

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

Listing Stock Exchange: Tokyo and Nagoya

Representative: Yasuhiko Saitoh (Mr.) Representative Director/President

Personnel to contact: Toshiyuki Kasahara (Mr.) Corporate Officer, General Manager of Finance & Accounting Department

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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 Quarter Ended June 30, 2024

(From April 1, 2024 to June 30, 2024)

(1) Results of consolidated operations

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
April - June 2024	597,930	(0.2%)	191,023	0.1%	219,810	1.2%	144,021	(6.3%)
April - June 2023	599,201	(8.8%)	190,820	(23.6%)	217,115	(17.3%)	153,633	(16.6%)

(Note) Comprehensive income (Millions of yen) From April 1, 2024 to June 30, 2024: 326,595 [76.6 %]
From April 1, 2023 to June 30, 2023: 184,910 [(39.5 %)]

	Net income per share (yen)	Diluted net income per share (yen)
April - June 2024	72.21	72.13
April - June 2023	76.13	76.06

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
June 30, 2024	5,327,614	4,635,732	83.6%	2,234.22
March 31, 2024	5,147,974	4,424,073	82.7%	2,133.17

(Reference) Stockholders' equity (Millions of yen) As of June 30, 2024: 4,452,274 As of March 31, 2024: 4,257,922

2. Cash Dividends

	Cash dividends per share in the fiscal year (yen)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Fiscal year
April 2023 - March 2024	-	50.00	-	50.00	100.00
April 2024 - March 2025	-				
April 2024 - March 2025 (forecast)		53.00	-	53.00	106.00

(Note) Revision of the latest forecast of cash dividends: Yes

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2025

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share (yen)	
Fiscal year	2,500,000	3.5%	735,000	4.8%	820,000	4.2%	533,000	2.5%		268.00

(Note) Revision of the latest forecast of consolidated operating performance: Yes

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) Significant changes in scope of consolidation during the first quarter ended June 30, 2024: No

(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: Yes

Changes in accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(Note) Please see [2. Consolidated Financial Statements (3) Notes to Consolidated Financial Statements, “Notes on Changes in Accounting Policies Applied”] on page 15 for further details.

(4) Number of shares outstanding (common stock)

	June 30, 2024	March 31, 2024
Number of shares outstanding at period end	2,001,691,765	2,001,691,765
Number of shares of treasury stock at period end	8,927,792	5,637,568
	April - June 2024	April - June 2023
Weighted-average number of shares outstanding over period	1,994,562,641	2,018,063,509

(Note) A resolution was made at the Board of Directors Meeting held on May 17, 2024 concerning the repurchase of up to 22 million shares (100 billion yen) by November 29, 2024 whose cancellation is scheduled to be completed on December 6, 2024. Based on this resolution, we have repurchased a total of 3,377,900 shares (20,300 million yen) as of June 30, 2024.

► **Review procedures on the quarterly consolidated financial statement contained in this report by independent auditors: Yes (voluntary)**

(Attached Documents)

INDEX

1. Results of Operations and Financial Overview	2
(1) Quarterly Results of Operations and Financial Overview	2
(2) Explanation Regarding Information Relevant to Forecasts such as Consolidated Business Forecast	9
2. Consolidated Financial Statements	10
(1) Consolidated Balance Sheets	10
(2) Consolidated Statements of Income and Statements of Comprehensive Income	12
(3) Notes to Consolidated Financial Statements.....	14
(Notes on Segment Information).....	14
(Notes on Changes in Accounting Policies Applied).....	15
(Notes on Significant Changes in Stockholders' Equity).....	15
(Notes on Premise of Going Concern).....	15
(Notes on Quarterly Consolidated Statements of Cash Flows).....	15
Independent Auditor's Interim Review Report	16
(Appendix)	
1. Quarterly Operating Results	18
2. Capital Expenditures and Depreciation and Amortization	19
3. Other Financial Items (Consolidated).....	20
4. Comparative Balance Sheets (Consolidated).....	20
5. Comparative Statements of Cash Flows (Consolidated).....	21
6. Cash Dividends per Share	21
7. Sales by Manufacturing Location for Each Segment	22
8. Sales by Region	22
9. Average Exchange Rate.....	22

1. Results of Operations and Financial Overview

(1) Quarterly Results of Operations and Financial Overview

1) Explanation of Operating Results

During the first quarter of the fiscal year ending March 31, 2025 (April 1 to June 30, 2024), The World Bank noted that “the global economy begins the final descent toward a soft landing”, and pointed out that “the persistence of inflation could lead to delays in monetary easing.” and “a higher-for-longer path for interest rates would dampen global activity.”

In fact, it almost seems as if the U.S. Federal Reserve Board were deliberately taking on the downside risk in the economy. In a situation where trade conflicts and geopolitical risks are added on to the Chinese economic slowdown and the resulting oversupply, differences between strong and weak performances in individual industries become more apparent. In such a situation, we 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, both the operating income and the ordinary income remained roughly at the same level as in the same period last year. We will continue working to improve our operating performance. To that end, we will accelerate the development of products that are valuable to our customers and continue capital investments with a medium- to long-term perspective in order to meet the needs and demands of customers and markets in a timely manner.

The business results for the first quarter of the fiscal year ending March 31, 2025, are as follows:

	2023 April - June	2024 April - June	(Billions of yen) Increase (Decrease)	(Reference) 2024 January - March
Net sales	599.2	597.9	(0.2%) (1.3)	591.5
Operating income	190.8	191.0	0.1% 0.2	141.5
Ordinary income	217.1	219.8	1.2% 2.7	171.4
Net income attributable to owners of parent	153.6	144.0	(6.3%) (9.6)	113.6
ROIC (per annum)	22.2%	19.1%	(3 points)	
ROE (per annum)	15.7%	13.2%	(3 points)	
ROA (per annum)	18.3%	16.8%	(2 points)	
Net income per share (Yen)	76	72	(4)	

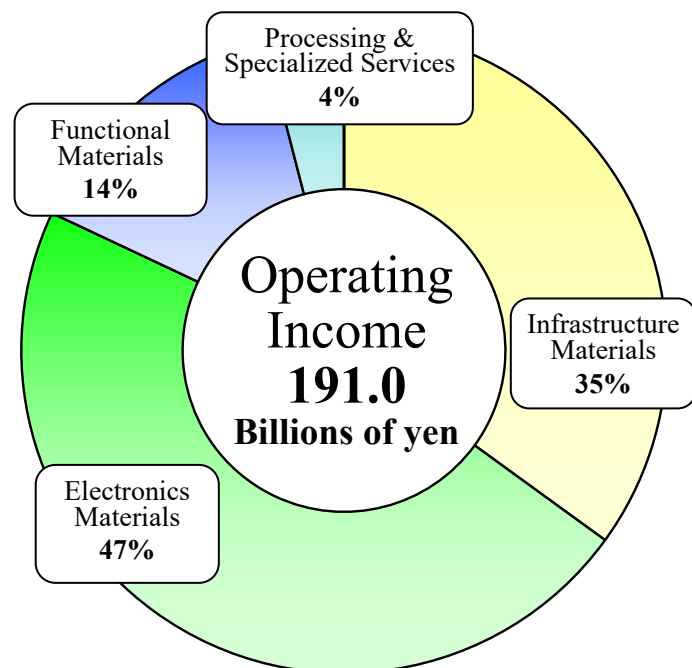
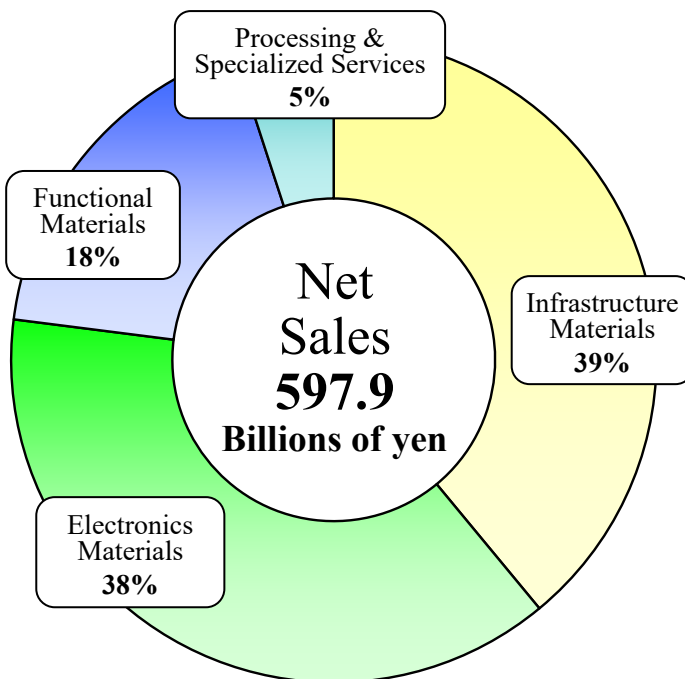
- Notes:
- ROIC: Return on invested capital
Net operating income after tax / (Net assets + Interest-bearing liabilities — Cash)
 - ROE: Return (Net Income) on equity
Equity used for this calculation is net assets excluding both share subscription rights and non-controlling interests in consolidated subsidiaries.
 - 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 quarter by four, 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)

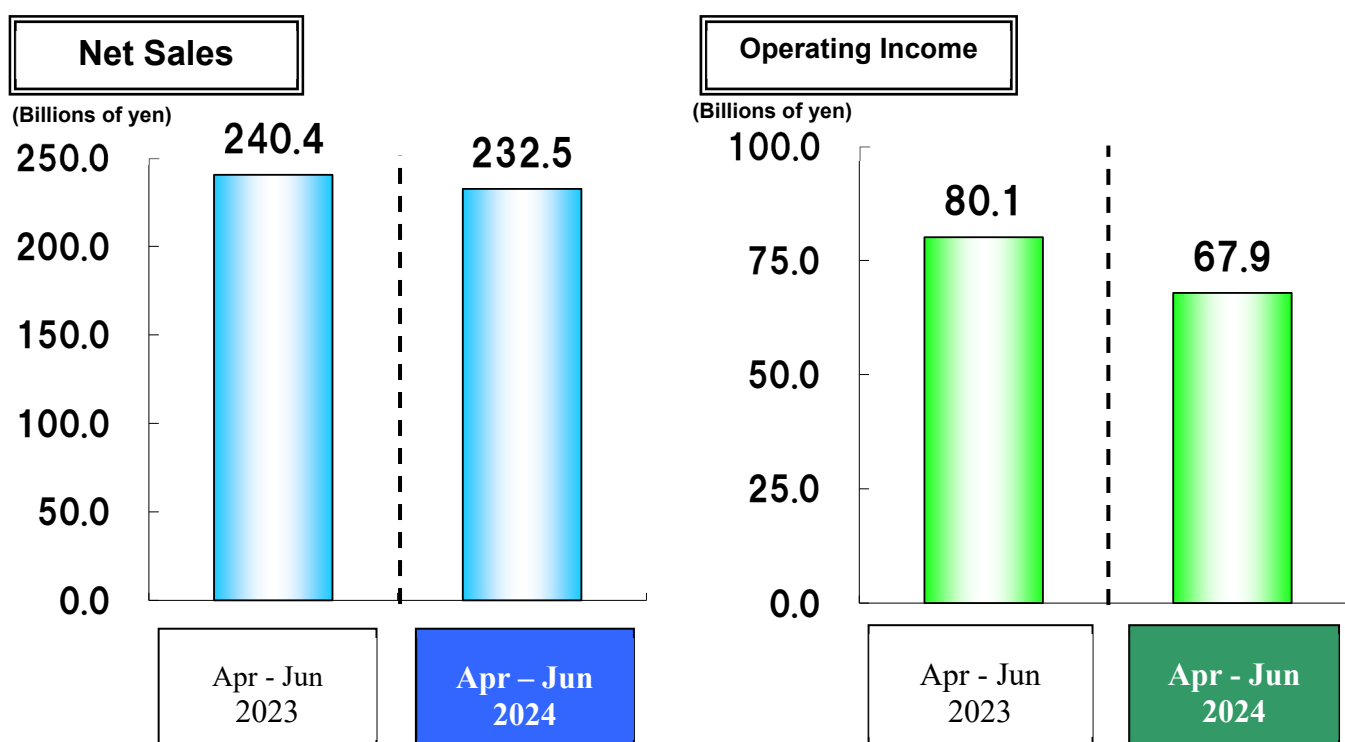
	Net Sales			Operating Income		
	2023 Apr - Jun	2024 Apr - Jun	Increase (Decrease)	2023 Apr - Jun	2024 Apr - Jun	Increase (Decrease)
Infrastructure Materials	240.4	232.5	(3.3%) (7.9)	80.1	67.9	(15.2%) (12.2)
Electronics Materials	220.5	227.0	3.0% 6.5	80.0	89.5	11.8% 9.5
Functional Materials	108.0	106.7	(1.3%) (1.3)	25.6	26.7	4.4% 1.1
Processing & Specialized Services	30.1	31.6	4.9% 1.5	5.4	7.0	29.0% 1.6
Total	599.2	597.9	(0.2%) (1.3)	190.8	191.0	0.1% 0.2



Infrastructure Materials

	Apr - Jun 2023 (Billions of yen)	Apr - Jun 2024 (Billions of yen)	Increase / (Decrease)
Net sales	240.4	232.5	(3.3%)
Operating income	80.1	67.9	(15.2%)

As for PVC, the export pressures from Chinese manufacturers continued, but we have raised prices, primarily in North America. We have also raised prices for caustic soda.

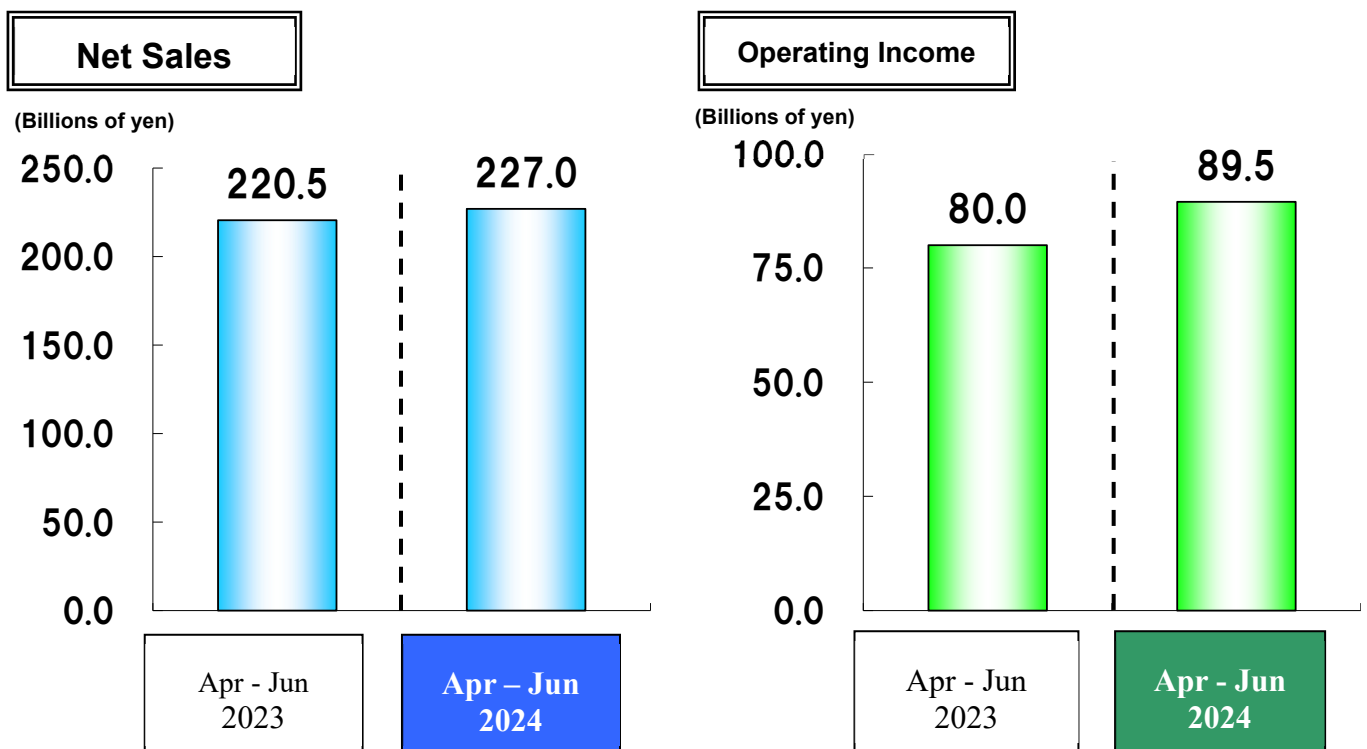


- Continuing price level correction.
- Launching of the most-advanced capacity of the US operation and conducting sales activities that take advantage of it.
- Further improvement of the comprehensive strength of environment-friendly PVC business.

Electronics Materials

	Apr - Jun 2023 (Billions of yen)	Apr - Jun 2024 (Billions of yen)	Increase / (Decrease)
Net sales	220.5	227.0	3.0%
Operating income	80.0	89.5	11.8%

In the semiconductor market, the adjustment phase since the autumn of the year before last had mostly bottomed out, but the recovery was patchy depending on applications and areas. 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 industrial application, but we captured the recovery of HDD, and we focused on expanding sales to automotive markets.

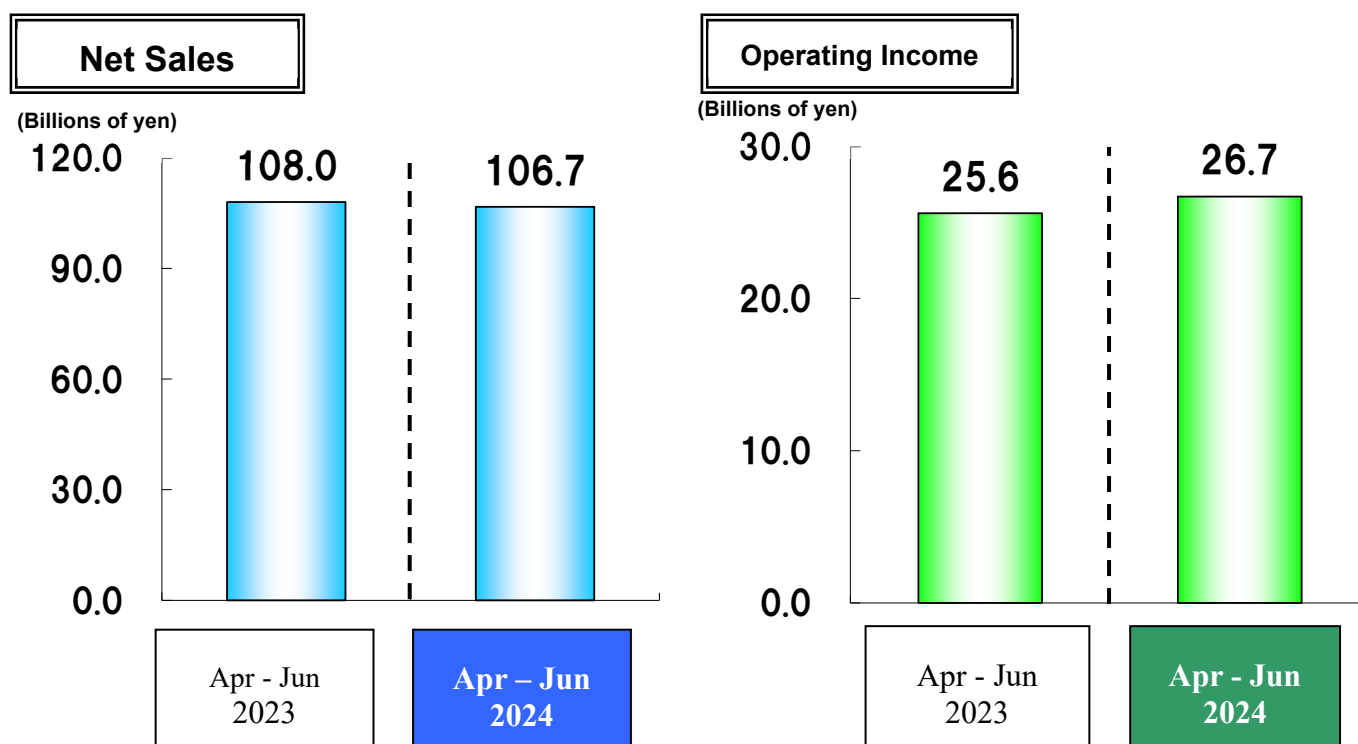


- Providing materials and technologies essential to the semiconductor market, which promises to expand dramatically in the three aspects of quantity, quality, and variety.
- Promoting construction of a new production base for semiconductor lithography materials (Isesaki City in Gunma Prefecture, Japan).
- Launch of magnets with improved heat resistance without using heavy rare earth.

Functional Materials

	Apr - Jun 2023 (Billions of yen)	Apr - Jun 2024 (Billions of yen)	Increase / (Decrease)
Net sales	108.0	106.7	(1.3%)
Operating income	25.6	26.7	4.4%

In the commodity product group, the inventory adjustment and the slowdown in the market caused by the slump in the Chinese economy continued, but we strove to make up for it by increasing the sales of highly functional product groups.

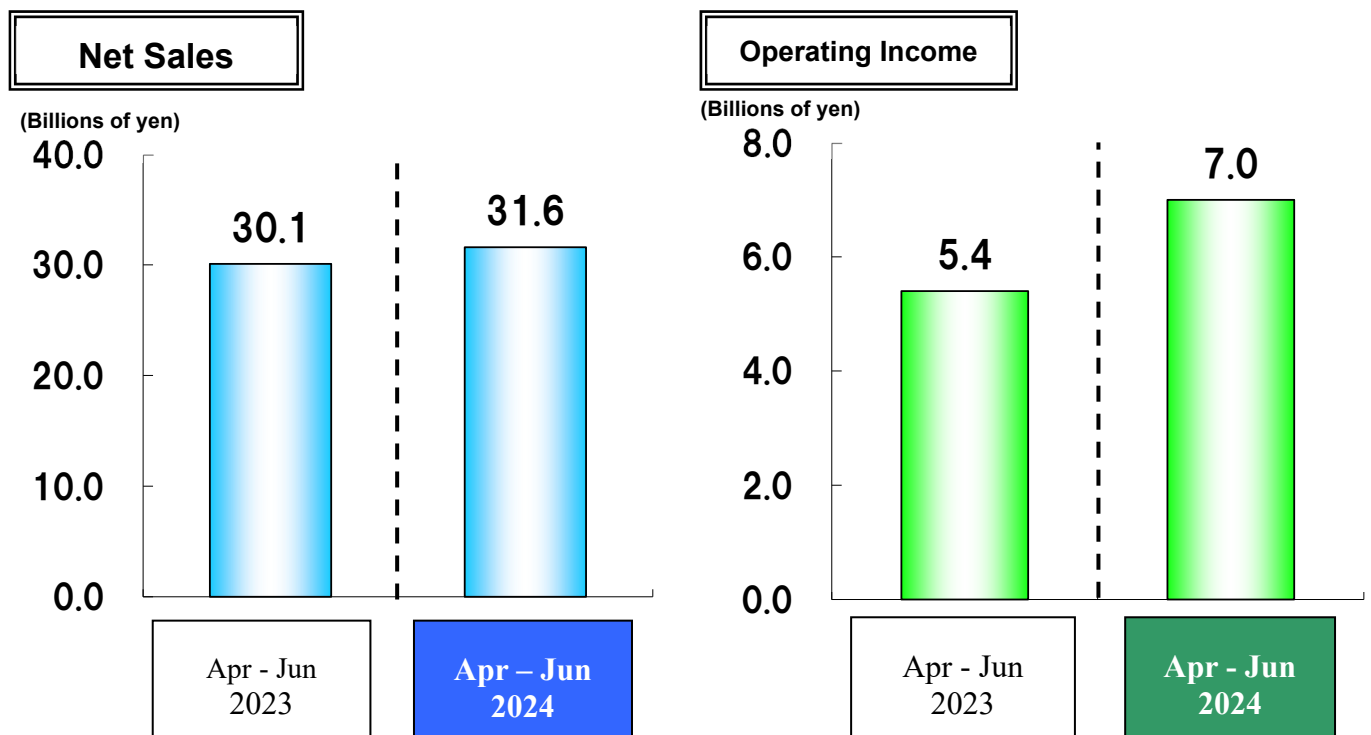


- Price increase of silicone products.
- Significant and focused promotion of higher silicone product functionality and raising of the level of environmental impact reduction.
- Continuous development of highly functional products for automotive, personal care and healthcare applications, etc.
- Investment to strengthen the silicone business in China (2.1 billion yen).

Processing & Specialized Services

	Apr - Jun 2023 (Billions of yen)	Apr - Jun 2024 (Billions of yen)	Increase / (Decrease)
Net sales	30.1	31.6	4.9%
Operating income	5.4	7.0	29.0%

The demand for semiconductor-related containers continued to be stagnant due to demand adjustments in the semiconductor market, but there are now prospects for a recovery. On the other hand, the sales of input devices remained strong, supported by the recovery of the automobiles industry. The sales of silicone rollers for office automation equipment also increased due to increased orders for new products.



- Going ahead with the enhancement of the production capacity of semiconductor wafer-related containers. Further development and market penetration of EV-related products.

2) Financial Position Overview

At the end of first quarter of the fiscal year ending March 31, 2025 (June 30, 2024), total assets increased by ¥179.7 billion compared with that at the end of the previous fiscal year to ¥5,327.6 billion. It was mainly due to increases in overseas consolidated subsidiary assets because of yen depreciation, and property, plant and equipment because of high level of investments.

Total liabilities decreased by ¥32.1 billion from that at the end of the previous fiscal year to ¥691.8 billion mainly due to income tax payments.

Total net assets increased by ¥211.7 billion compared with that at the end of the previous fiscal year to ¥4,635.7 billion. This increase was mainly due to net income attributable to owners of parent of ¥144.0 billion, ¥167.7 billion for foreign currency translation adjustments due to yen depreciation, offset by ¥99.8 billion for a cash dividend payment.

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

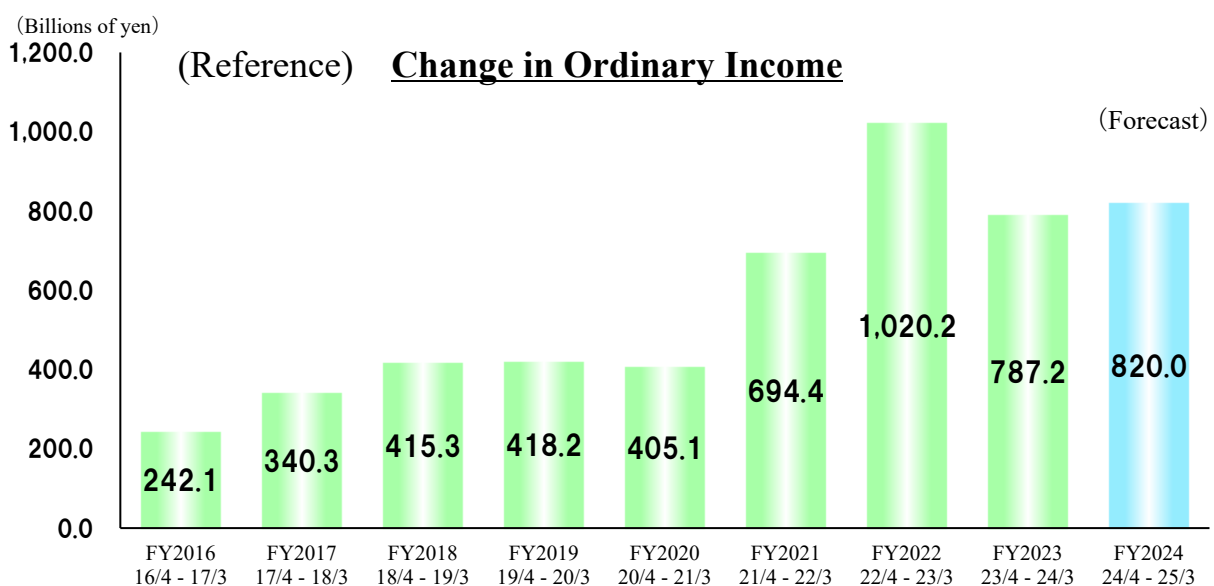
Given the various variable factors surrounding our business and the possibility of their fluctuations, it is still difficult for us to forecast the full-year business results, but under such circumstances, we have set the following earnings forecasts for the fiscal year ending March 31, 2025. We strive to grow our business performance.

(Billions of yen)

	FY 2023 23/4 - 24/3 Actual	FY 2024 24/4 - 25/3 Forecast	Increase (Decrease)
Net sales	2,414.9	2,500.0	3.5%
Operating income	701.0	735.0	4.8%
Ordinary income	787.2	820.0	4.2%
Net income attributable to owners of parent	520.1	533.0	2.5%
Net income per share (Yen)	259	268	9yen, 3.3%
Cash Dividends per Share (Yen)	100	106	6yen, 6.0%

(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, 2025].

We expect to pay a dividend of ¥53 per share for both the interim and year-end dividends, for a total annual dividend of ¥106 per share, an increase of ¥6 from the previous period. The forecast of our consolidated operating performance and dividend is disclosed separately in “Notice Regarding Operating Performance and Dividend Forecasts” today.



2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31 and June 30, 2024

	Millions of yen	
	March 31, 2024	June 30, 2024
ASSETS		
Current Assets:		
Cash and time deposits	1,698,999	1,684,008
Notes, accounts receivable-trade and contract assets	481,812	503,820
Securities	20,710	36,516
Inventories	720,646	717,751
Other	121,389	137,479
Less: Allowance for doubtful accounts	(7,049)	(7,289)
Total current assets	3,036,509	3,072,286
Fixed Assets:		
Property, plant and equipment		
Machinery and equipment, net	860,903	892,416
Other, net	885,673	985,352
Total property, plant and equipment	1,746,577	1,877,768
Intangible assets	10,195	11,630
Investments and other assets:		
Investments and other assets	360,821	372,469
Less: Allowance for doubtful accounts	(6,129)	(6,540)
Total investments and other assets	354,692	365,928
Total fixed assets	2,111,465	2,255,327
TOTAL ASSETS	5,147,974	5,327,614

	Millions of yen	
	March 31, 2024	June 30, 2024
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	161,364	142,270
Short-term borrowings	10,386	8,452
Allowances	5,363	5,083
Other	343,281	314,740
Total current liabilities	520,395	470,546
Long-term Liabilities:		
Long-term debt	13,913	14,248
Net defined benefit liability	32,571	33,189
Other	157,019	173,897
Total long-term liabilities	203,505	221,335
TOTAL LIABILITIES	723,901	691,882
NET ASSETS		
Stockholders' Equity:		
Common stock	119,419	119,419
Additional paid-in capital	127,894	127,879
Retained earnings	3,520,355	3,564,502
Less: Treasury stock, at cost	(24,292)	(44,205)
Total stockholders' equity	3,743,377	3,767,595
Accumulated Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities	40,518	45,340
Deferred gains (losses) on hedges	(2,919)	(4,952)
Foreign currency translation adjustments	466,438	634,168
Remeasurements of defined benefit plans	10,507	10,122
Total accumulated other comprehensive income	514,545	684,679
Share subscription rights	4,841	4,741
Non-controlling interests in consolidated subsidiaries	161,308	178,715
TOTAL NET ASSETS	4,424,073	4,635,732
TOTAL LIABILITIES AND NET ASSETS	5,147,974	5,327,614

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

Consolidated Statements of Income

For the first quarter ended June 30, 2023 and 2024

	Millions of yen	
	April 1, 2023 - June 30, 2023	April 1, 2024 - June 30, 2024
Net sales	599,201	597,930
Cost of sales	358,002	355,339
Gross profit	241,198	242,591
Selling, general and administrative expenses	50,377	51,568
Operating income	190,820	191,023
Non-operating income:		
Interest income	12,573	21,282
Foreign exchange gain	11,869	6,729
Other income	4,599	4,390
Total non-operating income	29,043	32,401
Non-operating expenses	2,748	3,614
Ordinary income	217,115	219,810
Extraordinary income		
Gain on sale of investment securities	7,114	950
Total extraordinary income	7,114	950
Income before income taxes and non-controlling interests	224,229	220,761
Income taxes:		
Current	53,479	55,273
Deferred	7,946	10,839
Total income taxes	61,426	66,113
Net income	162,803	154,647
Net income attributable to non-controlling interests	9,170	10,626
Net income attributable to owners of parent	153,633	144,021

Consolidated Statements of Comprehensive Income

For the first quarter ended June 30, 2023 and 2024

	Millions of yen	
	April 1, 2023 - June 30, 2023	April 1, 2024 - June 30, 2024
Net income	162,803	154,647
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	4,511	4,813
Deferred gains (losses) on hedges	(4,359)	(2,026)
Foreign currency translation adjustments	21,649	169,280
Remeasurements of defined benefit plans	305	(381)
Share of other comprehensive income of affiliates accounted for using the equity method	(1)	260
Total other comprehensive income	22,106	171,947
Comprehensive income	184,910	326,595
(Breakdown)		
Comprehensive income attributable to owners of parent	175,117	314,155
Comprehensive income attributable to non-controlling interests	9,792	12,440

(3) Notes to Consolidated Financial Statements

(Segment information)

I For the first quarter of the fiscal year ending March 31, 2025 (From April 1, 2024 to June 30, 2024)

i) Information on Sales, Income, and Other Items of Reportable Segments

	Millions of yen					Adjustment*	Figures in consolidated financial statements
	Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total		
Sales to outside customers	232,509	227,065	106,702	31,653	597,930	-	597,930
Intersegment sales	1,031	751	3,602	42,211	47,596	(47,596)	-
Total	233,541	227,816	110,305	73,864	645,527	(47,596)	597,930
Segment income (Operating income)	67,955	89,533	26,779	7,019	191,287	(264)	191,023

*Segment income is adjusted to quarterly consolidated statements of income. "Adjustment" shows elimination of intersegment transactions.

ii) Information Concerning Impairment Loss of Fixed Assets and Goodwill by Reportable Segment.

Not applicable

II For the first quarter of the fiscal year ended March 31, 2024 (From April 1, 2023 to June 30, 2023)

i) Information on Sales, Income, and Other Items of Reportable Segments

	Millions of yen					Adjustment*	Figures in consolidated financial statements
	Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total		
Sales to outside customers	240,417	220,527	108,068	30,187	599,201	-	599,201
Intersegment sales	1,487	1,871	6,510	36,187	46,056	(46,056)	-
Total	241,905	222,399	114,578	66,375	645,258	(46,056)	599,201
Segment income (Operating income)	80,179	80,053	25,652	5,439	191,324	(503)	190,820

*Segment income is adjusted to quarterly consolidated statements of income. "Adjustment" shows elimination of intersegment transactions.

ii) Information Concerning Impairment Loss of Fixed Assets and Goodwill by Reportable Segment.

Not applicable

(Notes on Changes in Accounting Policies Applied)

(Application of “Accounting Standard for Current Income Taxes”, etc.)

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, on October 28, 2022), “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, on October 28, 2022), and “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, on October 28, 2022) are applied from the first quarter of the fiscal year ending March 31, 2025. These changes had no impact on the quarterly consolidated financial statements.

(Application of “Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules”)

“Practical Solution on the Accounting for and Disclosure of Current Taxes Related to the Global Minimum Tax Rules” (ASBJ PITF No. 46, on March 22, 2024) is applied from the first quarter of the fiscal year ending March 31, 2025. Current taxes related to the global minimum tax rules are not booked in the quarterly consolidated financial statement because ASBJ PITF No. 7 is applied.

(Notes on Significant Changes in Stockholders’ Equity)

Not applicable

(Notes on Premise of Going Concern)

Not applicable

(Notes on Quarterly Consolidated Statements of Cash Flows)

Quarterly Consolidated Statements of Cash Flows for the first quarter ended June 30, 2024 are not prepared, but “Comparative Statements of Cash Flows (Consolidated)” are disclosed on page 21 on an informal basis. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill during the first quarter ended June 30, 2024 as follows:

	Millions of yen	
	April 1, 2023 - June 30, 2023	April 1, 2024 - June 30, 2024
Depreciation	51,804	51,900
Amortization of goodwill	208	110

(English Translation)

Independent Auditor's Interim Review Report

July 26, 2024

The Board of Directors
Shin-Etsu Chemical Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo, Japan

Noriaki Kenmochi
Designated Engagement Partner
Certified Public Accountant

Satoshi Kanazawa
Designated Engagement Partner
Certified Public Accountant

Tetsuya Kawawaki
Designated Engagement Partner
Certified Public Accountant

Auditor's Conclusion

We have reviewed the accompanying quarterly consolidated financial statements of Shin-Etsu Chemical Co., Ltd. and its consolidated subsidiaries (the Group), which comprise the quarterly consolidated balance sheet as at June 30, 2024, and the quarterly consolidated statements of income, comprehensive income for the three-month period ended June 30, 2024, and notes to the quarterly consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying quarterly consolidated financial statements are not prepared, in all material respects, in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements (the Standards) and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

Basis for Auditor's Conclusion

We conducted our review in accordance with review standards for interim financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the quarterly consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained provides a basis for our conclusion.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Quarterly Consolidated Financial Statements

Management is responsible for the preparation of these quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, and for the internal controls as management determines are necessary to enable the preparation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including the disclosures related to matters of going concern as required by Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements

Our responsibility is to express a conclusion on these quarterly consolidated financial statements based on our review.

As part of a review in accordance with review standards for interim financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters and apply analytical and other interim review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude based on the evidence obtained whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, should we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's interim review report to the related disclosures in the quarterly consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's interim review report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether anything has come to our attention that causes us to believe that the overall presentation and disclosure of the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.
- Obtain evidence regarding the financial information of the entities or business activities within the Group as a basis for expressing a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and review of the documentation of the interim review. We remain solely responsible for our conclusion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding the planned scope and timing of the review and significant review findings.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our review of the quarterly consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* The original Independent Auditor's Interim Review Report related to the quarterly consolidated financial statements is in Japanese. This is an English translation of the Independent Auditor's Interim Review Report as required by the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements for the conveniences of the reader.

(Appendix)

1. Quarterly Operating Results

(Billions of yen)

	FY 2023 April 1, 2023 - March 31, 2024					FY 2024 April 1, 2024 - Mar 31, 2025
	1Q	2Q	3Q	4Q	Total	1Q
Net Sales	599.2	596.7	627.5	591.5	2,414.9	597.9
Infrastructure Materials	240.4	250.5	266.3	252.9	1,010.2	232.5
Electronics Materials	220.5	204.3	217.7	207.8	850.4	227.0
Functional Materials	108.0	107.4	111.1	98.6	425.2	106.7
Processing & Specialized Services	30.1	34.4	32.2	32.1	128.9	31.6
Operating Income	190.8	191.0	177.6	141.5	701.0	191.0
Infrastructure Materials	80.1	85.1	88.2	68.3	321.9	67.9
Electronics Materials	80.0	74.1	61.2	56.6	272.1	89.5
Functional Materials	25.6	26.1	22.0	11.1	85.0	26.7
Processing & Specialized Services	5.4	6.5	6.4	5.7	24.1	7.0
Ordinary Income	217.1	210.3	188.2	171.4	787.2	219.8
Net Income Attributable to Owners of Parent	153.6	147.8	105.0	113.6	520.1	144.0
R&D Costs	15.5	16.2	17.1	16.8	65.7	16.9
Overseas Sales	461.3	466.0	495.5	471.4	1,894.4	469.8
Ratio of Overseas Sales to Net Sales	77%	78%	79%	80%	78%	79%

2. Capital Expenditures and Depreciation and Amortization

(Billions of yen)

	FY 2023 April 1, 2023 - March 31, 2024					FY 2024 April 1, 2024 - Mar 31, 2025
	1Q	2Q	3Q	4Q	Total	1Q
Capital Expenditures	84.8	103.3	109.0	109.6	406.8	115.5
Infrastructure Materials	35.4	31.9	27.9	33.0	128.4	40.9
Electronics Materials	34.2	58.2	60.4	58.4	211.3	55.4
Functional Materials	9.0	11.6	15.1	16.6	52.5	13.5
Processing & Specialized Services	6.5	2.5	6.4	2.6	18.2	6.2
Depreciation and Amortization	52.0	56.0	58.2	61.2	227.6	52.0
Infrastructure Materials	18.1	19.0	20.1	20.9	78.2	18.9
Electronics Materials	24.1	26.6	26.6	28.1	105.6	22.2
Functional Materials	8.7	9.3	10.2	10.9	39.2	9.5
Processing & Specialized Services	1.2	1.3	1.5	1.5	5.7	1.4

Annual

(Billions of yen)

	Apr 2024 - Mar 2025 Forecast
Investments	460.0
Depreciation and Amortization	248.0

3. Other Financial Items (Consolidated)

(Billions of yen)

	Jun 30 2023	Jun 30 2024	Mar 31 2024
Net Assets	4,102.0	4,635.7	4,424.0
Total Assets	4,757.5	5,327.6	5,147.9
Net Assets per Share (Yen)	1,951	2,234	2,133
Interest-bearing Liabilities	29.7	22.7	24.3
Number of Employees	25,694	26,056	26,004
Exchange Rate: Jan - Mar (Avg)	132.3	148.6	
(Yen/US\$) Apr - Jun (Avg)	137.4	155.9	

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

4. Comparative Balance Sheets (Consolidated)

(Billions of yen)

	Mar 31 2024	Jun 30 2024	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]		Mar 31 2024	Jun 30 2024	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]
Current Assets	3,036.5	3,072.2	35.7	124.5	(88.8)	Current Liabilities	520.3	470.5	(49.8)	8.4	(58.2)
Cash and time deposits	1,698.9	1,684.0	(14.9)	92.6	(107.5)	Notes and accounts payable-trade	161.3	142.2	(19.1)	3.3	(22.4)
Notes and accounts receivable-trade	481.8	503.8	22.0	12.5	9.5	Other	359.0	328.2	(30.8)	5.1	(35.9)
Securities	20.7	36.5	15.8	0.0	15.8	Long-term Liabilities	203.5	221.3	17.8	10.2	7.6
Inventories	720.6	717.7	(2.9)	16.2	(19.1)	Total Liabilities	723.9	691.8	(32.1)	18.6	(50.7)
Other	114.3	130.1	15.8	3.2	12.6	Stockholders' Equity	3,743.3	3,767.5	24.2	0.0	24.2
Fixed Assets	2,111.4	2,255.3	143.9	73.3	70.6	Accumulated Other Comprehensive Income	514.5	684.6	170.1	171.6	(1.5)
Property, Plant and Equipment and Intangible Assets	1,756.7	1,889.3	132.6	70.9	61.7	Other	166.1	183.4	17.3	7.6	9.7
Investments and Other Assets	354.6	365.9	11.3	2.4	8.9	Total Net Assets	4,424.0	4,635.7	211.7	179.2	32.5
Total Assets	5,147.9	5,327.6	179.7	197.8	(18.1)	Total Liabilities and Net Assets	5,147.9	5,327.6	179.7	197.8	(18.1)

5. Comparative Statements of Cash Flows (Consolidated)

(Billions of yen)

	2023 Apr-Jun	2024 Apr-Jun	Increase (Decrease)
(1) Cash Flows from Operating Activities	143.0	162.0	19.0
Income Before Income Taxes	224.2	220.7	(3.5)
Payments of income taxes	(60.2)	(67.7)	(7.5)
Depreciation and amortization	52.0	52.0	0.0
(Increase)Decrease in working capital	(44.8)	(11.7)	33.1
Other	(28.0)	(31.2)	(3.2)
(2) Cash Flows from Investing Activities	(268.9)	(137.5)	131.4
Capital expenditures	(88.2)	(121.8)	(33.6)
(Increase)Decrease in time deposits	(202.5)	(13.2)	189.3
Other	21.8	(2.4)	(24.2)
(3) Cash Flows from Financing Activities	(118.7)	(126.3)	(7.6)
Increase(Decrease) in borrowings	(0.2)	(2.3)	(2.1)
Cash dividends paid	(110.9)	(99.8)	11.1
Purchases of treasury stock	0.0	(20.3)	(20.3)
Other	(7.5)	(3.8)	3.7
(4) Effect of Exchange Rate Changes on Cash and Cash Equivalents, and other	8.2	13.9	5.7
Net Increase (Decrease) in Cash and Cash Equivalents	(236.4)	(87.8)	148.6
Balance of Cash and Cash Equivalents	1,010.8	502.2	(508.6)
Balance of Interest-bearing Liabilities	29.7	22.7	(7.0)

Note : These statements were prepared on an informal basis.

6. Cash Dividends per Share



Fiscal year ended March		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cash Dividends per Share (Yen)	Interim	11	12	13	20	22	22	30	45	50	* 53
	Annual	22	24	28	40	44	50	80	100	100	* 106
Net Income per Share (Yen)	Annual	70	83	125	145	151	141	241	348	259	* 268
Dividend payout ratio	Annual	31%	29%	22%	28%	29%	35%	33%	29%	39%	* 40%

*Forecast

7. Sales by Manufacturing Location for Each Segment

(Billions of yen)

		Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total
2023 April - June	Goods Manufactured in Japan	29.7	178.6	68.8	22.0	299.2
	Goods Manufactured overseas	210.6	41.8	39.2	8.1	299.9
		240.4	220.5	108.0	30.1	599.2
2024 April - June	Goods Manufactured in Japan	25.0	173.9	67.3	23.3	289.6
	Goods Manufactured overseas	207.4	53.1	39.3	8.2	308.2
		232.5	227.0	106.7	31.6	597.9

8. Sales by Region

(Billions of yen)

	Japan	Overseas					Total	Total Consolidated Net Sales
		U.S.	Asia/Oceania		Europe	Other Areas		
			China					
2023 April - June	23%	30%	31%	9%	10%	6%	77%	599.2
	137.8	176.9	184.6	53.7	62.5	37.2	461.3	
2024 April - June	21%	31%	32%	9%	10%	6%	79%	597.9
	128.0	184.6	187.5	54.2	60.1	37.5	469.8	

Note: % indicates the proportion of total consolidated net sales

9. Average Exchange Rate

		US\$ (yen/\$)				EUR (yen/€)					
		Quarterly	6 months		12 months		Quarterly	6 months		12 months	
			Jan-Jun Jul-Dec	Apr-Sep Oct-Mar	Jan-Dec	Apr-Mar		Jan-Jun Jul-Dec	Apr-Sep Oct-Mar	Jan-Dec	Apr-Mar
2023	Jan-Mar	132.3	134.9	141.0	140.6	144.6	142.1	145.8	152.0	156.8	
	Apr-Jun	137.4					149.5				
	Jul-Sep	144.6	146.3				157.3	158.2			
	Oct-Dec	147.9	148.3				159.1	160.2			
2024	Jan-Mar	148.6	152.2				161.3	164.6			
	Apr-Jun	155.9				167.9					

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

	US\$	EUR
Shin-Etsu's assumption for the forecast from July 2024	Around 150Yen/\$	Around 160Yen/€