

Press Release

Consolidated Financial Results for the Fiscal Year Ended March 31, 2022

Shin-Etsu Chemical Co., Ltd.

(JP GAAP)



April 27, 2022

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: +81-3-6812-2350

Date of the annual shareholders' meeting June 29, 2022

Date of the filing of the consolidated financial statements June 30, 2022

Date of year-end dividend payment June 30, 2022

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

Holding of 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 fiscal year.

1. Consolidated Operating Performance for the Fiscal Year Ended March 31, 2022

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

(1) Results of consolidated operations

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
April 2021 - March 2022	2,074,428	38.6%	676,322	72.4%	694,434	71.4%	500,117	70.3%
April 2020 - March 2021	1,496,906	(3.0%)	392,213	(3.4%)	405,101	(3.1%)	293,732	(6.5%)

(Note) Comprehensive income (Millions of yen) April 2021 - March 2022: 668,238 [154.8%]
April 2020 - March 2021: 262,230 [(8.6%)]

	Net income per share (yen)	Diluted net income per share (yen)	Ratio of net income to stockholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
April 2021 - March 2022	1,203.80	1,202.75	16.3%	18.7%	32.6%
April 2020 - March 2021	706.76	706.26	10.7%	12.3%	26.2%

(Note) Equity in earnings (losses) of affiliates (Millions of yen) April 2021 - March 2022: 7,140
April 2020 - March 2021: 5,364

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
March 31, 2022	4,053,412	3,429,208	82.1%	8,007.24
March 31, 2021	3,380,615	2,886,625	83.2%	6,769.72

(Note) Stockholders' equity (Millions of yen) As of March 31, 2022: 3,326,564 As of March 31, 2021: 2,813,137

(3) Consolidated cash flows

(Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of fiscal year
April 2021 - March 2022	553,528	(253,723)	(122,504)	1,008,925
April 2020 - March 2021	401,176	(250,719)	(91,123)	801,596

2. Cash Dividends

	Cash dividends per share for the fiscal year (yen)					Total annual cash dividend paid (Millions of yen)	Dividend payout ratio	Ratio of dividend payout to net assets
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Fiscal year			
April 2020 - March 2021	-	110.00	-	140.00	250.00	103,853	35.4%	3.8%
April 2021 - March 2022	-	150.00	-	250.00	400.00	166,166	33.2%	5.4%

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2023

(From April 1, 2022 to March 31, 2023)

We will promptly make an announcement of the consolidated business and cash dividends forecast as soon as the disclosure of the forecast becomes possible.

(Notes)

(1) Changes in significant subsidiaries which affected the scope of consolidation during the current fiscal year: No

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

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

Changes of accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(Note) Please see [3. Consolidated Financial Statements (5) Notes to Consolidated Financial Statements, “Changes in Accounting Policies”] on page 18 for further details.

(3) Number of shares outstanding (common stock)

	March 31, 2022	March 31, 2021
Number of shares outstanding at the year end	416,662,793	416,662,793
Number of shares of treasury stock at the year end	1,218,008	1,115,572
	<u>April 2021 - March 2022</u>	<u>April 2020 - March 2021</u>
Weighted-average number of shares outstanding over the year	415,449,156	415,602,349

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Operating Performance for the Fiscal Year Ended March 31, 2022

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

(1) Results of non-consolidated operations

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
April 2021 - March 2022	693,933	(16.3%)	163,042	18.7%	201,241	25.1%	150,831	26.8%
April 2020 - March 2021	829,065	(1.9%)	137,341	(7.0%)	160,800	(3.9%)	118,910	(9.8%)

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards are applied from the beginning of the fiscal year ending March 31, 2022. Accordingly, we have changed the amount of revenue from gross to net for some transactions with subsidiaries and affiliates which corresponds to agent transactions. As a result, net sales for the fiscal year ended March 31, 2022 decreased compared to the previous fiscal year.

	Net income per share (yen)	Diluted net income per share (yen)
April 2021 - March 2022	363.06	362.76
April 2020 - March 2021	286.12	285.92

(2) Non-consolidated financial position

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
March 31, 2022	1,299,322	883,505	67.8%	2,120.89
March 31, 2021	1,199,772	856,040	71.2%	2,055.94

(Note) Stockholders' equity (Millions of yen) As of March 31, 2022: 881,113 As of March 31, 2021: 854,340
Stockholders' equity used for the calculation of indices is net assets excluding share subscription rights.

(Information regarding audit procedures)

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

(Attached Documents)

INDEX

1. Results of Operations and Financial Overview	2
(1) Results of Operations and Financial Position Overview.....	2
(2) Business Prospects	10
(3) Management Policies.....	10
2. Basic Approach to the Selection of Accounting Standards	10
3. Consolidated Financial Statements	11
(1) Consolidated Balance Sheets	11
(2) Consolidated Statements of Income and Statements of Comprehensive Income	13
(3) Consolidated Statements of Changes in Net Assets.....	15
(4) Consolidated Statements of Cash Flows	17
(5) Notes to Consolidated Financial Statements.....	18
(Notes on Premise of Going Concern).....	18
(Changes in Accounting Policies).....	18
(Segment Information).....	19
(Per Share Information)	21
(Major Subsequent Events).....	21
(Appendix)	
1. Quarterly Operating Results	22
2. Capital Expenditures and Depreciation and Amortization	23
3. Other Financial Items (Consolidated)	24
4. Comparative Balance Sheets (Consolidated).....	24
5. Cash Dividends per Share	25
6. Sales by Manufacturing Location for Each Segment	25
7. Sales by Region	25
8. Assets by Segments	26
9. Average Exchange Rate	26
10. Increase Rate of Operating Income.....	26
11. Topics	27
12. Capital Investments	28

1. Results of Operations and Financial Overview

(1) Results of Operations and Financial Position Overview

1) General Overview

During the fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022), the world economy continued to grow steadily, as indicated by the economic growth rate (GDP growth rate) of over 5%. On the other hand, Russia invaded Ukraine in February 2022, while the major economic zones continued to grapple with the COVID-19 pandemic, supply turmoil, price pressures and other challenges. This world-shattering situation is still going on. The Shin-Etsu Group will continue to respond with alacrity and without prejudgment to changing circumstances. Going forward, we will continue to give the utmost priority to the health and safety of our employees, focus on business requirements such as maintaining high operations, ensuring a stable supply, and protecting accounts receivables, and maintain communication with our customers. We will promote the development of valuable products and provide a stable supply of products of unwavering quality.

The business results for the fiscal year ending March 31, 2022 are as follows:

	(Billions of yen)			Quarterly			
	Fiscal year 20/4 - 21/3	Fiscal year 21/4 - 22/3	Increase (Decrease)	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
	Net sales	1,496.9	2,074.4	38.6% 577.5	434.2	507.1	542.3
Operating income	392.2	676.3	72.4% 284.1	128.8	169.5	181.7	196.2
Ordinary income	405.1	694.4	71.4% 289.3	130.8	172.6	186.7	204.1
Net income attributable to owners of parent	293.7	500.1	70.3% 206.4	95.7	125.1	132.2	146.9
ROIC	17.2%	27.2%	10.0points				
ROE	10.7%	16.3%	5.6points				
ROA	12.3%	18.7%	6.4points				
Per Share (Yen)							
Net income	707	1,204	497				
Cash dividends	250	(Forecast) 400	150				

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.

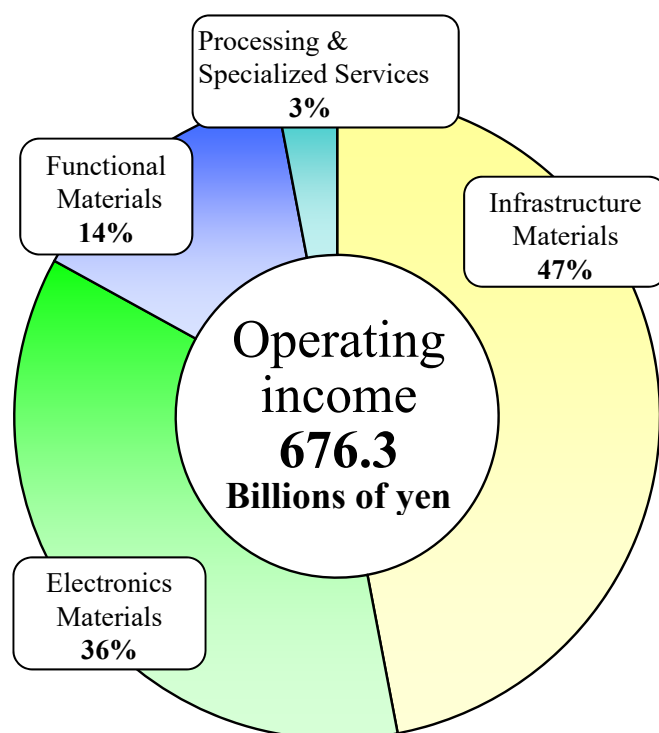
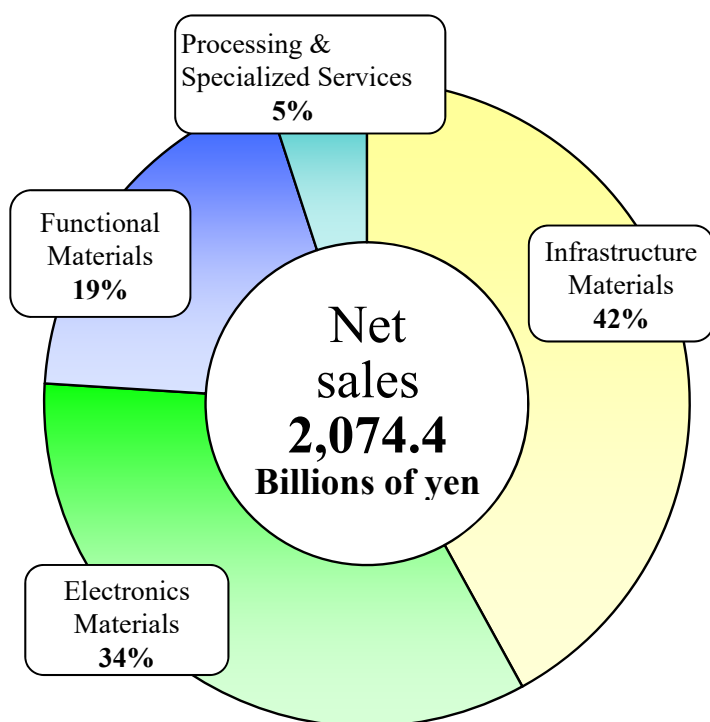
► Amounts are stated in billions of yen by discarding fractional amounts less than 0.1 billion on this summary.

2) Business Segment Overview

Net sales and Operating income by Segment

(Billions of yen)

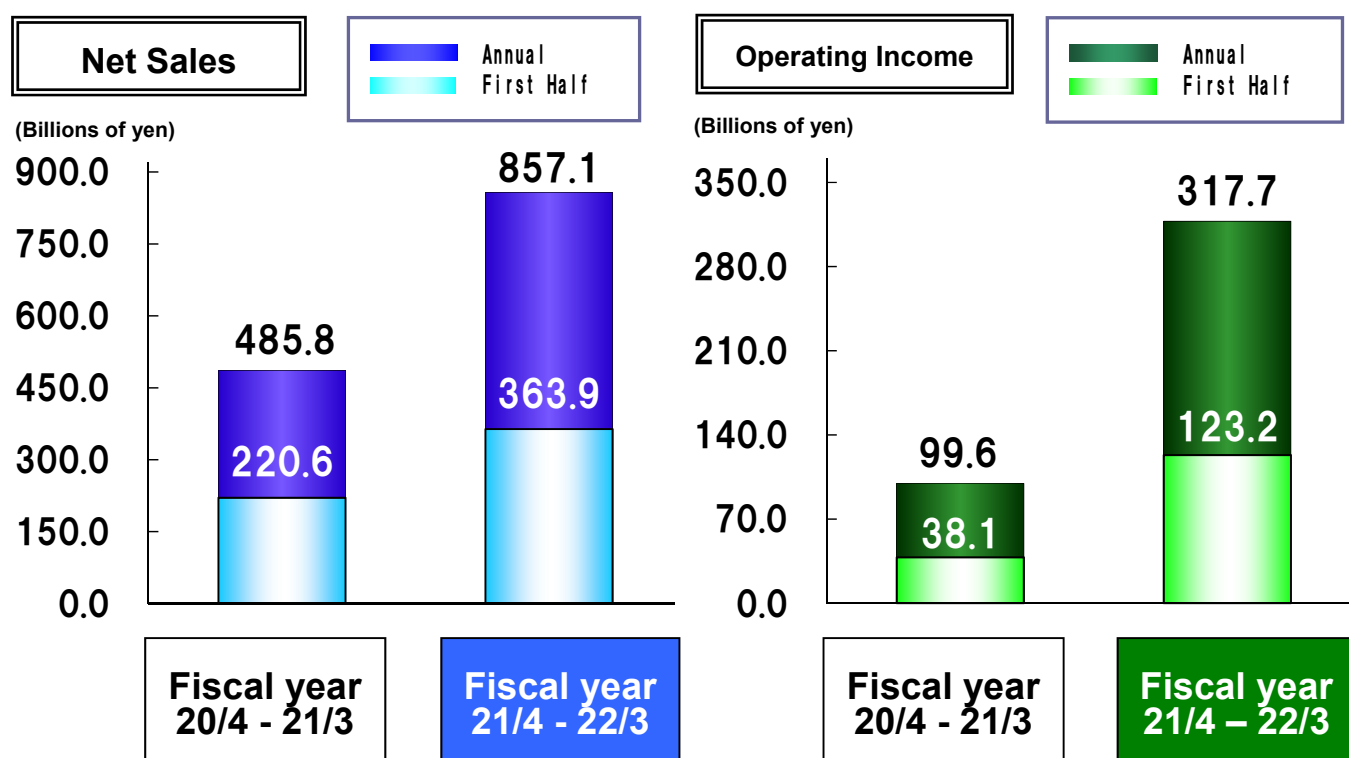
	Net sales			Operating income		
	Fiscal year 20/4 - 21/3	Fiscal year 21/4 - 22/3	Increase (Decrease)	Fiscal year 20/4 - 21/3	Fiscal year 21/4 - 22/3	Increase (Decrease)
Infrastructure Materials	485.8	857.1	76.4% 371.3	99.6	317.7	3.2 times 218.1
Electronics Materials	595.6	708.9	19.0% 113.3	206.0	244.7	18.8% 38.7
Functional Materials	314.2	395.6	25.9% 81.4	70.7	94.7	34.0% 24.0
Processing & Specialized Services	101.0	112.6	11.4% 11.6	16.3	20.9	28.1% 4.6
Total	1,496.9	2,074.4	38.6% 577.5	392.2	676.3	72.4% 284.1



Infrastructure Materials

	Fiscal year 20/4 - 21/3 (Billions of yen)	Fiscal year 21/4 - 22/3 (Billions of yen)	Increase / (Decrease)
Net sales	485.8	857.1	76.4%
Operating income	99.6	317.7	3.2 times

The demand for both PVC and caustic soda remained strong, and we worked to raise product prices in light of the raw material situation that occurred earlier this year. We continued full operation at all bases including Shintech, Inc. in the United States except for the scheduled maintenance period of each plant.

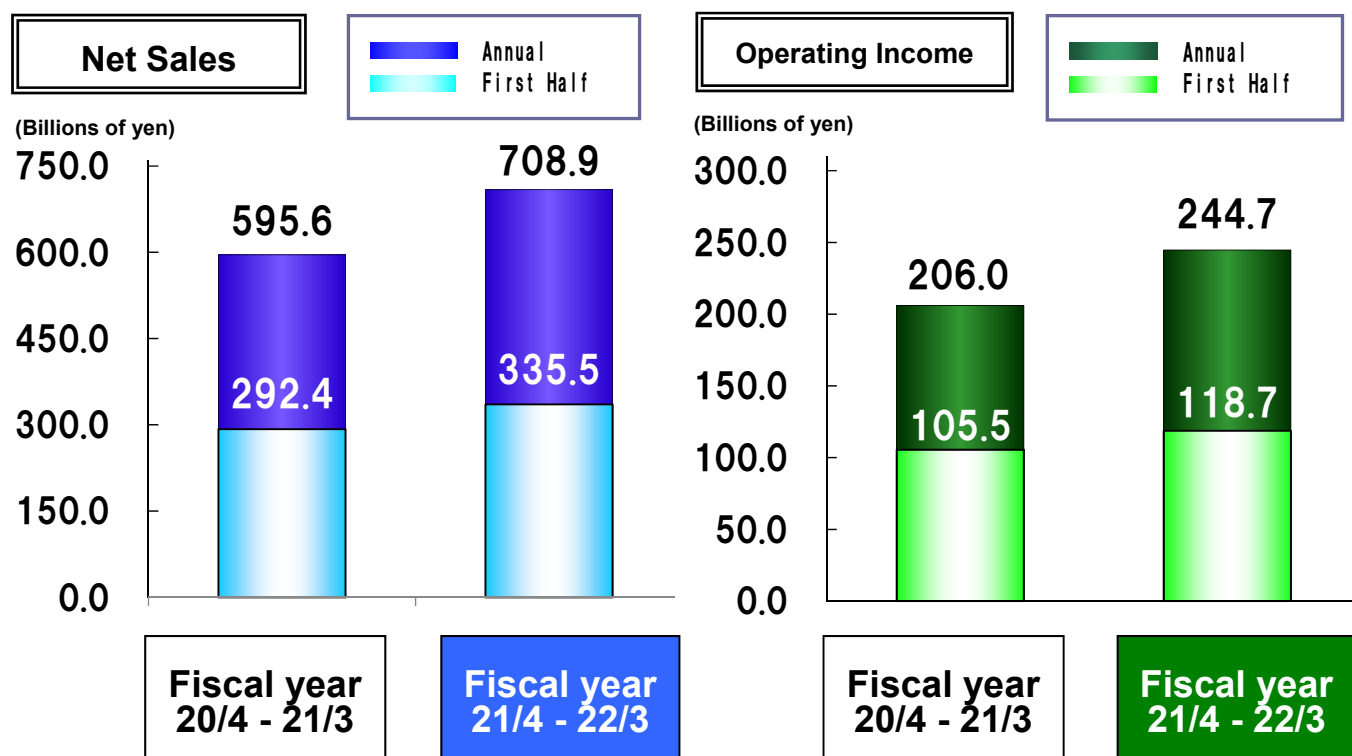


- The second phase of the new expansion work is underway as planned at Shintech, Inc. in the United States.
- The basic demand for PVC resin continues to be strong against the backdrop of housing shortages and financial investment in social infrastructure in major countries.
- We make full use of the stability of US raw material and energy supply.

Electronics Materials

	Fiscal year 20/4 - 21/3 (Billions of yen)	Fiscal year 21/4 - 22/3 (Billions of yen)	Increase / (Decrease)
Net sales	595.6	708.9	19.0%
Operating income	206.0	244.7	18.8%

The global supply shortage of semiconductor devices has not been resolved yet. To meet the strong demand from customers, we shipped the maximum number of semiconductor materials such as silicon wafer, photoresists, and photomask blanks. Even with respect to rare earth magnets, despite the restrictions on operations in production bases in Asia due to coronavirus infections and natural disasters, we operated as much as possible in order to meet the vigorous demands in all areas such as automobiles, industrial equipment, and hard disks.

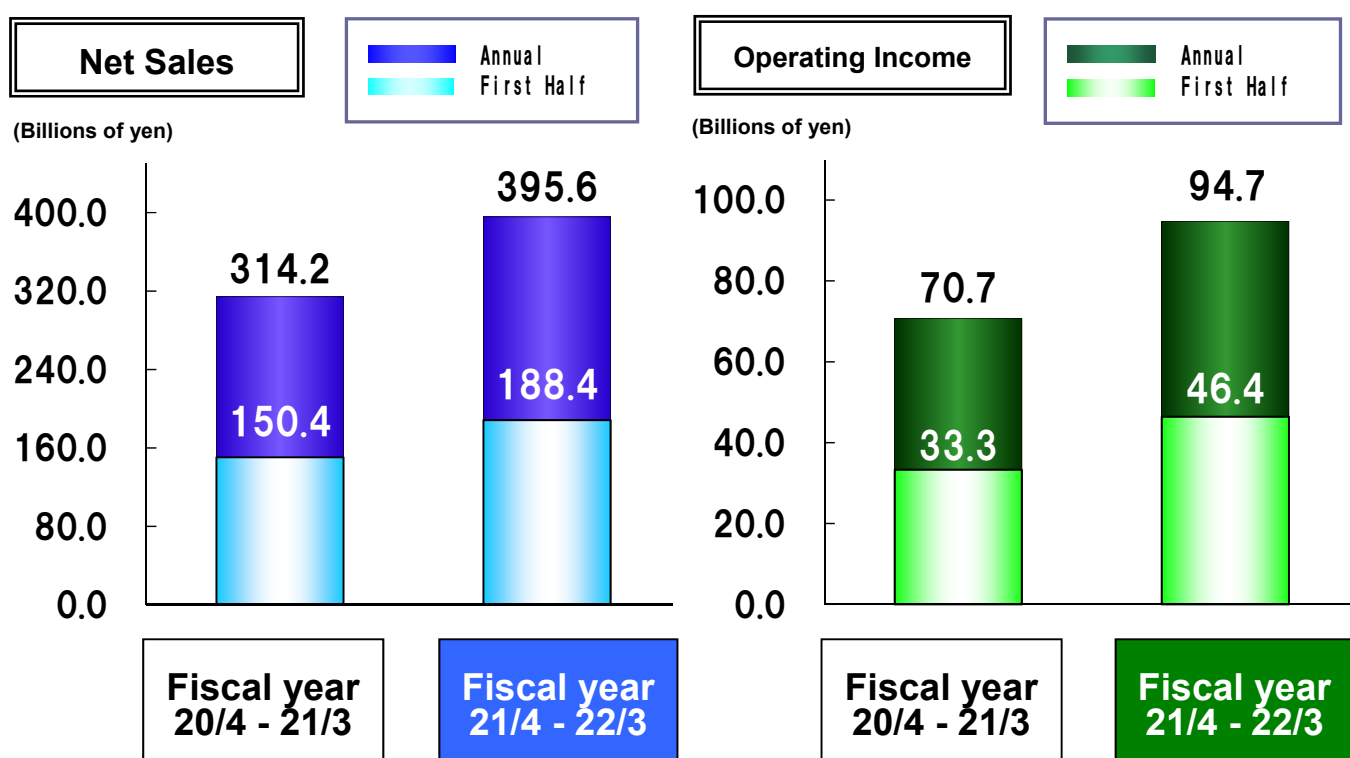


- Meeting with precision the increase in customer demand in response to the big bang expansion of the semiconductor device market.
- Timely compliance with increasingly sophisticated technical requirements.
- Launch of magnet products that meet customer requirements, such as those using significantly reduced heavy rare earths and no heavy rare earths.
- Technology proposal and material supply indispensable for the progress of electric and drive mechanism essential for carbon neutrality.
- Expanding the supply capacity of EUV lithography materials.

Functional Materials

	Fiscal year 20/4 - 21/3 (Billions of yen)	Fiscal year 21/4 - 22/3 (Billions of yen)	Increase / (Decrease)
Net sales	314.2	395.6	25.9%
Operating income	70.7	94.7	34.0%

Amid the continuing global logistics turmoil, we made efforts to maximize shipments and worked on price adjustments in response to high raw material prices. At the same time, we launched a lot of distinctive products to increase sales. We have also started raising prices for cellulose derivatives products.

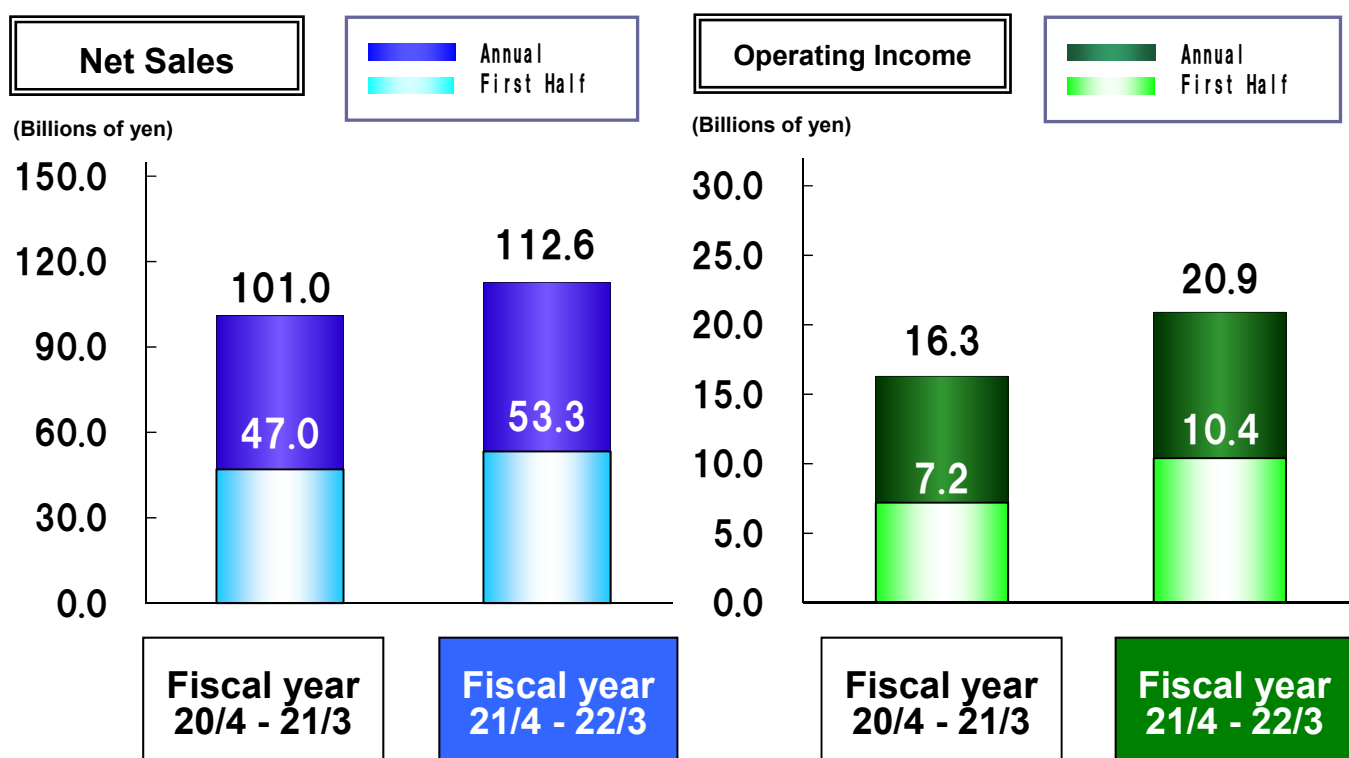


- Passing on the increased raw material price to the product price.
- Implementation of an investment plan of 80 billion yen to expand solutions utilizing silicone technology and strengthen the supply network, including products that help reduce greenhouse gases.
- Promoting the launch of new products.

Processing & Specialized Services

	Fiscal year 20/4 - 21/3 (Billions of yen)	Fiscal year 21/4 - 22/3 (Billions of yen)	Increase / (Decrease)
Net sales	101.0	112.6	11.4%
Operating income	16.3	20.9	28.1%

Shipments of semiconductor wafer-related containers were strong for both transporting use and manufacture process use, and shipments of input devices for automobiles were also strong. Sales of PVC wrapping film for food packaging increased due to the consolidation of KitcheNista Co., Ltd. We have raised prices for silicone-related products and PVC-related products.



- Increased production capacity for semiconductor wafer-related containers is scheduled to be completed by the end of 2022.

3) Information on Assets, Liabilities and Net assets

At the end of FY 2022 (March 31, 2022), total assets increased by ¥672.8 billion compared with that at the end of the previous fiscal year to ¥4,053.4 billion. It was mainly due to increases in cash and time deposits, trade receivables, and property, plant and equipment.

Total liabilities increased by ¥130.3 billion from that at the end of the previous fiscal year to ¥624.2 billion.

Total net assets increased by ¥542.6 billion compared with that at the end of the previous fiscal year to ¥3,429.2 billion. This increase was mainly due to net income attributable to owners of parent of ¥500.1 billion for FY 2022 and offset by a cash dividend payment of ¥120.4 billion.

4) Status of Cash Flows

	Billions of yen		
	April 1, 2020 - March 31, 2021	April 1, 2021 - March 31, 2022	Increase (Decrease)
Cash and cash equivalents at beginning of fiscal year	745.1	801.5	56.4
1. Cash flows from operating activities	401.1	553.5	152.3
2. Cash flows from investing activities	(250.7)	(253.7)	(3.0)
3. Cash flows from financing activities	(91.1)	(122.5)	(31.3)
4. Effect of foreign exchange and others	(2.8)	30.0	32.8
Net increase (decrease) in cash and cash equivalents	56.4	207.3	150.8
Cash and cash equivalents at end of fiscal year	801.5	1,008.9	207.3

The balance of cash and cash equivalents at the end of FY 2022 increased by 25.9% (¥207.3 billion) compared with that at the end of the previous fiscal year to ¥1,008.9 billion.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥553.5 billion, an increase of ¥152.3 billion from the previous fiscal year. This consisted mainly of ¥696.1 billion in income before income taxes and non-controlling interests, ¥168.7 billion in depreciation and amortization and ¥147.4 billion for the payment of income taxes.

Cash flows from investing activities

Net cash used for investing activities increased by ¥3.0 billion from the previous fiscal year to ¥253.7 billion. This was mainly due to ¥195.7 billion for purchases of property, plant and equipment and ¥40.7 billion for net increase in time deposits.

Cash flows from financing activities

Net cash used for financing activities increased by ¥31.3 billion from the previous fiscal year to ¥122.5 billion. This was mainly due to a cash dividend payment of ¥120.4 billion and ¥5.9 billion for purchases of treasury stock.

(Reference)

The trend of cash flow indices

	For the fiscal year ended				
	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Stockholders' equity ratio (%)	81.0	81.1	82.1	83.2	82.1
Stockholders' equity ratio on market value basis (%)	161.7	127.3	138.1	228.8	192.6
Debt repayment ratio (%)	4.7	3.7	5.7	6.9	5.5
Interest coverage ratio (times)	554.9	533.4	810.7	702.1	677.8

(Notes) * Stockholders' equity ratio: stockholders' equity/total assets

Stockholders' equity used for the calculation of indices is net assets, excluding both share subscription rights and non-controlling interests in consolidated subsidiaries

* Stockholders' equity ratio on market value basis: aggregate market value of common stock/total assets

* Debt repayment ratio: interest-bearing liabilities/cash flows from operating activities

* Interest coverage ratio: cash flows from operating activities/interest payments

1. All indices are calculated based on the consolidated financial figures.
2. Aggregate market value of common stock is calculated by multiplying the market price at the end of each fiscal year by the number of outstanding shares, excluding treasury stock, at the end of each fiscal year.
3. Interest-bearing liabilities include all liabilities on the consolidated balance sheets that incur interest.

5) Basic Policy Concerning Profit-sharing

From a long-term perspective, we are focusing on expanding profitability and maintaining a solid financial base, with the basic policy of returning the fruits of such management efforts to our shareholders in a proper, stable manner. We strive to increase our corporate value by aggressive and timely use of internal reserves for enhanced global competitiveness, further business development and further growth. We will maintain our solid financial base to enable us to face the increasing frequency and amplitude of economic fluctuations that may occur. Based on this policy, we attach importance to shareholder return as part of our capital policy and strive to provide, while considering various circumstances, stable dividends at a dividend payout ratio of around 35% in the medium-to long-term.

Accordingly, the year-end dividend for the fiscal year is planned to be ¥250 per share, which is higher than the interim dividend of ¥150 per share at the end of the second quarter. As a result, the annual dividend will be ¥400 per share, ¥150 up from the annual dividend of ¥250 per share for the last fiscal year, which is an increase for seven consecutive fiscal years.

(2) Business Prospects

In light of what has happened since the beginning of this year and what is currently happening, we have temporarily decided not to forecast business performance over the next year due to the difficulty of reasonably predicting the performance in the fiscal year ending in March 2023 at this point. We will promptly release it as soon as prediction becomes possible.

(3) Management Policies

1) Basic Management Policies

The Company aims to respond to our shareholders' expectations by contributing to society and industries through value creation with our materials and technologies. To achieve this, we are developing numerous products that will help resolve the issues faced by customers and industries. At the same time, while pursuing the world's highest level of technology and quality and constantly striving to improve productivity, we are stably supplying products to customers all over the world. In order to sustain this, we are striving for management that can respond promptly and precisely to changes in economic conditions and market conditions.

In every economy it is imperative to maximize efficiency in this day and age when there is a greater need for human society to pursue sustainable growth and better quality of life while lessening the burden on the environments. We believe that we have and can play a key role to that end. In addition to reducing greenhouse gas emissions by ourselves, we will focus on providing technologies and materials that are useful for decarbonization. We will work to ensure that many of our products serve these purposes and that the more our products are used, the more we can contribute to industry and people's lives. We will thus fulfill our role as an essential supplier that supports the world's industries and people's lives.

2) Our Management Indicator as a target: Shin-Etsu's Mid-to Long-term Management Strategies

The management indicator sets a target of increasing revenue and earnings every fiscal year. Among our main products, there are some that are affected by changes in business environment including market conditions. We need to adapt speedily to changes in the external environment in order to manage each business in rapidly changing markets. We have significantly broken the highest profit record in this fiscal year. With that as a new starting point, we have begun work aimed at even greater heights. We will meet the demands of the times, such as the move to make things "ubiquitous" and carbon-neutralization, and realize sustainable growth.

3) Policy Implementation

In order to reliably meet the demands of our customers, we constantly inspect the supply system, including the supply chain, and take measures to expand it. The fluctuation range of the economic situation has become wider than in the past, and we will strive to improve our adaptability and resilience to these changes. We will review the location of new and expanded supply capacities. We will inspect our business conditions carefully so that we can face up to the so-called imponderable situations.

2. Basic Approach to the Selection of Accounting Standards

We have been using Japanese Generally Accepted Accounting Principles (JP-GAAP). We do not intend to change the accounting standards applied in the foreseeable future.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31, 2021 and 2022

	Millions of yen	
	March 31, 2021	March 31, 2022
ASSETS		
Current Assets:		
Cash and time deposits	866,882	1,112,775
Notes and accounts receivable-trade	343,896	-
Notes, accounts receivable-trade and contract assets	-	473,513
Securities	286,039	323,305
Inventories	365,032	453,660
Other	59,085	80,539
Less: Allowance for doubtful accounts	(6,028)	(5,818)
Total current assets	1,914,909	2,437,975
Fixed Assets:		
Property, plant and equipment		
Buildings and structures, net	206,246	246,154
Machinery and equipment, net	559,992	788,524
Land	90,159	94,043
Construction in progress	290,901	140,162
Other, net	17,850	21,280
Total property, plant and equipment	1,165,149	1,290,165
Intangible assets	8,922	10,535
Investments and other assets:		
Investments in securities	150,573	161,338
Deferred tax assets	58,703	65,594
Other	84,538	93,624
Less: Allowance for doubtful accounts	(2,180)	(5,822)
Total investments and other assets	291,635	314,734
Total fixed assets	1,465,706	1,615,436
TOTAL ASSETS	3,380,615	4,053,412

Millions of yen

	March 31, 2021	March 31, 2022
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	125,410	177,682
Short-term borrowings	11,768	13,461
Accounts payable-other	63,595	81,350
Accrued expenses	69,226	69,197
Accrued income taxes	48,049	73,756
Other	45,196	62,309
Total current liabilities	363,246	477,759
Long-term Liabilities:		
Long-term debt	15,986	16,940
Deferred tax liabilities	55,289	66,833
Net defined benefit liability	41,456	41,469
Other	18,011	21,201
Total long-term liabilities	130,743	146,444
TOTAL LIABILITIES	493,990	624,204
NET ASSETS		
Stockholders' Equity:		
Common stock	119,419	119,419
Additional paid-in capital	128,954	129,090
Retained earnings	2,616,081	2,993,026
Less: Treasury stock, at cost	(12,612)	(15,702)
Total stockholders' equity	2,851,842	3,225,834
Accumulated Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities	25,027	26,841
Deferred gains (losses) on hedges	(2,703)	(2,535)
Foreign currency translation adjustments	(58,618)	75,374
Remeasurements of defined benefit plans	(2,409)	1,049
Total accumulated other comprehensive income	(38,704)	100,729
Share subscription rights	2,014	2,733
Non-controlling interests in consolidated subsidiaries	71,473	99,910
TOTAL NET ASSETS	2,886,625	3,429,208
TOTAL LIABILITIES AND NET ASSETS	3,380,615	4,053,412

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

For the fiscal years ended March 31, 2021 and 2022

Consolidated Statements of Income

	Millions of yen	
	April 1, 2020 - March 31, 2021	April 1, 2021 - March 31, 2022
Net sales	1,496,906	2,074,428
Cost of sales	953,203	1,206,425
Gross profit	543,702	868,002
Selling, general and administrative expenses	151,489	191,680
Operating income	392,213	676,322
Non-operating income:		
Equity in earnings of affiliates	5,364	7,140
Foreign exchange gain	137	14,265
Other income	15,814	7,162
Total non-operating income	21,316	28,567
Non-operating expenses:		
Loss on retirement of non-current assets	1,954	2,814
Other expenses	6,474	7,641
Total non-operating expenses	8,428	10,455
Ordinary income	405,101	694,434
Extraordinary income:		
Gain on sales of non-current assets	-	1,703
Total extraordinary income	-	1,703
Extraordinary loss:		
Loss on disaster	2,955	-
Total extraordinary loss	2,955	-
Income before income taxes and non-controlling interests	402,145	696,137
Income taxes:		
Current	105,356	172,596
Deferred	(2,387)	(1,491)
Total income taxes	102,968	171,105
Net income	299,177	525,032
Net income attributable to non-controlling interests	5,444	24,914
Net income attributable to owners of parent	293,732	500,117

Consolidated Statements of Comprehensive Income

	Millions of yen	
	April 1, 2020 - March 31, 2021	April 1, 2021 - March 31, 2022
Net income	299,177	525,032
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	14,787	1,821
Deferred gains (losses) on hedges	93	171
Foreign currency translation adjustments	(50,887)	137,079
Remeasurements of defined benefit plans	(1,010)	3,465
Share of other comprehensive income of affiliates accounted for using the equity method	70	668
Total other comprehensive income	(36,946)	143,206
Comprehensive income	262,230	668,238
(Breakdown)		
Comprehensive income attributable to owners of parent	257,106	639,552
Comprehensive income attributable to non-controlling interests	5,123	28,686

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2021

(Millions of yen)

	Stockholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock at cost	Total stockholders' equity
Balance at the beginning of the year	119,419	128,323	2,413,769	(7,123)	2,654,388
Changes during the year					
Cash dividends			(91,420)		(91,420)
Net income attributable to owners of parent			293,732		293,732
Purchase of treasury stock				(10,657)	(10,657)
Disposal of treasury stock		627		5,167	5,795
Others		3			3
Net changes of items other than stockholders' equity					
Total changes during the year	-	630	202,311	(5,489)	197,453
Balance at the end of the year	119,419	128,954	2,616,081	(12,612)	2,851,842

(Millions of yen)

	Accumulated Other Comprehensive Income					Share subscription rights	Non-controlling interests in consolidated subsidiaries	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	10,296	(2,799)	(8,187)	(1,387)	(2,078)	1,904	68,927	2,723,141
Changes during the year								
Cash dividends								(91,420)
Net income attributable to owners of parent								293,732
Purchase of treasury stock								(10,657)
Disposal of treasury stock								5,795
Others								3
Net changes of items other than stockholders' equity	14,730	95	(50,430)	(1,021)	(36,625)	110	2,546	(33,969)
Total changes during the year	14,730	95	(50,430)	(1,021)	(36,625)	110	2,546	163,484
Balance at the end of the year	25,027	(2,703)	(58,618)	(2,409)	(38,704)	2,014	71,473	2,886,625

For the fiscal year ended March 31, 2022

(Millions of yen)

	Stockholders' Equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total stockholders' equity
Balance at the beginning of the year	119,419	128,954	2,616,081	(12,612)	2,851,842
Cumulative effects of changes in accounting policies			(2,133)		(2,133)
Restated balance	119,419	128,954	2,613,947	(12,612)	2,849,708
Changes during the year					
Cash dividends			(120,481)		(120,481)
Net income attributable to owners of parent			500,117		500,117
Change of scope of consolidation			(556)		(556)
Purchase of treasury stock				(5,954)	(5,954)
Disposal of treasury stock		111		2,864	2,975
Others		24			24
Net changes of items other than stockholders' equity					
Total changes during the year	-	136	379,079	(3,089)	376,125
Balance at the end of the year	119,419	129,090	2,993,026	(15,702)	3,225,834

(Millions of yen)

	Accumulated Other Comprehensive Income					Share subscription rights	Non-controlling interests in consolidated subsidiaries	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	25,027	(2,703)	(58,618)	(2,409)	(38,704)	2,014	71,473	2,886,625
Cumulative effects of changes in accounting policies								(2,133)
Restated balance	25,027	(2,703)	(58,618)	(2,409)	(38,704)	2,014	71,473	2,884,491
Changes during the year								
Cash dividends								(120,481)
Net income attributable to owners of parent								500,117
Change of scope of consolidation								(556)
Purchase of treasury stock								(5,954)
Disposal of treasury stock								2,975
Others								24
Net changes of items other than stockholders' equity	1,814	167	133,993	3,459	139,434	719	28,437	168,590
Total changes during the year	1,814	167	133,993	3,459	139,434	719	28,437	544,716
Balance at the end of the year	26,841	(2,535)	75,374	1,049	100,729	2,733	99,910	3,429,208

(4) Consolidated Statements of Cash Flows

For the fiscal years ended March 31, 2021 and 2022

	Millions of yen	
	April 1, 2020 - March 31, 2021	April 1, 2021 - March 31, 2022
Cash flows from operating activities:		
Income before income taxes and non-controlling interests	402,145	696,137
Depreciation and amortization	143,807	168,788
Increase (decrease) in net defined benefit liability	2,860	3,041
Loss (gain) on sales of investment securities	(1,687)	(295)
Increase (decrease) in allowance for doubtful accounts	(1,185)	3,195
Interest and dividend income	(12,434)	(4,929)
Interest expenses	728	983
Exchange (gain) loss	(4,909)	(8,842)
Equity in (earnings) losses of affiliates	(5,364)	(7,140)
Loss on disaster	2,955	-
(Increase) decrease in notes and accounts receivable	(22,016)	(119,162)
(Increase) decrease in inventories	(3,898)	(69,097)
(Increase) decrease in long-term advance payment	4,109	(3,951)
Increase (decrease) in notes and accounts payable	(9,584)	47,436
Other, net	(7,402)	(11,354)
Subtotal	488,123	694,808
Proceeds from interest and dividends	15,026	6,984
Payments of interest	(571)	(816)
Payments of income taxes	(101,402)	(147,448)
Net cash provided by operating activities	401,176	553,528
Cash flows from investing activities:		
Net (increase) decrease in time deposits	(12,334)	(40,783)
Net (increase) decrease in marketable securities	(5,145)	(6,402)
Purchases of property, plant and equipment	(236,195)	(195,775)
Purchases of intangible assets	(1,177)	(1,781)
Purchases of investments in securities	(3,616)	(8,099)
Proceeds from sales and redemption of investments in securities	3,471	389
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(3,552)
Other, net	4,278	2,281
Net cash used for investing activities	(250,719)	(253,723)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	701	(1,100)
Proceeds from long-term debt	4,578	4,677
Repayments of long-term debt	(796)	(3,041)
Purchases of treasury stock	(10,657)	(5,954)
Cash dividends paid	(91,420)	(120,481)
Other, net	6,470	3,396
Net cash used for financing activities	(91,123)	(122,504)
Effect of exchange rate changes on cash and cash equivalents	(2,861)	29,963
Net increase (decrease) in cash and cash equivalents	56,471	207,263
Cash and cash equivalents at beginning of year	745,125	801,596
Increase in cash and cash equivalents from newly consolidated subsidiary	-	64
Cash and cash equivalents at end of year	801,596	1,008,925

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

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 beginning 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.

For transactions in which the role in providing goods to the customer corresponds to agents, we had been previously recognized in the gross amount of consideration received from the customer, but we have changed to a process to recognize as revenue in a net amount after deducing the payment amount from the gross amount of consideration received from our 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 beginning 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 beginning 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 consolidated financial statements.

(Segment Information)

1. Overview of Reportable Segments

We changed the reportable segments from 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. Calculation of Sales, Income, Assets, Liabilities and Other Items of Reportable Segments

Segment income denotes operating income, and the accounting methods applied are based on the principles and procedures of the accounting treatment used to prepare the consolidated financial statements. Internal revenues and transfers arising from transactions among the segments are based on market prices in general, although transfers performed between segments at the same business site are calculated based on manufacturing cost.

Assets and liabilities are not allocated to business segments.

3. Information on Sales, Income, and Other Items of Reportable Segments

(1) For the fiscal year ended March 31, 2022 (From April 1, 2021 to March 31, 2022)

Millions of yen

	Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total	Adjustment*	Figures in consolidated financial statements
Sales to outside customers	857,189	708,979	395,626	112,632	2,074,428	—	2,074,428
Intersegment sales	4,357	7,120	14,395	103,802	129,676	(129,676)	—
Total	861,547	716,099	410,022	216,434	2,204,104	(129,676)	2,074,428
Segment income (Operating income)	317,792	244,778	94,774	20,910	678,255	(1,933)	676,322
Depreciation and amortization	51,347	80,792	32,793	4,576	169,510	(722)	168,788
Increase in property, plant and equipment and intangible assets	62,194	106,543	37,380	9,424	215,543	(1,625)	213,918

*Elimination of intersegment transactions

(2) For the fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

*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	485,867	595,676	314,272	101,090	1,496,906	—	1,496,906
Intersegment sales	5,454	4,115	13,425	125,325	148,321	(148,321)	—
Total	491,321	599,792	327,697	226,416	1,645,228	(148,321)	1,496,906
Segment income (Operating income)	99,601	206,085	70,711	16,320	392,718	(504)	392,213
Depreciation and amortization	44,384	64,544	30,829	4,556	144,315	(508)	143,807
Increase in property, plant and equipment and intangible assets	103,492	88,477	34,281	4,130	230,382	(1,580)	228,801

*Elimination of intersegment transactions

(Per Share Information)

	April 1, 2020 - March 31, 2021	April 1, 2021 - March 31, 2022
Net assets per share (yen)	6,769.72	8,007.24
Basic earnings per share (yen)	706.76	1,203.80
Diluted earnings per share (yen)	706.26	1,202.75

(Note) Basic earnings per share and diluted earnings per share were calculated based on the following:

	Millions of yen	
	April 1, 2020 - March 31, 2021	April 1, 2021 - March 31, 2022
Calculation of basic earnings per share		
Profit attributable to owners of parent	293,732	500,117
Amount not attributable to shareholders of common stock	-	-
Profit attributable to shareholders of common stock of parent	293,732	500,117
Weighted-average number of shares outstanding (thousands of shares)	415,602	415,449
Calculation of diluted earnings per share		
Adjustments to net income attributable to owners of parent	(11)	(27)
[Adjustments of dilutive shares issued by subsidiaries]	[(11)]	[(27)]
Increase of common stock (thousands of shares)	281	340
[Share subscription rights included in the above (thousands of shares)]	[281]	[340]
	Number of share subscription rights	
	April 1, 2020 - March 31, 2021	April 1, 2021 - March 31, 2022
Potentially dilutive shares not included in the calculation of diluted earnings due to their anti-dilutive effect	-	-

(Major Subsequent Events)

Not applicable

(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	2Q	3Q	4Q	Total
Net Sales	359.3	351.1	379.8	406.4	1,496.9	434.2	507.1	542.3	590.7	2,074.4
Infrastructure Materials	113.7	106.8	125.3	139.9	485.8	157.1	206.8	231.8	261.3	857.1
Electronics Materials	144.4	148.0	149.0	154.1	595.6	161.1	174.4	181.2	192.1	708.9
Functional Materials	77.4	72.9	79.7	84.1	314.2	91.6	96.8	100.7	106.4	395.6
Processing & Specialized Services	23.6	23.3	25.7	28.2	101.0	24.3	28.9	28.5	30.7	112.6
Operating Income	90.9	93.3	100.7	107.1	392.2	128.8	169.5	181.7	196.2	676.3
Infrastructure Materials	19.5	18.5	25.4	35.9	99.6	44.1	79.1	89.0	105.4	317.7
Electronics Materials	51.8	53.6	53.0	47.5	206.0	56.7	62.0	65.1	60.8	244.7
Functional Materials	16.2	17.0	18.1	19.2	70.7	22.7	23.7	21.8	26.4	94.7
Processing & Specialized Services	3.0	4.1	4.2	4.8	16.3	5.3	5.0	5.9	4.5	20.9
Ordinary Income	95.2	97.0	100.8	112.0	405.1	130.8	172.6	186.7	204.1	694.4
Net Income Attributable to Owners of Parent	69.3	70.9	73.0	80.4	293.7	95.7	125.1	132.2	146.9	500.1
R&D Costs	12.3	12.1	12.9	13.7	51.2	14.0	13.3	18.9	16.1	62.4
Overseas Sales	264.9	258.1	281.7	302.2	1,107.1	327.1	393.7	422.3	463.7	1,607.1
Ratio of Overseas Sales to Net Sales	74%	74%	74%	74%	74%	75%	78%	78%	79%	77%

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	2Q	3Q	4Q	Total
Capital Expenditures	52.7	58.2	63.6	54.1	228.8	46.7	51.7	53.0	62.2	213.9
Infrastructure Materials	27.2	24.7	24.9	26.4	103.4	15.7	20.4	14.8	11.1	62.1
Electronics Materials	17.1	25.5	27.0	18.7	88.4	21.6	20.1	27.6	37.1	106.5
Functional Materials	7.0	7.5	11.0	8.6	34.2	8.3	8.9	8.6	11.4	37.3
Processing & Specialized Services	1.6	0.7	0.6	1.0	4.1	1.2	2.6	2.4	3.1	9.4
Depreciation and Amortization	31.1	34.4	37.1	41.0	143.8	35.2	40.3	44.2	48.8	168.7
Infrastructure Materials	9.2	11.2	11.5	12.2	44.3	11.5	12.7	12.8	14.1	51.3
Electronics Materials	13.8	14.8	16.7	19.0	64.5	15.3	18.9	21.6	24.8	80.7
Functional Materials	7.0	7.2	7.8	8.7	30.8	7.5	7.7	8.7	8.7	32.7
Processing & Specialized Services	1.0	1.1	1.1	1.2	4.5	0.9	1.0	1.2	1.3	4.5

3. Other Financial Items (Consolidated)

(Billions of yen)

	Mar 31 2021	Mar 31 2022
Net Assets	2,886.6	3,429.2
Total Assets	3,380.6	4,053.4
Net Assets per Share (Yen)	6,770	8,007
Interest-bearing Liabilities	27.7	30.4
Number of Employees	24,069	24,954
Exchange Rate: Jan - Dec (Avg)	106.8	109.8
(Yen/US\$) Apr - Mar (Avg)	106.1	112.4

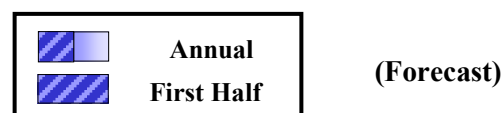
Note : An average exchange rate between January and December was used for the Consolidated Income Statements of overseas subsidiaries.

4. Comparative Balance Sheets (Consolidated)

(Billions of yen)

	Mar 31 2021	Mar 31 2022	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]		Mar 31 2021	Mar 31 2022	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]
Current Assets	1,914.9	2,437.9	523.0	82.3	440.7	Current Liabilities	363.2	477.7	114.5	10.3	104.2
Cash and time deposits	866.8	1,112.7	245.9	51.4	194.5	Notes and accounts payable-trade	125.4	177.6	52.2	4.5	47.7
Notes and accounts receivable-trade	343.8	473.5	129.7	17.0	112.7	Short-term borrowings	11.7	13.4	1.7	0.6	1.1
Securities	286.0	323.3	37.3	0.1	37.2	Accrued income taxes	48.0	73.7	25.7	0.9	24.8
Inventories	365.0	453.6	88.6	13.2	75.4	Other	178.0	212.8	34.8	4.3	30.5
Other	53.0	74.7	21.7	0.6	21.1	Long-term Liabilities	130.7	146.4	15.7	9.9	5.8
						Total Liabilities	493.9	624.2	130.3	20.2	110.1
Fixed Assets	1,465.7	1,615.4	149.7	83.1	66.6	Stockholders' Equity	2,851.8	3,225.8	374.0	0.0	374.0
Property, Plant and Equipment	1,165.1	1,290.1	125.0	79.8	45.2	Accumulated Other Comprehensive Income	(38.7)	100.7	139.4	139.3	0.1
Intangible Assets	8.9	10.5	1.6	0.4	1.2	Other	73.4	102.6	29.2	5.9	23.3
Investments and Other Assets	291.6	314.7	23.1	2.9	20.2	Total Net Assets	2,886.6	3,429.2	542.6	145.2	397.4
Total Assets	3,380.6	4,053.4	672.8	165.4	507.4	Total Liabilities and Net Assets	3,380.6	4,053.4	672.8	165.4	507.4

5. Cash Dividends per Share



Fiscal year ended March		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Cash Dividends 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	* 400
Net Income per Share (Yen)	Annual	248.9	267.2	302.0	349.5	412.9	624.3	726.0	755.2	706.8	1,203.8
Dividend payout ratio	Annual	40.2%	37.4%	33.1%	31.5%	29.1%	22.4%	27.5%	29.1%	35.4%	*33.2%

*Forecast

6. Sales by Manufacturing Location for Each Segment

(Billions of yen)

		Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total
Fiscal year 20/4 - 21/3	Goods Manufactured in Japan	87.6	481.4	204.4	76.3	849.9
	Goods Manufactured overseas	398.2	114.2	109.7	24.7	646.9
		485.8	595.6	314.2	101.0	1,496.9
Fiscal year 21/4 - 22/3	Goods Manufactured in Japan	128.0	571.5	244.7	81.5	1,025.8
	Goods Manufactured overseas	729.1	137.4	150.8	31.0	1,048.5
		857.1	708.9	395.6	112.6	2,074.4

7. Sales by Region

(Billions of yen)

	Japan	Overseas					Total	Total Consolidated Net Sales
		U.S.	Asia/Oceania		Europe	Other Areas		
			China					
Fiscal year 20/4 - 21/3	26%	23%	34%	10%	10%	7%	74%	1,496.9
	389.7	343.2	512.1	151.7	152.6	99.0	1,107.1	
Fiscal year 21/4 - 22/3	23%	30%	30%	9%	10%	8%	77%	2,074.4
	467.3	613.0	630.2	179.5	206.7	157.0	1,607.1	

Note: % indicates the proportion of total consolidated net sales

8. Assets by Segments

(Billions of yen)

	Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Corporate assets	Consolidated total
March 31 2021	980.5	1,309.6	481.7	179.3	429.2	3,380.6
March 31 2022	1,372.5	1,513.6	559.9	204.4	402.8	4,053.4

Note: These amounts were prepared on an informal basis.

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	105.2	124.1	124.3	126.1				
	Oct-Dec	104.5	109.8	109.8	124.5	129.8	130.9				
2021	Jan-Mar	105.9	107.7	109.8	109.8	112.4	127.7	129.8	130.9	129.9	130.6
	Apr-Jun	109.5					132.0				
	Jul-Sep	110.1	111.9	115.0	129.8	130.0	130.2				
	Oct-Dec	113.7	116.2	116.2	130.1	130.2	130.2				
2022	Jan-Mar	116.2					130.4				

Exchange rate as of Dec 31, 2020 103.50 Mar 31, 2021 110.71 Dec 31, 2020 126.95 Mar 31, 2021 129.80
Dec 31, 2021 115.02 Mar 31, 2022 122.39 Dec 31, 2021 130.51 Mar 31, 2022 136.70

* An average exchange rate between January and December was used for the Consolidated Income Statements of overseas subsidiaries.

10. Increase Rate of Operating Income

Fiscal year		2016	2017	2018	2019	2020	2021	Average (CAGR)	
Shin-Etsu Chemical	Operating Income	Billions of yen	238.6	336.8	403.7	406.0	392.2	676.3	—
	Increase in Operating Income from previous year	%	14%	41%	20%	1%	(3%)	72%	22%
Global Chemical and Materials Manufacturers * Total of 13 companies	Increase in Operating Income from previous year	%	(4%)	15%	(0%)	(31%)	(21%)	127%	5%

* The 13 companies are Dow, DuPont, DowDuPont (2017-2018), BASF, Mitsubishi Chemical HD★, Sumitomo Chemical★, Mitsui Chemicals★, Chemours, Wacker, Westlake, SUMCO, JSR★ and Tokyo Ohka Kogyo.

★ Based on their forecast.

Note: The above fiscal years represent the fiscal years beginning on January 1 or April 1, 2016 through 2021.

11. Topics (Apr. 2021 – Apr. 2022)

○ Press Release (Apr. 2021 – Apr. 2022)

May. 2021	Shin-Etsu Chemical has developed a new volatile silicone fluid for personal care.
Jul. 2021	Shin-Etsu Chemical announced capital investment for the reduction in the volume of greenhouse gas emissions in the silicones business.
Aug. 2021	Shin-Etsu Chemical announced silicone products price increase.
Oct. 2021	Shin-Etsu Chemical proposed an innovative integrated chip process for manufacturing Micro LED displays. (transfer parts and equipment)
Dec. 2021	Shin-Etsu Chemical developed innovative new materials for wearable devices
Feb. 2022	Shin-Etsu Chemical to make an over ¥80 billion capacity-expansion investment mainly for its silicones advanced functional products line
Mar. 2022	Shin-Etsu Chemical developed a new one-component liquid silicone rubber product that is superior in vulcanization characteristics and safety
Apr. 2022	Shin-Etsu Chemical announced silicone products price increase
Apr. 2022	Shin-Etsu Chemical developed new thermal interface silicone rubber sheet series for applications in components of electric vehicles as the technology for high voltage devices advances

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

○ Shin-Etsu Chemical Awarded Clarivate Top 100 Global Innovator in 2022 Again

Every year, Clarivate (formerly Thomson Reuters) selects companies and institutions that protect their creative inventions through intellectual property rights and successfully commercialize them. The selection is conducted independently by Clarivate based on the "success rate," "globality," and "influence of patents in citation," etc. We have received this award for the eleventh consecutive year since it was established. Out of 100 companies, 21 companies have received the award for the eleventh consecutive year, and 3 companies are in the chemical field. We are one of those companies.

12. Capital Investments

★: completion ☆: completion schedule

Company	Projects	Investment Amount	2020		2021		2022		2023		2024	
			1H	2H	1H	2H	1H	2H	1H	2H	1H	2H
Shintech (USA)	Establishment of a manufacturing plant for ethylene	\$1.4 billion	★									
Shintech (USA)	Establishment of a new integrated PVC plant (1 st phase)	\$1.49 billion				★						
Shintech (USA)	Facility investment in PVC (2 nd phase)	\$1.25 billion								☆		
Shin-Etsu Chemical (Naoetsu) Shin-Etsu Electronics Materials Taiwan (Taiwan)	Facility investments in photoresists	¥30 billion			*1 ★		*2 ★					
Shin-Etsu Chemical (Takefu, Naoetsu)	Reinforcement of the production capacity for photomask blanks	¥14 billion			*3 ★							
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		*4 ★								
Shin-Etsu Chemical (Naoetsu)	Capital investment for the mass production of Low Dielectric Constant Thermosetting Resins for 5G products	¥3 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 (Gunma)	Capital investment for the reduction in the volume of greenhouse gas emissions in the silicones business. (gas turbine power generators, capacity increase of products that contribute to the environment.)	¥20 billion								☆		
Shin-Etsu Chemical (Gunma, Takefu, Naoetsu)	Reinforcement of the production capacity for silicone advanced functional products line	¥80 billion										

*1 Taiwan *2 Naoetsu *3 Takefu *4 Jiangsu *5 Starting up gradually