

Press Release

Consolidated Financial Results for the First Three Quarters Ended December 31, 2024



Shin-Etsu Chemical Co., Ltd.

(JP GAAP)

January 29, 2025

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 Three Quarters Ended December 31, 2024

(From April 1, 2024 to December 31, 2024)

(1) Results of consolidated operations

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
April - December 2024	1,929,698	5.8%	584,439	4.5%	644,231	4.6%	432,539	6.4%
April - December 2023	1,823,403	(15.7%)	559,528	(30.8%)	615,732	(25.3%)	406,529	(29.7%)

(Note) Comprehensive income (Millions of yen) From April 1, 2024 to December 31, 2024: 478,863 [(35.3%)]

From April 1, 2023 to December 31, 2023: 739,865 [(29.6%)]

	Net income per share (yen)	Diluted net income per share (yen)
April - December 2024	217.76	217.53
April - December 2023	202.44	202.23

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
December 31, 2024	5,285,914	4,573,223	83.1%	2,219.61
March 31, 2024	5,147,974	4,424,073	82.7%	2,133.17

(Reference) Stockholders' equity (Millions of yen) As of December 31, 2024: 4,394,178 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	-	53.00	-		
April 2024 - March 2025 (forecast)				53.00	106.00

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

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: 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) Significant changes in scope of consolidation during the first three quarters ended December 31, 2024: Yes

Newly included: 1 company (Mimasu Semiconductor Industry Co., Ltd.)

Excluded: —

(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)

	December 31, 2024	March 31, 2024
Number of shares outstanding at period end	1,984,995,865	2,001,691,765
Number of shares of treasury stock at period end	5,292,569	5,637,568
	April - December 2024	April - December 2023
Weighted-average number of shares outstanding over period	1,986,285,679	2,008,186,282

(Note) Based on a resolution at the Board of Directors Meeting held on May 17, 2024, we repurchased a maximum of 16,695,900 shares (99,999 million yen) whose cancellation was completed on December 6, 2024.

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

(Attached Documents)

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1. Results of Operations and Financial Overview

(1) Quarterly Results of Operations and Financial Overview

1) Explanation of Operating Results

During the third quarter of the fiscal year ending March 31, 2025 (April 1 to December 31, 2024), in the U.S., the Federal Reserve Board began lowering its policy interest rate, and while the U.S. economy remained generally strong, the persistence of the inflation came to be considered problematic. The EU implemented monetary easing, but the economic situation became even tougher. China finally began to implement economic stimulus packages, but exports did not decline due to the excess in supply that appears to be a part of governmental policy. Geopolitical risks including trade tensions are rising, and we need to be vigilant. Under these circumstances, we have maintained close communication with our customers, continued to provide a reliable supply of products with required quality, and conducted sales with agility. As a result, the cumulative operating income for the nine months increased by 4% over the same period last year, and the ordinary income also increased by 5%. The net income also increased by 6% despite the temporary increase in tax expenses arising from the payment of dividends from overseas subsidiaries starting this fiscal year. We will focus even more on business growth and improved operating performance. To that end, we will accelerate the development of products that are valuable to our customers and actively continue capital investments with a medium- to long-term perspective in order to meet the needs and demands of the customers and markets in a timely manner.

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

	(Billions of yen)			2024		
	2023 Apr - Dec	2024 Apr - Dec	Increase (Decrease)	Apr - Jun	Jul - Sep	Oct - Dec
Net sales	1,823.4	1,929.6	6% 106.2	597.9	668.5	663.2
Operating income	559.5	584.4	4% 24.9	191.0	214.6	178.7
Ordinary income	615.7	644.2	5% 28.5	219.8	223.1	201.3
Net income attributable to owners of parent	406.5	432.5	6% 26.0	144.0	150.0	138.4
ROIC (annualized)	20.7%	19.5%	(1 points)			
ROE (annualized)	13.3%	13.3%	0 points			
ROA (annualized)	16.7%	16.5%	0 points			
Net income per share (Yen)	202	218	16			

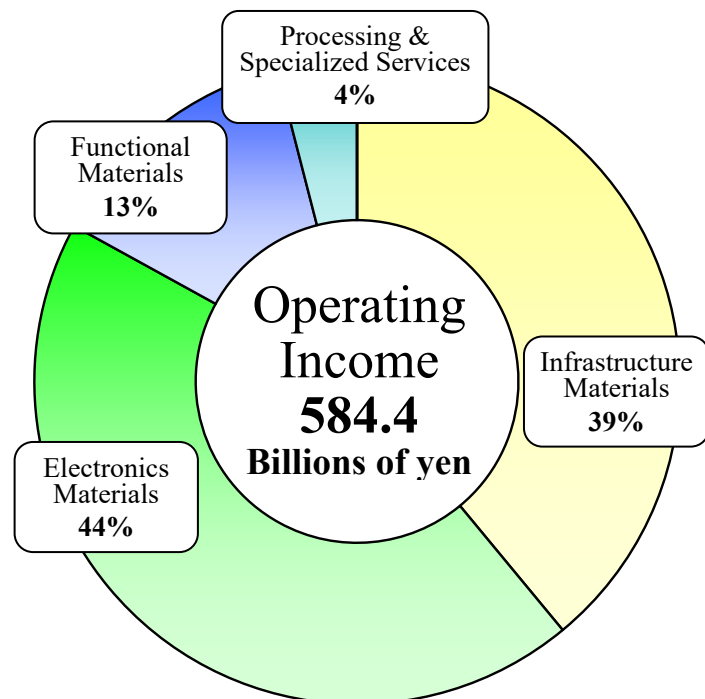
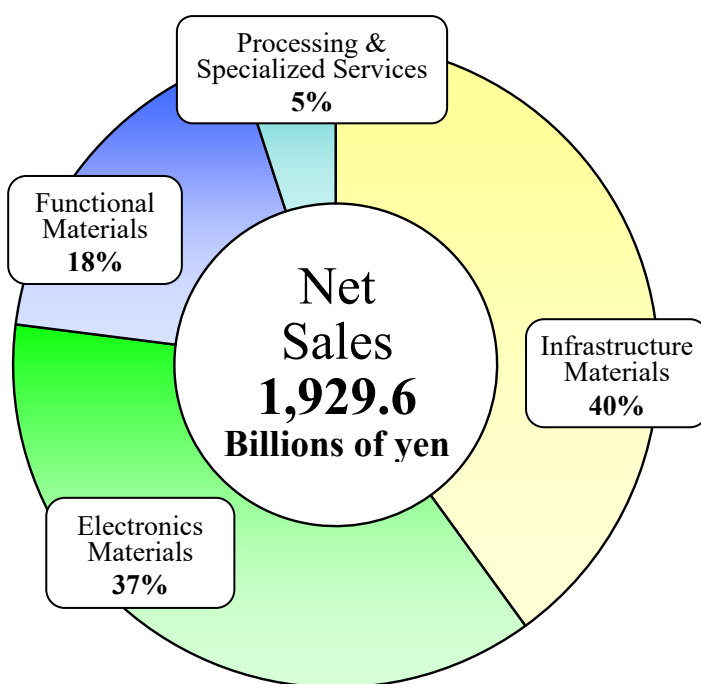
- Notes:
- ROIC: Return on invested capital
Net operating income after tax / (Net assets + Interest-bearing liabilities — Cash)
 - ROE: Return (Net income attributable to owners of parent) on equity
Equity used for this calculation is net assets excluding both share subscription rights and non-controlling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

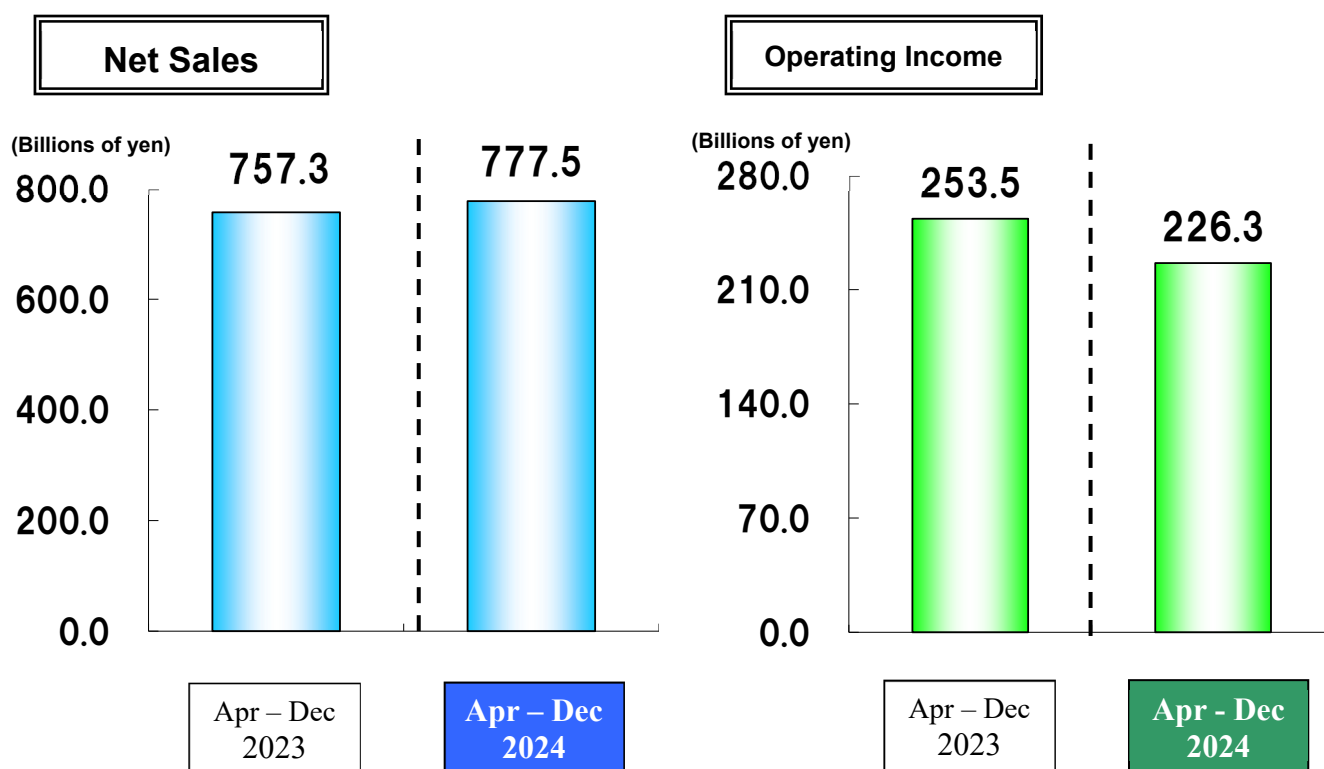
	Net Sales			Operating Income		
	2023 Apr - Dec	2024 Apr - Dec	Increase (Decrease)	2023 Apr - Dec	2024 Apr - Dec	Increase (Decrease)
Infrastructure Materials	757.3	777.5	3% 20.2	253.5	226.3	(11%) (27.2)
Electronics Materials	642.5	709.1	10% 66.6	215.4	260.5	21% 45.1
Functional Materials	326.6	341.3	5% 14.7	73.8	78.3	6% 4.5
Processing & Specialized Services	96.8	101.5	5% 4.7	18.4	21.6	18% 3.2
Total	1,823.4	1,929.6	6% 106.2	559.5	584.4	4% 24.9



Infrastructure Materials

	Apr - Dec 2023 (Billions of yen)	Apr - Dec 2024 (Billions of yen)	Increase / (Decrease)
Net sales	757.3	777.5	3%
Operating income	253.5	226.3	(11%)

As for PVC, the prices rose in major regions from April to June and further improved or maintained their levels from July to September, but the prices dropped from October to December. As for caustic soda, we raised the prices for the period of April to June, but since then the prices have kept going up and down.

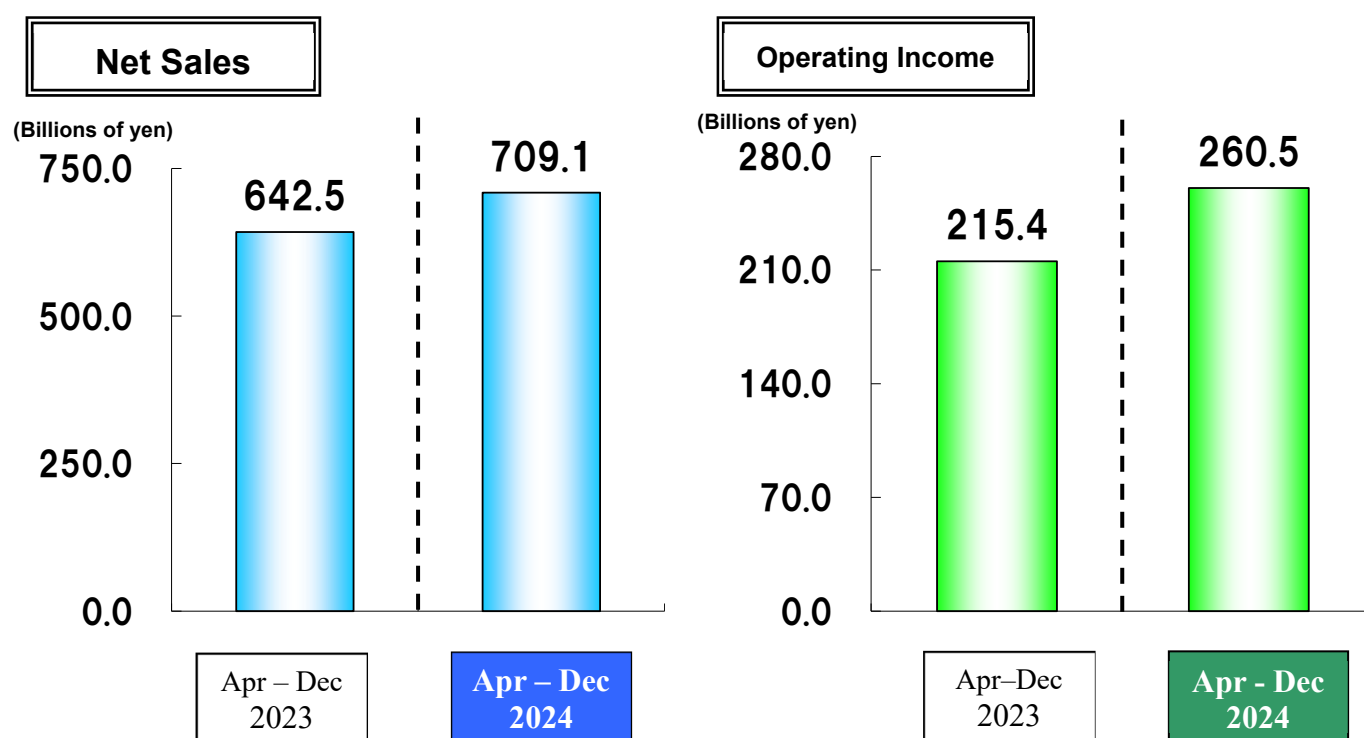


- Upward price adjustments.
- Conducting sales activities that take advantage of the most-advanced capacity of the US operation.
- Further improvement of the comprehensive strength of environment-friendly PVC business.

Electronics Materials

	Apr - Dec 2023 (Billions of yen)	Apr - Dec 2024 (Billions of yen)	Increase / (Decrease)
Net sales	642.5	709.1	10%
Operating income	215.4	260.5	21%

In the semiconductor market, the recovery from the adjustment phase has been patchy depending on the application and sector. Under these circumstances, we have focused on shipping semiconductor materials such as silicon wafer, photoresist and photomask blanks to the markets with strong growth. As for rare earth magnets, while we have met the strong demand of HDD, we have focused on expanding the sales to automotive markets.

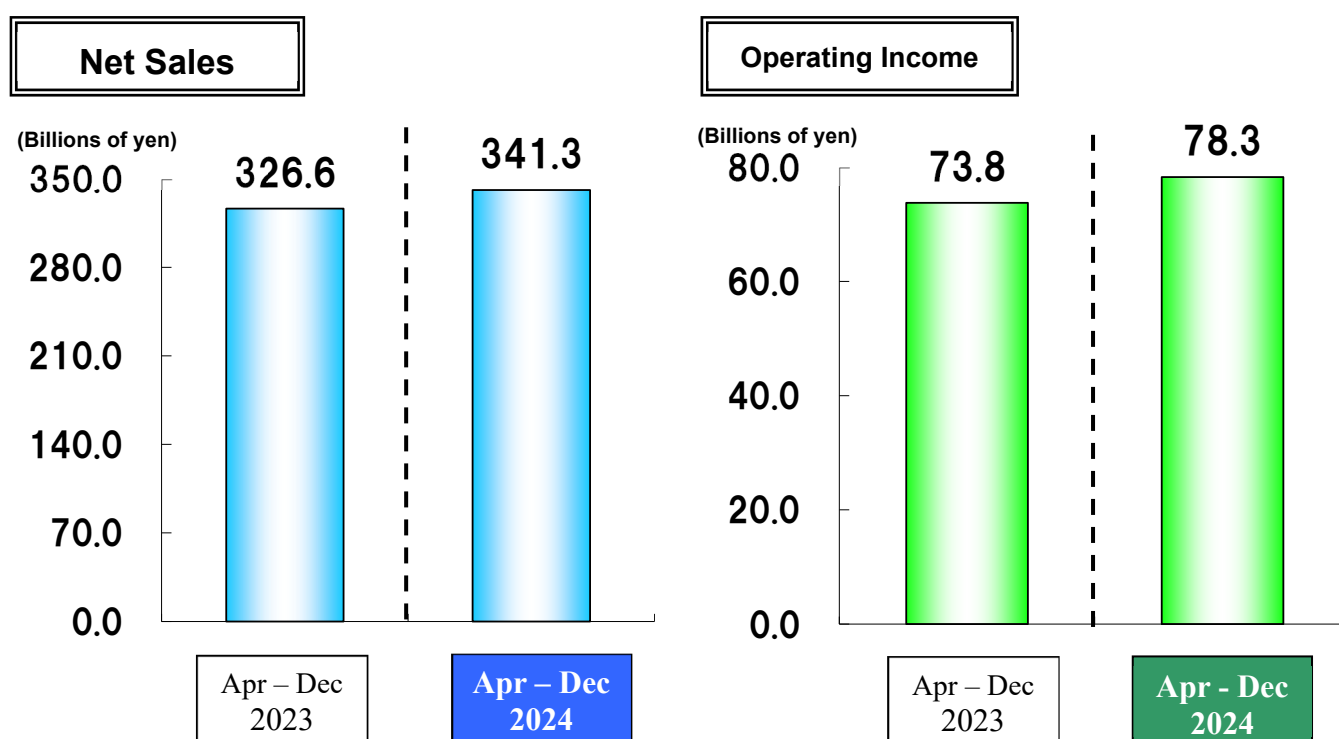


- Providing materials and technologies essential to the semiconductor market, which promises to expand dramatically in the three aspects of quantity, quality, and variety.
- Promoting the construction of a new production base for advanced lithography materials in Isesaki City, Gunma Prefecture, Japan (Currently proceeding as planned).
- Promoting the cooperation with Mimasu Semiconductor Industry Co., Ltd., which became a wholly owned subsidiary.

Functional Materials

	Apr - Dec 2023 (Billions of yen)	Apr - Dec 2024 (Billions of yen)	Increase / (Decrease)
Net sales	326.6	341.3	5%
Operating income	73.8	78.3	6%

In the commodity product group, the slowdown in the market caused by the slump in the Chinese economy continued, but we continued to strive to improve sales by expanding the selling of highly functional product groups.

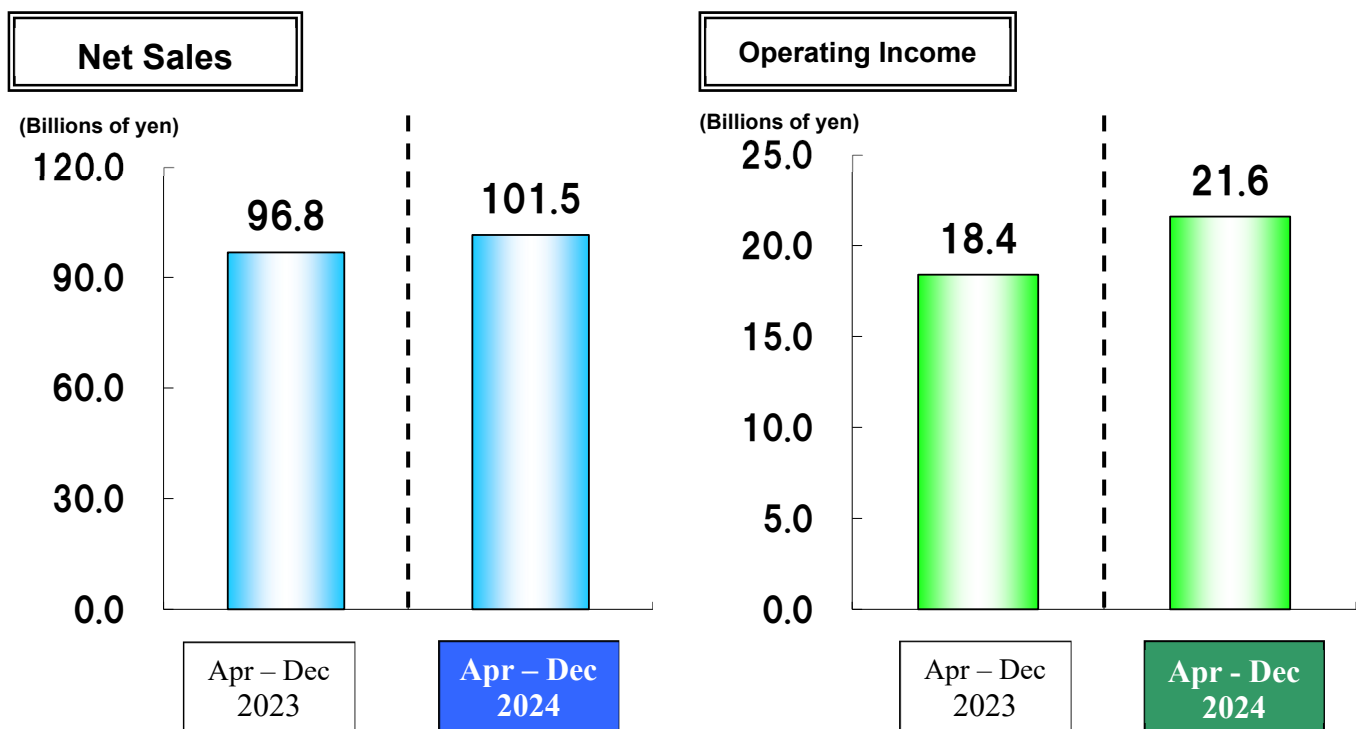


- Price increase of silicone products.
- Significant and focused promotion of higher silicone product functionality and raising of the level of environmental impact reduction.
- Supply products that precisely meet the customer needs for high-performance products, such as automotive applications, personal care, healthcare applications and other applications, whose markets are recovering.

Processing & Specialized Services

	Apr – Dec 2023 (Billions of yen)	Apr - Dec 2024 (Billions of yen)	Increase / (Decrease)
Net sales	96.8	101.5	5%
Operating income	18.4	21.6	18%

The demand for semiconductor-related containers, primarily for in-process use, is gradually recovering. The demand for input devices remained strong thanks to the recovery of the automobile industry.



- Went ahead with the enhancement of the production capacity of semiconductor wafer-related containers, promoted development of EV-related products, market penetration and development of new application.

2) Financial Position Overview

At the end of third quarter of the fiscal year ending March 31, 2025 (December 31, 2024), total assets increased by ¥138.0 billion compared with that at the end of the previous fiscal year to ¥5,285.9 billion. It was mainly due to increases in property, plant and equipment because of a high level of investments.

Total liabilities decreased by ¥11.3 billion from that at the end of the previous fiscal year to ¥712.6 billion mainly due to income tax payments.

Total net assets increased by ¥149.2 billion compared with that at the end of the previous fiscal year to ¥4,573.2 billion. This increase was mainly due to net income attributable to owners of parent of ¥432.5 billion, offset by ¥204.7 billion for a cash dividend payment and ¥100.0 billion for purchases of treasury stock.

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

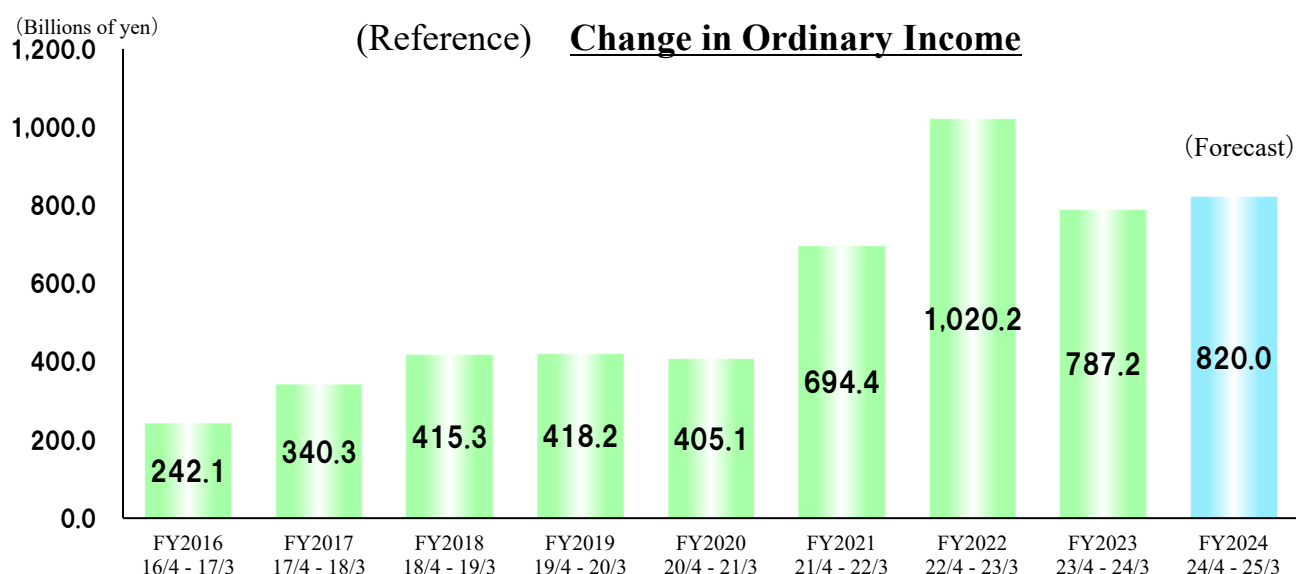
The business forecast for this fiscal year depends on various variable factors, including exchange rates, but we will maintain the earning forecast announced in July. We strive to grow our business performance.

(Billions of yen)

	FY 2023 Apr 2023 - Mar 2024 Actual	FY 2024 Apr 2024 - Mar 2025 Forecast	Increase (Decrease)
Net sales	2,414.9	2,500.0	4%
Operating income	701.0	735.0	5%
Ordinary income	787.2	820.0	4%
Net income attributable to owners of parent	520.1	533.0	2%
Net income per share (Yen)	259	268	9yen, 3%
Cash Dividends per Share (Yen)	100	106	6yen, 6%

(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].

The year-end dividend for the fiscal year ending March 31, 2025 is expected to be ¥53 per share as was announced in July, 2024 as well, the same amount as the interim dividend. As a result, the dividend on an annual basis will be ¥106 per share, an increase of ¥6 from the previous period.



2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31 and December 31, 2024

	Millions of yen	
	March 31, 2024	December 31, 2024
ASSETS		
Current Assets:		
Cash and time deposits	1,698,999	1,593,579
Notes, accounts receivable-trade and contract assets	481,812	562,109
Securities	20,710	4,571
Inventories	720,646	713,879
Other	121,389	112,752
Less: Allowance for doubtful accounts	(7,049)	(7,527)
Total current assets	3,036,509	2,979,364
Fixed Assets:		
Property, plant and equipment:		
Machinery and equipment, net	860,903	935,518
Other, net	885,673	1,017,220
Total property, plant and equipment	1,746,577	1,952,739
Intangible assets	10,195	38,175
Investments and other assets:		
Investments and other assets	360,821	322,099
Less: Allowance for doubtful accounts	(6,129)	(6,464)
Total investments and other assets	354,692	315,635
Total fixed assets	2,111,465	2,306,550
TOTAL ASSETS	5,147,974	5,285,914

	Millions of yen	
	March 31, 2024	December 31, 2024
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	161,364	170,858
Short-term borrowings	10,386	10,953
Allowances	5,363	5,879
Other	343,281	296,950
Total current liabilities	520,395	484,641
Long-term Liabilities:		
Long-term debt	13,913	8,107
Net defined benefit liability	32,571	34,377
Other	157,019	185,565
Total long-term liabilities	203,505	228,050
TOTAL LIABILITIES	723,901	712,691
NET ASSETS		
Stockholders' Equity:		
Common stock	119,419	119,419
Additional paid-in capital	127,894	125,707
Retained earnings	3,520,355	3,654,617
Less: Treasury stock, at cost	(24,292)	(29,488)
Total stockholders' equity	3,743,377	3,870,255
Accumulated Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities	40,518	35,375
Deferred gains (losses) on hedges	(2,919)	(2,953)
Foreign currency translation adjustments	466,438	483,218
Remeasurements of defined benefit plans	10,507	8,281
Total accumulated other comprehensive income	514,545	523,922
Share subscription rights	4,841	6,490
Non-controlling interests in consolidated subsidiaries	161,308	172,553
TOTAL NET ASSETS	4,424,073	4,573,223
TOTAL LIABILITIES AND NET ASSETS	5,147,974	5,285,914

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

Consolidated Statements of Income

For the first three quarters ended December 31, 2023 and 2024

	Millions of yen	
	April 1, 2023 - December 31, 2023	April 1, 2024 - December 31, 2024
Net sales	1,823,403	1,929,698
Cost of sales	1,108,789	1,170,381
Gross profit	714,614	759,317
Selling, general and administrative expenses	155,086	174,877
Operating income	559,528	584,439
Non-operating income:		
Interest income	46,362	65,872
Other income	14,776	12,235
Total non-operating income	61,138	78,108
Non-operating expenses:		
Foreign exchange losses	-	10,791
Other expenses	4,934	7,524
Total non-operating expenses	4,934	18,316
Ordinary income	615,732	644,231
Extraordinary income:		
Gain on sale of investment securities	13,951	10,840
Gain on step acquisitions	-	5,421
Total extraordinary income	13,951	16,262
Extraordinary losses:		
Business restructuring expenses	15,112	-
Total extraordinary losses	15,112	-
Income before income taxes and non-controlling interests	614,571	660,493
Income taxes:		
Current	167,511	162,624
Deferred	6,065	29,224
Total income taxes	173,577	191,848
Net income	440,994	468,645
Net income attributable to non-controlling interests	34,465	36,105
Net income attributable to owners of parent	406,529	432,539

Consolidated Statements of Comprehensive Income

For the first three quarters ended December 31, 2023 and 2024

	Millions of yen	
	April 1, 2023 - December 31, 2023	April 1, 2024 - December 31, 2024
Net income	440,994	468,645
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	2,877	(5,169)
Deferred gains (losses) on hedges	(588)	(20)
Foreign currency translation adjustments	296,187	17,847
Remeasurements of defined benefit plans	(173)	(2,241)
Share of other comprehensive income of affiliates accounted for using the equity method	567	(197)
Total other comprehensive income	298,870	10,218
Comprehensive income	739,865	478,863
(Breakdown)		
Comprehensive income attributable to owners of parent	701,804	441,916
Comprehensive income attributable to non-controlling interests	38,060	36,947

(3) Notes to Consolidated Financial Statements

(Notes on Segment Information)

I For the first three quarters of the fiscal year ending March 31, 2025 (From April 1, 2024 to December 31, 2024)

i) Information on Sales, Income of Reportable Segments

	Millions of yen						Figures in consolidated statements of income
	Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total	Adjustment*	
Sales to outside customers	777,584	709,182	341,377	101,552	1,929,698	-	1,929,698
Intersegment sales	3,444	3,526	10,719	113,872	131,563	(131,563)	-
Total	781,029	712,709	352,097	215,425	2,061,261	(131,563)	1,929,698
Segment income (Operating income)	226,351	260,513	78,310	21,674	586,849	(2,409)	584,439

*Elimination of intersegment transactions.

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

Not applicable

II For the first three quarters of the fiscal year ended March 31, 2024 (From April 1, 2023 to December 31, 2023)

i) Information on Sales, Income of Reportable Segments

	Millions of yen						Figures in consolidated statements of income
	Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total	Adjustment*	
Sales to outside customers	757,355	642,575	326,629	96,843	1,823,403	-	1,823,403
Intersegment sales	3,885	4,371	15,878	105,521	129,657	(129,657)	-
Total	761,240	646,946	342,508	202,365	1,953,061	(129,657)	1,823,403
Segment income (Operating income)	253,577	215,474	73,829	18,401	561,281	(1,753)	559,528

*Elimination of intersegment transactions.

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

In the Electronics Materials segment, an impairment loss of ¥10,595 million was recognized for a part of the facilities related to optical fiber preform among Synthetic Quartz products.

(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 statements 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 three quarters ended December 31, 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 three quarters ended December 31, 2024 as follows:

	Millions of yen	
	April 1, 2023 - December 31, 2023	April 1, 2024 - December 31, 2024
Depreciation	165,694	171,360
Amortization of goodwill	646	1,019

(English Translation)

Independent Auditor's Interim Review Report

January 29, 2025

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 December 31, 2024, and the quarterly consolidated statements of income, comprehensive income for the nine-month period ended December 31, 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 English translation is prepared only for readers' convenience.

(Appendix)

1. Quarterly Operating Results

(Billions of yen)

	FY 2023 April 1, 2023 - March 31, 2024					FY 2024 April 1, 2024 - March 31, 2025			
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total
Net Sales	599.2	596.7	627.5	591.5	2,414.9	597.9	668.5	663.2	1,929.6
Infrastructure Materials	240.4	250.5	266.3	252.9	1,010.2	232.5	276.8	268.1	777.5
Electronics Materials	220.5	204.3	217.7	207.8	850.4	227.0	237.4	244.6	709.1
Functional Materials	108.0	107.4	111.1	98.6	425.2	106.7	119.3	115.3	341.3
Processing & Specialized Services	30.1	34.4	32.2	32.1	128.9	31.6	34.8	35.0	101.5
Operating Income	190.8	191.0	177.6	141.5	701.0	191.0	214.6	178.7	584.4
Infrastructure Materials	80.1	85.1	88.2	68.3	321.9	67.9	84.2	74.1	226.3
Electronics Materials	80.0	74.1	61.2	56.6	272.1	89.5	97.2	73.7	260.5
Functional Materials	25.6	26.1	22.0	11.1	85.0	26.7	27.0	24.4	78.3
Processing & Specialized Services	5.4	6.5	6.4	5.7	24.1	7.0	7.9	6.7	21.6
Ordinary Income	217.1	210.3	188.2	171.4	787.2	219.8	223.1	201.3	644.2
Net Income Attributable to Owners of Parent	153.6	147.8	105.0	113.6	520.1	144.0	150.0	138.4	432.5
R&D Costs	15.5	16.2	17.1	16.8	65.7	16.9	16.8	17.7	51.5
Overseas Sales	461.3	466.0	495.5	471.4	1,894.4	469.8	536.2	527.6	1,533.7
Ratio of Overseas Sales to Net Sales	77%	78%	79%	80%	78%	79%	80%	80%	79%

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

(Billions of yen)

	FY 2023 April 1, 2023 - March 31, 2024					FY 2024 April 1, 2024 - March 31, 2025			
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	Total
Capital Expenditures	84.8	103.3	109.0	109.6	406.8	115.5	137.5	103.4	356.5
Infrastructure Materials	35.4	31.9	27.9	33.0	128.4	40.9	31.3	26.0	98.3
Electronics Materials	34.2	58.2	60.4	58.4	211.3	55.4	89.3	63.2	208.1
Functional Materials	9.0	11.6	15.1	16.6	52.5	13.5	15.9	13.1	42.7
Processing & Specialized Services	6.5	2.5	6.4	2.6	18.2	6.2	2.3	1.5	10.2
Depreciation and Amortization	52.0	56.0	58.2	61.2	227.6	52.0	56.4	63.9	172.3
Infrastructure Materials	18.1	19.0	20.1	20.9	78.2	18.9	19.7	20.2	58.9
Electronics Materials	24.1	26.6	26.6	28.1	105.6	22.2	26.7	31.8	80.9
Functional Materials	8.7	9.3	10.2	10.9	39.2	9.5	8.8	10.3	28.6
Processing & Specialized Services	1.2	1.3	1.5	1.5	5.7	1.4	1.4	1.9	4.8

Annual

(Billions of yen)

	Apr 2024 - Mar 2025 Forecast
Investments	* 498.0
Depreciation and Amortization	248.0

*The breakdown is as follows: Capital expenditures of 430 billion yen and the purchase of shares of Mimasu Semiconductor Industry Co.,Ltd. of 68 billion yen.

3. Other Financial Items (Consolidated)

(Billions of yen)

	Dec 31 2023	Dec 31 2024	Mar 31 2024
Net Assets	4,426.6	4,573.2	4,424.0
Total Assets	5,123.7	5,285.9	5,147.9
Net Assets per Share (Yen)	2,134	2,220	2,133
Interest-bearing Liabilities	25.6	19.0	24.3
Number of Employees	25,592	27,177	26,004
Exchange Rate: Jan - Sep (Avg) (Yen/US\$)	138.1	151.3	
Apr - Dec (Avg)	143.3	152.6	

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 2024	Dec 31 2024	Increase (Decrease) [a]	Effect of exchange rate [b] *	[a]-[b]		Mar 31 2024	Dec 31 2024	Increase (Decrease) [a]	Effect of exchange rate [b] *	[a]-[b]
Current Assets	3,036.5	2,979.3	(57.2)	15.9	(73.1)	Current Liabilities	520.3	484.6	(35.7)	2.8	(38.5)
Cash and time deposits	1,698.9	1,593.5	(105.4)	9.3	(114.7)	Notes and accounts payable-trade	161.3	170.8	9.5	0.6	8.9
Notes and accounts receivable-trade	481.8	562.1	80.3	0.4	79.9	Other	359.0	313.7	(45.3)	2.2	(47.5)
Securities	20.7	4.5	(16.2)	0.0	(16.2)	Long-term Liabilities	203.5	228.0	24.5	1.0	23.5
Inventories	720.6	713.8	(6.8)	5.2	(12.0)	Total Liabilities	723.9	712.6	(11.3)	3.8	(15.1)
Other	114.3	105.2	(9.1)	1.0	(10.1)	Stockholders' Equity	3,743.3	3,870.2	126.9	0.0	126.9
Fixed Assets	2,111.4	2,306.5	195.1	6.5	188.6	Accumulated Other Comprehensive Income	514.5	523.9	9.4	17.7	(8.3)
Property, Plant and Equipment and Intangible Assets	1,756.7	1,990.9	234.2	6.1	228.1	Other	166.1	179.0	12.9	0.9	12.0
Investments and Other Assets	354.6	315.6	(39.0)	0.4	(39.4)	Total Net Assets	4,424.0	4,573.2	149.2	18.6	130.6
Total Assets	5,147.9	5,285.9	138.0	22.4	115.6	Total Liabilities and Net Assets	5,147.9	5,285.9	138.0	22.4	115.6

*Effect of exchange rate

For conversion into Japanese yen of the balance sheets of overseas subsidiaries, the exchange rate at the end of December 2023 was used for the end of the fiscal year ended March 31, 2024 in accordance with the fiscal year end of such overseas subsidiaries.
The exchange rate at the end of September 2024 was used for the end of the first three quarters ended December 31, 2024.

Exchange Rate at End of December 2023: 141.8yen/US\$
Exchange Rate at End of September 2024: 142.7yen/US\$

5. Comparative Statements of Cash Flows (Consolidated)

(Billions of yen)

	2023 Apr-Dec	2024 Apr-Dec	Increase (Decrease)
(1) Cash Flows from Operating Activities	557.6	616.9	59.3
Income Before Income Taxes	614.5	660.4	45.9
Payments of income taxes	(175.1)	(172.4)	2.7
Depreciation and amortization	166.3	172.3	6.0
(Increase)Decrease in working capital	(53.0)	(42.6)	10.4
Other	4.9	(0.9)	(5.8)
(2) Cash Flows from Investing Activities	(908.4)	(265.9)	642.5
Capital expenditures	(284.9)	(360.9)	(76.0)
(Increase)Decrease in securities	44.6	18.2	(26.4)
(Increase)Decrease in time deposits	(664.4)	128.9	793.3
Other	(3.6)	(52.3)	(48.7)
(3) Cash Flows from Financing Activities	(363.9)	(344.3)	19.6
Increase(Decrease) in borrowings	(5.7)	(5.7)	0.0
Cash dividends paid	(211.2)	(204.7)	6.5
Purchases of treasury stock	(107.7)	(100.0)	7.7
Other	(39.1)	(33.9)	5.2
(4) Effect of Exchange Rate Changes on Cash and Cash Equivalents, and other	60.7	(15.7)	(76.4)
Net Increase (Decrease) in Cash and Cash Equivalents	(653.8)	(9.2)	644.6
Balance of Cash and Cash Equivalents	593.4	580.9	(12.5)
Balance of Interest-bearing Liabilities	25.6	19.0	(6.6)

Note : These statements were prepared on an informal basis.

6. Cash Dividends per Share

(Yen)

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(Forecast)

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 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
2024 Apr - Dec	Goods Manufactured in Japan	90.0	581.3	215.5	75.9	962.9
	Goods Manufactured overseas	687.5	127.8	125.7	25.6	966.7
		777.5	709.1	341.3	101.5	1,929.6

8. Sales by Region

(Billions of yen)

	Japan	Overseas					Total	Total Consolidated Net Sales
		U.S.	Asia/Oceania		Europe	Other Areas		
			China					
2023 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	
2024 Apr - Dec	21%	31%	32%	9%	9%	7%	79%	1,929.6
	395.9	604.2	622.3	177.0	181.0	126.1	1,533.7	

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
2023	Jan-Mar	132.3				142.1					
	Apr-Jun	137.4	138.1			149.5	149.6				
	Jul-Sep	144.6		143.3	140.6	157.3		155.3	152.0		
	Oct-Dec	147.9				159.1				156.8	
2024	Jan-Mar	148.6				161.3					
	Apr-Jun	155.9	151.3			167.9	164.4				
	Jul-Sep	149.4		152.6	151.6	164.0		164.8	163.9		
	Oct-Dec	152.4				162.6					

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