

President's Message



Seizing change as an opportunity for growth, we will deliver the highest level of quality, technology, and practice to become our customers' most reliable supplier.

Overcame geopolitical risks and achieved record results

Our company delivered monumental results in the fiscal year ending March, 2022 (FY2021). The results reflect the underlying strength of our line of products, technology, operational system and our team's professionalism. We again proved ourselves resilient amid various challenges such as the persistent pandemic, natural calamities and geopolitical shocks. We are confident that we have contributed to the well-being of our communities while renewing the records across the top line and the bottom line and in key financial ratios.

In FY2021, revenue and earnings grew in all the business segments. Over the past six years, we increased the earnings at CAGR of 21.1%. We brought ROIC back to 20% strong and ROE higher than a yardstick value. With this performance, we declared an annual dividend of ¥400 per share, which is the highest mark in the company's dividend history and represents 24% of CAGR for the past six years.

In addition, we announced a 100 billion yen's worth of share repurchases. Thus, in total, we returned 266 billion yen to our shareholders. This is a direct result of the company's performance and predicated upon

the solid balance sheet.

It demonstrates our attention to shareholder remuneration.

Doing our part as an essential supplier to human life and industries in the world

While our business portfolio is adaptable enough to ensure working well, we will strengthen it and make it fitter and more viable. We consider changes as opportunities for growth. As more changes will occur, we will work with our customers more closely than ever. We are determined, with best-in-class quality, technology and practice, to be a most reliable supplier to all our customers. We will develop numerous products which help solve issues faced by our customers.

The pursuit of carbon neutrality is irreversible. Our business is all in all aligned to helping reduce greenhouse gas emissions. We will commit to further aligning our business to this goal. It is exemplified in our recently announced capital plan of 80 billion yen for silicone derivatives. In every economy, it is imperative to maximize efficiency in this day and age, when human beings pursue sustainable growth and prosperity while reducing the burden on the

environment. We can play a key role to that end. We will develop our product offers with this focus and make contributions in such a manner that the more our products are used, the better the industries and human society become. In addition, we will adopt technologies that are effective in reducing greenhouse gas emissions, as many of them and as soon as we can. We will announce our carbon neutrality plan in the near future. We are determined to do our part as an essential supplier to human life and industries in the world.

Building on FY2021 to reach another delivery of good performance

Let me give you a summary of where we are with our business segments.

The Infrastructure Business propelled the earnings at a prodigious rate. FY2021 saw an impressive growth in demand for PVC globally and confirmed our view that the growth will continue in major markets. It is due to rising needs for housing and infrastructures and to the elevated public awareness of the environment. Our capacity expansion by Shintech in North America was put in service last December. Back to back, the construction of the next capacity expansion is under way there.

The Electronics Materials Business grew nicely. Underneath the strong demand, there is a new world developing where everything is being connected with zero latency and the reality and expanded reality coexist. In addition, electrification is surely expanding and what they call green transformation is under way. Furthermore, initiatives for economic security are being taken by major nations. We will play an essential role in every aspect of all these

developments.

The Performance Materials Business expanded in terms of geography and application. We have been busy adding new products and broadening our capabilities for our customers. We add touch points in industries and markets so that our total addressable markets will be greater.

The Processing and Specialized Services contributed to enhancing the synergy within the group.

The results for FY2021 sets a new baseline for FY2022 and, as we speak, we are working on another delivery of good performance.

To our stakeholders

In order to continue to do what we have been able to do for our customers, our shareholders and the communities where we are in, it is essential that the company continues to grow. We will remain focused on our customers and their needs to be relevant to them, will remain committed to governance to be relevant to our shareholders and will remain responsible to be relevant to our communities.

I sincerely thank our shareholders for your confidence, our customers for their partnership and our entire Shin-Etsu team for their dedication to our operations.

President
Yasuhiko Saitoh