



# Dialogue with Shareholders

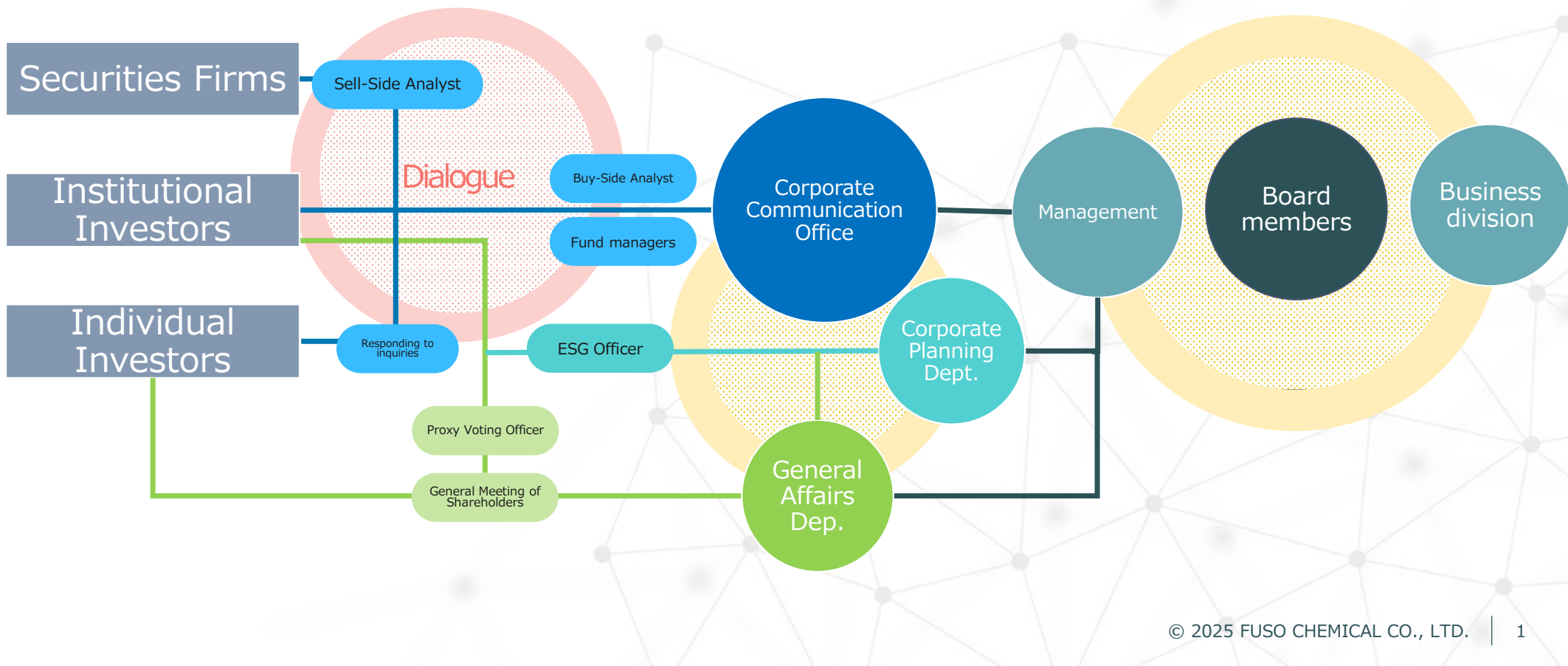
FY03/2025

# Dialogue Framework



We talk with shareholders and investors in a constructive way. The department in charge is the main contact and works with other teams.

Also, we quickly share insights and information from these talks with the management team.



# Specific Dialogue Methods



	Attendees:	Frequency: Number and number of interviews (total)
General Meeting of Shareholders	CEO(Chairman), All Directors	Once per year
Institutional Investor Visits	CEO, CFO, Department Manager of Corporate Communication Office	15 companies
Financial Results Briefing (for Institutional Investors)	CEO, CFO, Division Manager	Twice per year
Individual Meetings (including face-to-face and web conferences)	Corporate Communication Office	167 meetings
Business site tour (for Institutional Investors)	CFO Division Manager	Once every other year

# Key Dialogue Themes and Areas of Interest



## ■ Business Environment

- Adaptability to external changes (Foreign Currency/Raw Materials/Market Conditions)
- Sales in the Chinese market (Electronic Materials Business)
- Overseas Competition (Product Application/Sales Region and Share)
- Medium- to long-term growth prospects for CMP (Electronic Materials Business)

## ■ Medium- to Long-Term Growth Strategy

- Securing profits commensurate with the amount invested (Pricing Strategy)
- Depreciation forecasts and future capital investment plans
- Profit margin improvement for the Life Science Division
- Contributions of new products and third pillar business to the overall performance
- Establishment a strong market position through proactive investment based on demand forecasts
- "Speed, Cost, and Quality" cultivated through building trust with customers

## ■ Business Risks

- Impact of the US-China semiconductor war
- Inflation response/Securing human resources
- Two-site production system as BCP
- Reduction of raw material procurement risk

## ■ Capital Allocation

- Shareholder return policy
- Methods of financing according to the scale and amount of capital investment
- Dividend payout ratio and other management indicators

■ : More dialogue in fiscal 2024 than in the previous year

# Feedback to Management



	Frequency	Reporting Format	Content
Investors & Analysts Individual Meetings	Monthly	meeting	Main questions and summary of the dialogue Reporting of the number of interviews
Analyst Report	Quarterly	email	Analyst reports issued by securities firms Report the summary
Stock-related indices and stock price information	Monthly Updates	email	Trends of the company's shareholders Sharing of industry indices by external evaluation organizations, etc.
IR Activity Report	Monthly Updates	email/meeting	Sharing of activity results, issues and goals for the Next Fiscal Year

# Initiatives Based on Dialogue



Investor Questions/Requests		Answer/Initiatives
<b>Medium- to Long-Term Growth Strategy</b> Price Transfer	Ultra-high-purity colloidal silica is essential for polishing semiconductors. It is unmatched in quality and supply, and competitors face high barriers to entry. Because of the large investments involved, we expect to negotiate higher prices with customers.	<ul style="list-style-type: none"> <li>• We pass on the increased costs of raw materials, utilities, and other operational expenses to customers through price adjustments.</li> <li>• With rising costs and inflation, it is difficult for us to keep covering all investment expenses on our own. To secure a stable supply system, we are negotiating to add future investment costs to product prices.</li> </ul>
<b>Business Environment</b> Business in China	The Chinese government is focusing on the semiconductor industry, and AI has also become a hot topic. Chance of business expansion due to increasing local slurry manufactures?	<ul style="list-style-type: none"> <li>• While we've conducted business in China for some time, the Chinese government's focus on the semiconductor industry has increased demand for our high-quality products.</li> <li>• Plans to further expand sales based on year-on-year sales growth observed in FY2024</li> </ul>
<b>Capital Allocation</b> Shareholder Returns	Request: clear numerical targets for dividend policies	<ul style="list-style-type: none"> <li>• We have maintained or increased dividends for 16 consecutive years.</li> <li>• To clarify this achievement, we adopted the concept of progressive dividends (disclosed in September 2024).</li> </ul>