Shin-Etsu Polymer Co., Ltd.

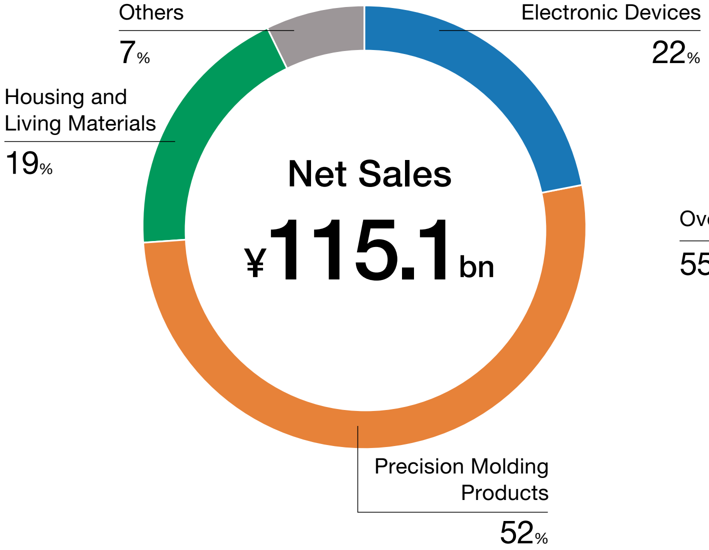
ANNUAL REVIEW 2026

Year Ended March 31, 2026

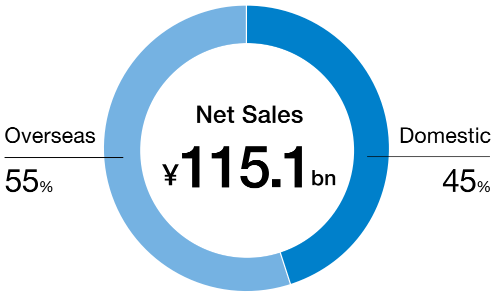
At a Glance

(FY2025)

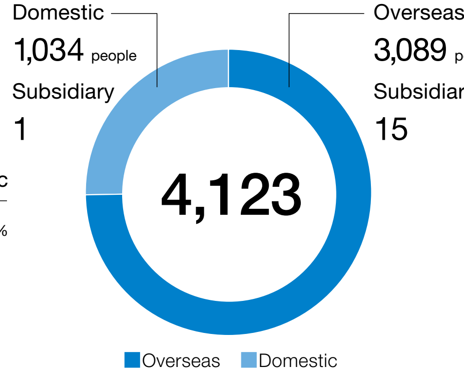
Net Sales by Segments



Overseas Sales Ratio

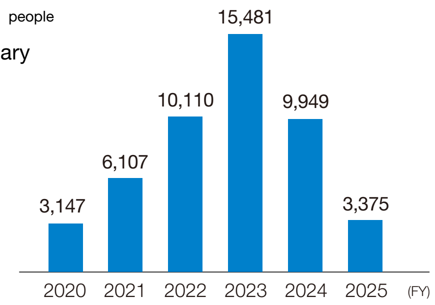


Number of Employees



Capital Expenditures

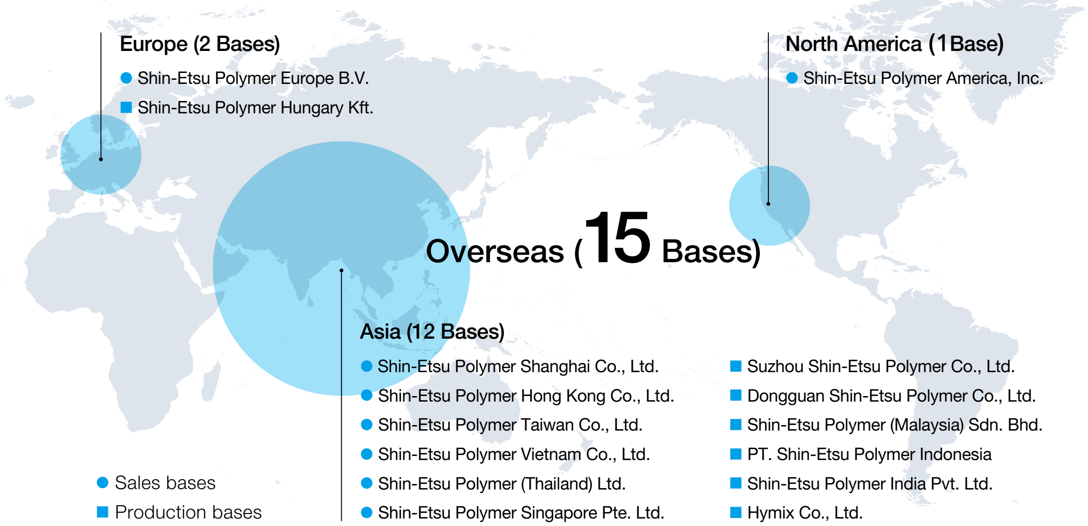
(Millions of yen)



Key Indicators

	Net Sales	Operating Profit	Overseas Sales Ratio	ROE	Dividend Payout Ratio
FY2025	¥115.1 bn	¥14.0 bn	55.3%	7.9%	50.3%
FY2024	¥110.5 bn	¥13.2 bn	55.1%	8.0%	44.4%
Mid-term M Plan Targets (FY2029)	¥150.0 bn	¥20.0 bn	60% or more	Approx. 10.0%	50% or more

Overseas Bases



Overseas (15 Bases)

Europe (2 Bases)
- ● Shin-Etsu Polymer Europe B.V.
- ■ Shin-Etsu Polymer Hungary Kft.

North America (1 Base)
- ● Shin-Etsu Polymer America, Inc.

Asia (12 Bases)
- ● Shin-Etsu Polymer Shanghai Co., Ltd.
- ● Shin-Etsu Polymer Hong Kong Co., Ltd.
- ● Shin-Etsu Polymer Taiwan Co., Ltd.
- ● Shin-Etsu Polymer Vietnam Co., Ltd.
- ● Shin-Etsu Polymer (Thailand) Ltd.
- ● Shin-Etsu Polymer Singapore Pte. Ltd.
- ■ Suzhou Shin-Etsu Polymer Co., Ltd.
- ■ Dongguan Shin-Etsu Polymer Co., Ltd.
- ■ Shin-Etsu Polymer (Malaysia) Sdn. Bhd.
- ■ PT. Shin-Etsu Polymer Indonesia
- ■ Shin-Etsu Polymer India Pvt. Ltd.
- ■ Hymix Co., Ltd.

● Sales bases
■ Production bases

Notes on the Occasion of the Publication of the Annual Review 2026

We publish the Annual Review each year as a tool to provide valuable information to all stakeholders, including shareholders and investors and to help them gain a deeper understanding of the Company.

In producing and editing this year's edition, we focused on making our business activities and initiatives over the past year easier to read and understand. In addition, we placed particular emphasis on enhancing the content so that readers can better understand Shin-Etsu Polymer's uniqueness, strengths, and ideas and initiatives aimed at enhancing corporate value going forward.

Among the highlights are special coverage of semiconductor-related containers and our global network, both of which were requested by many investors, as well as an interview with the Senior Managing Executive Officer in charge of human resources regarding our human capital initiatives.

We would like to express our sincere gratitude to the analysts who generously provide us with valuable opinions each year in the production of the Annual Review. We will continue to sincerely consider everyone's feedback we receive, reflect it in these pages, and strive to provide even more comprehensive information.

Highlights of the Annual Review 2026

Special Feature I: Precision Molding Products: PANEL FOUP

Amid rising demand driven by the uptake of generative AI and other factors, this special feature introduces a Shin-Etsu Polymer's initiative to contribute to semiconductor advancement through the automation of back-end processes using PANEL FOUP. It also shares the voices of employees working on the front lines, who aim to solve a wide range of customer challenges and improve customer satisfaction by leveraging strengths such as high durability, flexible customization, and the technological expertise cultivated over many years.

▶ P.14

Special Feature II: The Power of Our Global Network: Expanding Collaboration between Production and Sales

In this special feature, the heads of our overseas sales and production bases share their perspectives on the power of collaboration and the roles they each play. It highlights how the Shin-Etsu Polymer Group earns customer confidence and trust through an integrated production and sales framework, and continues to grow by turning challenges into opportunities through flexibility and strong collaboration among global sites, even amidst a rapidly changing business environment.

▶ P.22-23

Interview with Senior Managing Executive Officer in charge of Human Resources

Based on the belief that developing human resources is the source of corporate value, we promote human resource development that combines training and career support with on-the-job experience at the core. Through personnel systems and various initiatives aimed at strengthening human capital, we are working to build a foundation that enables each employee to take on challenges with confidence, broaden their own potential for growth, and support Shin-Etsu Polymer's sustainable growth.

▶ P.30

Contents

Scope of Reporting
Period covered: From April 1, 2025 to March 31, 2026 (includes some activities from April 1,2026 onwards)
Organization covered: Shin-Etsu Polymer Group (Please see p.36 for details.)

Forward-Looking Statements
This Annual Review contains information about Shin-Etsu Polymer's current plans, strategies and other items not based on historical fact. These are forward-looking statements that involve risks and uncertainties. Actual results may differ significantly from those discussed in the forward-looking statements due to various factors in the Company's operating environment, including changes in economic and market conditions, foreign exchange rates and demand trends.

Note: All yen and dollar figures in this annual review have been rounded down to the nearest unit.

Our sustainability information is thoroughly covered in our Sustainability Report.
https://www.shinpoly.co.jp/en/sustainability.html

Past, Present, and Vision

— Shin-Etsu Polymer: Continuing to Advance in Step with the Market and the Times —

Shin-Etsu Polymer Co., Ltd. was established in 1960 as a PVC processing manufacturer, beginning with the production and sale of construction materials such as corrugated sheets and pipes. Today, as a resin processing manufacturer, we continue to respond to the needs of society across a wide range of fields, including automobiles, semiconductors, and construction, by developing a diverse array of products.

1960~

Contributing to Japan's Era of Rapid Economic Growth

1960	Established as a resin processing manufacturer.
1961	Supported Japan's rapid economic growth through mass production of PVC processed products.
1970	Conductive silicone rubber, the first of its kind in the industry, adopted by all calculator manufacturers.
1980	Responded to growing demand for AV products and OA equipment with OA rollers and keypads.
1981	Established Shin-Etsu Polymer America, Inc.
1986	Established Shin-Etsu Polymer Europe B.V.
1988	Established Shin-Etsu Polymer (Malaysia) Sdn. Bhd.

1990~

Evolving into a Leading Global Company in the Age of IT

1990	Built Japan's first cleanroom manufacturing facility for wafer containers.
1993	Established Suzhou Shin-Etsu Polymer Co., Ltd. in China.
1996	Launched the world's first FOSB shipping container for 300mm wafers.
1997	Established PT. Shin-Etsu Polymer Indonesia.
1999	Established Shin-Etsu Polymer Shanghai Co., Ltd.
1999	Commenced mass production of FOUP in-process containers for 300mm wafers.
2000	Achieved rapid growth in the mobile phone keypad business.
2003	Established Shin-Etsu Polymer Hungary Kft.
2005	Established Shin-Etsu Polymer Hong Kong Co., Ltd. Established Shin-Etsu Polymer Singapore Pte. Ltd.
2007	Established Shin-Etsu Polymer India Pvt. Ltd.

2010~

Becoming an Indispensable Company

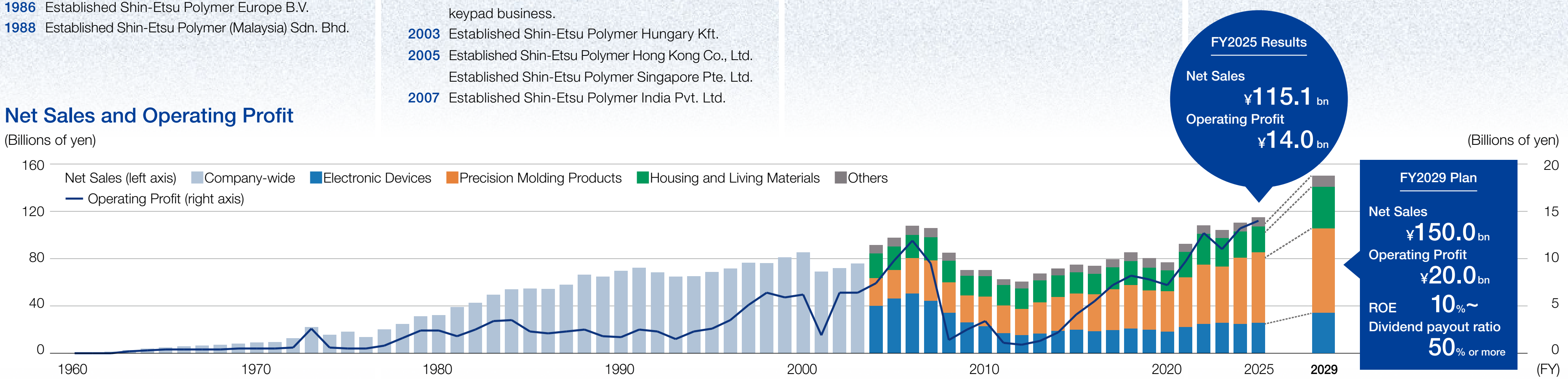
2011	Established Dongguan Shin-Etsu Polymer Co., Ltd.
2014	Established Shin-Etsu Polymer (Thailand) Ltd. Reorganized the business structure from product-based divisions to function-based divisions in order to strengthen specialization.
2016	Established Shin-Etsu Polymer Vietnam Co., Ltd.
2017	Integrated domestic subsidiaries and improved efficiency by reorganizing the production system.
2018	Expanded the Itoigawa Plant to increase wafer container production capacity.
2019	Acquired 100% ownership of Hymix Co., Ltd. in Thailand.

2020~

Continuing Growth in the Age of AI and Semiconductors

2021	Acquired 100% ownership of KitcheNista Co., Ltd.
2022	Established Shin-Etsu Polymer Taiwan Co., Ltd.
2023	Transferred the PVC pipe and related businesses.
2024	Completed wafer container production capacity expansion at the Itoigawa Plant.
2025	Announced the updated medium-term management plan, "Shin-Etsu Polymer Global & Growth 2029."
2025	Commenced mass production of fire prevention cushions for EV batteries.
2025	Completed wafer container production capacity expansion at the Tokyo Plant.

Net Sales and Operating Profit



* Net sales figures for FY1962 through FY1980 are on a non-consolidated basis, while figures for FY1981 and onward are consolidated. Data from fiscal 2004 onward are color-coded to match our current segments.

State of Society and Market Needs

- Rising construction demand amid Japan's rapid economic growth
- Miniaturization and weight reduction in the electronic components
- Acceleration of Japanese companies' global expansion

- Widespread use of PCs and mobile phones driven by IT proliferation and digitalization
- Increasing sophistication of consumer electronics in the age of ubiquitous computing

- Rising semiconductor demand driven by the spread of IoT and ICT technologies
- Advancing functionality of automotive components driven by next-generation mobility

- Rising semiconductor demand driven by the growth of AI and data centers
- Expanding demand for renewable energy and environmentally friendly vehicles
- Expanding demand for infrastructure repair products due to aging social infrastructure

Value Creation Process

Shin-Etsu Polymer has been creating high-value-added products with the accumulated technologies by making full use of the management resources. We will contribute to social and industrial development by creating value through our technologies and products, aiming for sustainable growth together with society.

Input ▸P.6

Financial Capital

Manufacturing Capital

Human Capital

Intellectual Capital

Social and Relationship Capital

Natural Capital

Business Model

Three Strengths of Shin-Etsu Polymer ▸P.5

Development Capabilities × Proposal Capabilities × Response Capabilities

Accumulated fundamental and core technologies

- Materials & Compounding
- Design
- Molding Processes
- Evaluation & Analysis

Strategy Medium-term Management Plan "SEP G&G 2029" ▸P.9

Output ▸P.16

Electronic Devices

- Input devices for automobiles
- Connectors for electronic devices
- Silicone products for automobiles

Precision Molding Products

- Wafer containers for semiconductors
- Rollers for printers, including multi-function printers
- Carrier tape for electronic components
- Silicone products for medical devices

Housing and Living Materials

- Wrapping films for food packaging
- Functional compounds
- Functional materials (Conductive polymers)
- Materials for infrastructure maintenance

Outcome

Value from Products

Enhancing performance of next-generation semiconductors

Realizing a next-generation mobility society

Providing safe and secure food

Providing infrastructure materials

Addressing climate change

Achieving a circular economy

Value from Management

Reducing environmental impact

Creating a rewarding workplace

Safe and secure work environment

Improving human capital value

Respect for diversity

Enhancing shareholder value

Vision

Achieving the Corporate Mission Statement of the Shin-Etsu Polymer Group

Contributing to the development of society and industry through technologies and products

A company that continues to grow together with society

Strengthening Management Foundation ▸P.24

Promoting Sustainability ▸P.33

Strengthening Management Resources

Shin-Etsu Polymer's Competitive Advantage

Since our establishment in 1960, Shin-Etsu Polymer has leveraged our integrated technological capabilities spanning everything from material development to molding and processing for a wide range of thermoplastic resins, including PVC, and silicone rubber. We provide high-value-added products by utilizing formulation technologies optimized for each customer.

Development Capabilities

in Customizing Materials for Specific Applications

Leveraging our strengths in material design and formulation technologies, Shin-Etsu Polymer conducts our own fundamental evaluations and develops optimal materials tailored to customer needs and applications.

Drawing on our expertise cultivated through a wide range of raw materials, including PVC and silicone, we customize materials while giving consideration to performance, quality, processability, and the environment in order to provide high-value-added products. Through these development capabilities, Shin-Etsu Polymer responds to changing market needs and creates new customer value.

×

Proposal Capabilities

in Deriving Optimal Solutions Through Processing Technologies

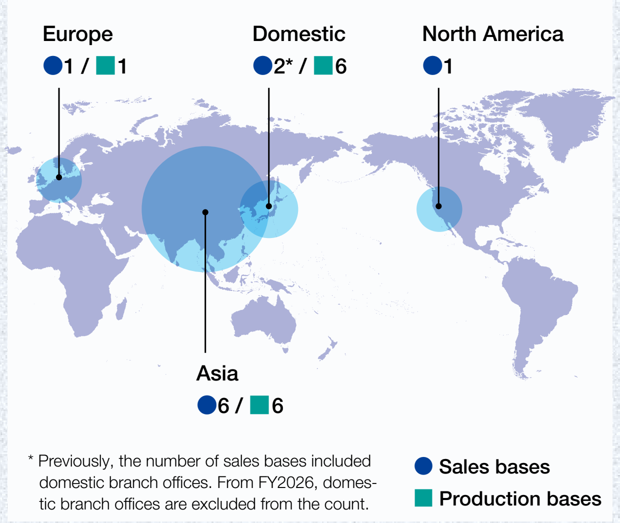
Shin-Etsu Polymer proposes optimal solutions by utilizing our processing technologies that maximize material properties and our on-site capabilities for accurately identifying customer challenges.

By handling all processes in-house, from molding, processing, assembly, and inspection to shipment, we go beyond simply supplying products to propose optimal solutions tailored to customers' operating environments and manufacturing conditions. These proposal capabilities contribute to solving customer challenges and enhancing added value.

×

Response Capabilities

to Meet Globally Expanding Needs



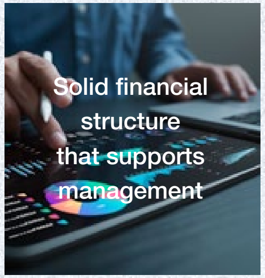
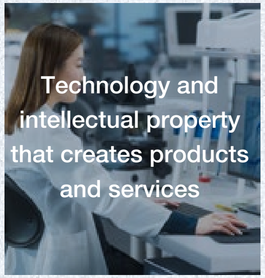
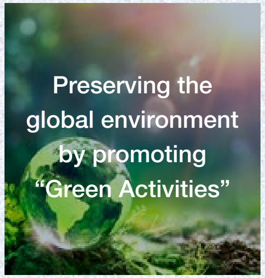
* Previously, the number of sales bases included domestic branch offices. From FY2026, domestic branch offices are excluded from the count.

Shin-Etsu Polymer has established a framework in which our production, sales, and technology functions work together globally to respond quickly and accurately to customer needs and market changes.

By having our sales bases collect market information, our technology divisions provide problem-solving support, and our product bases establish optimal supply systems, we achieve short lead times, stable supply, and a supply chain that is resilient to changing business environments. These capabilities help earn customer trust and support sustainable growth.

Value Creation Sources

Shin-Etsu Polymer's capital, which has been cultivated since its establishment, supports our current business activities and plays an important role in the value creation process. By enhancing and effectively utilizing our capital, we will create value through our technologies and products and reinforce our management resources.

	Financial Capital	Manufacturing Capital	Human Capital	Intellectual Capital	Social and Relationship Capital	Natural Capital
Strengths of Shin-Etsu Polymer	 Solid financial structure that supports management	 Global production network supporting manufacturing	 Recruiting and training a highly skilled and diverse workforce	 Technology and intellectual property that creates products and services	 Achieving co-existence and co-prosperity with various stakeholders	 Preserving the global environment by promoting "Green Activities"
Key Indicators	• Total assets ¥153 bn ↗ • Operating profit ratio 12.2% ↗	• Production bases 13 bases → • Capital expenditures ¥3.38 bn ↘	• Number of employees Consolidated: 4,123 ↘ Non-consolidated: 1,034 ↗ • Hires in FY2025 (non-consolidated) 52 ↗	• R&D costs ¥3.64 bn ↘ • Number of proprietary patents 1,901 patents ↗ Japan: 1,321 patents Overseas: 580 patents	• Sales bases: 10 bases* → • Extensive customer base and supply chain • Brand strength based on a history of trust * Previously, the number of sales bases included domestic branch offices. From FY2026 onward, domestic branch offices are excluded from the count.	• Crude oil equivalent energy consumption 30,131 kl ↘ (Preliminary figure as of the date of publication) • Water consumption: 368,000 m^3 ↘
Initiatives to Address Challenges and Strengthen Capital	• Proactive investment in growth businesses • Enhancing shareholder returns • Maintaining a stable financial foundation • Continuously enhancing corporate value	• Streamlining operations by introducing automated equipment • Improving efficiency by proactively replacing aging equipment • Promoting production at optimal locations • Strengthening the global production and supply structure	• Building a workplace where each employee can work in their own way • Supporting employee growth through work • Providing education and training programs that promote each employee's steady growth	• Securing technological superiority • Accelerating the commercialization and monetization of R&D outputs • Maintaining differentiation from competitors • Expanding the number of overseas patent applications	• Maintaining and strengthening trust through dialogues with diverse stakeholders • Building relationships based on mutual prosperity and coexistence • Contributing to the realization of a sustainable society	• Addressing climate change through energy-saving activities • Reducing environmental impact through waste reduction and recycling initiatives • Conserving water resources through efficient water use

Message from the President

Having posted record-high profits, we are steadily moving toward the next stage of growth

Shin-Etsu Polymer steadily captured growing demand, primarily from the semiconductor sector, and posted record-high profits in the fiscal year ended March 31, 2026.

To drive the next stage of growth, we are expanding our business portfolio, improving capital efficiency, and strengthening our global expansion to enhance corporate value on a sustained basis.

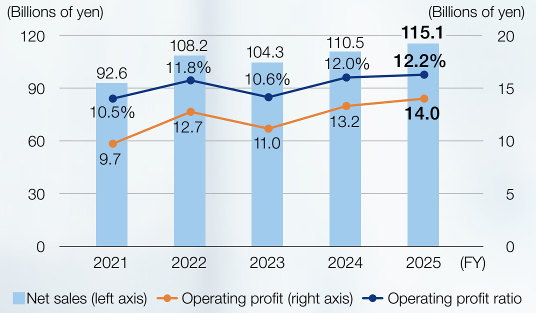
Results for the Fiscal Year Ended March 31, 2026

In the fiscal year ended March 31, 2026, we reported record-high net sales of ¥115.1 billion and record-high operating profit of ¥14.0 billion. Semiconductor-related containers continued to drive earnings, and the benefits of the capital investments we have made in anticipation of growing demand are steadily materializing.

In the automotive field, sales of silicone-molded products such as wipers and fire prevention cushions increased, while automotive input devices for mainly hybrid vehicles also recovered. In the Housing and Living materials segment, sales of our proprietary products, including colored wrap and functional compounds, were also brisk. Although there were some uncertainties in the business environment, we managed to steadily tap new demand in growth areas and increase sales of differentiated products in our base areas, achieving solid results across all business segments.

These results were not merely driven by market tailwinds—they also reflected our proactive efforts to anticipate changes in demand and drive the necessary investments and development of our supply structure ahead of time. We will continue to accurately take stock of trends in demand and strengthen our foundation for the next stage of growth.

Consolidated Results



Toshiaki Ito

Representative Director, President & Chief Executive Officer

Message from the President

Progress on the Medium-Term Management Plan

Under our medium-term management plan, we are now entering the next stage of growth. In addition to strengthening the earnings base that we have built to date, I believe it is important that we cultivate multiple pillars of growth following the semiconductor-related containers business.

Owing to the hitherto streamlining of our businesses, we have steadily improved efficiency in our existing areas. Going forward, instead of staying on the same path, we are entering a stage where we will leverage our technologies and customer base to expand into areas where we can be a dominant force. Our goal is not simply to increase the number of new businesses, but to focus on leveraging our unique strengths to generate sustained earnings growth.

In the semiconductors, one of our growth areas, we are developing containers for back-end semiconductor manufacturing processes in addition to those for front-end chip fabrication. In the semiconductor market, the ability to accurately gauge fluctuations in supply and demand is crucial, and we leverage our broad customer base and points of contact to make investment decisions and respond to supply needs based on multifaceted information. I believe that preparing one step ahead, rather than responding only after demand becomes visible, is what gives us a competitive edge.

In the EV field, mass production of fire prevention cushions for batteries has begun. We view the EV market not merely as part of the automotive market but as an expanding social infrastructure that includes energy storage, so from that perspective, we see significant medium- to long-term growth opportunities. In addition, heat-resistant thin films for film capacitors are also emerging as a promising theme for the future, which we intend to develop into one of our next growth drivers by closely monitoring technological trends and customer needs.

Even in existing fields in base areas, we continue to grow by responding to changing customer needs, such as transitioning from transparent wrap to colored wrap. In niche markets too, we will reinforce our competitive advantage and earnings base by accumulating products that address the challenges of our customers.

Our approach to ROE and capital efficiency

In our medium-term management plan, we have set an ROE target of approximately 10%. What is important is not merely expanding sales, but simultaneously improving profit margins and capital efficiency. We will improve the capital turnover ratio through the expansion of growth fields and boost profit margins with differentiated products, thereby enhancing the overall quality of our business portfolio.

As for cash, our policy is not to accumulate it excessively, but to allocate it appropriately to growth investments, shareholder returns, and investments in human resources. In making investment decisions, we place emphasis not only on the profitability of individual projects but also on whether the business can generate sustainable profits. While maintaining financial soundness that enables us to accommodate changes in the external environment, we will thoroughly practice management with awareness of capital efficiency and aim to continuously enhance our corporate value.

Overseas expansion

Our overseas sales ratio is currently around 55%, and we are aiming to raise to 60% going forward. To achieve this, it is important to clarify the role of each region and build an optimal structure on a global scale.

India, in particular, is one of our key growth markets, and we are expanding our business there by supporting customers' local production for local consumption. In addition to capturing local demand, we will establish development and supply structures that align with market needs to achieve sustained growth. Meanwhile, in China, we are pressing ahead with efforts to optimize both product sales and material procurement to enhance our competitiveness on a global scale.

Moreover,achieving both speed and governance is essential for overseas expansion. We are training and assigning personnel who can make decisions locally while also strengthening head office support functions to build a framework that enables swift decision-making as part of a total optimization process.

Technology strategy

The source of our strength lies in technological differentiation. By continuously building on our proprietary technologies, we have established a solid position in the market. Moving forward, rather than pursuing the scale of individual products, we will enhance corporate value by steadily building competitive advantages in our areas of strength.

In product development, our engineers stay close to customers and the workplace, listening to customers directly and quickly incorporating market needs into our products with a strong sense of speed. We are also beefing up our testing and evaluation technologies to meet increasingly sophisticated customer requirements. I believe that honing both product development capabilities and evaluation technologies in tandem will lead to continuous differentiation.

In addition, investment in human resources is another cornerstone of our competitiveness. We are building an organization that is resilient to change by allocating personnel mainly to growth areas and encouraging them to take on new challenges. In my view, continuously strengthening our technologies, human resources, and the trust of our customers and markets will lead to long-term growth in corporate value.

In conclusion

We do not seek to be a company that is merely flashy, but one that continues to steadily create value through solid technologies. We will further enhance corporate value by maintaining our leading share in niche markets and continuously building trust.

We will accurately capture growth opportunities and balance capital-efficient management with technological differentiation, thereby achieving sustained growth.

Medium-term Management Plan

Review of the Previous Medium-term Management Plan

Performance Against Numerical Targets and Key Challenges

In FY2025, both net sales and operating profit reached record highs for the second consecutive year, driven by expanding demand in semiconductor-related markets, the capture of new demand in the automotive sector, and continued progress in shifting to high-value-added products. Across the overall business portfolio, semiconductors and automotive applications, which are growth areas, drove revenue growth, while increased sales of differentiated products in the housing and living materials field contributed to improved profitability.

In the Electronic Devices business, in-vehicle input devices continued to recover, particularly for Japanese automakers, despite being affected by weak sales among European and U.S. automobile manufacturers. Meanwhile, automotive component products achieved significant growth, supported by silicone wipers and fire-prevention cushions supplied to new customers, driving increases in both sales and profits across the business. Going forward, strengthening the earnings base through initiatives such as production-site optimization will continue to be an important challenge.

In the Precision Molding Products business, shipping containers (FOSB) for 300 mm wafers remained strong, supported by robust demand from overseas wafer manufacturers. Front-opening unified pods (FOUP) also performed well, particularly for leading-edge device manufacturers. Carrier tapes likewise remained firm, driven by demand for large electronic components used in AI servers and other applications. On the other hand, a key challenge is to establish a flexible supply structure capable of responding to changes in semiconductor market conditions and capital investment trends.

In the Housing and Living Materials business, expanded adoption of colored wrap accelerated the shift to high-value-added products, contributing to improved profitability. Demand for functional compounds also recovered following the completion of inventory adjustments in the market. Meanwhile, conductive polymers continued to be affected by the slowdown in EV sales, making the development of new applications an ongoing challenge.

Going forward, we will further capture demand in growth areas while enhancing earnings capacity through capital investments to meet rising demand, expanded sales of high-value-added products, and greater diversification of customers and applications.

(Millions of yen)	FY2022	FY2023	FY2024	FY2025	FY2027	**FY2029**
	Actual	Actual	Actual	Actual	Previous MTP[*1] Target	**Revised MTP[*1] Target**
Net Sales	108,278	104,379	110,582	115,116	150,000	**150,000**
Ordinary Profit[*2]	12,986	11,530	13,218	14,040	20,000	**20,000**
ROE	8.6%	8.0%	8.0%	7.9%	Above 10%	**Approx. 10%**
Payout Ratio	36.0%	42.9%	44.4%	50.3%	～50%	**50%～**

*1 Medium-term Management Plan
*2 Ordinary profit and operating profit are assumed to be at approximately the same level.

Business Strategy Results and Challenges

Base Areas	Profitability improved thanks to expanded sales of proprietary products, including colored wrap for the food service industry and functional compounds for wire coating applications. Meanwhile, OA rollers experienced a significant decline as inventory adjustments in the printer market were prolonged following strong printer sales in 2024. Going forward, key challenges include the development of new differentiated products and the exploration of new applications.
Growth Areas	In FY2025, we achieved record-high results, driven by the capture of overseas semiconductor demand and the successful commercialization of fire prevention cushions for EV batteries. Going forward, key challenges include further increasing the overseas sales ratio, establishing a production structure capable of meeting growing semiconductor demand, and securing new business opportunities for battery-related materials and components.
Expand the overseas sales ratio	Although sales to customers in Europe and the United States were weak, sales to Japanese customers remained firm, resulting in a higher domestic sales ratio for automotive products. Meanwhile, sales of semiconductor-related containers to overseas customers increased substantially, and the overall overseas sales ratio remained broadly unchanged from the previous year at 55%. Going forward, a key challenge is to increase market share in products with a high overseas sales ratio, including OA rollers.

Growth Investment Results and Challenges

Fiscal Year	Investment Overview	Segment
2023	• Expansion of the Itoigawa Plant: Increased production capacity for wafer containers (FOSB)	Precision Molding Products
2023	• Installation of mass-production equipment at the Kodama Plant: Production equipment for fire prevention cushions	Electronic Devices
2024	• Construction of a new building at the Tokyo Plant: Increased production capacity for wafer containers (FOSB)	Precision Molding Products
2024	• Installation of verification equipment at the Tokyo Plant: Verification of the mass producibility of heat-resistant thin-film products	Housing and Living Materials

In FY2025, operations commenced at the new building of the Tokyo Plant, which primarily produces FOSB (shipping containers for 300 mm wafers). As a result, the series of capital investments to expand production capacity for semiconductor-related containers, which began with the expansion of the Itoigawa Plant, has peaked for the time being. Approximately ¥21.5 billion was invested in the expansion of the Itoigawa Plant and the construction of the Tokyo Plant's new building, representing an investment of exceptional scale relative to the size of the Group's business.

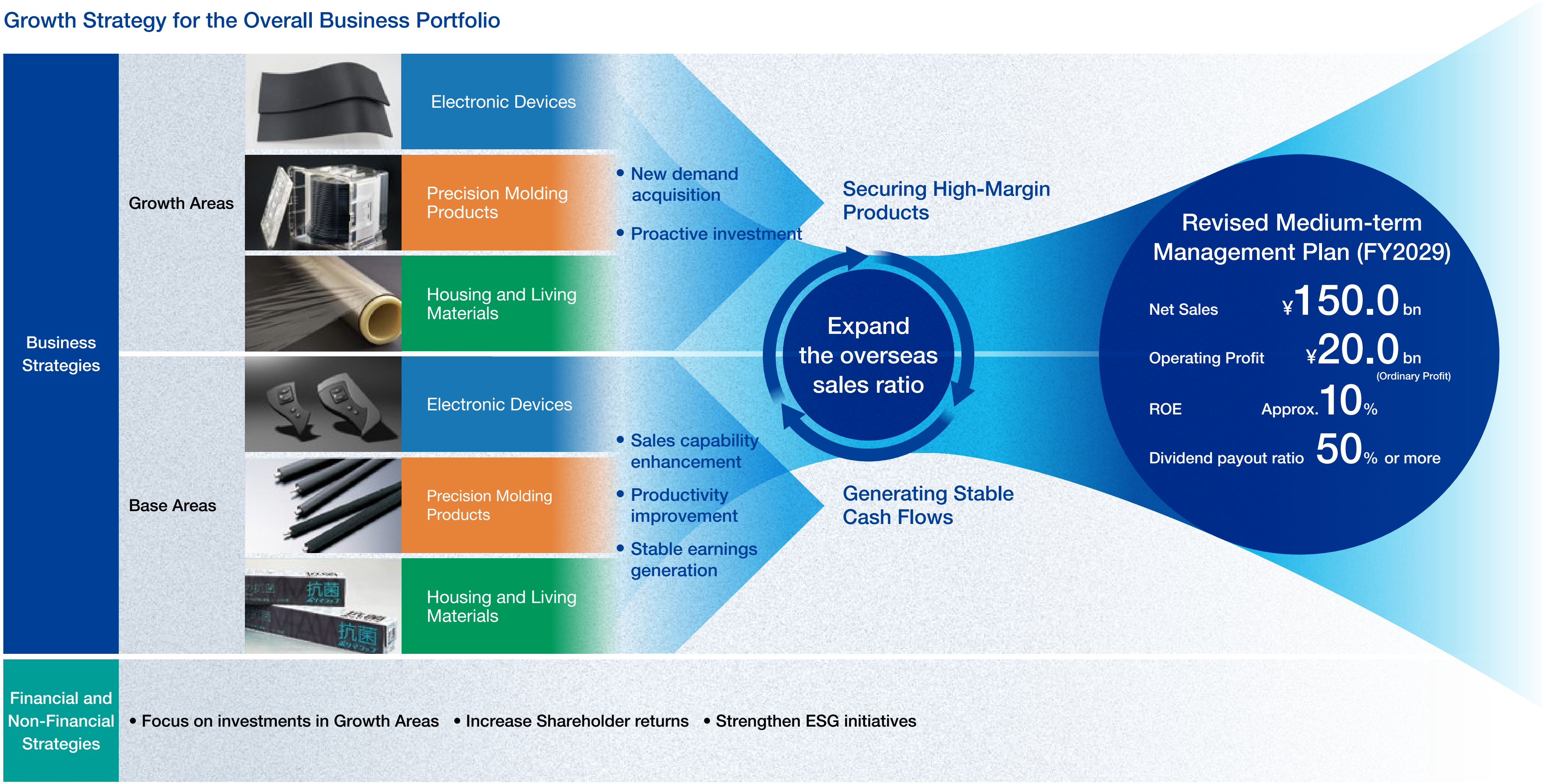
Looking ahead, in addition to making further capital investments in anticipation of expanding semiconductor demand, the Group aims to accelerate the development of materials and components for next-generation vehicle batteries and powertrains and move into the stage of carrying out capital investments in these areas.

Medium-term Management Plan

Overview of the Medium-term Management Plan “SEP Global & Growth 2029”

We are advancing initiatives centered on three key themes: strengthening sales capabilities and improving productivity in base areas, capturing new demand in growth areas, and increasing the overseas sales ratio.

Growth Strategy for the Overall Business Portfolio



Business Strategies

Growth Areas
- Electronic Devices
- Precision Molding Products
- Housing and Living Materials

- New demand acquisition
- Proactive investment

Securing High-Margin Products

Base Areas
- Electronic Devices
- Precision Molding Products
- Housing and Living Materials

- Sales capability enhancement
- Productivity improvement
- Stable earnings generation

Generating Stable Cash Flows

Expand the overseas sales ratio

Revised Medium-term Management Plan (FY2029)

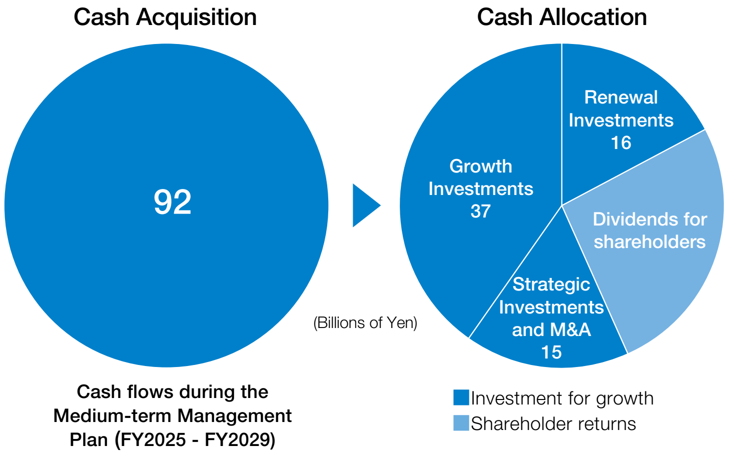
Net Sales	¥150.0 bn
Operating Profit	¥20.0 bn (Ordinary Profit)
ROE	Approx. 10%
Dividend payout ratio	50% or more

Financial and Non-Financial Strategies
- Focus on investments in Growth Areas
- Increase Shareholder returns
- Strengthen ESG initiatives

Medium-term Management Plan

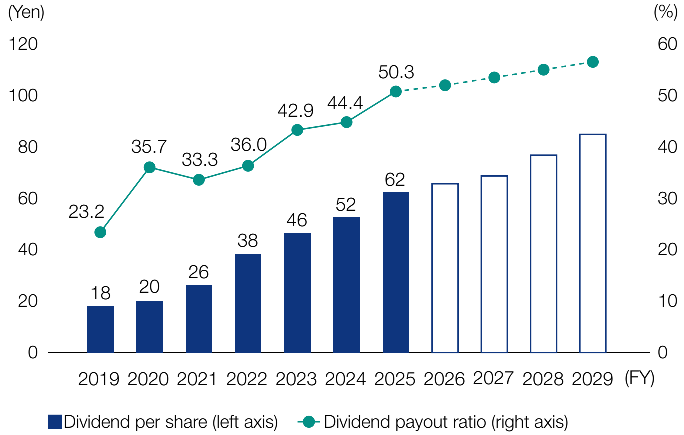
Overview of the Medium-term Management Plan “SEP Global & Growth 2029”

Cash Allocation Policy (FY2025-Y2029)



Shareholder Returns Policy (FY2025-2029)

Payout ratio and annual divided per share



To steadily capture medium- to long-term business opportunities, we are making planned capital investments in growth areas such as semiconductor-related and automotive-related businesses while carefully monitoring changes in the market environment.

Although growth in the EV market has recently shown signs of slowing, we believe that the major shift from internal combustion engine vehicles to EVs remains unchanged, and we will continue to invest while carefully assessing demand trends.

In the semiconductor field, we have secured sufficient production capacity for the foreseeable future through the expansion of the Itoigawa Plant and the construction of the new building at the Tokyo Plant. At the same time, we are considering the introduction of additional facilities to accommodate future demand growth.

We will also actively invest in the development of EV-related products following our fire prevention cushions, as well as in the development and production infrastructure required for the market launch of heat-resistant thin films for film capacitors.

In addition, we will pursue agile investments aimed at expanding and optimizing our business portfolio through M&A activities.

The Medium-term Management Plan announced in November 2025 maintains our commitment to continuing stable dividends and enhancing shareholder returns. However, we have revised the dividend payout policy. Under the previous plan, we indicated that we would increase the dividend payout ratio in line with business performance, with an upper limit of 50%. Under the updated plan, the policy has been revised to target a dividend payout ratio of more than 50% while remaining mindful of the stability of total dividend payments, thereby further strengthening shareholder returns.

At the same time, we have revised the target ROE to approximately 10%. We aim to achieve this target by expanding our business and increasing profit levels. In high-profit growth areas, production capacity will be expanded in line with market demand conditions, while in base areas, profitability will be enhanced by increasing the lineup of proprietary products that differentiate us from our competitors. Through these strategies, we intend to steadily increase business earnings and use them as the source of dividends for our shareholders.

Background to the Revision of the Medium-term Management Plan

Under the Medium-term Management Plan, Shin-Etsu Polymer Global & Growth 2027, announced in May 2023, the Group clarified priority areas for both its core and growth businesses within each business segment, promoted growth investments aimed at future business expansion, and steadily implemented shareholder returns in accordance with its stated policy. Through these initiatives, the Group has achieved a certain level of success in both strengthening its business foundation and executing its capital policy.

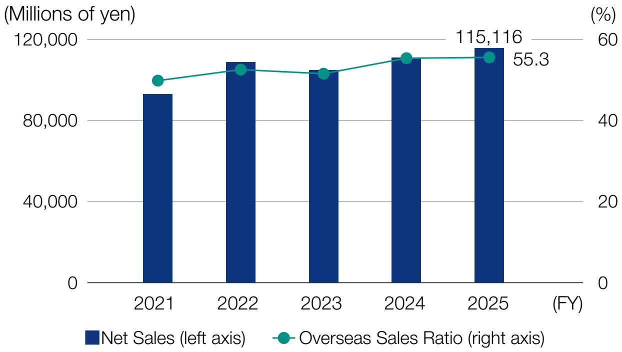
Meanwhile, in the semiconductor-related business, the impact of excess inventories has continued longer than initially anticipated, and the timing of demand recovery in the silicon cycle is now expected to be delayed by approximately two years compared to the original assumptions. As a result, the timing of earnings growth has also diverged from that envisioned in the previous plan. In light of these changes in the business environment, we reviewed our existing Medium-term Management Plan and revised it by extending the planning horizon by two years, resulting in the new Medium-term Management Plan, Shin-Etsu Polymer Global & Growth 2029, with FY2029 (the fiscal year ending March 2030) as the final year.

The new plan incorporates changes in the external environment while presenting revised medium-term performance targets, clarifying investment plans aligned with the direction of the business portfolio, initiatives to enhance profitability, and a shareholder return policy that emphasizes financial discipline. Looking ahead to future growth of the automotive and semiconductor markets, we will work to enhance medium- to long-term corporate value by balancing growth investments with improvements in capital efficiency.

In addition, we will respond flexibly and appropriately to rapidly changing market conditions while maintaining a strong financial base and further strengthening relationships of trust with all stakeholders, including shareholders. Guided by its corporate philosophy of “Contribute to the development of society and industry through technologies and products; A company that continues to grow with society,” we will continue to pursue sustainable growth and stable shareholder returns while striving to deliver the results expected by the capital markets.

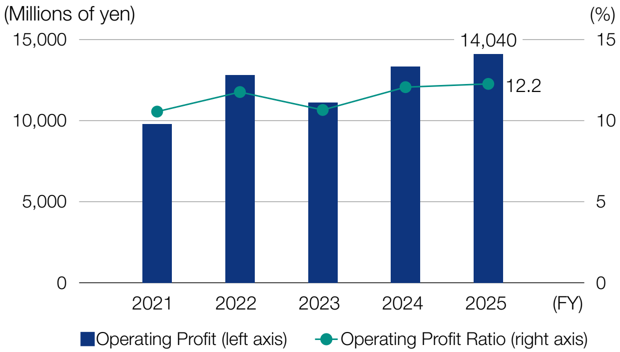
Financial Highlights

Net Sales and Overseas Sales Ratio



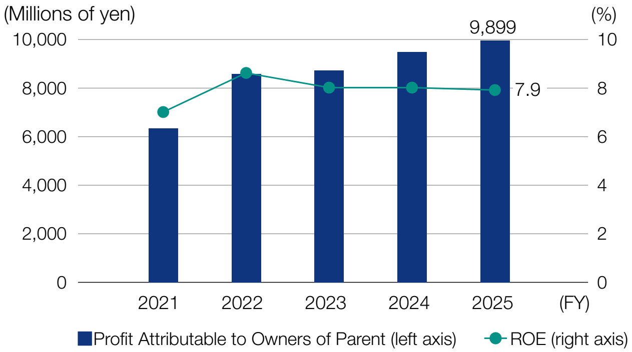
Net sales increased 4.1% year-on-year to ¥115,116 million, reflecting solid performance in the Precision Molding Products business. The overseas sales ratio rose to 55.3%, exceeding the previous fiscal year's level.

Operating Profit and Operating Profit Ratio



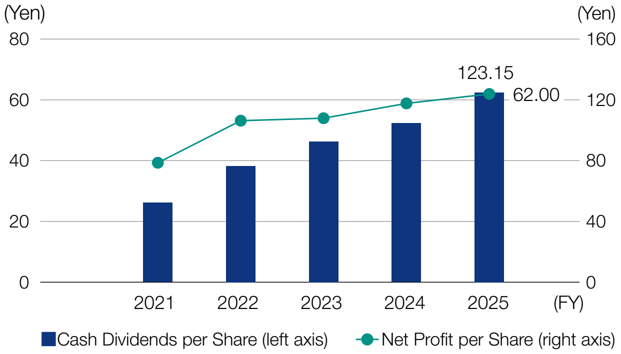
Operating profit increased 5.8% year-on-year to ¥14,040 million, reflecting strong sales of semiconductor-related containers. As a result, the operating profit ratio improved by 0.2 percentage points from the previous fiscal year to 12.2%.

Profit Attributable to Owners of Parent and ROE



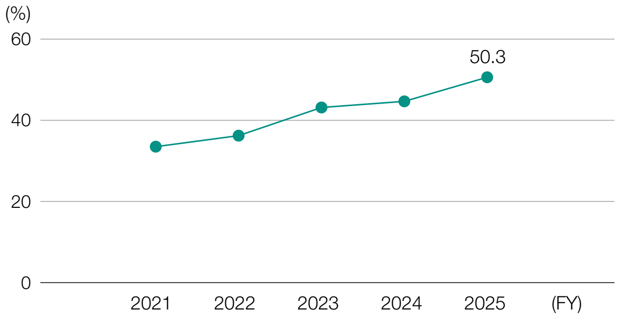
Profit attributable to owners of parent increased 5.0% year-on-year to ¥9,899 million, and ROE was 7.9%.

Net Income per Share / Cash Dividends per Share



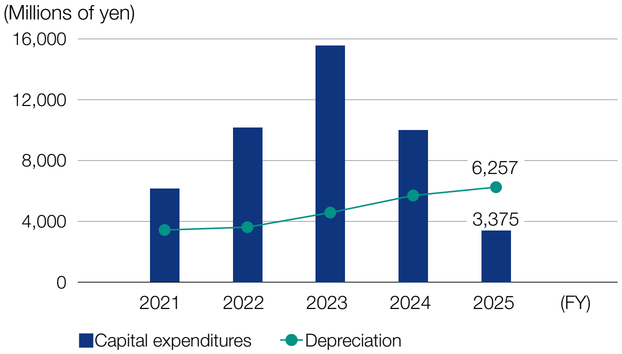
Net income per share increased by ¥6.16 year-on-year to ¥123.15. Annual cash dividends per share increased by ¥10 from the previous fiscal year to ¥62, comprehensively considering business performance and financial position.

Dividend Payout Ratio



The dividend payout ratio increased by 5.9 percentage points from the previous fiscal year to 50.3%. The updated Medium-term Management Plan sets a target dividend payout ratio of over 50%.

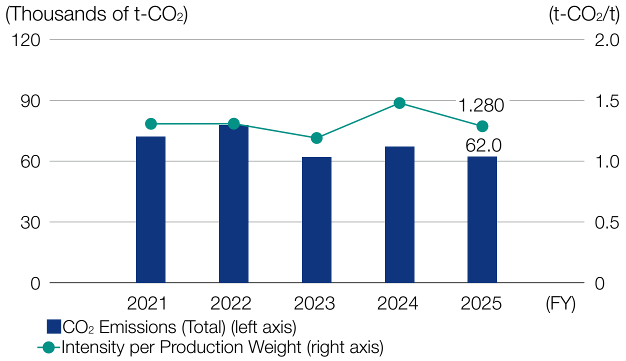
Capital Expenditures / Depreciation



Capital expenditures totaled ¥3.3 billion, down ¥6.6 billion from the previous fiscal year. Depreciation and amortization increased by ¥0.5 billion year-on-year to ¥6.2 billion, reflecting the commencement of operations at the Tokyo Plant following the completion of capacity expansion for semiconductor-related containers.

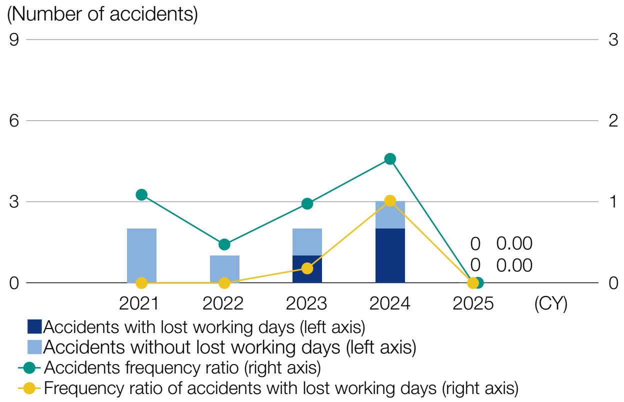
Non-Financial Highlights

CO_2 Emissions and Intensity per Production Weight*1



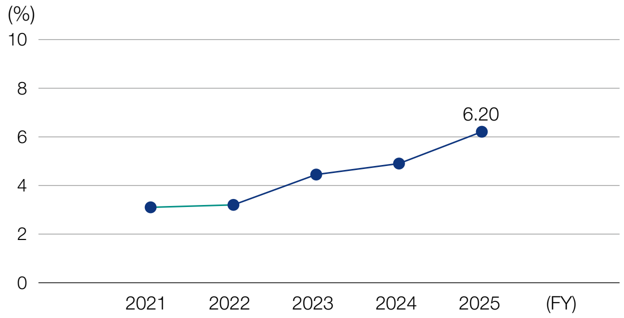
CO_2 emissions decreased by 7.3% from the previous fiscal year through energy-saving initiatives and transitioning to renewable energy. In addition, the emissions intensity decreased by 12.9%, mainly due to an increase in production weight.

Work-related Accidents (Domestic plants)*2



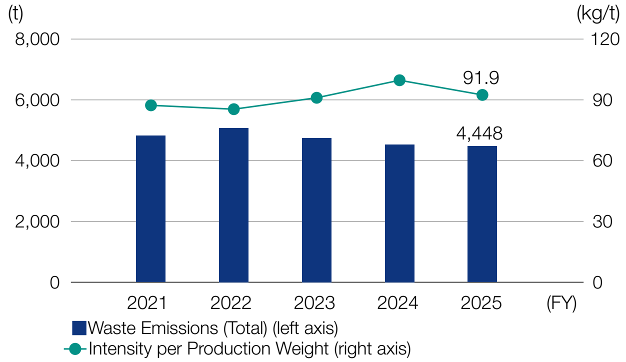
Domestically, we achieved zero occupational accidents by ensuring strict compliance with various guidelines and thoroughly implementing safety education and guidance. The number of accidents decreased by three from the previous year.

Ratio of Female Managers*3



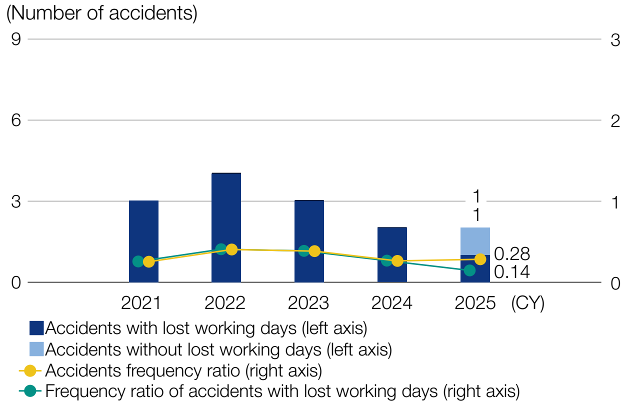
Since 2023, we have promoted initiatives to support women's participation and advancement, including career planning support. As a result of these efforts, the ratio of women in management positions increased from 4.9% in FY2024 to 6.2% in FY2025.

Waste Emissions and Intensity per Production Weight



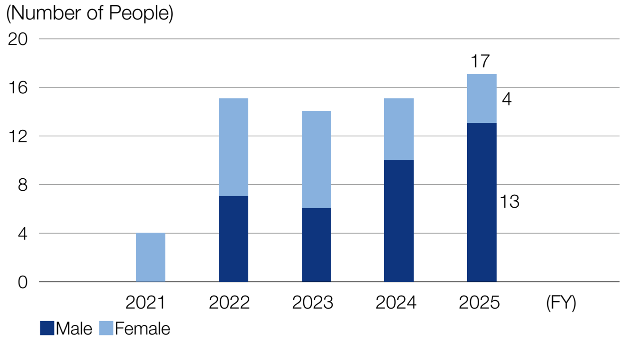
Waste emissions across all domestic and overseas operations decreased by 1.3% year-on-year. The waste emissions intensity also decreased by 7.3% year-on-year, mainly due to an increase in production weight.

Work-related Accidents (Overseas plants)*2



Overseas, a total of two occupational accidents were recorded: one accident with lost working days and one accident without lost working days. The frequency ratio of accidents with lost working days was 0.14.

Number of Childcare Leave Takers



Following the introduction of Japan's "postnatal paternity leave" system in 2022, we have expanded our childbirth- and childcare-related programs. The number of male employees who took childcare leave increased from 10 in FY2024 to 13 in FY2025.

[1] Preliminary figure as of the date of publication. The final figure will be disclosed in the Sustainability Report after obtaining third-party assurance.
[2] The graphs are divided due to differing definitions of workplace accidents between Japan and overseas.
[3] Figures are as of March 31, 2026.

Special Feature I

Initiatives to Create New Businesses

Precision Molding Products : PANEL FOUP

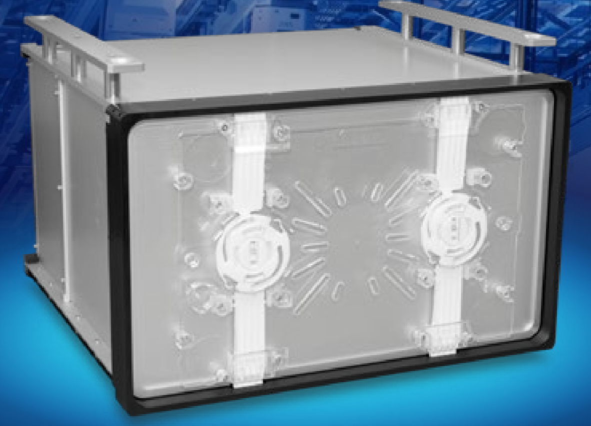
Initiatives for PANEL FOUP Supporting Advances in Back-end Semiconductor Processing

With the global uptake of generative AI and the evolution of physical AI, there is currently a construction boom in data centers built to process the enormous volumes of data generated by these technologies. In addition, the sharp increase in data volume has created strong demand for enhanced performance in the semiconductors that process it. Until now, the processing capabilities of semiconductors have been increased by making the circuits built on silicon wafers finer, but the physical limits of miniaturization are approaching with line widths now reaching 2 nanometers and 1.4 nanometers. To address this issue, high-performance packaging that combines multiple chips is attracting attention.

Packaging refers to the process of connecting semiconductor chips to external components, protecting them, and making them ready for use. It is typically referred to as the back-end process in semiconductor manufacturing. (The corresponding front-end process refers to the stage of forming circuits on a silicon wafer.) In the back-end process, the circular wafers with circuits formed in the front-end process are diced into individual pieces, transferred onto plates called carriers, and then transported. These carriers used to be circular, but those modified to a square shape to improve productivity are called PANEL. Also, more advanced and sophisticated semiconductors with narrow circuitry used for packaging cannot tolerate even the slightest particle contamination (microscopic foreign matter that damages circuits), which means cleaner and more automated manufacturing processes are required. Therefore, PANEL FOUP is needed as transport containers to automatically transfer panels carrying a large number of semiconductor chips in a clean environment.

Under the SEMI (Semiconductor Equipment and Materials International) standards, which are the globally recognized standards for semiconductors, the PANEL sizes are standardized at 510 mm x 515 mm and 600 mm x 600 mm. We manufacture and sell PANEL FOUPs that comply with these standards. However, the SEMI standards are merely standards for interfaces that connects manufacturing equipment with transport containers, and as such, all other specifications remain areas of competition among semiconductor device manufacturers. Our stance is to fully respond to all aspects of customer requests that we can accommodate, incorporating their operating conditions into container design and customizing each accordingly. Our PANEL FOUPs are assembled products with metal housing, offering high durability and long life. They can flexibly accommodate detailed specification changes, and even if part of the unit is damaged during the customer's process, components can be replaced. We believe these flexibility is one of our key strengths and contributes to high customer satisfaction.

Currently, development in the semiconductor front-end process is progressing toward circuitry dimensions finer than 1.4 nanometers. At the same time, as packaging technology advances further, the functions required of PANEL FOUPs are expected to become more diverse, and the quality standards demanded by customers are likely to rise. Meanwhile, we have a long track record of supplying FOSB*, which are used for transferring silicon wafers between factories, and FOUPs** for use in front-end chip fabrication. As such, we have accumulated extensive knowledge and expertise in the design, manufacturing, and quality control of semiconductor-related containers. We believe that fully leveraging these strengths, tackling customer challenges, and resolving each issue carefully and persistently will lead to genuine customer satisfaction and, ultimately, to improved earnings.



PANEL FOUP

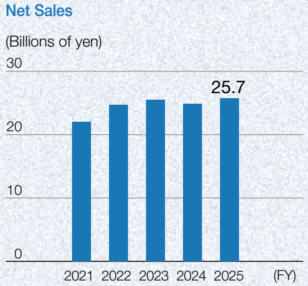
* FOSB : Front Opening Shipping Box (fab transport containers for 300 mm wafers)
** FOUP : Front Opening Unified Pod (in-process transport containers for 300 mm wafers)

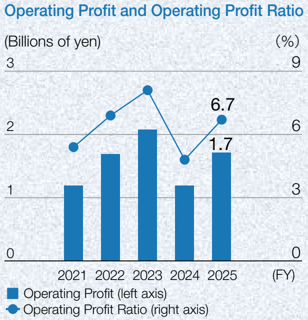
Business Overview

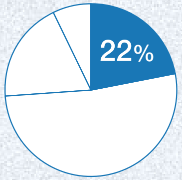
Business Overview	Performance	Net Sales by Segment	Products	Markets and Industries	Market Position

Electronic Devices

This segment operates globally with a focus on electronics-related fields, such as input devices components and peripheral components for automobiles and information devices.


Net Sales

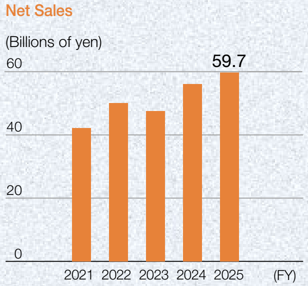

Operating Profit and Operating Profit Ratio

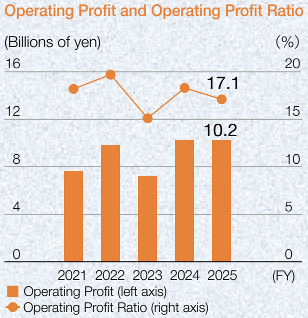


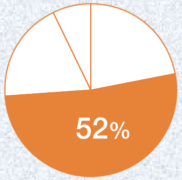
	Key switches	Automobile	Key switches Domestic Market Share No. 1
	Wiper blades	Automobile	
	Testing connectors for electronic components	Electronic components	

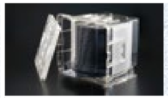
Precision Molding Products

We supply precision molded products that require high-precision resin and rubber processing, such as semiconductor wafer transport containers and printer rollers.


Net Sales

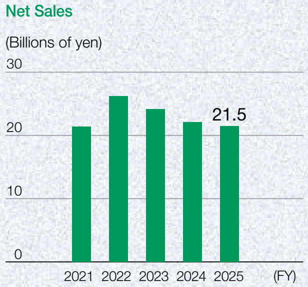

Operating Profit and Operating Profit Ratio

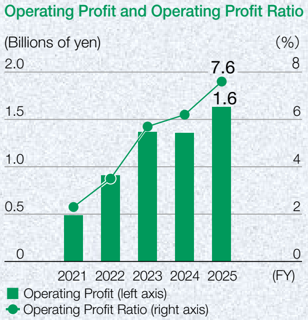


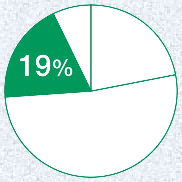
	Wafer containers	Semiconductors	Semiconductor-related containers Global Market Share No. 1
	OA rollers	OA devices	
	Embossed carrier tapes	Electronic components	
	Medical device components	Medical devices	

Housing and Living Materials

We offer living-related products, such as wrapping films for food packaging made from PVC, and material products, such as functional compounds and conductive polymers.


Net Sales


Operating Profit and Operating Profit Ratio



	Cling wraps	Restaurants / Hotels Supermarkets	PVC cling wrap for industrial use Domestic Market Share No. 1
	Functional compounds	Automotive components Industrial equipment	
	Conductive polymers	Electronic components	
	Infrastructure-related materials	Construction and Installation	

Electronic Devices

This segment operates globally with a focus on electronics-related fields, such as input components and peripheral components for automobiles and information devices.

Key switches

Touch switches

View/light path control film (VCF)

Connectors for testing electronic components

Strengths

- **Global infrastructure that enables customer support from the most suitable locations**

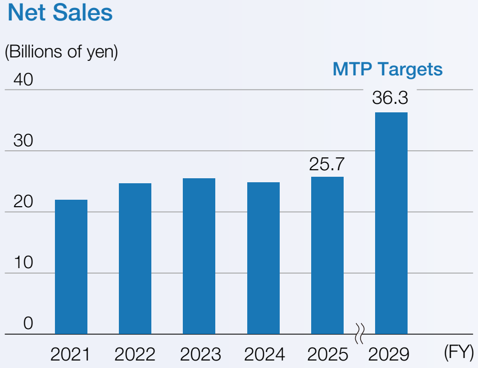
Opportunities

- **Strong sales of hybrid vehicles during the electrification transition**

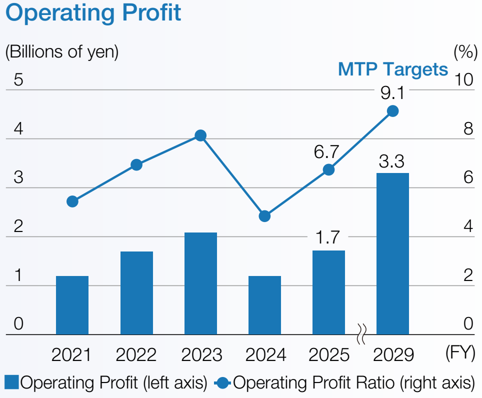
Threats

- **The declining market share of Japanese, U.S., and European automakers**

Net Sales



Operating Profit



MTP : Medium-term Management Plan

Business Environment

In the automotive market, hybrid vehicles drive growth

In 2025, global automobile production increased by approximately 3.9% year-on-year* to around 96.38 million units. However, the sharp decline in EV demand caused by factors such as the termination of government subsidies prompted automakers around the world to reassess their EV strategies, resulting in a series of postponements and cancellations of EV plans. Meanwhile, sales of hybrid vehicles grew significantly, supported by their long driving range, affordability, and the fact that they do not require charging. Although new development of gasoline-powered vehicles is being scaled back, new models are being planned, indicating a partial return to conventional powertrains. Demand for our in-vehicle input devices and in-vehicle silicone molded products was also affected by these market trends and remained sluggish during the first half of 2025. However, because a relatively large number of our products were installed in hybrid vehicles, overall sales in the Electronic Devices business exceeded the previous year's level for the full fiscal year despite variance among regions and product categories.

At the same time, sales of low-cost EVs manufactured in China have expanded, and in some countries, the reinstatement of purchase incentives has supported the spread of EVs into the mass market. Looking ahead, we expect the electrification transition to continue gradually as battery performance improves and charging infrastructure becomes more widely available. We, too, will not slow the pace of our development of EV-related products.

* Source: International Organization of Motor Vehicle Manufacturers

Specific Measures for Opportunities and Risks

Leveraging our global network of sites to meet customer needs

From an early stage, we recognized the importance of global markets and proactively expanded our production and sales bases overseas. By locating these bases close to our customers, we established at an early stage a framework that enables us to respond promptly and attentively to their needs.

Following the COVID-19 pandemic, geopolitical risks have increased, and the automotive industry is required to strengthen supply chain resilience and build stable supply systems. Among these markets, India is one of the most important, and one that will shape future growth. We are seeing a growing number of inquiries from customers that already operate production facilities in India, as well as from customers outside India that wish to change suppliers to mitigate risk. We are currently the only key switch manufacturer with production facilities in India. By further tailoring our supply structure to the local market, we aim to translate this first-mover advantage into earnings. In addition, we will optimize operations across India and the ASEAN region by leveraging the expertise of our Malaysian subsidiary, which is geographically close to India and has accumulated extensive know-how in production engineering and quality management. Through this integrated regional framework, we will respond comprehensively to customer needs.

Electronic Devices

Division Director

Akiyama

Sales & Marketing Division I, Electronic Devices

New products are indispensable to achieving the targets of our Medium-term Management Plan. We are focusing our efforts on the automotive and semiconductor markets. In the automotive field, India is one of our target markets for expanding sales of in-vehicle key switches. In addition to four-wheel vehicles, we also aim to increase our market share in the two-wheeler segment. A key theme in our growth strategy is battery electric vehicles (BEV). Following on the launch of fire prevention cushions for EV batteries, we are aiming to bring newly developed products to market in this segment. Leveraging the strong relationships we have built with customers over many years, we will analyze information gathered through our sales activities and, with sales, manufacturing, and engineering functions working as one, aim to bring new products to market quickly. Meanwhile, in the semiconductor field, we are targeting AI-related semiconductor applications. Even in niche markets, we will pursue opportunities with differentiated products that capitalize on our technological strengths, such as connectors for testing applications.

To achieve these goals, cross-departmental collaboration and cooperation with the Production Engineering Unit and the Corporate Research & Development Unit are essential. Centered on our younger team members, we will develop proactive, development-minded sales rather than defensive sales.

We will change our previous approach and actively pursue development-oriented sales.

Achievements and Progress in Fiscal 2025

POINT

Input devices

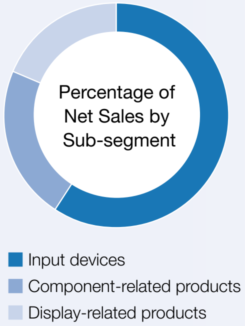
- Strong performance in products for hybrid vehicles

Component-related products

- Strong growth in fire prevention cushions for EV batteries
- Strong performance in in-vehicle silicone molded products

Connector-related products

- Steady performance in view/light path control films (VCF)



In the Electronic Devices business, in-vehicle input devices showed signs of recovery. In-vehicle silicone molded products captured new demand for wiper applications, while fire prevention cushions for EV batteries entered full-scale mass production. Outside the automotive industry, sales of connectors for LCD and testing applications declined, while demand for view/light path control films (VCF) remained steady. As a result, net sales increased 3.5% year-on-year to ¥25.726 billion, and operating profit increased 43.9% year-on-year to ¥1.713 billion.

In the automotive sector, vehicle sales slowed due to weak sales by European automakers and the impact of rising interest rates in the United States. On the other hand, sales of hybrid vehicles remained strong in many countries, driven by factors such as rising gasoline prices and concerns regarding charging infrastructure, resulting in a recovery trend in in-vehicle input devices. Sales of in-vehicle silicone molded products, including dust-proof gaskets, also remained firm. Conversely, orders for fire prevention cushions for EV batteries remained unstable due to the slowdown in EV sales.

Wipers performed sluggishly in the second half of the fiscal year after initial demand from new customers had run its course.

Outside the automotive field, sales of connectors for LCD applications declined as inventory adjustments in consumer electronics continued. Sales of testing connectors were also sluggish due to production adjustments by customers. Meanwhile, sales of VCF (view/light path control flms) remained firm, supported by ATM replacement demand.

FY2026 Outlook and Strategies in the “SEP G&G 2029” Medium-term Management Plan

POINT

Input devices

- Recovery trend in in-vehicle touch switches and key switches

Component-related products

- Fire prevention cushions for EV batteries on par with the previous fiscal year
- Strong performance in in-vehicle silicone molded products

Connector-related products

- Growth in connectors for testing electronic components
- View/light path control films (VCF) continued to perform steadily

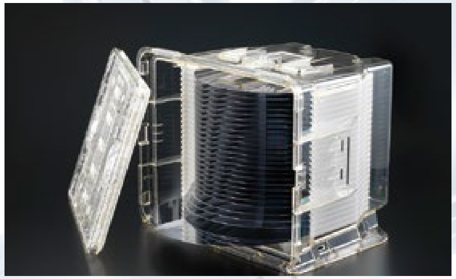
The Electronic Devices business aims to achieve net sales of ¥36.3 billion and operating profit of ¥3.3 billion in fiscal 2029 (the final year of the Medium-term Management Plan). As our **base areas**, we have designated input devices, for which we seek to capture new demand through local production for local consumption in India, and existing in-vehicle silicone molded products, such as wipers. Meanwhile, as our **growth area**, we have designated new materials for next-generation vehicles, where we aim to secure new business opportunities for EV-related products, particularly those centered on battery-related applications, following the success of fire prevention cushions.

In our **base areas**, we expect demand for products used in hybrid vehicles to remain solid in fiscal 2026. At the same time, we will work to maintain and expand our market share and strengthen our earnings base by leveraging the extensive sales channels we have built through in-vehicle input devices, such as key switches and touch switches, where we hold a certain level of global market share.

In our **growth areas**, we will continue to pursue new orders for components used around next-generation vehicle technologies, including lithium-ion batteries and fuel cells. Specifically, we are advancing the development and expanded sales for EV-related products, such as fire prevention cushions, as well as products for in-vehicle devices that contribute to autonomous driving. Although the EV market remains challenging, we believe that the time will come when the transition from gasoline-powered vehicles to EVs will take place over the long term. Accordingly, we are continuing to invest in the development of new products and production facilities.

Precision Molding Products

We supply precision molded products that require high-precision resin and rubber processing, such as semiconductor wafer transport containers and printer rollers.



Wafer containers

Embossed carrier tapes

OA rollers

Medical device components

Strengths

- Optimal material compositions and processing methods for customer needs
- High-standard quality assurance based on proprietary precision molding and advanced evaluation technologies

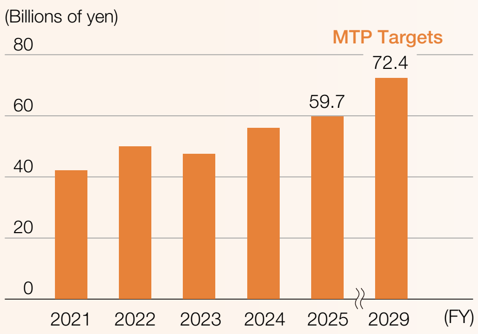
Opportunities

- Capacity expansion in response to growing AI-driven semiconductor demand
- Progress in printer industry restructuring

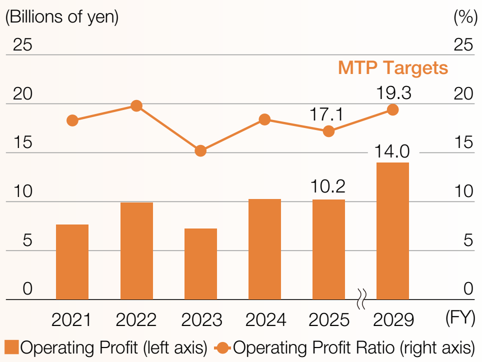
Threats

- Demand volatility driven by semiconductor cycles
- Declining print demand due to paperless operations

Net Sales



Operating Profit



MTP : Medium-term Management Plan

Business Environment

Growing demand for semiconductors and electronic components, driven mainly by AI-related applications, while OA equipment demand is softening

The range of semiconductor applications continues to expand, driven by the spread of generative AI, advances in physical AI, the expansion of cloud server infrastructure that supports these technologies, and the electrification of automobiles and the advance of CASE technologies. The global semiconductor market grew in 2025, with demand increasing particularly for advanced semiconductor products used in data centers and newly deployed AI servers. As a result, capital investment by semiconductor manufacturers remained strong, providing favorable conditions for the semiconductor industry. On the other hand, the recovery of general-purpose semiconductors continued to lag, particularly in memory products, as inventory adjustments remained prolonged, resulting in a polarized market environment.

In the OA equipment market, inventory adjustments for printers continued for an extended period as a reaction to the strong printer sales in 2024. Meanwhile, sales of color multifunction printers remained solid, supported by growth in commercial printing and business applications, as well as the trend toward returning to the office under hybrid work arrangements. In the electronic components market, demand for miniature components used in smartphones recovered only gradually, while demand for larger components used in AI servers remained strong. Also, in the medical market, demand continues to be resilient, supported by the aging of the population, the increasing prevalence of chronic diseases, and growing adoption of minimally invasive treatments and home healthcare services.

Specific Measures for Opportunities and Risks

Strengthening our supply structure and competitiveness to capture growth markets

Anticipating rapid growth in semiconductor demand, we have been expanding production capacity and building a stable supply system for 300 mm wafer transport containers since an early stage. Between 2023 and 2024, newly expanded facilities at the Itoigawa Plant (Niigata Prefecture), our production base for semiconductor-related containers, commenced operations. In 2025, a new building at the Tokyo Plant (Saitama Prefecture) also began operations, completing for the time being our capacity expansion program designed to prepare for the semiconductor cycle. Going forward, we will pursue further capacity expansion in line with market conditions.

In the OA equipment market, although significant growth in new installations of multifunction printers and other equipment is unlikely due to the continuing shift to paperless operations and digitalization, we expect demand for replacement equipment to support steady sales of OA rollers. Leveraging our long-cultivated silicone compounding and foaming technologies, we will provide unique solutions to customers’ challenges and expand our market share.

For carrier tape-related products, we will actively capture demand not only for small-electronic component applications, where we are particularly strong, but also for large-sized electronic component applications, including those used in AI servers, where demand remains robust.

For silicone rubber molded products, which are primarily used in medical applications, we will continue to expand our product lineup, including components for hemodialysis equipment, urinary catheters, and single-use tubing for pharmaceutical manufacturing.

Precision Molding Products

Division Director
Yamamoto
Sales & Marketing Division III, Precision Molding Products

For wafer containers, one of our growth areas, we will strengthen our production capabilities to ensure that we can reliably meet the anticipated increases in wafer production volumes. In particular, for FOUP, we will proactively respond to a wide range of customer needs through customization, working to enhance customer satisfaction while building a barrier to entry that keeps competitors from entering the market.

We have also developed the PANEL FOUP for automation in semiconductor back-end processes and will expand our market share by keeping up with market trends. For carrier tape-related products, we are focusing on expanding sales in areas such as products for overseas electronic component manufacturers, AI-related applications, and applications for increasingly miniaturized chips. By securing market share in markets expected to grow, we aim to achieve business growth.

In an industry characterized by rapid change and demand for specialization, it is essential to build strong relationships of trust with customers. To do so, we must remain close to our customers and identify their latent needs. In addition to further enhancing our sales team's skills, we will strengthen collaboration among our sales, development, and production teams to ensure a common direction. Through these efforts, we will focus on maintaining and expanding market share while looking ahead to future market needs and promoting new product development.

Achievements and Progress in Fiscal 2025

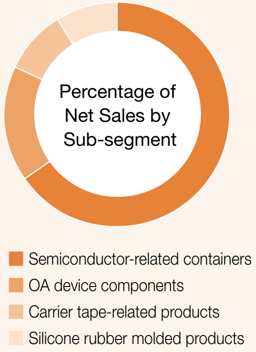
POINT

Semiconductor-related containers
- Strong sales of shipping and in-process containers for 300 mm wafers

OA device components
- Continued inventory adjustments in printer and consumables markets

Carrier tape-related products
- Gradual recovery in small-component applications and strong demand in large-component applications

Silicone rubber molded products
- Steady demand for medical-related products



In the Precision Molding Products business, sales of semiconductor-related containers remained strong, supported by factors such as growth in AI-related demand, with robust sales of shipping containers and in-process containers for 300 mm wafers. On the other hand, sales of OA device components declined due to sluggish printer sales. For carrier tape-related products, sales for small electronic component applications remained weak, but continued strong demand for large-sized electronic component applications enabled sales to remain at the previous year's level. Sales of silicone rubber molded products for medical applications also remained at the previous year's level. As a result, net sales increased 6.7% year-on-year to ¥59.773 billion, while operating profit decreased 0.2% year-on-year to ¥10.218 billion.

For semiconductor-related containers, although wafer inventories at device manufacturers remained at a high level, sales of shipping containers for 300 mm wafers to overseas customers remained solid, and sales of wafer in-process containers for device manufacturers, particularly producers of advanced semiconductors, increased.

For OA device components, sales of rollers for color multifunction printers remained solid, while sales of rollers for compact printers were sluggish as a reaction to the strong performance in the previous year. For carrier tape products, sales of carrier tape for large-sized electronic components, particularly those used in AI servers, remained strong. Meanwhile, sales for small electronic component applications grew only modestly due to factors such as the lengthening replacement cycle for smartphones. For silicone rubber molded products, sales of medical-related products, primarily medical catheters, remained solid.

FY2026 Outlook and Strategies in the "SEP G&G 2029" Medium-term Management Plan

POINT

Semiconductor-related containers
- Steady sales of shipping and in-process containers for 300 mm wafers
- Flat sales of shipping containers for 200 mm wafers

OA device components
- Steady sales of fuser rollers for multifunction printers and rollers for laser printers

Carrier tape-related products
- Steady demand in large-sized electronic component applications
- Weak demand in small electronic component applications

Silicone rubber molded products
- Steady demand for medical-related products

The Precision Molding Products business aims to achieve net sales of ¥72.4 billion and operating profit of ¥14.0 billion in FY2029 (the final year of the Medium-term Management Plan). We have designated OA device components and carrier tape-related products as our **base areas**, which are expected to generate the funds needed for investment through higher capacity utilization. At the same time, we have designated semiconductor-related containers and medical-related products as our **growth areas**, where we aim to capture new demand and implement strategies tailored to the characteristics of each market.

For OA device components, one of our **base areas**, we will expand sales by increasing our share within customer accounts through the use of proprietary technologies that differentiate us from our competitors, including silicone compounding and foaming technologies. For carrier tape-related products, we will leverage our manufacturing technologies that enable stable supply of ultra-small-pocket carrier tape for small electronic components and seek to gain additional market share in ultra-miniature applications.

For semiconductor-related containers, one of our **growth areas**, we will continue investing in production capacity to ensure that we can respond to demand growth driven by robust capital investment by semiconductor device manufacturers and expanding silicon wafer production, so that we do not fall behind even in situations in which demand grows beyond the capacity of existing facilities. In addition, we will leverage our precision molding technologies to develop and secure new products for the back-end processes for advanced semiconductors. For medical-related products, we will utilize our silicone molding and extrusion technologies to acquire new customers in medical equipment applications, including hemodialysis systems, as well as for biopharmaceutical manufacturing processes.

Housing and Living Materials

We supply living-related products, such as wrapping films for food packaging made from PVC, and material products, such as functional compounds and conductive polymers.

Cling wraps

Functional compounds

Conductive polymers

Stretch films

Strengths

- Top share in Japan's industrial food-packaging PVC wrap market
- ASEAN-based supply of non-phthalate PVC compounds

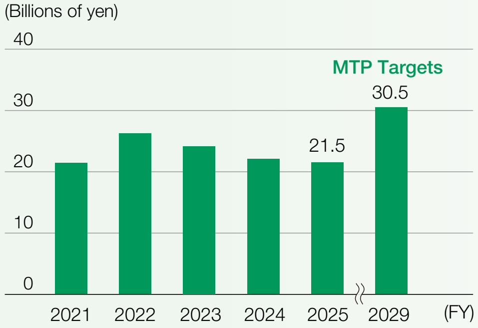
Opportunities

- Growth in food service and accommodation driven by inbound tourism
- Shift toward environmentally friendly vehicles, including EVs

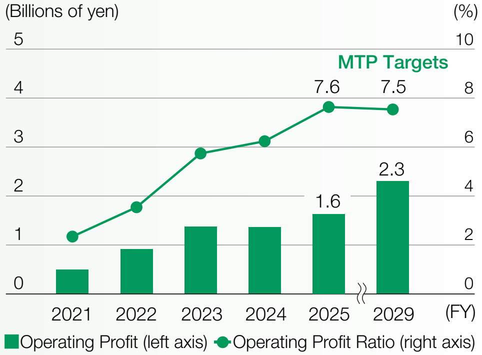
Threats

- Higher raw material and utility costs due to rising energy prices
- Labor shortages in the food service industry
- Slowing global EV market growth

Net Sales



Operating Profit



MTP : Medium-term Management Plan

Business Environment

Expectation of growth in demand for proprietary products, such as colored wraps and low-friction materials for automotive applications

The business environment for wrapping films food packaging is benefiting from growing inbound tourism demand. Since the COVID-19 pandemic subsided in 2023, the number of inbound visitors to Japan has continued to increase year by year, reaching a record high of approximately 42.68 million* in 2025. In addition, rising prices have led more Japanese consumers to choose domestic travel over overseas travel. As a result, Japan's food services industry continued on a recovery track. Furthermore, the use of colored wraps is expanding as the need to distinguish between different types of meals, such as regular and reduced-sodium meals, has increased in school lunch programs and nursing care facilities.

In functional compounds, demand for wire coating applications recovered following the elimination of excess inventories of cables for machine tools and robots, which had built up as a reaction to component shortages during the COVID-19 pandemic. In addition, the adoption of automotive low-friction materials increased in Asia and North America. On the other hand, conductive polymers were significantly affected by the reassessment of EV transition strategies by European and U.S. automobile manufacturers, which are the main source of demand. Demand for construction materials such as corrugated sheets also remained sluggish, as revisions to the Ordinance on Industrial Safety and Health have made heatstroke prevention measures mandatory for employers under certain working conditions, resulting in a series of project postponements and cancellations.

*Source: Japan National Tourism Organization (JNTO)

Specific Measures for Opportunities and Risks

Strengthening the ability to propose wrapping films for food products

Sales of cling wrap for industrial use have stalled amid labor shortages in the food service and accommodation industries. However, the adoption of colored wraps is expanding in school lunch programs, hospitals, and nursing care facilities, where there is a growing need to distinguish between different types of meals, such as regular and reduced-sodium meals. In addition to helping prevent foreign matter contamination, colored wraps are valued for the added benefit of improved identification. Furthermore, the rising proportion of colored wraps, one of our proprietary products, in the product mix has contributed to the improved profitability of our cling wrap business. While demand for construction materials remains weak due to structural factors such as population decline, cling wrap products are strengthening their presence as differentiated products within the Housing and Living Materials business. We expect demand for colored wraps to continue to expand in the food service and accommodation sectors and will maintain our competitive advantage through further differentiation from competitors.

In functional compounds, Hymix in Thailand has established a production system for non-phthalate products. We will enhance our presence in the ASEAN market by offering a lineup of high-value-added products that emphasize material safety. For conductive polymers, a high percentage of which are used in hybrid aluminum electrolytic capacitors for automotive use, we are working to develop new applications, including display applications.

In addition, because our products in this business are significantly affected by increases in raw material and purchased component costs, we will continue to promptly pass on rising costs, not only for primary raw materials but also for auxiliary materials, in order to maintain and improve profitability.

Housing and Living Materials

Division Director

Shirakata

Sales & Marketing Division IV, Housing and Living Materials

In the wrapping film, we are focusing on developing and expanding sales of products that offer added value through enhanced features, such as colored wraps and the incorporation of biomass-based raw materials. In the construction materials business, our key themes are "disaster preparedness" and "maintenance." As climate change-driven disasters and aging of infrastructure accelerate, we expect demand for products such as corrugated sheets and maintenance materials to grow. In the maintenance products field, we will also newly launch products for general consumers in order to capture demand. For corrugated sheets, we are newly focusing on expanding sales of our light-shielding panels, which have been designed to help address the increasingly severe summer heat. This product overturns the fixed notion that corrugated sheets are primarily intended for light transmission and creates new value from a fresh perspective. This is our own proprietary product, achieving a light-shielding rate of 98%.

Both our packaging materials and construction materials are long-selling products that we have continuously refined over many decades without ever giving up. Building on technologies cultivated over more than 50 years, our mission is to anticipate changes in the times and create unique value that meets the evolving needs of society. We will continue taking on the challenge of adding new value to high-quality products and providing products that contribute to the development of society.

Achievements and Progress in Fiscal 2025

POINT

Wrapping films

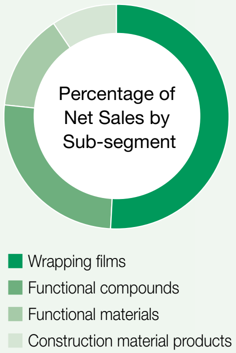
- Progress in shifting from transparent wraps to colored wraps

Functional compounds

- Demand recovery in the ASEAN market
- Recovery trend in wire coating applications for FA equipment

Functional materials (conductive polymers)

- Sluggish sales in EV applications, while progress made in developing new applications



In the Housing and Living Materials business, overall sales of cling wrap for industrial use to the food services industry remained flat, but profitability improved as the share of colored wraps in the product mix increased. Meanwhile, shipments of stretch films for supermarkets remained sluggish as consumers continued to purchase fewer items per shopping trip due to inflation. In addition, sales of compounds for wire coating applications increased as inventory adjustments in the cable market were resolved. On the other hand, conductive polymers, which have a high proportion of applications in automotive capacitors, were significantly affected by the reassessment of EV transition strategies by European and U.S. automobile manufacturers. As a result of these factors, net sales decreased 2.6% year-on-year to ¥21.513 billion, while operating profit increased 19.7% year-on-year to ¥1.631 billion.

Although growth in the overall market for cling wrap for industrial use has slowed, colored wraps have increasingly been adopted by school lunch programs and hospitals to improve the identifiability of meal types, such as distinguishing between regular meals and allergy-friendly meals. As our own proprietary product, colored wraps not only protect against foreign matter contamination but also enhance visual identifiability. The rising share of colored wraps within the cling wrap product lineup has directly contributed to higher profitability. In addition, compounds for wire coating applications performed steadily, supported by strong cable demand driven by robust overseas sales by robot and machine tool manufacturers, which are the end users of such products. On the other hand, sales of construction material products declined due to structural factors such as population decline. Conductive polymers also continued to face a challenging business environment, particularly in applications for hybrid aluminum electrolytic capacitors for automotive use, as EV sales by European and U.S. automobile manufacturers remained sluggish.

FY2026 Outlook and Strategies in the "SEP G&G 2029" Medium-term Management Plan

POINT

Wrapping films

- Progress in shifting from transparent wraps to colored wraps

Functional compounds

- Increasing adoption of low-friction products for automotive applications
- Continued strong demand in wire coating applications for industrial machinery

Functional materials (conductive polymers)

- Sluggish performance in EV applications and growing demand in new applications

The Housing and Living Materials business aims to achieve net sales of ¥30.5 billion and operating profit of ¥2.3 billion in FY2029 (the final year of the Medium-term Management Plan). We position wrapping films and functional compounds as our **base areas**, where we aim to improve profitability by expanding our proprietary products. Meanwhile, we position functional materials, such as conductive polymers and heat-resistant thin films, as **growth areas**, where we aim to capture new demand, particularly in EV-related applications.

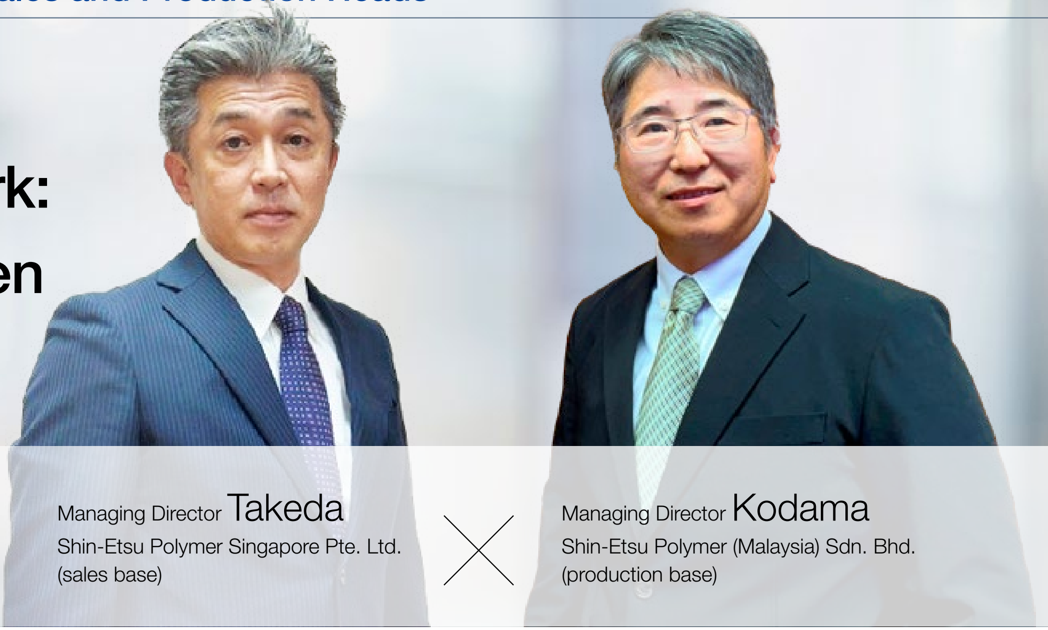
Among our **base areas**, we will further enhance the uniqueness of our wrapping films by proposing new applications to customers. Specifically, we continue to carry out activities in which professional chefs actually use colored wraps in food preparation so that they discover new applications for the product. In functional compounds, we will leverage our independently developed low-friction materials to expand adoption in automotive applications beyond conventional glass run channels. For wire coating applications, we aim to expand sales not only for machine tools but also for cables used in semiconductor manufacturing equipment.

In our **growth areas**, we will continue our efforts to build up a track record for heat-resistant thin films. To extend EV driving range, adoption of silicon carbide power semiconductors, which offer low power loss, is increasing. As a result, the need for film capacitors that can withstand the heat generated by power semiconductors while also offering high voltage resistance is growing. Our heat-resistant thin films meet these requirements and contribute to enhanced EV performance. In addition, we will work to expand applications for conductive polymers and strive to create new markets.

Special Feature II Dialogue between Overseas Sales and Production Heads

The Power of Our Global Network: Expanding Collaboration between Production and Sales

Achieving global optimization through worksite-driven collaboration



Managing Director **Takeda**
Shin-Etsu Polymer Singapore Pte. Ltd.
(sales base)

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Managing Director **Kodama**
Shin-Etsu Polymer (Malaysia) Sdn. Bhd.
(production base)

A chain of value creation that begins locally

Takeda
As the core sales base for the countries in the ASEAN region, Shin-Etsu Polymer Singapore conducts business in close collaboration with sales companies and production bases in the region. Our role is not limited to sales alone. We quickly identify customer needs and changes in the market, share these needs and changes with production bases, and reflect them in product development and supply systems. In a sense, we are the starting point for implementing overall optimization at the frontline.

Kodama
Since commencing operations in 1990, Shin-Etsu Polymer Malaysia has been the Group's largest production base, playing a key role in global supply. With a focus on silicone rubber molded products, we supply products to a wide range of industry sectors, including OA equipment, medical devices, and automotive applications. We currently provide these products to customers worldwide. In addition, we are involved in establishing new production bases in emerging markets such as India and China, also serving as a so-called “mother factory”.

Takeda
Although sales and production functions are separate, we regard them as one. In particular, many of our products are made to order and are greatly affected by fluctuations in customer demand. That is why it is important for us to share demand information accurately and quickly. We have in place a system that can respond flexibly to fluctuations in supply and demand through continuous information sharing on a daily basis.

Kodama
On the production side as well, since there is lead time from material procurement to shipment, the accuracy of information from the sales side is extremely important. At the same time, being geographically close actually makes it easier for us to understand each other's situations, and we feel that a culture of continuous improvement has taken root.

Speed and reliability born from close customer relationships

Kodama
The biggest advantage of having a base in Malaysia is our proximity to markets across the ASEAN region. For example, when a competitor, customers sometimes ask us whether we can supply products immediately. In fact, in one case we received an urgent request asking whether we could double the quantity of supply starting the following week. Under normal circumstances, it would have been a difficult request to fulfill. However, because we had secured materials in advance and rearranged priorities on site, we managed to fulfill that request. As a result, the customer told us that they appreciate being able to rely on us in times like that. It made us realize that our quick response is what leads to reliability.

Takeda
That is exactly what we on the sales side also feel. Our ability to respond to customer requests on the spot has also become one of our strengths. For example, in Thailand and Vietnam, we

can communicate directly in the local languages, which allows us to understand customer's real concerns, such as when they say things like, 'Actually, there's a bit of background to this…' Previously, because we had learned in advance that the customer wanted to keep volumes low for the time being but with the possibility of a sudden increase, we were able to discuss inventory planning with the production side, which ultimately allowed us to supply products smoothly when demand picked up.

Kodama
Whether or not we have such advance information makes a significant difference in how flexibly we can respond.. From a frontline perspective, we believe that maintaining a system capable of responding in critical situations—even if it places some burden on us—ultimately leads to reliability.

Takeda
Inventory management is one example of that. Depending on the region and shipment volume, we maintain local inventory and have established a system that allows for multiple deliveries per week. For customers, this means they do not have to carry inventory and can reliably receive only the quantities they need. The sense of trust customers feel in knowing that everything will be fine if they leave it to us has directly translated into ongoing business relationships.

Kodama
Cost competitiveness is, of course, important, but more often than not we are commended for our speed, responsiveness, and flexibility. Particularly in the ASEAN markets, that flexibility often becomes the decisive factor in final selection, and we feel that on-site decision-making capability itself has become a source of value.

Worksite capabilities that turn change into opportunity

Takeda
Working on site, we experience firsthand every day the changes in external conditions, such as tariffs and geopolitical risks. For example, last year there was a phase when the impact of tariffs accelerated a major review of customer supply chains. At first, to be honest, there was some uncertainty about how we should respond. At the same time, it is also true that we began receiving more enquiries from customers asking whether we could rebuild supply within the ASEAN markets. Upon hearing those requests, it once again underscored the significance of having multiple bases in locations such as Malaysia and India.

One case that left a strong impression was a project in which we urgently considered transferring production as part of our efforts to diversify risk. We held numerous internal discussions and worked closely with the production side to determine which plant would be most suitable for handling the project.

Although opinions within the company were divided, we decided to prioritize a framework that could be completed within the ASEAN region, so we made the decision to restructure with Malaysia at the center of it. As a result, we were able to establish a supply structure that differed from before, and receiving customer recognition for our flexibility has become a major source of confidence for us.

Kodama
From a production standpoint as well, the changes in the business operating environment have not been entirely negative. On the contrary, such changes have provided an opportunity for us to review and improve our own framework. For example, during the COVID-19 pandemic, when we experienced lockdowns, there was a period of uncertainty when we wondered what would happen next. At that time, we even considered suspending some production lines, but we determined that continuing operations would lead to trust. We therefore reshuffled inventory allocation and the placement of personnel, and chose to maintain supply even under restricted circumstances.

This decision ultimately enabled us to strengthen our framework to ensure that operations continue under any circumstances.

Looking back, I feel that it is precisely that experience that has led to the stable supply we have today. When we face change, we properly absorb it and turn it into our next source of strength—this continuous accumulation, I believe, is what underpins Shin-Etsu Polymer's ability to expand globally.

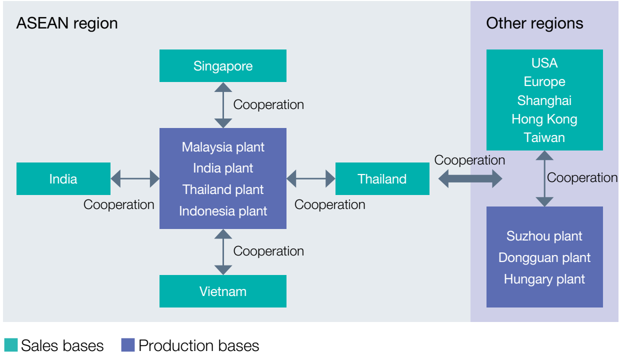
Next stage of growth driven by Group collaboration

Takeda
With a view to future growth, we intend to further strengthen collaboration between our production and sales bases. By enhancing our ability to respond not only within the ASEAN countries but also across a broader area including India, we will deliver even greater value to our customers. In actual operations, multiple bases such as Singapore, Malaysia, and Japan are involved in the processes of handling customer requests right through to product delivery. Among these processes, the extent to which information is shared heavily influences the final outcome.

In one case, when a customer requested a specification change, the sales side wanted to agree to it immediately, while the production side initially judged it to be too difficult in light of equipment and material constraints. However, through a series of exchanges between both sides, a way forward was identified in which the issue might be able to be addressed by partially modifying the process, so ultimately the Group as a whole was able to present a solution. I feel that the accumulation of these efforts has strengthened our collaboration. That is precisely why I believe it is important to maintain a relationship in which our bases can exchange opinions without hesitation.

Kodama
We too feel the same way. It is important not to pursue optimization solely within Malaysia but to remain conscious of our role within the Group as a whole. For example, in collaborating with new bases such as India, the key theme will be how to transfer the know-how accumulated in Malaysia and enhance overall production capabilities.

In fact, when setting up a new base, there are times when we find it challenging to decide how much work should be entrusted to them and how much support to provide. Each time, through worksite discussions, we move forward with a shared understanding that nurturing the ability to operate independently at the local level ultimately leads to optimal results. We aim to achieve growth by maintaining a balance between delegating the responsibilities that should be delegated and providing support where we can, thereby growing stronger together across our network.



Corporate Governance

Basic Approach

We recognize that the cornerstone of management is to increase corporate value as a global corporation that is trusted by and meets the expectations of its shareholders and various other stakeholders. Based on this fundamental awareness, we are working to enhance our corporate governance by making the right decisions by speeding up the management decision-making process, ensuring transparency, strengthening its internal control functions, and other activities.

Corporate Governance
https://www.shinpoly.co.jp/en/ir/governance.html

Corporate Governance System

We have adopted the "company with an Audit & Supervisory Board" system for our corporate governance framework.

The Board of Directors and the Audit & Supervisory Board supervise and audit the execution of business at multiple levels so as to guarantee objectivity and neutrality.

The Board of Directors comprises five members, two of whom are outside directors. Some of their business execution authority is delegated to the Board of Executive Officers, which makes it easier for the Board of Directors to perform its role of supervising business execution.

In addition, two full-time Audit & Supervisory Board members visit the Business Operation Divisions (including those of subsidiaries) when necessary to enhance the precision and effectiveness of their auditing activities. Furthermore, we have established a system that maintains and improves our corporate governance by exchanging information with the Accounting Auditors and the Department of Internal Auditing, our internal audit division.

Special Committees (Nomination & Compensation Committee and Advisory Committee for Transaction with Parent Company)

In order to strengthen the independence, objectivity, and accountability of the Board of Directors with respect to nomination and compensation, the Company has established a "Nomination & Compensation Committee" under the purview of the Board of Directors. The committee comprises two independent outside directors and two inside directors, making a total of four members, and it is chaired by an independent outside director to ensure its independence.

The Nomination & Compensation Committee receives questions from the Board of Directors, after which it deliberates on such matters as the nomination of directors, Audit & Supervisory Board members, and executive officers; compensation systems for directors and executive officers; and the process for determining compensation. It then reports the outcomes of its discussions to the Board of Directors.

In addition, we have established another special committee, the "Advisory Committee for Transaction with Parent Company." To ensure fairness with the objective of protecting the interests of general shareholders, this committee regularly deliberates on important transactions and actions with the parent company and its subsidiaries, and then reports the outcomes of its discussions to the Board of Directors. Specifically, it carries out inspections with a focus on transactions for purchasing key raw materials and transactions for selling key products to and from the parent company. The committee comprises two independent outside directors and two independent outside Audit & Supervisory Board members, giving it a total of four members. It is objectively and effectively independent from the parent company, and it makes decisions from a fair and neutral standpoint.

In fiscal 2025, the Nomination & Compensation Committee met three times, while the Advisory Committee for Transaction with Parent Company met five times, with all committee members present for the discussions at each meeting.

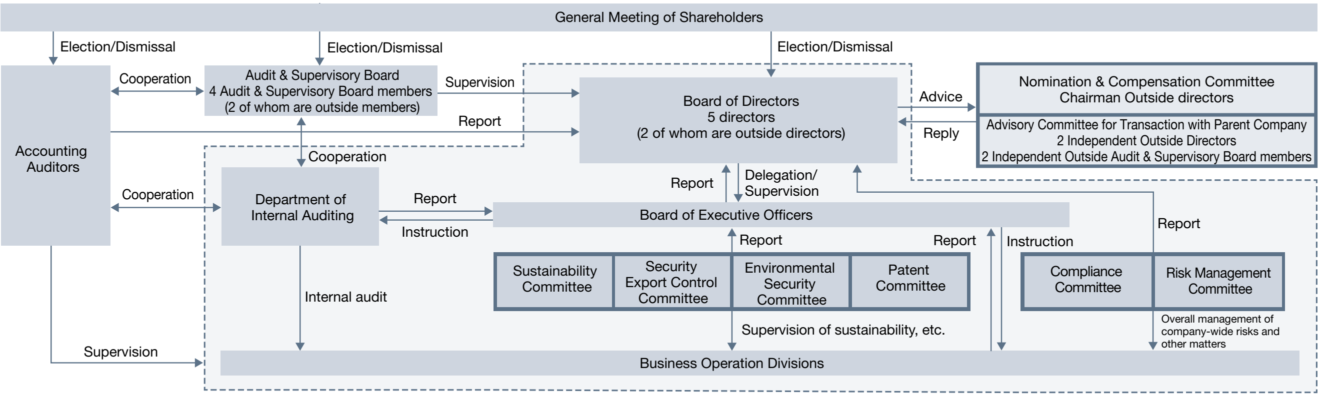
Evaluation of the Effectiveness of the Board of Directors

To enhance the overall effectiveness of the Board of Directors, we conducted an effectiveness questionnaire among all directors and Audit & Supervisory Board members, and performed a self-evaluation at the Board of Directors meeting in April 2025. As a result, we confirmed that the Board of Directors of the Company engages in open and constructive discussions, makes rapid decisions, and operates generally in a timely and appropriate manner, and that the effectiveness of the Board is largely ensured. In addition, we confirmed issues requiring renewed focus, such as the nature of the Company's institutional design, medium- to long-term management strategy, provision of information to officers, training opportunities, and diversity management. We will strive to deepen and enrich discussions and further improve the effectiveness of the Board of Directors in the future.

Audit System

As of June 24, 2026, the Audit & Supervisory Board is comprised of four members, including two outside Audit & Supervisory Board members. The Audit & Supervisory Board members attend important internal meetings such as those of the Board of Directors to carry out their management oversight function. They also convene the Audit & Supervisory Board meetings to discuss important auditing matters based on reports from each member. Furthermore, the two full-time Audit & Supervisory Board members, when necessary, visit the Business Operation Divisions, including those of subsidiaries, to enhance the precision and effectiveness of their auditing activities.

Corporate Governance System (As of March 25, 2026)



Corporate Governance

Every quarter, the Audit & Supervisory Board members receive reports from the Accounting Auditors on audit plans and progress made. They also actively engage in discussions and consultations with the Accounting Auditors, thereby ensuring closer cooperation and improving the effectiveness and efficiency of audits. In addition, from the perspectives of legality, rationality, and efficiency, the Auditing Department, our internal audit division, audits and investigates management and operational execution mechanisms and provides the necessary reports to the Audit & Supervisory Board members as required.

Support System for Outside Officers

For outside officers, we provide advance notice of important meetings, such as Board of Directors meetings, by supplying dates, agenda items, and materials, and we explain the details of important resolutions in advance. Furthermore, liaison meetings of outside directors and Audit & Supervisory Board members are held regularly.

A system is established to hear the status of business execution from the Business Operation Division and to determine issues. In addition, we provide opportunities for members to periodically tour bases in Japan and overseas. Through these efforts, we strive to improve the frequency and quality of information provided to outside officers.

Communication with Shareholders and Investors

The Corporate Planning Department oversees dialogue with shareholders and investors. Individual meetings are handled by the General Manager of the Corporate Planning Department and the IR Manager. We hold briefings for analysts and investors following the announcements of full-year and second-quarter results as an opportunity to explain the status of our business. After each briefing, we disclose the President's address and Q&A session from the day of the briefing in both Japanese and English.

We also aim to enrich dialogue through timely and fair disclosure of information on our website, including press releases, financial reports, presentation materials for results briefings, Shareholders' Meeting notices, business reports, resolution notifications, and annual reviews. We simultaneously disclose presentation materials for results briefings, President's address and Q&A session, Shareholders' Meeting notices, medium-term management plans, financial reports, and timely disclosures in both Japanese and English.

Shareholder and Investor Information
https://www.shinpoly.co.jp/en/ir.html

Directors / Audit & Supervisory Board Members

Composition and Skill Matrix of Directors / Audit & Supervisory Board Members

	Name	Attributes	Primary Knowledge, Experience, Skills, etc.						
			Corporate Management	Global	Technology/ Production	Marketing	Finance/ Accounting	Legal/ Governance	Human Resource Management
Director	Yoshiaki Ono ①		○	○	○				○
	Toshiaki Deto ②		○	○		○			○
	Osamu Kowada ③		○	○	○		○		○
	Osamu Miyashita ④	Outside, Independent	○	○		○			
	Tamami Murata ⑤	Outside, Independent						○	
Audit	Hideaki Hirasawa ⑥			○			○	○	
	Yoshiaki Torimaru ⑦			○		○		○	
	Tatsuo Yoshihara ⑧	Outside, Independent	○	○	○				
	Tomoko Moriya ⑨	Outside, Independent					○	○	

*This does not represent all the knowledge, experience, abilities, etc. possessed by each officer.
*Titles are current as of June 24, 2026.

Dialogue between Outside Directors

Going beyond mere supervision and considering how to address growth

Osamu Miyashita
Outside Director

×

Tamami Murata
Outside Director

Governance underpinned by the steady, sincere reform efforts

Miyashita
When asked how I would evaluate Shin-Etsu Polymer’s corporate governance, my initial impression is that it is a company that has steadily built up its governance in accordance with the guidelines of the Tokyo Stock Exchange. Rather than pursuing bold reforms, it has steadily made progress, step by step. I believe that this sincerity forms the foundation of the Company’s current corporate governance. In fact, since I assumed the role of outside director, the Company has pursued the separation of management and execution functions through the introduction of the executive officer system and has also streamlined its number of directors. The Company has also been steadily enhancing its institutional framework. For example, it has increased the ratio of independent outside directors, ensured diversity, and established committees such as the Nomination & Compensation Committee and the Advisory Committee for Transaction with Parent Company.

Each of these initiatives may appear modest when viewed individually. However, I believe that this is exactly how sound governance should be built. It is not something that can be completed in a short period of time; its effectiveness increases through steady accumulation year after year. In that respect, I feel that the Company has properly followed through on what needs to be done.

Murata
I feel the same way. I found that the Company’s various frameworks are in place, and what particularly impressed me was that there is no sense that it has merely put them in place as a matter of form. Going forward, what will become even more important is how those frameworks are operated in practice—in other words, how effectively they function.

For example, even with the whistleblowing system, it cannot simply be assumed that zero reports mean there are no problems. I would like to examine whether these systems are truly easy for employees to use, whether any psychological barriers exist, and how effectively the Company is utilizing its well-designed frameworks.

A Board of Directors that is no longer passive and deepens discussions on growth

Miyashita
I find the discussions at the meetings of the Board of Directors to be very open and constructive. At the same time, I do believe there is room to further enhance the substance of those discussions. Particularly important are the discussions related to growth. Of course, there are ample proposals and progress reports from the executives of the business operation side, accompanied by active exchanges of opinions. However, I feel there is still room to create more opportunities to go a step further and discuss the very direction of the Company’s growth.

I often think that corporate management is similar to pacing oneself in a marathon. If a company forces itself to pick up speed, swayed by circumstances in the near term, it will inevitably lose momentum at some point. On the other hand, if it becomes too cautious and fails to accelerate when it should, it will not reach its goals. In fact, even in situations like the recent rise in raw material prices, I view them calmly, because I recognize that such situations

Dialogue between Outside Directors

will not go on forever. Moreover, the Company ought to work backward from its medium- to long-term goals and determine where to bear the load at the present stage. The Board of Directors also places great importance on maintaining this perspective.

From that perspective, with regard to the Company's medium-term management plan, if the Board can manage to create opportunities not only to review progress but also to engage in in-depth discussions on topics such as why certain measures are effective and which areas should be strengthened next, its added value as a Board will be further enhanced. I feel that going forward, our role as directors, including myself, will be expected not only to evaluate what is presented to them, but also to help shape the direction the Company should take.

Murata

Recently, we outside directors have been discussing the idea that it may be worthwhile for us to proactively propose topics we would like to discuss. One of the topics that has emerged from those discussions is human capital investment. The idea is to engage in more concrete and in-depth discussions with the operation side regarding the Company's medium- to long-term growth strategy from the perspective of acquiring and developing human resources.

I describe the role of outside directors as the reverse side of a coin. While the operation side is the front side of the coin—focusing on how sales can be increased and what investments are needed to achieve that—we, outside directors, are the reverse side of the coin, asking whether those investments should be made now or whether not acting now might actually pose a risk.

At times, such questions provide an opportunity for reconsideration, and at other times, they encourage the Company to go on the offensive.

By doing so, the executives of the business operation side can make decisions with greater confidence. I believe that kind of relationship constitutes effective governance.

Balancing trust and verification in a parent-subsidiary listing

Miyashita

When it comes to protecting minority shareholders in a parent-subsidiary listing situation, what matters most is not only the framework itself but also how it is actually operated. On that point, in our Company, detailed information regarding transactions with the parent company is shared through the Advisory Committee for Transaction with Parent Company, and based on that information, verifications are conducted from an independent standpoint.

For example, all necessary information for decision-making, including not only transaction prices and terms but also comparisons with other companies, the status of transactions with multiple partners, and even market trends, is exhaustively presented. On the basis of that information, we verify whether any conflicts of interest have arisen. I believe this process goes beyond mere formality and that substantive checks are being carried out.

Frankly speaking, the relationship with the parent company is extremely sound. At this point in time, I have no concerns that the subsidiary is in a disadvantageous position. However, without becoming complacent, it is important to continue verifying whether there truly are no issues. I believe that maintaining both a sense of assurance and a sense of vigilance is fundamental to protecting minority shareholders.

Murata

I am of the same opinion. A system is in place and is being implemented in a verifiable manner. Going forward, I intend to continue examining the quality of the operation even more closely.

Ascertaining the essence of growth and unlocking value for the future

Miyashita

The role of the Board of Directors in enhancing the Company's medium- to long-term corporate value is clear. It must ensure institutional governance while supporting sustained growth. To that end, we are required to engage in dialogue with management and encourage investment in growth areas and appropriate risk-taking.

The Company has a proven track record of steadily achieving the goals it has set. This is an extremely significant advantage. That said, it will need to pick up the pace even more if it is to achieve the ambitious goals it has set for the year 2030. While assuming that we are steadily doing what needs to be done, I believe it is important that we continue to ask, "What should be done next?"

Murata

I believe the Company is currently on a good track. At times like this, instead of patting ourselves on the back and moving on, it is important to analyze and articulate the reasons for success and turn them into a shared understanding. That leads directly to the strategies and tactics for the Company's next stage of growth.

I am also thinking about another aspect of the Company's corporate culture—humility. The Company already possesses advanced technological capabilities, as well as a strong awareness and approaches toward achieving disciplined growth. The effort to communicate these strengths externally must be commensurate with their value. Accurately communicating the Company's strengths will ultimately lead to trust and fair evaluation from stakeholders, including investors.

Miyashita

Ultimately, I think it comes down to returning to the starting point of the Company's corporate philosophy, creating value through technologies and products. I hope to see the Company elevate that value further by extending it beyond Japan, capturing global growth, and evolving into a truly global corporation.

Research and Development Activities

Basic Policy

Our Group addresses material issues identified from an ESG perspective through research and development by backcasting from the future we aspire to realize based on dialogue with our customers and society.

By creating high-value-added proprietary and differentiated products, we provide optimal solutions to our customers while achieving both the resolution of social issues and business growth, thereby promoting the creation of new businesses.

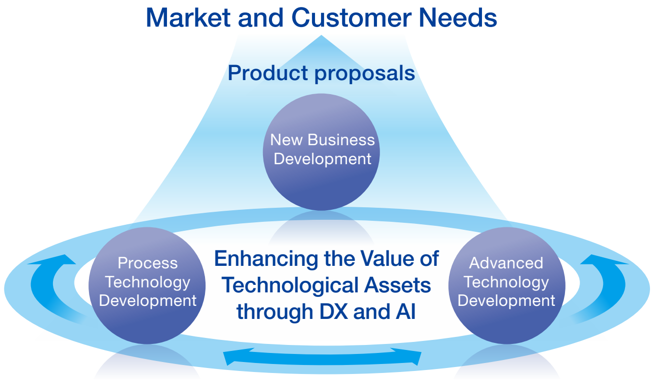
Through these initiatives, we aim to enhance our corporate value on a sustainable basis while delivering value to all stakeholders, including our customers, shareholders and investors, and local communities.

Research and Development Strategy

In research and development, we are strengthening an integrated framework that combines materials development, process technology enhancement, and commercialization strategies, with next-generation automobiles and next-generation semiconductors positioned as our priority markets. Rather than focusing solely on underlying technologies, we pursue initiatives spanning from the selection of research themes through commercialization and mass production, taking into account market growth potential, customer needs, and the performance, quality, and stable supply required by the market. Through these efforts, we continuously create technologies that provide a competitive advantage even in rapidly changing business environments and translate them into business results at an early stage.

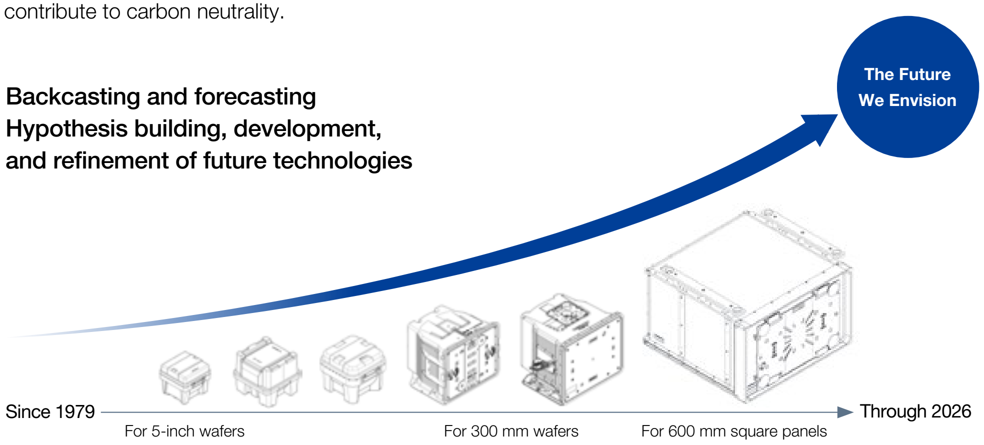
In addition, we thoroughly promote market- and customer-driven development while identifying future changes in demand and technological trends to create differentiated technologies with unique features and high added value. Through close dialogue with customers and market analysis, we clarify the priorities of research themes, thereby improving the efficiency of R&D investment and accelerating commercialization.

Furthermore, we are leveraging DX and AI to visualize and share the technologies, expertise, and know-how accumulated throughout the Company, while establishing a platform that enables cross-functional utilization. This initiative accelerates development processes and enhances decision-making, while also promoting technological integration across organizational boundaries and fostering new ideas that lead to innovative insights. Through these initiatives, we aim to respond flexibly to rapidly changing market conditions while expanding highly profitable businesses and achieving sustainable medium- to long-term growth.

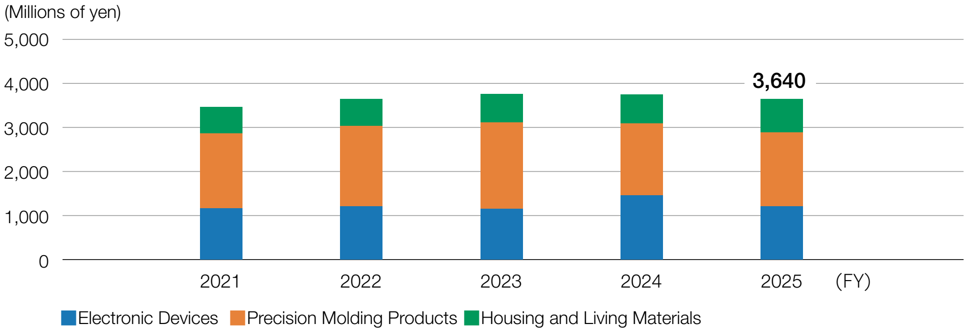


Technology Areas to Be Strengthened

Our Group has refined its core technologies in compounding functional resins, including silicones, various plastics, and conductive materials, as well as precision and micro-processing technologies. Building on these technological foundations, we leverage market intelligence across organizational boundaries to develop products for a wide range of fields, including automobiles, semiconductors, information devices, OA equipment, and living materials. In particular, in the high-growth automotive and semiconductor sectors, we promote cross-functional research themes spanning from our base products to growth-area products, thereby creating products and businesses that help address social issues. In the semiconductor field, we continue to enhance the technological foundation supporting the production of cutting-edge devices through our lineup of wafer cases, which has evolved from products for 5-inch wafers to those for 300 mm wafers and 600 mm square panels. In addition, through hypothesis testing focused on future market opportunities, we are working to create new business opportunities that contribute to carbon neutrality.



R&D Costs by Segment



Research and Development Activities

Intellectual Property Strategy

Our Group promotes the strategic acquisition and protection of intellectual property rights for the high-value-added proprietary and differentiated products, as well as related technologies, created in collaboration with the Corporate Research & Development Unit. At the same time, we respect the intellectual property rights of others and take appropriate measures to prevent disputes before they arise. In addition, working closely with the Production Engineering Unit, we provide optimal protection for intangible assets, including technical know-how, by clearly distinguishing between information to be disclosed and information to be kept confidential, thereby supporting a stable product supply. We also collaborate with the Sales Unit to systematically file and secure trademark rights, thereby maintaining and enhancing brand value in global markets.

To expand business opportunities, we are strengthening collaboration across relevant internal divisions while promoting the open utilization of intellectual property through joint research and licensing activities. By connecting our intellectual property with external expertise and networks, we accelerate value creation. In promoting such initiatives, we also work closely with the Corporate Management Unit to ensure robust governance covering contracts, confidential information management, and the design of intellectual property ownership.

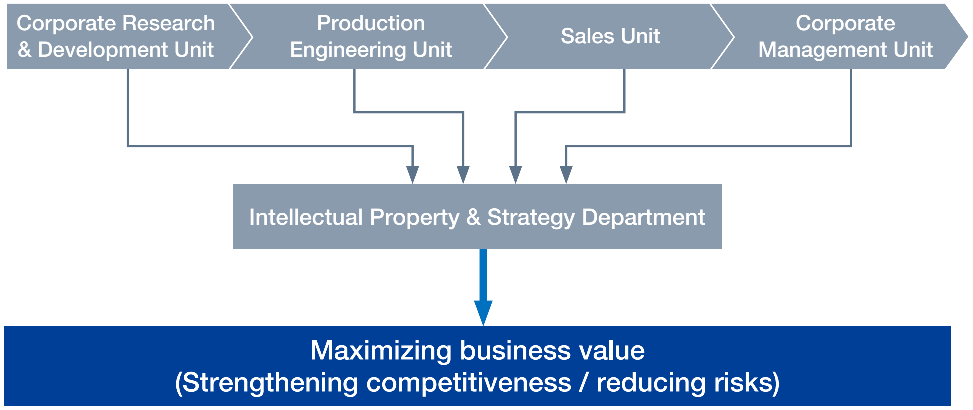
Furthermore, intellectual property plays both defensive and offensive roles in driving business growth. For example, we formulate intellectual property strategies tailored to each stage of product development from exploration and planning through development to mass production and market launch, while building comprehensive patent portfolios around our core technologies. At the same time, we continuously assess the risk of our infringing on third-party intellectual property rights and take countermeasures in response to changes in circumstances. We also take appropriate countermeasures to prevent third parties from imitating our products and infringing our rights.

Intellectual Property Support for Global Business Expansion

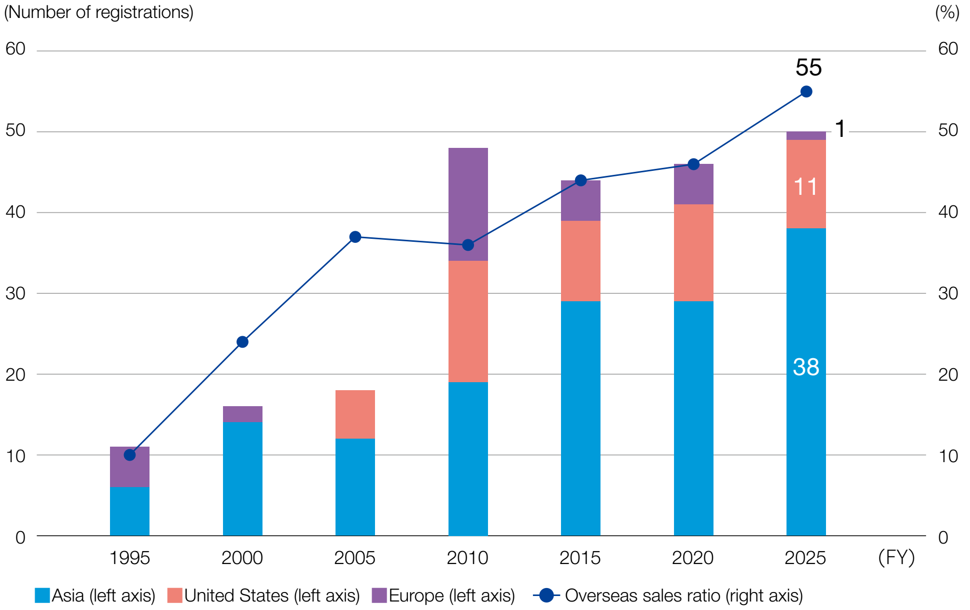
In line with the expansion of our overseas business, we have continuously strengthened our intellectual property portfolio in key markets. The graph below shows the number of overseas patent registrations (by the year of first registration) in strategically important countries and regions, namely China, the United States, Taiwan, the Republic of Korea, Europe (Germany and the United Kingdom), and Singapore. Since the 2000s, we have progressively expanded our efforts to secure intellectual property rights, and since the 2010s, the number of registrations has remained generally between 40 and 60 per year, reflecting the steady development of our global intellectual property network in response to increasingly competitive overseas markets. Supported by the strengthening of this intellectual property foundation and the progress of our global business expansion, the ratio of overseas sales to total sales has continued to increase over the medium to long term, reaching 55% in fiscal 2025.

Going forward, while responding flexibly to rapidly changing market conditions, we will continue to promote patent filings and the acquisition of intellectual property rights in close alignment with our technology development and product strategies. Through further differentiation in key markets and enhanced business continuity with customers, we will strengthen our global competitive advantage and expand profit opportunities, thereby supporting the growth of highly profitable businesses and achieving sustainable medium- to long-term growth.

Strengthening Groupwide Collaboration and Governance



Trends in Overseas Patent Registrations (by Year of First Registration) and Overseas Sales Ratio



Strengthening Human Capital for Corporate Value Enhancement

I believe that people grow over time, and that this accumulation ultimately becomes corporate value

Yasushi Shibata
Senior Managing Executive Officer
in charge of Human Resources

The idea of human resource development that turns time into value

The term “human capital” has been bandied about a lot recently, but personally, I do not think it is something new. As the old saying “A company is its people” suggests, I believe a company’s value ultimately depends on how much each individual employee can demonstrate his or her capabilities.

The reason why we place great importance on employee development is not simply to address today’s challenging hiring environment, but because we believe that the very growth of a company is inseparable from the development of its people over time. Neither people nor companies can grow overnight. Through accumulated experience and repeated trial and error, capabilities are gradually built up over time. I believe the true value lies in that very process.

Our approach is based on a membership model premised on long-term employment. This does not simply mean job security. It means providing an environment where employees can take on challenges with peace of mind. Even if something does not go as planned, the reassurance of being able to continue working at the Company enables employees to stay committed to their own growth over the long term. I believe that the accumulation of such time ultimately leads to an increase in our corporate value.

Expanding our human capital through on-site experiences

What we value the most in the development of human resources is on-site experience, or in other words, OJT (On-the-Job Training). I believe that work itself is the greatest opportunity for development. People cannot grow without trying or being given the opportunity to try. First, we entrust employees with real responsibilities and let them gain experience—learning, thinking, and finding ways to improve through that process. The essence of growth lies in this continuous cycle.

On the other hand, there have been aspects of our training programs that were probably not good enough. However, viewed from a different perspective, it can also be said that we have established a culture in which people develop through hands-on experience in the workplace. We are currently leveraging that strength to build a three-tier training system consisting of level-specific training, business skills training, and e-learning, and we are now at the stage of combining the capabilities developed through on-site experiences with systematic learning opportunities.

We are also working to create an environment where each employee can actively pursue career development on their own volition through our internal open recruitment system and other similar schemes. In fact, there are now cases where employees who previously worked in operational roles within the manufacturing department have taken on new responsibilities by challenging themselves in the systems department and are successfully contributing in their new roles. Although this initiative is still in its infancy, we are already seeing encouraging signs that people are circulating within the organization and broadening the scope of their experience.

Furthermore, we have launched a nomination-based development program for nurturing future managers. While this new selection-based approach poses some operational challenges, it also greatly motivates employees to grow by instilling in them a strong sense of expectation. In this way, we hope to cultivate the next generation of management personnel while drawing out these positive effects.

A company where people grow continues to create value

I believe that in enhancing corporate value over the long term, human capital is not merely a supporting factor, but rather a prerequisite of business management itself. No matter how excellent a strategy may be, it is ultimately people who execute it and turn it into results.

We are not a company that depends on a few exceptionally talented individuals. Each employee unleashes their full potential in their respective roles. And through this accumulation, the collective strength of the Company continues to grow. We aspire to be an organization characterized by such depth.

At the same time, there are still challenges. Our employees are extremely diligent and really good at reliably fulfilling the roles assigned to them. However, I feel there is still room for growth when it comes to taking the extra step forward to embrace new challenges.

Therefore, a major theme going forward will be how to foster a stronger spirit of taking the extra step to take on new challenges whilst building on the foundation of a secure and supportive work environment.

Whenever the opportunity arises, I tell our employees, “You are now at the crossroads—either you climb the slope toward growth or slip down the slope and remain in a rut.” I encourage them to take on challenges more broadly and more deeply by building on the strengths they have honed thus far.If that sequence takes hold, the Company will naturally continue to grow.

Human capital is by no means something extraordinary—it is each and every employee who continuously gains experience and learning through daily work and takes on new challenges. Lastly, I am convinced that the steady accumulation of efforts to encourage the growth of each individual employee will become the driving force that elevates the Company’s corporate value.

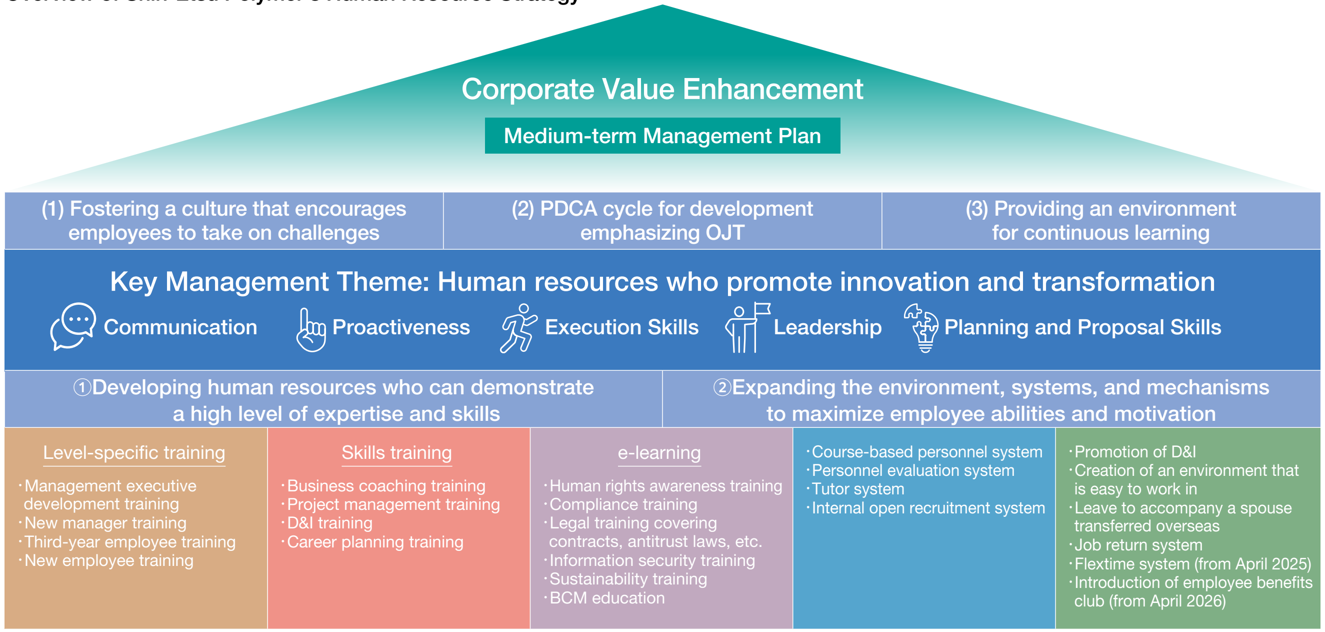
Strengthening Human Capital for Corporate Value Enhancement

Human Resource Strategy

The Shin-Etsu Polymer Group positions human resources as one of its most important forms of capital, recognizing them as the foundation for sustainable growth and the enhancement of corporate value. We aim to create an organization where each employee can work with confidence while proactively learning, taking on challenges, and continuing to grow. To achieve this, we place the development of human resources who promote innovation and transformation at the core of our human resource strategy, and are working to strengthen human capital from a long-term perspective.

Specifically, we are focusing on three initiatives: first, fostering a workplace culture that supports employees in taking on challenges to achieve their goals; second, developing a training PDCA cycle centered on OJT, enabling a learning cycle through on-the-job experience; and third, continuously providing an environment where employees can keep learning, so that each individual is encouraged to independently pursue learning, greater participation, and career advancement.

Overview of Shin-Etsu Polymer's Human Resource Strategy



Corporate Value Enhancement

Medium-term Management Plan

(1) Fostering a culture that encourages employees to take on challenges	(2) PDCA cycle for development emphasizing OJT	(3) Providing an environment for continuous learning

Key Management Theme: Human resources who promote innovation and transformation

Communication Proactiveness Execution Skills Leadership Planning and Proposal Skills

①Developing human resources who can demonstrate a high level of expertise and skills	②Expanding the environment, systems, and mechanisms to maximize employee abilities and motivation

Level-specific training	Skills training	e-learning		
·Management executive development training ·New manager training ·Third-year employee training ·New employee training	·Business coaching training ·Project management training ·D&I training ·Career planning training	·Human rights awareness training ·Compliance training ·Legal training covering contracts, antitrust laws, etc. ·Information security training ·Sustainability training ·BCM education	·Course-based personnel system ·Personnel evaluation system ·Tutor system ·Internal open recruitment system	·Promotion of D&I ·Creation of an environment that is easy to work in ·Leave to accompany a spouse transferred overseas ·Job return system ·Flextime system (from April 2025) ·Introduction of employee benefits club (from April 2026)

Strengthening Human Resource Development

Our Group considers “staff development” to be the driving force for business continuity and development, so it aims to establish an education and training system that promotes the steady growth of each employee. In fiscal 2025, we reorganized our training framework and established a new training system incorporating new initiatives. The training is structured around three pillars: level-specific training, skills training, and e-learning, providing learning opportunities suited to their respective purposes. Previously, level-specific training was primarily conducted as ad hoc training at the time of promotion, but in fiscal 2026, we aim to firmly establish it within the company in accordance with the new training system, which provides cross-sectional and systematic education.

Support for autonomous career development

Incentive System for Acquiring Certifications and Skills Qualifications

We support employees’ skill development and help boost motivation by classifying public qualifications designated by the Company into ranks according to difficulty and providing an incentive payment upon acquisition based on the applicable rank. The program covers a wide range of qualifications, including the Nissho Bookkeeping and TOEIC, and is actively utilized, with approximately 30 employees using it each half-year.

Self-development System

We offer a distance learning program with a diverse selection of more than 180 courses, and subsidize course fees for employees who complete the program. By creating an environment that encourages employees to continue learning on their own initiative, we support each individual’s self-directed growth and career development.

Tutor System

We have introduced a tutor system in which each new employee is assigned a dedicated tutor for one-on-one development. Tutors are selected from senior employees in their second or third year or beyond. After receiving training in mentoring methods, they serve as role models for new hires and provide approachable support and advice in the workplace, helping not only new employees but also fostering the tutors’ own growth through the experience.

Internal Open Recruitment System

We have established an internal open recruitment system to broadly solicit applications from within the company for departmental transfers and project participants, and to select and place appropriate human resources. This system is intended to ensure placement of employees who possess both motivation and capability, and to foster a culture that encourages employees’ proactive willingness to take on challenges and pursue career development.

Strengthening Human Capital for Corporate Value Enhancement

Personnel System

The Group is working to build a personnel system that encourages employees to take on challenges, with the goal of creating an environment where each individual can work in their own way and grow through their work. We have adopted different course-based personnel systems for general employees and managers. For managers, multiple courses are established according to expected roles and job types, while for general employees, multiple courses are set based on job responsibilities and work location.

Personnel Evaluation System

Our personnel evaluations assess not only results and performance, but also the abilities that drive those results and behaviors that contribute to the organization, such as teamwork. We have established an evaluation system that emphasizes fairness and consistency, and evaluations are conducted twice a year, every six months. In addition, we provide training twice a year for evaluators responsible for personnel assessments to improve the overall quality of the system, leading to fair and impartial evaluations as well as effective talent development. We will continue working to build a system that encourages employees to take on challenges and supports their growth.

Diversity & Inclusion

To remain a company that continuously meets the expectations of our stakeholders, we are promoting Diversity & Inclusion across the company by creating an environment that leverages diversity and support sustainable management. The Company continuously conducts training aimed at promoting awareness and embedding Diversity & Inclusion. In fiscal 2025, we invited external instructors to conduct training for managers, such as general managers and section managers, on the three themes of "Diversity and Management," "Diversity & Inclusion," and "Unconscious Bias."

Securing Diverse Human Resources

Our Group strives to secure and recruit outstanding talented human resources with diverse abilities and personalities, regardless of nationality, race, or gender.

For new graduate recruitment, the HR department works closely with the sales, development, and production departments to conduct stable and continuous recruitment from multiple perspectives. For mid-career recruitment, we actively hire human resources with experience, expertise, and knowledge based on our medium- to long-term business strategy, helping to energize the organization and drive transformation.

FY	New hires*	Mid-career hires	Total
2025	28	24	52
2024	26	11	37
2023	23	10	33
2022	29	23	52
2021	18	24	42

*Includes high school graduates, as well as university and graduate school graduates

Regarding the employment of people with disabilities, we are creating an environment where they can work with confidence over the long term, expanding their job opportunities, and increasing recruitment at both our Head Office and our plants. In addition to improving our facilities, we are promoting regional collaboration by providing training for related departments to deepen understanding and strengthen support systems, as well as by accepting practical trainees from special needs schools.

Under out reemployment system, employees who wish to continue working after reaching retirement age are, in principle, rehired until the age of 65. We support their continued contribution through initiatives such as skills transfer, and we are expanding the system with a view to securing employment opportunities up to the age of 70.

Expansion of Systems for Strengthening Human Capital

Promoting Flexible Work Styles that Enable Diverse Human Resources to Thrive

Introduction of a Flextime System and Hourly Paid Leave System

As employees' circumstances become increasingly diverse, there is a growing need for a work style that achieves a balance between personal needs and work responsibilities. We believe that if we create a workplace where each employee can work stably and long term, an environment will naturally be formed in which they can acquire the skills needed for their jobs and continue to grow. We are committed to establishing systems that support this.

As part of our efforts to promote autonomous working styles and work-life balance, we introduced a flextime system and hourly paid leave system in April 2025. By creating an environment that allows employees to work flexibly in response to business peaks and lulls, overseas operations, customer needs, and other circumstances, we encourage autonomous work styles and aim to improve productivity. At the same time, by supporting the balancing of work with diverse personal circumstances such as childcare, nursing care, and medical treatment, we provide opportunities for diverse talent to fully demonstrate their abilities while also helping retain and secure talent.

Expansion of the Employee Benefits System

As part of our efforts to enhance the environment, systems, and frameworks that maximize employee abilities and motivation, we revamped our employee benefits system in April 2026 to provide services tailored to the needs of each employee. By offering a wide range of services, including accommodation, childcare and nursing care support, self-development, and health promotion, we aim to accommodate diverse lifestyles, improve employee well-being, and retain talent, thereby contributing to the sustainable enhancement of corporate value.

Employment Support for Life Events

In October 2022, the Shin-Etsu Polymer Group established a “Policy to Support Employee Childcare” and has been working to create an environment where employees can balance work with life events such as childbirth and childcare. We are enhancing employment support by introducing systems that extend eligibility beyond statutory requirements and by increasing options for continued employment after age 65. In addition, following the revision of the Childcare and Family Care Leave Act in April 2023, we have improved our workplace environment to encourage men’s participation in childcare and have worked to increase the rate of male employees taking childcare leave. We are also fostering a corporate culture that supports work-life balance by promoting awareness of related systems and initiatives, including e-learning on male childcare leave.

Sustainability Management

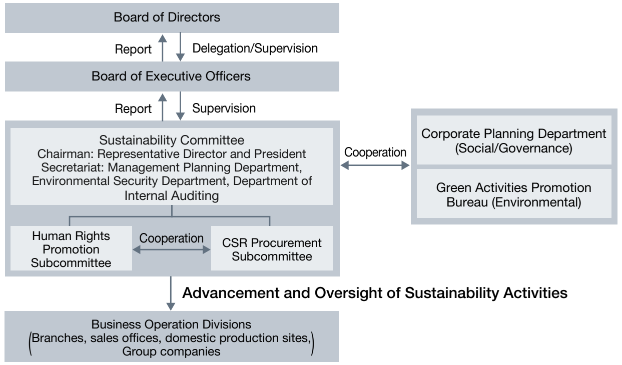
Governance

To strengthen our sustainability management, the Shin-Etsu Polymer Group has established a Sustainability Committee, chaired by the Representative Director and President, as a subordinate body of the Board of Directors and the Board of Executive Officers. This committee meets twice a year to deliberate on and decide important matters and measures related to sustainability. In fiscal 2025, the committee reported on and discussed the progress of CO_2 reduction and planned initiatives, activity reports from the Human Rights Promotion Subcommittee, and raising the level of sustainability evaluations. Particularly important issues are reported to the Board of Executive Officers and the Board of Directors for their decision and approval.

Under this promotion structure centered on the Sustainability Committee, the Business Operation Divisions take the lead in promoting sustainability activities as a company-wide initiative to resolve environmental and social issues, including climate-related risks and opportunities, while cooperating with the Corporate Planning Department and the Green Activities Promotion Committee, which address individual ESG issues.

In addition, regarding our response to the Key Sustainability Issues of "Promoting CSR procurement and the diversification of supply sources" and "Respect for human rights," we have established a CSR Procurement Subcommittee and a Human Rights Promotion Subcommittee, respectively, and are striving to strengthen their promotion.

Sustainability Promotion Structure Chart



Strategy

Based on our Corporate Mission Statement, the Group is dedicated to management that prioritizes safety and fairness, aiming to be a Group of companies that continues to grow with society. To address social issues through our business while responding to the requests and expectations of our stakeholders, we have established 13 specific corporate actions in line with our "Basic Sustainability Policy" and "Corporate Code of Conduct," which are conceptually subordinate to our Corporate Mission Statement. In addition, we will contribute to the realization of a sustainable society by identifying Key Sustainability Issues and continuously working toward their resolution.

Risk Management, and Indicators and Targets

The Group comprehensively manages sustainability-related risks as significant Group-wide risks based on our risk management regulations. Twice a year, all divisions and sites identify risks and formulate countermeasures, and once a year, the status thereof is reported to the Board of Executive Officers. We also set targets linked to our medium-term management plan for our Key Sustainability Issues, which are evaluated and organized based on their importance to our Group and their impact on society and stakeholders.

Main Activities for Fiscal 2025

Key Issues	Details of activities
The foundation of all activities: Legal compliance, fair corporate activities	• Developed compliance awareness among officers and employees through e-learning, etc. as well as activities to raise awareness • Strengthened security export controls (held a briefing on security export controls) • Monitored and prevented acts of dishonesty by setting up internal reporting system, supplier hotline, etc.
Health and safety of employees and contractors	• Continued and strengthened risk assessments of production facilities and work • Conducted environmental and security audits and head office assessments of 6S (Sort, Set in order, Shine, Standardize, Sustain, and Safety) activities in Japan and overseas • Promoted company-wide safety education utilizing CG video tools
Energy-saving, resource saving and reduction of the environmental impacts	• Promoted activities to achieve the 8th medium-term targets for Green Activities (fiscal 2024–2026) • Executed and promoted CO_2 emission reduction measures
Product quality improvements and product safety control	• Conducted audits aimed at preventing quality-related misconduct • Improved the quality awareness of Group employees through various events during Quality Month • Implemented various training programs to improve quality capabilities • Responded appropriately to customer complaints • Provided quality guidance and conducted quality audits for our business partners to improve the quality of procured goods
Promoting CSR procurement and the diversification of supply sources	• Disclosed and disseminated the Shin-Etsu Group's "CSR Procurement Guidelines" and the Shin-Etsu Polymer Group's "Basic Procurement Policy" to our business partners • Grasped the status of initiatives and responded to risks through CSR procurement surveys of our business partners
Respect for human rights, the development of human resources, and the promotion of diversity	• Investigated and identified risks at the Company and Group companies as part of our initiatives on business and human rights • Developed internal systems for diverse work styles and promoted their use • Conducted training on Diversity & Inclusion, business and human rights, and power harassment in the workplace
Respect for and protection of intellectual property	• Created intellectual property from development results based on intellectual property activities carried out under the Industrial Property Rights Regulations and the Compliance Manual • Deliberated on and shared the activities of the Patent Committee, such as protecting and managing acquired rights, and respecting the rights of other companies
Contribution to industry and social initiatives	• Promoted eco-products by developing environmentally and socially responsible products • Promoted co-existence with local communities through beautification activities around plants, work experience programs, traffic safety campaigns, and blood donation drives, among other activities at production bases
Accurate and timely information disclosure and communication with stakeholders	• Ensured fair, timely, and appropriate information disclosure and enhanced IR and public relations activities

Addressing Climate Change

Disclosures Based on TCFD Recommendations

Governance

The Shin-Etsu Polymer Group deliberates on our response to climate change, including CO_2 emission reduction targets, in our Sustainability Committee, which is chaired by the President and Representative Director. The Committee holds discussions necessary to strengthen sustainability management and reports to the Board of Directors. The Board of Directors monitors and supervises the status of responses implemented based on these reports. In accordance with the roadmap and action plan for reducing CO_2 emissions, we switched to 20% renewable electricity for all of our plants in Japan in fiscal 2025. In November, the Committee shared the results of six months of monitoring and deliberated on the revision of the roadmap. As a result, considering that electricity situations vary by region, it was decided that domestic plants will individually set their renewable energy introduction rates for fiscal 2026.

Strategy (Scenario Analysis)

As a result of scenario analysis, the Shin-Etsu Polymer Group has identified transition risks associated with changes in laws and regulations, such as the strengthening of GHG emission regulations, and physical risks from abnormal weather. We will address such transition risks by purchasing renewable energy, among other measures. We will address physical risks through measures such as supply chain management for sustainable procurement. We have also identified opportunities in products and services, such as the spread of EVs and the expansion of the digital network society. We will strive to capture these opportunities by developing new products for EVs, expanding sales of semiconductor-related containers, and developing material products for electronic components.

Risk Management

In the Shin-Etsu Polymer Group, the Sustainability Committee takes the lead in identifying and assessing climate change risks and opportunities. Risks assessed as having a high degree of impact on our business are reported to the Board of Directors. In addition, for the identified risks and opportunities, we formulate strategies and set targets to minimize risks and maximize opportunities, and we regularly report on the status of these initiatives to the directors.

Indicators and Targets

The Group has set CO_2 reduction targets for all Group companies by 2050 for Scope 1 and Scope 2. Going forward, we will actively promote the introduction of energy-saving equipment and the transition to renewable energy, among other measures. For Scope 3, taking into consideration reduction initiatives for Category 1 (Purchased goods and services), which accounts for a large volume of emissions, we set a 25% reduction target for 2035 with fiscal 2025 as the base year.

Climate-related Risks

Transition risks (risks associated with the transition to a low-carbon economy)

Changes in the external environment	Degree of impact	Anticipated time frame	Impacts on Shin-Etsu Polymer Group	Countermeasures
• Strengthening of GHG emission regulations • Introduction of carbon tax	Major	Medium term	• Increase in development and procurement costs required to achieve carbon neutrality • Increased taxes due to the introduction of a carbon tax	• Introduction of energy-saving equipment • Introduction of renewable energy • Introduction of solar power facilities • Purchase of carbon credits
• Increased demand for low-carbon products • Need for new climate-change related technologies	Major	Medium term	• Increased R&D costs due to increased competition in the development of energy-related technologies • Increased capital investment due to increased production	• Transition to low-carbon materials • Expansion of eco-friendly products • Promotion of technological innovation • Improvement of facilities for production efficiency
• Sharp rise in the cost of petroleum derived raw materials • Reduced use of petroleum-derived raw materials by customers	Major	Medium term	• Increased procurement costs due to rising raw material costs • Increased costs due to the introduction of equipment compatible with low-carbon raw materials • Reduced revenue for existing products	• Transition to low-carbon materials • Exploration of alternative raw materials • Installation of equipment that is compatible with alternative raw materials

Physical risks (risks associated with the physical impacts of climate change)

Changes in the external environment	Degree of impact	Anticipated time frame	Impacts on Shin-Etsu Polymer Group	Countermeasures
• Wind or flooding damage caused by irregular weather	Major	Short- to long-term	• Decreased revenue caused by a shutdown or reduction in business activities due to flooding and damage to factories • Increased costs such as restoration costs, natural disaster countermeasure costs, and insurance premiums • Increased procurement costs and loss of sales opportunities due to interruptions in supply chains caused by disasters • Costs associated with cleanup of chemical spill caused by disasters	• Updating BCP manual • Risk assessments and sustainable supply chain management • Diversification and decentralization of raw material suppliers • Strict management of hazardous materials

Climate-related Opportunities

Product or service opportunities

Changes in the external environment	Degree of impact	Anticipated time frame	Impacts on Shin-Etsu Polymer Group	Countermeasures
• Transition from gasoline vehicles to EVs • Expansion of the digital network society • Increased demand for a reduction in CO_2 emissions • Increased demand for low-carbon products	Major	Short- to long-term	<Electronic Devices> Development and market launch of new products for EVs	Continued development of peripheral components for EV powertrains, following fire prevention cushions
			<Precision Molding Products> Expanded sales of semiconductor-related containers in line with growing demand	Began operations at the new building of the Tokyo Plant, which was newly constructed to increase production capacity for semiconductor-related containers
			<Housing and Living Materials> Development and market launch of material products for electronic components	Continued verification of the mass production feasibility of heat-resistant thin films for power semiconductors

Anticipated time frame Short term: within 10 years. Medium term: from 10 to 50 years. Long term: Over 50 years

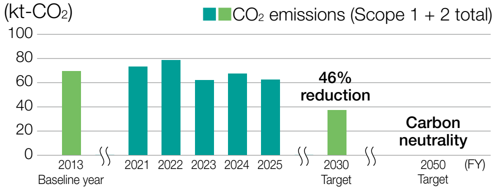
CO_2 Emission Reduction Targets (Scope 1, 2)

2030 Target	46% reduction (FY2013 baseline)
2050 Target	Achieving carbon neutrality

Scope 3 reduction target

2035 Target	25% reduction (FY2025 baseline)

Changes in CO_2 Emissions Results



Eleven-Year Financial and Non-Financial Summary (For the fiscal years ended March 31, 2016 through 2026)

											Millions of yen	Thousands of U.S. dollars*1
Fiscal year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2025
For the year:												
Net sales	¥ 115,116	¥ 110,582	¥ 104,379	¥ 108,278	¥ 92,640	¥ 76,904	¥ 80,254	¥ 85,460	¥ 79,343	¥73,979	¥75,039	$719,475
Segments												
Electronic Devices	25,726	24,848	25,506	24,684	21,996	18,037	19,725	20,699	19,554	18,644	19,933	160,788
Precision Molding Products	59,773	56,024	47,602	50,021	42,147	34,160	33,451	37,089	34,369	31,074	30,377	373,581
Housing and Living Materials	21,513	22,080	24,184	26,236	21,406	17,736	19,009	19,931	18,703	17,269	18,205	134,456
Others	8,103	7,628	7,085	7,336	7,090	6,969	8,067	7,740	6,715	6,991	6,522	50,644
Overseas sales	63,607	60,933	53,538	56,624	45,992	35,790	36,943	40,396	38,092	33,593	34,495	397,544
Gross profit	34,569	33,944	31,155	33,731	29,140	23,981	25,693	26,762	24,627	22,692	20,896	216,056
Operating profit	14,040	13,271	11,050	12,749	9,732	7,217	7,756	8,153	7,206	5,511	4,101	87,750
Ordinary profit	14,008	13,218	11,530	12,986	10,129	7,021	8,097	8,026	7,274	5,934	4,532	87,550
Profit attributable to owners of parent	9,899	9,430	8,674	8,529	6,308	4,536	6,288	6,049	5,455	4,230	3,151	61,869
Comprehensive income	11,363	14,723	11,517	12,944	9,849	3,577	5,587	4,468	6,239	2,361	226	71,019
Cash flows from operating activities	14,450	16,013	11,973	9,124	9,759	10,641	7,688	9,498	8,447	7,278	7,682	90,313
Cash flows from investing activities	(4,749)	(10,979)	(12,314)	(11,200)	(9,664)	(3,736)	(4,629)	(6,745)	(4,437)	(1,843)	(4,768)	(29,681)
Free cash flows	9,701	5,034	(340)	(2,075)	94	6,905	3,059	2,752	4,009	5,435	2,914	60,631
Cash flows from financing activities	(5,451)	(4,904)	(4,148)	(2,498)	(2,364)	(1,691)	(1,813)	(3,204)	(1,670)	(789)	(1,179)	(34,069)
Capital expenditures	3,375	9,949	15,481	10,110	6,107	3,147	3,032	6,023	5,420	3,721	4,424	21,094
R&D costs	3,640	3,741	3,758	3,638	3,454	3,588	3,896	4,249	3,382	3,572	3,609	22,750
At year-end:												
Total assets	¥ 153,003	¥ 152,988	¥ 140,778	¥ 135,364	¥ 122,577	¥ 108,212	¥ 105,378	¥107,032	¥103,667	¥96,061	¥92,845	$956,269
Total net assets	129,553	123,154	112,967	105,128	94,337	86,677	84,538	80,560	77,510	72,890	71,253	809,706
Net working capital*2	81,995	72,848	67,842	70,583	65,238	62,555	58,904	54,118	53,658	51,549	49,917	512,469
Per Share Data:												U.S. dollar*1
Net profit	¥ 123.15	¥ 116.99	¥ 107.31	¥ 105.68	¥ 78.15	¥ 56.09	¥ 77.55	¥ 74.27	¥ 66.48	¥ 51.60	¥ 38.55	$ 0.77
Net assets	1,606.37	1,525.86	1,394.32	1,294.09	1,166.23	1,067.58	1,042.40	989.44	948.31	887.09	870.12	10.04
Cash dividends	62.00	52.00	46.00	38.00	26.00	20.00	18.00	16.00	12.00	12.00	9.00	0.39
Financial indicators:											% (Except interest coverage ratio)	
Return on equity (ROE)	7.9	8.0	8.0	8.6	7.0	5.3	7.6	7.7	7.3	5.9	4.4	
Return on assets (ROA)	9.2	9.0	8.4	10.1	8.8	6.6	7.6	7.6	7.3	6.3	4.9	
Equity ratio	84.4	80.2	80.0	77.4	76.7	79.8	80.0	75.1	74.6	75.8	76.7	
Interest coverage ratio (Times)	362.2	449.9	353.0	259.6	384.1	383.4	254.6	396.1	345.1	285.5	283.2	
Non-financial indicators:												
CO_2 Emissions (Thousands of t-CO_2)*3	62.0	66.8	61.6	77.3	71.7	65.5	68.8	68.1	66.3	64.1	62.1	
Intensity per Production Weight (t-CO_2/t)*3	1.280	1.470	1.184	1.301	1.300	1.556	1.535	1.505	1.480	1.476	1.476	
Waste Emissions (t)	4,448	4,505	4,711	5,043	4,790	4,067	4,775	4,574	4,715	4,471	4,450	
Intensity per Production Weight (kg/t)	91.9	99.1	90.5	84.9	86.8	96.5	106.6	101.1	105.3	103.0	105.8	
Number of employees (Consolidated)(people)	4,123	4,356	4,457	4,706	5,157	5,089	4,655	4,614	4,407	4,144	3,942	

*1 U.S. dollar amounts are presented for the convenience of readers only, using the exchange rate of ¥160 = US$1 as of March 31, 2026.

*2 Effective from the fiscal year ended March 31, 2019, following the application of the Partial Amendments to Accounting Standard for Tax Effect Accounting and related guidance, deferred tax assets previously included in current assets have been included in non-current assets, and deferred tax liabilities previously included in current liabilities have been included in non-current liabilities. Net working capital for the fiscal year ended March 31, 2018 has been calculated after reflecting the same reclassification.

*3 Preliminary figure as of the date of publication. The final figure will be disclosed in the Sustainability Report after obtaining third-party assurance.

Company Profile, Group Network and Investor Information (As of March 31, 2026)

Company Profile

Corporate Name	Shin-Etsu Polymer Co., Ltd.
Established	September 15, 1960
Head Office	Ote Center Building, 1-1-3 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Paid-in Capital	¥11,635 million
Number of Employees	4,123 (Consolidated), 1,034 (Non-consolidated)
Subsidiaries	16 companies
URL	https://www.shinpoly.co.jp/en/

Stock Information

Number of Shares Authorized	320,000,000
Number of Shares Issued	82,623,376
Number of Shareholders	17,221
Fiscal Year-End	March 31
Stock Listing	Tokyo Stock Exchange (Ticker code 7970)
Transfer Agent	Mizuho Trust & Banking Co., Ltd.

Major Shareholders

Shareholder Name	Number of Shares (Thousands)	Percentage of Total Equity (%)
Shin-Etsu Chemical Co., Ltd.	42,986	53.4
The Master Trust Bank of Japan, Ltd. (Trust account)	5,910	7.3
Custody Bank of Japan, Ltd. (Trust account)	2,092	2.6
CEPLUX- THE INDEPENDENT UCITS PLATFORM 2	1,945	2.4
Hikari Tsushin KK Investment Limited Partnership	986	1.2
Nippon Life Insurance Company	768	0.9
STATE STREET BANK AND TRUST COMPANY 505103	693	0.8
THE BANK OF NEW YORK MELLON 140044	678	0.8
BNYM AS AGT/CLTS NON TREATY JASDEC	605	0.7
JP MORGAN CHASE BANK 385781	487	0.6

1. In addition to the above, Shin-Etsu Polymer Co., Ltd. holds 2,251 thousand shares of treasury stock in its own name, which are excluded from the major shareholders listed above
2. The percentage of total equity is calculated excluding treasury stock.

Group Network

Our Company

Head Office

Chiyoda-ku, Tokyo

Plants

Tokyo Plant (Saitama Prefecture)
Kodama Plant (Saitama Prefecture)
Shiojiri Plant (Nagano Prefecture)
Nagano Branch (Nagano Prefecture)
Itoigawa Plant (Niigata Prefecture)
Chikusei Plant (Ibaraki Prefecture)

Domestic Subsidiaries

Sales and Construction, etc.

Shin-Etsu Finetech Co., Ltd.(Tokyo)

Overseas Subsidiaries

Sales

Shin-Etsu Polymer Shanghai Co., Ltd.
Shin-Etsu Polymer Hong Kong Co., Ltd.
Shin-Etsu Polymer Taiwan Co., Ltd.
Shin-Etsu Polymer Vietnam Co., Ltd.
Shin-Etsu Polymer (Thailand) Ltd.
Shin-Etsu Polymer Singapore Pte. Ltd.
Shin-Etsu Polymer America, Inc.
Shin-Etsu Polymer Europe B.V.

Manufacturing

Suzhou Shin-Etsu Polymer Co., Ltd.
Dongguan Shin-Etsu Polymer Co., Ltd.
Shin-Etsu Polymer (Malaysia) Sdn. Bhd.
PT. Shin-Etsu Polymer Indonesia
Shin-Etsu Polymer India Pvt. Ltd.
Shin-Etsu Polymer Hungary Kft.
Hymix Co., Ltd.

External Evaluation

We have been selected for inclusion in the MSCI "Nihonkabu ESG Select Leaders Index" and the S&P/JPX "Carbon Efficient Index."

2025 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX

S&P/JPX Carbon Efficient Index

Disclaimer:
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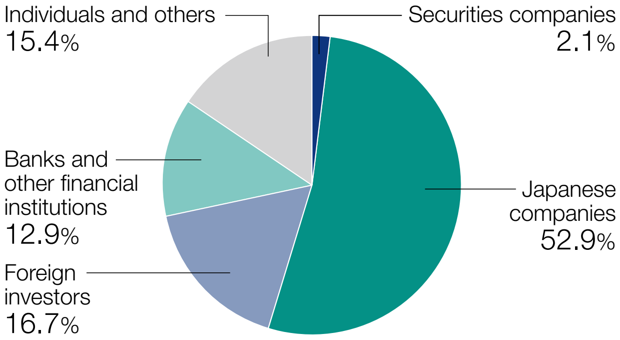
Composition of Shareholders



*Excludes 2.7% of treasury stock