

<b>Shin-Etsu Chemical Co., Ltd.</b> <b>Summary of Telephone Conference on Financial Results for the Fiscal Year Ended March 31, 2025</b>	
<b>Date</b>	April 25, 2025 16:30–17:30
<b>Venue</b>	Shin-Etsu Chemical Co., Ltd.
<b>Attendees from the Company</b>	<ul style="list-style-type: none"> <li>• Yasuhiko Saitoh, Representative Director – President</li> <li>• Masahiko Todoroki, Senior Managing Director, In Charge of Semiconductor Silicon Business</li> <li>• Toshiya Akimoto, Managing Corporate Officer, In Charge of Public Relations</li> <li>• Toshiyuki Kasahara, Corporate Officer, General Manager of Finance &amp; Accounting Department</li> <li>• Shinji Fukui, General Manager of Public Relations Department</li> </ul>
<b>Reference material</b>	<ul style="list-style-type: none"> <li>• <a href="#">Consolidated Financial Results for the Fiscal Year Ended March 31, 2025</a></li> <li>• <a href="#">Notice Concerning Decisions Relating to Repurchase of Shares</a></li> </ul>

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

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

- For the fiscal year ended March 31, 2025, the Company posted the following results:  
Consolidated net sales: ¥2,561.2 billion (up 6% year on year)  
Operating income: ¥742.1 billion (up 6% year on year)  
Ordinary income: ¥820.5 billion (up 4% year on year)  
Net income attributable to owners of parent: ¥534.0 billion (up 3% year on year)
- We were able to finish the fiscal year with numbers in line with the forecast announced last July.
- The annual dividend forecast remains unchanged at ¥106 (up ¥6 from the previous year).

### [Impact of U.S. tariff policies]

- The U.S. accounts for about 30% of our total sales, of which more than 80% is produced in the U.S. At present, nearly 70% of the products we export to the United States from Japan and other countries are exempt from tariffs. As such, the percentage of our sales subject to tariffs is low, at less than 2% of our total sales.
- Regarding these additional tariffs, we do not intend to bear the costs ourselves;

rather, our policy is that the customer will bear them, and we intend to adhere to this policy.

[Status by segment]

- [Infrastructure Materials]:
  - Regarding domestic PVC demand within North America, sales from January to March were generally strong. According to industry statistics, domestic sales in January-March were up 14% from the previous quarter (October-December last year), and up 4% from the same quarter last year. We were able to continue raising prices in February and March. We also proposed a price increase for May. Outside of North America, supply and demand remain slack, primarily due to exports from China, and the opportunity for a market turnaround has yet to materialize. The U.S. market prices for ethane and ethylene have recently been softening, and spreads are improving.
  - Market conditions for caustic soda continued to fluctuate, but improved in the January-March period of this year.
  - Regarding the U.S. tariffs, some of our customers, particularly in Asia, do business oriented towards the U.S. market, but they are not fazed because there are no alternatives for their products. Furthermore, by using U.S.-origin raw materials, tariffs can be reduced accordingly.
- [Electronics Materials]:
  - The market continues to vary by product type, application, and customer. We expect overall demand for 300 mm wafers to gradually recover starting this month, although the timing of recovery will vary depending on the customer's wafer inventory level. Sales of lithography materials have been steady. Whether it's wafers or lithography materials, we have a broad product lineup and technical support to capture increased sales driven by market expansion and technological evolution.
  - Rare earth magnets continue to be in high demand for use in HDDs.
- [Functional Materials]:
  - We are making every effort to significantly expand sales of functional and specialty products, which are our strengths, including sales in China. We will grow earnings by leveraging our silicones (Shin-Etsu Silicones Solution-Engineering™) and the functionality of our cellulose.
- [Processing & Specialized Services]:
  - Earnings in this segment remain stable.

[Earnings forecast for the current fiscal year]

- At this point, it is difficult to make a full-year earnings forecast in a rational manner, given the various fluctuating factors surrounding the business, such as the U.S. tariff policies, the responses of the targeted countries, and the wavering confidence in the U.S. dollar. That said, to help everyone understand our business situation, we have set our earnings forecast for the first quarter (April-June 2025) as follows.

Consolidated net sales: ¥610.0 billion

Operating income: ¥166.0 billion

Ordinary income: ¥176.0 billion

Net income attributable to owners of parent: ¥120.0 billion

- This forecast predicts an increase in revenue and a decrease in profit compared to the previous first quarter (April-June 2024), but we will work towards achieving better performance than this. We also aim to expand our business by seizing business opportunities amid the various changes.
- The full-year earnings forecast will be announced once it becomes possible to disclose it. We will also consider disclosure of quarterly forecasts for the current fiscal year.
- Today the Company announced its decision to conduct a share buyback valued up to ¥500.0 billion. This is in line with the capital policy approach that I mentioned at the telephone conference in January. The purchase amount is equivalent to 6.4% of our market capitalization, and will have the effect of raising ROE by 1.5 points. This will be implemented starting next month.

**[Supplementary explanation (Toshiyuki Kasahara, General Manager of Finance & Accounting Department)]**

- [Consolidated Financial Results, p. 14]:
  - In the Consolidated Statements of Income, the extraordinary income refers to gains on the sale of investment securities related to cross-shareholdings, similar to the first three quarters (April-December 2024). The gain on step acquisitions relates to the acquisition of Mimasu Semiconductor as a subsidiary.
  - The business restructuring expense recorded as an extraordinary loss refers to the business restructuring of SE Tylose (our cellulose business) in Germany. The impairment loss represents the total for small-scale business entities across multiple subsidiaries.

- [Consolidated Financial Results, p. 22]:
  - Looking at the quarterly results by segment, one-time adjustments from the inventory review had an impact of ¥5-10 billion in Q4 (similar to Q3) on raw materials for rare earth magnets in the Electronic Materials segment, and had an impact of several billion yen in Q4 (compared to ¥1-2 billion in Q3) in the Functional Materials segment.
- [Consolidated Financial Results, p. 23]:
  - Regarding quarterly depreciation and amortization, in the Electronic Materials segment, depreciation and amortization in Q4 were slightly lower than in Q3, mainly due to the fact that many assets were fully depreciated in Q3.
- [Consolidated Financial Results, p. 24]:
  - The amounts on the balance sheet are significantly inflated this year due to the significant depreciation of the yen at the end of December 2024 compared to the previous year. The impact of exchange rate differences at overseas subsidiaries and the increase or decrease in real terms are shown together. This includes a decrease in cash of ¥136.2 billion in real terms. Similarly, compared to the end of Q3, there is a nominal increase of ¥115 billion, but this corresponds to a decrease of ¥23 billion in real terms.
- [Exchange rate sensitivity]:
  - Foreign exchange sensitivity of ordinary income for the fiscal year ended March 31, 2025: ¥4.7 billion per year for the U.S. dollar and ¥0.2 billion per year for the euro, at a fluctuation of ¥1.
- [Assumed foreign exchange rates in the forecast for Q1 of the fiscal year ending March 31, 2026]:
  - For overseas subsidiaries in Q1 (actual rate for January-March 2025): 1 dollar = ¥152.6 and 1 euro = ¥160.5. For domestic companies, the assumed exchange rate for April-June is 1 dollar = ¥140 and 1 euro = ¥160.
- [Share buyback]:
  - Since our non-consolidated net income for the fiscal year ended March 2025 will be available for shareholder returns only after the financial statements are approved at the Board of Directors meeting on May 20, 2025, the acquisition period was set to begin on May 21.

## [Q&A Session]

### <Infrastructure Materials>

Q	Please describe Shintech's business performance in Q1 (January-March) and the current situation (from April).
A	<ul style="list-style-type: none"><li>• Ordinary income for January-March this year declined both quarter-on-quarter (compared to October-December 2024) and year-on-year (compared to January-March 2024). Although sales volume of PVC increased due to completion of the new plant expansion, the decline in prices, primarily due to overseas market conditions, coupled with the increase in ethane and ethylene prices from January to March, led to a reduced spread and a decrease in profits.</li><li>• Since April, domestic PVC demand in the U.S. has been relatively strong and volumes continue to grow. Supported by such demand, we were able to raise prices in February and March. However, since the price increases were not exactly as proposed, and there were still backlogs, we proposed another price increase for May. Meanwhile, ethane and ethylene prices are falling, so we expect spreads to improve.</li></ul>
Q	PVC demand trends in the U.S.
A	<ul style="list-style-type: none"><li>• Post-disaster reconstruction demand is clearly emerging, but this will take time and will not appear all at once.</li><li>• Regarding the January-March period, there was a rebound in January after customers significantly reduced their inventories in December, in addition to a fair amount of spring demand. Housing starts themselves remained constant, maintaining a consistent level. There has also been industrial investment, particularly in data centers, and demand for the pipes, electrical wires, and similar components used in these facilities has also grown significantly. There is also general infrastructure investment, and these factors are currently supporting demand for PVC. Since PVC is a capital good, it is not a mere function of personal consumption, and demand is solid due to the combination of factors mentioned above.</li></ul>
Q	Can you describe Shintech's capital investment?
A	<ul style="list-style-type: none"><li>• Shintech's new facility expansion was completed last fall, and accordingly, capital investment in the current fiscal year (ending March 31, 2026) will decrease compared with the previous fiscal year.</li></ul>

	<ul style="list-style-type: none"> <li>• In terms of upcoming capital investment, construction permits have been obtained, but no final decision has yet been made. We are currently in the final stages of consideration, and once that is finalized, we will commence with the investment. It is not included in the current fiscal year's investment plan.</li> </ul>
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## <Electronics Materials>

Q	What were the market trends for silicon wafers in Q4 (January-March)?
A	<ul style="list-style-type: none"> <li>• Sales of 300 mm wafers were up year on year, but down quarter on quarter. Sales of 200 mm and smaller wafers were negative both year on year and quarter on quarter. As a result, the proportion of 300 mm wafers increased, and the industry breakdown by diameter, on an area ratio basis, is now 300 mm wafers at just under 80%, 200 mm wafers at just under 20%, and 150 mm wafers making up the remaining few percent.</li> </ul>
Q	What is the outlook for silicon wafers for Q1 (April-June 2025) and beyond?
A	<ul style="list-style-type: none"> <li>• The semiconductor industry is tightly linked to the macro economy, and it is difficult to say what will happen in the future without seeing the impact of tariffs and other issues. If we consider the trends in silicon wafers without considering the impact of tariffs, we have recently heard from several customers that their orders have bottomed out. We expect this to translate into increased demand for wafers in the future, with wafer shipments increasing in April-June compared to January-March, followed by a continued gradual increase in July-September. As for the second half of this fiscal year, there are various factors that make it difficult to say for sure, but based on past silicon wafer cycles, we expect sales to continue to rise.</li> </ul>
Q	Can you talk about silicon wafer capital investment and depreciation and amortization expenses?
A	<ul style="list-style-type: none"> <li>• We have concluded a long-term agreement (LTA) for 300 mm wafers until 2027 or 2028, and we are investing on that basis. When the LTA was first signed, there was a lot of equipment with long delivery times, but this equipment has gradually been arriving. We will consider when to start depreciation of this equipment based on the status of future orders. Depreciation and amortization expenses for the fiscal year ending March</li> </ul>

	31, 2026 are not expected to increase compared to the previous fiscal year.
Q	Please discuss Chinese wafer manufacturers.
A	<ul style="list-style-type: none"> <li>• Silicon wafers account for just under 2% of the semiconductor market. A 1-2% difference in yield due to differences in silicon wafer quality can result in costs to customers that are an order of magnitude greater than the price of the silicon wafer itself. We are constantly coordinating on technical quality with our customers to improve yield, and we and our customers have together established 4,000 different technical specifications to ensure optimal wafer supply. Wafer manufacturing is not just a matter of buying off-the-shelf machines and hooking them together. Improving yields requires accumulated technical coordination of everything from raw materials to equipment. Based on these factors, we believe that this product is not one where a new wafer manufacturer will enter the market at a low price and drive out existing manufacturers.</li> <li>• The fact that we have 4,000 technical specifications is the result of close communication with customers, and it is difficult to imagine that our customers would do something similar with a Chinese wafer manufacturer. This is also intertwined with the issue of economic security.</li> </ul>
Q	Do you see any new trends in demand for 300 mm wafers?
A	<ul style="list-style-type: none"> <li>• Previously, a single wafer was used to make devices, but now there is a trend towards using multiple wafers. For memory devices in particular, we believe that in the future, all cutting-edge products will be made using two wafers. In DRAM manufacturing, it is said that there is a trend towards using two wafers to get around the physical limitations of how small you can shrink the components. Similarly, in NAND flash manufacturing, the technique of using two separate wafers for the memory and logic parts to create a single product is expected to become mainstream. In logic devices too, cutting-edge products are beginning to use two or even three wafers. We believe that the emerging demand for using multiple wafers will be a huge positive for wafer manufacturers.</li> </ul>
Q	Please discuss China's export restrictions on rare earths.
A	<ul style="list-style-type: none"> <li>• We are considering how to utilize our production capacity and raw materials effectively to create business opportunities.</li> <li>• Light rare earths are not subject to export restrictions, but heavy rare</li> </ul>

	earths require a permit. We have a good amount of inventory, so for the time being there is no problem. We will continue to make effective use of this valuable inventory.
Q	Please discuss lithography materials.
A	<ul style="list-style-type: none"> <li>We are both strengthening our areas of expertise and expanding our frontiers by developing new products. This area will continue to grow steadily going forward.</li> </ul>
Q	What is the situation with regard to EUV mask blanks?
A	<ul style="list-style-type: none"> <li>We are steadily receiving orders from customers. There are few customers in the industry using EUV lithography in production, but we are in the process of steadily increasing our market share among them.</li> </ul>
Q	How was the Q4 operating income in the Electronic Materials segment?
A	<p>(Compared to the previous quarter)</p> <ul style="list-style-type: none"> <li>The main trend was that wafers saw a decrease in profit, while photoresists saw an increase in profit.</li> </ul>

#### <Company-wide>

Q	What are your thoughts on the consolidated earnings forecast for Q1?
A	<ul style="list-style-type: none"> <li>We have disclosed the forecast based on serious consideration. We didn't include much leeway. That said, we are not satisfied with these figures and are making daily management efforts to improve our performance.</li> <li>Compared with the same period last year, the Infrastructure Materials segment posted lower earnings, and the Electronic Materials segment is also down to some extent.</li> </ul>
Q	Please discuss shareholder returns and your capital policy.
A	<p>(¥500.0 billion share buyback)</p> <ul style="list-style-type: none"> <li>At the telephone conference three months ago, we stated that we would not increase cash on hand any further and it was a good opportunity for share buybacks in light of the stock price level at that time, and we have been steadily making preparations for this. After analyzing several scenarios for cash flow in the current fiscal year based on our business plan, we determined that we could confidently execute a share buyback of this size.</li> </ul> <p>(Dividend policy)</p>



	<ul style="list-style-type: none"> <li>• The guideline dividend payout ratio is 40%. This is a guideline for a certain period of time, not every year. I believe it is necessary to meet the expectations of our shareholders. We also pay a certain amount of attention to DOE (dividend on equity).</li> </ul> <p>(ROE level)</p> <ul style="list-style-type: none"> <li>• We are by no means satisfied with the current level of 12% and believe that it needs to be raised further. The most important thing is to steadily generate earnings, so we will continue to focus on that while also implementing capital policies that give full consideration to shareholder returns.</li> </ul>
Q	Please discuss depreciation and amortization expenses for the current fiscal year.
A	<ul style="list-style-type: none"> <li>• Although we expect the year-on-year change to be flat in real terms, the nominal decline is due to the exchange rate. For overseas companies, we are looking at a depreciation and amortization conversion rate of 140 yen to the dollar from April of this fiscal year onward, which is a stronger yen than in the previous fiscal year.</li> </ul>
Q	Please discuss new products.
A	<ul style="list-style-type: none"> <li>• There are highly innovative products in each business.</li> <li>• In the semiconductor sector, we are working diligently to expand our product assortment and variety and add new products to all of our product lines, including wafers, photoresists, and other lithography materials. I think it is important to accelerate this effort even further.</li> <li>• In the Functional Materials segment, we have been working to develop more specialized and highly functional products using silicone and cellulose, and these products now account for a significant proportion of our lineup. We will continue this effort going forward.</li> </ul>