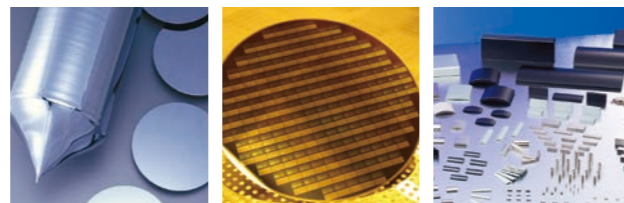


# At a Glance

## Our Business Portfolio



PVC



Silicon Wafers

Photoresist

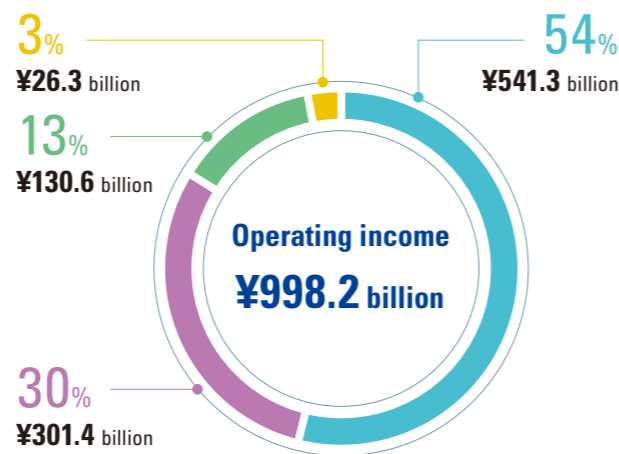
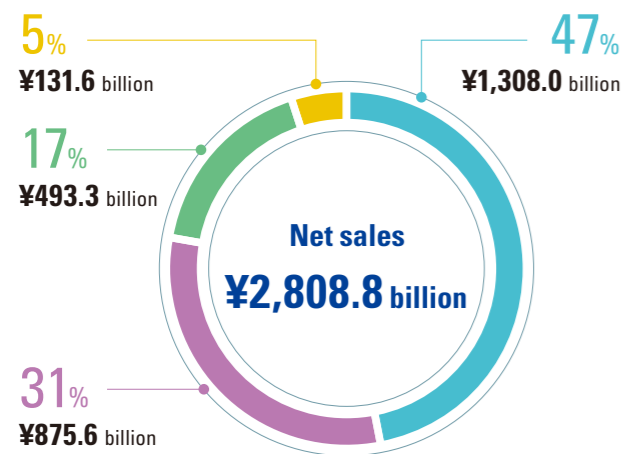
Rare Earth Magnets

### Infrastructure Materials

In addition to polyvinyl chloride (PVC) resin, which is widely used in categories that are essential to our lives, from water supply and sewerage systems and other infrastructure (social infrastructure) to housing, agriculture, and everyday products, we also supply caustic soda, polyvinyl alcohol (POVAL), and other products. For PVC in particular, we have a combined annual production capacity of 4.44 million tons at our three bases in the United States, Europe, and Japan, providing a stable supply worldwide.

### Electronics Materials

We produce silicon wafers, a key semiconductor material, as well as photoresists, photomask blanks, and encapsulant materials used in the semiconductor manufacturing process. We also supply rare earth magnets, which are essential for power-saving motors used in eco-friendly vehicles and electrical appliances, and high-purity synthetic quartz, which is used as a raw material for optical fibers and for other applications.



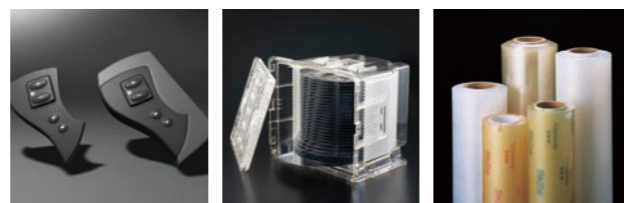
■ Infrastructure Materials ■ Electronics Materials ■ Functional Materials ■ Processing & Specialized Services (Fiscal year ended March 31, 2023)



Silicones

Cellulose Derivatives

Silicon Metal



Input Devices

Wafer Cases

Wrapping Films

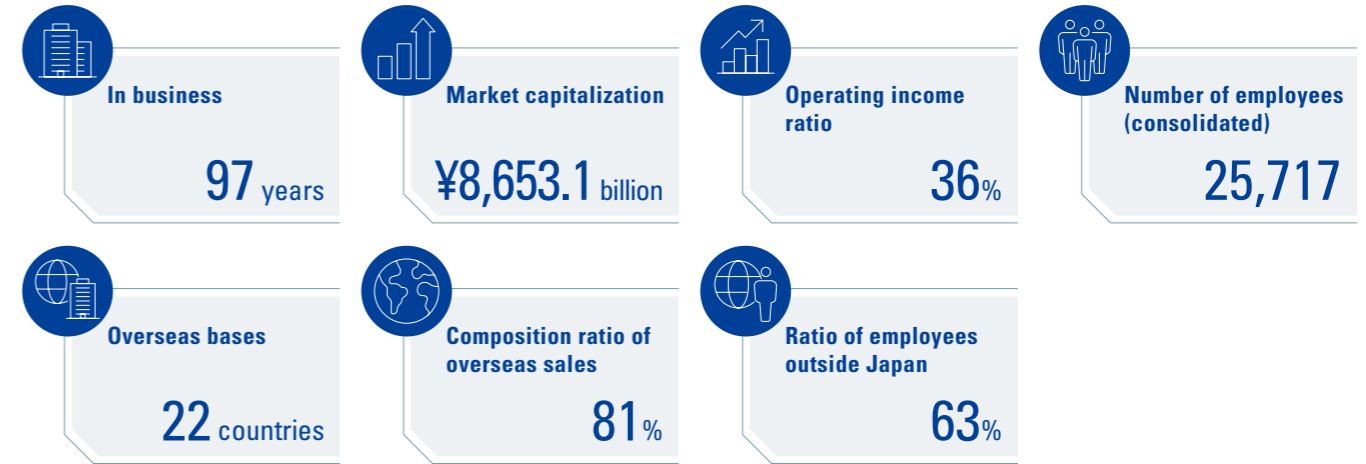
### Functional Materials

In 1953, we were the first Japanese company to commercialize silicone, which is used in a wide range of industries, and since then we have continued to develop our product lineup, which now includes more than 5,000 varieties. We also supply a wide variety of materials that deliver superior functionality, including cellulose derivatives, which are widely used in pharmaceuticals, food products and industrial applications, as well as synthetic pheromones, silicon metal, liquid fluoroelastomers, pellicles, and anode material for lithium ion batteries.

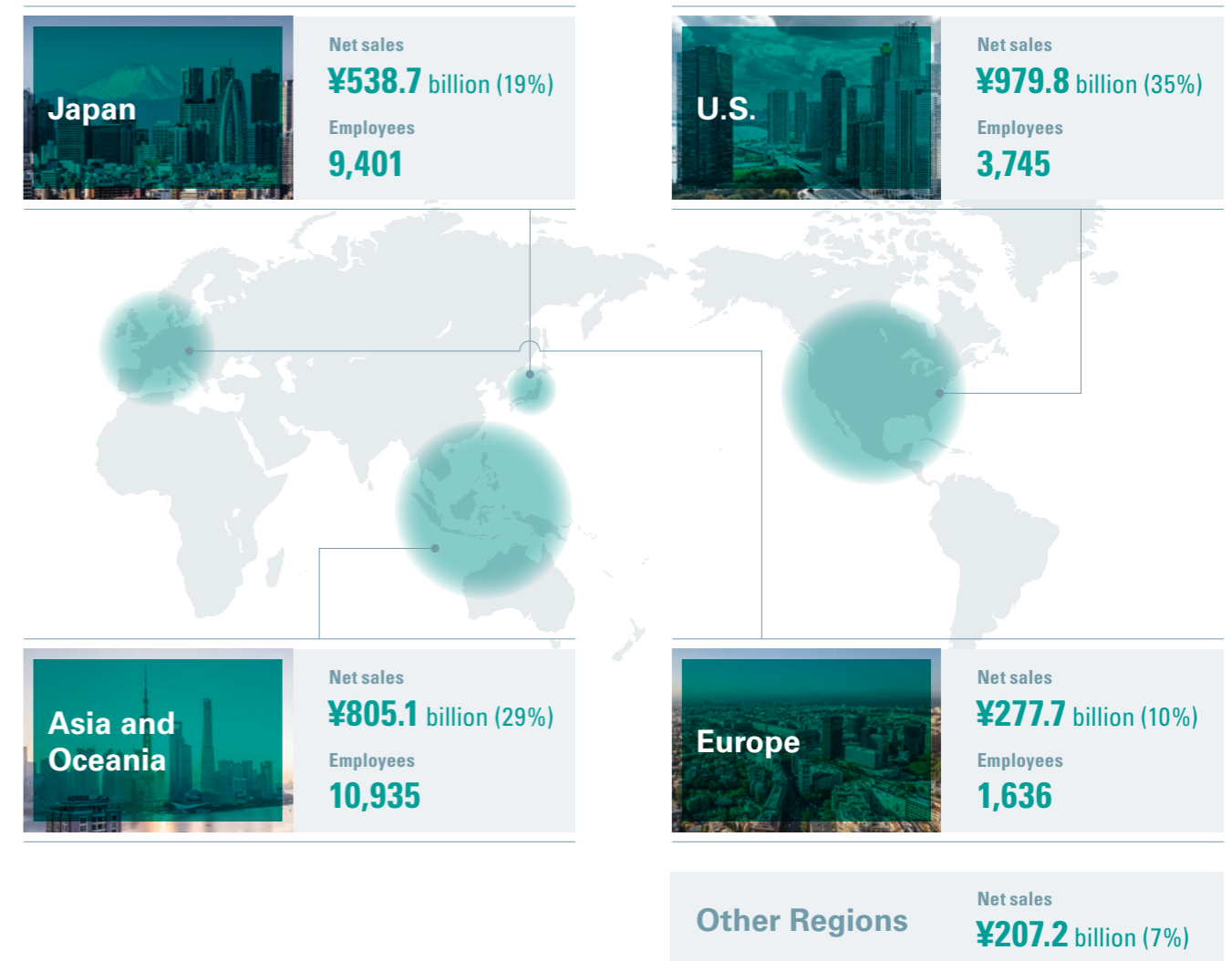
### Processing & Specialized Services

As a processing manufacturer of various resins such as PVC and silicone, Shin-Etsu Polymer Co., Ltd. meets the diverse needs of customers in a wide range of fields including the automotive, information equipment, semiconductor, packaging material, and construction material industries. Shin-Etsu Engineering Co., Ltd. is involved mainly in the design and construction of the Group's manufacturing plants.

## Profile (Fiscal year ended March 31, 2023)



## Net sales and number of employees by region (Fiscal year ended March 31, 2023)

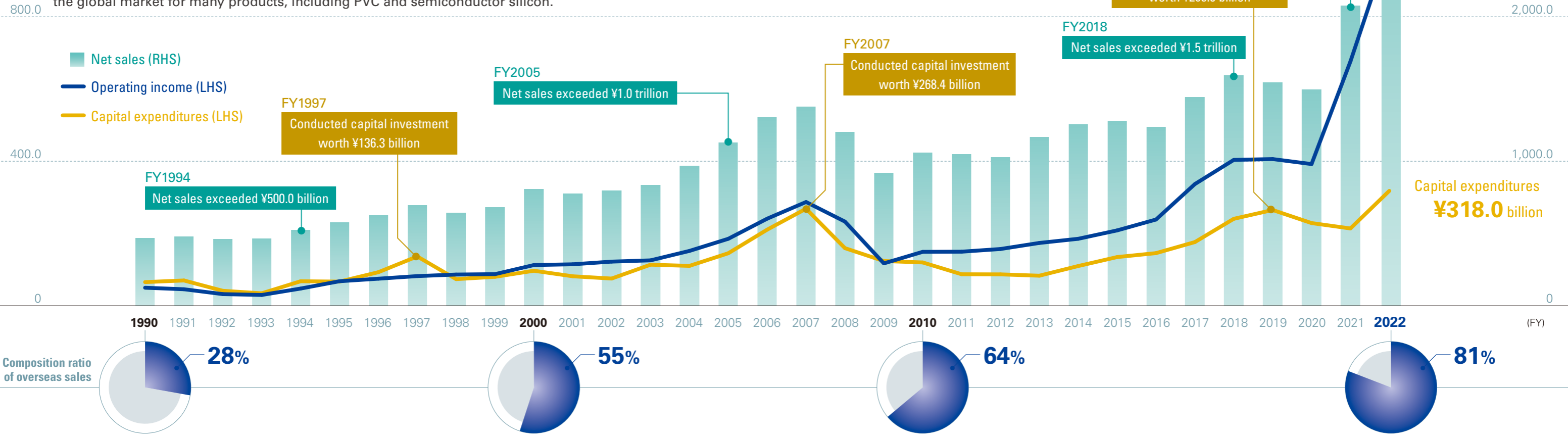


(¥ billion)  
1,200.0

FY2022 (¥ billion)  
3,000.0

# Milestones in Establishing and Strengthening Business Foundations

Since its establishment in 1926 as Shin-Etsu Nitrogen Fertilizer Co., Ltd., the Shin-Etsu Group has continually transformed its business with an eye to the future, and today holds the top share of the global market for many products, including PVC and semiconductor silicon.



## History of major capital investment and commercialization

### Formation of business foundation



Silicone products when production first started

#### 1950s–1960s

- Launched PVC production
- Began production of silicon wafers
- Started production of silicones
- Launched production of cellulose derivatives

### Enhancement of existing businesses and global expansion



Shintech Freeport Plant (Texas, USA)

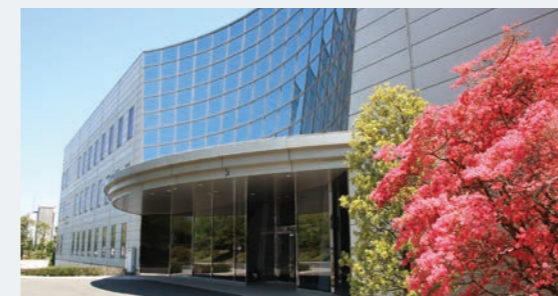


Former Chairman Kanagawa (front row, second from right) when he was appointed president of Shintech

#### 1970s–1980s

- Started production of PVC in Texas, USA
- Overseas expansion of semiconductor silicon business (Malaysia, U.S., U.K.)
- Overseas expansion of silicones business (U.S., Korea, Taiwan, Netherlands)
- Began production of rare earth magnets
- Launched production of optical fiber preform

### Corporate structure reform/Enhancement of international competitiveness



Shin-Etsu Handotai's Shirakawa Plant

#### 1990s–2000s

- Acquired PVC and cellulose businesses in Europe
- Built two PVC plants in Louisiana, USA
- Started mass production of 300 mm silicon wafers
- Began production of silicone monomers and polymers in Thailand
- Commercialized photoresists and photomask blanks businesses

### New growth strategy development



Shintech's ethylene plant that started operations in 2020 (Louisiana, USA)

#### 2010s–2020s

- Started production of ethylene in the US (ensured stable and flexible product supply by establishing an integrated production system for PVC from raw materials)
- Began integrated production of rare earth magnets in Vietnam
- Started mass production of low-dielectric resins (5G-related products)
- Commercialized anode materials for lithium-ion batteries


# Our Competitive Advantage

The Shin-Etsu Group has built solid financial foundations by supplying product lines with high market shares around the world and improving profitability.

Strength

## 1 Leading Market Share

We hold the leading market share of key materials essential to society, including PVC and semiconductor silicon.

|  |   |   |   |
|--|---|---|---|
|  <p><b>Polyvinyl chloride (PVC) resins</b><br/>No. 1 globally</p> |  <p><b>Semiconductor silicon (Silicon wafers)</b><br/>No. 1 globally</p> |  <p><b>Silicones</b><br/>No. 1 in Japan<br/>No. 4 globally</p>                         |  <p><b>Cellulose derivatives (Methylcellulose)</b><br/>No. 2 globally</p> |
|  <p><b>Photoresists</b><br/>No. 2 globally</p>                   |  <p><b>Advanced photomask blanks</b><br/>No. 2 globally</p>             |  <p><b>Synthetic quartz (for photomask substrates for LCD)</b><br/>No. 1 globally</p> |  <p><b>Synthetic pheromones</b><br/>No. 1 globally</p>                   |

(Based on Shin-Etsu Chemical research)

Strength

## 2 High Profitability and Solid Financial Foundations

Our high level of profitability is driven by tireless efforts aimed at enhancing productivity and our lineup of competitive products.

|  |             |            |                   |                     |
|--|-------------|------------|-------------------|---------------------|
| <b>Operating income to net sales ratio</b> | <b>ROIC</b> | <b>ROE</b> | <b>Net assets</b> | <b>Equity ratio</b> |
| 35.5%                                      | 33.6%       | 19.7%      | ¥4,026.2 billion  | 81.8%               |

(Fiscal year ended March 31, 2023)

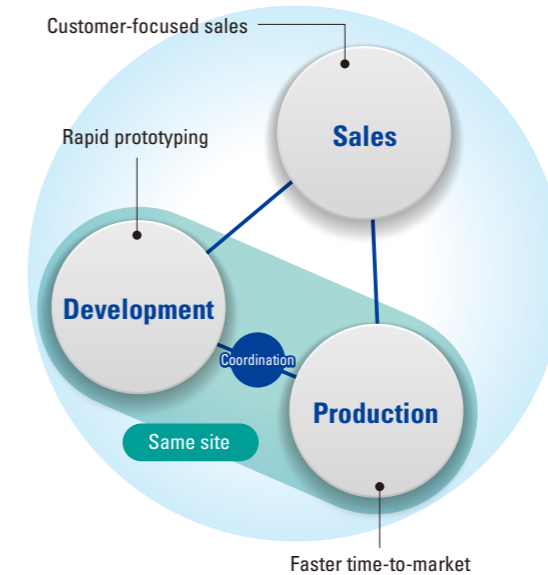
For details, see "Financial Capital" on page 15.



Strength

## 3 Triangular Link Manufacturing

Our manufacturing is based on a triangular link of customer-focused sales, development, and production, with the latter two located in the same site, to speedily respond to customer needs.



All our R&D facilities are located on the same premises as our plants, allowing for smooth coordination between development and production in response to customer needs obtained from sales. In addition to rapidly developing products that meet customer needs, coordinating with production departments allows us to make use of plant facilities to carry out hands-on development and prototyping for quality stabilization and mass production.

For details, see "Manufacturing Capital" on page 16 and "Intellectual Capital" on page 22.

Strength

## 4 High Productivity

High productivity is achieved through an optimal staffing and capital investment in pursuit of efficient processes.

By appropriately assigning personnel with deep expertise, the Group has built a lean organizational structure that maximizes the capabilities of its employees. We also strive to improve productivity by thoroughly pursuing efficient methods when updating or improving existing facilities or building new ones.



For details, see "Manufacturing Capital" on page 16 and "Human Capital" on page 18.

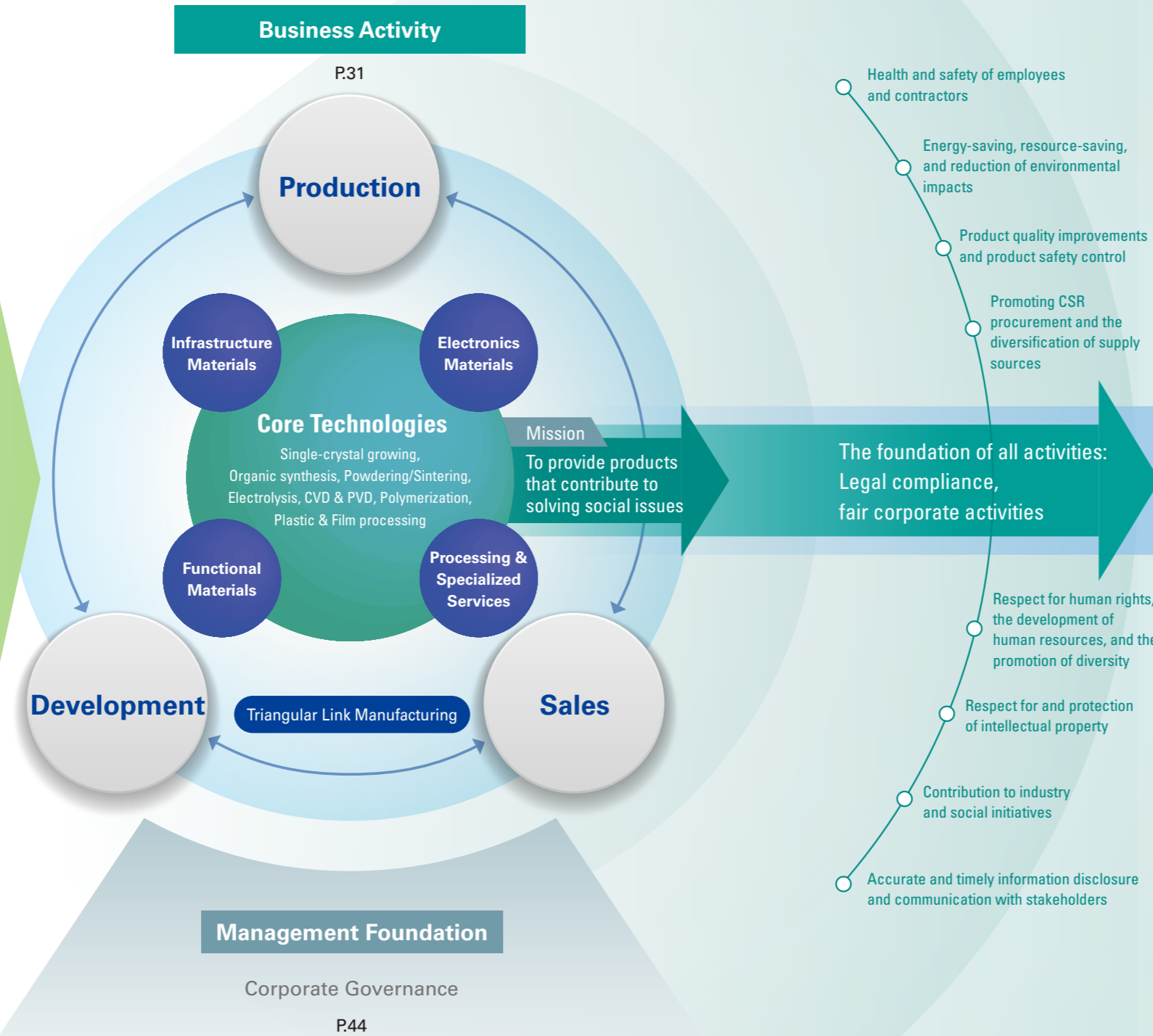
# Value Creation Process

By harnessing its strengths in the triangular link manufacturing of sales, development, and production, the Shin-Etsu Group helps solve societal issues by creating unrivaled value with materials indispensable to industry and people's lives.

### Sources of Our Competitiveness

P.14

- Financial Capital**
- Manufacturing Capital**
- Human Capital**
- Intellectual Capital**
- Social and Relationship Capital**
- Natural Capital**



### Value Created

As of March 31, 2023

|  |  |
|--|--|
| Operating income   | <b>¥998.2 billion</b>  |
| Net income   | <b>¥708.2 billion</b>  |
| ROIC   | <b>33.6%</b>   |
| ROE  | <b>19.7%</b>   |
| Cash dividend per share*1                                | <b>¥500</b>  |
| Total shareholder return over the past five years        | <b>209% (TOPIX132%)</b>  |
| Market capitalization                                    | <b>March 31, 2013</b><br><b>¥2,700.7 billion</b><br><b>March 31, 2023</b><br><b>¥8,653.1 billion</b> |
| Moody's Long-term Ratings                                | <b>Aa3</b>   |
| Sales composition ratio of environmental products*2      | <b>approx. 70%</b>   |
| Greenhouse gas emission intensity (compared with FY1990) | <b>45.8% reduction</b>   |
| Composition ratio of overseas sales                      | <b>80.8%</b>   |
| Intangible asset value ratio*3                           | <b>53.4%</b>   |

\*1 On April 1, 2023, the Company executed a 5-for-1 stock split of its common stock. "Cash dividend per share" shows the amount for shares before the stock split because the record date is prior to the stock split date (April 1, 2023).  
 \*2 Products that contribute to the 14 areas identified by the Japanese government in 2021 as being essential to achieving the goal of carbon neutrality  
 \*3 An indicator for measuring the value of intangible assets in capital markets  
 Intangible asset value ratio = (intangible fixed assets [book value] + market capitalization - net assets [book value]) ÷ market capitalization

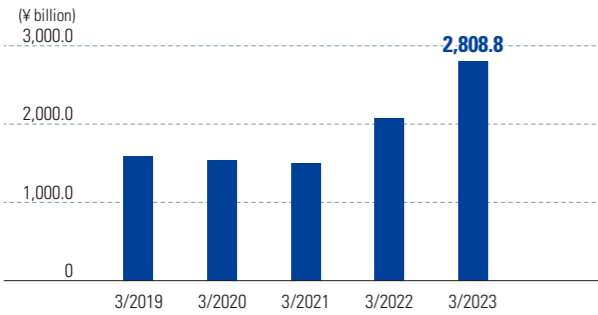
## Vision

### Contribution to the Earth's future

- Connectivity**  
AI, IoT, 5G, Metaverse  
Semiconductor silicon, silicones, optical fiber preforms, low-dielectric resins, etc.
- Smart infrastructure**  
Infrastructure developments  
PVC, cellulose derivatives, silicones
- Productivity enhancement**  
Robots, Industrial motors  
Semiconductor silicon, rare earth magnets, silicones, etc.
- Health enhancement**  
Pharmaceutical materials, Materials for medical apparatus and equipment  
Cellulose derivatives, POVAL, silicones, rare earth magnets
- Food, Sanitation**  
Synthetic pheromones, cellulose derivatives, photocatalysts
- Energy/Resource efficiency**  
Electric vehicles  
Rare earth magnets, anode materials for lithium-ion batteries, silicones, etc.
- Energy-efficient home appliances, Renewable energy**  
Rare earth magnets, semiconductor silicon, silicones, LED packaging materials, etc.

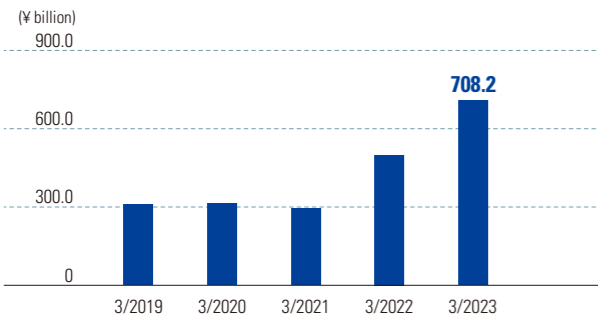
# Financial Highlights

## Net sales



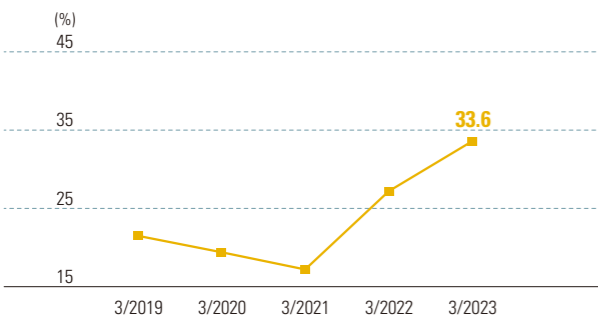
Consolidated net sales for the fiscal year ending March 31, 2023 (FY2022) increased 35.4% from the previous fiscal year, achieving over 30% of growth for the second consecutive year, thanks to an increase in sales volume of PVC resin and other products and price negotiations that closely reflected market fluctuations.

## Net income attributable to owners of parent



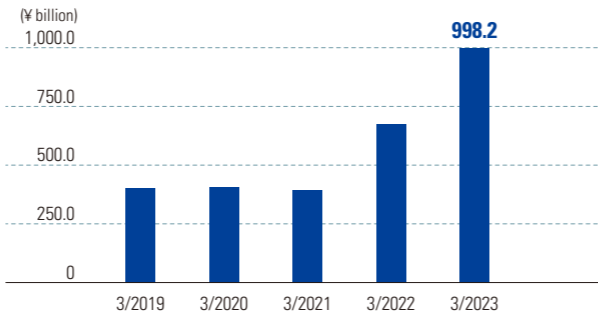
Net income attributable to owners of parent in FY2022 rose 41.6% from the previous fiscal year to a record high, reflecting a substantial increase in operating income.

## ROIC



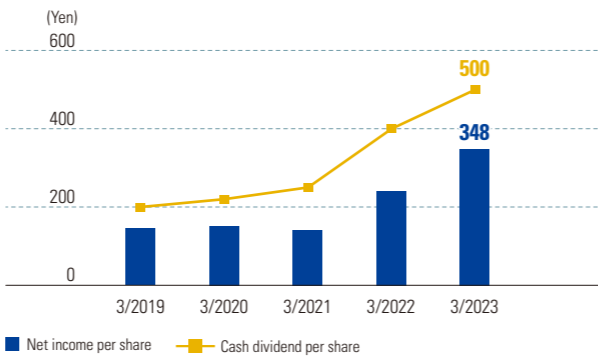
FY2022 ROIC increased 6.4 percentage points year on year on the back of sharp growth in operating income after taxes.

## Operating income



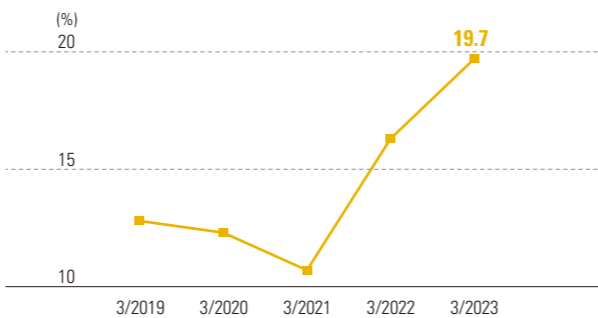
Consolidated operating income for FY2022 increased 47.6% over the previous year, far exceeding the previous year's record high. All business segments achieved double-digit profit growth, with the Infrastructure Materials business in particular leading the overall growth with a 70.3% increase.

## Net income per share/Cash dividend per share\*



In light of the substantial increase in net income per share, the annual dividend for FY2022 was increased by ¥100 from the previous fiscal year, representing the eighth consecutive year of dividend increase (payout ratio of 28.7%).

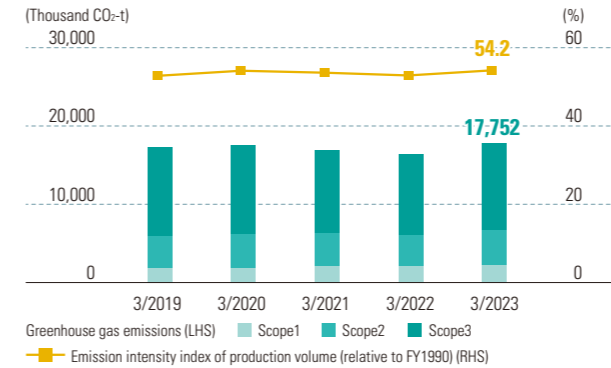
## ROE



FY2022 ROE rose 3.4 percentage points as a result of sharp growth in net income attributable to owners of parent, despite a 16.3% year-on-year increase in shareholders' equity.

# Non-Financial Highlights

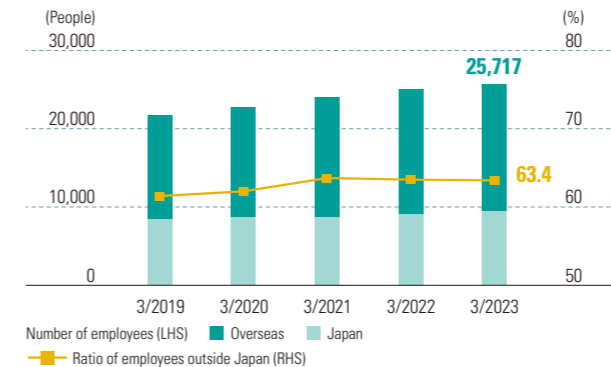
## Greenhouse gas emissions/ Emission intensity index of production volume\*



We are working to reduce the greenhouse gas emission intensity index to 45% of our FY1990 level by 2025 and achieve net-zero greenhouse gas emissions (Scope 1 and 2) by 2050.

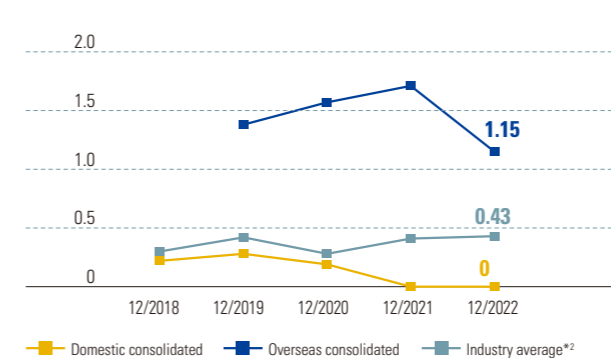
\*Emission intensity index of production volume reflects Scope 1 and Scope 2.

## Number of employees/Ratio of employees outside Japan



In accordance with international labor standards, each year we survey our consolidated subsidiaries to ensure compliance with laws and regulations, making sure that we respect human rights and properly manage labor and employment in accordance with the laws and regulations of each country and region.

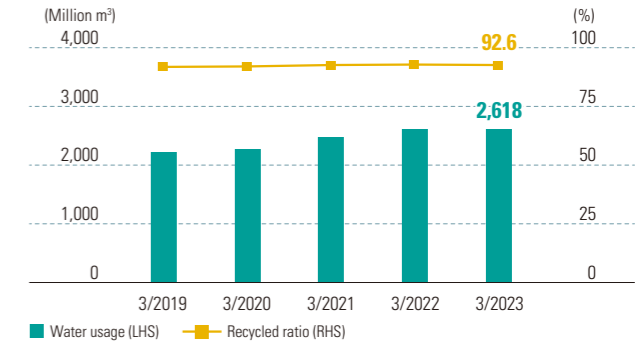
## Lost-time accident rate\*1



Although we had no serious accidents in FY2022, there were 57 lost-time accidents at overseas Group companies, and we promptly implemented countermeasures after analyzing the causes of each of them.

\*1 The lost-time accident rate is calculated per calendar year.  
\*2 Averages for the chemical industry in Japan as compiled by the Japan Chemical Industry Association (JCIA).

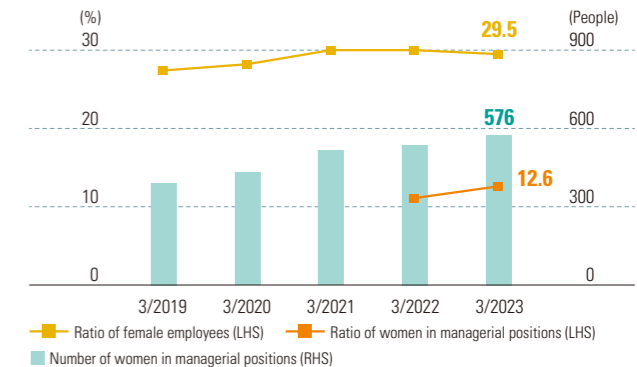
## Water usage\*/Recycled ratio



Since manufacturing products requires a large amount of water, we have set a target of "reducing water withdrawal intensity by an annual average of 1%," and are thoroughly promoting the recycling of water and making effective use of rainwater, etc.

\*Total quantity of water withdrawal and recycled water

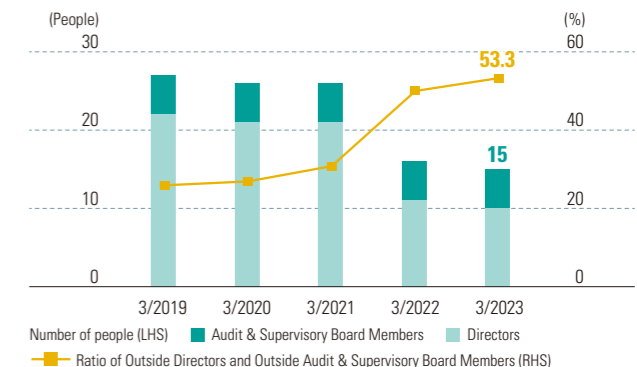
## Ratio of female employees/ Number and ratio of women in managerial positions\*



To promote the advancement of women, we have set goals to "increase the hiring ratio of women in administrative positions to 40% and in engineering positions to 10%" and "quadruple the number of women in managerial positions, including junior managers, compared to FY2014."

\*Figures for ratio of women in managerial positions calculated starting from FY2021

## Number of Directors and Audit & Supervisory Board Members/ Ratio of Outside Directors and Outside Audit & Supervisory Board Members



In FY2021, we substantially downsized the Board of Directors and raised the ratio of Outside Directors and Outside Audit & Supervisory Board Members to improve our ability to promptly respond to changes in the business environment and strengthen our monitoring functions.

\*On April 1, 2023, the Company executed a 5-for-1 stock split of its common stock. "Net income per share" is calculated based on the number of shares after the stock split from the fiscal year ended March 31, 2019, in accordance with the "Accounting Standard for Earnings per Share." "Cash dividend per share" shows the amount for shares before the stock split because the record date is prior to the stock split date (April 1, 2023).