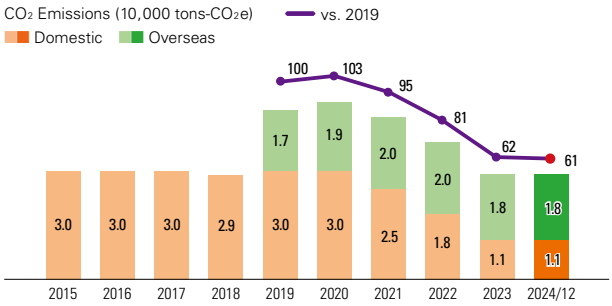


While the current weakness in the yen environment has a generally positive impact on TOK's performance, the company is experiencing negative impacts from rising imported material costs and is focused on minimizing these effects. Specifically, for the control of financial risks due to exchange rate changes and liquidity, TOK now implements hedge risk measures through forward exchange contracts while promoting BS management based on the recent increases in global risks like the current tariff risks. As part of these efforts, TOK is focusing on advancing global cash management to include adjustment of the balance of cash positions at all overseas sites.

Ten-Year Nonfinancial Highlights

CO_2 emissions (Converted from energy consumption)*

29,000 t-CO_2e **61%**

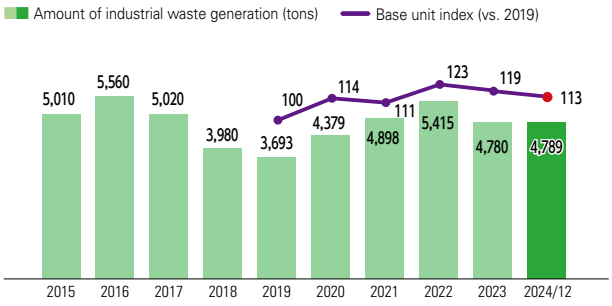


As TOK works to achieve carbon neutrality by 2050, the company has been proactively implementing aggressive reduction measures, including the switching 100% of purchased electricity at all major domestic facilities to renewable energy sources starting in February 2023. From 2024, TOK set a new medium-term target to align the growth strategy with the 1.5°C target by 2030 in order to reduce the Group's consolidated absolute emissions (Scopes 1 and 2) by 30% compared to 2019 **(→ see pages 82–83, 86, and 92)**.

* Indicated for domestic and overseas Scopes 1 and 2. Overseas is indicated from 2019. FY 2019 comparisons have been changed from the intensity-based metrics reported in previous integrated reports (through the 2023 edition) to total volume-based comparisons.

Volume of industrial waste*1

4,789 t **113 Base unit index**



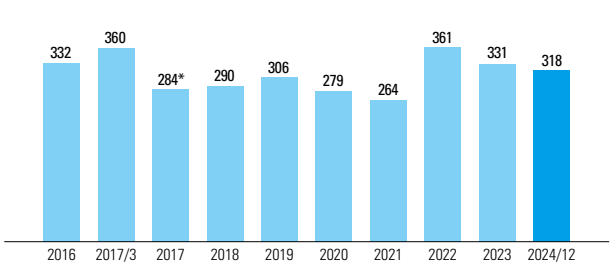
TOK achieved zero emissions*2 for eleven consecutive years because the volume of its industrial waste headed for landfill disposal via intermediate treatment remained below 1% of the total. TOK targets a reduction of 15 points in total for industrial waste by 2030 compared to 2019 (per base unit) and is promoting efforts to refine and reuse process effluents, process effluents internally, collect waste internally, and convert waste into items of value. As a result, while 2024 decreased by 5 points compared to the previous year, it increased by 13 points compared to 2019 **(→ see page 94)**.

*1 Total sum of general industrial waste and specially controlled industrial waste (unconsolidated basis and consolidated subsidiaries in Japan)
*2 Definition of zero emissions: Landfill disposal volume (direct or after intermediate treatment) of less than 1% of industrial waste discharged by business activities.

Number of patents registrations

318

(patents)

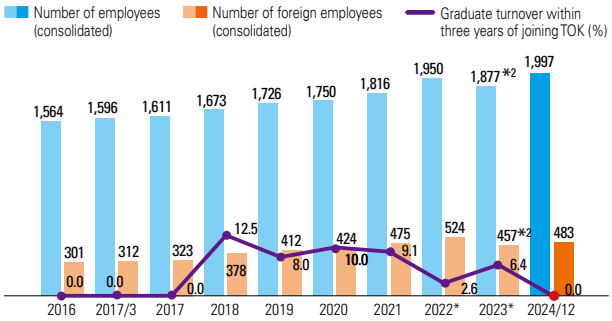


Based on the IP landscape, TOK strategically acquires patents in the innovative semiconductor segment, new businesses, and new materials. Going forward, TOK will aim for the stable pursuit of business development through new and promising technologies while building barriers to entry by others through patent acquisition to enhance the company's intellectual capital. TOK will formulate a more effective patent portfolio by selecting open or closed strategies for each case thereby pursuing enhanced competitiveness and corporate value **(→ see pages 26 and 38)**.

* Because of the change in the fiscal year-end, results for the fiscal year ¥ended December 31, 2017, are only for nine months.

Number of consolidated employees/ Number of consolidated foreign employees/ Graduate turnover within three years of joining TOK*1

1,997 **483** **0.0%**

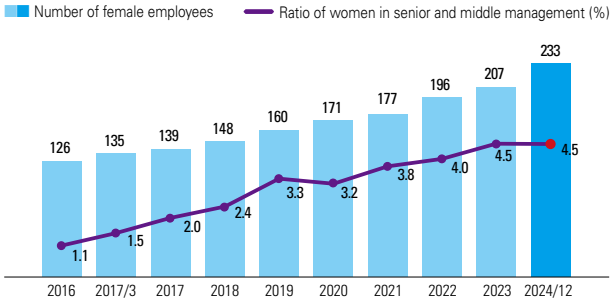


The number of foreign employees at TOK increased as a result of the expansion of local customer-oriented strategies at overseas sites, an increase in the number of overseas development and production sites, and an emphasis on the merit-based hiring of new graduates (slight reduction in 2023 due to fewer consolidated subsidiaries). Based on a frank and open-minded business culture as part of a management principle and the basic philosophy that human capital is a company asset, TOK expanded the different personnel systems and training programs. As a result, the ratio of new graduate hires who resigned within three years of joining TOK remained at a low rate. In March 2025, TOK was recognized for the 2025 Certified Health and Productivity Management Outstanding Organizations Recognition Program for the seventh consecutive year **(→ see page 49)**.

*1 Unconsolidated
*2 The decrease in 2023 was due to the restructuring of overseas consolidated subsidiaries.

Number of female employees*1/ Ratio of women in senior and middle management*2

233 **4.5%**

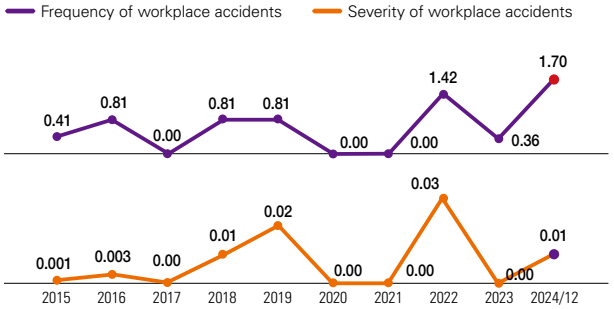


The number of women employees increased as a result of the proactive recruitment of new women graduates, coupled with enhanced support measures to retain women and to promote them to senior and middle management positions. TOK continues to enhance flexible work styles, promote the formation of career plans, provide support for childrearing, and implement other measures. TOK achieved a record-high percentage of women in senior and middle management in FY 2024/12 from the effects of its efforts to recruit, retain, and promote women as human capital. TOK continues to promote the appointment of women as human capital toward the 2030 target (two-fold increase vs. 2020) **(→ see pages 48–49)**.

*1 Unconsolidated (excluding employees seconded from other companies to TOK and including people seconded from TOK to other companies and contract workers)
*2 Unconsolidated (excluding employees in managing work but are not in management positions)

Frequency of workplace accidents/ Severity of workplace accidents*

1.70 **0.01**

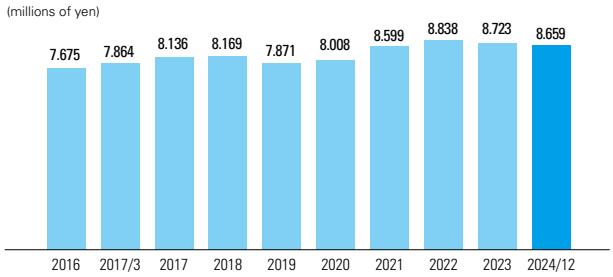


In 2023, while the Koriyama plant obtained RBA-VAP audit gold certification and all domestic sites and Taiwan/Korea sites obtained ISO 45001 certification, workplace accidents in 2024 totaled 12 cases (5 with lost workdays and 7 without) for a decrease of 2 cases year-over-year but not the substantial improvement that was targeted. This reflected the challenges of scaling production volumes as the business grows. TOK continues to operate under the Occupational Health and Safety Emergency Declaration issued in April 2023 by focusing accident prevention efforts on rebuilding a culture of emphasizing safety. This includes reaffirming the importance of basic safety rules, breaking free from negative success experiences, and fostering a change in mindset.

* Unconsolidated

Average annual salary*

8.659 million yen

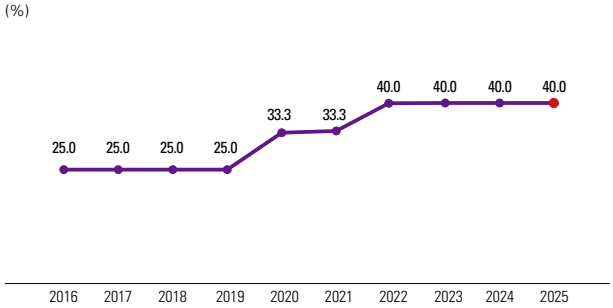


Over the past 10 years, TOK increased wages by about 2% to 5% annually, and excluding bonus fluctuations due to performance-linked factors, the average annual salary has consistently risen. Going forward, TOK will continue to create sustainable added value and enhance corporate value by actively investing in technologies that build the value chain and in human capital as the source of human connections. TOK set the value creation capability as a KPI to quantitatively measure the degree of implementation and is monitoring its progress **(→ see page 46)**.

* Unconsolidated

Percentage of Outside Directors

40.0%



TOK increased the number of outside directors by one each in 2015, 2020, and 2022 to four. Therefore, the percentage of outside directors is now 40.0%. TOK maintains this percentage after its shift to a company with an Audit and Supervisory Committee.

* Based on a resolution adopted at the 93rd general meeting of shareholders that convened on March 30, 2023, TOK shifted to a company with an Audit and Supervisory Committee.

Changes in Medium-Term Management Plans and Ten-Year Key Data

tok Medium-Term Plan 2018

Strategies:
- Reform business portfolios
- Upgrade the customer-oriented strategies
- Develop human capital capable of global operation
- Strengthen management foundation

Fiscal years ended March 31 until 2017 and the consolidated fiscal accounting years ended December 31 after 2017	2016/3	2017/3	2017/12*4	2018/12
Results of operation:				
Net sales	89,969	88,764	92,411	105,277
Materials Segment	87,280	86,558	90,531	102,621
Equipment Segment	2,689	2,205	1,880	2,655
EBITDA	18,069	16,073	15,229	17,569
Operating income	12,438	9,954	9,194	10,505
Income before income taxes	11,777	9,220	9,492	9,814
Profit attributable to owners of the parent	7,716	6,343	6,007	6,875
Free cash flow	7,516	(925)	4,169	6,298
Investment in plant and equipment	5,919	9,378	6,731	5,636
Depreciation and amortization	5,631	6,118	6,035	7,063
R&D cost	7,015	8,207	6,921	8,526
Net sales by region:				
Japan	20,712	22,933	19,319	24,750
Taiwan	32,509	34,331	40,469	41,399
South Korea	11,513	9,830	11,229	12,286
United States	11,945	9,664	9,591	10,978
China	—	—	—	9,383
Other	13,288	12,004	11,801	6,478
Per share data (yen/US dollars):				
Per share basic profit*6	59.10	48.73	46.10	54.97
Cash dividends applicable to the year per share*8	20.00	20.00	20.00	32.00
Net assets per share*6	1,099.33	1,128.05	1,163.66	1,153.12
Financial condition at year-end:				
Total assets	167,300	174,492	178,681	182,957
Total noncurrent liabilities	2,899	2,024	3,421	10,723
Interest-bearing debt	534	135	—	10,000
Net assets	147,270	152,931	153,517	150,857
Key performance indicators (%):				
Operating margin	13.8	11.2	9.9	10.0
ROE	5.3	4.4	4.1	4.7
Ratio of R&D costs to net sales	7.8	9.2	7.5	8.1
Equity ratio	85.1	84.6	82.2	78.8
Debt-to-equity ratio (times)	0.00	0.00	0.00	0.07
Payout ratio	36.1	43.8	46.3	58.2
DOE	1.9	1.9	1.9	2.8
ESG-related data:				
Number of employees (consolidated)	1,564	1,596	1,611	1,673
CO_2 emissions (converted from energy consumption) (10,000 tons)*5	3.0	3.0	3.0	2.9
Industry trends:				
Worldwide semiconductor market (millions of US dollars)*1 (year)	338,931	412,221	412,221	468,778
Worldwide photoresists sales (thousands of US dollars)*2	1,358,009	1,504,224	1,504,224	1,504,224
Exchange rate (JPY/USD)*3	112	112	112	113

*1 Source: World Semiconductor Trade Statistics (WSTS) Because of the change in the fiscal year-end, the same values are indicated for FY 2017/3 and for FY 2017/12. *2 Source: Calculated by TOK based on data aggregated by SEMI (total sales of ArF and KrF excimer lasers and g- and i-Line photoresists) Because of the change in the fiscal year-end, the same values are indicated for FY 2017/3 and for FY 2017/12. *3 As of the end of each fiscal year *4 Because of the change in the fiscal year-end, the fiscal year ended December 31, 2017, was an irregular nine-month period in Japan but 12 months overseas. *5 Values up to FY 2018/12 indicate the unconsolidated basis and consolidated subsidiaries in Japan. Because of the change in the fiscal year-end, the totals for FY 2017/3 represent the data from January to December. Accordingly, the same values are indicated for FY 2017/3 and for FY 2017/12. Values from FY 2019/12 include overseas subsidiaries.

tok Medium-Term Plan 2021

Long-term vision up to FY 2020/12:
Become a globally trusted corporate group by inspiring customers with high value-added products

Features:
- Strengthen business portfolio reforms
- Return to a growth trajectory
- Strengthen balance sheet management and introduce a new dividend policy

tok Medium-Term Plan 2024

tok Vision 2030:
"The Global e-Material Company™" contributes to a sustainable future through chemistry

Strategies:
[1] Increase global market shares of cutting-edge photoresists
[2] Acquire and create core technologies for electronic materials and new fields
[3] Secure stable supplies of high-quality products and establish an optimal production system for the TOK Group.
[4] Improve employee engagement and promote people-oriented management
[5] Establish a sound and efficient management foundation

millions of yen

2019/12	2020/12	2021/12	2022/12	2023/12	2024/12
102,820	117,585	140,055	175,434	162,270	200,966
98,986	114,773	137,725	170,329	162,270	200,966
3,833	2,811	2,329	5,105	—*7	—
16,762	22,362	27,138	36,943	30,420	41,424
9,546	15,589	20,707	30,181	22,706	33,090
8,657	15,349	25,799	30,790	21,918	35,158
5,410	9,926	17,748	19,693	12,712	22,683
(4,542)	19,472	15,182	6,608	7,831	27,413
14,184	5,611	8,488	14,514	15,052	24,764
7,216	6,772	6,430	6,762	7,713	8,333
8,879	9,545	9,800	11,038	12,658	14,519
24,549	24,819	29,681	31,214	28,295	32,539
40,552	47,474	53,422	67,872	57,112	68,623
11,659	13,747	16,529	21,864	21,989	26,314
9,709	10,093	11,082	14,617	14,178	19,567
10,676	15,217	21,534	29,888	30,574	42,770
5,672	6,232	7,803	9,978	10,119	11,150
43.34	79.80	143.57	163.18	105.10	187.29
40.00	51.00	51.00	53.00	55.00	63.00
1,163.74	1,217.06	1,293.39	1,404.75	1,516.99	1,671.82
186,486	201,185	217,264	238,075	251,864	281,930
14,437	15,997	12,416	16,333	17,756	14,352
11,772	11,451	11,541	11,241	11,107	11,101
151,733	159,994	165,190	180,960	195,480	213,473
9.3	13.3	14.8	17.2	14.0	16.5
3.7	6.7	11.5	12.1	7.2	11.8
8.6	8.1	7.0	6.3	7.8	7.2
77.5	75.3	71.7	71.3	72.9	71.1
0.08	0.08	0.07	0.07	0.06	0.05
92.3	64.3	36.2	32.7	53.3	33.5
3.5	4.3	4.1	4.0	3.8	4.0
1,726	1,750	1,816	1,950	1,877	1,996
4.7	4.9	4.5	3.8	2.9	2.9
412,307	440,389	555,893	574,084	526,885	630,549
1,631,851	1,679,654	2,027,350	2,420,373	2,589,575	2,309,877
111	109	103	115	132	141

Implement the largest-ever capital investment and R&D investment program based on market regrowth from 2024 onwards

Equity ratio:
The equity ratio remained around 85% for a long time; however, TOK continues to pursue the optimal balance, which may be decreasing because of stronger balance sheet management.
(→ **see pages 40–43 "Message from the Executive Officer of Accounting and Finance")**

CO_2 emissions:
CO_2 emissions have steadily decreased through the implementation of a variety of reduction measures, including the shift of 100% of purchased electricity at all key domestic sites to renewable energy sources starting in February 2023.
(→ **see page 92 "Initiatives toward Achieving Carbon Neutrality")**

*6 TOK conducted a three-for-one stock split of common shares on January 1, 2024. Per share basic profit and net assets per share have been calculated under the assumption that this stock split was conducted at the beginning of FY 2015/3. *7 Because of the transfer of the equipment business, TOK transitioned to the single segment of materials from FY 2023/12. *8 TOK conducted a three-for-one stock split of common shares on January 1, 2024. For FY 2023/12 and earlier, calculated by converting to the number of shares after the stock split conversion and rounding down amounts under 1 yen.

Global Network

Tokyo Ohka Kogyo Co., Ltd.

1 Headquarters
- TOK Technology Innovation Center (including Sagami plant)
- Logistics Center
- Koriyama Plant
- Utsunomiya Plant
- Kumagaya Plant
- Gotemba Plant
- Aso Plant
- Aso Plant Aso Kumamoto Site

2 Singapore Branch

3 Europe Branch

Tokyo Ohka Kogyo America, Inc.

Established: April 1989

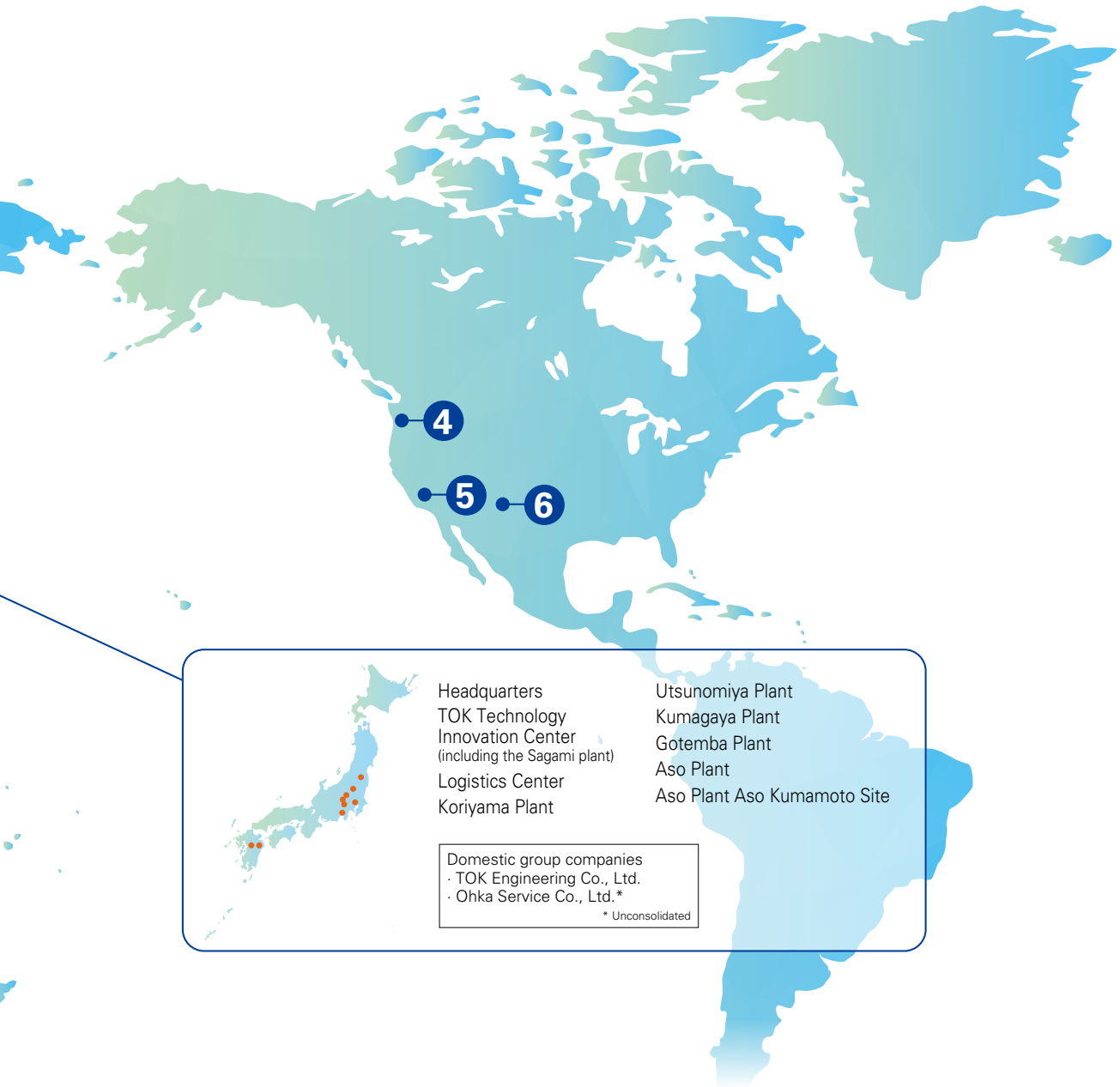
Business: Manufacture and sales of photoresists, and the development, manufacture, and sales of photoresist-related chemicals

4 Headquarters/Oregon Plant (Oregon)

5 Sales Office (California)

6 TOKCCAZ, LLC. (Arizona)

Established: May 2022



TOK Taiwan Co., Ltd.

Established: January 1998

Business: Manufacture and sales of photoresists, and the development, manufacture, and sales of photoresist-related chemicals

7 Headquarters (Hsinchu City)
Tongluo Plant (Miaoli County)

TOK Advanced Materials Co., Ltd.

Established: August 2012

Business: Development, manufacture, and sales of photoresists and related chemicals

8 Headquarters/Incheon Plant (South Korea)

TOK China Co., Ltd.

Established: January 2021

Business: Marketing of photoresists for semiconductor and display production and of related high-purity chemicals in China

9 Headquarters (China)

Micro resist technology GmbH

Established as a subsidiary: February 2025

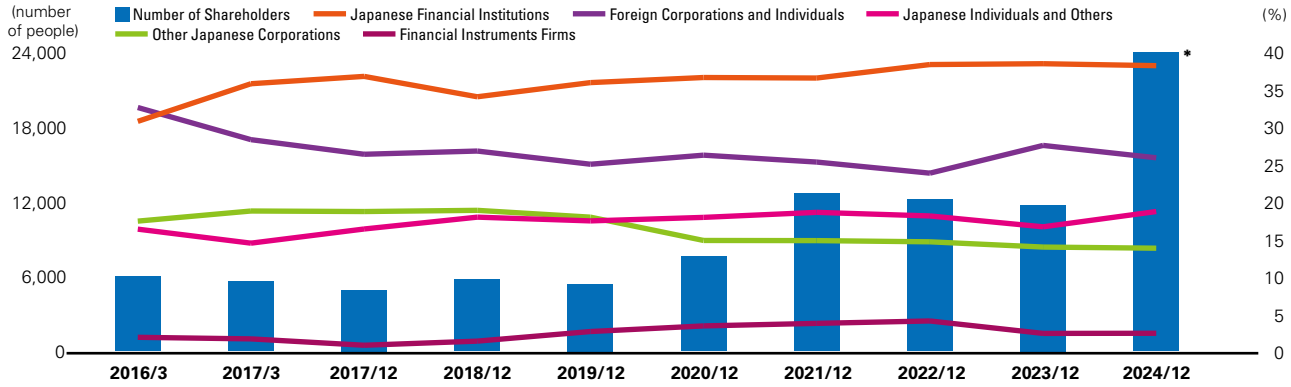
Business: Photosensitive photoresists, nanoimprint materials, development, manufacture, and sales of hybrid polymers

10 Headquarters/Berlin Plant (Germany)

Stock Information

Ten-Year Trends of Shareholder Composition

Changes in the number and composition (shareholding ratio) of shareholders



(Note) Treasury stock is included in "Japanese Individuals and Others."
* TOK conducted a three-for-one stock split of common shares on January 1, 2024.

Major Shareholders (Top 10)

(As of December 31, 2024)

Shareholder	Numbers of shares held (Thousand shares)	Ratio of shareholding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,595	13.84
Custody Bank of Japan, Ltd. (Trust Account)	8,075	6.73
Meiji Yasuda Life Insurance Company	5,479	4.57
HSBC-Fund Services Clients A/C 500	3,910	3.26
MUFG Bank, Ltd.	3,622	3.02
The Bank of Yokohama, Ltd.	3,079	2.57
Tokyo Ohka Foundation for the Promotion of Science and Technology	2,954	2.46
Mitsubishi UFJ Trust and Banking Corporation	2,861	2.39
Mitsubishi UFJ Capital Co., Ltd.	2,580	2.15
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,572	2.14

Notes: (1) The Company owns 7,851,000 shares of treasury stock, which are excluded from the above major shareholders.
(2) The ratio of shareholding is calculated from the number of shares (119,948,673 shares) obtained by subtracting the number of shares of treasury stock from the total number of shares issued.

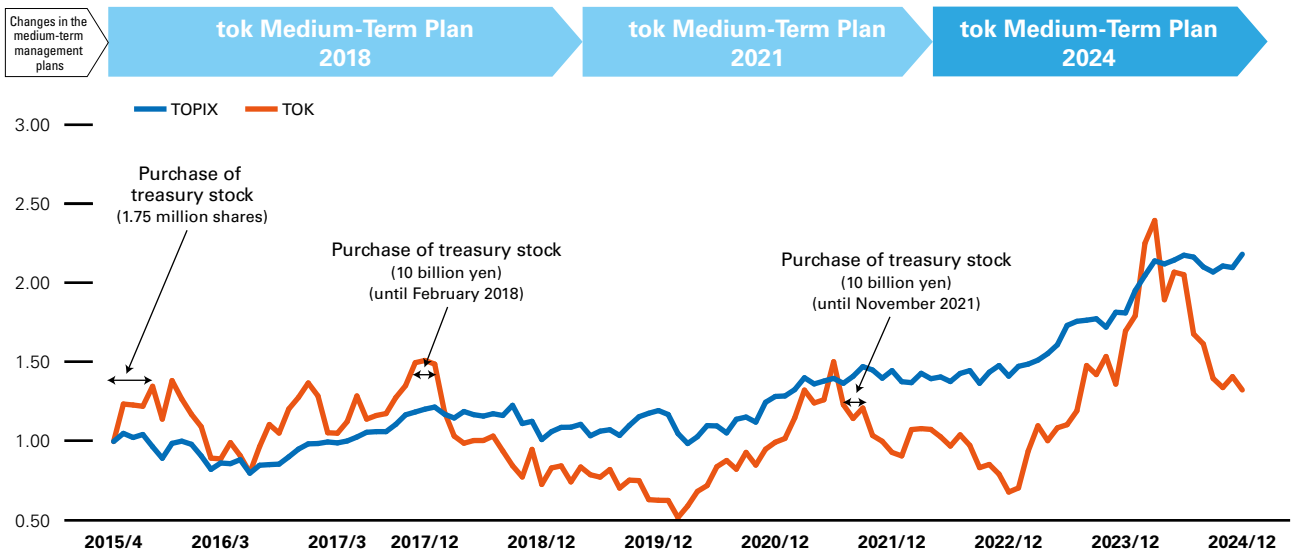
Basic Stock Information

Stock listing	Prime Market, Tokyo Stock Exchange, Inc.
Category of industry	Chemicals
Securities code	4186
Share unit number	100
Accounting period	January 1 to December 31*1
Dividend record date (year-end)	December 31
Dividend record date (interim)	June 30
Total number of shares authorized	500,000,000 shares (As of December 31, 2024)*2
Number of shares issued	127,800,000 shares (As of December 31, 2024)*2

*1 The Company changed its fiscal year-end from March 31 to December 31 effective as of fiscal year 2017.
*2 The Company conducted a three-for-one stock split of common shares on January 1, 2024. The above number of shares is stated as the number of shares after the stock split.

Ten-Year Trends of TOK TSR

Relative comparison with April 2015 being 1 (monthly, closing price basis)



Corporate Information/External Evaluation

Corporate Information

(As of December 31, 2024)

Headquarters

Corporate Name	Tokyo Ohka Kogyo Co., Ltd.
Established	October 25, 1940
Headquarters	150 Nakamaruko, Nakahara-ku, Kawasaki-shi, Kanagawa 211-0012 JAPAN
Number of Employees	1,996 (Consolidated)
Paid-in Capital	14,640,448,000 yen
Website	https://www.tok.co.jp
Stock Listing	TSE Prime Market
Investor Relations Contact for This Report	Public Relations and IR Department 150 Nakamaruko, Nakahara-ku, Kawasaki-shi, Kanagawa 211-0012 JAPAN TEL. 044-435-3000 FAX. 044-435-3020

External Evaluation

Selected or recognized for indices (as of July 2025)

- FTSE4Good
- FTSE Blossom Japan Index
- FTSE Blossom Japan Sector Relative Index
- MSCI ESG Rating

  Tokyo Ohka Kogyo Co., Ltd., was rated A in the MSCI ESG rating.
- MSCI Japan ESG Select Leaders Index

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

- S&P/JPX Carbon Efficient Index
- Sompo Sustainability Index
- JPX Nikkei Index 400
- Certified Health & Productivity Management Outstanding Organizations Recognition Program 2025
- SX Stock 2024

(Note) The inclusion of Tokyo Ohka Kogyo Co., Ltd., in any MSCI index and the use of MSCI logos, trademarks, service marks, or index names herein do not constitute any sponsorship, endorsement, or promotion of Tokyo Ohka Kogyo Co., Ltd., by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Evaluations and commendations for the variety of activities

- Taiwan Semiconductor Manufacturing Company
  2024 TSMC Excellent Performance Award
- Intel Corporation
  EPIC Distinguished Supplier Award (2022)
  Preferred Quality Supplier Award
  (2021, 2020, 2018, and 2016)

- Micron Technology
  Micron Supplier Award (2022)

- Texas Instruments Inc.
  Supplier Excellence Award
  (2022 and 2018)
- Global Niche Top Companies Selection 100
  (Ministry of Economy, Trade and Industry)
  (2020 and 2014)
- Nikkei Integrated Report Award
  Grand Prize (third session, 2023)
  Semi-Grand Prize (second session, 2022)
  Excellence Prize (fourth session, 2024)

- WICI Japan Integrated Report Award
  Silver Award (2024)
  Bronze Award
  (2023, 2021, and 2020)

Tokyo Ohka Kogyo Co., Ltd.

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Kanagawa 211-0012, Japan
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