Press Release

Consolidated Financial Results for the First Quarter Ended June 30, 2026

Shin-Etsu Chemical Co., Ltd. **(JP GAAP)**

July 24, 2026

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
Tel: +81-3-6812-2350

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, 2026

(From April 1, 2026 to June 30, 2026)

(1) Results of consolidated operations

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
April - June 2026	662,424	5.4%	173,798	4.2%	192,129	5.8%	130,829	3.5%
April - June 2025	628,549	5.1%	166,803	(12.7%)	181,621	(17.4%)	126,428	(12.2%)

(Note) Comprehensive income (Millions of yen) From April 1, 2026 to June 30, 2026: 197,408 [－%]
From April 1, 2025 to June 30, 2025: (6,468) [－%]

	Net income per share (yen)		Diluted net income per share (yen)	
April - June 2026	70.39	5.9%	70.24	5.7%
April - June 2025	66.48	(7.9%)	66.45	(7.9%)

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
June 30, 2026	5,762,953	4,744,783	79.0%	2,447.41
March 31, 2026	5,661,907	4,643,307	78.7%	2,400.39

(Reference) Stockholders' equity (Millions of yen) As of June 30, 2026: 4,551,431 As of March 31, 2026: 4,456,833

2. Cash Dividends

	Cash dividends per share in the fiscal year (yen)				
	1st quarter	2nd quarter	3rd quarter	Year-end	Fiscal year
April 2025 - March 2026	-	53.00	-	53.00	106.00
April 2026 - March 2027	-				
April 2026 - March 2027 (forecast)		58.00	-	58.00	116.00

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

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2027

(From April 1, 2026 to March 31, 2027)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share (yen)	
Fiscal year	2,700,000	4.9%	700,000	10.2%	770,000	8.7%	525,000	10.7%	286.00	13.2%

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

(Notes)

(1) Significant changes in scope of consolidation during the first quarter ended June 30, 2026: 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, 2026	March 31, 2026
Number of shares issued at period end (including treasury stock)	1,984,995,865	1,984,995,865
Number of shares of treasury stock at period end	125,301,104	128,283,489

	April - June 2026	April - June 2025
Weighted-average number of shares outstanding over period	1,858,682,481	1,901,895,111

▶ **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, 2027 (April 1, 2026 to June 30, 2026), the global economy continued to grow steadily in the United States, but the armed clash between the United States/Israel and Iran remains a source of concern. The situation has continued where we need to stay alert to the price trends of crude oil and petroleum products, as well as their impacts on the economy. In Europe, the economy has gradually recovered, but in China, domestic demand has slowed down, which has become a factor contributing to the supply-demand imbalance. Meanwhile, as AI technological development accelerated, massive investments were made in AI data centers and the infrastructure supporting them.

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, compared with the same period of the previous year, the operating income increased by 4%, the ordinary income increased by 6%, and the net income per share increased by 6%. 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. We will place even greater focus on materials technology innovation and process solutions so that customers can produce what they want to produce.

The business results for the first quarter of the fiscal year ending March 31, 2027, are as follows:

(Billions of yen)

	2025 April - June	2026 April - June	Increase (Decrease)	(Reference) 2026 January - March
Net sales	628.5	**662.4**	5% 33.9	639.9
Operating income	166.8	**173.7**	4% 6.9	137.1
Ordinary income	181.6	**192.1**	6% 10.5	150.8
Net income attributable to owners of parent	126.4	**130.8**	3% 4.4	90.1

Ratio of operating income to net sales	26.5%	**26.2%**	0 point
Ratio of net income attributable to owners of parent to net sales	20.1%	**19.8%**	0 point
ROIC (annualized)	16.0%	**15.0%**	(1 point)
ROE (annualized)	11.5%	**11.6%**	0 point
Net income per share (Yen)	66	**70**	6% 4

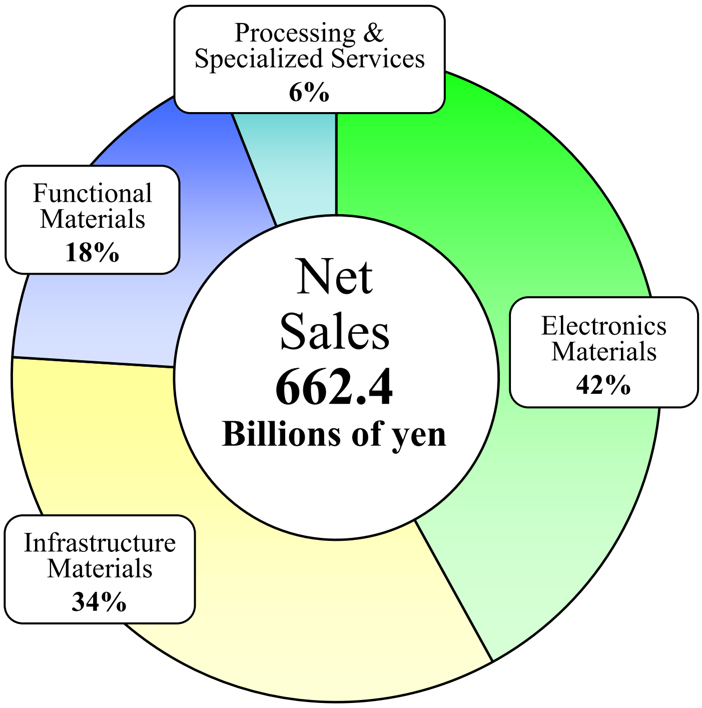
Notes:
- ROIC: Return on invested capital
  Net operating income after tax / (Net assets + Interest-bearing liabilities－Cash)
- ROE: Return (Net income attributable to owners of parent) on equity
  Equity used for this calculation is net assets excluding both share subscription rights and non-controlling interests in consolidated subsidiaries.
- ROIC and ROE (annualized) are calculated by multiplying net operating income after tax and net income attributable to owners of parent for the first quarter by four, respectively.

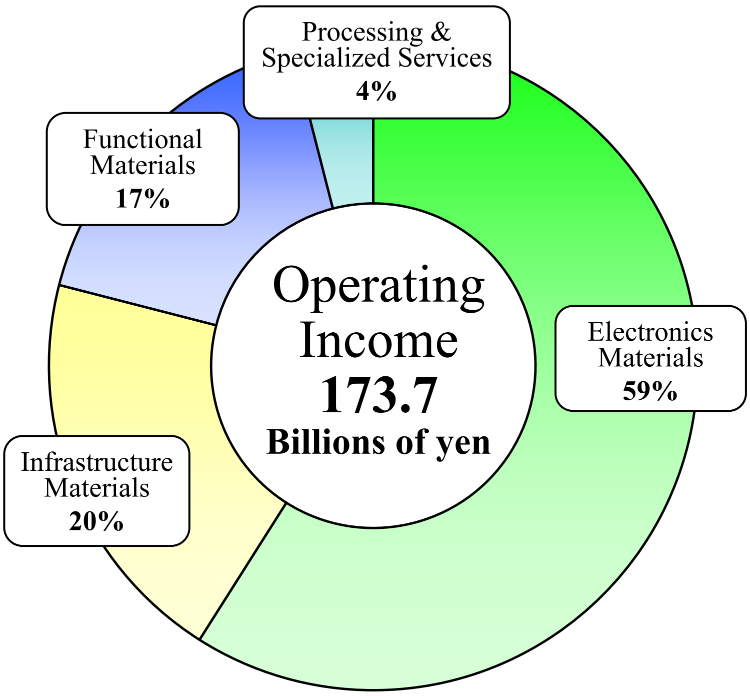
▶ **Amounts are stated in billions of yen by discarding fractional amounts less than 0.1 billion on this summary.**

Net Sales and Operating Income by Segment

(Billions of yen)

	Net Sales			Operating Income		
	2025 Apr - Jun	2026 Apr - Jun	Increase (Decrease)	2025 Apr - Jun	2026 Apr - Jun	Increase (Decrease)
Electronics Materials	240.2	**279.2**	16% 39.0	83.1	**101.9**	23% 18.8
Infrastructure Materials	244.4	**227.7**	(7%) (16.7)	52.8	**34.8**	(34%) (18.0)
Functional Materials	110.0	**118.2**	7% 8.2	24.0	**28.8**	20% 4.8
Processing & Specialized Services	33.9	**37.1**	10% 3.2	7.1	**7.6**	8% 0.5
Total	628.5	**662.4**	5% 33.9	166.8	**173.7**	4% 6.9

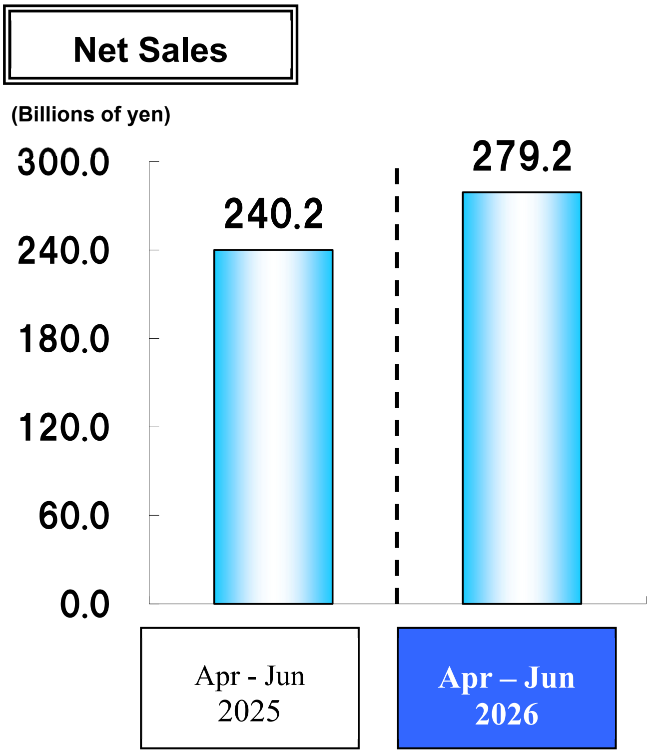


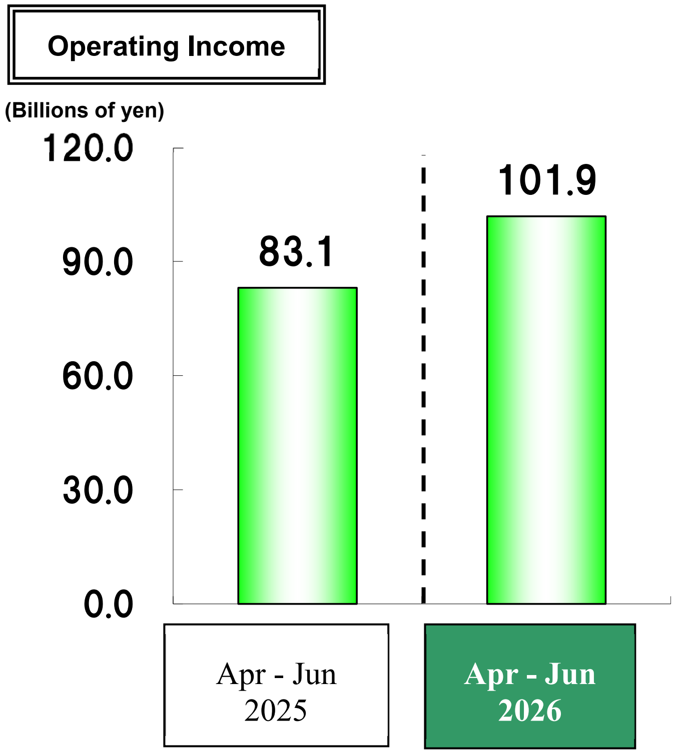


Electronics Materials

	Apr - Jun 2025 (Billions of yen)	Apr - Jun 2026 (Billions of yen)	Increase / (Decrease)
Net sales	240.2	**279.2**	16%
Operating income	83.1	**101.9**	23%

In the semiconductor market, the demand related to AI continued to be strong, while the demands in other sectors have finally started to rise. By capturing this trend, we worked on increasing the volume and revising the prices and increased the sales of semiconductor materials such as silicon wafer, photoresist and photomask blanks.



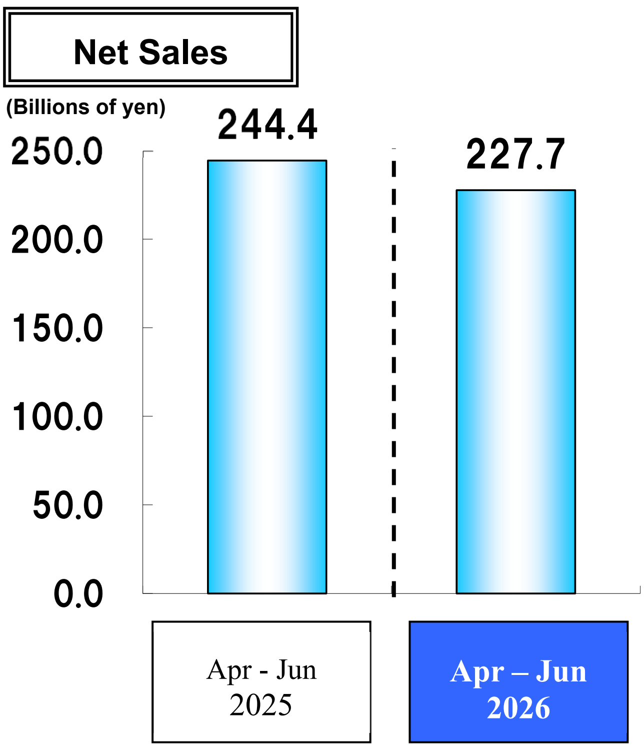


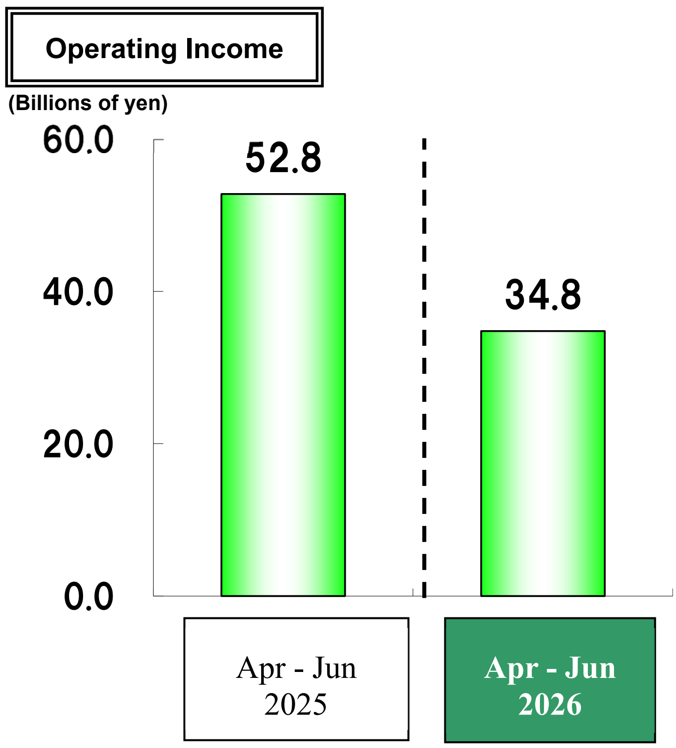
- Strengthening and expanding the supply system that supports the formation of the AI economic zone.
- Price policy for silicon wafer and others to support the necessary investments.
- Promote measures to address raw materials issues for magnetic materials business.

Infrastructure Materials

	Apr - Jun 2025 (Billions of yen)	Apr - Jun 2026 (Billions of yen)	Increase / (Decrease)
Net sales	244.4	227.7	(7%)
Operating income	52.8	34.8	(34%)

As for PVC, we have been working on price adjustments in all markets since the beginning of the year, and, faced with the rise in raw material and energy prices caused by the outbreak of war in Iran and the Middle East, we pushed forward price increases across all products. However, in the latter half of May, market conditions in Asia and the surrounding regions weakened due to overstock and declining demand, and prices began to trend downward. Caustic soda on the whole remained firm.



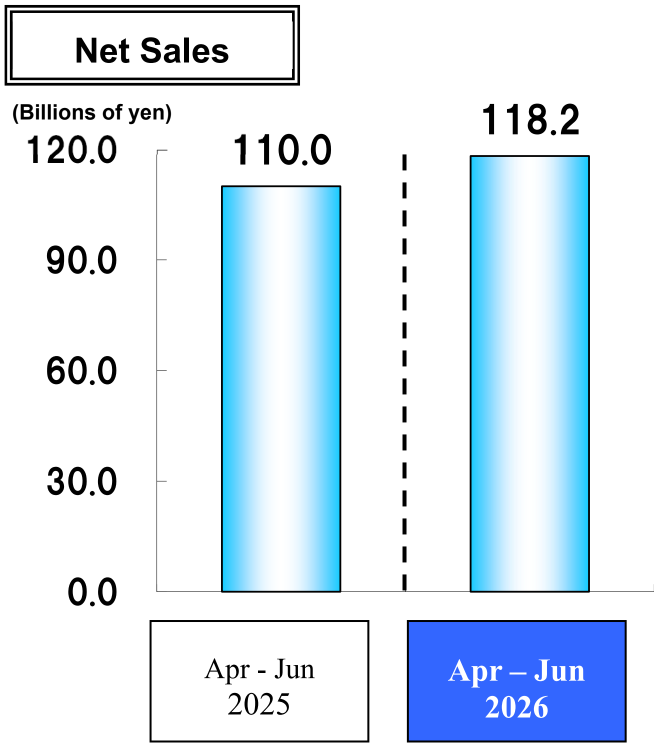


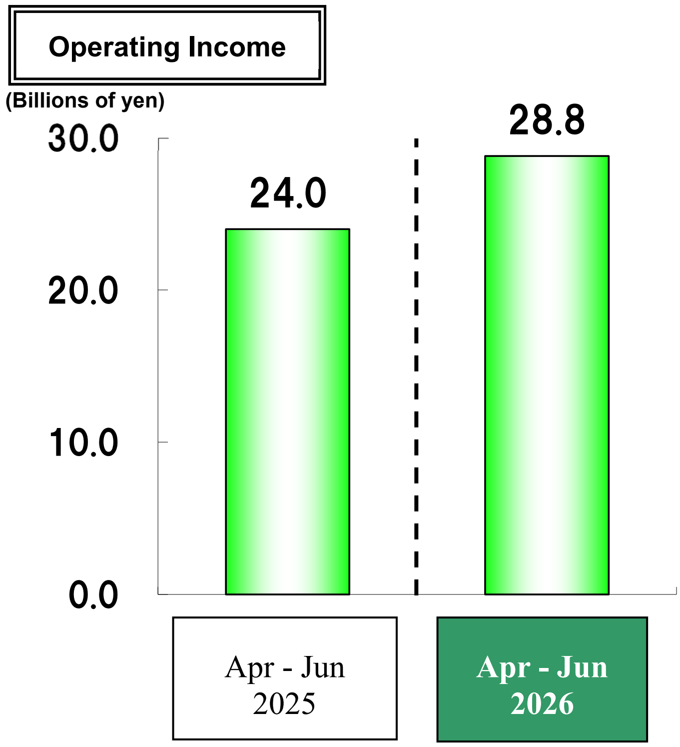
- Respond quickly and flexibly to changes in demand.

Functional Materials

	Apr - Jun 2025 (Billions of yen)	Apr - Jun 2026 (Billions of yen)	Increase / (Decrease)
Net sales	110.0	**118.2**	7%
Operating income	24.0	**28.8**	20%

The growth of our high-value-added product lineup, which leverages our strengths, got on track and led to improved profitability.



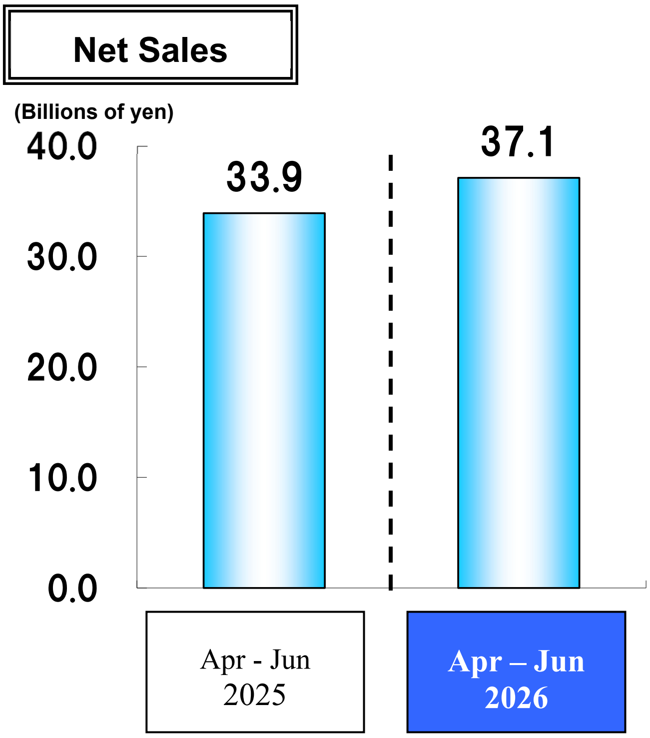


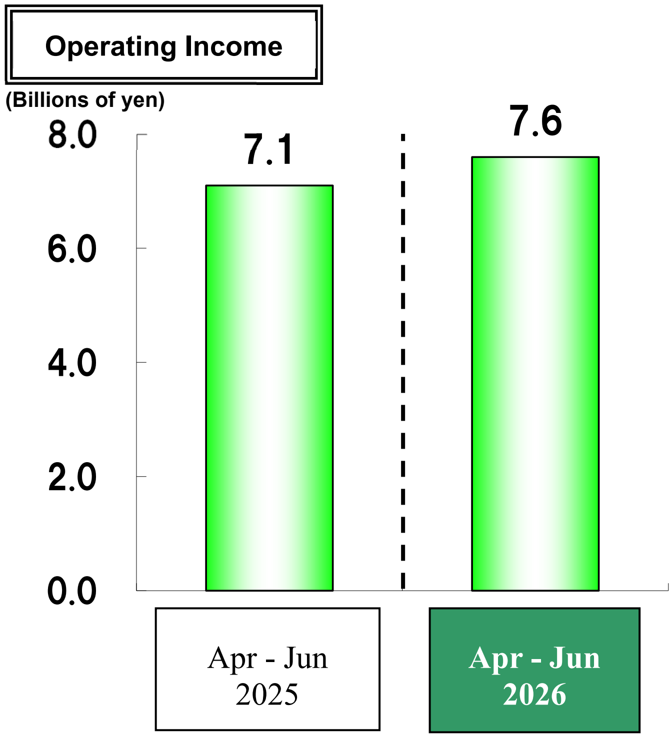
- Diversification of functions and products centered on silicones.
- Strengthening and expanding the supply system that supports the formation of the AI economic zone.
- Expansion of cellulose derivatives products for pharmaceuticals application.
- Completion of the price increase.

Processing & Specialized Services

	Apr - Jun 2025 (Billions of yen)	Apr - Jun 2026 (Billions of yen)	Increase / (Decrease)
Net sales	33.9	**37.1**	10%
Operating income	7.1	**7.6**	8%

The demand for semiconductor-related containers was strong, and automotive-related silicone molded products increased.





- Strengthening and expanding the supply system that supports the formation of the AI economic zone.

2) Financial Position Overview

At the end of first quarter of the fiscal year ending March 31, 2027 (June 30, 2026), total assets increased by ¥101.0 billion compared with that at the end of the previous fiscal year to ¥5,762.9 billion. It was mainly due to increases in overseas consolidated subsidiary assets because of yen depreciation.

Total liabilities decreased by ¥0.5 billion from that at the end of the previous fiscal year to ¥1,018.1 billion.

Total net assets increased by ¥101.4 billion compared with that at the end of the previous fiscal year to ¥4,744.7 billion. This was mainly due to net income attributable to owners of parent of ¥130.8 billion, a cash dividend payment of ¥98.4 billion, and foreign currency translation adjustments of ¥53.4 billion due to yen depreciation.

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

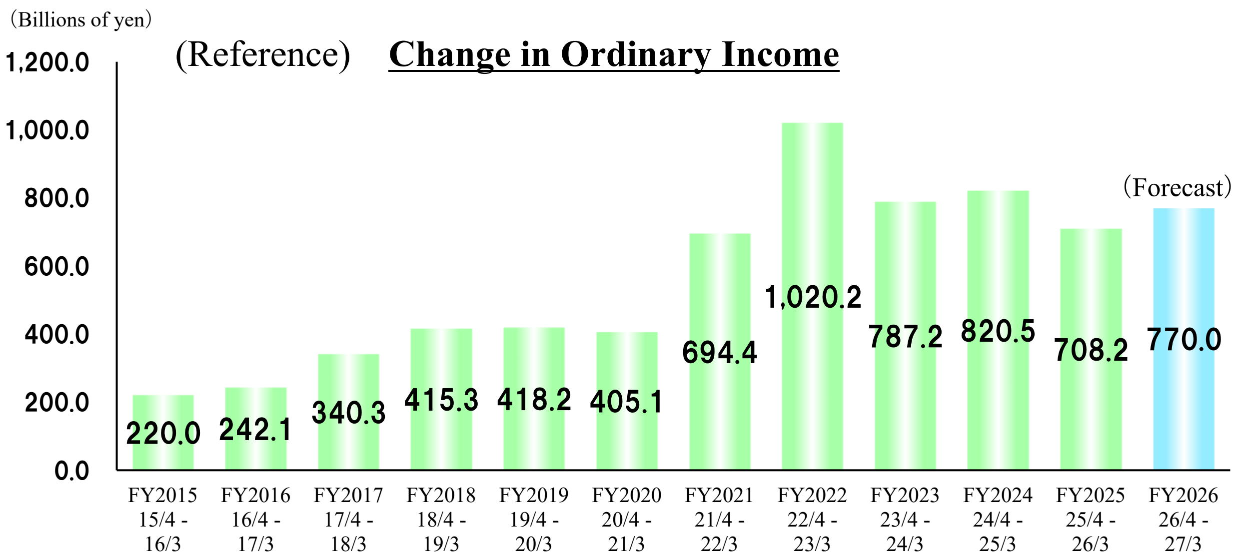
Given the various variable factors surrounding our business and their possible fluctuations, it is still difficult for us to forecast the full-year business results. After carefully weighing the various factors, we have set the following earnings forecasts for the fiscal year ending March 31, 2027. We will continue to strive to grow our business performance.

(Billions of yen)

	FY 2025 25/4 - 26/3 Actual	FY 2026 26/4 - 27/3 Forecast	Increase (Decrease)
Net sales	2,573.9	**2,700.0**	5%
Operating income	635.2	**700.0**	10%
Ordinary income	708.2	**770.0**	9%
Net income attributable to owners of parent	474.4	**525.0**	11%
Net income per share (Yen)	253	**286**	13%
Ratio of operating income to net sales	24.7%	**25.9%**	1 point
Ratio of net income attributable to owners of parent to net sales	18.4%	**19.4%**	1 point
Cash Dividends per Share (Yen)	106	**116**	10
Dividend on equity ratio	4.4%	**4.7%**	0 point
Dividend payout ratio	41.9%	**40.6%**	(1 point)

(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, 2027].

We expect to pay a dividend of ¥58 per share for both the interim and year-end dividends, for a total annual dividend of ¥116 per share. 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, 2026

	Millions of yen	
	March 31, 2026	June 30, 2026
ASSETS		
Current Assets:		
Cash and deposits	1,660,060	1,654,261
Notes, accounts receivable-trade and contract assets	535,383	572,536
Securities	7,035	1,842
Inventories	790,911	769,057
Other	126,156	156,850
Less: Allowance for doubtful accounts	(13,491)	(10,971)
Total current assets	3,106,055	3,143,576
Fixed Assets:		
Property, plant and equipment:		
Machinery and equipment, net	1,044,095	1,061,143
Other, net	1,109,192	1,148,354
Total property, plant and equipment	2,153,287	2,209,497
Intangible assets	34,695	34,012
Investments and other assets:		
Investments and other assets	372,487	380,572
Less: Allowance for doubtful accounts	(4,618)	(4,705)
Total investments and other assets	367,868	375,866
Total fixed assets	2,555,852	2,619,377
TOTAL ASSETS	5,661,907	5,762,953

	Millions of yen	
	March 31, 2026	June 30, 2026
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	176,399	168,013
Short-term borrowings	6,929	23,999
Provisions	6,727	5,613
Other	332,575	318,340
Total current liabilities	522,631	515,967
Long-term Liabilities:		
Long-term borrowings	236,366	236,368
Net defined benefit liability	25,966	26,216
Other	233,637	239,617
Total long-term liabilities	495,969	502,202
TOTAL LIABILITIES	1,018,600	1,018,170
NET ASSETS		
Stockholders’ Equity:		
Common stock	119,419	119,419
Additional paid-in capital	126,256	126,247
Retained earnings	4,022,591	4,043,163
Less: Treasury stock, at cost	(612,696)	(598,452)
Total stockholders’ equity	3,655,570	3,690,378
Accumulated Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities	42,390	50,696
Deferred gains (losses) on hedges	(997)	(1,684)
Foreign currency translation adjustments	749,285	802,696
Remeasurements of defined benefit plans	10,584	9,344
Total accumulated other comprehensive income	801,262	861,052
Share subscription rights	7,596	7,168
Non-controlling interests in consolidated subsidiaries	178,877	186,183
TOTAL NET ASSETS	4,643,307	4,744,783
TOTAL LIABILITIES AND NET ASSETS	5,661,907	5,762,953

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

Consolidated Statements of Income

For the first quarter ended June 30, 2025 and 2026

	Millions of yen	
	April 1, 2025 - June 30, 2025	April 1, 2026 - June 30, 2026
Net sales	628,549	662,424
Cost of sales	402,717	432,591
Gross profit	225,831	229,833
Selling, general and administrative expenses	59,027	56,034
Operating income	166,803	173,798
Non-operating income:		
Interest income	17,358	14,792
Other income	4,302	8,086
Total non-operating income	21,661	22,878
Non-operating expenses	6,843	4,547
Ordinary income	181,621	192,129
Extraordinary income		
Gain on sale of investment securities	2,924	2,271
Total extraordinary income	2,924	2,271
Income before income taxes and non-controlling interests	184,546	194,401
Income taxes:		
Current	47,191	53,695
Deferred	2,691	3,601
Total income taxes	49,883	57,296
Net income	134,662	137,104
Net income attributable to non-controlling interests	8,233	6,275
Net income attributable to owners of parent	126,428	130,829

Consolidated Statements of Comprehensive Income

For the first quarter ended June 30, 2025 and 2026

	Millions of yen	
	April 1, 2025 - June 30, 2025	April 1, 2026 - June 30, 2026
Net income	134,662	137,104
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	816	8,414
Deferred gains (losses) on hedges	1,168	(687)
Foreign currency translation adjustments	(141,132)	53,928
Remeasurements of defined benefit plans	(1,254)	(1,236)
Share of other comprehensive income of affiliates accounted for using the equity method	(729)	(115)
Total other comprehensive income	(141,131)	60,304
Comprehensive income	(6,468)	197,408
(Breakdown)		
Comprehensive income attributable to owners of parent	(12,708)	190,618
Comprehensive income attributable to non-controlling interests	6,239	6,789

(3) Notes to Consolidated Financial Statements

(Notes on Segment information)

Ⅰ For the first quarter of the fiscal year ending March 31, 2027 (From April 1, 2026 to June 30, 2026)

ⅰ) Information on Sales and Income of Reportable Segments

Millions of yen

	Electronics Materials	Infrastructure Materials	Functional Materials	Processing & Specialized Services	Total	Adjustment*	Figures in consolidated financial statements
Sales to outside customers	279,271	227,798	118,203	37,151	662,424	-	662,424
Intersegment sales	1,650	1,180	3,762	38,897	45,491	(45,491)	-
Total	280,922	228,978	121,966	76,048	707,915	(45,491)	662,424
Segment income (Operating income)	101,935	34,824	28,872	7,670	173,301	496	173,798

*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, 2026 (From April 1, 2025 to June 30, 2025)

ⅰ) Information on Sales and Income of Reportable Segments

Millions of yen

	Electronics Materials	Infrastructure Materials	Functional Materials	Processing & Specialized Services	Total	Adjustment*	Figures in consolidated financial statements
Sales to outside customers	240,229	244,400	110,013	33,904	628,549	-	628,549
Intersegment sales	1,226	1,105	2,950	36,112	41,394	(41,394)	-
Total	241,456	245,506	112,964	70,016	669,943	(41,394)	628,549
Segment income (Operating income)	83,110	52,808	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

(Notes on Changes in Accounting Policies Applied)

(Application of "Accounting Standard for Interim Financial Reporting", etc.)

"Accounting Standard for Interim Financial Reporting" (ASBJ Statement No.37, on October 16, 2025) and "Implementation Guidance on Accounting Standard for Interim Financial Reporting" (ASBJ Implementation Guidance No.34, on October 16, 2025) are applied from the first quarter of the fiscal year ending March 31, 2027. These changes had no impact on the consolidated financial statements.

(Application of "Practical Guidelines on Accounting for Financial Instruments")

"Practical Guidelines on Accounting for Financial Instruments" (ASBJ Transferred Guidance No. 9, on March 11, 2025) is applied from the first quarter of the fiscal year ending March 31, 2027. This change had no impact on the consolidated financial statements.

(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)

	Millions of yen	
	April 1, 2025 - June 30, 2025	April 1, 2026 - June 30, 2026
Depreciation	56,933	57,152
Amortization of goodwill	455	440

(Reference) Quarterly Consolidated Statements of Cash Flows for the first quarter ended June 30, 2026 are not prepared, but "Comparative Statements of Cash Flows (Consolidated)" are disclosed on page 21 on an informal basis.

(English Translation)

Independent Auditor's Interim Review Report

July 24, 2026

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, 2026, and the quarterly consolidated statements of income, comprehensive income for the three-month periods ended June 30, 2026, 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 generally accepted in Japan for interim consolidated financial statements, 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 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 generally accepted in Japan for interim consolidated financial statements, 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 generally accepted in Japan for interim consolidated financial statements, 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 generally accepted in Japan for interim consolidated financial statements, 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 generally accepted in Japan for interim consolidated financial statements, 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 in Japan, and we communicate to 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 2025 April 1, 2025 - March 31, 2026					FY 2026 April 1, 2026 - March 31, 2027
	1Q	2Q	3Q	4Q	Total	1Q
Net Sales	628.5	655.9	649.4	639.9	2,573.9	**662.4**
Electronics Materials	240.2	256.0	254.0	265.4	1,015.7	**279.2**
Infrastructure Materials	244.4	256.0	247.4	233.4	981.3	**227.7**
Functional Materials	110.0	110.6	113.1	107.0	440.8	**118.2**
Processing & Specialized Services	33.9	33.2	34.8	34.0	135.9	**37.1**
Operating Income	166.8	167.1	164.0	137.1	635.2	**173.7**
Electronics Materials	83.1	87.5	88.5	85.3	344.5	**101.9**
Infrastructure Materials	52.8	49.5	43.9	18.5	164.8	**34.8**
Functional Materials	24.0	24.1	24.3	28.3	100.9	**28.8**
Processing & Specialized Services	7.1	6.5	7.5	6.1	27.3	**7.6**
Ordinary Income	181.6	185.7	190.0	150.8	708.2	**192.1**
Net Income Attributable to Owners of Parent	126.4	131.4	126.4	90.1	474.4	**130.8**
R&D Costs	18.2	19.0	18.2	22.2	77.8	**17.0**
Overseas Sales	490.3	518.2	513.0	502.3	2,024.0	**506.7**
Ratio of Overseas Sales to Net Sales	78%	79%	79%	78%	79%	**76%**

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

(Billions of yen)

	FY 2025 April 1, 2025 - March 31, 2026					FY 2026 April 1, 2026 - March 31, 2027
	1Q	2Q	3Q	4Q	Total	1Q
Capital Expenditures	66.1	138.4	74.8	60.2	339.7	**91.7**
Electronics Materials	33.5	105.2	36.6	36.9	212.3	**44.8**
Infrastructure Materials	18.0	18.5	21.1	10.1	67.8	**35.4**
Functional Materials	12.4	13.6	16.8	13.0	56.0	**9.5**
Processing & Specialized Services	2.6	1.7	1.4	1.3	7.2	**1.8**
Depreciation and Amortization	57.3	58.9	61.3	65.3	242.9	**57.5**
Electronics Materials	25.6	27.4	27.3	29.1	109.5	**25.3**
Infrastructure Materials	21.0	20.5	21.8	22.5	86.1	**21.2**
Functional Materials	9.0	9.3	10.3	11.5	40.3	**9.5**
Processing & Specialized Services	1.8	2.0	2.1	2.3	8.3	**1.7**

Annual

(Billions of yen)

	Apr 2026 - Mar 2027 Forecast
Investments	**350.0**
Depreciation and Amortization	**240.0**

3. Other Financial Items (Consolidated)

(Billions of yen)

	Jun 30 2025	Jun 30 2026	Mar 31 2026
Net Assets	4,314.2	**4,744.7**	4,643.3
Total Assets	5,242.6	**5,762.9**	5,661.9
Net Assets per Share (Yen)	2,211	**2,447**	2,400
Interest-bearing Liabilities	244.7	**260.3**	243.2
Number of Employees	27,129	**27,852**	27,342
Exchange Rate: Jan - Mar (Avg)	152.6	**156.9**	
(Yen/US$) Apr - Jun (Avg)	144.6	**159.5**	

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 2026	Jun 30 2026	Increase (Decrease) [a]	Effect of exchange rate * [b]	[a]-[b]		Mar 31 2026	Jun 30 2026	Increase (Decrease) [a]	Effect of exchange rate * [b]	[a]-[b]
Current Assets	3,106.0	3,143.5	37.5	38.5	(1.0)	Current Liabilities	522.6	515.9	(6.7)	2.7	(9.4)
Cash and deposits	1,660.0	1,654.2	(5.8)	28.4	(34.2)	Notes and accounts payable-trade	176.3	168.0	(8.3)	1.1	(9.4)
Notes and accounts receivable-trade	535.3	572.5	37.2	3.4	33.8	Other	346.2	347.9	1.7	1.6	0.1
Securities	7.0	1.8	(5.2)	0.0	(5.2)	Long-term Liabilities	495.9	502.2	6.3	3.7	2.6
Inventories	790.9	769.0	(21.9)	5.4	(27.3)	Long-term borrowings	236.3	236.3	0.0	0.0	0.0
Other	112.6	145.8	33.2	1.3	31.9	Other	259.6	265.8	6.2	3.7	2.5
						Total Liabilities	1,018.6	1,018.1	(0.5)	6.4	(6.9)
Fixed Assets	2,555.8	2,619.3	63.5	23.7	39.8	Stockholders' Equity	3,655.5	3,690.3	34.8	0.0	34.8
Property, Plant and Equipment and Intangible Assets	2,187.9	2,243.5	55.6	23.0	32.6	Accumulated Other Comprehensive Income	801.2	861.0	59.8	53.2	6.6
Investments and Other Assets	367.8	375.8	8.0	0.7	7.3	Other	186.4	193.3	6.9	2.6	4.3
						Total Net Assets	4,643.3	4,744.7	101.4	55.8	45.6
Total Assets	5,661.9	5,762.9	101.0	62.2	38.8	Total Liabilities and Net Assets	5,661.9	5,762.9	101.0	62.2	38.8

* Effect of exchange rate

For conversion into Japanese yen of the balance sheets of overseas subsidiaries, the exchange rate at the end of December 2025 was used for the end of the fiscal year ended March 31, 2026 in accordance with the fiscal year end of such overseas subsidiaries.
The exchange rate at the end of March 2026 was used for the first quarter of the fiscal year ending March 31, 2027.

Exchange Rate at End of December 2025: 156.6yen/US$
Exchange Rate at End of March 2026: 159.9yen/US$

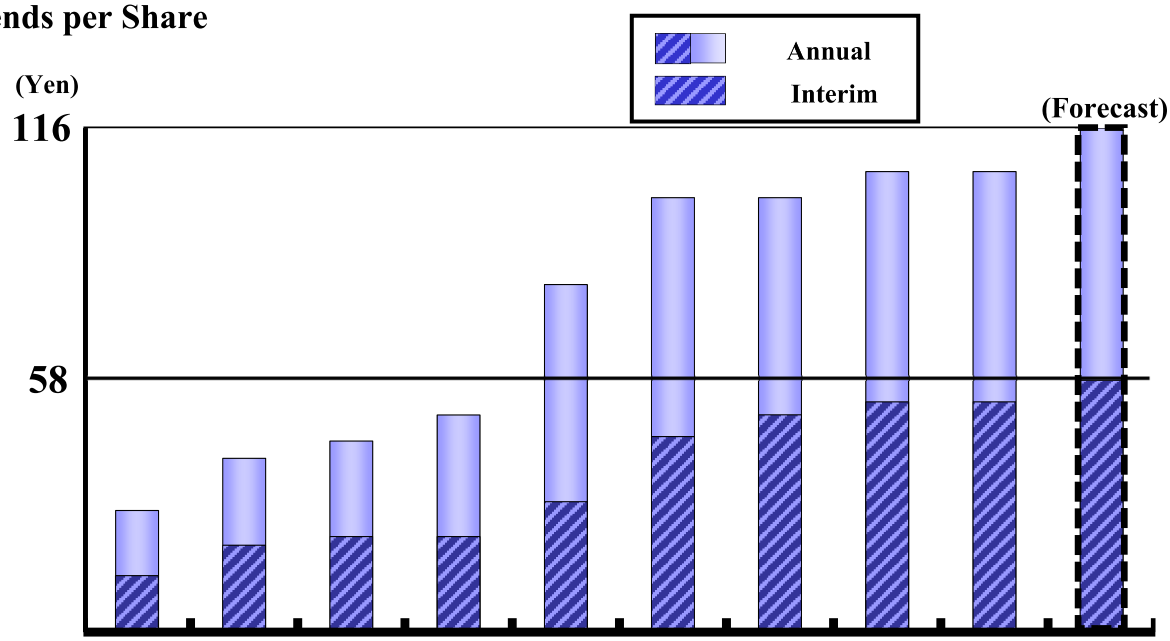
5. Comparative Statements of Cash Flows (Consolidated)

(Billions of yen)

	2025 Apr-Jun	2026 Apr-Jun	Increase (Decrease)
(1) Cash Flows from Operating Activities	97.4	130.7	33.3
Income Before Income Taxes	184.5	194.4	9.9
Payments of income taxes	(89.6)	(80.3)	9.3
Depreciation and amortization	57.3	57.5	0.2
(Increase)Decrease in working capital	(11.7)	(15.1)	(3.4)
Other	(43.1)	(25.7)	17.4
(2) Cash Flows from Investing Activities	(112.3)	(158.0)	(45.7)
Capital expenditures	(77.7)	(90.5)	(12.8)
(Increase)Decrease in securities	7.2	2.5	(4.7)
(Increase)Decrease in time deposits	(34.2)	(69.4)	(35.2)
Other	(7.6)	(0.6)	7.0
(3) Cash Flows from Financing Activities	(285.6)	(82.5)	203.1
Increase(Decrease) in borrowings	228.2	17.0	(211.2)
Cash dividends paid	(103.8)	(98.4)	5.4
Purchases of treasury stock	(399.9)	–	399.9
Other	(10.0)	(1.2)	8.8
(4) Effect of Exchange Rate Changes on Cash and Cash Equivalents, and other	(10.5)	5.6	16.1
Net Increase (Decrease) in Cash and Cash Equivalents	(311.2)	(104.2)	207.0
Balance of Cash and Cash Equivalents	571.5	457.8	(113.7)
Balance of Interest-bearing Liabilities	244.7	260.3	15.6

Note : These statements were prepared on an informal basis.

6. Cash Dividends per Share



Fiscal year ended March		2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Cash Dividends per Share (Yen)	Interim	13	20	22	22	30	45	50	53	53	* 58
	Annual	28	40	44	50	80	100	100	106	106	* 116
Net Income per Share (Yen)	Annual	125	145	151	141	241	348	259	270	253	* 286
Dividend payout ratio	Annual	22%	28%	29%	35%	33%	29%	38%	39%	42%	* 41%
Dividend on equity ratio	Annual	2.7%	3.5%	3.6%	3.8%	5.4%	5.7%	4.9%	4.7%	4.4%	*4.7%

*Forecast

7. Sales by Manufacturing Location for Each Segment

(Billions of yen)

		Electronics Materials	Infrastructure Materials	Functional Materials	Processing & Specialized Services	Total
2025 April - June	Goods Manufactured in Japan	186.4	27.2	69.4	25.2	308.3
	Goods Manufactured overseas	53.8	217.1	40.5	8.6	320.2
		240.2	244.4	110.0	33.9	628.5
2026 April - June	Goods Manufactured in Japan	220.1	25.3	76.4	28.3	350.3
	Goods Manufactured overseas	59.0	202.4	41.7	8.7	312.1
		279.2	227.7	118.2	37.1	662.4

8. Sales by Region

(Billions of yen)

	Japan	Overseas						Total Consolidated Net Sales
		U.S.	Asia/Oceania	China	Europe	Other Areas	Total	
2025 April - June	22%	28%	33%	10%	9%	8%	78%	
	138.1	173.2	209.8	60.8	58.9	48.3	490.3	628.5
2026 April - June	24%	24%	35%	10%	10%	7%	76%	
	155.7	160.6	231.4	65.4	67.2	47.3	506.7	662.4

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
2025	Jan-Mar	152. 6	148. 6		149. 7		160. 5	162. 2		169. 0	
	Apr-Jun	144. 6		146. 0		150. 8	163. 8		168. 1		174. 8
	Jul-Sep	147. 5	150. 8				172. 3	175. 9			
	Oct-Dec	154. 2		155. 5			179. 4		181. 5		
2026	Jan-Mar	156. 9	158. 2				183. 7	184. 5			
	Apr-Jun	159. 5					185. 4				

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 2026	Around 160Yen/$	Around 180Yen/€