Shin-Etsu Chemical Co., Ltd. **Summary of Telephone Conference on Financial Results for the First Quarter Ended June 30, 2026**	
Date	July 24, 2026 16:30–17:30
Venue	Shin-Etsu Chemical Co., Ltd.
Attendees from the Company	・Yasuhiko Saitoh, Representative Director – President ・Masahiko Todoroki, Senior Managing Director, In Charge of Semiconductor Silicon Business ・Toshiyuki Kasahara, Corporate Officer, In Charge of Finance & Accounting ・Satoshi Onishi, Corporate Officer, In Charge of Public Relations ・Shinji Fukui, General Manager of Public Relations Department
Reference material	Consolidated Financial Results for the First Quarter Ended June 30, 2026 Notice Regarding Operating Performance and Dividend Forecasts

* This memo is a summary of a dialogue exchange in the telephone conference.

[Greetings and summary of financial results (President Yasuhiko Saitoh)]

- In the first quarter ended June 30, 2026, the Company posted the following results:

  Consolidated net sales: ¥662.4 billion (up 5.4% year on year)

  Operating income: ¥173.7 billion (up 4.2% year on year)

  Ordinary income: ¥192.1 billion (up 5.8% year on year)

  Net income attributable to owners of parent: ¥130.8 billion (up 3.5% year on year)

- We were able to finish the quarter with an increase in both revenue and profit on a year-on-year basis.
- Earnings per share increased 6% year on year to ¥70.39.

[Status by segment]

- [Electronics Materials]:

・ In the Electronics Materials segment, the advanced sector remains strong, driven by the expansion of the AI-related market. That has had ripple effects in the other sectors, so the Electronics Materials segment as a whole is booming.

・ In some cases, devices that cannot be manufactured due to a shortage of 300 mm wafers are instead being produced on 200 mm wafers.

・ Not only for wafers, but for many of the products we handle, we have received supply requests which exceed our current production capacity and are working to make the necessary investments and establish pricing that will make those investments viable.

- As for magnetic materials, in addition to working with customers to implement emergency measures to minimize the use of heavy rare earths, we are also working diligently on multiple measures to address raw material issues.

- [Infrastructure Materials]:
- Regarding PVC demand in North America, according to industry statistics, domestic sales volume for April–June of this year were up 12% from the previous quarter (January–March), and up 4% from the same quarter last year.
- In the North American market, in the April–June quarter we were able to pass on a price increase of 7 cents per pound over the March price. In overseas markets, however, the price increases that had been in place since the start of the year were getting rolled back in late May. Since our assessment three months ago, inventories in Asia increased more than expected, and demand subsequently weakened. However, we believe the bigger issue was an overreaction on the supply side. We believe the situation can be fixed through supply-side adjustments. In fact, last week Chinese firms began raising prices. In addition, crude oil prices have risen significantly this week.
- The caustic soda market has been relatively stable.

- [Functional Materials]:
- Our strategy of significantly increasing our sales of functional and specialty products remains unchanged, and we are focusing on that area. The results are starting to show up in the numbers.

- [Processing & Specialized Services]:
- Earnings in this segment are also growing, mainly in semiconductor-related sectors.

[Full-year earnings forecasts]

- There are still several factors that make it difficult to forecast full-year performance. That said, to help everyone understand our business situation, we have set our earnings forecast for the full fiscal year as follows.

  Consolidated net sales: ¥2,700 billion (up 4.9% year on year)

  Operating income: ¥700 billion (up 10.2% year on year)

  Ordinary income: ¥770 billion (up 8.7% year on year)

  Net income attributable to owners of parent: ¥525.0 billion (up 10.7% year on year)

  Net income per share: ¥286 (up 13.2% year on year)

- Based on this forecast, the full-year dividend is expected to increase by ¥10 to ¥116 per share.
- We recognize that our earnings forecast falls short of analysts' expectations, and we believe the gap is attributable to the Infrastructure Materials segment. While we are taking a cautious view of market conditions, we will do our best to boost earnings in that segment. In addition, we will work to further increase earnings in the other three segments, including Electronics Materials.

[Supplementary explanation (Toshiyuki Kasahara, Corporate Officer, In Charge of Finance & Accounting)]

- [Consolidated Financial Results, p. 9]:
  - Regarding the earnings forecast, the projected earnings per share of ¥286 assume a decrease in the number of shares due to a ¥250 billion share buyback, and the 13% year-on-year increase is a larger increase than the 11% increase in net income of ¥525 billion.
- [Consolidated Financial Results, p. 19]:
  - The full-year forecast for amounts of investments and for depreciation and amortization remains unchanged from the initial forecast in April.
- [Consolidated Financial Results, p. 22]:
  - The assumed exchange rates from July onward in the earnings forecast are the US dollar at approximately ¥160 and the euro at approximately ¥180.
- [Exchange rate sensitivity]:
  - Foreign exchange sensitivity of ordinary income for the fiscal year ended March 31, 2027: ¥3.7 billion per year for the U.S. dollar and ¥0.2 billion per year for the euro. (A weaker yen brings profit, a stronger yen brings loss.)

[Q&A Session]

<Electronics Materials>

Q	What were the market trends for silicon wafers in Q1?
A	(300 mm wafers) ・ The market for 300 mm wafers grew, with growth in the mid single digits year-on-year and in the high single digits quarter-on-quarter. ・ The wafer market has seen a rapid recovery in demand since around June,

	with 300 mm wafer shipments in June reaching a record monthly high. We believe this recovery is due in part to a significant shift in our customers' attitudes towards inventories in the wake of the situation in the Middle East, as well as the fact that customers planning expansions want to secure a certain level of inventory in anticipation of the growing demand for AI. (200 mm or less wafers) ・ The 200 mm wafer market saw increases in the mid-teens both year-on-year and quarter-on-quarter. The wafer market for wafers of 150 mm or less saw increases in the high single digits year-on-year, and in the mid-teens quarter-on-quarter. ・ We believe the increase in shipments of 200 mm or smaller wafers is due to customers' declining wafer inventory levels and the start of recovery of demand for consumer electronics and industrial equipment.
Q	What is the outlook for silicon wafers from Q2 onward?
A	・ In the case of 300 mm wafers, it appears that all wafer manufacturers are already operating at full capacity, and going forward, supply is increasingly constrained by their production capacity. We expect this high level of demand to continue into Q2 and beyond. We also anticipate strong demand for 200 mm and smaller wafers, and we are currently operating at full capacity in terms of personnel.
Q	Please discuss demand for AI-related semiconductor devices.
A	・ Semiconductor device manufacturers seem to be starting to believe that AI demand is quite strong and will continue for a long time. ・ Until now, the semiconductor market could be understood on a unit-count basis—that is, the number of smartphones, PCs, cars, and so on. AI, by contrast, has the characteristics of infrastructure and represents a fundamentally different type of market. As a result, it is increasingly important to operate the business on the basis of firm contractual commitments.
Q	Could you comment on your approach to long-term agreements (LTAs) and your outlook for pricing?
A	(10-year agreement between Micron Technology, Inc. and GlobalWafers Co., Ltd.) ・ The move to conclude 10-year LTA is an indication that customers believe

	device sales will remain strong for a long time, based on AI demand. (Current situation and future agreements) ・ Currently, slightly less than 10% of the 300 mm wafers are for devices that use two wafers, and we anticipate this trend will continue to expand. ・ The most recent contracts were all signed around 2020–21 during the so-called COVID-19 boom. After this COVID-19 boom peaked in the summer of 2022 and then receded, wafer demand remained sluggish. Given this history, it appears that the wafer manufacturers have become quite cautious at this stage. (Future capital investment) ・ The cost of capital investment has risen sharply. Construction costs, equipment, raw materials, transportation, and packaging costs have all increased significantly, so pricing needs to take these factors into account. We estimate that simply building a new plant would cost more than twice as much as our previous investment, so we have no intention of heedlessly rushing to make investments.
Q	Please discuss wafer investment amounts and prospects for renewal of agreements.
A	(Investment amounts for capacity expansion) ・ If the question is whether the investment amount is around ¥50 billion per 100,000 wafers, my initial reaction is that the actual amount would be higher. Furthermore, investment costs vary greatly depending on the type of wafer and the level of advanced technology required, so it is impossible to assign a specific price tag per 100,000 wafers. (Prospects for renewal of agreements) ・ The expiration dates of our LTAs vary considerably from customer to customer. Some customers' agreements will expire by the end of next year, while others will last another 3–4 years.
Q	What are your thoughts on large-scale investment in the silicon wafer business in the United States?
A	・ I am not aware of the background of the LTA between Micron and GlobalWafers, but I believe it is possible that GlobalWafers' substantial investments in the United States, together with the U.S. government's Buy American policy, worked in its favor. ・ We also have plants in the U.S., but our policy is to decide where and how to invest in the future after carefully considering quality and cost. At the

	moment, we haven't decided where our next investment will be. ・ Furthermore, we already have an integrated manufacturing process in the U.S. covering everything from crystal growth to polished and epitaxial wafer production.
Q	Please discuss dummy wafers and monitor wafers.
A	・ There appears to be a shortage of dummy wafers used for setting up new device production lines, as well as monitor wafers used for process verification. ・ Demand trends for dummy wafers and monitor wafers are a crucial factor for device manufacturers when launching new production lines, and we anticipate that the situation will remain tight for some time. ・ Reclaimed wafers from our Group company Mimasu Semiconductor Industry Co., Ltd. are being used as monitor wafers, and demand has increased considerably, so they are operating at full capacity.

<Infrastructure Materials>

Q	How was Shintech's business performance in Q2 (April–June)?
A	・ Ordinary income increased compared to the previous quarter (January–March 2026), but decreased slightly compared to the same quarter last year (April–June 2025).
Q	What is the full-year outlook for Shintech?
A	・ While acknowledging that there are signs of rising prices at present (such as recent price increases by Chinese companies and rising crude oil prices), we are taking a cautious approach to our earnings forecast for the second half of the year. ・ Market conditions are changing moment by moment. We're working hard to improve business performance by focusing on price to further increase profits.
Q	Please discuss PVC demand in North America.
A	・ We have been closely monitoring North American demand for signs of the summer doldrums (reduced demand), but we expect it will likely settle at a good level. ・ The housing market is not particularly strong, but demand remains

	relatively stable. Industrial investment, data center investment, and overall infrastructure investment are also stable, which seems to be supporting demand.
Q	What is the state of the PVC market?
A	・ We have been working on raising prices since the beginning of the year, and have made significant price revisions in line with the surge in crude oil prices caused by the situation in the Middle East. However, the rollback happened sooner than expected, and demand weakened more than anticipated, causing prices to fall back to their previous levels. ・ Since then, we have made further price adjustments, and conditions have gradually improved. We are focusing our efforts on improving market conditions. Meanwhile, there has been no significant change in Shintech's costs.

Note: Since our U.S. subsidiary Shintech has a December fiscal year-end, there is a one-quarter timing difference on a quarterly basis in Shin-Etsu Chemical's consolidated financial statements. That is, Shintech's result from January–March of 2026 is incorporated into Shin-Etsu Chemical's first quarter financial statements.