

# Fourth Medium-Term Management Plan

—FYE 3/2026—FYE 3/2028

May,9,2025

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This document has been translated from the Japanese original for reference purposes only.  
In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

# 1. Management Philosophy and Company Motto

## Management Philosophy

- **A Sound and Reliable Company**

With the utmost consideration to the health and safety of our employees, we will build a company that is sound and continues to be reliable.

- **Pursuit of Technology**

We will maintain our attitude of pursuing technological innovation.

- **Wisdom and Creativity**

With an expansive vision, we will be creative and innovative with wisdom and strive to create new value.

- **Spirit of Challenge**

All our employees will unite as one as they strive to achieve our goals with a strong sense of purpose.

## Company Motto

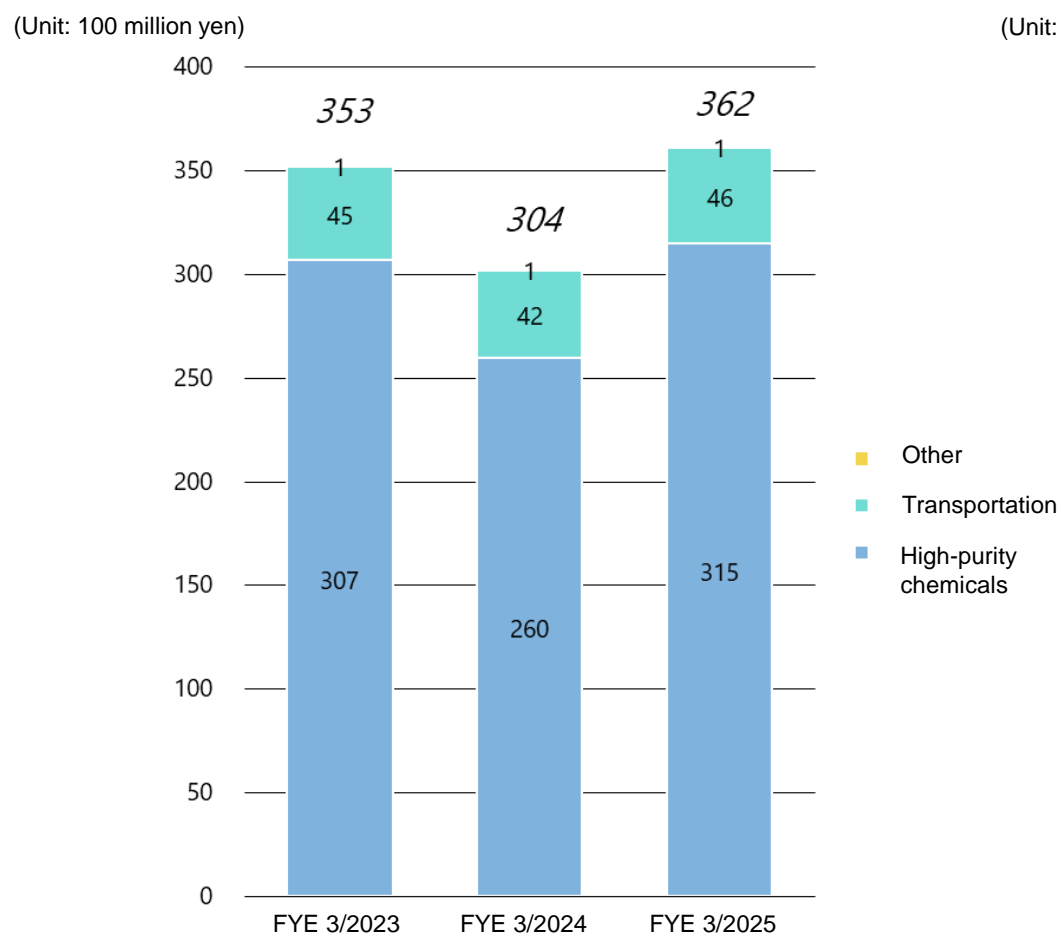
1. Be healthy   2. Be loyal   3. Be brave   4. Cultivate wisdom   5. Be responsible



## 2. Changes in Management Indicators

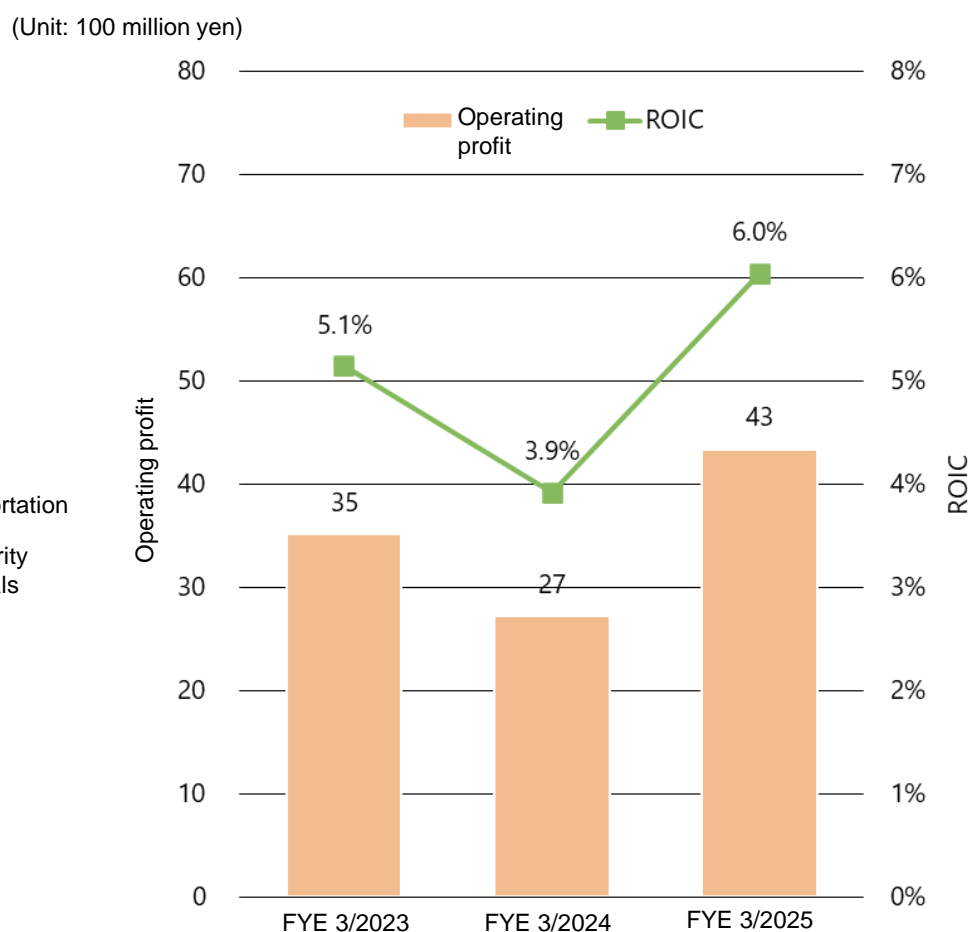
### Changes in sales revenue

Targets for FYE 3/2025  
**[Sales revenue] 35.5 billion yen**



### Changes in operating profit/ROIC

Targets for FYE 3/2025  
**[Operating profit] 4.2 billion yen**  
**[ROIC] 6.2%**



\*Target figures are those revised on December 26, 2024.

### 3. Review of the Third Medium-Term Management Plan : High-purity Chemical Business

#### Semiconductor related

##### ■ Main initiatives under the third plan

#### Sale

##### Reorganized key sales regions due to changes in the South Korean market

- Shifted the sales mix from the South Korean market to Japan and other Asian, European, and the U.S. markets, and acquired commercial rights

##### Reinforced filling capacity at manufacturing sites

- Reinforced filling capacity to meet growing demand for small and medium-sized containers  
(approximately four times the filling capacity of existing facilities)  
\*Construction to be completed in FY2025

#### Production

##### Promoted production balancing among factories

- Capital investment in the Kitakyushu Factory enabled production of the same type of products as the Sanpo Factory  
⇒ Enabled supply from multiple locations according to customer needs

##### Diversified raw material suppliers

- Procured raw materials, for which China was the main supplier, from other regions  
⇒ Evaluated or procured raw materials from Europe and Mexico

#### Development

##### Developed next-generation etching solutions required for semiconductor manufacturing processes

- Developed selective etching solution with improved selectivity ratio compared with existing products

##### ■ Towards the activity policy of the fourth medium term

##### Expand transactions through area-specific and customer-specific approaches

- Expand transactions in line with users' investment plans
- Maintain domestic market share

##### Strengthen production system and improve procurement efficiency

- Consider new production sites to accommodate increased production volume

##### Improve customer appeal by further enhancing functionality

- Strengthen human resources and facilities for R&D

### 3. Review of the Third Medium-Term Management Plan : High-purity Chemical Business

#### Other

##### ■ Main initiatives under the third plan

###### Concentrated boric acid

###### Growing demand for nuclear power-related facilities

- Made capital investment and developed production facilities to meet the volume of demand
- Sales reached a record high in FYE 3/2025 due to the increased demand, mainly in China

###### Tin fluoride

###### Expanded sales in the global oral care market

- Increased sales in the global oral care market with the realization of customers' global expansion
- Reached a record high in shipments for FYE 3/2025

###### Development

###### Developed neutron-shielding composite materials

- Developed a transparent neutron-shielding material with concentrated boric acid in collaboration with a university  
⇒ Confirmed neutron-shielding effect in an irradiation test

###### Implemented initiatives for next-generation R&D themes

- Secondary battery materials, cell culture containers, phosphor-related materials, low-refractive-index materials, low-dielectric-constant materials, nanoparticle dispersion liquids

##### ■ Towards the activity policy of the fourth medium term

###### Review excessive concentration of demand in specific regions

- Strengthen response to developed markets, including Europe and the U.S.

###### Strengthen proactive activities to acquire customer needs

- Strengthen the technical sales function by enhancing collaboration between the sales and development divisions

###### Improve customer appeal by further enhancing functionality

- Continue customer follow-up for developed products
- Develop further applicability and high functionality for various applications

### 3. Review of the Third Medium-Term Management Plan

#### Management Division

##### ■ Main initiatives under the third plan

###### Information disclosure

###### Promoted information disclosure required by the Prime Market

- Disclosed “Materiality (Key Issues)” and “Our Response to Climate Change” (December 20, 2023)
- Disclosed “Implementation of Management That is Conscious of Cost of Capital and Stock Price” (December 20, 2023)
- Established and disclosed the following policies:
  - Shareholder Return Policy (May 9, 2023)
  - Basic Policy on Sustainability (June 27, 2023)
  - Human Rights Policy (March 27, 2024)
  - Human Resource Development Policy (June 27, 2023)
  - Work Environment Improvement Policy (June 27, 2023)
- Basic Policy on the Holding and Cancellation of Treasury Stock (May 10, 2024)
- Implemented timely disclosure of documents in English

###### DX

###### Promoted digitization of business operations

- Digitized internal procedures, application forms, etc.
  - ⇒ Shortened approval time and became paperless (reduced printing costs)
  - ⇒ Reduced document storage space and improved searchability

##### ■ Towards the activity policy of the fourth medium term

###### Promote information disclosure that contributes to enhancing corporate value

- Expand information disclosure content and provide information in an efficient and effective manner

###### Toward business model transformation through digitizing business processes

- Consider automation of routine operations

### 3. Review of the Third Medium-Term Management Plan

#### Transportation Business

##### ■ Main initiatives under the third plan

###### Profitability improvement

###### Promoted initiatives focused on profitability

- Revised freight rates for existing transportation
- Reviewed low-price transactions (replaced with new business)
- Implemented initiatives to acquire new projects

###### Infrastructure building

###### Built a stable business foundation

- Helped members acquire skills and qualifications and implemented systematic development of managers utilizing external training to recruit, develop and retain human resources

###### Compliance

###### Continued strengthening the compliance system

- Thoroughly prevented dangerous driving and overwork by utilizing drive recorders and digital tachographs and reviewing operation management
- Provided education through the use of law-related websites and seminars

##### ■ Towards the activity policy of the fourth medium term

###### Cooperate with departments and sales offices

- Continue to promote initiatives focused on profitability in cooperation with departments and sales offices

###### Strengthen initiatives to recruit, develop and retain human resources

- Continue initiatives to recruit, develop and retain human resources in response to personnel and capital investment plans

###### Continue strengthening the compliance system

- Continue promoting initiatives to continuously strengthen the compliance system



## 4. Positioning of the Fourth Medium-Term Management Plan

# Time for Revolution Toward True Growth After Solidifying the Groundwork



## 5. Basic Policy of the Fourth Medium-Term Management Plan

Achieve operating profit target of 5.5 billion yen and ROE of 8.0% or more for FYE 3/2028, based on earnings increase driven by growth in the High-purity Chemical Business.

### Beyond the Future – Decisive Revolution –

Financial  
targets for  
FYE 3/2028

Sales revenue  
**42 billion yen**

Operating profit  
**5.5 billion yen**

ROE  
**8.0% or more**

Cumulative total return  
ratio\*  
**100% or more**

\*Total shareholder return for the period from FYE 3/2026 to FYE 3/2028 divided by total profit attributable to owners of parent for the same period



Achieve sustainable growth by working to revolutionize the High-purity Chemical Business portfolio in order to remain a sound and reliable company

#### Semiconductor related

Strengthen sales to key overseas markets

#### R&D

Development utilizing proprietary technologies based on fluorine chemistry

#### Other products

Expand sales channels for electronic materials and general products

#### Transportation

Strengthen initiatives to recruit, retain, and develop human resources

#### Management foundation

Build a management foundation for business growth and value creation

## 6. Numerical Targets of the Fourth Medium-Term Management Plan (Consolidated)

	Second Plan final year	Third Plan final year	Fourth Plan final year	(million yen)
	FYE 3/2022 (actual)	FYE 3/2025 (actual)	FYE 3/2028 (plan)	Change (Fourth–Third)
Sales revenue	37,296	36,288	42,000	+5,712
Operating profit	4,583	4,338	5,500	+1,162
Operating profit ratio	12.3%	12.0%	13.1%	+1.1%
ROE	13.7%	6.5%	8.0% or more	+1.5%~
Total return ratio	30.1%	107.0%	Cumulative total for mid-term plan period 100% or more	—

## 7. Business Strategy: Semiconductor related

### –Further Sales Expansion by Detecting Customer Needs

**Further Development Through Maintaining Domestic Market Share and Expanding Overseas Market Share Simultaneously**

#### Sale

##### Strengthen sales capabilities

- Expand transactions in line with users' investment plans
- Expand sales in the North American market
- Diversification without depending on specific areas or customers
- Maintain existing domestic market share

#### Production

##### Reinforce production system

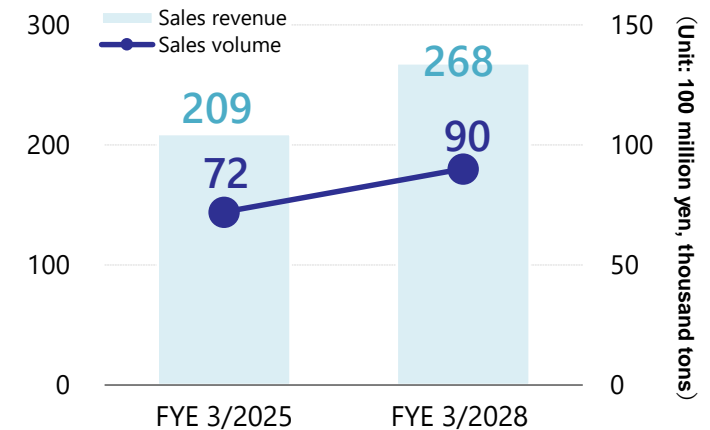
- Strengthen production system and improve procurement efficiency
- ⇒ Consider new production sites to accommodate increased production volume

#### Development

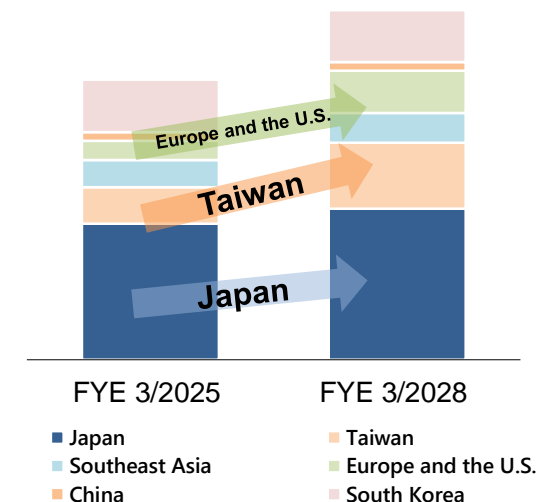
##### Increase value-added

- Develop and improve drug solutions to meet customer needs
  - Further enhance functionality of highly selective etching solutions, drug solutions for next-generation DRAMs, and functional drug solutions
- Strengthen human resources and facilities for R&D

**Semiconductor-related sales revenue and volume plan**



**Sales volume by market**

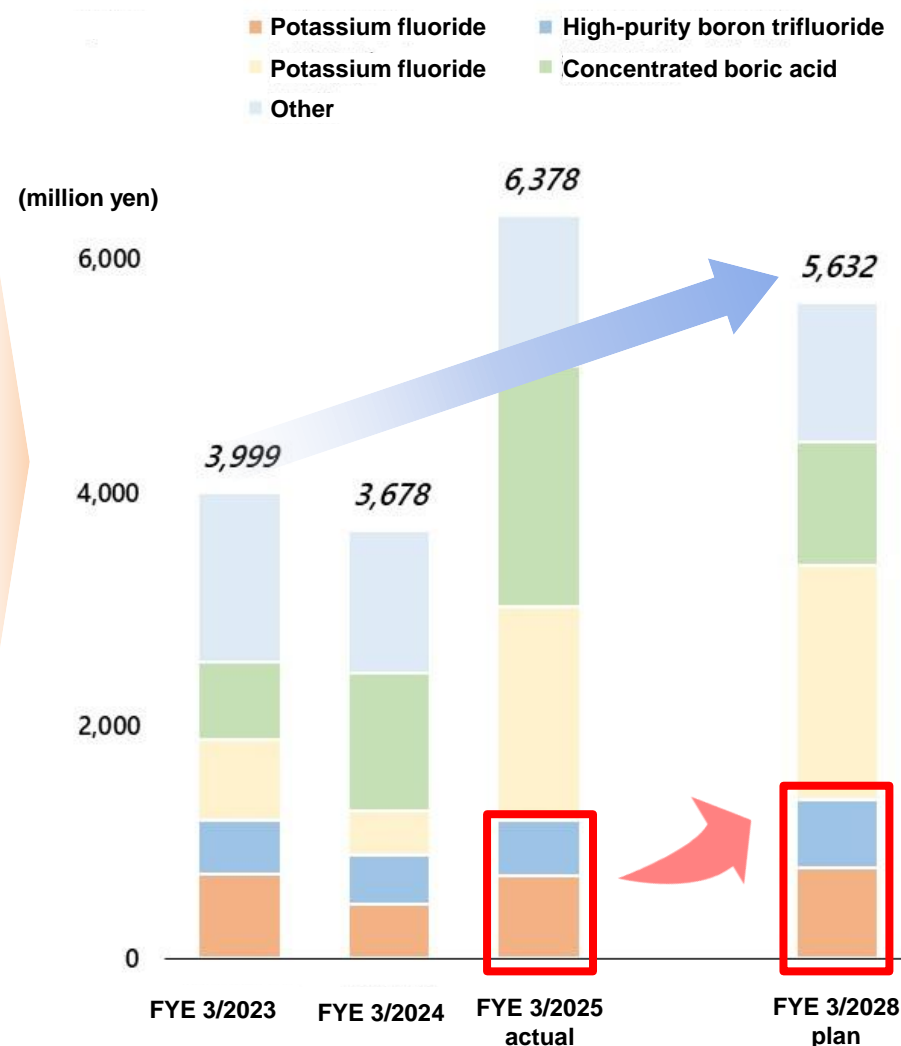


## 7. Business Strategy: Other

### –Focus on Electronic Materials and General Products to Achieve Stable Business Expansion

	<b>【Energy】</b> <b>Concentrated boric acid</b>	<b>Expand focus areas</b> <ul style="list-style-type: none"> <li>- Expand sales channels to meet the demand expected from energy policies in Japan, Europe, North America, etc.</li> <li>- Secure demand, especially in Asia</li> </ul>
Focus area	<b>【Electronic materials】</b> <b>Potassium fluoride</b>	<b>Expand sales channels</b> <ul style="list-style-type: none"> <li>- Capture overseas market share in anticipation of data center and AI-related demand</li> <li>- Develop new applications</li> </ul>
Focus area	<b>【General products】</b> <b>High-purity boron trifluoride</b>	<b>Expand applications in growing markets</b> <ul style="list-style-type: none"> <li>- Expand business size and capture overseas market share in semiconductor-related markets</li> </ul>
	<b>【Business foundation】</b> <b>Optimize production functions</b>	<b>Optimize manufacturing costs / strengthen proposal-based sales</b> <ul style="list-style-type: none"> <li>- Further advance management accounting</li> <li>- Strengthen inter-organizational collaboration based on development sales</li> </ul>

**Sales plan for other businesses**  
(FYE 3/2023–FYE 3/2025–FYE 3/2028)



## 7. Business Strategy: R&D

### –Strengthen Foundation for Growth to Create and Develop New Businesses

01

#### Research infrastructure

Strengthen research infrastructure

- **Consider building research infrastructure using DX/MI**
  - ⇒ Consider development of new products through DX utilization
  - ⇒ Try and verify MI (Material Informatics) utilization
  - ⇒ Develop human resources to utilize MI
- **Strengthen collaboration with academia to create and promote themes**
- **Consider formulation of intellectual property strategy**
  - ⇒ Consider strategies for investment and utilization of intellectual property and intangible assets as a source of competitive advantage
- **Consider expansion of R&D sites**



02

#### Market development

Strengthen marketing functions

- **Investigate advanced survey tools to improve operational efficiency**
  - ⇒ Verify the usefulness of open innovation using matching systems and AI, and of advanced market survey tools
- **Expand initiatives for trend research on needs and seeds in the sustainability area**
  - ⇒ Investigate technology trends focusing on recycling and carbon neutrality
- **Strengthen collaboration between R&D and sales divisions**



03

#### Production transfer

Streamline production transfer process

- **Strengthen collaboration between R&D and production divisions**
  - ⇒ Accelerate estimation on facility and mass production cost and examination of process
  - ⇒ Compare and examine cost competitiveness with competing products

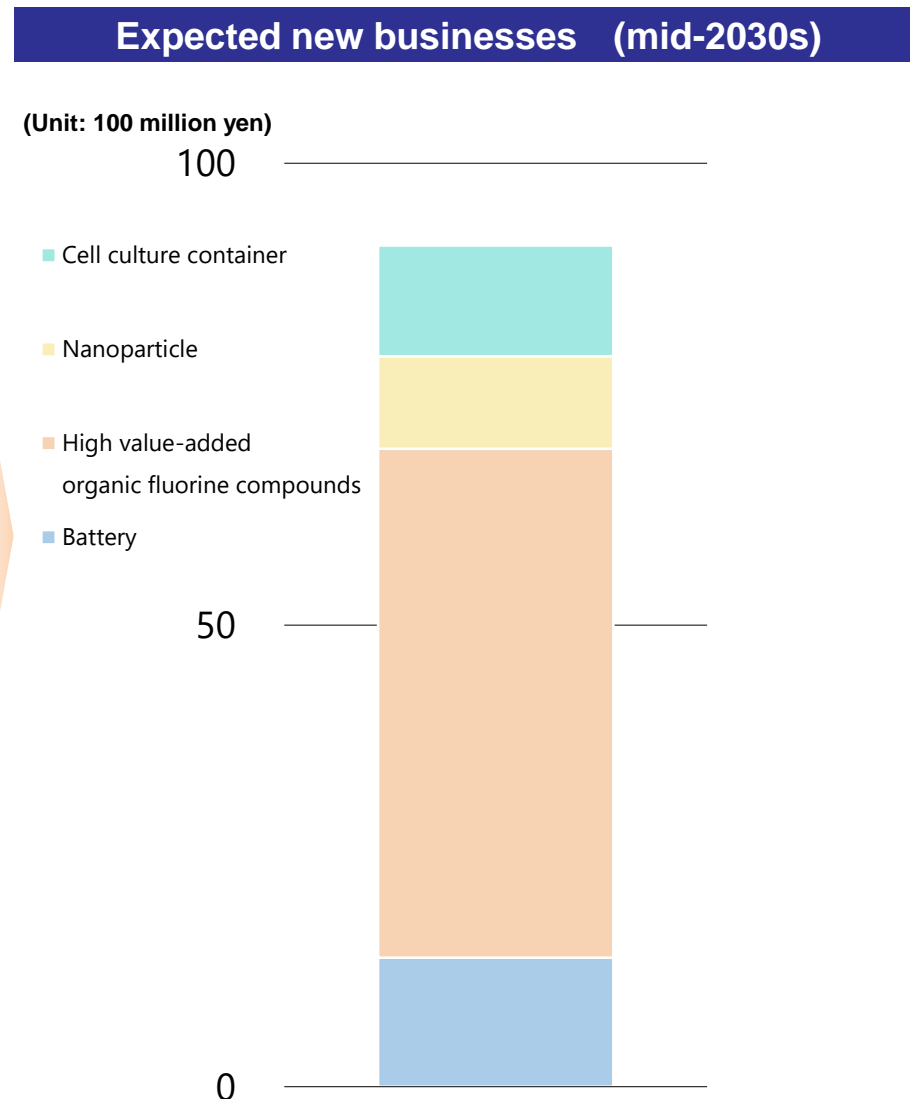


## 7. Development Strategy: R&D

### –Development Utilizing Proprietary Technologies based on Fluorine Chemistry

Create new businesses with sales revenue of 5–10 billion yen in the mid-2030s

<b>Semiconductor related</b>	<b>Complete development of new drug solutions</b> <ul style="list-style-type: none"><li>- Expand personnel and facilities to complete development of new chemical solutions(Create a task force for developing drug solutions for semiconductors)</li></ul>
<b>New application</b>	<b>Cell culture containers</b> (Sales target: 1.2 billion yen in FYE 3/2031) <ul style="list-style-type: none"><li>- Develop applicability of developed products to various applications and expand into new cell types</li><li>- Further functionalize culture substrates targeting the regenerative medicine and other product markets</li></ul>
	<b>Nanoparticles</b> (Sales target: 1.0 billion yen in FYE 3/2031) <ul style="list-style-type: none"><li>- Develop new applications for inorganic fluoride nanoparticles</li></ul>
	<b>High value-added organic fluorine compounds</b> (Sales target: 5.5 billion yen in mid-2030s) <ul style="list-style-type: none"><li>- Establish a flow synthesis method that integrates proprietary fluorine technologies to promote the development of small-volume, high-value-added products such as fluorinating agents and pharmaceutical raw materials</li></ul>
<b>Energy</b>	<b>Batteries</b> (Sales target: 1.4 billion yen in FYE 3/2031) <ul style="list-style-type: none"><li>- Promote development of materials that can contribute to higher performance (electrical conductivity and cycle characteristics) of secondary batteries</li></ul>





# 7. Business Strategy: Transportation Business

## –Strengthen Initiatives to Recruit, Retain, and Develop Human Resources

01

### Profitability improvement

Promoted initiatives focused on profitability

- **Review low-price transactions**  
⇒ Promote rate revisions commensurate with costs and review of transactions themselves
- **Acquire new projects**  
⇒ Actively respond to inquiries and acquire new projects through in-depth cultivation of existing shippers



02

### Infrastructure building

Built a stable business foundation

- **Recruit and retain human resources**  
⇒ Consider review of treatment and other measures to recruit and retain human resources  
⇒ Promote recruitment of new graduates from high schools and universities to recruit young human resources
- **Develop human resources**  
⇒ Implement systematic employee development through expansion of management training and other external training programs



03

### Compliance

Continue strengthening the compliance system

- **Thorough labor management**  
⇒ Thoroughly prevent overwork by utilizing drive recorders and digital tachographs and reviewing operation management
- **Consider strengthening the compliance system by introducing and utilizing a vehicle dispatch management system**

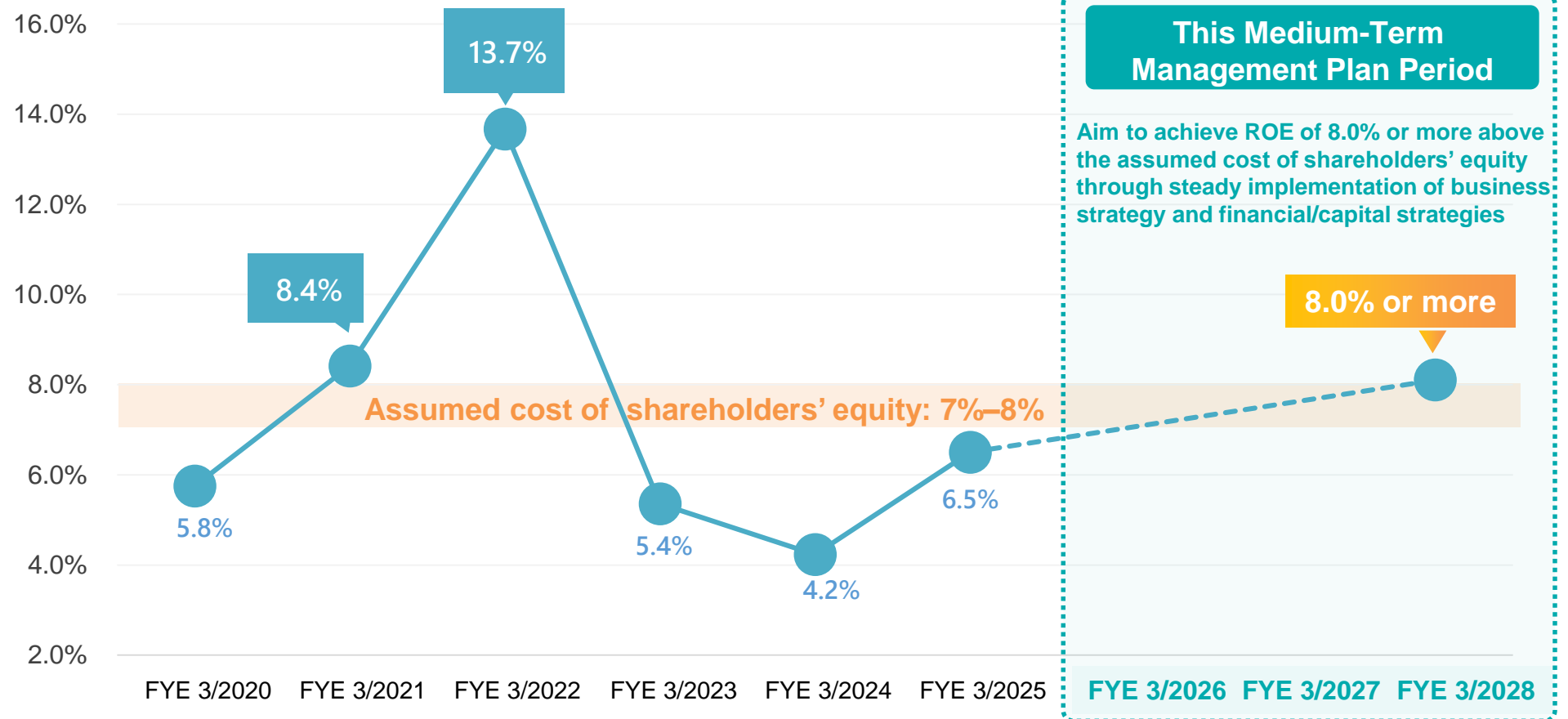


## 8. Action to Implement Management That is Conscious of Cost of Capital and Stock Price

### Cost of shareholders' equity

Our cost of shareholders' equity is assumed to be 7%–8%, taking into account comprehensively the results of calculations using CAPM (capital asset pricing model) and the stock profit yield (the inverse of PER).

#### ■ ROE trends



## 9. Financial and Capital Strategies

### Basic policy

Under this medium-term management plan, we aim to achieve **ROE of 8.0% or more** above the assumed cost of shareholders' equity in FYE 3/2028, by steadily implementing our business and financial/capital strategies to further enhance corporate value.

To achieve this target, we will realize profit growth through the expansion of the High-purity Chemical Business and provide appropriate shareholder returns in order to achieve an appropriate financial structure in accordance with the profit and loss situation.



### Return on capital

**ROE target: 8.0% or more**

#### Excess profit creation

(Equity spread)

- Expand quality sales through improved customer appeal
- Reduce costs (strengthen production systems, streamline procurement)
- Lower cost of shareholders' equity (lower  $\beta$  value<sup>(Note 1)</sup>)

▼Equity spread

$$PBR \uparrow = 1 + \frac{(ROE \uparrow - \text{cost of shareholders' equity } (r) \downarrow)}{\text{Cost of shareholders' equity } (r) \downarrow - \text{Growth rate } (g) \uparrow}$$

#### Optimal capital structure

- Optimize cash allocation
- Implement shareholder returns based on controlling the increase of shareholders' equity

**Total return ratio of 100% or more for the three-year total**

**Set annual minimum dividend of ¥170**

- Utilize interest-bearing debt

#### Improved asset efficiency

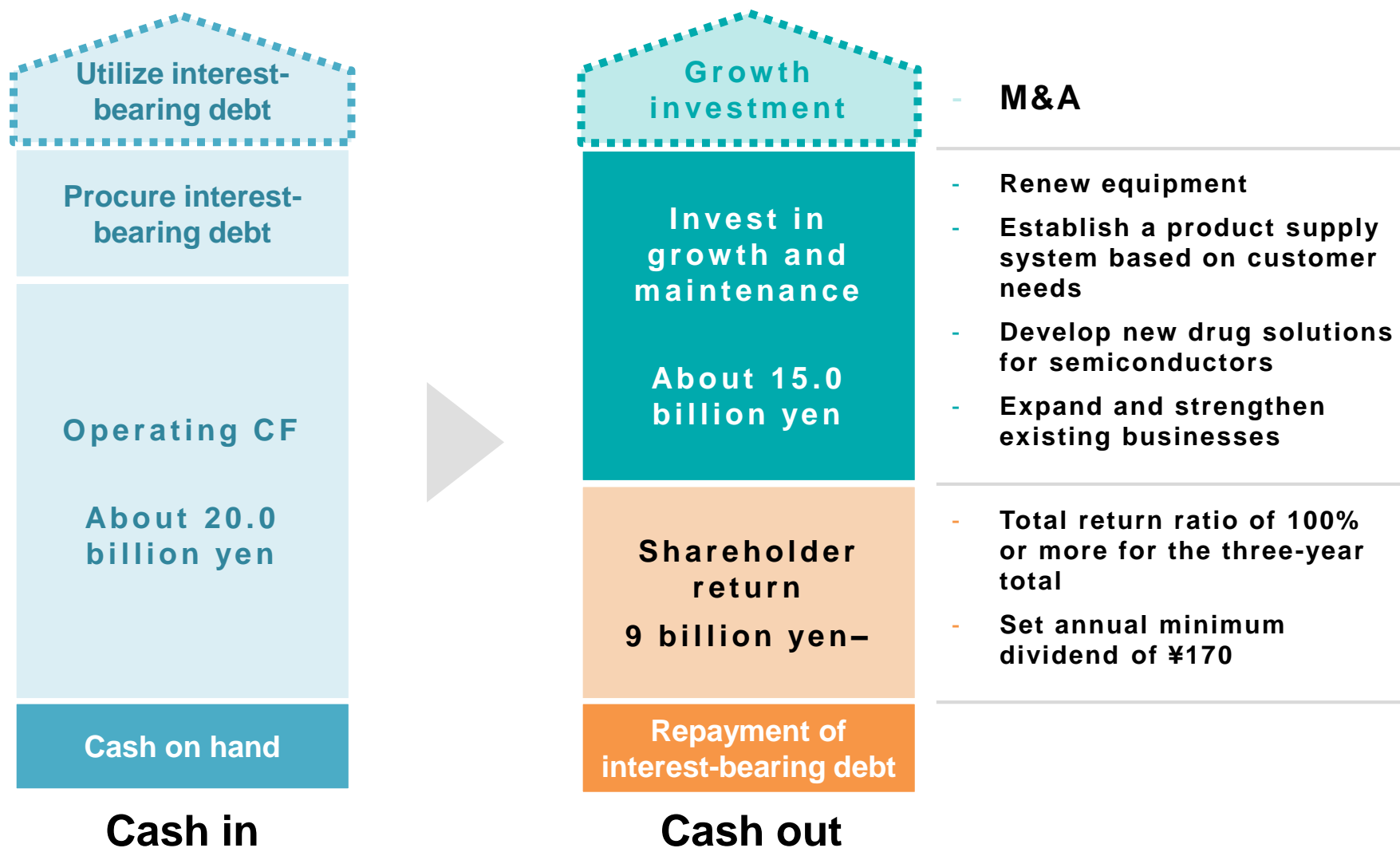
- Reduce cash and deposits held through effective use of group funds
- Improve CCC<sup>(Note 2)</sup> (reduce inventories, shorten payment period for accounts receivable)

(Note 1) Index of the percentage change in an individual stock when the TOPIX changes by 1%

(Note 2) Cash Conversion Cycle

## 10. Cash Allocation (FYE 3/2026–FYE 3/2028)

**Focus on improving capital efficiency while expanding growth investment and shareholder returns**



# 11 . New Shareholder Return Policy (FYE 3/2026–FYE 3/2028)

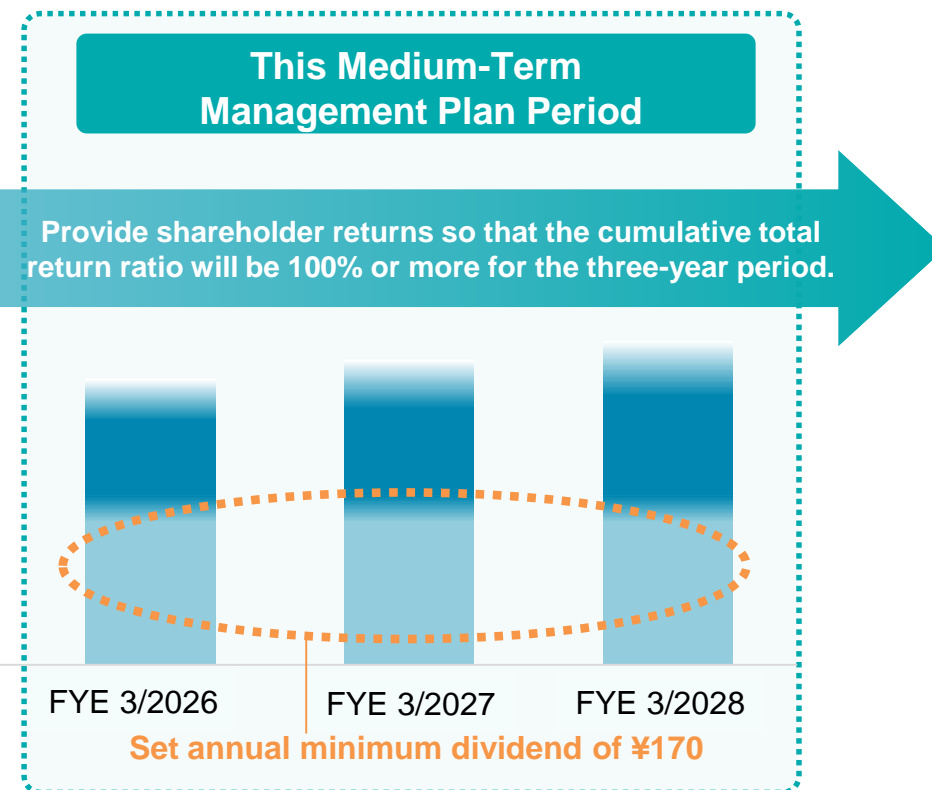
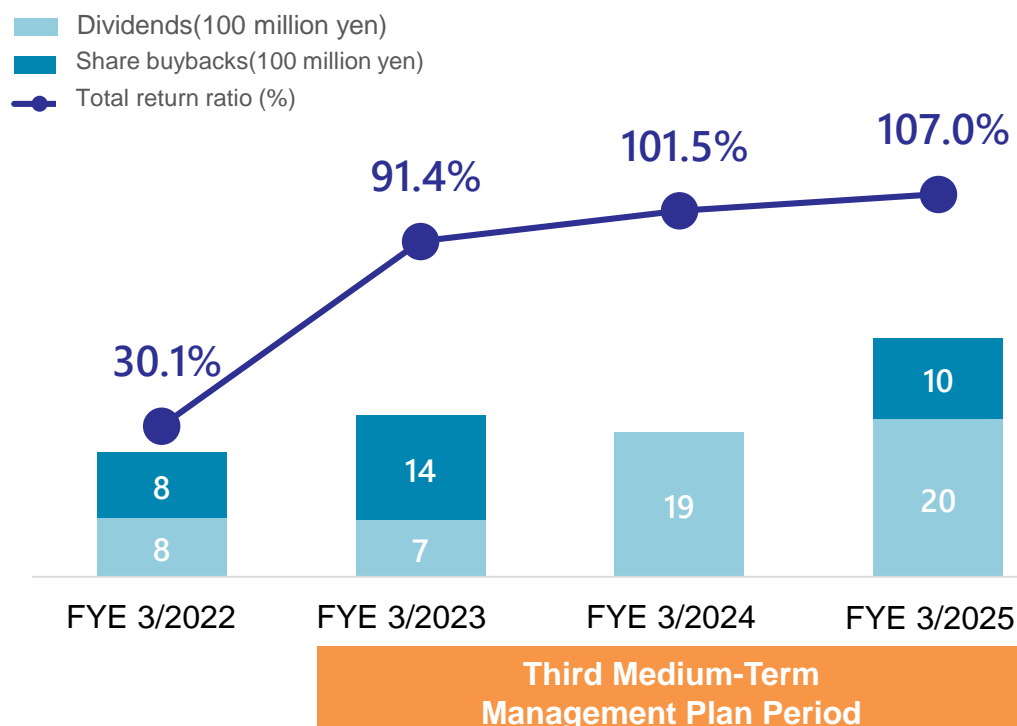
## Summary of shareholder return policy

Total return ratio	Target a total return ratio (Note 1) of 100% or more for the three-year total (Note 2)
Dividend	Annual minimum of ¥170 per share

(Note 1) Total shareholder return for the period from FYE 3/2026 to FYE 3/2028 divided by total profit attributable to owners of parent for the same period.

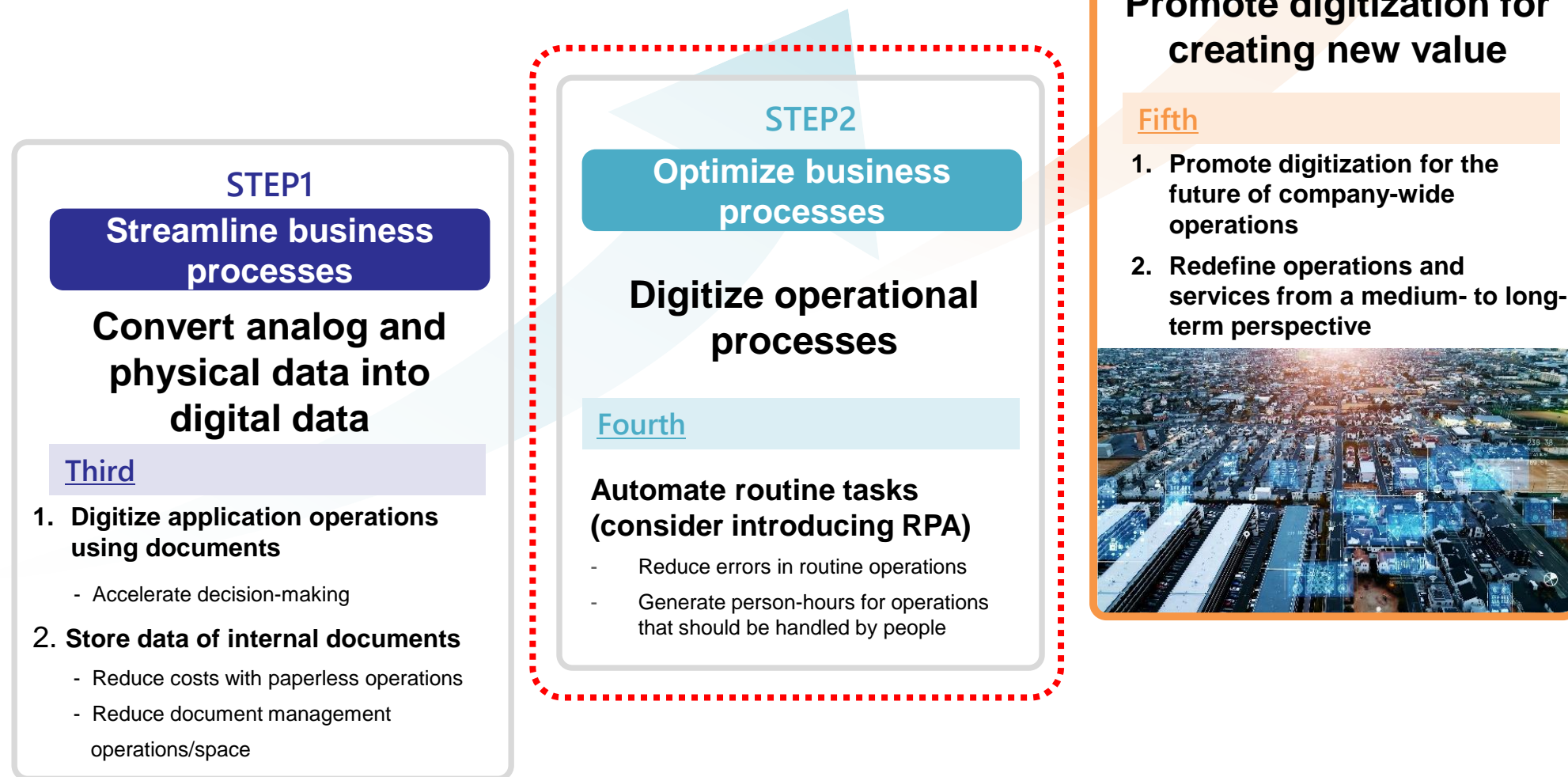
(Note 2) However, in the case of a fiscal year in which profit attributable to owners of parent fluctuates significantly due to special factors such as extraordinary gains or losses, the amount of shareholder return shall be determined in consideration of the impact of such factors.

### Shareholder return trends



## 12. Initiatives for Digitization—from Efficiency to Value Creation

Building some information system infrastructure for a revolution by automating routine operations and enhancing information security



# 13. Sustainability

## – What Our Business Can Do for a Sustainable Society

01

### Materiality

#### Identify materialities and contribute through business activities

- Promote R&D that leverages original perspectives and proprietary technologies to provide products that contribute to solving social issues
- Understand customer needs, provide a stable supply of high-quality, safety-conscious products, and work toward long-term mutual prosperity

02

### Response to climate change

#### Respond to climate change and protect the environment

- Work toward achieving a decarbonized society and address environmental issues such as climate change
- Control and reduce chemical emissions from our business operations to reduce the burden on the natural environment

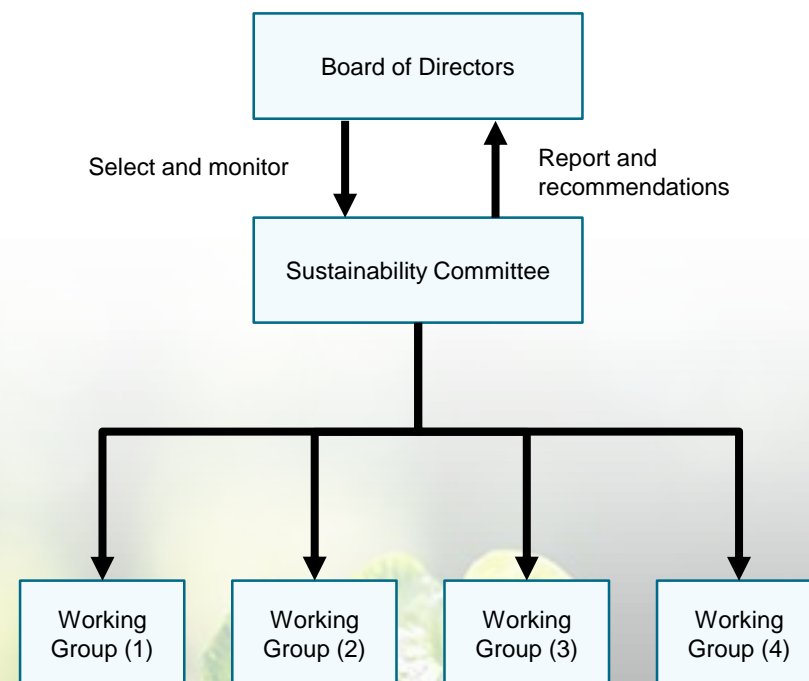
03

### Decent work

#### Create a safe and rewarding work environment

- Create a work environment where diverse personalities and work styles are respected, work-life balance is fulfilled, and employees feel a sense of fulfillment in their work
- Develop autonomous human resources who can think and act on their own
- No unjust discrimination based on race, gender, ethnicity, nationality, or other grounds, including suppliers, and respect human rights

**Sustainability Committee leads and promotes company-wide activities**





# 14. Human Capital Management

## – Accelerate Organizational and Human Transformation for True Growth

01

### Autonomy

#### Human resource strategies for organizational transformation

##### <Human resource recruitment and development>

- Recruit human resources in line with changes in business portfolio and organization (e.g., overseas sales personnel)
- Develop “autonomous human resources” with a sense of responsibility who can think and act on their own
- Train executive candidates for the next generation

##### <Support for growth>

- Strengthen management abilities that maximize individual strengths and link them to organizational results



02

### Organizational capability

#### Optimize organizational structure according to business strategy

- Consider organizational structure that will promote business strategies and maximize productivity (e.g., introduction of a divisional system)
- Place the right people in the right places



# 15. IR Activity Reinforcement

## – Information Disclosure and Constructive Dialogue

Strive to eliminate information asymmetries by strengthening the disclosure of quantitative and qualitative information and expanding opportunities for dialogue with shareholders and investors

### IR activities

#### ● Status of dialogue with shareholders and investors

##### Interviews conducted (FYE 3/2025)

- Financial results briefings: Twice (year-end and interim) with 75 participants
- Individual meetings (domestic and foreign investors): 74 times

##### Main correspondents

- Representative Director, President and Chief Executive Officer
- Director in charge of Research and Development
- Director in charge of Accounting
- IR Manager

##### Main themes and interest of dialogue

- Performance
- Semiconductor market outlook
- Raw material price trends
- Growth strategy based on management resource allocation
- Financial strategy
- R&D

#### ● Information disclosure and constructive dialogue

##### Response based on shareholder and investor opinions

(Main opinions)

- Enhance shareholder returns
- Recommend repurchase of treasury stock
- Cancel treasury stock
- Share shareholder and investor perspectives
- Enhance non-financial information

##### Result

(Details of implementation)

- Targeted total return ratio of 100% or more (FYE 3/2024–FYE 3/2025)
- Repurchased treasury stock
- Established a basic policy for holding and cancelling treasury stock, and cancelled treasury stock
- Introduced a restricted stock grant program for employees
- Disclosed materiality and responses to climate change



## <Disclaimer>

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