

Listing Code: No. 4063 (URL: <https://www.shinetsu.co.jp/en/>)

Listing Stock Exchange: Tokyo and Nagoya

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Date of the filing of the quarterly consolidated financial statements: November 12, 2020

Date of dividend payment: November 19, 2020

Preparation of supplemental explanatory materials: Yes ("Appendix" is attached.)

Holding of quarterly financial results meeting: Yes (for investment analysts and institutional investors)

Amounts are stated in millions of yen by discarding fractional amounts less than 1 million.

Percentage figures indicate increase (decrease) over previous corresponding period.

**1. Consolidated Operating Performance for the First Half Ended September 30, 2020**

(From April 1, 2020 to September 30, 2020)

**(1) Results of consolidated operations**

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent
April - September 2020	710,526 (9.7%)	184,317 (12.5%)	192,243 (11.9%)	140,306 (15.0%)
April - September 2019	786,542 (0.7%)	210,532 0.6%	218,222 0.5%	165,025 3.9%

(Note) Comprehensive income (Millions of yen) From April 1, 2020 to September 30, 2020: 125,435 [(0.5%)]

From April 1, 2019 to September 30, 2019: 126,065 [(5.1%)]

	Net income per share (yen)	Diluted net income per share (yen)
April - September 2020	337.47	337.35
April - September 2019	396.80	396.77

**(2) Consolidated financial position**

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
September 30, 2020	3,249,041	2,793,276	83.8%	6,555.55
March 31, 2020	3,230,485	2,723,141	82.1%	6,377.93

(Note) Stockholders' equity (Millions of yen) As of September 30, 2020: 2,722,137 As of March 31, 2020: 2,652,309

**2. Cash Dividends**

	Cash dividends per share in the fiscal year (yen)				
	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	Year-end	Fiscal year
April 2019 - March 2020	-	110.00	-	110.00	220.00
April 2020 - March 2021	-	110.00			
April 2020 - March 2021 (forecast)			-	130.00	240.00

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

**3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2021**

(From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share (yen)
Fiscal year	1,430,000 (7.4%)	377,000 (7.2%)	390,000 (6.8%)	283,000 (9.9%)	681.10

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

Forward-looking statements such as the forecast of results of operations made in this document involves risks and uncertainties since they are based on management's assumptions and beliefs in light of the information currently available to it. The reader should be aware that actual results may be materially different from any future results expressed herein due to various factors. Material factors affecting the actual results may include overall economic conditions in which the businesses of our company and our group companies are involved, the relevant market trends and fluctuations in foreign exchange rates of the yen, in particular, the exchange rate between the U.S. dollar and the yen; provided, however, that such factors as may affect results of operations are not limited to those enumerated above.

**(Notes)**

**(1) Changes in significant subsidiaries during the first half ended September 30, 2020: No**

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during the first half ended September 30, 2020.

**(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: No**

**(3) Changes in accounting policies applied, changes in accounting estimates and retrospective restatement**

Changes in accounting policies applied due to revisions of accounting standards: No

Changes in accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

**(4) Number of shares outstanding (common stock)**

	September 30, 2020	March 31, 2020
Number of shares outstanding at period end	416,662,793	416,662,793
Number of shares of treasury stock at period end	1,421,455	805,396
	April - September 2020	April - September 2019
Weighted-average number of shares outstanding over period	415,765,898	415,892,394

**(Information regarding quarterly review procedures)**

The financial information contained in this report is not subject to quarterly review procedures by independent auditors.

**(Attached Documents)**

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## 1. Qualitative Information Regarding Quarterly Results

### (1) Explanation Regarding the Operating Results

During the first half of the fiscal year ending March 31, 2021 (April 1, 2020 to September 30, 2020), especially in the first half of the period, the world economy was hit by the COVID-19 pandemic and the restrictions on economic activities, and registered a sharp fall. After then, the economy showed some signs of recovery, in varying degrees depending on the areas and business types. Under these circumstances, the Shin-Etsu Group focused on maintaining its employees' health and safety, continuing production, securing sales and fulfilling business requirements including the protection of accounts receivables. Communicating closely with our customers, we proceeded to develop products that have value for them and ensured the stable supply of products of unwavering quality. We achieved stable operations while maintaining strict cost controls. We also carried out the scheduled investments according and implemented timely, appropriate investments for business growth.

As a result, the business results for the first half of the fiscal year ending March 31, 2021 are as follows:

	(Billions of yen)			2020	
	2019 Apr - Sep	2020 Apr - Sep	Increase (Decrease)	Apr - Jun	Jul - Sep
Net sales	786.5	<b>710.5</b>	(9.7%) (76.0)	359.3	351.1
Operating income	210.5	<b>184.3</b>	(12.5%) (26.2)	90.9	93.3
Ordinary income	218.2	<b>192.2</b>	(11.9%) (26.0)	95.2	97.0
Net income attributable to owners of parent	165.0	<b>140.3</b>	(15.0%) (24.7)	69.3	70.9
ROIC (per annum)	20.6%	<b>16.3%</b>	(4.3 points)		
ROE (per annum)	13.2%	<b>10.4%</b>	(2.8 points)		
ROA (per annum)	14.3%	<b>11.9%</b>	(2.4 points)		
Per Share (Yen)					
Net Income	397	<b>337</b>	(60)		
Cash Dividends	110	<b>110</b>	—		

- Notes:
- ROIC: Return on invested capital  
Net operating income after tax / (Net assets + Interest-bearing liabilities — Cash)
  - ROE: Return (Net Income) on equity  
Equity used for this calculation is net assets excluding both share subscription rights and non-controlling interests in consolidated subsidiaries.
  - ROA: Return (Ordinary Income) on total assets.
  - ROIC, ROE and ROA (per annum) are calculated by doubling first-half net operating income after tax, net income and ordinary income, respectively.

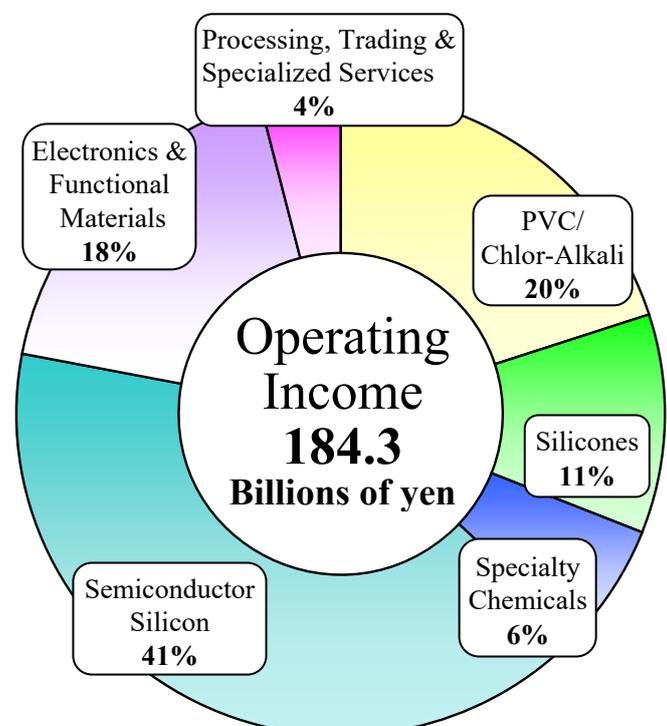
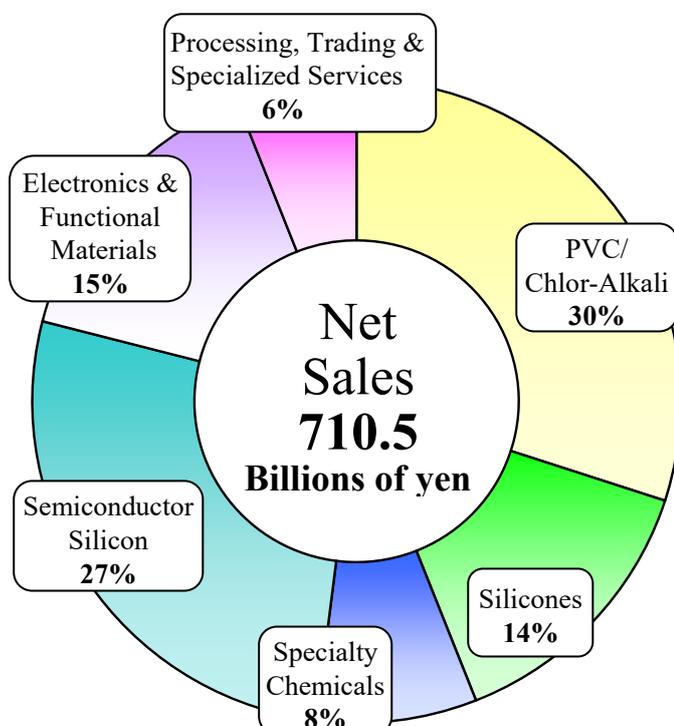
In addition, the Company continued to be ranked at Aa3 with a stable outlook, the highest rank among Japanese companies, in the credit ratings announced on October 1, 2020 by Moody's Japan K.K.

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

## Net Sales and Operating Income by Segment

(Billions of yen)

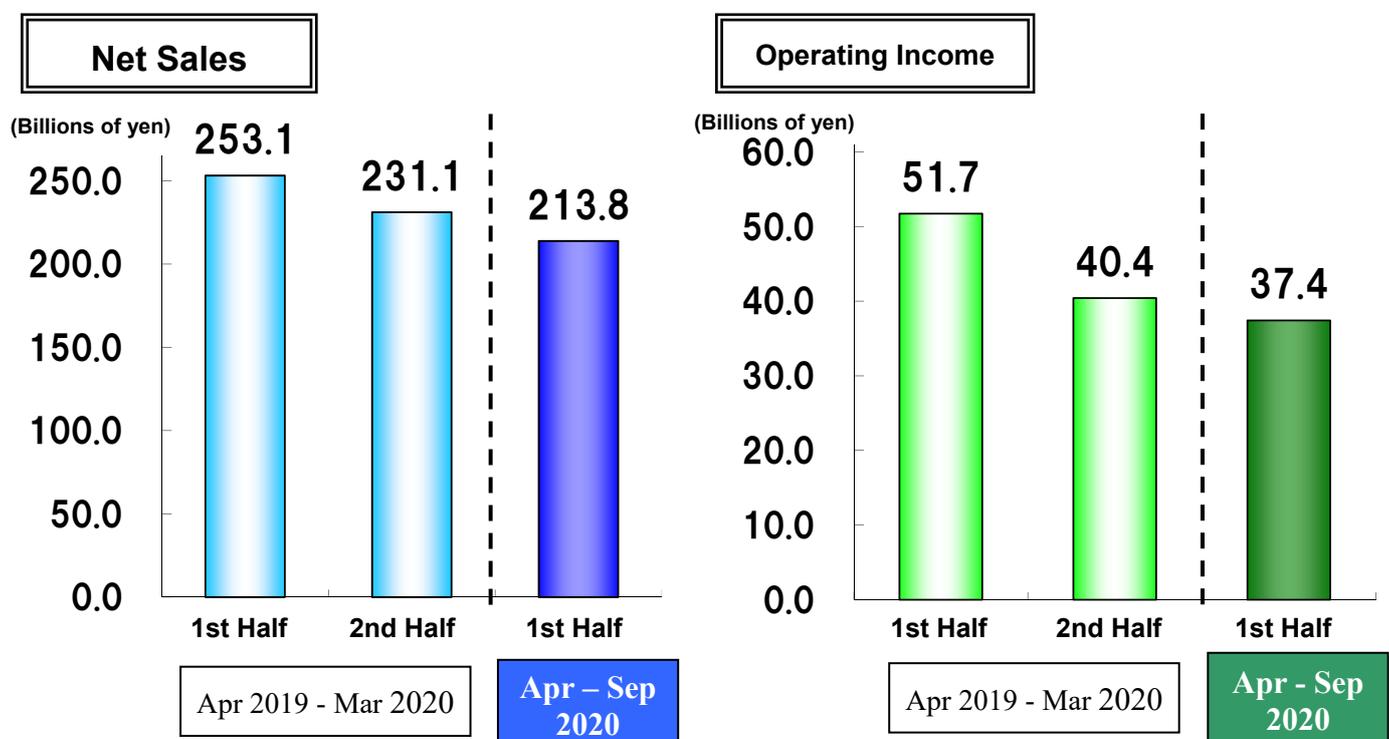
	Net Sales			Operating Income		
	2019 Apr - Sep	2020 Apr - Sep	Increase (Decrease)	2019 Apr - Sep	2020 Apr - Sep	Increase (Decrease)
PVC/Chlor-Alkali Business	253.1	<b>213.8</b>	(15.5%) (39.3)	51.7	<b>37.4</b>	(27.7%) (14.3)
Silicones Business	114.7	<b>99.2</b>	(13.6%) (15.5)	31.1	<b>20.6</b>	(33.7%) (10.5)
Specialty Chemicals Business	58.2	<b>53.1</b>	(8.7%) (5.1)	13.8	<b>10.8</b>	(21.8%) (3.0)
Semiconductor Silicon Business	196.5	<b>189.1</b>	(3.8%) (7.4)	74.5	<b>75.5</b>	1.4% 1.0
Electronics & Functional Materials Business	111.4	<b>109.6</b>	(1.6%) (1.8)	33.3	<b>33.5</b>	0.7% 0.2
Processing, Trading & Specialized Services Business	52.3	<b>45.4</b>	(13.2%) (6.9)	7.2	<b>6.4</b>	(11.5%) (0.8)
<b>Total</b>	<b>786.5</b>	<b>710.5</b>	(9.7%) (76.0)	<b>210.5</b>	<b>184.3</b>	(12.5%) (26.2)



### PVC/Chlor-Alkali Business

	Apr - Sep 2019 (Billions of yen)	Apr - Sep 2020 (Billions of yen)	Increase / (Decrease)
<b>Net sales</b>	253.1	<b>213.8</b>	(15.5%)
<b>Operating income</b>	51.7	<b>37.4</b>	(27.7%)

With regard to the PVC/Chlor-Alkali business, Shintech Inc. in the U.S. continued to operate its plant at full capacity to maintain high shipment levels of both PVC and caustic soda; however, it was influenced by market conditions caused by the restriction on economic activities in April and May. We endeavored to maintain the sales volumes at the European and Japanese bases; however, market conditions had an effect there as well.

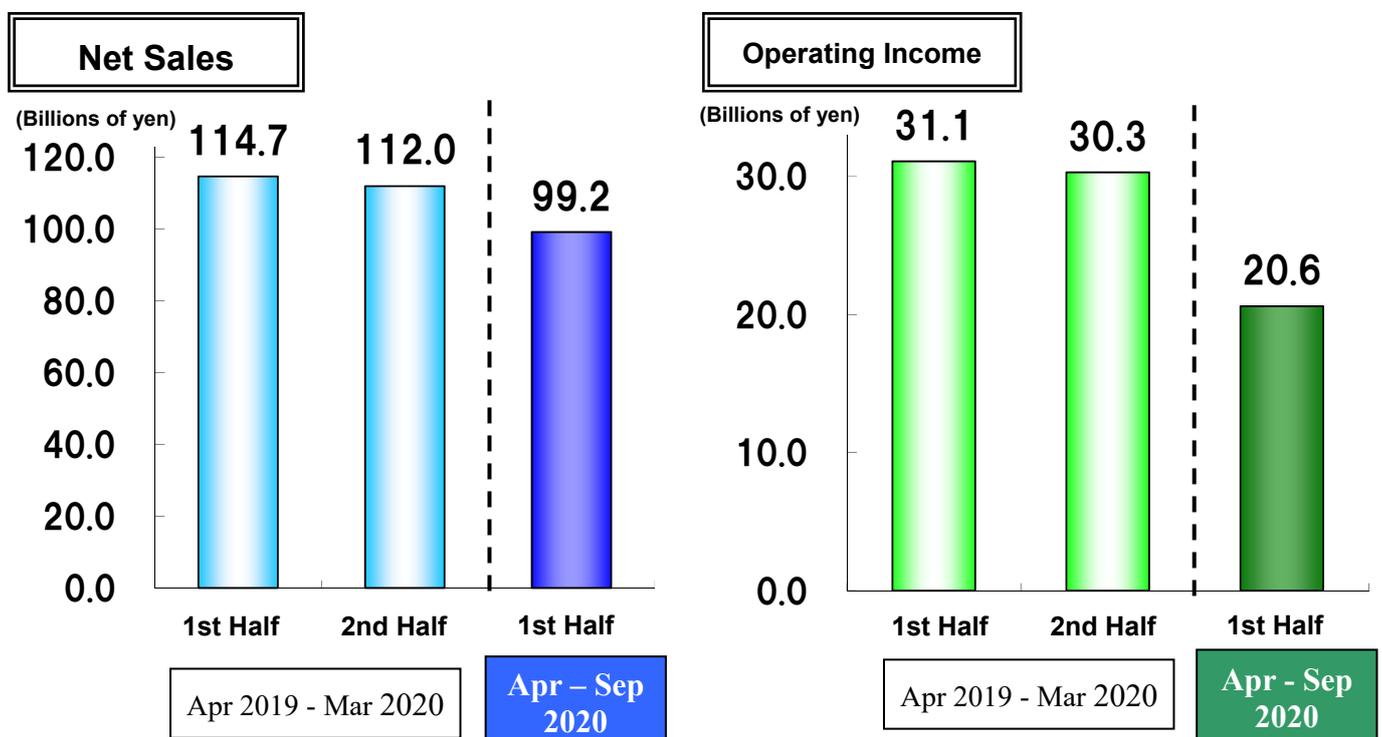


- We expect that the demand for PVC will grow at a healthy rate as housing markets are showing a steady expansion and environmental awareness is increasing in North America and emerging countries.
- Our capacity expansion at Shintech should start up next spring. We are formulating the plan for the second phase of capacity addition.

**Silicones Business**

	Apr - Sep 2019 (Billions of yen)	Apr - Sep 2020 (Billions of yen)	Increase / (Decrease)
<b>Net sales</b>	114.7	<b>99.2</b>	(13.6%)
<b>Operating income</b>	31.1	<b>20.6</b>	(33.7%)

With regard to the silicones business, it was affected by the price decline of general-purpose products and the sluggish demand for products for cosmetic and automotive applications.

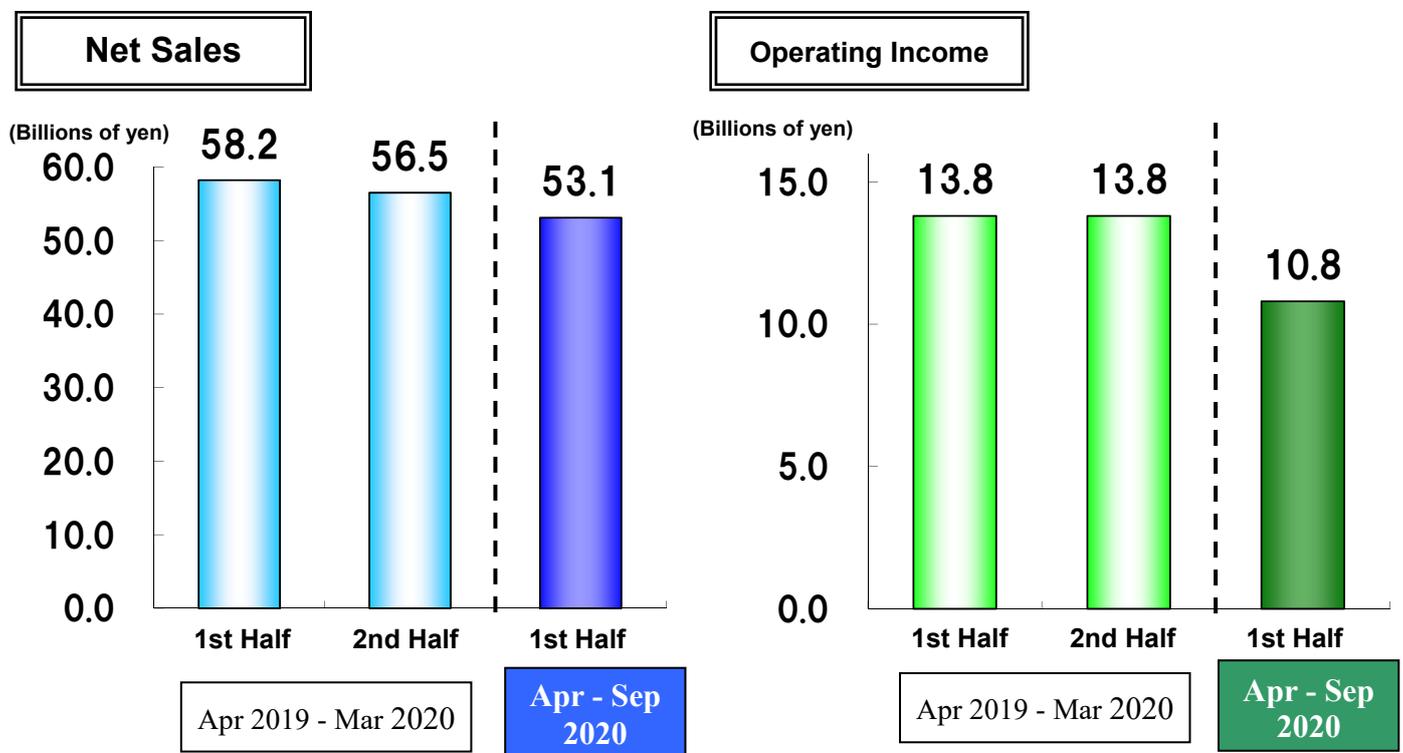


- The upstream expansion for silicone monomer has been pretty much finished, with the monomer expansion placing us ahead of others. It provides the basis for future competitiveness and growth.
- We are concentrating on the expansion of functional products, which is a distinguishing feature of our business.

**Specialty Chemicals Business**

	Apr - Sep 2019 (Billions of yen)	Apr - Sep 2020 (Billions of yen)	Increase / (Decrease)
<b>Net sales</b>	58.2	<b>53.1</b>	(8.7%)
<b>Operating income</b>	13.8	<b>10.8</b>	(21.8%)

With regard to the cellulose derivatives business, the products for pharmaceutical and coating applications continued to hold steady although the sales of products for building and construction applications were weak. Shipments of the pheromone products and the POVAL products were sluggish.

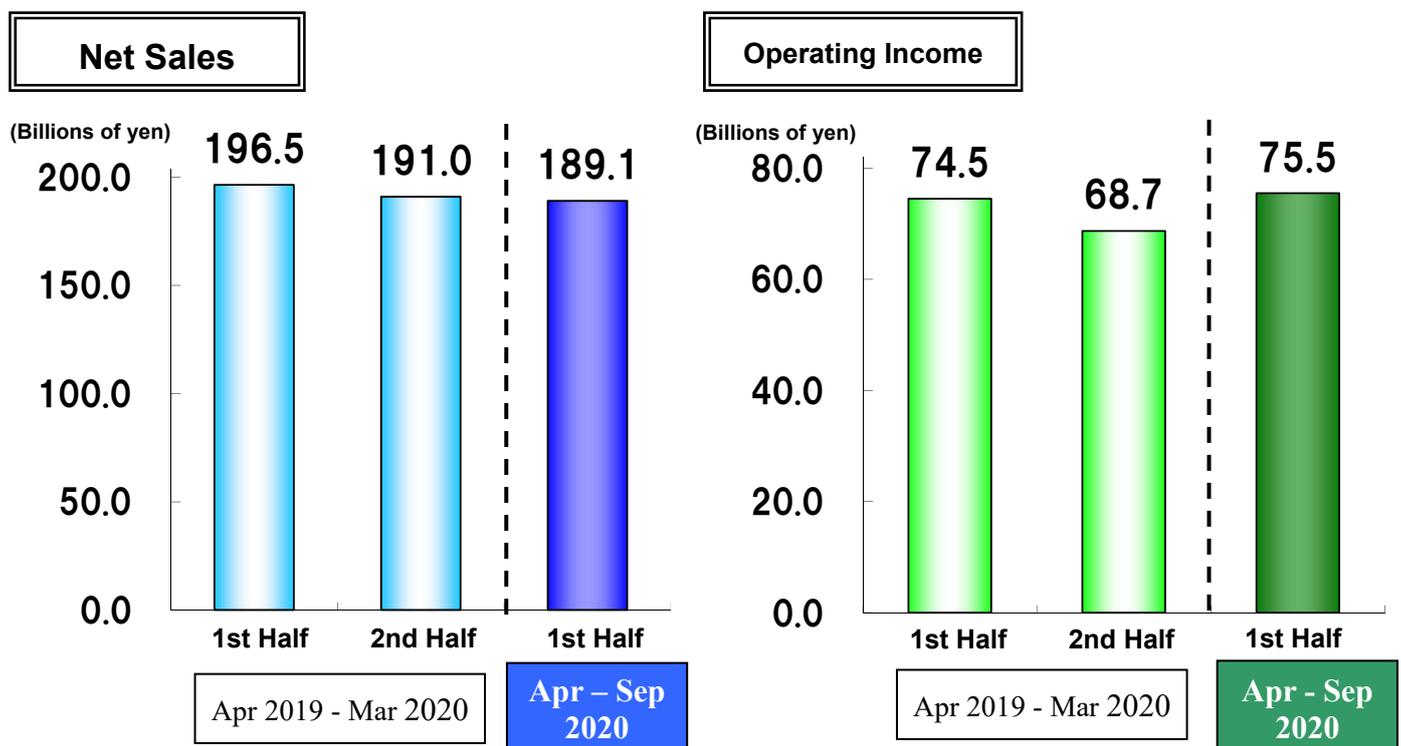


- With regard to the cellulose derivatives business, the pharmaceutical and food applications are the drivers for this segment. The capacity addition last fall was timely and we are gearing it up.

## Semiconductor Silicon Business

	Apr - Sep 2019 (Billions of yen)	Apr - Sep 2020 (Billions of yen)	Increase / (Decrease)
<b>Net sales</b>	196.5	<b>189.1</b>	(3.8%)
<b>Operating income</b>	74.5	<b>75.5</b>	1.4%

With regard to the semiconductor silicon business, we endeavored to maintain shipment levels, although there were varying trends in the wafer market.



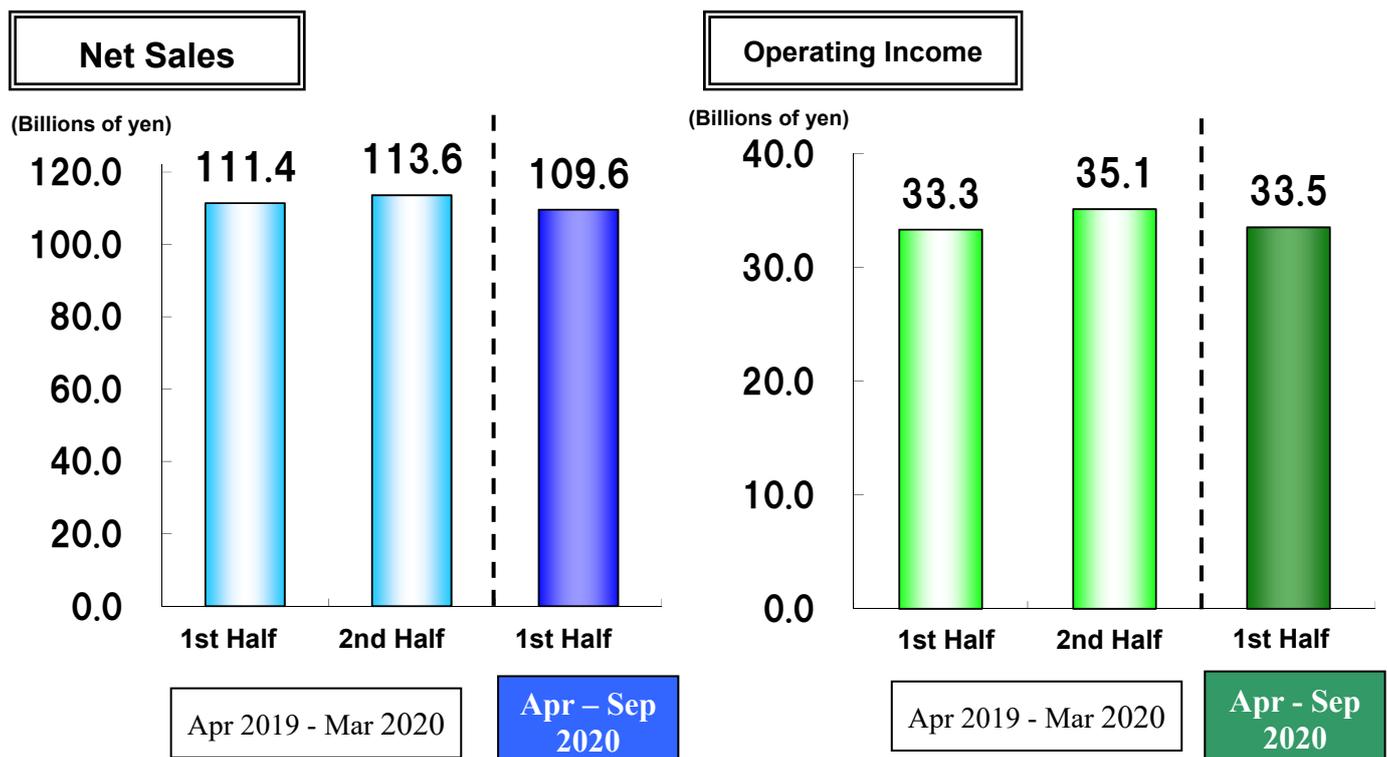
- There was a pause in the inventory buildup caused by the restriction on economic activities.
- The demand increased due to continuing consumption by people staying at home and the resumption in economic activities.
- We strove for the technological development and stable supply of a high-quality wafer to keep pace with the further expansion of the semiconductor device market resulting from "automation," "online spread," and "development of infrastructure" toward a "digital society" as well as the increasing demand for advanced devices with higher functionality.

## Electronics & Functional Materials Business

	Apr - Sep 2019 (Billions of yen)	Apr - Sep 2020 (Billions of yen)	Increase / (Decrease)
<b>Net sales</b>	111.4	<b>109.6</b>	(1.6%)
<b>Operating income</b>	33.3	<b>33.5</b>	0.7%

With regard to the rare earth magnets business, the operations at our overseas plants were temporarily affected by the restriction on economic activities, but the shipments of products for hard disk drives were favorable.

With regard to the photoresist products business, the ArF photoresists and EUV photoresists were generally favorable. The photomask blanks business also continued to be stable due to the growth in high-end products. The optical fiber preform business experienced harsh conditions due to the impact of the deteriorating market. However, the photomask substrates business for large panel applications was solid.

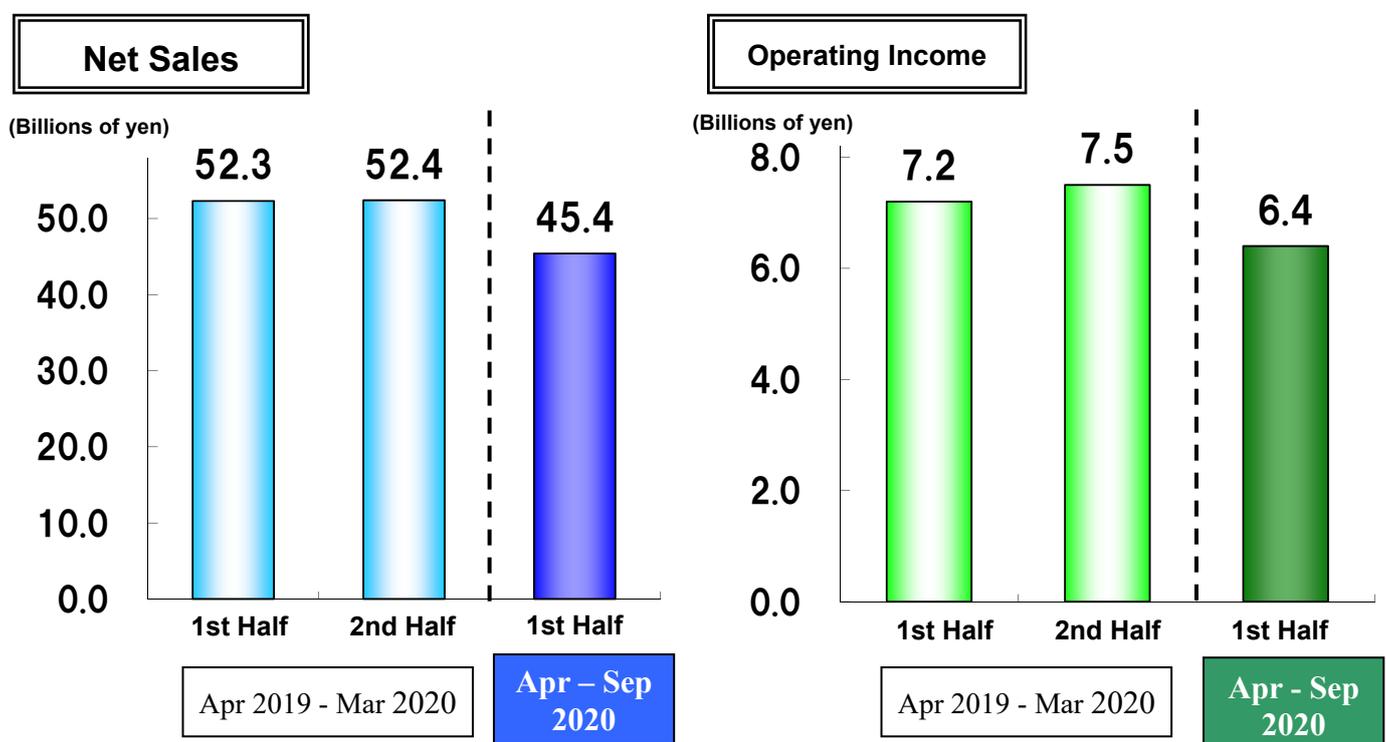


- With regard to the rare earth magnets business, the applications for automobiles (especially environmentally friendly automobiles which use rare earth magnets about ten times more than conventional automobiles), factory automation, and data centers continue to grow.
- With regard to the lithographical areas, we are keeping pace with further miniaturization, multi-layering resist system and advanced packaging.
- We are working on launching 5G related materials.

**Processing, Trading & Specialized Services Business**

	Apr - Sep 2019 (Billions of yen)	Apr - Sep 2020 (Billions of yen)	Increase / (Decrease)
<b>Net sales</b>	52.3	<b>45.4</b>	(13.2%)
<b>Operating income</b>	7.2	<b>6.4</b>	(11.5%)

The shipments of Shin-Etsu Polymer Co., Ltd.'s semiconductor wafer-related containers were steady, but the input devices for automobiles were affected by the deteriorating automobile market.



- Regarding the semiconductor wafer-related containers business, the semiconductor device makers partially resumed investments in increasing capacity, and we will ensure that we will capture the demand.

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

### Business Forecast

In the world economy, there are still several markets and regions where we see the weakening or transformation of demand due to COVID-19 and health-related concerns. This may last for a while. Under these circumstances, the Shin-Etsu Group is striving to grow all of our businesses. We are not slackening down our R&D investments and intend to bring them to fruition fast. We intend to raise our ROIC and ROE further through earnings growth.

The forecast of the Company's consolidated operating performance for the fiscal year ending March 31, 2021 is as follows.

(Billions of yen)

	<b>April 2019 - March 2020 Actual</b>	<b>April 2020 - March 2021 Forecast</b>	<b>Increase (Decrease)</b>
<b>Net sales</b>	1,543.5	<b>1,430.0</b>	(7.4%)
<b>Operating income</b>	406.0	<b>377.0</b>	(7.2%)
<b>Ordinary income</b>	418.2	<b>390.0</b>	(6.8%)
<b>Net income attributable to owners of parent</b>	314.0	<b>283.0</b>	(9.9%)
<b>Net income per Share (Yen)</b>	755	<b>681</b>	(74)
<b>Cash Dividends per Share (Yen)</b>	220	<b>240</b>	20

(Note)

Forward-looking statements such as the forecast of results of operations made in this document involves risks and uncertainties since they are based on management's assumptions and beliefs in light of the information currently available to it.

The reader should be aware that actual results may be materially different from any future results expressed herein due to various factors. Material factors affecting the actual results may include overall economic conditions in which the businesses of our company and our group companies are involved, the relevant market trends and fluctuations in foreign exchange rates of the yen, in particular, the exchange rate between the U.S. dollars and the yen; provided, however, that such factors as may affect results of operations are not limited to those enumerated above.

The year-end dividend for the fiscal year ending March 31, 2021 is expected to be ¥130 per share, an increase of ¥20 per share from the interim dividend of ¥110 per share. As a result, the dividend has increased for six consecutive terms, and we project that the dividend on an annual basis will be ¥240 per share, an increase of ¥20 per share from the dividend for the previous year of ¥220 per share.

## **2. Consolidated Financial Statements**

### **(1) Consolidated Balance Sheets**

As of March 31 and September 30, 2020

	Millions of yen	
	March 31, 2020	September 30, 2020
<b>ASSETS</b>		
Current Assets:		
Cash and time deposits	836,448	826,946
Notes and accounts receivable-trade	325,489	317,035
Securities	251,377	266,365
Inventories	365,667	368,920
Other	52,723	39,826
Less: Allowance for doubtful accounts	(7,186)	(6,267)
Total current assets	1,824,519	1,812,826
Fixed Assets:		
Property, plant and equipment		
Machinery and equipment, net	440,595	586,457
Other, net	679,319	563,990
Total property, plant and equipment	1,119,915	1,150,447
Intangible assets	10,099	9,597
Investments and other assets:		
Investments and other assets	278,241	278,399
Less: Allowance for doubtful accounts	(2,291)	(2,230)
Total investments and other assets	275,950	276,169
Total fixed assets	1,405,965	1,436,214
<b>TOTAL ASSETS</b>	<b>3,230,485</b>	<b>3,249,041</b>

	Millions of yen	
	March 31, 2020	September 30, 2020
<b>LIABILITIES</b>		
Current Liabilities:		
Notes and accounts payable-trade	136,442	104,483
Short-term borrowings	8,295	9,828
Accrued income taxes	44,377	40,329
Allowances	4,390	3,827
Other	184,288	167,201
	377,794	325,669
Total current liabilities		
Long-term Liabilities:		
Long-term debt	15,124	14,123
Net defined benefit liability	36,243	37,241
Other	78,181	78,730
	129,549	130,095
Total long-term liabilities		
<b>TOTAL LIABILITIES</b>		
	507,343	455,764
<b>NET ASSETS</b>		
Stockholders' Equity:		
Common stock	119,419	119,419
Additional paid-in capital	128,323	128,656
Retained earnings	2,413,769	2,508,331
Less: Treasury stock, at cost	(7,123)	(16,064)
	2,654,388	2,740,343
Total stockholders' equity		
Accumulated Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities	10,296	15,505
Deferred gains (losses) on hedges	(2,799)	(1,308)
Foreign currency translation adjustments	(8,187)	(31,291)
Remeasurements of defined benefit plans	(1,387)	(1,111)
	(2,078)	(18,206)
Total accumulated other comprehensive income		
Share subscription rights	1,904	2,421
Non-controlling interests in consolidated subsidiaries	68,927	68,718
	2,723,141	2,793,276
<b>TOTAL NET ASSETS</b>		
<b>TOTAL LIABILITIES AND NET ASSETS</b>		
	3,230,485	3,249,041

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

### Consolidated Statements of Income

For the first half ended September 30, 2019 and 2020

	Millions of yen	
	April 1, 2019 - September 30, 2019	April 1, 2020 - September 30, 2020
Net sales	786,542	710,526
Cost of sales	498,371	452,548
Gross profit	288,171	257,978
Selling, general and administrative expenses	77,638	73,660
Operating income	210,532	184,317
Non-operating income:		
Interest income	5,756	3,437
Dividend income	4,405	4,277
Other income	3,617	5,294
Total non-operating income	13,779	13,009
Non-operating expenses:		
Foreign exchange loss	3,284	3,240
Other expenses	2,804	1,842
Total non-operating expenses	6,089	5,083
Ordinary income	218,222	192,243
Extraordinary income:		
Gain on sales of investment securities	7,093	-
Total extraordinary income	7,093	-
Income before income taxes and non-controlling interests	225,315	192,243
Income taxes:		
Current	61,420	47,339
Deferred	(3,200)	2,692
Total income taxes	58,219	50,032
Net income	167,096	142,211
Net income attributable to non-controlling interests	2,070	1,905
Net income attributable to owners of parent	165,025	140,306

**Consolidated Statements of Comprehensive Income**  
For the first half ended September 30, 2019 and 2020

	Millions of yen	
	April 1, 2019 - September 30, 2019	April 1, 2020 - September 30, 2020
Net income	167,096	142,211
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	(5,408)	5,252
Deferred gains (losses) on hedges	(1,596)	1,480
Foreign currency translation adjustments	(33,642)	(23,752)
Remeasurements of defined benefit plans	(104)	281
Share of other comprehensive income of affiliates accounted for using the equity method	(278)	(38)
	(41,030)	(16,776)
Total other comprehensive income		
	126,065	125,435
	126,065	125,435
 (Breakdown)		
Comprehensive income attributable to owners of parent	124,952	124,178
Comprehensive income attributable to non-controlling interests	1,113	1,256

### (3) Consolidated Statements of Cash Flows

For the first half ended September 30, 2019 and 2020

Millions of yen

	April 1, 2019 - September 30, 2019	April 1, 2020 - September 30, 2020
Cash flows from operating activities:		
Income before income taxes and non-controlling interests	225,315	192,243
Depreciation and amortization	65,364	65,597
(Gain) loss on sales of investment in securities	(7,093)	(1,302)
Interest and dividend income	(10,162)	(7,715)
(Increase) decrease in notes and accounts receivable	(4,933)	6,039
(Increase) decrease in inventories	(7,181)	(6,358)
Increase (decrease) in notes and accounts payable	(14,148)	(31,077)
Other, net	3,888	6,001
Subtotal	251,050	223,428
Proceeds from interest and dividends	10,950	9,806
Payments of interest	(406)	(379)
Payments of income taxes	(54,927)	(52,273)
Net cash provided by operating activities	206,667	180,581
Cash flows from investing activities:		
Net (increase) decrease in time deposits	(78,040)	153,496
Net (increase) decrease in marketable securities	(3,500)	(26,566)
Purchases of property, plant and equipment	(127,267)	(112,738)
Purchases of investments in securities	(286)	(959)
Proceeds from sales and redemption of investments in securities	11,448	2,766
Other, net	(69)	(470)
Net cash provided by (used for) investing activities	(197,715)	15,527
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	686	(154)
Proceeds from long-term debt	4,819	1,187
Repayments of long-term debt	(225)	(194)
Purchases of treasury stock	(10,554)	(10,638)
Cash dividends paid	(41,680)	(45,744)
Other, net	(3,398)	741
Net cash used for financing activities	(50,353)	(54,802)
Effect of exchange rate changes on cash and cash equivalents	(9,216)	(5,860)
Net increase (decrease) in cash and cash equivalents	(50,618)	135,446
Cash and cash equivalents at beginning of period	828,345	745,125
Cash and cash equivalents at end of period	777,727	880,572

**(4) Notes to Consolidated Financial Statements**

**(Notes on Premise of Going Concern)**

Not applicable

**(Notes on Significant Changes in Stockholders' Equity)**

Not applicable

## (Appendix)

### 1. Quarterly Operating Results

(Billions of yen)

	FY 2020 April 1, 2019 - March 31, 2020					FY 2021 April 1, 2020 - March 31, 2021		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total
Net Sales	386.2	400.3	387.4	369.5	1,543.5	359.3	<b>351.1</b>	<b>710.5</b>
PVC / Chlor-Alkali	122.8	130.3	119.6	111.5	484.3	110.2	<b>103.6</b>	<b>213.8</b>
Silicones	56.3	58.4	57.3	54.7	226.8	51.2	<b>47.9</b>	<b>99.2</b>
Specialty Chemicals	28.9	29.3	29.2	27.3	114.7	27.4	<b>25.7</b>	<b>53.1</b>
Semiconductor Silicon	99.0	97.4	99.2	91.8	387.6	94.9	<b>94.1</b>	<b>189.1</b>
Electronics & Functional Materials	54.7	56.6	56.4	57.1	225.1	52.5	<b>57.1</b>	<b>109.6</b>
Processing, Trading & Specialized Services	24.2	28.0	25.5	26.8	104.7	22.8	<b>22.5</b>	<b>45.4</b>
Operating Income	107.5	103.0	108.2	87.3	406.0	90.9	<b>93.3</b>	<b>184.3</b>
PVC / Chlor-Alkali	25.3	26.3	25.5	14.9	92.1	19.0	<b>18.3</b>	<b>37.4</b>
Silicones	15.9	15.1	15.9	14.4	61.4	10.5	<b>10.1</b>	<b>20.6</b>
Specialty Chemicals	7.5	6.3	7.4	6.3	27.7	5.0	<b>5.8</b>	<b>10.8</b>
Semiconductor Silicon	39.4	35.0	37.6	31.1	143.2	38.5	<b>37.0</b>	<b>75.5</b>
Electronics & Functional Materials	16.6	16.7	18.1	17.0	68.5	14.9	<b>18.5</b>	<b>33.5</b>
Processing, Trading & Specialized Services	3.5	3.6	3.7	3.7	14.8	2.6	<b>3.7</b>	<b>6.4</b>
Ordinary Income	108.9	109.3	112.0	88.0	418.2	95.2	<b>97.0</b>	<b>192.2</b>
Net Income Attributable to Owners of Parent	84.0	80.9	81.8	67.1	314.0	69.3	<b>70.9</b>	<b>140.3</b>
Depreciation and Amortization	31.6	33.7	31.7	34.1	131.1	31.1	<b>34.4</b>	<b>65.5</b>
Capital Expenditures	56.3	60.5	62.2	85.8	265.0	52.7	<b>58.2</b>	<b>110.9</b>
R&D Costs	12.9	11.8	11.4	12.3	48.5	12.3	<b>12.1</b>	<b>24.5</b>
Overseas Sales	280.9	295.8	283.5	268.1	1,128.4	264.9	<b>258.1</b>	<b>523.1</b>
Ratio of Overseas Sales to Net Sales	73%	74%	73%	73%	73%	74%	<b>74%</b>	<b>74%</b>

## 2. Capital Expenditures and Depreciation and Amortization

(Billions of yen)

	2019 April - September	2020 April - September
<b>Capital Expenditures</b>	<b>116.9</b>	<b>110.9</b>
PVC/Chlor- Alkali Business	38.6	47.1
Silicones Business	14.8	11.5
Specialty Chemicals Business	10.4	7.6
Semiconductor Silicon Business	31.5	22.0
Electronics & Functional Materials Business	20.1	20.7
Processing, Trading & Specialized Services Business	2.4	2.3
<b>Depreciation and Amortization</b>	<b>65.3</b>	<b>65.5</b>
PVC/Chlor- Alkali Business	17.4	19.9
Silicones Business	7.6	8.1
Specialty Chemicals Business	5.0	6.5
Semiconductor Silicon Business	22.9	19.2
Electronics & Functional Materials Business	9.9	9.8
Processing, Trading & Specialized Services Business	2.4	2.1

### Annual

	Apr 2019 - Mar 2020 Actual	Apr 2020 - Mar 2021 Forecast
Capital Expenditures	265.0	240.0
Depreciation and Amortization	131.1	140.0

## 3. Other Financial Items (Consolidated)

(Billions of yen)

	Sep 30 2019	Sep 30 2020	Mar 31 2020
Net Assets	2,606.9	2,793.2	2,723.1
Total Assets	3,085.2	3,249.0	3,230.4
Net Assets per Share (Yen)	6,106	6,556	6,378
Interest-bearing Liabilities	19.7	23.9	23.4
Number of Employees	21,869	23,218	22,783
Exchange Rate: Jan - Jun (Avg)	110.1	108.3	
(Yen/US\$) Apr - Sep (Avg)	108.6	106.9	

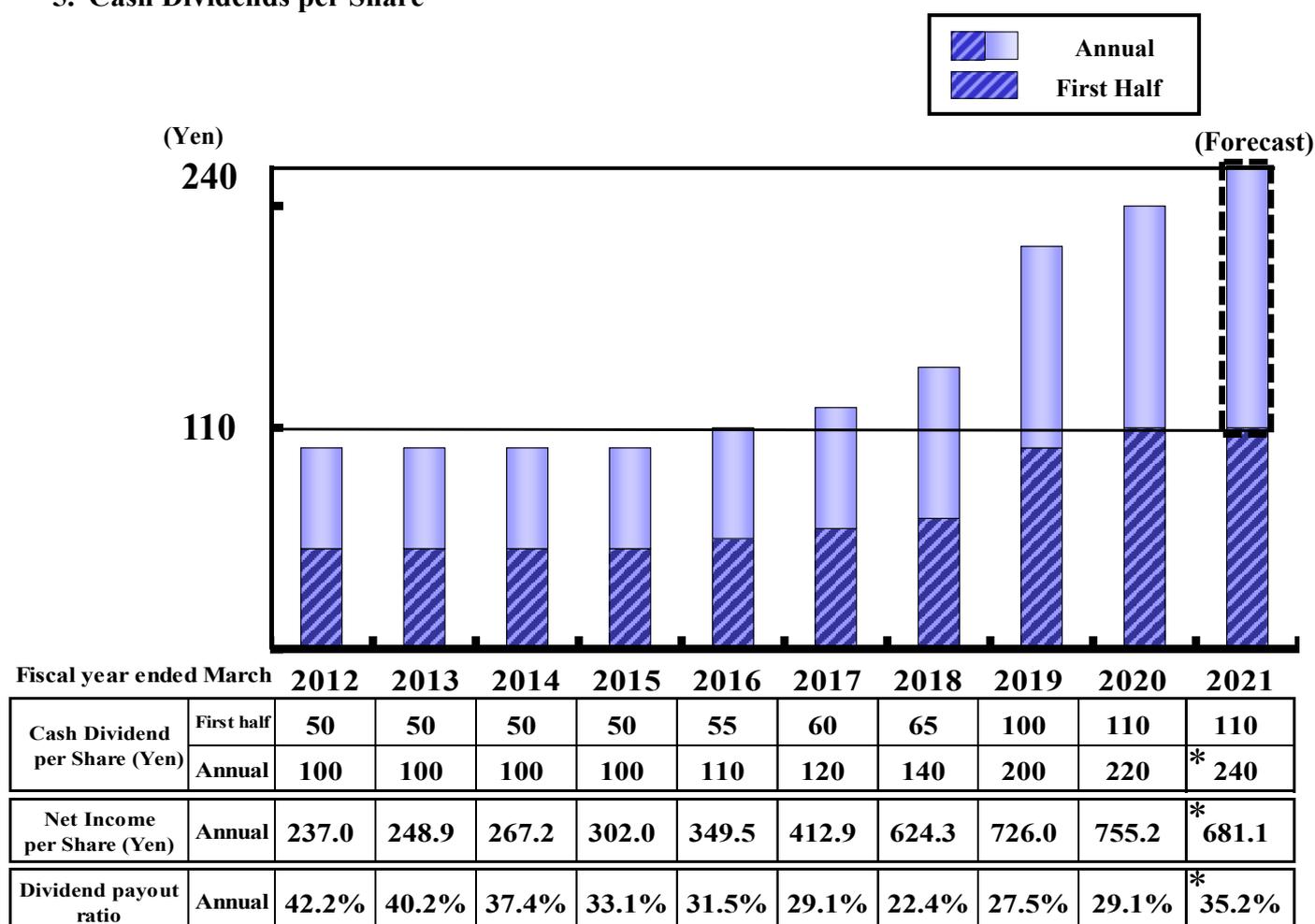
Note : An average exchange rate between January and June was used for the Consolidated Income Statements of overseas subsidiaries.

#### 4. Comparative Balance Sheets (Consolidated)

(Billions of yen)

	Mar 31 2020	Sep 30 2020	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]		Mar 31 2020	Sep 30 2020	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]
<b>Current Assets</b>	1,824.5	1,812.8	(11.7)	(13.9)	2.2	<b>Current Liabilities</b>	377.7	325.6	(52.1)	(1.8)	(50.3)
Cash and time deposits	836.4	826.9	(9.5)	(8.5)	(1.0)	Notes and accounts payable-trade	136.4	104.4	(32.0)	(0.9)	(31.1)
Notes and accounts receivable-trade	325.4	317.0	(8.4)	(2.0)	(6.4)	Short-term borrowings	8.2	9.8	1.6	(0.1)	1.7
Securities	251.3	266.3	15.0	0.0	15.0	Accrued income taxes	44.3	40.3	(4.0)	0.0	(4.0)
Inventories	365.6	368.9	3.3	(3.1)	6.4	Other	188.6	171.0	(17.6)	(0.8)	(16.8)
Other	45.5	33.5	(12.0)	(0.3)	(11.7)	<b>Long-term Liabilities</b>	129.5	130.0	0.5	(1.4)	1.9
						<b>Total Liabilities</b>	507.3	455.7	(51.6)	(3.2)	(48.4)
<b>Fixed Assets</b>	1,405.9	1,436.2	30.3	(14.4)	44.7	<b>Stockholders' Equity</b>	2,654.3	2,740.3	86.0	0.0	86.0
Property, Plant and Equipment	1,119.9	1,150.4	30.5	(14.0)	44.5	Accumulated Other Comprehensive Income	(2.0)	(18.2)	(16.2)	(24.5)	8.3
Intangible Assets	10.0	9.5	(0.5)	(0.1)	(0.4)	Other	70.8	71.1	0.3	(0.6)	0.9
Investments and Other Assets	275.9	276.1	0.2	(0.3)	0.5	<b>Total Net Assets</b>	2,723.1	2,793.2	70.1	(25.1)	95.2
<b>Total Assets</b>	3,230.4	3,249.0	18.6	(28.3)	46.9	<b>Total Liabilities and Net Assets</b>	3,230.4	3,249.0	18.6	(28.3)	46.9

#### 5. Cash Dividends per Share



\*Forecast

## 6. Sales by Region

(Billions of yen)

	Japan	Overseas						Total Consolidated Net Sales
		U.S.	Asia/Oceania		Europe	Other Areas	Total	
			China					
First Half	27%	22%	33%	10%	11%	7%	73%	786.5
Apr - Sep 2019	209.7	171.9	260.2	75.7	86.8	57.7	576.8	
Second Half	27%	22%	34%	11%	10%	7%	73%	756.9
Oct 2019 - Mar 2020	205.3	163.4	259.6	80.3	78.5	50.0	551.6	
Fiscal Year ended March 2020	27%	22%	33%	10%	11%	7%	73%	1,543.5
	415.0	335.3	519.9	156.0	165.3	107.8	1,128.4	
First Half	26%	22%	35%	10%	10%	7%	74%	710.5
Apr - Sep 2020	187.3	155.6	247.5	73.3	73.7	46.1	523.1	

(Note) % indicates the proportion of total consolidated net sales.

## 7. Average Exchange Rate

		US\$ (yen/\$)					EUR (yen/€)				
		Quarterly	6 months		12 months		Quarterly	6 months		12 months	
			Jan-Jun	Apr-Sep	Jan-Dec	Apr-Mar		Jan-Jun	Apr-Sep	Jan-Dec	Apr-Mar
Jul-Dec	Oct-Mar		Jul-Dec	Oct-Mar							
2019	Jan-Mar	110.2	110.1	109.1	108.7	125.1	124.3	121.4	122.1	120.8	
	Apr-Jun	109.9				123.5					
	Jul-Sep	107.4	108.6			119.3	119.8				
	Oct-Dec	108.8	108.1			120.3	120.2				
2020	Jan-Mar	108.9	108.3	106.9	106.9	120.1	119.3	121.3	121.3	121.3	
	Apr-Jun	107.6				118.5					
	Jul-Sep	106.2	106.9			124.1					

(Note) An average exchange rate between January and June was used for the Consolidated Income Statements of overseas subsidiaries.

	US\$	EUR
Shin-Etsu's assumption for the forecast from October 2020	105Yen/\$	123Yen/€

## 8. Topics (Oct. 2019 – Oct. 2020)

- Oct. 2019** Shin-Etsu Chemical has concluded patent licensing agreement for the manufacturing of solar cells.
- Dec. 2019** Shin-Etsu Chemical launched newly developed advanced materials for 5G-related products.
- Jan. 2020** Shin-Etsu Chemical shifted into high gear in the development of gallium nitride substrates and related products.
- Feb. 2020** Shin-Etsu Chemical has started marketing newly developed materials for MicroLED displays.
- May. 2020** Shin-Etsu Chemical has developed new technology for reducing the amount of platinum used in silicone release coatings by about one-half.
- Jul. 2020** Shin-Etsu Chemical has developed a new silicone emulsion.
- Sep. 2020** Shin-Etsu Chemical has developed a molding silicone rubber that does not require post cure.
- Oct. 2020** Shin-Etsu Chemical announced capacity expansion of photoresists in Japan and Taiwan.

★ Please refer to news releases related to these matters on our website at <https://www.shinetsu.co.jp/en/news/>

## 9. Capital Investments

Company	Projects	Investment Amount	★: complete ☆:completion schedule											
			2018		2019		2020		2021		2022			
			1H	2H	1H	2H	1H	2H	1H	2H	1H	2H		
Shintech (USA)	Establishment of a manufacturing plant for ethylene	\$1,400 million						★						
Shintech (USA)	Establishment of a new integrated PVC plant	\$1,490 million								☆				
Shin-Etsu Chemical (Gunma, Naoetsu)	Reinforcement of the production capacity for highly functional silicone products	¥20 billion												
Asia Silicones Monomer (Thailand) Shin-Etsu Silicones (Thailand)	Increase of the production capacity for silicone products	¥20 billion	★											
Shin-Etsu Chemical (Naoetsu)	Construction of a functional silane plant	¥2.3 billion	★											
Shin-Etsu Silicones of America (USA)	Reinforcement of the production capacity for silicone products	¥2.4 billion			★									
Shin-Etsu Chemical and main overseas bases (Gunma, Thailand, etc.)	Reinforcement of the production capacity for silicone monomer and polymer	¥110 billion											☆	
Shin-Etsu Chemical (Naoetsu) SE Tylose (Germany)	Facility investments for cellulose derivatives	¥20 billion				★								
Shin-Etsu Magnetic Materials (Vietnam)	Reinforcement of the production capacity for rare earth magnets plant	¥5 billion		★										
Shin-Etsu Electronics Materials Taiwan (Taiwan)	Establishment of a new plant for photoresist-related products	¥13 billion		★										
Shin-Etsu Chemical (Naoetsu) Shin-Etsu Electronics Materials Taiwan (Taiwan)	Facility investments for photoresists	¥30 billion											★ <sup>*2</sup>	★ <sup>*3</sup>
Shin-Etsu Chemical (Takefu, Naoetsu)	Reinforcement of the production capacity for photomask blanks	¥14 billion						★ <sup>*3</sup>					★ <sup>*4</sup>	
Shin-Etsu Chemical (Kashima) Shin-Etsu (Jiangsu) Optical Preform (China) Shin-Etsu YOFC (Hubei) Optical Preform (China)	Reinforcement of the production capacity for optical fiber preform	¥18 billion						★ <sup>*5</sup>					★ <sup>*6</sup>	

\*1 Starting up gradually \*2 Taiwan \*3 Naoetsu \*4 Takefu \*5 Kashima and Hubei \*6 Jiangsu