

Press Release

**Consolidated Financial Results for the First Three Quarters Ended December 31, 2023**



**Shin-Etsu Chemical Co., Ltd.**

**(JP GAAP)**

January 26, 2024

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

Listing Stock Exchange: Tokyo and Nagoya

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Date of the filing of the quarterly consolidated financial statements: February 13, 2024

Date of dividend payment: -

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

Holding of quarterly 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 corresponding period.

**1. Consolidated Operating Performance for the First Three Quarters Ended December 31, 2023**

(From April 1, 2023 to December 31, 2023)

**(1) Results of consolidated operations**

(Millions of yen)

|                       | Net sales |         | Operating income |         | Ordinary income |         | Net income attributable to owners of parent |         |
|-----------------------|-----------|---------|------------------|---------|-----------------|---------|---|---------|
| April - December 2023 | 1,823,403 | (15.7%) | 559,528          | (30.8%) | 615,732         | (25.3%) | 406,529                                     | (29.7%) |
| April - December 2022 | 2,163,237 | 45.8%   | 808,227          | 68.3%   | 824,217         | 68.1%   | 578,519                                     | 63.8%   |

(Note) Comprehensive income (Millions of yen) From April 1, 2023 to December 31, 2023: 739,865 [(29.6%)]

From April 1, 2022 to December 31, 2022: 1,051,463 [123.9%]

|                       | Net income per share (yen) | Diluted net income per share (yen) |
|-----------------------|----------------------------|------------------------------------|
| April - December 2023 | 202.44                     | 202.23                             |
| April - December 2022 | 283.30                     | 283.14                             |

(Note) The Company enacted a five-for-one stock split of its common stock with an effective date of April 1, 2023. Based on “Accounting Standard for Earnings Per Share,” per share information for the fiscal year ended March 31, 2023 represents the amount after the stock split.

**(2) Consolidated financial position**

(Millions of yen)

|                   | Total assets | Net assets | Stockholders’ equity ratio | Net assets per share (yen) |
|-------------------|--------------|------------|----------------------------|----------------------------|
| December 31, 2023 | 5,123,785    | 4,426,643  | 83.1%                      | 2,133.98                   |
| March 31, 2023    | 4,730,394    | 4,026,209  | 81.8%                      | 1,918.37                   |

(Reference) Stockholders’ equity (Millions of yen) As of December 31, 2023: 4,258,011 As of March 31, 2023: 3,870,394

**2. Cash Dividends**

|                                    | Cash dividends per share in the fiscal year (yen) |                         |                         |          |             |
|------------------------------------|---|-------------------------|-------------------------|----------|-------------|
|                                    | 1 <sup>st</sup> quarter                           | 2 <sup>nd</sup> quarter | 3 <sup>rd</sup> quarter | Year-end | Fiscal year |
| April 2022 - March 2023            | -   | 225.00                  | -                       | 275.00   | 500.00      |
| April 2023 - March 2024            | -   | 50.00                   | -                       |          |             |
| April 2023 - March 2024 (forecast) |   |                         |                         | 50.00    | 100.00      |

(Note 1) Revision of the latest forecast of cash dividends: No

(Note 2) The Company enacted a five-for-one stock split of its common stock with an effective date of April 1, 2023. “Cash dividends per share” for April 2022 - March 2023 represents the actual amount prior to the stock split. For April 2023 - March 2024 (forecast), the amount after the stock split is shown, and the annual dividend (forecast) without reflecting the stock split would be ¥500 per share.

**3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2024**

(From April 1, 2023 to March 31, 2024)

(Millions of yen)

|             | Net sales |         | Operating income |         | Ordinary income |         | Net income attributable to owners of parent |         | Net income per share (yen) |  |
|-------------|-----------|---------|------------------|---------|-----------------|---------|---|---------|----------------------------|--|
| Fiscal year | 2,300,000 | (18.1%) | 700,000          | (29.9%) | 760,000         | (25.5%) | 520,000                                     | (26.6%) | 257.60                     |  |

(Note) Revision of the latest forecast of consolidated operating performance: No

Forward-looking statements such as the forecast of results of operations made in this document involves risks and uncertainties since they are based on management’s assumptions and beliefs in light of the information currently available to it. The reader should be aware that actual results may be materially different from any future results expressed herein due to various factors. Material factors affecting the actual results may include overall economic conditions in which the businesses of our company and our group companies are involved, the relevant market trends and fluctuations in foreign exchange rates of the yen, in particular, the exchange rate between the U.S. dollar and the yen; provided, however, that such factors as may affect results of operations are not limited to those enumerated above.

**(Notes)**

**(1) Changes in significant subsidiaries during the first three quarters ended December 31, 2023: No**

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during the first three quarters ended December 31, 2023.

**(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: No**

**(3) Changes in accounting policies applied, changes in accounting estimates and retrospective restatement**

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

Changes in accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

**(4) Number of shares outstanding (common stock)**

|   | December 31, 2023        | March 31, 2023           |
|---|--------------------------|--------------------------|
| Number of shares outstanding at period end                | 2,024,122,965            | 2,024,122,965            |
| Number of shares of treasury stock at period end          | 28,786,720               | 6,576,200                |
|   | April - December<br>2023 | April - December<br>2022 |
| Weighted-average number of shares outstanding over period | 2,008,186,282            | 2,042,078,055            |

(Note 1) Number of shares for the fiscal year ended March 31, 2023 is calculated based on the assumption that the stock split was implemented at the beginning of the same period.

(Note 2) Based on a resolution at the Board of Directors Meeting held on July 27, 2023, we repurchased a maximum of 22,431,200 shares (99,999 million yen) and the cancellation was completed on January 11, 2024.

**(Information regarding quarterly review procedures)**

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

**(Attached Documents)**

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## 1. Qualitative Information Regarding the Quarterly Results

### (1) Explanation Regarding the Operating Results

During the third quarter of the fiscal year ending March 31, 2024 (April 1 to December 31, 2023), while “soft landing” became a hot topic in the United States, the Chinese economy slumped. The economies of Japan and the Eurozone shifted in contrast with each other, and several emerging countries sustained their growth. There were marked differences between strong and weak performances in individual industries. Amid this fluid situation, we maintained close communication with our customers, continued to provide a reliable supply of products with required quality, and conducted sales with agility. On the other hand, to ensure financial soundness, we recorded losses based on market fluctuations. We will continue working to improve our operating performance. We will accelerate the development of products that are valuable to our customers and continue capital investments and R&D activities so as to meet the needs and demands of customers and markets in a timely manner.

The business results for the third quarter of the fiscal year ending March 31, 2024, are as follows.

| (Billions of yen)                           |                   |                   |                        |           |           |           |
|---|-------------------|-------------------|------------------------|-----------|-----------|-----------|
|   | 2022<br>Apr - Dec | 2023<br>Apr - Dec | Increase<br>(Decrease) | 2023      |           |           |
|   |                   |                   |                        | Apr - Jun | Jul - Sep | Oct - Dec |
| Net sales                                   | 2,163.2           | <b>1,823.4</b>    | (16%)<br>(339.8)       | 599.2     | 596.7     | 627.5     |
| Operating income                            | 808.2             | <b>559.5</b>      | (31%)<br>(248.7)       | 190.8     | 191.0     | 177.6     |
| Ordinary income                             | 824.2             | <b>615.7</b>      | (25%)<br>(208.5)       | 217.1     | 210.3     | 188.2     |
| Net income attributable to owners of parent | 578.5             | <b>406.5</b>      | (30%)<br>(172.0)       | 153.6     | 147.8     | 105.0     |
| ROIC (per annum)                            | 35.5%             | <b>20.7%</b>      | (15 points)            |           |           |           |
| ROE (per annum)                             | 21.2%             | <b>13.3%</b>      | ( 8 points)            |           |           |           |
| ROA (per annum)                             | 24.9%             | <b>16.7%</b>      | ( 8 points)            |           |           |           |
| Net income per share (Yen)                  | 283               | <b>202</b>        | (81)                   |           |           |           |

Note 1 • The Company enacted a five-for-one stock split of its common stock with an effective date of April 1, 2023. “Net income per share” for April - December 2022 represents the amount after the stock split.

Note 2 • 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.

• ROA: Return (Ordinary Income) on total assets.

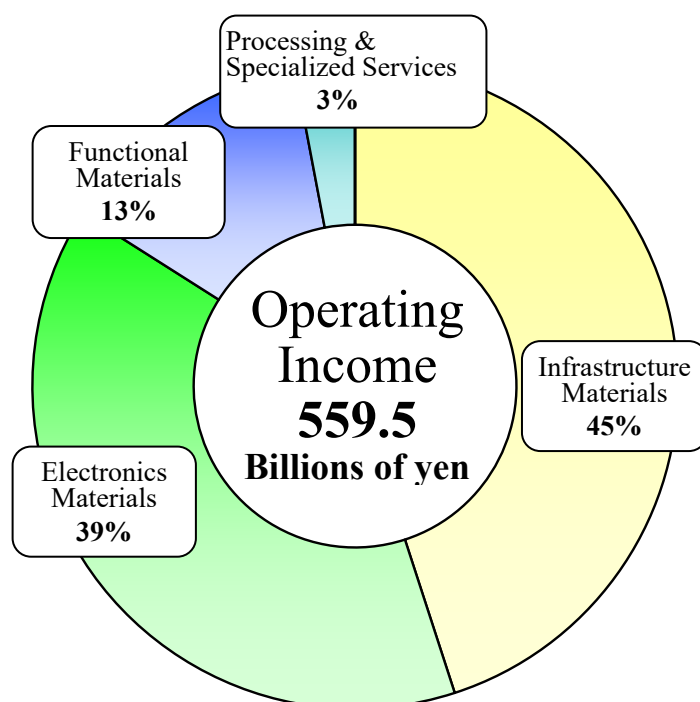
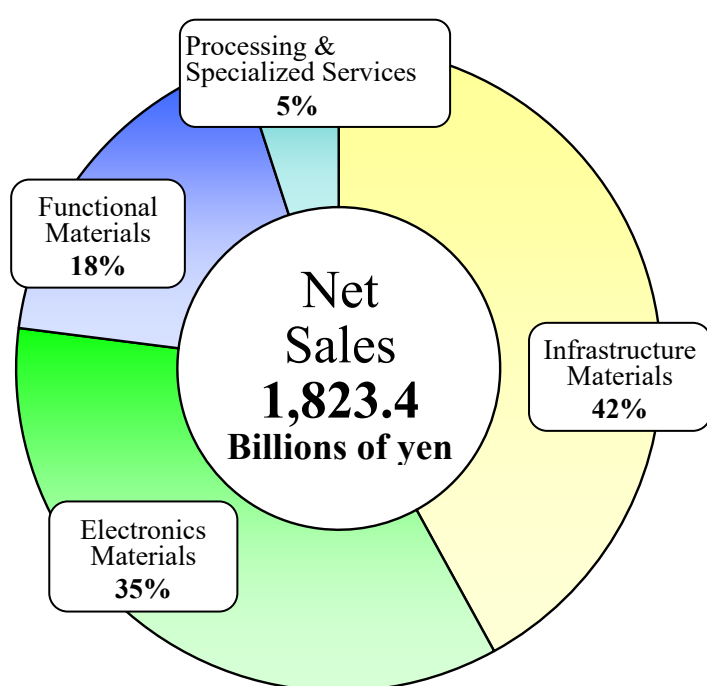
• ROIC, ROE and ROA (per annum) are calculated by multiplying net operating income after tax, net income attributable to owners of parent and ordinary income for the first three quarters by four over three, respectively.

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

## Net Sales and Operating Income by Segment

(Billions of yen)

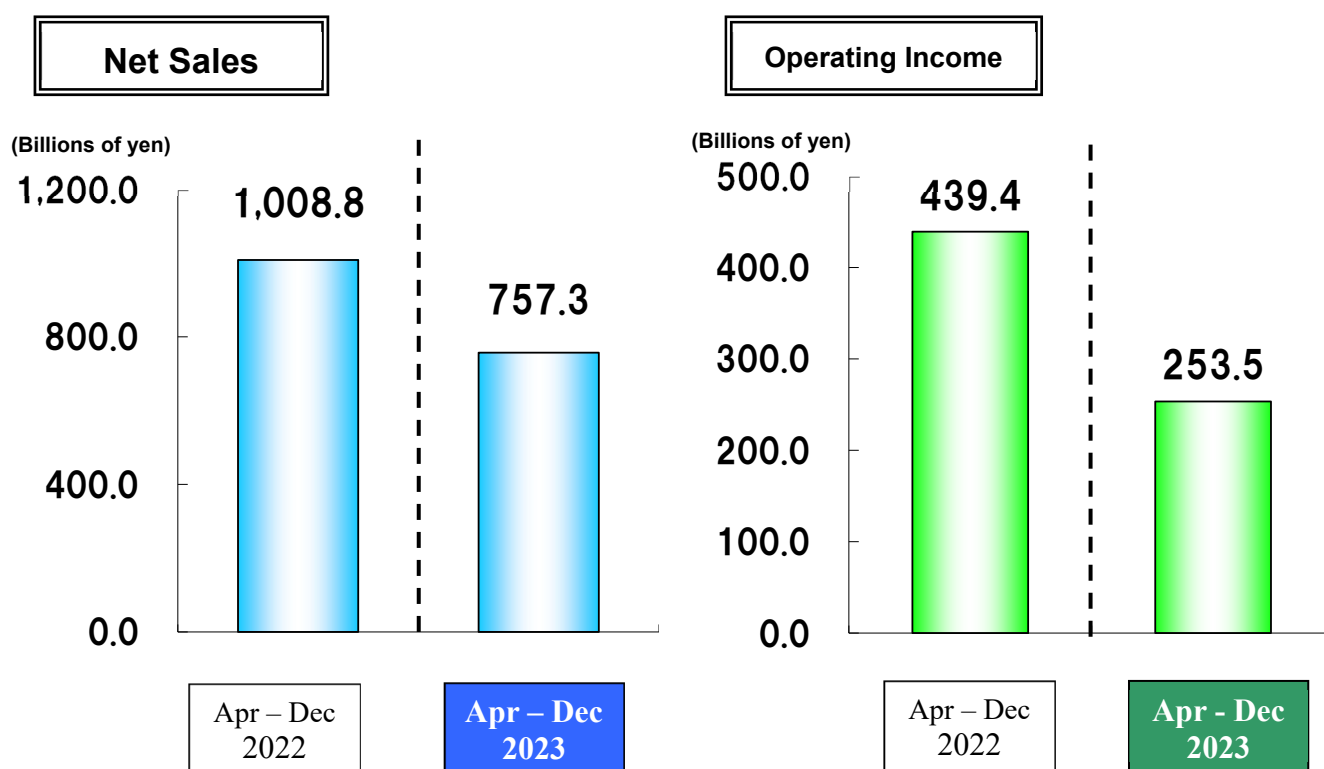
|  | Net Sales         |                   |                        | Operating Income  |                   |                        |
|--|-------------------|-------------------|------------------------|-------------------|-------------------|------------------------|
|  | 2022<br>Apr - Dec | 2023<br>Apr - Dec | Increase<br>(Decrease) | 2022<br>Apr - Dec | 2023<br>Apr - Dec | Increase<br>(Decrease) |
| <b>Infrastructure<br/>Materials</b>              | 1,008.8           | <b>757.3</b>      | (25%)<br>(251.5)       | 439.4             | <b>253.5</b>      | (42%)<br>(185.9)       |
| <b>Electronics<br/>Materials</b>                 | 672.5             | <b>642.5</b>      | (4%)<br>(30.0)         | 243.3             | <b>215.4</b>      | (11%)<br>(27.9)        |
| <b>Functional<br/>Materials</b>                  | 384.1             | <b>326.6</b>      | (15%)<br>(57.5)        | 106.1             | <b>73.8</b>       | (30%)<br>(32.3)        |
| <b>Processing &amp;<br/>Specialized Services</b> | 97.7              | <b>96.8</b>       | (1%)<br>(0.9)          | 20.9              | <b>18.4</b>       | (12%)<br>(2.5)         |
| <b>Total</b>                                     | 2,163.2           | <b>1,823.4</b>    | (16%)<br>(339.8)       | 808.2             | <b>559.5</b>      | (31%)<br>(248.7)       |



## Infrastructure Materials

|                         | Apr - Dec 2022<br>(Billions of yen) | Apr - Dec 2023<br>(Billions of yen) | Increase /<br>(Decrease) |
|-------------------------|-------------------------------------|-------------------------------------|--------------------------|
| <b>Net sales</b>        | 1,008.8                             | <b>757.3</b>                        | (25%)                    |
| <b>Operating income</b> | 439.4                               | <b>253.5</b>                        | (42%)                    |

As for PVC, export pressures from Chinese manufacturers continued, but we strove to maintain the price level. The caustic soda market was in a similar situation.

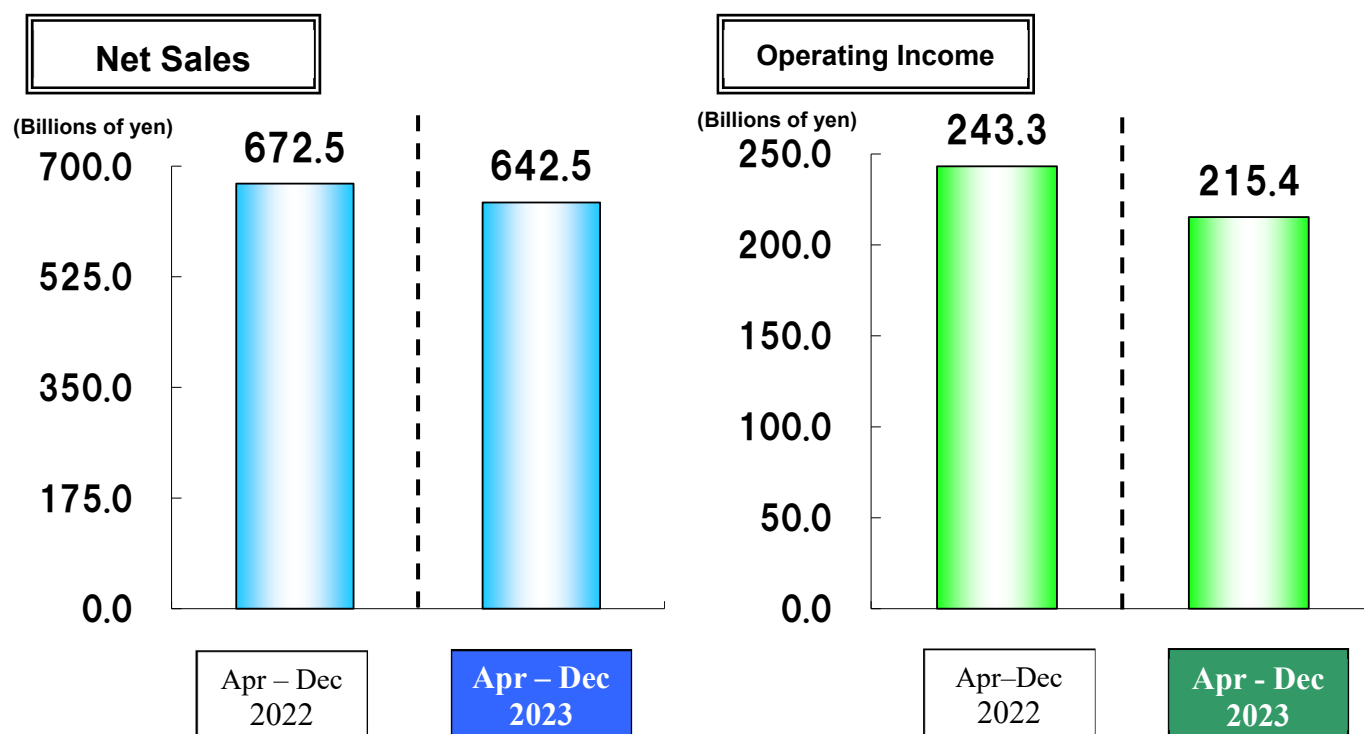


- Price level correction.
- Conducting sales activities that take advantage of the capacity increases of the US operation scheduled in the middle of 2024.
- Further improvement of the comprehensive strength of PVC business.

## Electronics Materials

|                         | Apr - Dec 2022<br>(Billions of yen) | Apr - Dec 2023<br>(Billions of yen) | Increase /<br>(Decrease) |
|-------------------------|-------------------------------------|-------------------------------------|--------------------------|
| <b>Net sales</b>        | 672.5                               | <b>642.5</b>                        | (4%)                     |
| <b>Operating income</b> | 243.3                               | <b>215.4</b>                        | (11%)                    |

In the semiconductor market, the adjustment phase since the autumn of the year before last continued during the period under review, but there were finally signs of settling down. Under these circumstances, we focused on shipping semiconductor materials such as silicon wafer, photoresist and photomask blanks as planned. As for rare earth magnets, adjustment also continued in HDD application and industrial application, but we focused on expanding sales to automotive and other markets. As for inventory of rare earth magnets that we had been carrying to ensure stable supply, we did a write-down on the recent market conditions. Except for this write-down, operating income for this segment for the October to December period was at the same level as the July to September period. In addition, we posted restructuring costs for the optical fiber preforms business as an extraordinary loss.

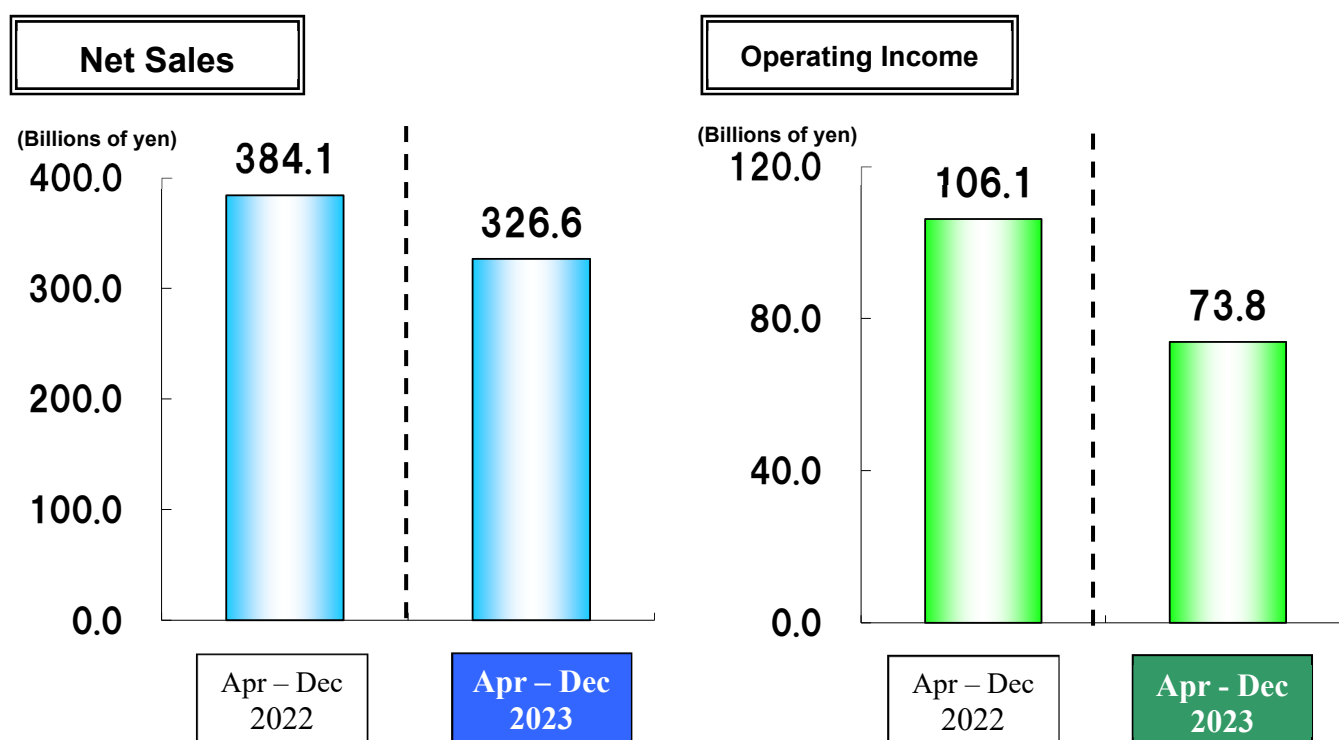


- Providing materials and technologies that are indispensable to the progress of devices including AI applications.
- Completion of magnet technology without using heavy rare earths.
- Contributing to the reduction of greenhouse gas emissions by proposing technologies that enhance energy saving and electrification.

## Functional Materials

|                         | Apr - Dec 2022<br>(Billions of yen) | Apr - Dec 2023<br>(Billions of yen) | Increase /<br>(Decrease) |
|-------------------------|-------------------------------------|-------------------------------------|--------------------------|
| <b>Net sales</b>        | 384.1                               | <b>326.6</b>                        | (15%)                    |
| <b>Operating income</b> | 106.1                               | <b>73.8</b>                         | (30%)                    |

Although commodity product groups were affected by the inventory adjustment and the slowdown in the market caused by the slump in the Chinese economy, we strove to make up for it with the shipment of highly functional product groups. As for silicone products and some materials inventory, we did a write-down on the recent market conditions. Except for this write-down, operating income for this segment for the October to December period was at the same level as the July to September period.



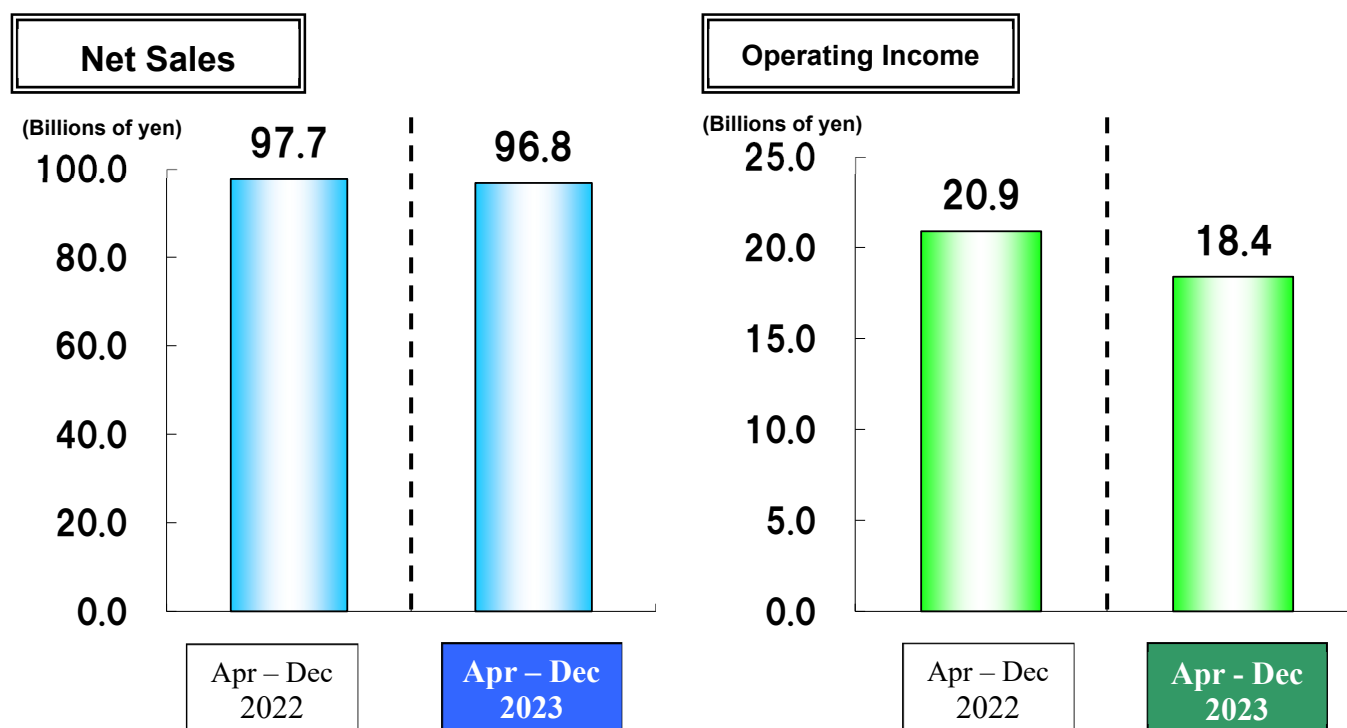
- Investing 100 billion yen to promote higher silicone product functionality and reduced environmental impact.
- Continuous development of highly functional products for automotive applications, personal care application, healthcare application, etc.



## Processing & Specialized Services

|                         | Apr – Dec 2022<br>(Billions of yen) | Apr - Dec 2023<br>(Billions of yen) | Increase /<br>(Decrease) |
|-------------------------|-------------------------------------|-------------------------------------|--------------------------|
| <b>Net sales</b>        | 97.7                                | <b>96.8</b>                         | (1%)                     |
| <b>Operating income</b> | 20.9                                | <b>18.4</b>                         | (12%)                    |

The adjustment phase for semiconductor wafer-related containers continued, and the sales of input devices for automobiles remained strong as the automobiles industry recovered. The sales of PVC wrapping films have increased for the food service industry against the background of the increase in inbound demand.



- Going ahead with the enhancement of the production capacity of semiconductor wafer-related containers, development and the market penetration of EV-related products.
- Obtained the Biomass Mark as the first PVC wrap film to use more than 10% of plant-derived substance.

## (2) Explanation Regarding Information Relevant to Forecasts such as the Consolidated Business Forecast

In a situation where geopolitical risks are added to the risk of economic downturn in China and economic recession in the United States, we have set the following earnings forecasts for the current fiscal year, which is the same as the announcement made in July, and will strive to grow each business.

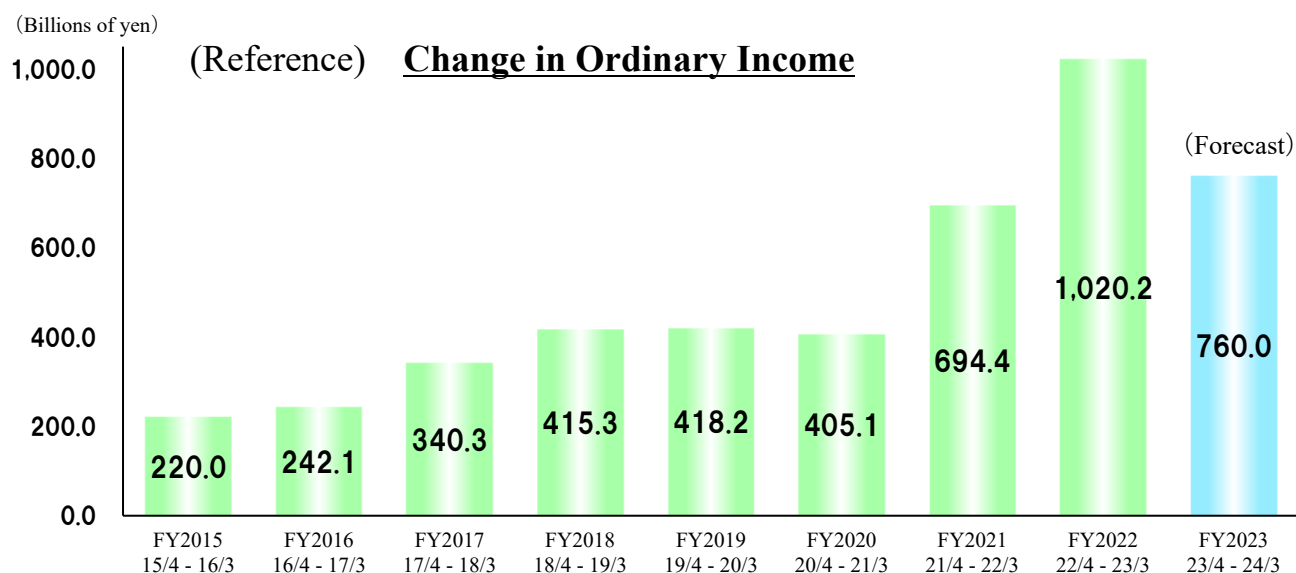
(Billions of yen)

|  | <b>FY 2022</b><br>Apr 2022 - Mar 2023<br><b>Actual</b> | <b>FY 2023</b><br>Apr 2023 - Mar 2024<br><b>Forecast</b> | <b>Increase</b><br><b>(Decrease)</b> |
|--|--|--|--------------------------------------|
| <b>Net sales</b>                                   | 2,808.8  | <b>2,300.0</b>   | (18%)                                |
| <b>Operating income</b>                            | 998.2  | <b>700.0</b>   | (30%)                                |
| <b>Ordinary income</b>                             | 1,020.2  | <b>760.0</b>   | (26%)                                |
| <b>Net income attributable to owners of parent</b> | 708.2  | <b>520.0</b>   | (27%)                                |
| <b>Net income per share (Yen)</b>                  | * 348  | <b>258</b>   | (90)                                 |
| <b>Cash Dividends per Share (Yen)</b>              | * 100  | <b>100</b>   | —                                    |

\* The Company enacted a five-for-one stock split of its common stock with an effective date of April 1, 2023. “Net Income per Share” and “Cash Dividends per Share” for FY 2022 are calculated based on the assumption that a five-for-one stock split was implemented at the beginning of the same period.

(Note) Forward-looking statements such as the forecast of results of operations made in this document are as described on the cover page under [3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2024].

The year-end dividend for the fiscal year ending March 31, 2024 is expected to be ¥50 per share as was announced in July, 2023 as well, the same amount as the interim dividend. As a result, the dividend on an annual basis will be ¥100 per share, the same amount as the previous fiscal year (equivalent to ¥500 before the stock split).



## **2. Consolidated Financial Statements**

### **(1) Consolidated Balance Sheets**

As of March 31 and December 31, 2023

|  | Millions of yen |                   |
|--|-----------------|-------------------|
|  | March 31, 2023  | December 31, 2023 |
| ASSETS   |                 |                   |
| Current Assets:                                      |                 |                   |
| Cash and time deposits                               | 1,449,617       | 1,645,780         |
| Notes, accounts receivable-trade and contract assets | 472,557         | 520,518           |
| Securities   | 151,031         | 32,399            |
| Inventories  | 688,477         | 721,392           |
| Other  | 107,535         | 89,448            |
| Less: Allowance for doubtful accounts                | (5,695)         | (7,773)           |
| Total current assets                                 | 2,863,524       | 3,001,766         |
| Fixed Assets:  |                 |                   |
| Property, plant and equipment                        |                 |                   |
| Machinery and equipment, net                         | 877,848         | 908,684           |
| Other, net   | 640,341         | 853,527           |
| Total property, plant and equipment                  | 1,518,190       | 1,762,211         |
| Intangible assets                                    | 10,351          | 10,513            |
| Investments and other assets:                        |                 |                   |
| Investments and other assets                         | 344,380         | 355,782           |
| Less: Allowance for doubtful accounts                | (6,051)         | (6,489)           |
| Total investments and other assets                   | 338,328         | 349,293           |
| Total fixed assets                                   | 1,866,870       | 2,122,018         |
| TOTAL ASSETS   | 4,730,394       | 5,123,785         |

|  | Millions of yen  |                   |
|--|------------------|-------------------|
|  | March 31, 2023   | December 31, 2023 |
| <b>LIABILITIES</b>   |                  |                   |
| Current Liabilities:                                       |                  |                   |
| Notes and accounts payable-trade                           | 185,006          | 162,265           |
| Short-term borrowings                                      | 10,998           | 6,909             |
| Allowances   | 4,942            | 4,702             |
| Other  | 306,863          | 308,575           |
| Total current liabilities                                  | 507,810          | 482,453           |
| Long-term Liabilities:                                     |                  |                   |
| Long-term debt   | 18,812           | 18,692            |
| Net defined benefit liability                              | 36,933           | 39,134            |
| Other  | 140,628          | 156,860           |
| Total long-term liabilities                                | 196,375          | 214,688           |
| <b>TOTAL LIABILITIES</b>                                   | <b>704,185</b>   | <b>697,141</b>    |
| <b>NET ASSETS</b>  |                  |                   |
| Stockholders' Equity:                                      |                  |                   |
| Common stock   | 119,419          | 119,419           |
| Additional paid-in capital                                 | 128,320          | 127,840           |
| Retained earnings  | 3,310,205        | 3,504,170         |
| Less: Treasury shares                                      | (22,891)         | (124,036)         |
| Total stockholders' equity                                 | 3,535,053        | 3,627,394         |
| Accumulated Other Comprehensive Income:                    |                  |                   |
| Unrealized gains (losses) on available-for-sale securities | 31,511           | 34,382            |
| Deferred gains (losses) on hedges                          | (410)            | (1,010)           |
| Foreign currency translation adjustments                   | 297,855          | 591,046           |
| Remeasurements of defined benefit plans                    | 6,385            | 6,197             |
| Total accumulated other comprehensive income               | 335,341          | 630,617           |
| Share subscription rights                                  | 3,814            | 5,174             |
| Non-controlling interests in consolidated subsidiaries     | 151,999          | 163,457           |
| <b>TOTAL NET ASSETS</b>                                    | <b>4,026,209</b> | <b>4,426,643</b>  |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                    | <b>4,730,394</b> | <b>5,123,785</b>  |

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

### Consolidated Statements of Income

For the first three quarters ended December 31, 2022 and 2023

|  | Millions of yen                      |                                      |
|--|--------------------------------------|--------------------------------------|
|  | April 1, 2022 -<br>December 31, 2022 | April 1, 2023 -<br>December 31, 2023 |
| Net sales  | 2,163,237                            | 1,823,403                            |
| Cost of sales  | 1,193,098                            | 1,108,789                            |
| Gross profit   | 970,139                              | 714,614                              |
| Selling, general and administrative expenses             | 161,911                              | 155,086                              |
| Operating income   | 808,227                              | 559,528                              |
| Non-operating income:                                    |                                      |                                      |
| Interest income  | 7,066                                | 46,362                               |
| Other income   | 17,724                               | 14,776                               |
| Total non-operating income                               | 24,791                               | 61,138                               |
| Non-operating expenses:                                  |                                      |                                      |
| Interest expenses  | 1,089                                | 1,117                                |
| Loss on retirement of non-current assets                 | 2,205                                | 1,555                                |
| Other expenses   | 5,507                                | 2,261                                |
| Total non-operating expenses                             | 8,801                                | 4,934                                |
| Ordinary income  | 824,217                              | 615,732                              |
| Extraordinary income:                                    |                                      |                                      |
| Gain on sale of investment securities                    | -                                    | 13,951                               |
| Total extraordinary income                               | -                                    | 13,951                               |
| Extraordinary losses:                                    |                                      |                                      |
| Business restructuring expenses                          | -                                    | 15,112                               |
| Total extraordinary losses                               | -                                    | 15,112                               |
| Income before income taxes and non-controlling interests | 824,217                              | 614,571                              |
| Income taxes:  |                                      |                                      |
| Current  | 196,124                              | 167,511                              |
| Deferred   | 6,969                                | 6,065                                |
| Total income taxes                                       | 203,093                              | 173,577                              |
| Net income   | 621,123                              | 440,994                              |
| Net income attributable to non-controlling interests     | 42,604                               | 34,465                               |
| Net income attributable to owners of parent              | 578,519                              | 406,529                              |

## Consolidated Statements of Comprehensive Income

For the first three quarters ended December 31, 2022 and 2023

|   | Millions of yen                      |                                      |
|---|--------------------------------------|--------------------------------------|
|   | April 1, 2022 -<br>December 31, 2022 | April 1, 2023 -<br>December 31, 2023 |
| Net income  | 621,123                              | 440,994                              |
| Other comprehensive income:   |                                      |                                      |
| Unrealized gains (losses)<br>on available-for-sale securities                                 | 719                                  | 2,877                                |
| Deferred gains (losses) on hedges   | 4,318                                | (588)                                |
| Foreign currency translation<br>adjustments   | 424,708                              | 296,187                              |
| Remeasurements of defined benefit plans   | (79)                                 | (173)                                |
| Share of other comprehensive income of<br>affiliates accounted for using the equity<br>method | 673                                  | 567                                  |
| Total other comprehensive income  | 430,339                              | 298,870                              |
| Comprehensive income  | 1,051,463                            | 739,865                              |
| <br>(Breakdown)   |                                      |                                      |
| Comprehensive income attributable to<br>owners of parent                                      | 1,003,437                            | 701,804                              |
| Comprehensive income attributable to<br>non-controlling interests                             | 48,025                               | 38,060                               |

**(3) Notes to Consolidated Financial Statements**

**(Notes on Premise of Going Concern)**

Not applicable

**(Notes on Significant Changes in Stockholders' Equity)**

Not applicable

## (Appendix)

### 1. Quarterly Operating Results

(Billions of yen)

|   | FY 2022<br>April 1, 2022 - March 31, 2023 |       |       |       |         | FY 2023<br>April 1, 2023 - March 31, 2024 |       |       |                |
|---|---|-------|-------|-------|---------|---|-------|-------|----------------|
|   | 1Q  | 2Q    | 3Q    | 4Q    | Total   | 1Q  | 2Q    | 3Q    | Total          |
| Net Sales                                   | 656.7                                     | 752.6 | 753.9 | 645.5 | 2,808.8 | 599.2                                     | 596.7 | 627.5 | <b>1,823.4</b> |
| Infrastructure Materials                    | 289.7                                     | 361.8 | 357.1 | 299.2 | 1,308.0 | 240.4                                     | 250.5 | 266.3 | <b>757.3</b>   |
| Electronics Materials                       | 211.1                                     | 228.2 | 233.1 | 203.1 | 875.6   | 220.5                                     | 204.3 | 217.7 | <b>642.5</b>   |
| Functional Materials                        | 125.1                                     | 130.2 | 128.7 | 109.2 | 493.3   | 108.0                                     | 107.4 | 111.1 | <b>326.6</b>   |
| Processing & Specialized Services           | 30.6                                      | 32.3  | 34.7  | 33.9  | 131.6   | 30.1                                      | 34.4  | 32.2  | <b>96.8</b>    |
| Operating Income                            | 249.6                                     | 286.6 | 271.9 | 189.9 | 998.2   | 190.8                                     | 191.0 | 177.6 | <b>559.5</b>   |
| Infrastructure Materials                    | 128.5                                     | 161.2 | 149.6 | 101.8 | 541.3   | 80.1                                      | 85.1  | 88.2  | <b>253.5</b>   |
| Electronics Materials                       | 77.5                                      | 82.0  | 83.7  | 58.0  | 301.4   | 80.0                                      | 74.1  | 61.2  | <b>215.4</b>   |
| Functional Materials                        | 36.7                                      | 36.8  | 32.6  | 24.4  | 130.6   | 25.6                                      | 26.1  | 22.0  | <b>73.8</b>    |
| Processing & Specialized Services           | 7.0                                       | 7.0   | 6.8   | 5.4   | 26.3    | 5.4                                       | 6.5   | 6.4   | <b>18.4</b>    |
| Ordinary Income                             | 262.6                                     | 296.3 | 265.1 | 195.9 | 1,020.2 | 217.1                                     | 210.3 | 188.2 | <b>615.7</b>   |
| Net Income Attributable to Owners of Parent | 184.1                                     | 208.2 | 186.1 | 129.7 | 708.2   | 153.6                                     | 147.8 | 105.0 | <b>406.5</b>   |
| R&D Costs                                   | 16.1                                      | 16.8  | 15.2  | 18.9  | 67.2    | 15.5                                      | 16.2  | 17.1  | <b>48.9</b>    |
| Overseas Sales                              | 520.7                                     | 614.0 | 615.6 | 519.6 | 2,270.0 | 461.3                                     | 466.0 | 495.5 | <b>1,422.9</b> |
| Ratio of Overseas Sales to Net Sales        | 79%                                       | 82%   | 82%   | 80%   | 81%     | 77%                                       | 78%   | 79%   | <b>78%</b>     |



## 2. Capital Expenditures and Depreciation and Amortization

(Billions of yen)

|                                   | FY 2022<br>April 1, 2022 - March 31, 2023 |      |      |      |       | FY 2023<br>April 1, 2023 - March 31, 2024 |      |       |              |
|-----------------------------------|---|------|------|------|-------|---|------|-------|--------------|
|                                   | 1Q  | 2Q   | 3Q   | 4Q   | Total | 1Q  | 2Q   | 3Q    | Total        |
|                                   | Capital Expenditures                      | 53.9 | 80.2 | 84.0 | 99.8  | 318.0                                     | 84.8 | 103.3 | 109.0        |
| Infrastructure Materials          | 22.1                                      | 21.1 | 29.4 | 27.3 | 100.0 | 35.4                                      | 31.9 | 27.9  | <b>95.3</b>  |
| Electronics Materials             | 23.4                                      | 47.6 | 37.5 | 60.2 | 168.8 | 34.2                                      | 58.2 | 60.4  | <b>152.8</b> |
| Functional Materials              | 6.4                                       | 8.6  | 13.6 | 11.0 | 39.8  | 9.0                                       | 11.6 | 15.1  | <b>35.8</b>  |
| Processing & Specialized Services | 2.1                                       | 3.2  | 3.8  | 2.3  | 11.4  | 6.5                                       | 2.5  | 6.4   | <b>15.5</b>  |
| Depreciation and Amortization     | 46.7                                      | 48.4 | 54.3 | 64.1 | 213.6 | 52.0                                      | 56.0 | 58.2  | <b>166.3</b> |
| Infrastructure Materials          | 17.8                                      | 16.2 | 18.9 | 19.6 | 72.6  | 18.1                                      | 19.0 | 20.1  | <b>57.3</b>  |
| Electronics Materials             | 19.8                                      | 22.7 | 25.0 | 34.1 | 101.8 | 24.1                                      | 26.6 | 26.6  | <b>77.4</b>  |
| Functional Materials              | 8.0                                       | 8.5  | 9.2  | 9.2  | 35.1  | 8.7                                       | 9.3  | 10.2  | <b>28.2</b>  |
| Processing & Specialized Services | 1.1                                       | 1.1  | 1.3  | 1.4  | 5.0   | 1.2                                       | 1.3  | 1.5   | <b>4.1</b>   |

### Annual

(Billions of yen)

|                               | Apr 2023 - Mar 2024<br>Forecast |
|-------------------------------|---------------------------------|
| Capital Expenditures          | <b>380.0</b>                    |
| Depreciation and Amortization | <b>240.0</b>                    |

### 3. Other Financial Items (Consolidated)

(Billions of yen)

|                                | Dec 31<br>2022 | Dec 31<br>2023 | Mar 31<br>2023 |
|--------------------------------|----------------|----------------|----------------|
| Net Assets                     | 4,086.6        | 4,426.6        | 4,026.2        |
| Total Assets                   | 4,771.5        | 5,123.7        | 4,730.3        |
| Net Assets per Share (Yen)     | 1,950          | 2,134          | 1,918          |
| Interest-bearing Liabilities   | 33.1           | 25.6           | 29.8           |
| Number of Employees            | 25,625         | 25,592         | 25,717         |
| Exchange Rate: Jan - Sep (Avg) | 128.0          | 138.1          |                |
| (Yen/US\$) Apr - Dec (Avg)     | 136.5          | 143.3          |                |

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

### 4. Comparative Balance Sheets (Consolidated)

(Billions of yen)

|   | Mar 31<br>2023 | Dec 31<br>2023 | Increase<br>(Decrease)<br>[a] | Effect of<br>exchange<br>rate |         |  | Mar 31<br>2023 | Dec 31<br>2023 | Increase<br>(Decrease)<br>[a] | Effect of<br>exchange<br>rate |         |
|---|----------------|----------------|-------------------------------|-------------------------------|---------|--|----------------|----------------|-------------------------------|-------------------------------|---------|
|   |                |                |                               | [b]                           | [a]-[b] |  |                |                |                               | [b]                           | [a]-[b] |
| Current Assets                                      | 2,863.5        | 3,001.7        | 138.2                         | 219.5                         | (81.3)  | Current Liabilities                    | 507.8          | 482.4          | (25.4)                        | 20.3                          | (45.7)  |
| Cash and time deposits                              | 1,449.6        | 1,645.7        | 196.1                         | 157.4                         | 38.7    | Notes and accounts payable-trade       | 185.0          | 162.2          | (22.8)                        | 7.0                           | (29.8)  |
| Notes and accounts receivable-trade                 | 472.5          | 520.5          | 48.0                          | 25.3                          | 22.7    | Other                                  | 322.8          | 320.1          | (2.7)                         | 13.3                          | (16.0)  |
| Securities  | 151.0          | 32.3           | (118.7)                       | 0.1                           | (118.8) | Long-term Liabilities                  | 196.3          | 214.6          | 18.3                          | 18.6                          | (0.3)   |
| Inventories   | 688.4          | 721.3          | 32.9                          | 31.2                          | 1.7     | Total Liabilities                      | 704.1          | 697.1          | (7.0)                         | 38.9                          | (45.9)  |
| Other   | 101.8          | 81.6           | (20.2)                        | 5.5                           | (25.7)  | Stockholders' Equity                   | 3,535.0        | 3,627.3        | 92.3                          | 0.0                           | 92.3    |
| Fixed Assets  | 1,866.8        | 2,122.0        | 255.2                         | 130.7                         | 124.5   | Accumulated Other Comprehensive Income | 335.3          | 630.6          | 295.3                         | 298.3                         | (3.0)   |
| Property, Plant and Equipment and Intangible Assets | 1,528.5        | 1,772.7        | 244.2                         | 126.4                         | 117.8   | Other                                  | 155.8          | 168.6          | 12.8                          | 13.0                          | (0.2)   |
| Investments and Other Assets                        | 338.3          | 349.2          | 10.9                          | 4.3                           | 6.6     | Total Net Assets                       | 4,026.2        | 4,426.6        | 400.4                         | 311.3                         | 89.1    |
| Total Assets  | 4,730.3        | 5,123.7        | 393.4                         | 350.2                         | 43.2    | Total Liabilities and Net Assets       | 4,730.3        | 5,123.7        | 393.4                         | 350.2                         | 43.2    |

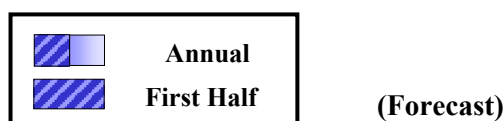
## 5. Comparative Statements of Cash Flows (Consolidated)

(Billions of yen)

|  | 2022<br>Apr-Dec | 2023<br>Apr-Dec | Increase<br>(Decrease) |
|--|-----------------|-----------------|------------------------|
| <b>(1) Cash Flows from Operating Activities</b>                                    | 520.5           | 557.6           | 37.1                   |
| Income Before Income Taxes   | 824.2           | 614.5           | (209.7)                |
| Payments of income taxes   | (233.1)         | (175.1)         | 58.0                   |
| Depreciation and amortization  | 149.4           | 166.3           | 16.9                   |
| (Increase)Decrease in working capital  | (220.9)         | (53.0)          | 167.9                  |
| Other  | 0.8             | 4.9             | 4.1                    |
| <b>(2) Cash Flows from Investing Activities</b>                                    | 17.6            | (908.4)         | (926.0)                |
| Capital expenditures   | (201.9)         | (284.9)         | (83.0)                 |
| (Increase)Decrease in securities   | 89.3            | 44.6            | (44.7)                 |
| (Increase)Decrease in time deposits  | 133.0           | (664.4)         | (797.4)                |
| Other  | (2.8)           | (3.6)           | (0.8)                  |
| <b>(3) Cash Flows from Financing Activities</b>                                    | (420.7)         | (363.9)         | 56.8                   |
| Increase(Decrease) in borrowings   | (0.9)           | (5.7)           | (4.8)                  |
| Cash dividends paid  | (195.3)         | (211.2)         | (15.9)                 |
| Purchases of treasury stock  | (200.0)         | (107.7)         | 92.3                   |
| Other  | (24.4)          | (39.1)          | (14.7)                 |
| <b>(4) Effect of Exchange Rate Changes on Cash and Cash Equivalents, and other</b> | 148.2           | 60.7            | (87.5)                 |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                        | 265.5           | (653.8)         | (919.3)                |
| <b>Balance of Cash and Cash Equivalents</b>  | 1,274.5         | 593.4           | (681.1)                |
| <b>Balance of Interest-bearing Liabilities</b>                                     | 33.1            | 25.6            | (7.5)                  |

Note : These statements were prepared on an informal basis.

## 6. Cash Dividends per Share



| Fiscal year ended March        |            | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024  |
|--------------------------------|------------|------|------|------|------|------|------|------|------|------|-------|
| Cash Dividends per Share (Yen) | First half | 10   | 11   | 12   | 13   | 20   | 22   | 22   | 30   | 45   | 50    |
|                                | Annual     | 20   | 22   | 24   | 28   | 40   | 44   | 50   | 80   | 100  | * 100 |
| Net Income per Share (Yen)     | Annual     | 60   | 70   | 83   | 125  | 145  | 151  | 141  | 241  | 348  | * 258 |
| Dividend payout ratio          | Annual     | 33%  | 31%  | 29%  | 22%  | 28%  | 29%  | 35%  | 33%  | 29%  | * 39% |

Note: The Company enacted a five-for-one stock split of its common stock with an effective date of April 1, 2023. "Cash Dividends per Share" and "Net Income per Share" represent the amount after the stock split.

\* Forecast

## 7. Sales by Manufacturing Location for Each Segment

(Billions of yen)

|                   |                             | Infrastructure Materials | Electronics Materials | Functional Materials | Processing & Specialized Services | Total   |
|-------------------|-----------------------------|--------------------------|-----------------------|----------------------|-----------------------------------|---------|
| 2022<br>Apr - Dec | Goods Manufactured in Japan | 102.4                    | 523.5                 | 237.4                | 68.4                              | 931.8   |
|                   | Goods Manufactured overseas | 906.3                    | 149.0                 | 146.7                | 29.3                              | 1,231.3 |
|                   |                             | 1,008.8                  | 672.5                 | 384.1                | 97.7                              | 2,163.2 |
| 2023<br>Apr - Dec | Goods Manufactured in Japan | 100.1                    | 512.2                 | 206.4                | 70.8                              | 889.6   |
|                   | Goods Manufactured overseas | 657.1                    | 130.3                 | 120.1                | 26.0                              | 933.7   |
|                   |                             | 757.3                    | 642.5                 | 326.6                | 96.8                              | 1,823.4 |

## 8. Sales by Region

(Billions of yen)

|                   | Japan | Overseas |              |       |        |             | Total   | Total Consolidated Net Sales |
|-------------------|-------|----------|--------------|-------|--------|-------------|---------|------------------------------|
|                   |       | U.S.     | Asia/Oceania |       | Europe | Other Areas |         |                              |
|                   |       |          | China        |       |        |             |         |                              |
| 2022<br>Apr - Dec | 19%   | 35%      | 28%          | 8%    | 10%    | 8%          | 81%     | 2,163.2                      |
|                   | 412.7 | 757.9    | 610.0        | 177.2 | 217.1  | 165.3       | 1,750.4 |                              |
| 2023<br>Apr - Dec | 22%   | 31%      | 31%          | 8%    | 10%    | 6%          | 78%     | 1,823.4                      |
|                   | 400.4 | 571.4    | 567.0        | 148.2 | 179.5  | 104.9       | 1,422.9 |                              |

Note: % indicates the proportion of total consolidated net sales

## 9. Average Exchange Rate

|      |         | US\$ (yen/\$) |          |         |           | EUR (yen/€) |           |          |         |           |         |
|------|---------|---------------|----------|---------|-----------|-------------|-----------|----------|---------|-----------|---------|
|      |         | Quarterly     | 9 months |         | 12 months |             | Quarterly | 9 months |         | 12 months |         |
|      |         |               | Jan-Sep  | Apr-Dec | Jan-Dec   | Apr-Mar     |           | Jan-Sep  | Apr-Dec | Jan-Dec   | Apr-Mar |
| 2022 | Jan-Mar | 116.2         | 128.0    | 136.5   | 131.4     | 135.5       | 130.4     | 135.9    | 140.6   | 138.0     | 141.0   |
|      | Apr-Jun | 129.6         |          |         |           |             | 138.1     |          |         |           |         |
|      | Jul-Sep | 138.4         | 139.3    |         |           |             |           |          |         |           |         |
|      | Oct-Dec | 141.6         | 144.3    |         |           |             |           |          |         |           |         |
| 2023 | Jan-Mar | 132.3         | 138.1    | 143.3   | 140.6     | 142.1       | 149.6     | 155.3    | 152.0   |           |         |
|      | Apr-Jun | 137.4         |          |         |           | 149.5       |           |          |         |           |         |
|      | Jul-Sep | 144.6         | 157.3    |         |           |             |           |          |         |           |         |
|      | Oct-Dec | 147.9         | 159.1    |         |           |             |           |          |         |           |         |

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