

Press Release

Consolidated Financial Results for the First Quarter Ended June 30, 2021



Shin-Etsu Chemical Co., Ltd.

(JP GAAP)

July 27, 2021

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

Listing Stock Exchange: Tokyo and Nagoya

Representative: Yasuhiko Saitoh (Mr.) Representative Director/President

Personnel to contact: Toshiyuki Kasahara (Mr.) Corporate Officer, General Manager of Finance & Accounting Department

Tel: +81-3-3246-5051

Date of the filing of the quarterly consolidated financial statements: August 12, 2021

Date of dividend payment: -

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

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

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

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

1. Consolidated Operating Performance for the First Quarter Ended June 30, 2021

(From April 1, 2021 to June 30, 2021)

(1) Results of consolidated operations

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
April - June 2021	434,239	20.8%	128,818	41.7%	130,831	37.4%	95,725	38.1%
April - June 2020	359,339	(7.0%)	90,937	(15.4%)	95,238	(12.5%)	69,312	(17.5%)

(Note) Comprehensive income (Millions of yen) From April 1, 2021 to June 30, 2021: 182,795 [250.5%]

From April 1, 2020 to June 30, 2020: 52,159 [(35.5%)]

	Net income per share (yen)	Diluted net income per share (yen)
April - June 2021	230.35	230.13
April - June 2020	166.67	166.63

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
June 30, 2021	3,499,402	3,009,819	83.7%	7,051.66
March 31, 2021	3,380,615	2,886,625	83.2%	6,769.72

(Note) Stockholders' equity (Millions of yen) As of June 30, 2021: 2,930,511 As of March 31, 2021: 2,813,137

2. Cash Dividends

	Cash dividends per share in the fiscal year (yen)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Fiscal year
April 2020 - March 2021	-	110.00	-	140.00	250.00
April 2021 - March 2022	-				
April 2021 - March 2022 (forecast)		150.00	-	150.00	300.00

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

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2022

(From April 1, 2021 to March 31, 2022)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share (yen)	
Fiscal year	1,700,000	13.6%	485,000	23.7%	500,000	23.4%	363,000	23.6%	873.49	

(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 quarter ended June 30, 2021: No

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during the first quarter ended June 30, 2021.

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

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

Changes in accounting policies applied due to revisions of accounting standards: Yes

Changes in accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(Note) Please see [2. Consolidated Financial Statements (3) Notes to Consolidated Financial Statements, “Changes in Accounting Policies”] on page 13 for further details.

(4) Number of shares outstanding (common stock)

	June 30, 2021	March 31, 2021
Number of shares outstanding at period end	416,662,793	416,662,793
Number of shares of treasury stock at period end	1,085,146	1,115,572
	April - June 2021	April - June 2020
Weighted-average number of shares outstanding over period	415,565,972	415,866,202

(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 quarter of the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022), as far as the economic growth rate (GDP growth rate) was concerned, the world economy registered a strong growth. Last month, the World Bank reported the global economic outlook for this year as growing at "the fastest post-recession pace in 80 years." The Shin-Etsu Group, acting without prejudice, prioritized the health and safety of its employees, and focuses on fulfilling business requirements such as maintaining high operation rates, ensuring stable supply, and protecting accounts receivables. We strove to maintain close communication with customers, promote the development of products that are valuable to customers and provide a stable supply of products of unwavering quality. Furthermore, we carried out the scheduled investments as planned.

As a result, the business results for the first quarter of the fiscal year ending March 31, 2022 are as follows:

We changed the reportable segments from the first quarter of this fiscal year. The main products and services belonging to each segment of the new reportable segments are described in "2. Consolidated Financial Statements (3) Notes to Consolidated Financial Statements (Segment Information)" on page 14 of the Attached Documents. With this change, the goals of our businesses will become clearer, and the report will be more suitable for the markets and industries in which our business operates and makes its contribution.

In addition, we will enhance the report by adding Sales by Manufacturing Location for Each Segment on page 20 of this report.

	(Billions of yen)		
	2020 April - June	2021 April - June	Increase (Decrease)
Net sales	359.3	434.2	20.8% 74.9
Operating income	90.9	128.8	41.7% 37.9
Ordinary income	95.2	130.8	37.4% 35.6
Net income attributable to owners of parent	69.3	95.7	38.1% 26.4
ROIC (per annum)	16.0%	21.5%	5.5 points
ROE (per annum)	10.4%	13.3%	2.9 points
ROA (per annum)	11.9%	15.2%	3.3 points
Net income per share (Yen)	167	230	63

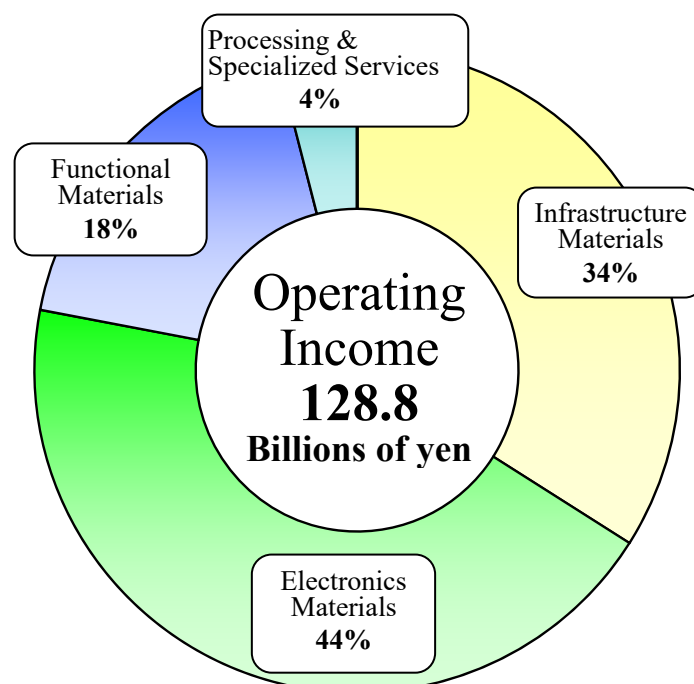
- Notes:
- ROIC: Return on invested capital
Net operating income after tax / (Net assets + Interest-bearing liabilities – Cash)
 - ROE: Return (Net Income) on equity
Equity used for this calculation is net assets excluding both share subscription rights and non-controlling interests in consolidated subsidiaries.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

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

Net Sales and Operating Income by Segment

(Billions of yen)

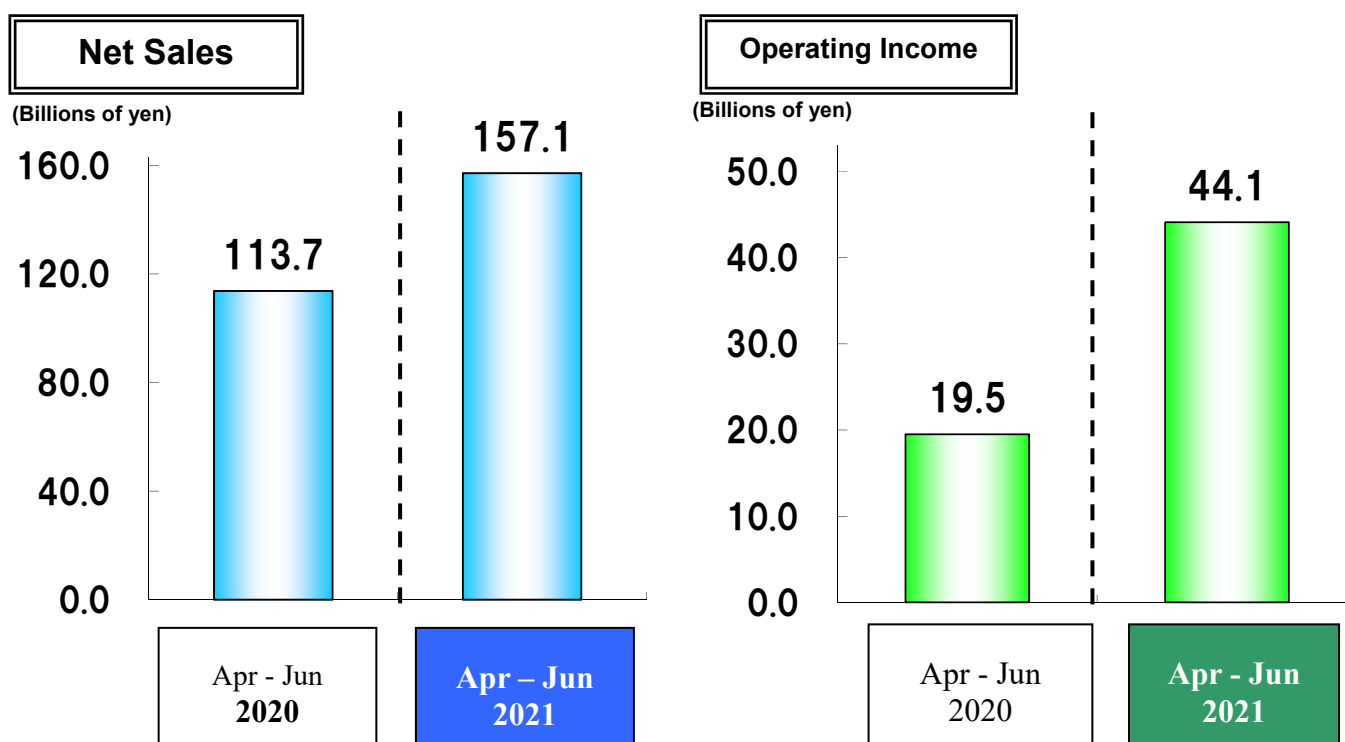
	Net Sales			Operating Income		
	2020 Apr - Jun	2021 Apr - Jun	Increase (Decrease)	2020 Apr - Jun	2021 Apr - Jun	Increase (Decrease)
Infrastructure Materials	113.7	157.1	38.1% 43.4	19.5	44.1	2.3 times 24.6
Electronics Materials	144.4	161.1	11.5% 16.7	51.8	56.7	9.4% 4.9
Functional Materials	77.4	91.6	18.3% 14.2	16.2	22.7	39.4% 6.5
Processing & Specialized Services	23.6	24.3	2.9% 0.7	3.0	5.3	76.1% 2.3
Total	359.3	434.2	20.8% 74.9	90.9	128.8	41.7% 37.9



Infrastructure Materials

	Apr - Jun 2020 (Billions of yen)	Apr - Jun 2021 (Billions of yen)	Increase / (Decrease)
Net sales	113.7	157.1	38.1%
Operating income	19.5	44.1	2.3 times

Sales prices of PVC have risen, supported by strong global demand growth. Except for the production decrease at Shintech, Inc. due to the major cold wave that occurred in February this year in the United States and the scheduled maintenance at the Kashima plant in Japan, we maintained full operation at all production bases.

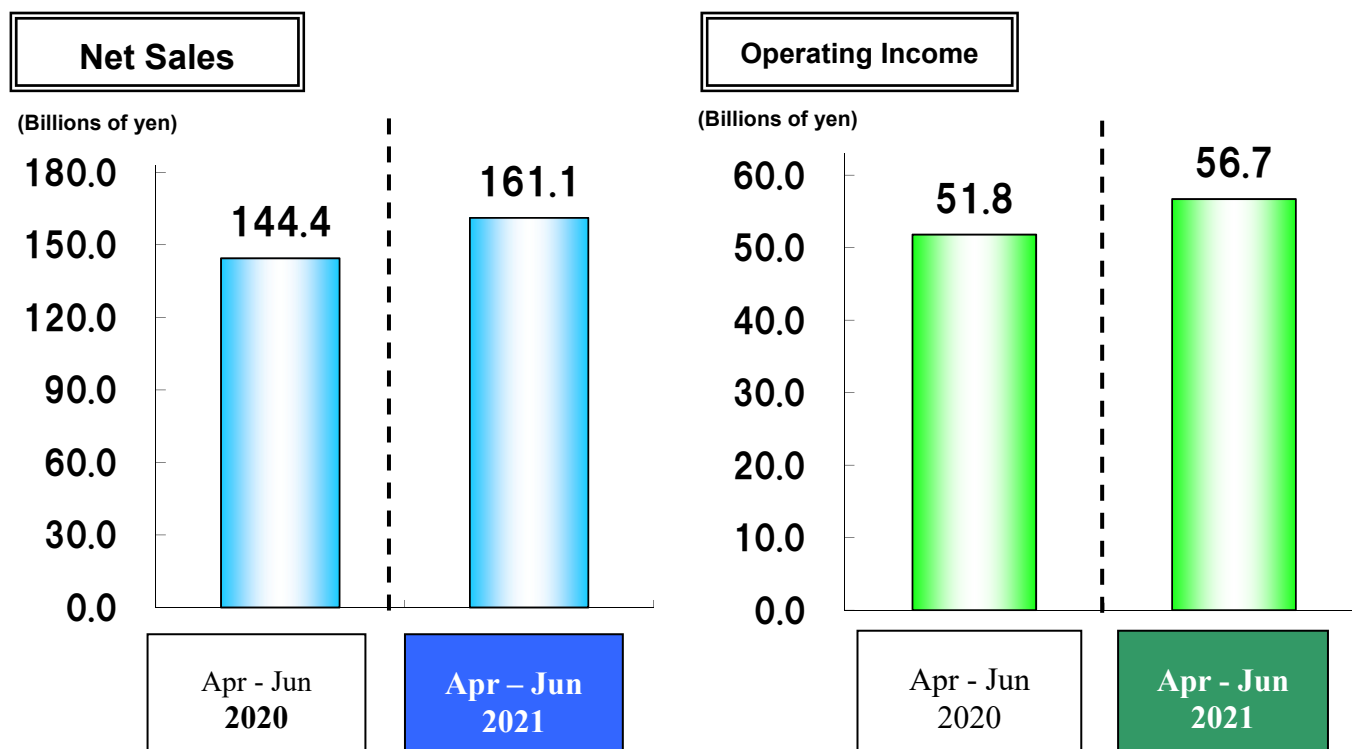


- Basic demand for PVC resin will continue to grow due to housing shortages in major countries and financial investment in infrastructure.
- Enhanced production capacity at Shintech, Inc. in the United States will contribute to the financial results in the second half of this fiscal year.

Electronics Materials

	Apr - Jun 2020 (Billions of yen)	Apr - Jun 2021 (Billions of yen)	Increase / (Decrease)
Net sales	144.4	161.1	11.5%
Operating income	51.8	56.7	9.4%

Products such as semiconductor silicon, photoresists, and photomask blanks continued to be shipped at a high level for semiconductor device applications, where strong demand continues for a wide range of fields. Rare earth magnets have been strong in all applications, including automobiles, factory automation, and hard disk drives.

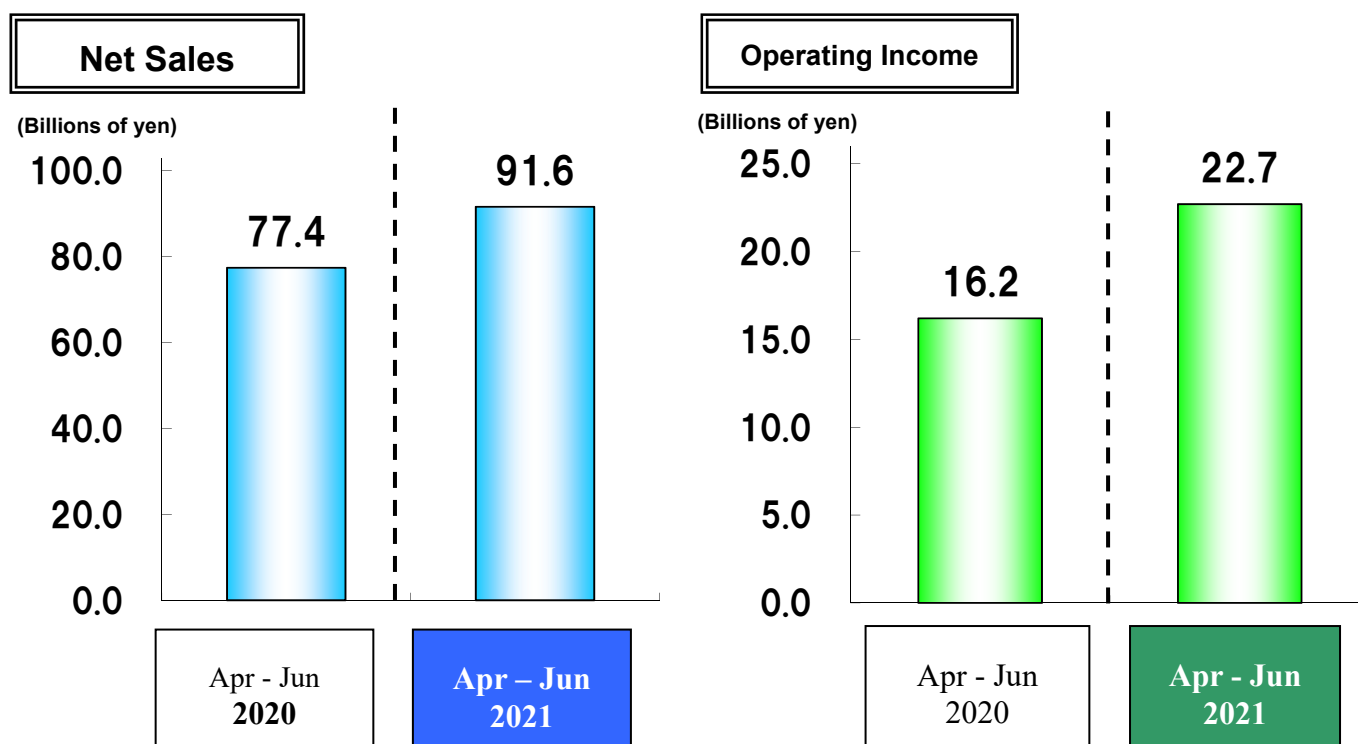


- Timely response to the expansion and evolution of ongoing semiconductor device demand.
- Supply of technologies and materials indispensable for the progress of electric and drive mechanism toward carbon neutrality.
- Progress of development of new packaging materials and EUV mask blanks.

Functional Materials

	Apr - Jun 2020 (Billions of yen)	Apr - Jun 2021 (Billions of yen)	Increase / (Decrease)
Net sales	77.4	91.6	18.3%
Operating income	16.2	22.7	39.4%

As we entered this year, the decline in demand for personal care application caused by restrictions on economic activity in the same period of the previous year disappeared. Inventory adjustments for automobiles application have ended and shipments were favorable. Healthcare application remained firm. While responding to this increase in demand, we have begun considering price adjustments.

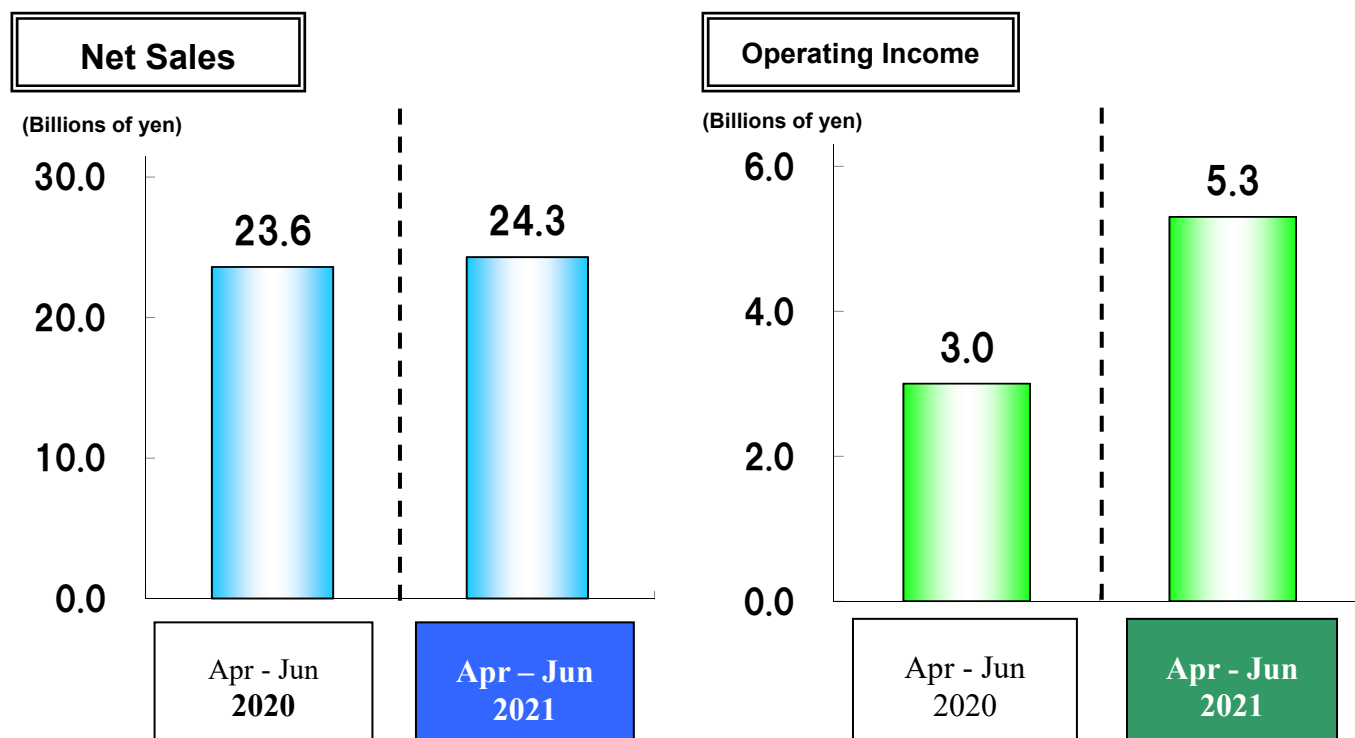


- Development of products that helps reduce greenhouse gas emissions.
- Enhancement of multi-faceted integration of products in the silicone business.
- Development of the silicon anode material that meets the characteristics required for automobile application.

Processing & Specialized Services

	Apr - Jun 2020 (Billions of yen)	Apr - Jun 2021 (Billions of yen)	Increase / (Decrease)
Net sales	23.6	24.3	2.9%
Operating income	3.0	5.3	76.1%

Shipments of semiconductor wafer containers were strong both for transporting use and for manufacture process use, and the production and shipping of input devices for automobiles responded quickly to the recovery in demand.



- Started capacity expansion for semiconductor wafer containers. Launched price revisions for PVC-related products.

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

Overall growth of the global economy is expected this year. On the other hand, there may be situations that require the assumptions to be reviewed, such as the rebound of COVID-19 pandemic. In the face of such various risk factors, the Group will promote efforts to grow all businesses. We will continue development investment and realize it at an early stage. We also aim to improve ROE and ROIC by increasing profits.

The forecast of consolidated business results for the fiscal year ending March 2022 is as follows.

(Billions of yen)

	FY 2021 Apr - Mar Actual	FY 2022 Apr - Mar Forecast	Increase (Decrease)
Net sales	1,496.9	1,700.0	13.6%
Operating income	392.2	485.0	23.7%
Ordinary income	405.1	500.0	23.4%
Net income attributable to owners of parent	293.7	363.0	23.6%
Net income per share (Yen)	707	873	166
Cash Dividends per Share (Yen)	250	300	50

(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.

We expect to pay a dividend of ¥150 per share for both the interim and year-end dividends. As a result, the dividend will register an increase for seven consecutive terms, and the total annual dividend forecast will be ¥300 per share, an increase of ¥50 from the previous term.

The forecast of our consolidated operating performance and dividend is disclosed separately in "Notice Regarding Operating Performance and Dividend Forecasts" today.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31 and June 30, 2021

	Millions of yen	
	March 31, 2021	June 30, 2021
ASSETS		
Current Assets:		
Cash and time deposits	866,882	897,692
Notes and accounts receivable-trade	343,896	-
Notes, accounts receivable-trade and contract assets	-	372,277
Securities	286,039	262,219
Inventories	365,032	373,492
Other	59,085	76,684
Less: Allowance for doubtful accounts	(6,028)	(5,822)
Total current assets	1,914,909	1,976,542
Fixed Assets:		
Property, plant and equipment		
Machinery and equipment, net	559,992	586,622
Other, net	605,156	641,531
Total property, plant and equipment	1,165,149	1,228,154
Intangible assets	8,922	9,347
Investments and other assets:		
Investments and other assets	293,815	287,535
Less: Allowance for doubtful accounts	(2,180)	(2,178)
Total investments and other assets	291,635	285,357
Total fixed assets	1,465,706	1,522,859
TOTAL ASSETS	3,380,615	3,499,402

	Millions of yen	
	March 31, 2021	June 30, 2021
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	125,410	130,851
Short-term borrowings	11,768	11,669
Accrued income taxes	48,049	30,450
Allowances	4,370	3,425
Other	173,648	173,780
	363,246	350,176
Long-term Liabilities:		
Long-term debt	15,986	17,193
Net defined benefit liability	41,456	42,830
Other	73,300	79,382
	130,743	139,406
	493,990	489,582
NET ASSETS		
Stockholders' Equity:		
Common stock	119,419	119,419
Additional paid-in capital	128,954	129,000
Retained earnings	2,616,081	2,650,967
Less: Treasury stock, at cost	(12,612)	(12,270)
	2,851,842	2,887,116
Accumulated Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities	25,027	26,521
Deferred gains (losses) on hedges	(2,703)	(1,624)
Foreign currency translation adjustments	(58,618)	20,640
Remeasurements of defined benefit plans	(2,409)	(2,142)
	(38,704)	43,395
Share subscription rights	2,014	1,942
Non-controlling interests in consolidated Subsidiaries	71,473	77,364
	2,886,625	3,009,819
	3,380,615	3,499,402

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

Consolidated Statements of Income

For the first quarter ended June 30, 2020 and 2021

	Millions of yen	
	April 1, 2020 - June 30, 2020	April 1, 2021 - June 30, 2021
Net sales	359,339	434,239
Cost of sales	231,200	264,383
Gross profit	128,139	169,856
Selling, general and administrative expenses	37,201	41,037
Operating income	90,937	128,818
Non-operating income:		
Dividend income	1,151	1,167
Equity in earnings of affiliates	1,159	1,351
Other income	4,115	1,088
Total non-operating income	6,426	3,607
Non-operating expenses:		
Foreign exchange loss	1,136	365
Loss on retirement of non-current assets	91	538
Other expenses	897	689
Total non-operating expenses	2,126	1,593
Ordinary income	95,238	130,831
Income before income taxes and non-controlling interests	95,238	130,831
Income taxes:		
Current	22,481	27,143
Deferred	2,935	4,864
Total income taxes	25,416	32,007
Net income	69,821	98,823
Net income attributable to non-controlling interests	508	3,097
Net income attributable to owners of parent	69,312	95,725

Consolidated Statements of Comprehensive Income

For the first quarter ended June 30, 2020 and 2021

	Millions of yen	
	April 1, 2020 - June 30, 2020	April 1, 2021 - June 30, 2021
Net income	69,821	98,823
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	3,505	1,479
Deferred gains (losses) on hedges	(105)	1,082
Foreign currency translation adjustments	(21,108)	80,846
Remeasurements of defined benefit plans	151	266
Share of other comprehensive income of affiliates accounted for using the equity method	(104)	297
Total other comprehensive income	(17,661)	83,971
Comprehensive income	52,159	182,795
(Breakdown)		
Comprehensive income attributable to owners of parent	52,273	177,826
Comprehensive income attributable to non-controlling interests	(113)	4,969

(3) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable

(Notes on Significant Changes in Stockholders' Equity)

Not applicable

(Changes in Accounting Policies)

(Application of “Accounting Standard for Revenue Recognition,” etc.)

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards are applied from the first quarter of the fiscal year ending March 31, 2022. We now recognize revenue in the amount that expects to receive in exchange for promised goods or services at the time control of the goods or services are transferred to a customer.

Based on the transitional treatment outlined in Article 84 of the “Accounting Standard for Revenue Recognition,” the cumulative effect of retroactively applying the new accounting policy to periods prior to the beginning of the fiscal year ending March 31, 2022 is reflected in the balance of retained earnings at the beginning of the fiscal year ending March 31, 2022. As a result, the balance of retained earnings at the beginning of the fiscal year ending March 31, 2022 decreased by ¥2,133 million.

The impact of the application of these accounting standards on Net sales, Gross profit, Operating income, Ordinary income and Income before income taxes and non-controlling interests is immaterial.

Due to the application of these accounting standards, “Notes and accounts receivable-trade” in “Current Assets” in the consolidated balance sheets have been reclassified as “Notes, accounts receivable-trade and contract assets” from the first quarter of the fiscal year ending March 31, 2022. Based on the transitional treatment stipulated in Article 89-2 of the “Accounting Standard for Revenue Recognition,” comparative information for the previous fiscal year has not been restated to reflect the new method of presentation.

(Application of “Accounting Standard for Fair Value Measurement,” etc.)

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and other standards are applied from the first quarter of the fiscal year ending March 31, 2022. Based on the transitional treatment prescribed in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), we have decided to apply the new accounting policies set forth by the “Accounting Standard for Fair Value Measurement” into the future. These changes had no impact on the quarterly consolidated financial statements.

(Segment Information)

1. Overview of Reportable Segments

We changed the reportable segments from the first quarter of this fiscal year. With this change, the goals of our businesses will become clearer, and the report will be more suitable for the markets and industries in which our business operates and makes its contribution. For each business unit that make up the segment, separate financial information is available. Such information will be regularly examined by the decision-making body for the allocation of management resources and performance evaluation. The main products and services that belong to each segment of the new reportable segment are as follows.

Segment	Main products and services	Business description
Infrastructure Materials	Polyvinyl chloride resin, Caustic soda, Methanol, Chloromethanes, Poval	Supporting infrastructure and daily life by lessening environmental impact.
Electronics Materials	Semiconductor silicon, Rare earth magnets, Semiconductor encapsulating materials, LED packaging materials, Photoresists, Photomask blanks, Synthetic quartz products	Providing material technology for better application for electronics, optics, and magnetics everywhere.
Functional Materials	Silicones, Cellulose derivatives, Silicon metal, Synthetic pheromones, Vinyl chloride-vinyl acetate copolymer, Liquid fluoroelastomers, Pellicles	Providing a wide range of better functions that are required.
Processing & Specialized Services	Processed plastics, Export of technologies and plants, Export and import of products, Engineering	Responding to problem solving by applying materials and utilizing engineering.

2. Information on Sales and Income (Loss) of Reportable Segments

(1) For the first quarter ended June 30, 2021 (From April 1, 2021 to June 30, 2021)

Millions of yen							
	Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total	Adjustment*	Figures in consolidated financial statements
Sales to outside customers	157,123	161,103	91,654	24,357	434,239	—	434,239
Intersegment sales	2,438	1,160	5,313	29,136	38,049	(38,049)	—
Total	159,562	162,264	96,967	53,494	472,289	(38,049)	434,239
Segment income (Operating income)	44,106	56,747	22,708	5,352	128,914	(96)	128,818

*Elimination of intersegment transactions

(2) For the first quarter ended June 30, 2020 (From April 1, 2020 to June 30, 2020)

*Figures below are based on the modified reportable segments.

Millions of yen							
	Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total	Adjustment*	Figures in consolidated financial statements
Sales to outside customers	113,783	144,429	77,444	23,681	359,339	—	359,339
Intersegment sales	2,235	2,469	4,440	30,305	39,450	(39,450)	—
Total	116,018	146,899	81,884	53,987	398,790	(39,450)	359,339
Segment income (Operating income)	19,598	51,856	16,284	3,039	90,779	158	90,937

*Elimination of intersegment transactions

(Appendix)

1. Quarterly Operating Results

(Billions of yen)

	FY 2021 April 1, 2020 - March 31, 2021					FY 2022 April 1, 2021 - March 31, 2022
	1Q	2Q	3Q	4Q	Total	1Q
Net Sales	359.3	351.1	379.8	406.4	1,496.9	434.2
Infrastructure Materials	113.7	106.8	125.3	139.9	485.8	157.1
Electronics Materials	144.4	148.0	149.0	154.1	595.6	161.1
Functional Materials	77.4	72.9	79.7	84.1	314.2	91.6
Processing & Specialized Services	23.6	23.3	25.7	28.2	101.0	24.3
Operating Income	90.9	93.3	100.7	107.1	392.2	128.8
Infrastructure Materials	19.5	18.5	25.4	35.9	99.6	44.1
Electronics Materials	51.8	53.6	53.0	47.5	206.0	56.7
Functional Materials	16.2	17.0	18.1	19.2	70.7	22.7
Processing & Specialized Services	3.0	4.1	4.2	4.8	16.3	5.3
Ordinary Income	95.2	97.0	100.8	112.0	405.1	130.8
Net Income Attributable to Owners of Parent	69.3	70.9	73.0	80.4	293.7	95.7
R&D Costs	12.3	12.1	12.9	13.7	51.2	14.0
Overseas Sales	264.9	258.1	281.7	302.2	1,107.1	327.1
Ratio of Overseas Sales to Net Sales	74%	74%	74%	74%	74%	75%

2. Capital Expenditures and Depreciation and Amortization

(Billions of yen)

	FY 2021 April 1, 2020 - March 31, 2021					FY 2022 April 1, 2021 - March 31, 2022
	1Q	2Q	3Q	4Q	Total	1Q
Capital Expenditures	52.7	58.2	63.6	54.1	228.8	46.7
Infrastructure Materials	27.2	24.7	24.9	26.4	103.4	15.7
Electronics Materials	17.1	25.5	27.0	18.7	88.4	21.6
Functional Materials	7.0	7.5	11.0	8.6	34.2	8.3
Processing & Specialized Services	1.6	0.7	0.6	1.0	4.1	1.2
Depreciation and Amortization	31.1	34.4	37.1	41.0	143.8	35.2
Infrastructure Materials	9.2	11.2	11.5	12.2	44.3	11.5
Electronics Materials	13.8	14.8	16.7	19.0	64.5	15.3
Functional Materials	7.0	7.2	7.8	8.7	30.8	7.5
Processing & Specialized Services	1.0	1.1	1.1	1.2	4.5	0.9

Annual

(Billions of yen)

	Apr 2021 - Mar 2022 Forecast
Capital Expenditures	220.0
Depreciation and Amortization	160.0

3. Other Financial Items (Consolidated)

(Billions of yen)

	Jun 30 2020	Jun 30 2021	Mar 31 2021
Net Assets	2,729.3	3,009.8	2,886.6
Total Assets	3,179.6	3,499.4	3,380.6
Net Assets per Share (Yen)	6,394	7,052	6,770
Interest-bearing Liabilities	23.7	28.8	27.7
Number of Employees	23,148	24,196	24,069
Exchange Rate: Jan - Mar (Avg)	108.9	105.9	
(Yen/US\$) Apr - Jun (Avg)	107.6	109.5	

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

4. Comparative Balance Sheets (Consolidated)

(Billions of yen)

	Mar 31 2021	Jun 30 2021	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]		Mar 31 2021	Jun 30 2021	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]
Current Assets	1,914.9	1,976.5	61.6	44.5	17.1	Current Liabilities	363.2	350.1	(13.1)	5.8	(18.9)
Cash and time deposits	866.8	897.6	30.8	27.0	3.8	Notes and accounts payable-trade	125.4	130.8	5.4	2.7	2.7
Notes and accounts receivable-trade	343.8	372.2	28.4	9.1	19.3	Short-term borrowings	11.7	11.6	(0.1)	0.3	(0.4)
Securities	286.0	262.2	(23.8)	0.1	(23.9)	Accrued income taxes	48.0	30.4	(17.6)	0.7	(18.3)
Inventories	365.0	373.4	8.4	7.9	0.5	Other	178.0	177.2	(0.8)	2.1	(2.9)
Other	53.0	70.8	17.8	0.4	17.4	Long-term Liabilities	130.7	139.4	8.7	5.2	3.5
						Total Liabilities	493.9	489.5	(4.4)	11.0	(15.4)
Fixed Assets	1,465.7	1,522.8	57.1	51.6	5.5	Stockholders' Equity	2,851.8	2,887.1	35.3	0.0	35.3
Property, Plant and Equipment	1,165.1	1,228.1	63.0	49.7	13.3	Accumulated Other Comprehensive Income	(38.7)	43.3	82.0	82.4	(0.4)
Intangible Assets	8.9	9.3	0.4	0.2	0.2	Other	73.4	79.3	5.9	2.7	3.2
Investments and Other Assets	291.6	285.3	(6.3)	1.7	(8.0)	Total Net Assets	2,886.6	3,009.8	123.2	85.1	38.1
Total Assets	3,380.6	3,499.4	118.8	96.1	22.7	Total Liabilities and Net Assets	3,380.6	3,499.4	118.8	96.1	22.7

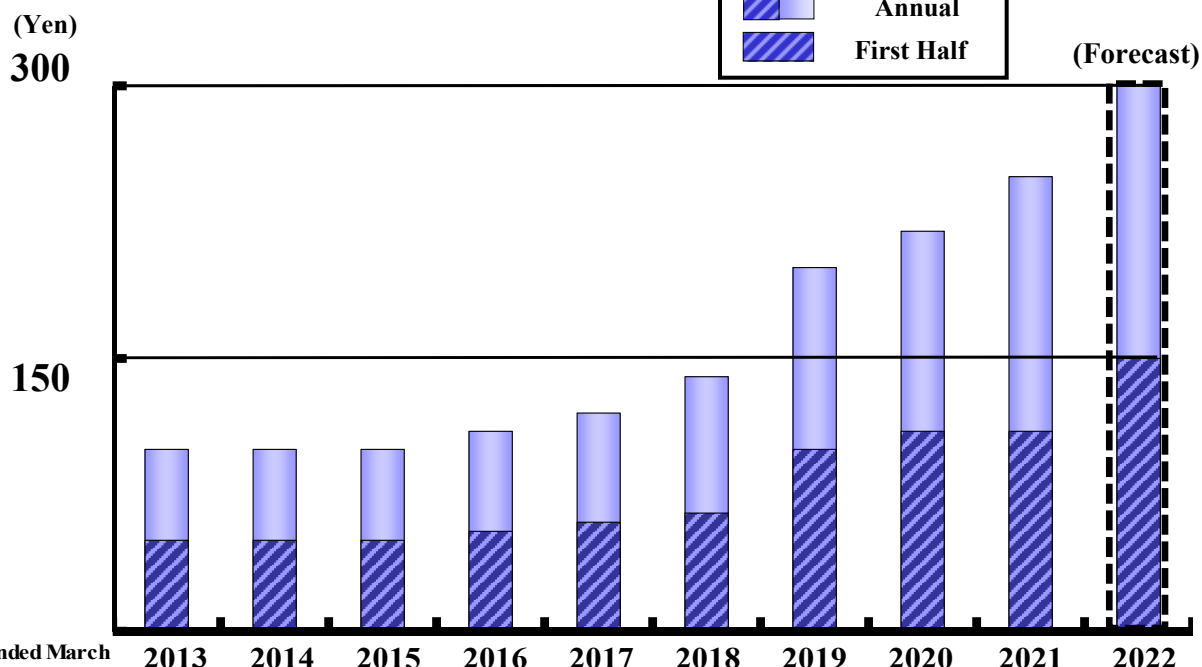
5. Comparative Statements of Cash Flows (Consolidated)

(Billions of yen)

	2020 Apr-Jun	2021 Apr-Jun	Increase (Decrease)
(1) Cash Flows from Operating Activities	59.9	85.0	25.1
Income Before Income Taxes	95.2	130.8	35.6
Payments of income taxes	(49.2)	(47.0)	2.2
Depreciation and amortization	31.1	35.2	4.1
(Increase)Decrease in working capital	(13.3)	(18.1)	(4.8)
Other	(3.7)	(15.9)	(12.2)
(2) Cash Flows from Investing Activities	28.8	(72.6)	(101.4)
Capital expenditures	(53.6)	(51.1)	2.5
(Increase)Decrease in securities	(19.3)	(0.7)	18.6
(Increase)Decrease in time deposits	101.6	(20.1)	(121.7)
Other	0.1	(0.6)	(0.7)
(3) Cash Flows from Financing Activities	(46.2)	(57.4)	(11.2)
Increase(Decrease) in borrowings	0.5	0.0	(0.5)
Cash dividends paid	(45.7)	(58.1)	(12.4)
Other	(1.0)	0.6	1.6
(4) Effect of Exchange Rate Changes on Cash and Cash Equivalents, and other	(5.0)	12.2	17.2
Net Increase (Decrease) in Cash and Cash Equivalents	37.5	(32.8)	(70.3)
Balance of Cash and Cash Equivalents	782.6	768.7	(13.9)
Balance of Interest-bearing Liabilities	23.7	28.8	5.1

Note : These statements were prepared on an informal basis.

6. Cash Dividends per Share



Cash Dividend per Share (Yen)	First half	50	50	50	55	60	65	100	110	110	* 150
	Annual	100	100	100	110	120	140	200	220	250	* 300
Net Income per Share (Yen)	Annual	248.9	267.2	302.0	349.5	412.9	624.3	726.0	755.2	706.8	* 873.5
Dividend payout ratio	Annual	40.2%	37.4%	33.1%	31.5%	29.1%	22.4%	27.5%	29.1%	35.4%	* 34.3%

*Forecast

7. Sales by Manufacturing Location for Each Segment

(Billions of yen)

		Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total
2020 April - June	Goods Manufactured in Japan	15.1	119.8	49.2	17.8	202.1
	Goods Manufactured overseas	98.6	24.5	28.2	5.8	157.1
		113.7	144.4	77.4	23.6	359.3
2021 April - June	Goods Manufactured in Japan	24.0	125.7	57.2	16.0	223.1
	Goods Manufactured overseas	133.0	35.3	34.4	8.2	211.1
		157.1	161.1	91.6	24.3	434.2

8. Sales by Region

(Billions of yen)

	Japan	Overseas					Total	Total Consolidated Net Sales
		U.S.	Asia/Oceania		Europe	Other Areas		
			China					
2020 April - June	26%	22%	33%	10%	11%	8%	74%	359.3
	94.3	78.6	118.7	35.1	40.1	27.4	264.9	
2021 April - June	25%	26%	31%	9%	10%	9%	75%	434.2
	107.0	111.7	136.2	38.5	41.8	37.2	327.1	

Note: % indicates the proportion of total consolidated net sales

9. Average Exchange Rate

		US\$ (yen/\$)					EUR (yen/€)				
		Quarterly	6 months		12 months		Quarterly	6 months		12 months	
			Jan-Jun Jul-Dec	Apr-Sep Oct-Mar	Jan-Dec	Apr-Mar		Jan-Jun Jul-Dec	Apr-Sep Oct-Mar	Jan-Dec	Apr-Mar
2020	Jan-Mar	108.9	108.3	106.9	106.8	106.1	120.1	119.3	121.3	121.8	123.7
	Apr-Jun	107.6					118.5				
	Jul-Sep	106.2	105.4				124.1	124.3			
	Oct-Dec	104.5	105.2				124.5	126.1			
2021	Jan-Mar	105.9	107.7				127.7	129.8			
	Apr-Jun	109.5					132.0				

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

	US\$	EUR
Shin-Etsu's assumption for the forecast from July 2021	110Yen/\$	130Yen/€