

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, 2025

(From April 1, 2025 to June 30, 2025)

(1) Results of consolidated operations

(Millions of yen)

| | Net sales | | Operating income | | Ordinary income | | Net income attributable to owners of parent |
|-------------------|-----------|--------|------------------|---------|-----------------|---------|---|
| April - June 2025 | 628,549 | 5.1% | 166,803 | (12.7%) | 181,621 | (17.4%) | 126,428 (12.2%) |
| April - June 2024 | 597,930 | (0.2%) | 191,023 | 0.1% | 219,810 | 1.2% | 144,021 (6.3%) |

(Note) Comprehensive income (Millions of yen) From April 1, 2025 to June 30, 2025: (6,468) [—%]
 From April 1, 2024 to June 30, 2024: 326,595 [76.6 %]

| | Net income per share (yen) | Diluted net income per share (yen) |
|-------------------|----------------------------|------------------------------------|
| April - June 2025 | 66.48 | 66.45 |
| April - June 2024 | 72.21 | 72.13 |

(2) Consolidated financial position

(Millions of yen)

| | Total assets | Net assets | Stockholders' equity ratio | Net assets per share (yen) |
|----------------|--------------|------------|----------------------------|----------------------------|
| June 30, 2025 | 5,242,699 | 4,314,219 | 79.0% | 2,210.59 |
| March 31, 2025 | 5,636,601 | 4,837,585 | 82.6% | 2,375.48 |

(Reference) Stockholders' equity (Millions of yen) As of June 30, 2025: 4,139,979 As of March 31, 2025: 4,656,236

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 2024 - March 2025 | - | 53.00 | - | 53.00 | 106.00 |
| April 2025 - March 2026 | - | | | | |
| April 2025 - March 2026 (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, 2026

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

(Millions of yen)

| | Net sales | Operating income | Ordinary income | Net income attributable to owners of parent | Net income per share (yen) |
|-------------|------------------|------------------|-----------------|---|----------------------------|
| Fiscal year | 2,400,000 (6.3%) | 635,000 (14.4%) | 700,000 (14.7%) | 470,000 (12.0%) | 250.00 |

(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, 2025: 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: 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)

| | June 30, 2025 | March 31, 2025 |
|---|-------------------|-------------------|
| Number of shares outstanding at period end | 1,984,995,865 | 1,984,995,865 |
| Number of shares of treasury stock at period end | 112,202,429 | 24,869,464 |
| | April - June 2025 | April - June 2024 |
| Weighted-average number of shares outstanding over period | 1,901,895,111 | 1,994,562,641 |

(Note) A resolution was made at the Board of Directors Meeting held on April 25, 2025 concerning the repurchase of up to 200 million shares (500 billion yen) by April 24, 2026, and we have repurchased a total of 87,393,400 shares (399,999 million yen) as of June 30, 2025.

► **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 first quarter of the fiscal year ending March 31, 2026 (April 1, 2025 to June 30, 2025), the global economy and industry were faced with the tariff policies announced by the U.S. in April and the various seismic shocks arising therefrom. In addition, the major countries' responses to the U.S. policies have resulted in increased uncertainty in the execution of our businesses. Although there are reports that the Chinese government came to recognize the problem, the situation of their oversupply has not yet subsided, and it has been one of the reasons why the market conditions for several of our products continue to be challenging.

Under these circumstances, we have maintained close communication with our customers, continued to provide a reliable supply of products with required quality, and conducted sales with agility. As a result, the operating income was in line with the forecast announced in April, and the ordinary income and the net income exceeded those forecasts by 3% and 5%, respectively. 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 first quarter of the fiscal year ending March 31, 2026, are as follows:

| | 2024 April - June | 2025 April - June | (Billions of yen) Increase (Decrease) | (Reference) Forecast of 1Q Disclosed on April 25 |
|---|----------------------|----------------------|---|--|
| Net sales | 597.9 | 628.5 | 5% 30.6 | 610.0 |
| Operating income | 191.0 | 166.8 | (13%) (24.2) | 166.0 |
| Ordinary income | 219.8 | 181.6 | (17%) (38.2) | 176.0 |
| Net income attributable to owners of parent | 144.0 | 126.4 | (12%) (17.6) | 120.0 |
| Ratio of operating income to net sales | 31.9% | 26.5% | (5 points) | |
| Ratio of net income attributable to owners of parent to net sales | 24.1% | 20.1% | (4 points) | |
| ROIC (annualized) | 19.1% | 16.0% | (3 points) | |
| ROE (annualized) | 13.2% | 11.5% | (2 points) | |
| Net income per share (Yen) | 72 | 66 | (6) | |

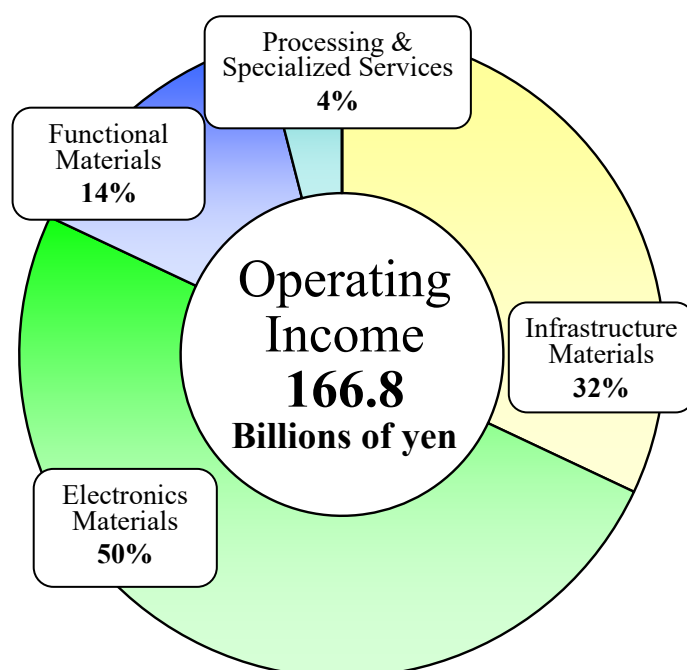
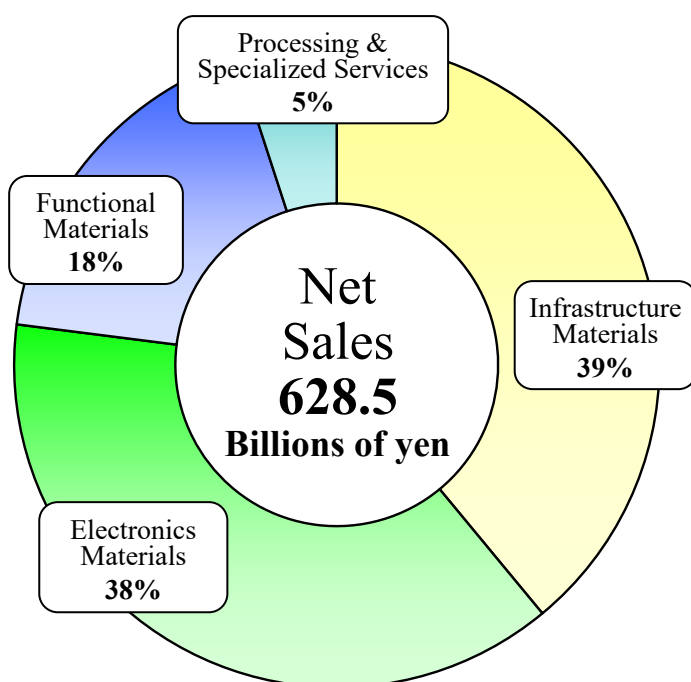
- Notes:
- ROIC: Return on invested capital
Net operating income after tax / (Net assets + Interest-bearing liabilities — Cash)
 - ROE: Return (Net Income) on equity
Equity used for this calculation is net assets excluding both share subscription rights and non-controlling interests in consolidated subsidiaries.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

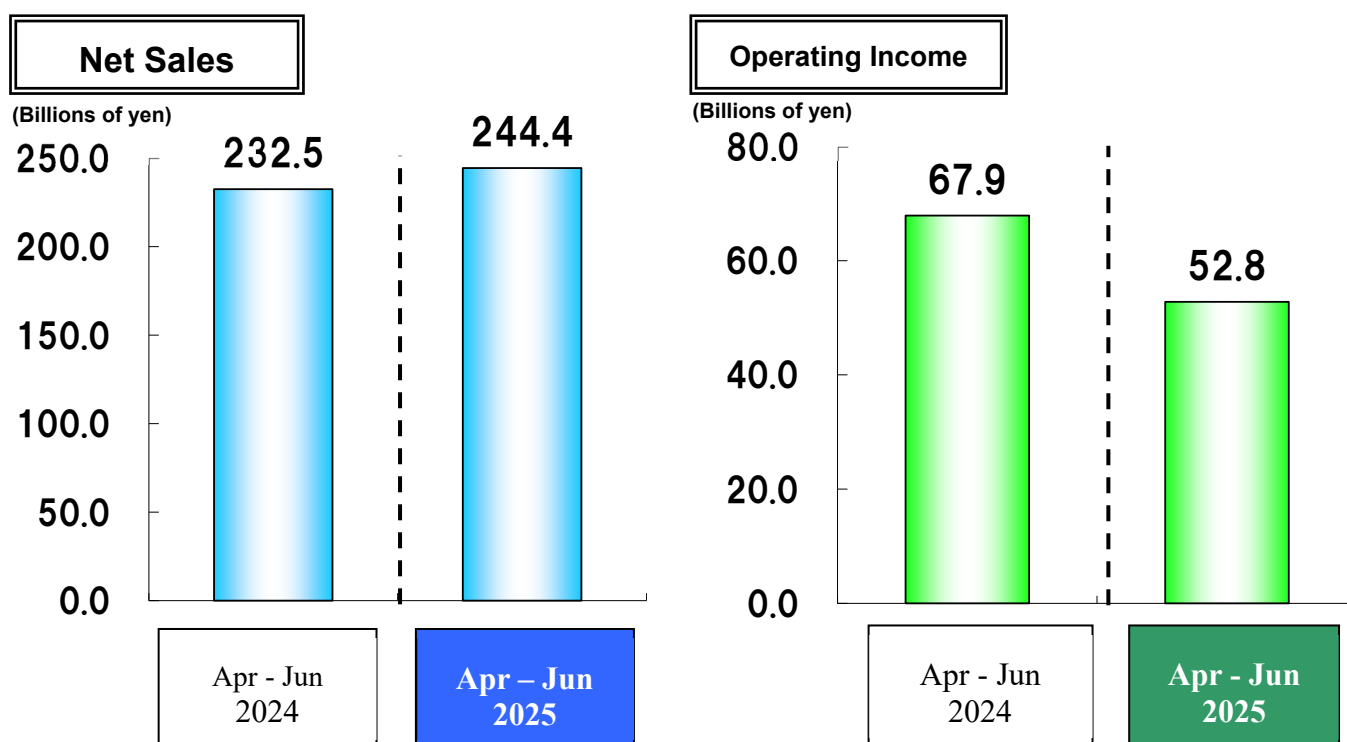
| | Net Sales | | | Operating Income | | |
|-----------------------------------|-------------------|-------------------|------------------------|-------------------|-------------------|------------------------|
| | 2024 Apr - Jun | 2025 Apr - Jun | Increase (Decrease) | 2024 Apr - Jun | 2025 Apr - Jun | Increase (Decrease) |
| Infrastructure Materials | 232.5 | 244.4 | 5% 11.9 | 67.9 | 52.8 | (22%) (15.1) |
| Electronics Materials | 227.0 | 240.2 | 6% 13.2 | 89.5 | 83.1 | (7%) (6.4) |
| Functional Materials | 106.7 | 110.0 | 3% 3.3 | 26.7 | 24.0 | (10%) (2.7) |
| Processing & Specialized Services | 31.6 | 33.9 | 7% 2.3 | 7.0 | 7.1 | 1% 0.1 |
| Total | 597.9 | 628.5 | 5% 30.6 | 191.0 | 166.8 | (13%) (24.2) |



Infrastructure Materials

| | Apr - Jun 2024 (Billions of yen) | Apr - Jun 2025 (Billions of yen) | Increase / (Decrease) |
|-------------------------|-------------------------------------|-------------------------------------|--------------------------|
| Net sales | 232.5 | 244.4 | 5% |
| Operating income | 67.9 | 52.8 | (22%) |

As for PVC, there were regions where we were able to raise prices and regions where we were unable to do so from January to March this year. Even in the regions where we were able to raise prices, the price softening that occurred towards the end of last year remained unredressed. In North America, we have been working to raise prices since spring this year against a background of strong demand, but the situation kept going back and forth. Although prices have been sluggish in Asian and other overseas markets, we have utilized our extensive sales network to make the best sales possible. As for caustic soda, both the quantity and sales increased for the period of January to March compared to October to December, and remained at the same level for the period of April to June compared to January to March. There was some softening in exports and spot orders, although the demand in North America was solid.

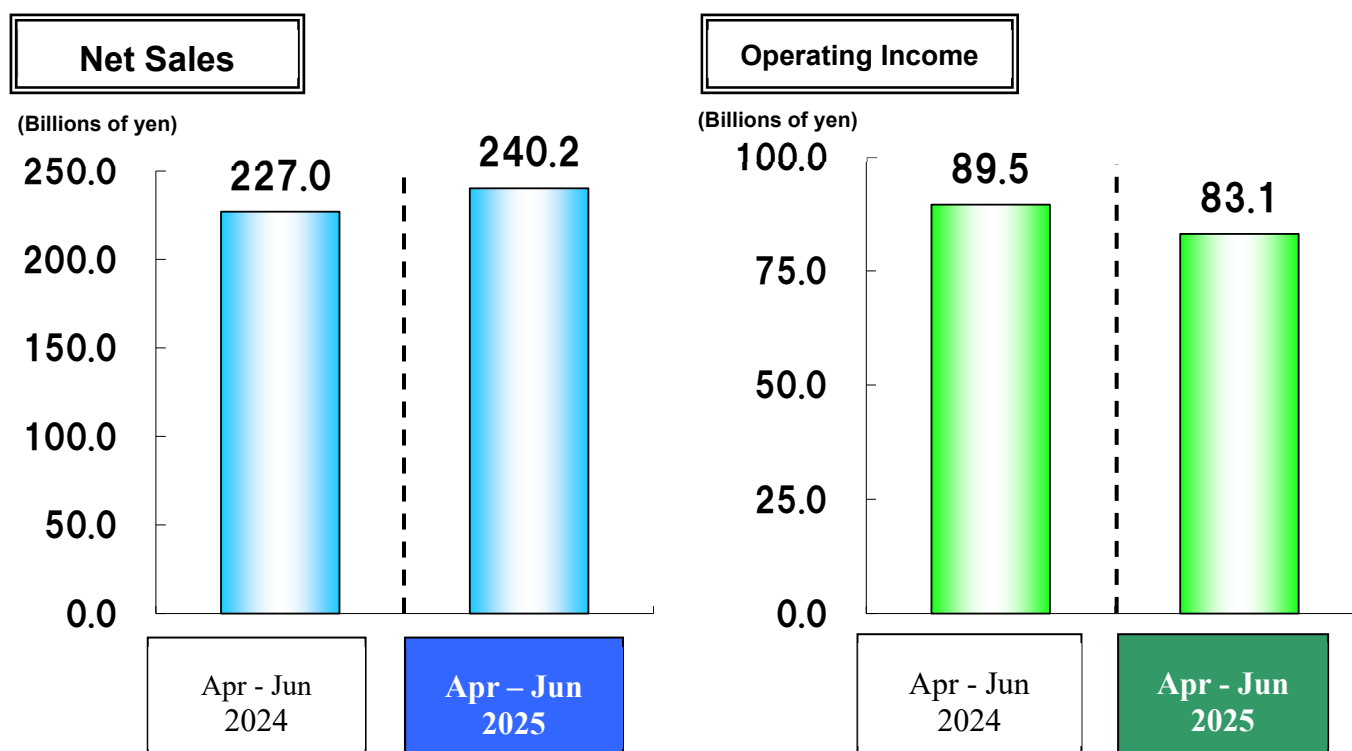


- Upward price adjustments.
- Full production and full sales that are well managed and controlled.
- Closely following the increase in infrastructure investment.

Electronics Materials

| | Apr - Jun 2024 (Billions of yen) | Apr - Jun 2025 (Billions of yen) | Increase / (Decrease) |
|-------------------------|-------------------------------------|-------------------------------------|--------------------------|
| Net sales | 227.0 | 240.2 | 6% |
| Operating income | 89.5 | 83.1 | (7%) |

In the semiconductor market, the demand trends have remained 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 met the strong demand of Hard Disk Drives, we focused on responding to China's export restrictions, which were triggered by the U.S. tariff policy.

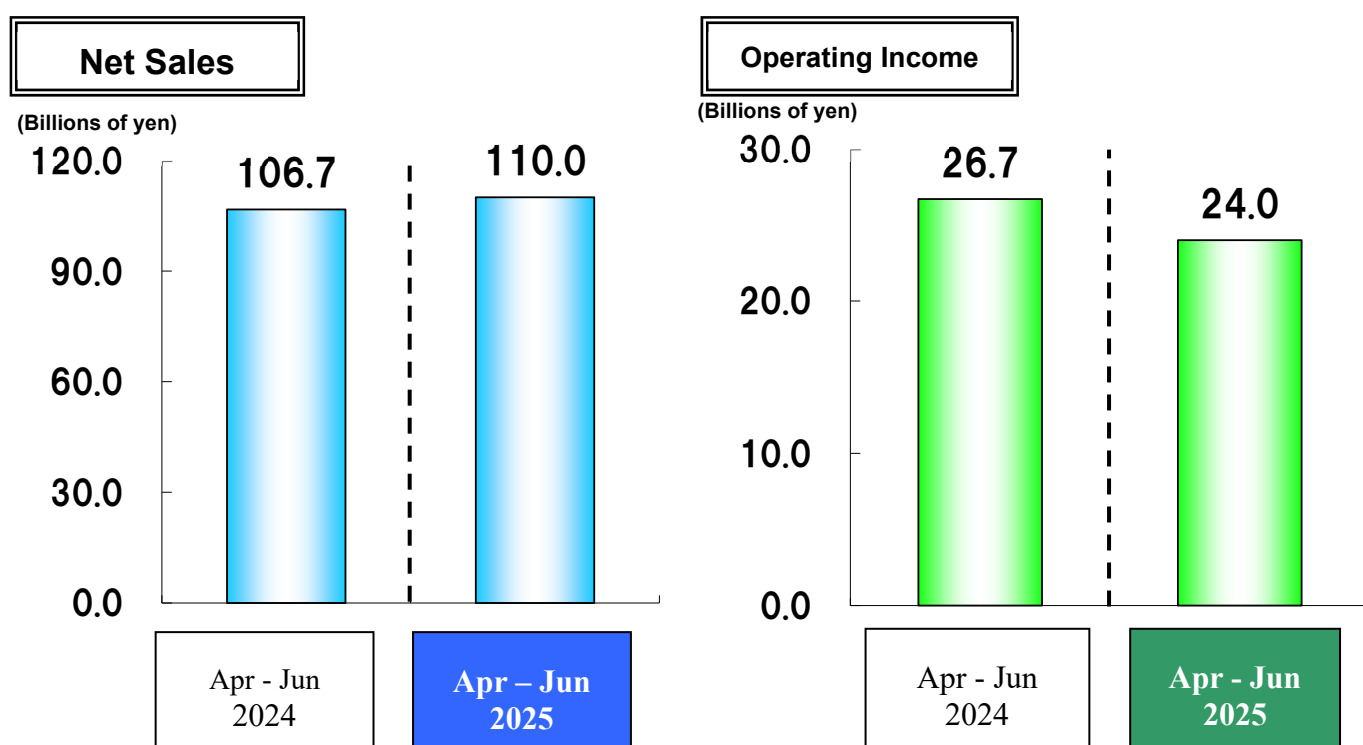


- Providing materials and technologies essential to the semiconductor market, which is sure to see rapid growth in the three aspects of quantity, quality, and variety.
- Promoting the construction of a new production base focusing on photoresist in Isesaki City, Gunma Prefecture, Japan (Currently proceeding as planned).
- Expansion of new functions as a diversified electronics materials manufacturer.

Functional Materials

| | Apr - Jun 2024 (Billions of yen) | Apr - Jun 2025 (Billions of yen) | Increase / (Decrease) |
|-------------------------|-------------------------------------|-------------------------------------|--------------------------|
| Net sales | 106.7 | 110.0 | 3% |
| Operating income | 26.7 | 24.0 | (10%) |

The recovery of the market condition for the commodity products did not materialize, and we continued to make up for the shortfall in sales by focusing on expanding the selling of highly functional product groups.

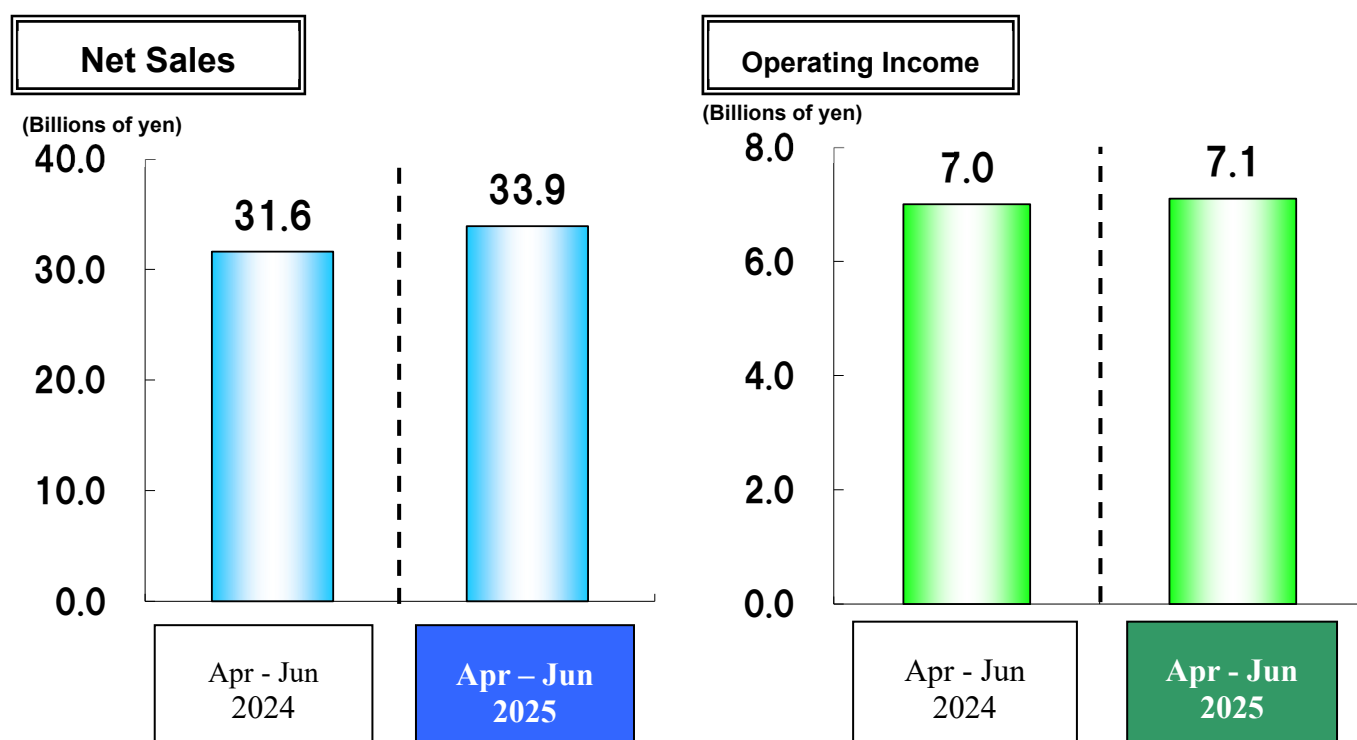


- Progress in solving issues using silicones (Shin-Etsu Silicones Solution-Engineering). (e.g., a substitute for PFAS).
- Expansion of cellulose derivatives products for pharmaceuticals application.

Processing & Specialized Services

| | Apr - Jun 2024 (Billions of yen) | Apr - Jun 2025 (Billions of yen) | Increase / (Decrease) |
|-------------------------|-------------------------------------|-------------------------------------|--------------------------|
| Net sales | 31.6 | 33.9 | 7% |
| Operating income | 7.0 | 7.1 | 1% |

The demand for semiconductor-related containers remained strong for both semiconductor wafer sipping applications and in-process semiconductor applications. In the automotive-related products, the mass production of new silicone molded products such as fire prevention cushions for EV batteries has started in earnest.



- Increased the sales of semiconductor wafer-related containers and promoted the development and market penetration of eco-friendly vehicle-related products.

2) Financial Position Overview

At the end of first quarter of the fiscal year ending March 31, 2026 (June 30, 2025), total assets decreased by ¥394.0 billion compared with that at the end of the previous fiscal year to ¥5,242.6 billion, total liabilities increased by ¥129.4 billion to ¥928.4 billion, and total net assets decreased by ¥523.3 billion to ¥4,314.2 billion.

As shown on the page 20 [4. Comparative Balance Sheets (Consolidated)], overseas consolidated subsidiary assets, liabilities and net assets have decreased due to yen appreciation. While net income attributable to owners of parent was ¥126.4 billion, cash and time deposits have decreased due to ¥399.9 billion for repurchase of shares, ¥103.8 billion for a cash dividend payment, and income tax payments, and there was an increase in long-term debt.

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

Given the various variable factors surrounding our business and their possible fluctuations, it is still difficult for us to forecast the full-year business results. Assuming that the tariff negotiations between the U.S. and the major countries come to reasonable conclusions soon and that the tariff exempt items remain at their current levels, we have set the following earnings forecasts for the fiscal year ending March 31, 2026. We will continue to strive to grow our business performance.

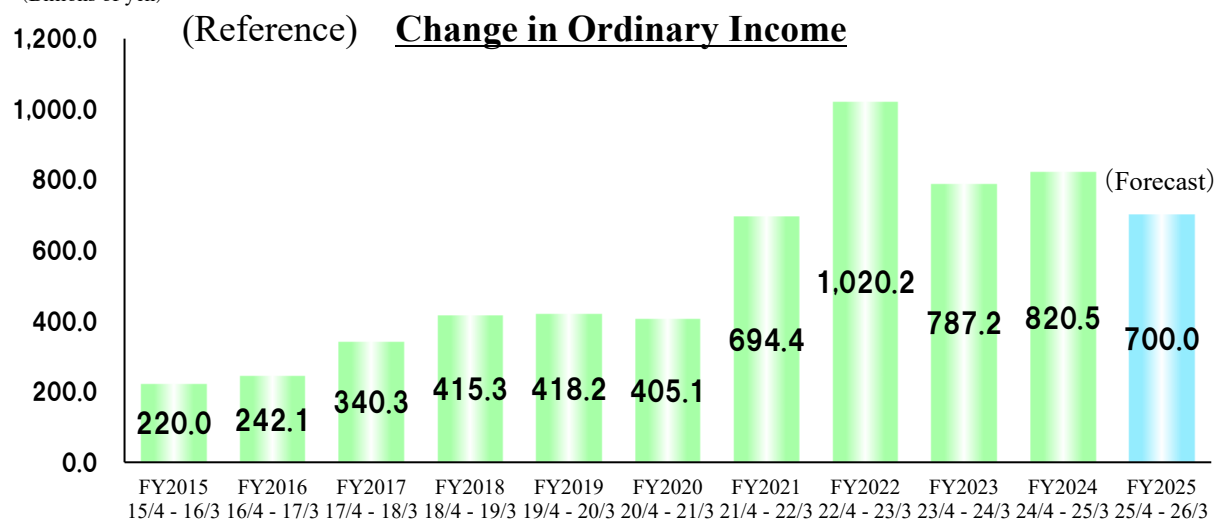
(Billions of yen)

| | FY 2024 24/4 - 25/3 Actual | FY 2025 25/4 - 26/3 Forecast | Increase (Decrease) |
|--|---|---|--------------------------------|
| Net sales | 2,561.2 | 2,400.0 | (6%) |
| Operating income | 742.1 | 635.0 | (14%) |
| Ordinary income | 820.5 | 700.0 | (15%) |
| Net income attributable to owners of parent | 534.0 | 470.0 | (12%) |
| Net income per share (Yen) | 270 | 250 | (7%) |
| Ratio of operating income to net sales | 29.0% | 26.5% | (3 points) |
| Ratio of net income attributable to owners of parent to net sales | 20.9% | 19.6% | (1 point) |
| Cash Dividends per Share (Yen) | 106 | 106 | — |
| DOE | 4.7% | 4.6% | 0 point |
| Dividend payout ratio | 39.3% | 42.4% | 3 points |

(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, 2026].

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. The forecast of our consolidated operating performance and dividend is disclosed separately in “Notice Regarding Operating Performance and Dividend Forecasts” today.

(Billions of yen)



2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31 and June 30, 2025

| | Millions of yen | |
|--|-----------------|---------------|
| | March 31, 2025 | June 30, 2025 |
| ASSETS | | |
| Current Assets: | | |
| Cash and time deposits | 1,708,438 | 1,460,964 |
| Notes, accounts receivable-trade and contract assets | 514,702 | 516,162 |
| Securities | 103,240 | 11,794 |
| Inventories | 769,967 | 737,060 |
| Other | 123,243 | 159,074 |
| Less: Allowance for doubtful accounts | (9,941) | (10,786) |
| Total current assets | 3,209,652 | 2,874,270 |
| Fixed Assets: | | |
| Property, plant and equipment: | | |
| Machinery and equipment, net | 1,081,151 | 1,019,983 |
| Other, net | 984,793 | 986,400 |
| Total property, plant and equipment | 2,065,945 | 2,006,384 |
| Intangible assets | 36,908 | 36,183 |
| Investments and other assets: | | |
| Investments and other assets | 329,324 | 330,940 |
| Less: Allowance for doubtful accounts | (5,228) | (5,079) |
| Total investments and other assets | 324,095 | 325,861 |
| Total fixed assets | 2,426,949 | 2,368,428 |
| TOTAL ASSETS | 5,636,601 | 5,242,699 |

| | Millions of yen | |
|--|------------------|------------------|
| | March 31, 2025 | June 30, 2025 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Notes and accounts payable-trade | 184,369 | 165,878 |
| Short-term borrowings | 9,389 | 7,402 |
| Allowances | 6,475 | 5,123 |
| Other | 336,859 | 265,492 |
| Total current liabilities | 537,094 | 443,897 |
| Long-term Liabilities: | | |
| Long-term debt | 7,452 | 237,375 |
| Net defined benefit liability | 33,172 | 33,277 |
| Other | 221,296 | 213,929 |
| Total long-term liabilities | 261,922 | 484,582 |
| TOTAL LIABILITIES | 799,016 | 928,479 |
| NET ASSETS | | |
| Stockholders' Equity: | | |
| Common stock | 119,419 | 119,419 |
| Additional paid-in capital | 125,694 | 125,720 |
| Retained earnings | 3,755,274 | 3,777,840 |
| Less: Treasury stock, at cost | (121,025) | (520,737) |
| Total stockholders' equity | 3,879,362 | 3,502,243 |
| Accumulated Other Comprehensive Income: | | |
| Unrealized gains (losses) on available-for-sale securities | 32,481 | 33,306 |
| Deferred gains (losses) on hedges | 777 | 1,946 |
| Foreign currency translation adjustments | 734,201 | 594,329 |
| Remeasurements of defined benefit plans | 9,412 | 8,153 |
| Total accumulated other comprehensive income | 776,873 | 637,736 |
| Share subscription rights | 6,237 | 6,167 |
| Non-controlling interests in consolidated subsidiaries | 175,112 | 168,073 |
| TOTAL NET ASSETS | 4,837,585 | 4,314,219 |
| TOTAL LIABILITIES AND NET ASSETS | 5,636,601 | 5,242,699 |

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

Consolidated Statements of Income

For the first quarter ended June 30, 2024 and 2025

| | Millions of yen | |
|--|----------------------------------|----------------------------------|
| | April 1, 2024 - June 30, 2024 | April 1, 2025 - June 30, 2025 |
| Net sales | 597,930 | 628,549 |
| Cost of sales | 355,339 | 402,717 |
| Gross profit | 242,591 | 225,831 |
| Selling, general and administrative expenses | 51,568 | 59,027 |
| Operating income | 191,023 | 166,803 |
| Non-operating income: | | |
| Interest income | 21,282 | 17,358 |
| Foreign exchange gains | 6,729 | - |
| Other income | 4,390 | 4,302 |
| Total non-operating income | 32,401 | 21,661 |
| Non-operating expenses: | | |
| Foreign exchange losses | - | 4,660 |
| Other expenses | 3,614 | 2,183 |
| Total non-operating expenses | 3,614 | 6,843 |
| Ordinary income | 219,810 | 181,621 |
| Extraordinary income | | |
| Gain on sale of investment securities | 950 | 2,924 |
| Total extraordinary income | 950 | 2,924 |
| Income before income taxes and non-controlling interests | 220,761 | 184,546 |
| Income taxes: | | |
| Current | 55,273 | 47,191 |
| Deferred | 10,839 | 2,691 |
| Total income taxes | 66,113 | 49,883 |
| Net income | 154,647 | 134,662 |
| Net income attributable to non-controlling interests | 10,626 | 8,233 |
| Net income attributable to owners of parent | 144,021 | 126,428 |

Consolidated Statements of Comprehensive Income

For the first quarter ended June 30, 2024 and 2025

| | Millions of yen | |
|---|----------------------------------|----------------------------------|
| | April 1, 2024 - June 30, 2024 | April 1, 2025 - June 30, 2025 |
| Net income | 154,647 | 134,662 |
| Other comprehensive income: | | |
| Unrealized gains (losses) on available-for-sale securities | 4,813 | 816 |
| Deferred gains (losses) on hedges | (2,026) | 1,168 |
| Foreign currency translation adjustments | 169,280 | (141,132) |
| Remeasurements of defined benefit plans | (381) | (1,254) |
| Share of other comprehensive income of affiliates accounted for using the equity method | 260 | (729) |
| Total other comprehensive income | 171,947 | (141,131) |
| Comprehensive income | 326,595 | (6,468) |
| (Breakdown) | | |
| Comprehensive income attributable to owners of parent | 314,155 | (12,708) |
| Comprehensive income attributable to non-controlling interests | 12,440 | 6,239 |

(3) Notes to Consolidated Financial Statements

(Segment information)

I For the first quarter of the fiscal year ending March 31, 2026 (From April 1, 2025 to June 30, 2025)

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 | 244,400 | 240,229 | 110,013 | 33,904 | 628,549 | - | 628,549 |
| Intersegment sales | 1,105 | 1,226 | 2,950 | 36,112 | 41,394 | (41,394) | - |
| Total | 245,506 | 241,456 | 112,964 | 70,016 | 669,943 | (41,394) | 628,549 |
| Segment income (Operating income) | 52,808 | 83,110 | 24,041 | 7,121 | 167,081 | (278) | 166,803 |

*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, 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 |

*Elimination of intersegment transactions.

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

Not applicable

(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, 2025 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, 2025 are as follows:

| | Millions of yen | |
|--------------------------|----------------------------------|----------------------------------|
| | April 1, 2024 - June 30, 2024 | April 1, 2025 - June 30, 2025 |
| Depreciation | 51,900 | 56,933 |
| Amortization of goodwill | 110 | 455 |

(English Translation)

Independent Auditor's Interim Review Report

July 24, 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 June 30, 2025, and the quarterly consolidated statements of income, comprehensive income for the three-month period ended June 30, 2025, 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 and the Nagoya 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 audit of the consolidated financial statements in Japan, including those applicable to audits of financial statements of public interest entities, 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.

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| <p>* 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.</p> |
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(Appendix)

1. Quarterly Operating Results

(Billions of yen)

| | FY 2024 April 1, 2024 - March 31, 2025 | | | | | FY 2025 April 1, 2025 - Mar 31, 2026 |
|---|---|-------|-------|-------|---------|--|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q |
| Net Sales | 597.9 | 668.5 | 663.2 | 631.5 | 2,561.2 | 628.5 |
| Infrastructure Materials | 232.5 | 276.8 | 268.1 | 263.9 | 1,041.5 | 244.4 |
| Electronics Materials | 227.0 | 237.4 | 244.6 | 225.1 | 934.3 | 240.2 |
| Functional Materials | 106.7 | 119.3 | 115.3 | 107.2 | 448.6 | 110.0 |
| Processing & Specialized Services | 31.6 | 34.8 | 35.0 | 35.1 | 136.7 | 33.9 |
| Operating Income | 191.0 | 214.6 | 178.7 | 157.6 | 742.1 | 166.8 |
| Infrastructure Materials | 67.9 | 84.2 | 74.1 | 65.1 | 291.4 | 52.8 |
| Electronics Materials | 89.5 | 97.2 | 73.7 | 64.2 | 324.7 | 83.1 |
| Functional Materials | 26.7 | 27.0 | 24.4 | 21.7 | 100.0 | 24.0 |
| Processing & Specialized Services | 7.0 | 7.9 | 6.7 | 7.1 | 28.7 | 7.1 |
| Ordinary Income | 219.8 | 223.1 | 201.3 | 176.3 | 820.5 | 181.6 |
| Net Income Attributable to Owners of Parent | 144.0 | 150.0 | 138.4 | 101.4 | 534.0 | 126.4 |
| R&D Costs | 16.9 | 16.8 | 17.7 | 21.6 | 73.1 | 18.2 |
| Overseas Sales | 469.8 | 536.2 | 527.6 | 505.0 | 2,038.8 | 490.3 |
| Ratio of Overseas Sales to Net Sales | 79% | 80% | 80% | 80% | 80% | 78% |

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

(Billions of yen)

| | FY 2024 April 1, 2024 - March 31, 2025 | | | | | FY 2025 April 1, 2025 - Mar 31, 2026 |
|-----------------------------------|---|-------|-------|------|-------|--|
| | 1Q | 2Q | 3Q | 4Q | Total | 1Q |
| Capital Expenditures | 115.5 | 137.5 | 103.4 | 78.0 | 434.5 | 66.1 |
| Infrastructure Materials | 40.9 | 31.3 | 26.0 | 15.6 | 114.0 | 18.0 |
| Electronics Materials | 55.4 | 89.3 | 63.2 | 37.3 | 245.5 | 33.5 |
| Functional Materials | 13.5 | 15.9 | 13.1 | 23.1 | 65.8 | 12.4 |
| Processing & Specialized Services | 6.2 | 2.3 | 1.5 | 2.4 | 12.6 | 2.6 |
| Depreciation and Amortization | 52.0 | 56.4 | 63.9 | 65.9 | 238.3 | 57.3 |
| Infrastructure Materials | 18.9 | 19.7 | 20.2 | 22.9 | 81.8 | 21.0 |
| Electronics Materials | 22.2 | 26.7 | 31.8 | 29.9 | 110.8 | 25.6 |
| Functional Materials | 9.5 | 8.8 | 10.3 | 11.5 | 40.1 | 9.0 |
| Processing & Specialized Services | 1.4 | 1.4 | 1.9 | 1.9 | 6.8 | 1.8 |

Annual

(Billions of yen)

| | Apr 2025 - Mar 2026 Forecast |
|-------------------------------|---------------------------------|
| Investments | 370.0 |
| Depreciation and Amortization | 240.0 |

3. Other Financial Items (Consolidated)

(Billions of yen)

| | Jun 30 2024 | Jun 30 2025 | Mar 31 2025 |
|--------------------------------|----------------|----------------|----------------|
| Net Assets | 4,635.7 | 4,314.2 | 4,837.5 |
| Total Assets | 5,327.6 | 5,242.6 | 5,636.6 |
| Net Assets per Share (Yen) | 2,234 | 2,211 | 2,375 |
| Interest-bearing Liabilities | 22.7 | 244.7 | 16.8 |
| Number of Employees | 26,056 | 27,129 | 27,274 |
| Exchange Rate: Jan - Mar (Avg) | 148.6 | 152.6 | |
| (Yen/US\$) Apr - Jun (Avg) | 155.9 | 144.6 | |

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 2025 | Jun 30 2025 | Increase (Decrease) [a] | Effect of exchange rate [b] * | [a]-[b] | | Mar 31 2025 | Jun 30 2025 | Increase (Decrease) [a] | Effect of exchange rate [b] * | [a]-[b] |
|---|----------------|----------------|-------------------------------|--|---------|---|----------------|----------------|-------------------------------|--|---------|
| Current Assets | 3,209.6 | 2,874.2 | (335.4) | (99.8) | (235.6) | Current Liabilities | 537.0 | 443.8 | (93.2) | (8.3) | (84.9) |
| Cash and time deposits | 1,708.4 | 1,460.9 | (247.5) | (68.1) | (179.4) | Notes and accounts payable-trade | 184.3 | 165.8 | (18.5) | (3.4) | (15.1) |
| Notes and accounts receivable-trade | 514.7 | 516.1 | 1.4 | (12.7) | 14.1 | Other | 352.7 | 278.0 | (74.7) | (4.9) | (69.8) |
| Securities | 103.2 | 11.7 | (91.5) | (0.1) | (91.4) | Long-term Liabilities | 261.9 | 484.5 | 222.6 | (10.0) | 232.6 |
| Inventories | 769.9 | 737.0 | (32.9) | (14.7) | (18.2) | Long-term debt | 7.4 | 237.3 | 229.9 | 0.0 | 229.9 |
| Other | 113.3 | 148.2 | 34.9 | (4.2) | 39.1 | Other | 254.4 | 247.2 | (7.2) | (10.0) | 2.8 |
| | | | | | | Total Liabilities | 799.0 | 928.4 | 129.4 | (18.3) | 147.7 |
| Fixed Assets | 2,426.9 | 2,368.4 | (58.5) | (69.5) | 11.0 | Stockholders' Equity | 3,879.3 | 3,502.2 | (377.1) | 0.0 | (377.1) |
| Property, Plant and Equipment and Intangible Assets | 2,102.8 | 2,042.5 | (60.3) | (67.0) | 6.7 | Accumulated Other Comprehensive Income | 776.8 | 637.7 | (139.1) | (143.7) | 4.6 |
| Investments and Other Assets | 324.0 | 325.8 | 1.8 | (2.5) | 4.3 | Other | 181.3 | 174.2 | (7.1) | (7.3) | 0.2 |
| | | | | | | Total Net Assets | 4,837.5 | 4,314.2 | (523.3) | (151.0) | (372.3) |
| Total Assets | 5,636.6 | 5,242.6 | (394.0) | (169.3) | (224.7) | Total Liabilities and Net Assets | 5,636.6 | 5,242.6 | (394.0) | (169.3) | (224.7) |

* Effect of exchange rate

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

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

Exchange Rate at End of March 2025: 149.5yen/US\$

5. Comparative Statements of Cash Flows (Consolidated)

(Billions of yen)

| | 2024 Apr-Jun | 2025 Apr-Jun | Increase (Decrease) |
|--|-----------------|-----------------|------------------------|
| (1) Cash Flows from Operating Activities | 162.0 | 97.4 | (64.6) |
| Income Before Income Taxes | 220.7 | 184.5 | (36.2) |
| Payments of income taxes | (67.7) | (89.6) | (21.9) |
| Depreciation and amortization | 52.0 | 57.3 | 5.3 |
| (Increase)Decrease in working capital | (11.7) | (11.7) | 0.0 |
| Other | (31.2) | (43.1) | (11.9) |
| (2) Cash Flows from Investing Activities | (137.5) | (112.3) | 25.2 |
| Capital expenditures | (121.8) | (77.7) | 44.1 |
| (Increase)Decrease in time deposits | (13.2) | (34.2) | (21.0) |
| Other | (2.4) | (0.3) | 2.1 |
| (3) Cash Flows from Financing Activities | (126.3) | (285.6) | (159.3) |
| Increase(Decrease) in borrowings | (2.3) | 228.2 | 230.5 |
| Cash dividends paid | (99.8) | (103.8) | (4.0) |
| Purchases of treasury stock | (20.3) | (399.9) | (379.6) |
| Other | (3.8) | (10.0) | (6.2) |
| (4) Effect of Exchange Rate Changes on Cash and Cash Equivalents, and other | 13.9 | (10.5) | (24.4) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (87.8) | (311.2) | (223.4) |
| Balance of Cash and Cash Equivalents | 502.2 | 571.5 | 69.3 |
| Balance of Interest-bearing Liabilities | 22.7 | 244.7 | 222.0 |

Note : These statements were prepared on an informal basis.

6. Cash Dividends per Share

(Yen)

106

53



(Forecast)

| Fiscal year ended March | | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 |
|--------------------------------|---------|------|------|------|------|------|------|------|------|------|--------|
| Cash Dividends per Share (Yen) | Interim | 12 | 13 | 20 | 22 | 22 | 30 | 45 | 50 | 53 | * 53 |
| | Annual | 24 | 28 | 40 | 44 | 50 | 80 | 100 | 100 | 106 | * 106 |
| Net Income per Share (Yen) | Annual | 83 | 125 | 145 | 151 | 141 | 241 | 348 | 259 | 270 | * 250 |
| Dividend payout ratio | Annual | 29% | 22% | 28% | 29% | 35% | 33% | 29% | 38% | 39% | * 42% |
| Dividend on equity ratio | Annual | 2.5% | 2.7% | 3.5% | 3.6% | 3.8% | 5.4% | 5.7% | 4.9% | 4.7% | * 4.6% |

* Forecast

7. Sales by Manufacturing Location for Each Segment

(Billions of yen)

| | | Infrastructure Materials | Electronics Materials | Functional Materials | Processing & Specialized Services | Total |
|----------------------|-----------------------------|--------------------------|-----------------------|----------------------|-----------------------------------|-------|
| 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 |
| 2025 April - June | Goods Manufactured in Japan | 27.2 | 186.4 | 69.4 | 25.2 | 308.3 |
| | Goods Manufactured overseas | 217.1 | 53.8 | 40.5 | 8.6 | 320.2 |
| | | 244.4 | 240.2 | 110.0 | 33.9 | 628.5 |

8. Sales by Region

(Billions of yen)

| | Japan | Overseas | | | | | | Total Consolidated Net Sales |
|----------------------|-------|----------|--------------|-------|--------|-------------|-------|------------------------------|
| | | U.S. | Asia/Oceania | | Europe | Other Areas | Total | |
| | | | | China | | | | |
| 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 | |
| 2025 April - June | 22% | 28% | 33% | 10% | 9% | 8% | 78% | 628.5 |
| | 138.1 | 173.2 | 209.8 | 60.8 | 58.9 | 48.3 | 490.3 | |

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 | Apr-Sep | Jan-Dec | Apr-Mar | | Jan-Jun | Apr-Sep | Jan-Dec | Apr-Mar |
| | | | Jul-Dec | Oct-Mar | | | | Jul-Dec | Oct-Mar | | |
| 2024 | Jan-Mar | 148.6 | 152.2 | 152.6 | 151.6 | 152.6 | 161.3 | 164.6 | 165.9 | 163.9 | 163.7 |
| | Apr-Jun | 155.9 | | | | | 167.9 | | | | |
| | Jul-Sep | 149.4 | 150.9 | 152.5 | | | 164.0 | 163.3 | 161.5 | | |
| | Oct-Dec | 152.4 | | | | | 162.6 | | | | |
| 2025 | Jan-Mar | 152.6 | 148.6 | | | | 160.5 | 162.2 | | | |
| | Apr-Jun | 144.6 | | | | | 163.8 | | | | |

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 2025 | Around 140Yen/\$ | Around 160Yen/€ |