

Press Release

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026

Shin-Etsu Chemical Co., Ltd.

(JP GAAP)



April 28, 2026

Listing Code: No. 4063 (URL: <https://www.shinetsu.co.jp/en/>)

Listing Stock Exchange: Tokyo and Nagoya

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Date of the annual shareholders' meeting June 26, 2026

Date of the filing of the consolidated financial statements June 19, 2026

Date of year-end dividend payment June 29, 2026

Preparation of supplemental explanatory materials: Yes ("Appendix" is attached.)

Holding of financial results meeting: Yes (for investment analysts and institutional investors)

Amounts are stated in millions of yen by discarding fractional amounts less than 1 million.

Percentage figures indicate increase (decrease) over previous fiscal year.

1. Consolidated Operating Performance for the Fiscal Year Ended March 31, 2026

(From April 1, 2025 to March 31, 2026)

(1) Results of consolidated operations

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
April 2025 - March 2026	2,573,969	0.5%	635,204	(14.4%)	708,281	(13.7%)	474,459	(11.2%)
April 2024 - March 2025	2,561,249	6.1%	742,105	5.9%	820,543	4.2%	534,021	2.7%

(Note) Comprehensive income (Millions of yen) April 2025 - March 2026: 531,832[(37.0%)]

April 2024 - March 2025: 844,146[13.0%]

	Net income per share (yen)	Diluted net income per share (yen)	Ratio of net income to stockholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
April 2025 - March 2026	252.69	252.49	10.4%	12.5%	24.7%
April 2024 - March 2025	269.52	269.28	12.0%	15.2%	29.0%

(Reference) Equity in earnings (losses) of affiliates (Millions of yen) April 2025 - March 2026: 6,228

April 2024 - March 2025: 6,351

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
March 31, 2026	5,661,907	4,643,307	78.7%	2,400.39
March 31, 2025	5,636,601	4,837,585	82.6%	2,375.48

(Reference) Stockholders' equity (Millions of yen) As of March 31, 2026: 4,456,833 As of March 31, 2025: 4,656,236

(3) Consolidated cash flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of fiscal year
April 2025 - March 2026	712,651	(544,806)	(504,835)	562,089
April 2024 - March 2025	881,934	(142,553)	(454,905)	882,736

2. Cash Dividends

	Cash dividends per share for the fiscal year (yen)					Total annual cash dividend paid (Millions of yen)	Dividend payout ratio	Ratio of dividend payout to net assets
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Fiscal year			
April 2024 - March 2025	-	53.00	-	53.00	106.00	208,808	39.3%	4.7%
April 2025 - March 2026	-	53.00	-	53.00	106.00	197,681	41.9%	4.4%

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2027

(From April 1, 2026 to March 31, 2027)

We will promptly make an announcement of the consolidated business and cash dividends forecast as soon as the disclosure of the forecast becomes possible.

(Notes)

(1) Significant changes in scope of consolidation during the current fiscal year: No

(2) Changes of accounting policies applied, changes in accounting estimates and retrospective restatement

Changes of accounting policies applied due to revisions of accounting standards: No

Changes of accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(3) Number of shares outstanding (common stock)

	March 31, 2026	March 31, 2025
Number of shares issued at the year end (including treasury stock)	1,984,995,865	1,984,995,865
Number of shares of treasury stock at the year end	128,283,489	24,869,464
	April 2025 - March 2026	April 2024 - March 2025
Weighted-average number of shares outstanding over the year	1,877,670,819	1,981,362,811

(Note) A resolution was made at the Board of Directors Meeting held on April 25, 2025 concerning the repurchase of up to 200 million shares (500 billion yen) by April 24, 2026. We have repurchased 87,393,400 shares (399,999 million yen) in May 2025 and 17,799,900 shares (99,999 million yen) in February 2026.

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2026

(From April 1, 2025 to March 31, 2026)

(1) Results of non-consolidated operations

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
April 2025 - March 2026	844,666	10.2%	208,341	22.9%	763,302	(10.7%)	708,529	(11.4%)
April 2024 - March 2025	766,606	5.0%	169,539	5.7%	854,901	149.4%	799,524	163.2%

	Net income per share (yen)	Diluted net income per share (yen)
April 2025 - March 2026	377.34	377.11
April 2024 - March 2025	403.52	403.22

(2) Non-consolidated financial position

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
March 31, 2026	1,691,567	1,119,226	65.7%	598.95
March 31, 2025	1,670,628	1,105,929	65.8%	561.24

(Note) Stockholders' equity (Millions of yen) As of March 31, 2026: 1,112,076 As of March 31, 2025: 1,100,102

(Information regarding audit procedures)

The financial information contained in this report is not subject to the audit procedures by independent auditors.

(Attached Documents)

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1. Results of Operations and Financial Overview

(1) Results of Operations and Financial Position Overview

1) General Overview

During the fiscal year ended March 31, 2026 (April 1, 2025 to March 31, 2026), the global economy and industries have been tossed about by the various policies taken by the U.S. under its America First agenda since last April. However, as indicated in the World Economic Outlook of the IMF and the Global Economic Prospects of the World Bank Group, the growth has slowed but has managed to weather the storm. On the other hand, China's excessive supply/export has not yet subsided; rather, it has become even more necessary to conduct business with the expectation that this oversupply would continue for a considerable period. And the war that broke out at the end of February this year between the United States/Israel and Iran has significantly rattled the global economy. Under these circumstances, we have maintained close communication with our customers, continued to provide a reliable supply of products with required quality, and conducted sales with agility. As a result, the operating income, the ordinary income and the net income achieved results in line with the forecasts announced in July last year. We will focus even more on business growth and improved operating performance. To that end, we will accelerate the development of products that are valuable to our customers and actively continue capital investments with a medium- to long-term perspective in order to meet the needs and demands of the customers and markets in a timely manner.

The business results for the fiscal year ended March 31, 2026, are as follows:

	Fiscal year 24/4 - 25/3	Fiscal year 25/4 - 26/3	Increase (Decrease)	Quarterly			
				Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
Net sales	2,561.2	2,573.9	0% 12.7	628.5	655.9	649.4	639.9
Operating income	742.1	635.2	(14%) (106.9)	166.8	167.1	164.0	137.1
Ordinary income	820.5	708.2	(14%) (112.3)	181.6	185.7	190.0	150.8
Net income attributable to owners of parent	534.0	474.4	(11%) (59.6)	126.4	131.4	126.4	90.1
Ratio of operating income to net sales	29.0%	24.7%	(4 points)				
Ratio of net income attributable to owners of parent to net sales	20.9%	18.4%	(3 points)				
ROIC	18.2%	14.6%	(4 points)				
ROE	12.0%	10.4%	(2 points)				
DOE	4.7%	4.4%	0 points				
Dividend payout ratio	39.3%	41.9%	3 points				
Per Share (Yen)							
Net income	270	253	(17)				
Cash dividends	106	(Forecast) 106	0				

- Note:
- ROIC: Return on invested capital
Net operating income after tax / (Net assets + Interest-bearing liabilities — Cash)
 - ROE: Return (Net income attributable to owners of parent) on equity
Equity used for this calculation is net assets excluding both share subscription rights and non-controlling interests in consolidated subsidiaries.
 - DOE: Dividend on equity ratio.

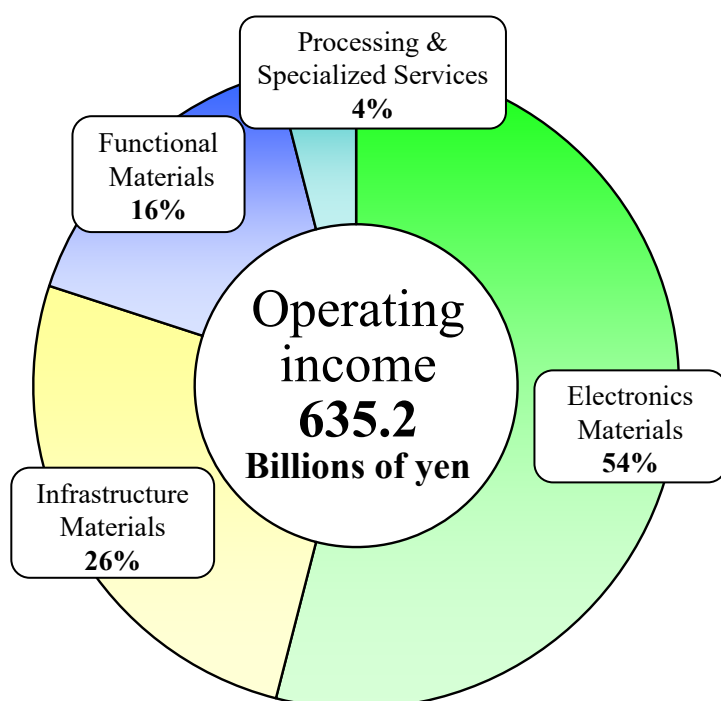
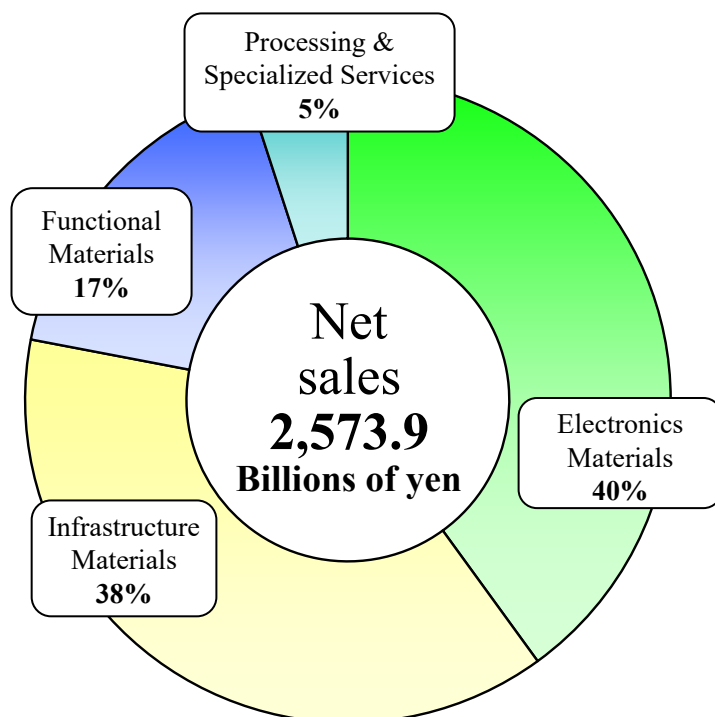
►Amounts are stated in billions of yen by discarding fractional amounts less than 0.1 billion on this summary.

2) Business Segment Overview

Net sales and Operating income by Segment

(Billions of yen)

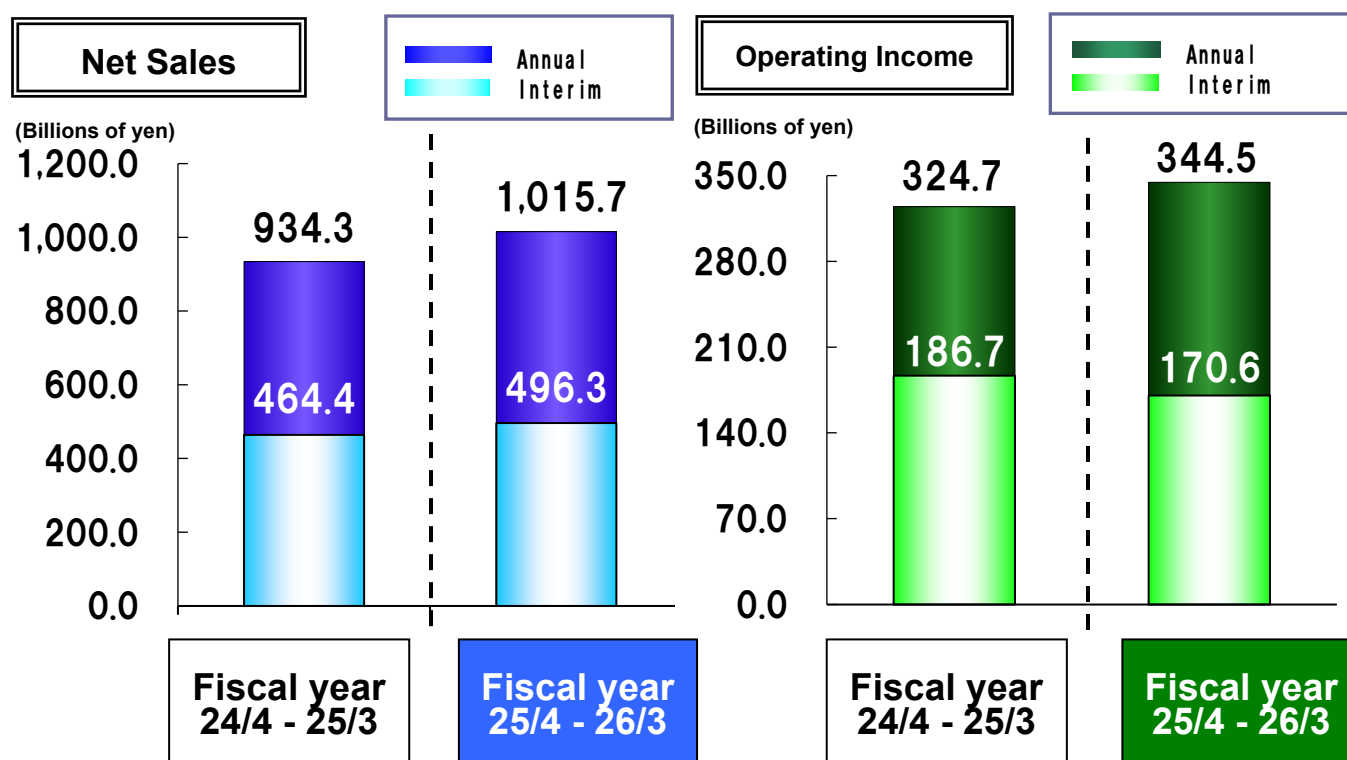
	Net sales			Operating income		
	Fiscal year 24/4 - 25/3	Fiscal year 25/4 - 26/3	Increase (Decrease)	Fiscal year 24/4 - 25/3	Fiscal year 25/4 - 26/3	Increase (Decrease)
Electronics Materials	934.3	1,015.7	9% 81.4	324.7	344.5	6% 19.8
Infrastructure Materials	1,041.5	981.3	(6%) (60.2)	291.4	164.8	(43%) (126.6)
Functional Materials	448.6	440.8	(2%) (7.8)	100.0	100.9	1% 0.9
Processing & Specialized Services	136.7	135.9	(1%) (0.8)	28.7	27.3	(5%) (1.4)
Total	2,561.2	2,573.9	0% 12.7	742.1	635.2	(14%) (106.9)



Electronics Materials

	Fiscal year 24/4 - 25/3 (Billions of yen)	Fiscal year 25/4 - 26/3 (Billions of yen)	Increase / (Decrease)
Net sales	934.3	1,015.7	9%
Operating income	324.7	344.5	6%

In the semiconductor market, the demand related to AI continued to be strong, while the demands in other sectors have finally started to rise. By capturing this trend, we increased the sales of semiconductor materials such as silicon wafer, photoresist and photomask blanks.

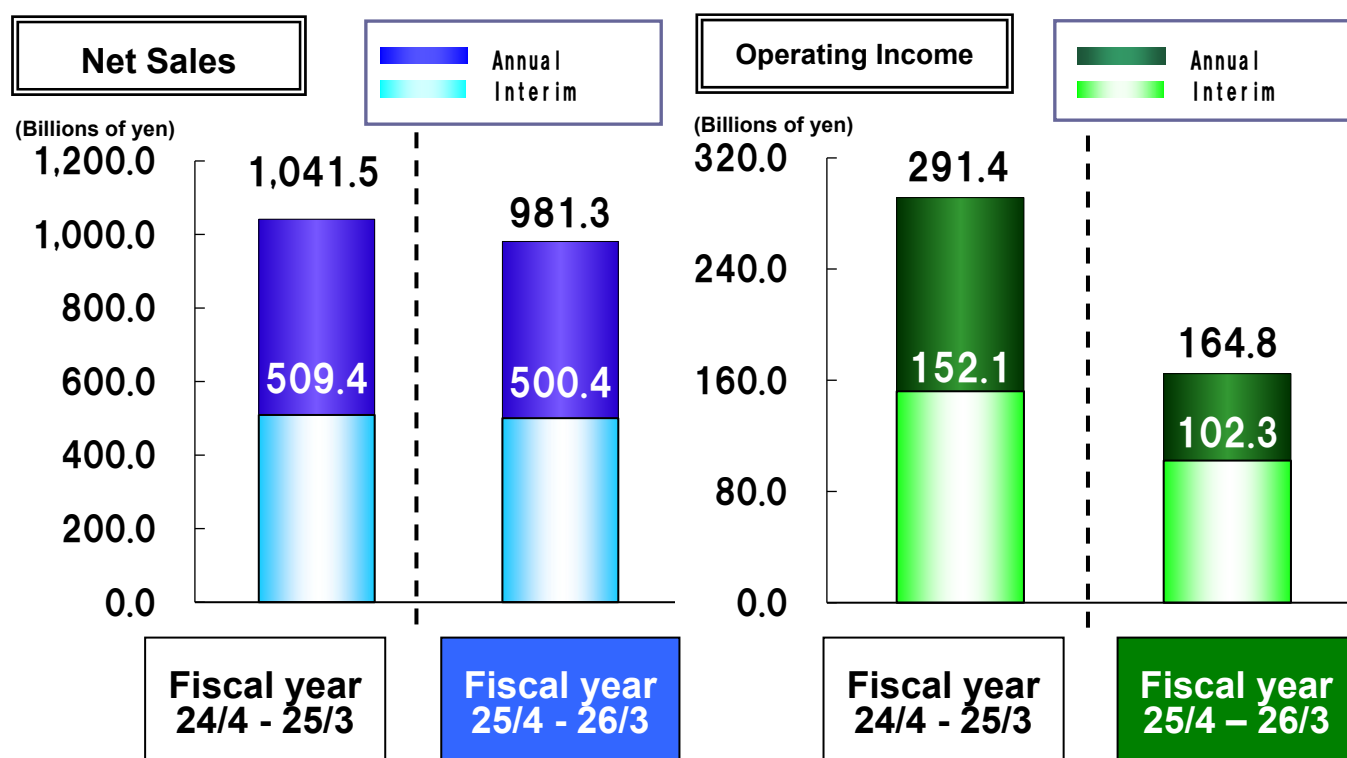


- Providing and proposing materials and technologies essential to the semiconductor market, which is sure to see rapid growth in the three aspects of quantity, quality, and variety.
- New production base for photoresist – The Isesaki Campus has started operations.
- Taking measures to address raw materials issues for magnetic materials business.
- Expanding the functions as a comprehensive manufacturer of advanced electronics materials, in particular those that support advancement of AI (including products necessary for building AI infrastructure).

Infrastructure Materials

	Fiscal year 24/4 - 25/3 (Billions of yen)	Fiscal year 25/4 - 26/3 (Billions of yen)	Increase / (Decrease)
Net sales	1,041.5	981.3	(6%)
Operating income	291.4	164.8	(43%)

As for PVC, the demand in North America was strong until the middle of last year, but the market has since softened. Although prices have been sluggish in Asian and other overseas markets, we have utilized our extensive sales network to make the best sales possible. As for caustic soda, we have generally secured stable sales in terms of both price and quantity. In response to rising raw material and energy prices caused by the outbreak of war in Iran and the Middle East, we initiated and pushed forward price increases across all products.

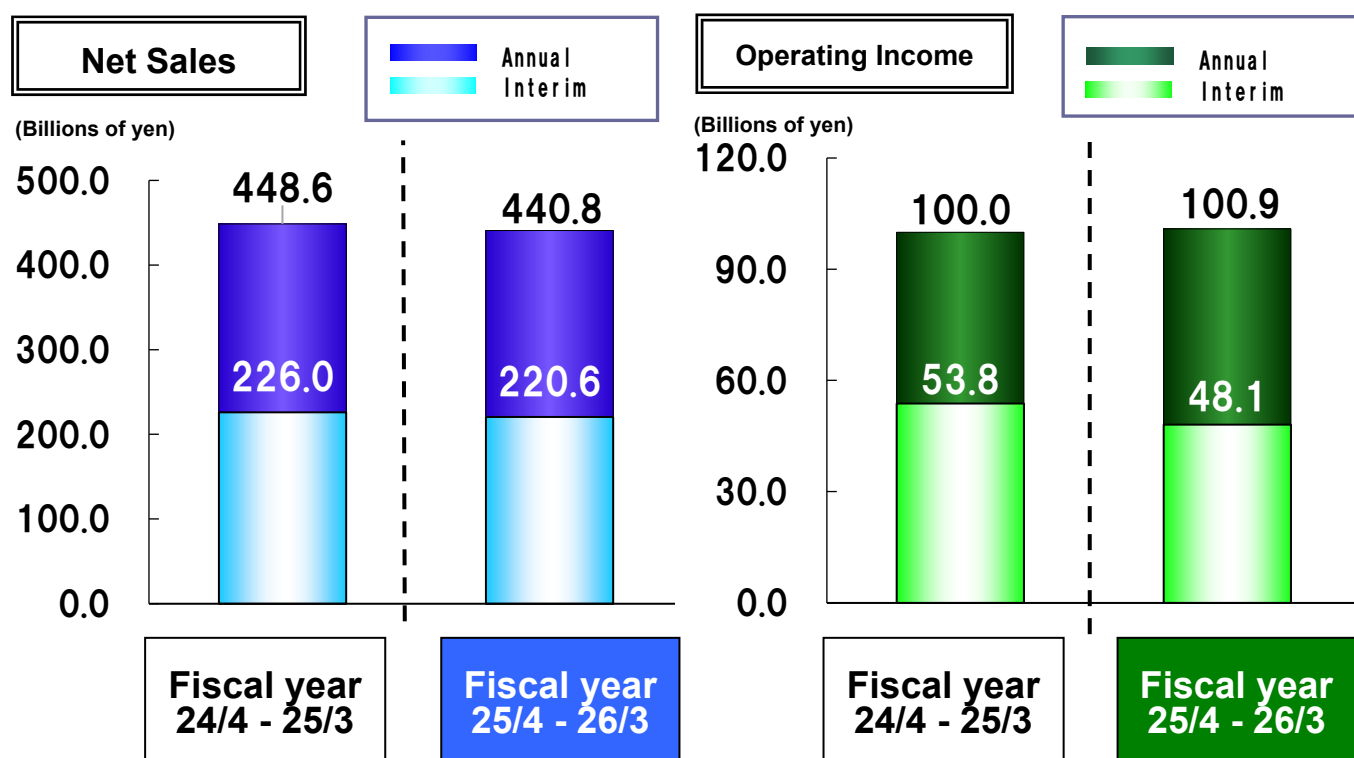


- Make maximum use of the supply capacity we have built at our U.S. bases.
- Based on stable supply, implemented price increases and improvements to supply methods.

Functional Materials

	Fiscal year 24/4 - 25/3 (Billions of yen)	Fiscal year 25/4 - 26/3 (Billions of yen)	Increase / (Decrease)
Net sales	448.6	440.8	(2%)
Operating income	100.0	100.9	1%

We focused on significantly increasing the sales of highly functional product groups and those results have begun to translate into profits.

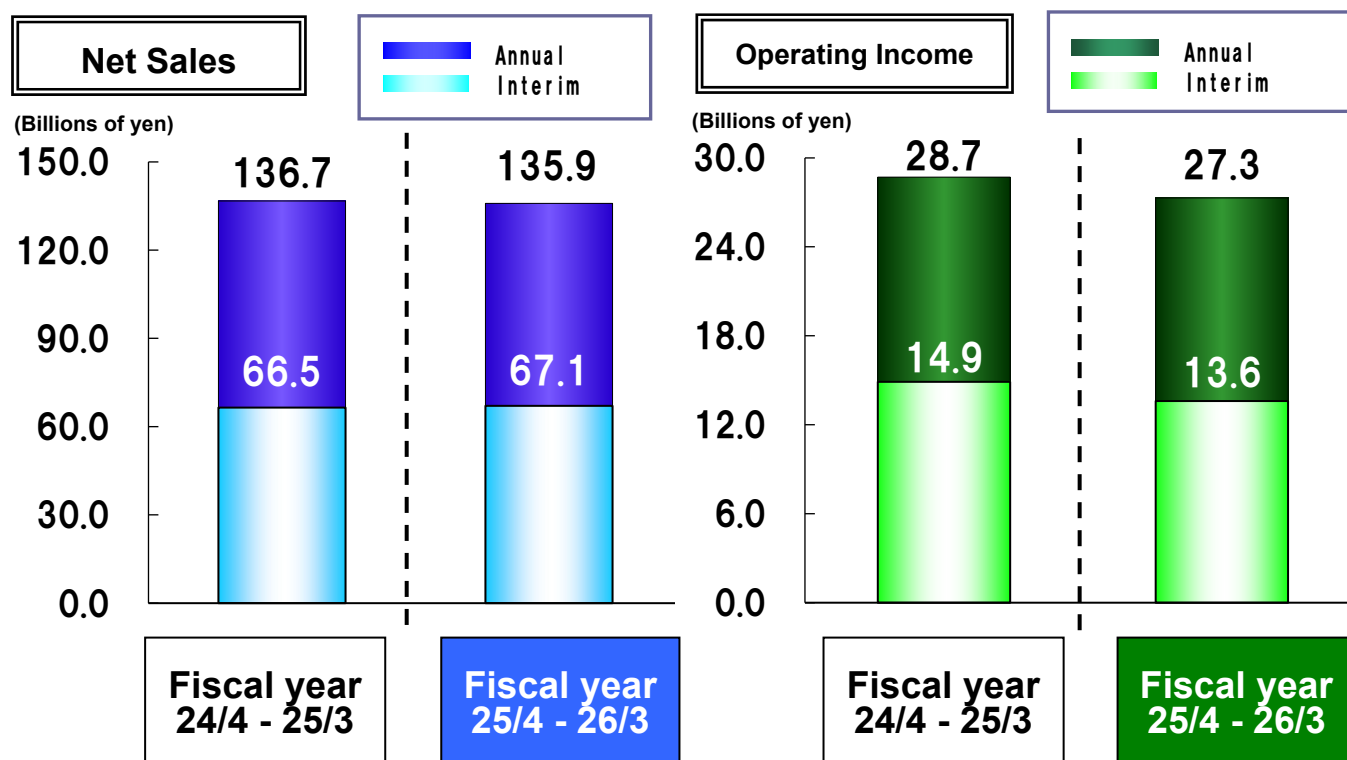


- Rapid expansion of the provision of functionality centered on silicones.
- Expansion of electrical and electronic applications (including for data communications and AI).
- Expansion of cellulose derivatives products for pharmaceuticals application.
- Started increasing price.

Processing & Specialized Services

	Fiscal year 24/4 - 25/3 (Billions of yen)	Fiscal year 25/4 - 26/3 (Billions of yen)	Increase / (Decrease)
Net sales	136.7	135.9	(1%)
Operating income	28.7	27.3	(5%)

The demand for semiconductor-related containers was strong. In the automotive-related products, the sales for silicone molded products increased.



- Start of operations at the new plant for semiconductor-related containers.

3) Information on Assets, Liabilities and Net assets

At the end of FY 2025 (March 31, 2026), total assets increased by ¥25.3 billion compared with that at the end of the previous fiscal year to ¥5,661.9 billion. Total liabilities increased by ¥219.6 billion to ¥1,018.6 billion. Total net assets decreased by ¥194.2 billion to ¥4,643.3 billion.

While net income attributable to owners of the parent was ¥474.4 billion, cash and deposits decreased due to ¥500.0 billion for repurchase of shares, ¥203.1 billion for cash dividends payments, income tax payments, and continued high levels of capital investment. In addition, there was an increase in fixed assets and long-term borrowings.

4) Status of Cash Flows

	Billions of yen		
	April 1, 2024 - March 31, 2025	April 1, 2025 - March 31, 2026	Increase (Decrease)
Cash and cash equivalents at beginning of fiscal year	590.1	882.7	292.6
1. Cash flows from operating activities	881.9	712.6	(169.3)
2. Cash flows from investing activities	(142.5)	(544.8)	(402.3)
3. Cash flows from financing activities	(454.9)	(504.8)	(49.9)
4. Effect of foreign exchange and others	8.1	16.3	8.2
Net increase (decrease) in cash and cash equivalents	292.6	(320.6)	(613.2)
Cash and cash equivalents at end of fiscal year	882.7	562.0	(320.6)

The balance of cash and cash equivalents at the end of FY 2025 decreased by 36% (¥320.6 billion) compared with that at the end of the previous fiscal year to ¥562.0 billion.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥712.6 billion, a decrease of ¥169.3 billion from the previous fiscal year. Cash increased mainly due to ¥708.4 billion in income before income taxes and non-controlling interests, and ¥242.9 billion in depreciation and amortization, partially offset by payments of income taxes of ¥208.9 billion.

Cash flows from investing activities

Net cash used for investing activities increased by ¥402.3 billion from the previous fiscal year to ¥544.8 billion. This was mainly due to ¥188.0 billion for net increase in time deposits and ¥353.6 billion for purchases of property, plant and equipment.

Cash flows from financing activities

Net cash used for financing activities increased by ¥49.9 billion from the previous fiscal year to ¥504.8 billion. While cash increased mainly due to ¥230.0 billion for proceeds from long-term debt, cash decreased mainly due to ¥500.0 billion for purchases of treasury stock and cash dividends paid of ¥203.1 billion.

(Reference)

The trend of cash flow indices

	For the fiscal year ended				
	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Stockholders' equity ratio (%)	82.1	81.8	82.7	82.6	78.7
Stockholders' equity ratio on market value basis (%)	192.6	182.3	255.3	147.3	205.3
Debt repayment ratio (%)	5.5	3.8	3.2	1.9	34.1
Interest coverage ratio (times)	677.8	638.4	581.6	764.2	398.4

(Notes) * Stockholders' equity ratio: stockholders' equity/total assets

Stockholders' equity used for the calculation of indices is net assets, excluding both share subscription rights and non-controlling interests in consolidated subsidiaries

* Stockholders' equity ratio on market value basis: aggregate market value of common stock/total assets

* Debt repayment ratio: interest-bearing liabilities/cash flows from operating activities

* Interest coverage ratio: cash flows from operating activities/interest payments

1. Aggregate market value of common stock is calculated by multiplying the market price at the end of each fiscal year by the number of outstanding shares, excluding treasury stock, at the end of each fiscal year.

2. Interest-bearing liabilities include all liabilities on the consolidated balance sheets that incur interest.

5) Basic Policy Concerning Profit-sharing

Our basic policy is to expand profitability while exercising fiscal restraint, and to return the fruits of such management efforts to our shareholders in a proper and stable manner. We strive to increase our corporate value by the aggressive and timely use of internal reserves for enhanced global competitiveness, future business development and further growth. Moreover, we will maintain our solid financial base to enable us to cope with the increasing frequency and amplitude of economic fluctuations that may occur. We approach our capital policy with careful attention to the Return on Equity and the Cost of Capital. Shareholder returns are at the core of this. We strive to provide stable dividends, aiming for a dividend payout ratio of around 40% in the medium-to long-term. Considering the total payout ratio, we have purchased treasury stocks flexibly, taking into account stock price levels and other circumstances. As part of this, we have announced that we will be purchasing treasury stocks at 250 billion yen.

The year-end dividend for the fiscal year ended March 31, 2026 is planned to be 53 yen per share, the same amount as the interim dividend of 53 yen per share. As a result, the annual dividend will be 106 yen per share, the same amount as the previous period.

(2) Business Prospects

Considering the vicissitudes surrounding our business and the current state of affairs, particularly the supply constraints and price fluctuations of energy and raw material caused by the situation in the Middle East, we have temporarily decided not to forecast the business performance over the next year, given the difficulty of reasonably predicting at this point the performance in the fiscal year ending in March 2027.

(3) Management Policies

1) Basic Management Policies

Our company aims to respond to our shareholders' expectations by creating the value for society and industries through the provision of unrivaled key materials technologies. To achieve this, we are developing numerous products that will help resolve the issues faced by customers and industries. At the same time, while pursuing the world's highest level of technology and quality and constantly striving to improve productivity, we are stably supplying products to customers all over the world. In order to sustain these efforts, we are striving to respond promptly and precisely to the changes in the customer trend and market conditions.

We will provide materials and technologies essential to the semiconductor industry, which is growing exponentially, and as a comprehensive manufacturer of advanced electronics materials, we will expand new functions particularly those that support the advancement of AI. We will pursue business opportunities related to AI infrastructure across all business segments. We will pursue economies of scale and multi-layered business development in Infrastructure Materials. We will also achieve progress in solving issues with the use of silicones.

In every economy it is imperative to maximize efficiency in this day and age when there is a greater need for human society to pursue sustainable growth and better quality of life while lessening the burden on the environments. We believe that we have and can play a key role to that end. We will work to ensure that many of our products serve these purposes, so that the more our products are used, the more we can contribute to industry and people's lives. We will thus fulfill our role as an essential supplier that supports the world's industries and people's lives.

2) Our Management Indicator as a target: Shin-Etsu's Mid-to Long-term Management Strategies

The management indicator sets a target of increasing revenue and earnings every fiscal year. Among our main products, there are some that are affected by changes in the business environment including market conditions. In addition to responding with agility to changes in the external environment, we will further strengthen the resilience of each business. We will continue to work towards further growth of our business in the next fiscal year. We will continue to focus on these efforts so that our products will be used more widely in society and industries.

3) Policy Implementation

In order to reliably meet the demands of our customers, we constantly inspect the supply system, and take measures in advance to expand it. The economic situation has been fluctuating widely, beyond the range that has been the case in the past. In addition, excess exports from China are expected to continue in multiple markets. We will take multifaced measures to address these issues.

2. Basic Approach to the Selection of Accounting Standards

We have been using Japanese Generally Accepted Accounting Principles (JP-GAAP). We do not intend to change the accounting standards applied in the foreseeable future.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31, 2025 and 2026

	Millions of yen	
	March 31, 2025	March 31, 2026
ASSETS		
Current Assets:		
Cash and deposits	1,708,438	1,660,060
Notes, accounts receivable-trade and contract assets	514,702	535,383
Securities	103,240	7,035
Inventories	769,967	790,911
Other	123,243	126,156
Less: Allowance for doubtful accounts	(9,941)	(13,491)
Total current assets	3,209,652	3,106,055
Fixed Assets:		
Property, plant and equipment:		
Buildings and structures, net	377,786	432,855
Machinery and equipment, net	1,081,151	1,044,095
Land	119,195	126,977
Construction in progress	451,088	514,796
Other, net	36,723	34,563
Total property, plant and equipment	2,065,945	2,153,287
Intangible assets	36,908	34,695
Investments and other assets:		
Investments in securities	134,632	151,829
Deferred tax assets	90,153	99,001
Other	104,537	121,656
Less: Allowance for doubtful accounts	(5,228)	(4,618)
Total investments and other assets	324,095	367,868
Total fixed assets	2,426,949	2,555,852
TOTAL ASSETS	5,636,601	5,661,907

	Millions of yen	
	March 31, 2025	March 31, 2026
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	184,369	176,399
Short-term borrowings	9,389	6,929
Accounts payable - other	90,181	88,557
Accrued expenses	95,749	102,356
Accrued income taxes	84,604	89,167
Other	72,800	59,220
Total current liabilities	537,094	522,631
Long-term Liabilities:		
Long-term debt	7,452	236,366
Deferred tax liabilities	191,813	209,216
Other	62,655	50,386
Total long-term liabilities	261,922	495,969
TOTAL LIABILITIES	799,016	1,018,600
NET ASSETS		
Stockholders' Equity:		
Common stock	119,419	119,419
Additional paid-in capital	125,694	126,256
Retained earnings	3,755,274	4,022,591
Less: Treasury stock, at cost	(121,025)	(612,696)
Total stockholders' equity	3,879,362	3,655,570
Accumulated Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities	32,481	42,390
Deferred gains (losses) on hedges	777	(997)
Foreign currency translation adjustments	734,201	749,285
Remeasurements of defined benefit plans	9,412	10,584
Total accumulated other comprehensive income	776,873	801,262
Share subscription rights	6,237	7,596
Non-controlling interests in consolidated subsidiaries	175,112	178,877
TOTAL NET ASSETS	4,837,585	4,643,307
TOTAL LIABILITIES AND NET ASSETS	5,636,601	5,661,907

(2) Consolidated Statements of Income and Statements of Comprehensive Income

For the fiscal years ended March 31, 2025 and 2026

Consolidated Statements of Income

	Millions of yen	
	April 1, 2024 - March 31, 2025	April 1, 2025 - March 31, 2026
Net sales	2,561,249	2,573,969
Cost of sales	1,577,127	1,693,175
Gross profit	984,121	880,793
Selling, general and administrative expenses	242,016	245,588
Operating income	742,105	635,204
Non-operating income:		
Interest income	86,732	62,927
Other income	16,173	25,474
Total non-operating income	102,906	88,401
Non-operating expenses:		
Interest expenses	1,350	2,706
Loss on retirement of non-current assets	4,228	3,850
Other expenses	18,888	8,766
Total non-operating expenses	24,467	15,323
Ordinary income	820,543	708,281
Extraordinary income:		
Gain on sale of investment securities	11,003	10,572
Gain on step acquisitions	5,421	-
Total extraordinary income	16,425	10,572
Extraordinary losses:		
Business restructuring expenses	7,843	10,365
Impairment losses	2,896	-
Total extraordinary losses	10,739	10,365
Income before income taxes and non-controlling interests	826,229	708,488
Income taxes:		
Current	211,071	197,399
Deferred	35,056	4,798
Total income taxes	246,128	202,198
Net income	580,101	506,289
Net income attributable to non-controlling interests	46,080	31,830
Net income attributable to owners of parent	534,021	474,459

Consolidated Statements of Comprehensive Income

	Millions of yen	
	April 1, 2024 - March 31, 2025	April 1, 2025 - March 31, 2026
Net income	580,101	506,289
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	(8,120)	9,987
Deferred gains (losses) on hedges	3,710	(1,775)
Foreign currency translation adjustments	269,246	15,876
Remeasurements of defined benefit plans	(1,104)	1,156
Share of other comprehensive income of affiliates accounted for using the equity method	312	296
Total other comprehensive income	264,044	25,542
Comprehensive income	844,146	531,832
(Breakdown)		
Comprehensive income attributable to owners of parent	796,349	498,848
Comprehensive income attributable to non-controlling interests	47,796	32,983

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2025

(Millions of yen)

	Stockholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total stockholders' equity
Balance at the beginning of the year	119,419	127,894	3,520,355	(24,292)	3,743,377
Changes during the year					
Cash dividends			(204,724)		(204,724)
Net income attributable to owners of parent			534,021		534,021
Purchase of treasury stock				(193,988)	(193,988)
Disposal of treasury stock		(1,354)		4,231	2,876
Retirement of treasury stock		(93,023)		93,023	-
Transfer to additional paid-in capital from retained earnings		94,378	(94,378)		-
Others		(2,200)			(2,200)
Net changes of items other than stockholders' equity					
Total changes during the year	-	(2,200)	234,919	(96,733)	135,985
Balance at the end of the year	119,419	125,694	3,755,274	(121,025)	3,879,362

(Millions of yen)

	Accumulated Other Comprehensive Income					Share subscription rights	Non-controlling interests in consolidated subsidiaries	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	40,518	(2,919)	466,438	10,507	514,545	4,841	161,308	4,424,073
Changes during the year								
Cash dividends								(204,724)
Net income attributable to owners of parent								534,021
Purchase of treasury stock								(193,988)
Disposal of treasury stock								2,876
Retirement of treasury stock								-
Transfer to additional paid-in capital from retained earnings								-
Others								(2,200)
Net changes of items other than stockholders' equity	(8,036)	3,697	267,762	(1,095)	262,328	1,395	13,803	277,526
Total changes during the year	(8,036)	3,697	267,762	(1,095)	262,328	1,395	13,803	413,512
Balance at the end of the year	32,481	777	734,201	9,412	776,873	6,237	175,112	4,837,585

For the fiscal year ended March 31, 2026

(Millions of yen)

	Stockholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total stockholders' equity
Balance at the beginning of the year	119,419	125,694	3,755,274	(121,025)	3,879,362
Changes during the year					
Cash dividends			(203,162)		(203,162)
Net income attributable to owners of parent			474,459		474,459
Purchase of treasury stock				(500,006)	(500,006)
Disposal of treasury stock		(3,981)		8,335	4,354
Transfer to additional paid-in capital from retained earnings		3,981	(3,981)		-
Others		562			562
Net changes of items other than stockholders' equity					
Total changes during the year	-	562	267,316	(491,670)	(223,791)
Balance at the end of the year	119,419	126,256	4,022,591	(612,696)	3,655,570

(Millions of yen)

	Accumulated Other Comprehensive Income					Share subscription rights	Non-controlling interests in consolidated subsidiaries	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	32,481	777	734,201	9,412	776,873	6,237	175,112	4,837,585
Changes during the year								
Cash dividends								(203,162)
Net income attributable to owners of parent								474,459
Purchase of treasury stock								(500,006)
Disposal of treasury stock								4,354
Transfer to additional paid-in capital from retained earnings								-
Others								562
Net changes of items other than stockholders' equity	9,908	(1,775)	15,084	1,171	24,388	1,359	3,765	29,513
Total changes during the year	9,908	(1,775)	15,084	1,171	24,388	1,359	3,765	(194,278)
Balance at the end of the year	42,390	(997)	749,285	10,584	801,262	7,596	178,877	4,643,307

(4) Consolidated Statements of Cash Flows

For the fiscal years ended March 31, 2025 and 2026

	Millions of yen	
	April 1, 2024 - March 31, 2025	April 1, 2025 - March 31, 2026
Cash flows from operating activities:		
Income before income taxes and non-controlling interests	826,229	708,488
Depreciation and amortization	238,357	242,973
Impairment losses	3,527	17
Increase (decrease) in net defined benefit liability	(1,109)	(4,392)
Loss (gain) on sale of investment securities	(11,003)	(10,572)
Increase (decrease) in allowance for doubtful accounts	1,493	2,794
Interest and dividend income	(92,230)	(69,099)
Interest expenses	1,350	2,706
Exchange (gain) loss	7,197	(10,020)
Equity in (earnings) losses of affiliates	(6,351)	(6,228)
(Increase) decrease in accounts receivable	21,712	(16,851)
(Increase) decrease in inventories	(8,469)	(14,046)
(Increase) decrease in long-term advance payment	3,341	3,609
Increase (decrease) in accounts payable	(12,427)	(8,900)
Other, net	1,547	29,155
Subtotal	973,165	849,633
Proceeds from interest and dividends	96,942	73,740
Payments of interest	(1,154)	(1,788)
Payments of income taxes	(187,020)	(208,932)
Net cash provided by operating activities	881,934	712,651
Cash flows from investing activities:		
Net (increase) decrease in time deposits	328,837	(188,000)
Net (increase) decrease in marketable securities	(3,227)	5,657
Purchases of property, plant and equipment	(439,473)	(353,620)
Purchases of intangible assets	(3,364)	(2,330)
Purchases of investments in securities	(6,066)	(4,787)
Proceeds from sales and redemption of investments in securities	22,785	15,937
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(47,232)	-
Other, net	5,187	(17,663)
Net cash used for investing activities	(142,553)	(544,806)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	2,843	(1,767)
Proceeds from long-term debt	1,223	230,010
Repayments of long-term debt	(12,637)	(1,593)
Purchases of treasury stock	(193,988)	(500,006)
Cash dividends paid	(204,724)	(203,162)
Other, net	(47,623)	(28,317)
Net cash used for financing activities	(454,905)	(504,835)
Effect of exchange rate changes on cash and cash equivalents	8,125	16,343
Net increase (decrease) in cash and cash equivalents	292,600	(320,646)
Cash and cash equivalents at beginning of year	590,135	882,736
Cash and cash equivalents at end of year	882,736	562,089

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable

(Segment Information)

1. Overview of Reportable Segments

The reportable segments of the Shin-Etsu Group are comprised of business units for which discrete financial information is available for each and are subject to regular review to evaluate their results and allocate management resources by the decision-making body of the Company.

The main products and services that belong to each segment are as follows.

Segment	Main products and services	Business description
Electronics Materials	Semiconductor silicon, Rare earth magnets, Semiconductor encapsulating materials, LED packaging materials, Photoresists, Photomask blanks, Synthetic quartz products	Providing material technology for better application for electronics, optics, and magnetics everywhere.
Infrastructure Materials	Polyvinyl chloride resin, Caustic soda, Methanol, Chloromethanes, Poval	Supporting infrastructure and daily life by lessening environmental impact.
Functional Materials	Silicones, Cellulose derivatives, Silicon metal, Synthetic pheromones, Vinyl chloride-vinyl acetate copolymer, Liquid fluoroelastomers, Pellicles	Providing a wide range of better functions that are required.
Processing & Specialized Services	Processed plastics, Export of technologies and plants, Export and import of products, Engineering	Responding to problem solving by applying materials and utilizing engineering.

2. Calculation of Sales, Income, Assets, Liabilities and Other Items of Reportable Segments

Segment income denotes operating income, and the accounting methods applied are based on the principles and procedures of the accounting treatment used to prepare the consolidated financial statements. Internal revenues and transfers arising from transactions among the segments are based on market prices in general, although transfers performed between segments at the same business site are calculated based on manufacturing cost.

Assets and liabilities are not allocated to business segments.

3. Information on Sales, Income, and Other Items of Reportable Segments

(1) For the fiscal year ended March 31, 2026 (From April 1, 2025 to March 31, 2026)

	Millions of yen						Figures in consolidated financial statements
	Electronics Materials	Infrastructure Materials	Functional Materials	Processing & Specialized Services	Total	Adjustment*	
Sales to outside customers	1,015,765	981,370	440,847	135,985	2,573,969	-	2,573,969
Intersegment sales	6,014	4,247	11,752	174,279	196,293	(196,293)	-
Total	1,021,779	985,618	452,599	310,264	2,770,262	(196,293)	2,573,969
Segment income (Operating income)	344,537	164,890	100,955	27,338	637,722	(2,517)	635,204
Depreciation and amortization	109,583	86,101	40,314	8,364	244,363	(1,390)	242,973
Increase in property, plant and equipment and intangible assets	212,366	67,856	56,077	7,216	343,515	(3,809)	339,706

*Elimination of intersegment transactions

(2) For the fiscal year ended March 31, 2025 (From April 1, 2024 to March 31, 2025)

	Millions of yen						Figures in consolidated financial statements
	Electronics Materials	Infrastructure Materials	Functional Materials	Processing & Specialized Services	Total	Adjustment*	
Sales to outside customers	934,312	1,041,571	448,642	136,722	2,561,249	-	2,561,249
Intersegment sales	4,880	4,784	14,054	146,575	170,296	(170,296)	-
Total	939,193	1,046,356	462,696	283,298	2,731,545	(170,296)	2,561,249
Segment income (Operating income)	324,760	291,466	100,022	28,791	745,041	(2,936)	742,105
Depreciation and amortization	110,850	81,878	40,186	6,834	239,750	(1,392)	238,357
Increase in property, plant and equipment and intangible assets	245,544	114,006	65,864	12,671	438,087	(3,510)	434,576

*Elimination of intersegment transactions

(Per Share Information)

	April 1, 2024 - March 31, 2025	April 1, 2025 - March 31, 2026
Net assets per share (yen)	2,375.48	2,400.39
Net income per share (yen)	269.52	252.69
Diluted net income per share (yen)	269.28	252.49

(Note) Net income per share and diluted net income per share were calculated based on the following:

	Millions of yen	
	April 1, 2024 - March 31, 2025	April 1, 2025 - March 31, 2026
Calculation of net income per share		
Net income attributable to owners of parent	534,021	474,459
Amount not attributable to shareholders of common stock	-	-
Net income attributable to shareholders of common stock of parent	534,021	474,459
Weighted-average number of shares outstanding (thousands of shares)	1,981,362	1,877,670
Calculation of diluted net income per share		
Adjustments to net income attributable to owners of parent	(66)	(64)
[Adjustments of dilutive shares issued by subsidiaries]	[(66)]	[(64)]
Increase of common stock (thousands of shares)	1,508	1,173
[Share subscription rights included in the above (thousands of shares)]	[1,508]	[1,173]
	Number of share subscription rights	
	April 1, 2024 - March 31, 2025	April 1, 2025 - March 31, 2026
Potentially dilutive shares not included in the calculation of diluted net income per share due to their anti-dilutive effect	Stock option in 2024 (Share subscription rights method) Share subscription rights 20,825 (Common stock 2,082,500 shares)	Stock option in 2023② (Share subscription rights method) Share subscription rights 18,628 (Common stock 1,862,800 shares)
		Stock option in 2024 (Share subscription rights method) Share subscription rights 20,825 (Common stock 2,082,500 shares)

(Major Subsequent Events)

Not applicable

(Appendix)

1. Quarterly Operating Results

(Billions of yen)

	FY 2024 April 1, 2024 - March 31, 2025					FY 2025 April 1, 2025 - March 31, 2026				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Net Sales	597.9	668.5	663.2	631.5	2,561.2	628.5	655.9	649.4	639.9	2,573.9
Electronics Materials	227.0	237.4	244.6	225.1	934.3	240.2	256.0	254.0	265.4	1,015.7
Infrastructure Materials	232.5	276.8	268.1	263.9	1,041.5	244.4	256.0	247.4	233.4	981.3
Functional Materials	106.7	119.3	115.3	107.2	448.6	110.0	110.6	113.1	107.0	440.8
Processing & Specialized Services	31.6	34.8	35.0	35.1	136.7	33.9	33.2	34.8	34.0	135.9
Operating Income	191.0	214.6	178.7	157.6	742.1	166.8	167.1	164.0	137.1	635.2
Electronics Materials	89.5	97.2	73.7	64.2	324.7	83.1	87.5	88.5	85.3	344.5
Infrastructure Materials	67.9	84.2	74.1	65.1	291.4	52.8	49.5	43.9	18.5	164.8
Functional Materials	26.7	27.0	24.4	21.7	100.0	24.0	24.1	24.3	28.3	100.9
Processing & Specialized Services	7.0	7.9	6.7	7.1	28.7	7.1	6.5	7.5	6.1	27.3
Ordinary Income	219.8	223.1	201.3	176.3	820.5	181.6	185.7	190.0	150.8	708.2
Net Income Attributable to Owners of Parent	144.0	150.0	138.4	101.4	534.0	126.4	131.4	126.4	90.1	474.4
R&D Costs	16.9	16.8	17.7	21.6	73.1	18.2	19.0	18.2	22.2	77.8
Overseas Sales	469.8	536.2	527.6	505.0	2,038.8	490.3	518.2	513.0	502.3	2,024.0
Ratio of Overseas Sales to Net Sales	79%	80%	80%	80%	80%	78%	79%	79%	78%	79%

2. Capital Expenditures and Depreciation and Amortization (Including intangible assets)

(Billions of yen)

	FY 2024 April 1, 2024 - March 31, 2025					FY 2025 April 1, 2025 - March 31, 2026				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Capital Expenditures	115.5	137.5	103.4	78.0	434.5	66.1	138.4	74.8	60.2	339.7
Electronics Materials	55.4	89.3	63.2	37.3	245.5	33.5	105.2	36.6	36.9	212.3
Infrastructure Materials	40.9	31.3	26.0	15.6	114.0	18.0	18.5	21.1	10.1	67.8
Functional Materials	13.5	15.9	13.1	23.1	65.8	12.4	13.6	16.8	13.0	56.0
Processing & Specialized Services	6.2	2.3	1.5	2.4	12.6	2.6	1.7	1.4	1.3	7.2
Depreciation and Amortization	52.0	56.4	63.9	65.9	238.3	57.3	58.9	61.3	65.3	242.9
Electronics Materials	22.2	26.7	31.8	29.9	110.8	25.6	27.4	27.3	29.1	109.5
Infrastructure Materials	18.9	19.7	20.2	22.9	81.8	21.0	20.5	21.8	22.5	86.1
Functional Materials	9.5	8.8	10.3	11.5	40.1	9.0	9.3	10.3	11.5	40.3
Processing & Specialized Services	1.4	1.4	1.9	1.9	6.8	1.8	2.0	2.1	2.3	8.3

3. Forecast of Investments and Depreciation and Amortization of FY2026 (Annual)

(Billions of yen)

Investments	350.0
Depreciation and Amortization	240.0

4. Other Financial Items (Consolidated)

(Billions of yen)

	Mar 31 2025	Mar 31 2026
Net Assets	4,837.5	4,643.3
Total Assets	5,636.6	5,661.9
Net Assets per Share (Yen)	2,375	2,400
Interest-bearing Liabilities	16.8	243.2
Number of Employees	27,274	27,342
Exchange Rate: Jan - Dec (Avg)	151.6	149.7
(Yen/US\$) Apr - Mar (Avg)	152.6	150.8

Note : An average exchange rate between January and December was used for the Consolidated Income Statements of overseas subsidiaries.

5. Comparative Balance Sheets (Consolidated)

(Billions of yen)

	Mar 31 2025	Mar 31 2026	Increase (Decrease) [a]	Effect of exchange rate * [b]	[a]-[b]		Mar 31 2025	Mar 31 2026	Increase (Decrease) [a]	Effect of exchange rate * [b]	[a]-[b]
Current Assets	3,209.6	3,106.0	(103.6)	15.2	(118.8)	Current Liabilities	537.0	522.6	(14.4)	2.4	(16.8)
Cash and deposits	1,708.4	1,660.0	(48.4)	1.5	(49.9)	Notes and accounts payable-trade	184.3	176.3	(8.0)	0.9	(8.9)
Notes and accounts receivable-trade	514.7	535.3	20.6	3.8	16.8	Other	352.7	346.2	(6.5)	1.5	(8.0)
Securities	103.2	7.0	(96.2)	0.0	(96.2)	Long-term Liabilities	261.9	495.9	234.0	0.7	233.3
Inventories	769.9	790.9	21.0	7.0	14.0	Long-term borrowings	7.4	236.3	228.9	0.0	228.9
Other	113.3	112.6	(0.7)	2.9	(3.6)	Other	254.4	259.6	5.2	0.7	4.5
						Total Liabilities	799.0	1,018.6	219.6	3.1	216.5
Fixed Assets	2,426.9	2,555.8	128.9	5.8	123.1	Stockholders' Equity	3,879.3	3,655.5	(223.8)	0.0	(223.8)
Property, Plant and Equipment and Intangible Assets	2,102.8	2,187.9	85.1	4.4	80.7	Accumulated Other Comprehensive Income	776.8	801.2	24.4	17.8	6.6
Investments and Other Assets	324.0	367.8	43.8	1.4	42.4	Other	181.3	186.4	5.1	0.1	5.0
						Total Net Assets	4,837.5	4,643.3	(194.2)	17.9	(212.1)
Total Assets	5,636.6	5,661.9	25.3	21.0	4.3	Total Liabilities and Net Assets	5,636.6	5,661.9	25.3	21.0	4.3

* Effect of exchange rate

For conversion into Japanese yen of the balance sheets of overseas subsidiaries, the exchange rate at the end of December 2024 was used for the end of the fiscal year ended March 31, 2025 in accordance with the fiscal year end of such overseas subsidiaries. The exchange rate at the end of December 2025 was used for the end of the fiscal year ended March 31, 2026.

Exchange Rate at End of December 2024: 158.2yen/US\$

Exchange Rate at End of December 2025: 156.6yen/US\$

6. Cash Dividends per Share

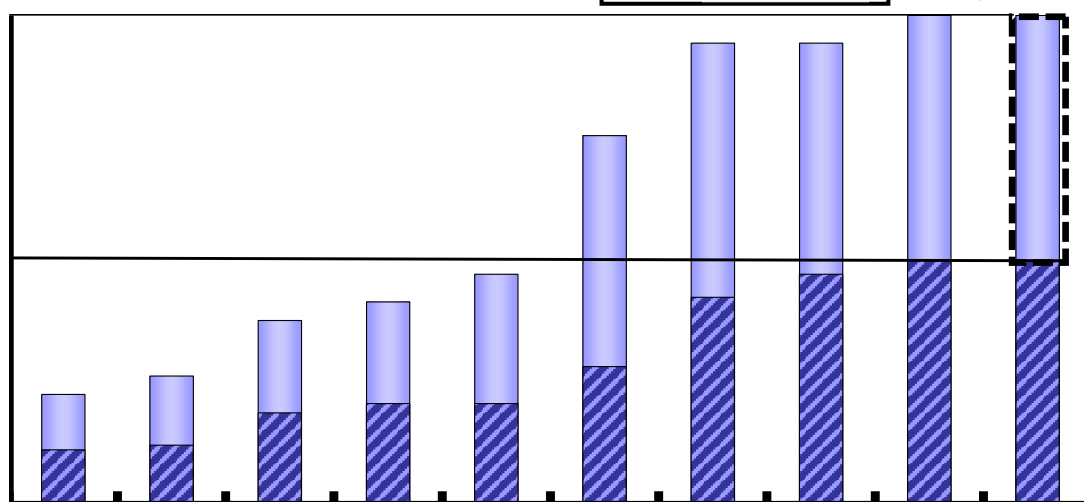
(Yen)

106

53



(Forecast)



Fiscal year ended March		2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Cash Dividends per Share (Yen)	Interim	12	13	20	22	22	30	45	50	53	53
	Annual	24	28	40	44	50	80	100	100	106	* 106
Net Income per Share (Yen)	Annual	83	125	145	151	141	241	348	259	270	253
Dividend payout ratio	Annual	29%	22%	28%	29%	35%	33%	29%	38%	39%	* 42%
Dividend on equity ratio	Annual	2.5%	2.7%	3.5%	3.6%	3.8%	5.4%	5.7%	4.9%	4.7%	* 4.4%

* Forecast

7. Sales by Manufacturing Location for Each Segment

(Billions of yen)

		Electronics Materials	Infrastructure Materials	Functional Materials	Processing & Specialized Services	Total
Fiscal year 24/4 - 25/3	Goods Manufactured in Japan	764.0	123.3	287.3	103.5	1,278.2
	Goods Manufactured overseas	170.2	918.2	161.2	33.1	1,282.9
		934.3	1,041.5	448.6	136.7	2,561.2
Fiscal year 25/4 - 26/3	Goods Manufactured in Japan	836.6	123.3	295.0	101.9	1,357.0
	Goods Manufactured overseas	179.0	857.9	145.7	34.0	1,216.8
		1,015.7	981.3	440.8	135.9	2,573.9

8. Sales by Region

(Billions of yen)

	Japan	Overseas						Total Consolidated Net Sales
		U.S.	Asia/Oceania		Europe	Other Areas	Total	
				China				
Fiscal year 24/4 - 25/3	20%	31%	33%	9%	9%	7%	80%	2,561.2
	522.4	796.5	835.4	239.7	236.5	170.3	2,038.8	
Fiscal year 25/4 - 26/3	21%	28%	35%	10%	9%	7%	79%	2,573.9
	549.9	705.0	901.9	246.9	241.0	175.9	2,024.0	

Note: % indicates the proportion of total consolidated net sales.

9. Assets by Segments

(Billions of yen)

	Electronics Materials	Infrastructure Materials	Functional Materials	Processing & Specialized Services	Corporate assets	Consolidated total
March 31 2025	1,770.2	2,327.5	697.0	272.7	568.9	5,636.6
March 31 2026	1,877.5	2,444.6	675.0	281.1	383.5	5,661.9

Note: These amounts were prepared on an informal basis.

10. Average Exchange Rate

		US\$ (yen/\$)					EUR (yen/€)								
		Quarterly	6 months		12 months		Quarterly	6 months		12 months					
			Jan-Jun	Apr-Sep	* Jan-Dec	Apr-Mar		Jan-Jun	Apr-Sep	* Jan-Dec	Apr-Mar				
			Jul-Dec	Oct-Mar				Jul-Dec	Oct-Mar						
2024	Jan-Mar	148. 6	152. 2			151. 6	152. 6	161. 3	164. 6		163. 9	163. 7			
	Apr-Jun	155. 9		152. 6				167. 9		165. 9					
	Jul-Sep	149. 4	150. 9	152. 5	149. 7	150. 8	164. 0	163. 3	161. 5	169. 0	174. 8				
	Oct-Dec	152. 4					162. 6					162. 6	161. 5		
2025	Jan-Mar	152. 6	148. 6	146. 0			160. 5	162. 2	168. 1						
	Apr-Jun	144. 6					163. 8								
	Jul-Sep	147. 5	150. 8	155. 5			172. 3	175. 9	181. 5						
	Oct-Dec	154. 2					179. 4								
2026	Jan-Mar	156. 9					183. 7								

Exchange rate as of
Dec 31, 2024 158.2 Mar 31, 2025 149.5 Dec 31, 2024 164.9 Mar 31, 2025 162.1
Dec 31, 2025 156.6 Mar 31, 2026 159.9 Dec 31, 2025 184.3 Mar 31, 2026 183.4

* An average exchange rate between January and December was used for the Consolidated Income Statements of overseas subsidiaries.

11. Topics (Apr. 2025 – Mar. 2026)

Apr. 2025	Shin-Etsu Chemical and Hokkaido University have developed lipid nanoparticle production system capable of both small-batch, high-mix production and mass production
Apr. 2025	Shin-Etsu Chemical has announced decisions for the repurchase of 200 million shares (maximum) (10.2% of the total shares issued and outstanding, excluding treasury shares), 500 billion Japanese Yen (maximum)
May 2025	Shin-Etsu Chemical has developed new silicone products for personal care use that will improve texture and functionality in cosmetics
May 2025	Notice regarding the acquisition of own shares through the off-auction share repurchase trading system (ToSTNet-3) (Acquisition of own shares through fully committed share repurchase (Japanese ASR))
Nov. 2025	Shin-Etsu Chemical has developed recyclable thermoplastic silicone
Nov. 2025	IMEC has achieved a world-record GaN breakdown voltage exceeding 650V on Shin-Etsu Chemical's 300-mm QST™ substrate
Feb. 2026	Notice regarding secondary offering of shares
Feb. 2026	Notice regarding the acquisition of own shares through the off-auction own share repurchase trading system (ToSTNet-3) (Acquisition of own shares through Accelerated Share Repurchase)
Mar. 2026	Shintech has announced capital investment of \$3.4 billion to bolster PVC and caustic soda business

★ Please refer to news releases related to these matters on our website at <https://www.shinetsu.co.jp/en/news/>

12. Capital Investments (that have been announced)

★ : Completion ☆ : Completion Schedule

Company	Projects	Investment Amount	2024		2025		2026		2027		2028	
			1H	2H	1H	2H	1H	2H	1H	2H	1H	2H
Shin-Etsu Chemical (Isesaki)	Build a new manufacturing and research-and-development base for semiconductor lithography materials	¥83 billion					★					
Shintech (USA)	Facility investment in PVC (2nd phase)	\$1.25 billion		★								
Shintech (USA)	Expansion of PVC feedstock production facilities	\$3.4 billion					*1	—	—	—	—	—
Shin-Etsu Chemical (Gunma, Takefu, Naoetsu)	Reinforcement of the production capacity for silicone advanced functional products line	¥80 billion		*2	—	—	—	—				
Shin-Etsu Chemical and main overseas bases (Gunma, Thailand, etc.)	Expansion the applications of our silicones products and work to enhance the advanced functionality of our product line-up and expand our environmentally friendly silicones	¥100 billion		*2	—	—	—	—	—	—	—	—
Shin-Etsu Silicone (Pinghu) (China)	Construct a new silicone products plant	¥2.1 billion					☆					
Shin-Etsu Chemical (Naoetsu)	Capital investment in pharmaceutical cellulose products	¥10 billion						☆				
Shin-Etsu Chemical (Naoetsu) SE Tylose (Germany)	Strengthening of pharmaceutical cellulose products (Germany) and their warehouse storage capacity (Naoetsu)	¥10 billion				*3 ★		*4 ☆				

*1 Scheduled completion by the end of 2030

*2 Starting up gradually

*3 Naoetsu

*4 Germany