

Shin-Etsu Chemical Co., Ltd. Summary of Telephone Conference on Financial Results for the Fiscal Year Ended March 31, 2026	
Date	April 28, 2026 16:45–17:45
Venue	Shin-Etsu Chemical Co., Ltd.
Attendees from the Company	<ul style="list-style-type: none"> • Yasuhiko Saitoh, Representative Director – President • Masahiko Todoroki, Senior Managing Director, In Charge of Semiconductor Silicon Business • Toshiya Akimoto, Managing Corporate Officer, In Charge of Public Relations • Toshiyuki Kasahara, Corporate Officer, General Manager of Finance & Accounting Department • Shinji Fukui, General Manager of Public Relations Department
Reference material	<ul style="list-style-type: none"> • Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 • Notice Concerning Decisions Relating to Repurchase of Shares

* This memo is a summary of a dialogue exchange in the telephone conference.

[Greetings and summary of financial results (President Yasuhiko Saitoh)]

- For the fiscal year ended March 31, 2026, the Company posted the following results:
Consolidated net sales: ¥2,573.9 billion (up 0.5% year on year)
Operating income: ¥635.2 billion (down 14% year on year)
Ordinary income: ¥708.2 billion (down 14% year on year)
Net income attributable to owners of parent: ¥474.4 billion (down 11% year on year)
Net income per share: ¥253 (down 6% year on year)
- We were able to finish the fiscal year with numbers in line with the forecast announced last July.
- The full-year dividend forecast remains unchanged at ¥106.

[Status by segment]

- [Electronics Materials]:
 - In the Electronics Materials segment, the advanced sector remains strong as the AI-related market expands. We believe that the market in conventional sectors such as PCs and smartphones has bottomed out.
 - The demand for 300 mm wafers has maintained a recovery trend since last spring.

Future market trends will likely depend on demand in each sector and on changes in our customers' strategies regarding inventory buildup.

- The lithography materials business continues to expand. We are accelerating efforts to increase our supply capacity and expand our operations in various ways, including the commencement of operations at our new facility in Isesaki.
- In magnetic materials, we are working diligently on multiple measures to address raw material issues, including finding ways to further reduce the use of heavy rare earths by the end of this year.

● [Infrastructure Materials]:

- According to industry statistics, sales volumes in North America for January–March of this year increased by 12% compared to the previous quarter (October–December 2025), but decreased by 4% compared to the same quarter of the previous year (January–March 2025).
- We have been working on implementing price increases since the beginning of the year. In the North American market, we implemented cumulative price increases of 6 cents per pound in January–March, and the 10-cent-per-pound increase announced this month is now at a critical stage of negotiations. In addition, a further 4-cent-per-pound increase has been proposed for May.
- In overseas markets, we implemented price increases at the beginning of the year, and then implemented even larger price increases in the wake of the conflict in Iran.
- The caustic soda market also improved in the January-March quarter, and we are working to raise prices this month.
- Going forward, we will continue to encourage the market to recognize the value of stable supply while implementing a price-focused sales approach.

[Outlook for PVC and caustic soda market conditions]

- Some of you may have heard that the prices of PVC and caustic soda, which had risen sharply in the Asian region, have started to fall. We do not share this concern. Our view is as follows. Carbide-based Chinese PVC producers have ramped up production in response to soaring market prices. However, the way the quantities were brought to market appeared to catch buyers off guard, prompting a wait-and-see stance. Even if there is some degree of softening of the market, it is only a temporary setback. That's because even the carbide-based PVC producers are dialing back production. Furthermore, because naphtha and ethylene have become particularly scarce in Asia, the region is rebalancing as more ethylene is

allocated to non-PVC uses. Moreover, it is estimated that it will take a considerable amount of time for the oil and petrochemical facilities in the Gulf states to be restored.

- [Functional Materials]:

- The primary challenge for this business segment remains the same: to significantly expand sales of functional and specialty products, which are our strengths. We are continuing to focus on this area, and the results are starting to show up in the numbers. In addition, we are working on raising prices.

- [Processing & Specialized Services]:

- Earnings in this segment remain stable.

[Business Prospects]

- Since we reported a decrease in profits last fiscal year, we are determined to reverse that trend this fiscal year and are working towards that goal.
- With no end in sight to the conflict in Iran, the situation in the Middle East remains unpredictable. We estimate that it will take a considerable amount of time for the oil and petrochemical facilities in the Gulf states to be restored. The direct impact of this situation on our operations in terms of supply is limited at present, but we will take proactive measures.
- There is still considerable uncertainty around how market conditions and the economy will develop and evolve in the period ahead.
- Given these circumstances, the earnings forecast for the current fiscal year will be announced once it becomes possible to disclose it.

[Repurchase of shares (announced on April 28) and capital policy]

- Today the Company decided to repurchase its own shares up to a maximum of ¥250 billion. The purchase amount is equivalent to 2% of our market capitalization, and will have the effect of raising ROE by 0.6 percentage points. We plan to implement this starting next month, but the specific acquisition method will be decided after considering the stock price, market conditions, and other factors.
- In January 2025, we provided guidance on our approach to deploying cash on hand. Net cash on hand (after deducting borrowings) consists mainly of funds set aside for economic shocks and readily available growth investment funds, but this amount was determined by also considering improvements in capital efficiency, represented by ROE, and free cash flow.
- Since the start of the fiscal year ended March 31, 2023, cumulative share

repurchases have totaled approximately ¥1,250 billion. Going forward, we will continue to proactively allocate the funds we hold and generate to business investments while pursuing a capital policy that takes into consideration the total return ratio centered on dividends.

[Supplementary explanation (Toshiyuki Kasahara, Corporate Officer, General Manager of Finance & Accounting Department)]

- [Consolidated Financial Results, p. 13]:
 - Regarding extraordinary losses in the income statement, the business restructuring costs are related to the reorganization of Simcoa Operations Pty. Ltd. in Australia.
- [Consolidated Financial Results, p. 22]:
 - Total capital investment was ¥339.7 billion, below the forecast of ¥370 billion, mainly due to the delay in acceptance and inspection of equipment scheduled for the fiscal year but shifted into the current fiscal year. That portion is included in the investment forecast of ¥350 billion for this fiscal year.
- [Consolidated Financial Results, p. 23]:
 - Looking at the balance sheet, the exchange rate for overseas subsidiaries was 1 dollar = ¥156.6 at the end of December 2025, which is not significantly different from the rate of 1 dollar = ¥158.2 at the end of December 2024, so the difference in currency conversion is negligible.
 - With regard to the substantive changes on the balance sheet, cash and deposits decreased by ¥49.9 billion, securities consisting of negotiable certificates of deposit decreased by ¥96.2 billion, and long-term borrowings increased by ¥228.9 billion; as a result, net funds decreased by approximately ¥375 billion from the end of the previous fiscal year. In addition, fixed assets increased by ¥123.1 billion and shareholders' equity decreased by ¥223.8 billion.
- [Assumed exchange rates]:
 - Foreign exchange sensitivity for the fiscal year ended March 31, 2026: ¥3.9 billion per year for the U.S. dollar and ¥0.2 billion per year for the euro. (A weaker yen brings profit, a stronger yen brings loss.)

[Q&A Session]

<Electronics Materials>

Q	What were the market trends for silicon wafers in Q4 (January–March 2026)?
A	<ul style="list-style-type: none">• Industry shipment volumes of 300 mm wafers decreased by mid-single digits compared to the previous quarter (October–December 2025), but increased by double digits compared to the same quarter of the previous year (January–March 2025).• 200 mm wafers decreased by mid-single digits quarter-on-quarter but increased by mid-single digits year-on-year. Wafers of 150 mm or less increased by high single digits quarter-on-quarter and increased slightly year-on-year.
Q	What is the outlook for silicon wafers for the current Q1 (April–June 2026) and beyond?
A	<ul style="list-style-type: none">• At the beginning of the year, we generally expected that customers would continue adjusting their wafer inventories. However, the situation in the Middle East appears to have prompted customers to change the way they think about inventory. Since then, we have received additional orders for wafers from a wide range of sectors, and we currently expect the growth rate to be higher than initially anticipated, though this will depend on future economic conditions.
Q	What is the medium-term outlook for silicon wafer market?
A	<ul style="list-style-type: none">• Looking ahead to 2027–2028, our device-manufacturer customers are ramping up their expansion and production plans to levels not seen in recent years.• Currently, the wafer industry as a whole seems to have a surplus of supply, but we expect demand to expand in the future due to increased production by device manufacturers and the use of multiple wafers.
Q	What about future long-term agreements for silicon wafers?
A	<ul style="list-style-type: none">• Recently, some customers have expressed interest in considering new long-term agreements. Since all costs have increased compared to when the existing long-term agreements were signed, we will carefully assess these cost increases before negotiating specific pricing arrangements with our customers.

Q	What percentage of these silicon wafers are for use in AI?
A	<ul style="list-style-type: none"> • Industry-wide, it is estimated that wafers used exclusively for AI chips, such as GPUs and HBM, account for slightly less than 10% of total 300 mm wafers. On the other hand, we believe that AI-related demand in a broad sense, including around data centers and servers, is now exceeding 20%.
Q	Please explain recent increases in wafer prices.
A	<ul style="list-style-type: none"> • Since we mainly sell under long-term agreements, there have been no recent price changes. On the other hand, in the market, prices outside of long-term agreements appear to have risen in some cases. In the future, it will be necessary to pass on rising costs for raw materials, packaging, transportation, etc., in the form of price increases.
Q	What is the medium- to long-term strategy for the Electronics Materials segment?
A	<ul style="list-style-type: none"> • We will expand all the various products that make up the Electronics Materials segment. • As evidenced by the establishment of our new facility in Isesaki City, growth in lithography materials is extremely strong, and we are working to further expand it significantly. We are also working on our next move in the area of photomask blanks. • We will also actively expand other AI-related materials.
Q	Please discuss the photoresist business.
A	<ul style="list-style-type: none"> • The January–March quarter saw significant growth compared to the October–December quarter.
Q	What is the current status of the optical fiber preform business?
A	<ul style="list-style-type: none"> • The price of optical fiber has skyrocketed, and consequently, the price of preforms has also increased. • The demand for preforms is extremely strong, reminiscent of the situation around 2000. We are currently in long-term negotiations to justify proceeding with facility investments.

<Infrastructure Materials>

Q	Please discuss the Q4 results.
A	<ul style="list-style-type: none"> • The main reasons for the decline in profits were the major scheduled maintenance at Shintech and pricing issues.
Q	Please discuss Shintech's results in Q1 of the current fiscal year (January–March 2026).
A	<ul style="list-style-type: none"> • Profit increased compared to the previous quarter (October–December 2025), but decreased by compared to the same quarter of the previous year (January–March 2025).
Q	What is the outlook for Shintech in Q2 of this fiscal year (April–June 2026)?
A	<ul style="list-style-type: none"> • In April, we announced a price increase of 10 cents per pound in North America, and those negotiations are now at a critical stage. Following April, something resembling spring demand has emerged in May, and that is reflected in the shipment volumes in North America. Furthermore, it seems that some of our competitors have experienced operational problems and issues after scheduled maintenance. Those problems led to inquiries being redirected to us and we were able to accommodate them. Based on these factors, the volume for April and the outlook for May are good.
Q	What is the impact of the situation in the Middle East on PVC?
A	<p>(Impact on our sales)</p> <ul style="list-style-type: none"> • The price increases for polyolefins, such as polyethylene, have been quite substantial. In comparison, the price increase for PVC has been relatively moderate. We stay in close communication with customers and take care to avoid causing demand to fall by raising prices indiscriminately. We are currently implementing price increases while carefully considering the appropriate timing through dialogue with our customers. • Shintech has been receiving new inquiries from Europe and Japan. In fact, concrete discussions are currently underway. Whether a permanent deal develops depends on the individual case, but there is a possibility that new distribution channels could be established. <p>(Impact on the industry)</p> <ul style="list-style-type: none"> • China has PVC production capacity based on a different raw material, namely carbide. However, the production of PVC requires various other

	<p>raw materials, such as those used in polymerization. What happens to these materials is also a key consideration. We are therefore monitoring the situation in China, including these factors. We must keep a close eye on China, especially considering the Chinese government's campaign to rein in excessive capital spending.</p> <ul style="list-style-type: none"> • From a global perspective, it comes down to a clash between America's cost competitiveness and China's overcapacity. Our cost competitiveness is sufficient to thrive within that environment.
Q	Please discuss future capacity expansion at Shintech.
A	<ul style="list-style-type: none"> • The United States, which is the main base for our PVC business, has several advantages. In addition to the competitiveness of the feedstock, there is a low country risk, which is to say a low risk of being drawn into conflicts. We have been expanding our facilities at Shintech over the years with this in mind. Of course, we didn't anticipate the current situation when we announced our capital investment in raw material plants in March, but our basic approach remains unchanged. • Regarding increasing production of PVC resin, we are currently closely monitoring future demand trends and other factors. The current upheaval in the Middle East is beginning to shift our perspective.

<Others>

Q	Please discuss the impact of the situation in the Middle East.
A	<p>(Impact on the chemical industry as a whole)</p> <ul style="list-style-type: none"> • Having witnessed firsthand the country risk in the Middle East during this conflict, companies are undoubtedly beginning to consider how to maintain production capacity and reorganize their bases going forward. <p>(Impact on our production)</p> <ul style="list-style-type: none"> • The impact of the situation in the Middle East on our supply and supply chain is limited, and as a result of the proactive measures we have taken to date, there has been no disruption to production. • However, if the situation drags on, new problems may arise, so we will continue to stay vigilant and take proactive measures.

<Company-wide>

Q	Please discuss your AI-related products.
A	<ul style="list-style-type: none">• We estimate that AI-related products account for approximately 15% of our total sales, the same as three months ago.• We will continue to strengthen investment and R&D in AI-related products.