

Press Release

Consolidated Financial Results for the First Three Quarters Ended December 31, 2021



Shin-Etsu Chemical Co., Ltd.

(JP GAAP)

January 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 filing of the quarterly consolidated financial statements: February 10, 2022

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 Three Quarters Ended December 31, 2021

(From April 1, 2021 to December 31, 2021)

(1) Results of consolidated operations

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
April - December 2021	1,483,703	36.1%	480,112	68.4%	490,304	67.3%	353,135	65.5%
April - December 2020	1,090,407	(7.1%)	285,021	(10.6%)	293,043	(11.3%)	213,321	(13.6%)

(Note) Comprehensive income (Millions of yen) From April 1, 2021 to December 31, 2021: 469,524 [145.8%]

From April 1, 2020 to December 31, 2020: 190,980 [(6.8%)]

	Net income per share (yen)	Diluted net income per share (yen)
April - December 2021	850.00	849.18
April - December 2020	513.25	512.95

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
December 31, 2021	3,759,139	3,228,903	83.5%	7,553.27
March 31, 2021	3,380,615	2,886,625	83.2%	6,769.72

(Note) Stockholders' equity (Millions of yen) As of December 31, 2021: 3,137,645 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	-	150.00	-		
April 2021 - March 2022 (forecast)				250.00	400.00

(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	2,040,000	36.3%	675,000	72.1%	690,000	70.3%	500,000	70.2%	1,203.54

(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 three quarters ended December 31, 2021: No

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during the first three quarters ended December 31, 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)

	December 31, 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	1,260,754	1,115,572
	April - December 2021	April - December 2020
Weighted-average number of shares outstanding over period	415,454,846	415,630,230

(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 the Quarterly Results

(1) Explanation Regarding the Operating Results

During the third quarter of the fiscal year ending March 31, 2022 (April 1, 2021 to December 31, 2021), the world economy continued to grow steadily, as indicated by the economic growth rate of over 5% (GDP growth rate). On the other hand, the major economic zones faced supply turmoil and price pressures and had to tackle challenges while continuing to deal with coronavirus infections. The Group has carried out its business while responding swiftly to these events. Going forward, we will continue, without prejudgment, 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 third quarter of the fiscal year ending March 31, 2022 are as follows:

	(Billions of yen)			2021		
	2020 Apr - Dec	2021 Apr - Dec	Increase (Decrease)	Apr - Jun	Jul - Sep	Oct - Dec
Net sales	1,090.4	1,483.7	36.1% 393.3	434.2	507.1	542.3
Operating income	285.0	480.1	68.4% 195.1	128.8	169.5	181.7
Ordinary income	293.0	490.3	67.3% 197.3	130.8	172.6	186.7
Net income attributable to owners of parent	213.3	353.1	65.5% 139.8	95.7	125.1	132.2
ROIC (per annum)	16.4%	25.9%	9.5 points			
ROE (per annum)	10.5%	15.8%	5.3 points			
ROA (per annum)	12.1%	18.3%	6.2 points			
Net income per share(Yen)	513	850	337			

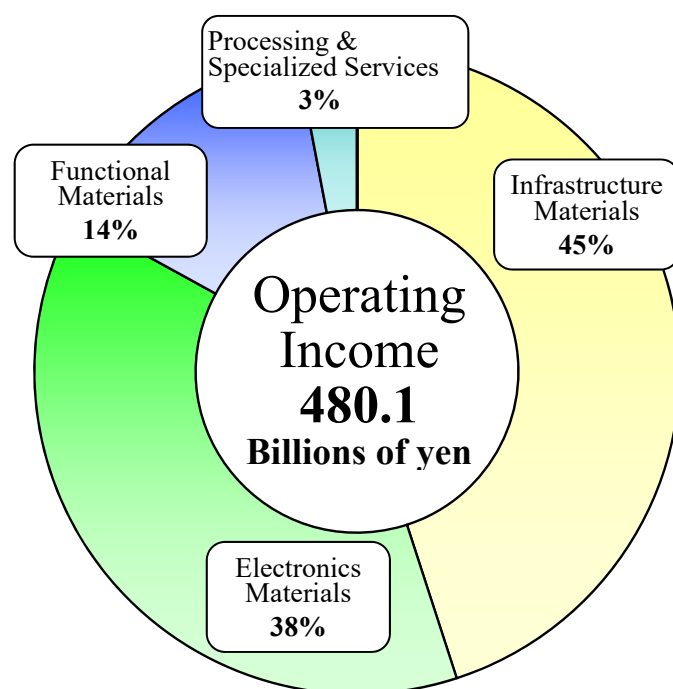
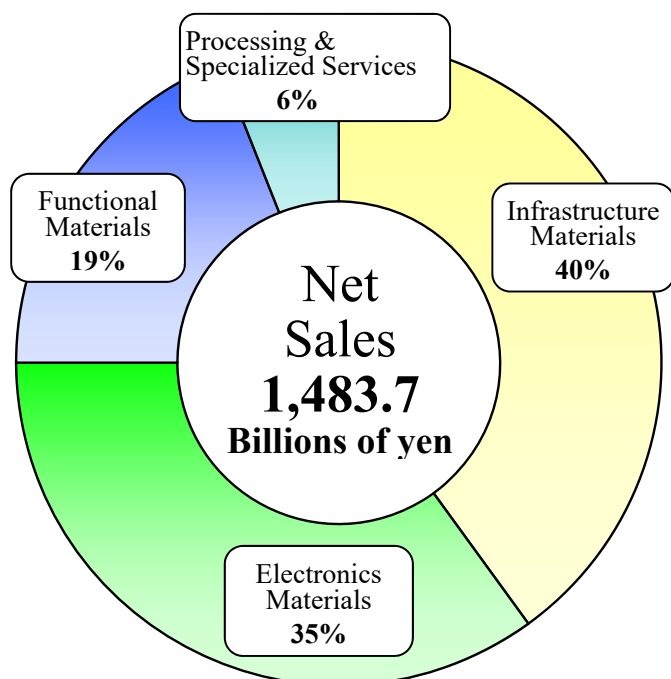
- Notes:
- ROIC: Return on invested capital
Net operating income after tax / (Net assets + Interest-bearing liabilities — Cash)
 - ROE: Return (Net Income) on equity
Equity used for this calculation is net assets excluding both share subscription rights and non-controlling interests in consolidated subsidiaries.
 - 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 three quarters by four over three, 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)

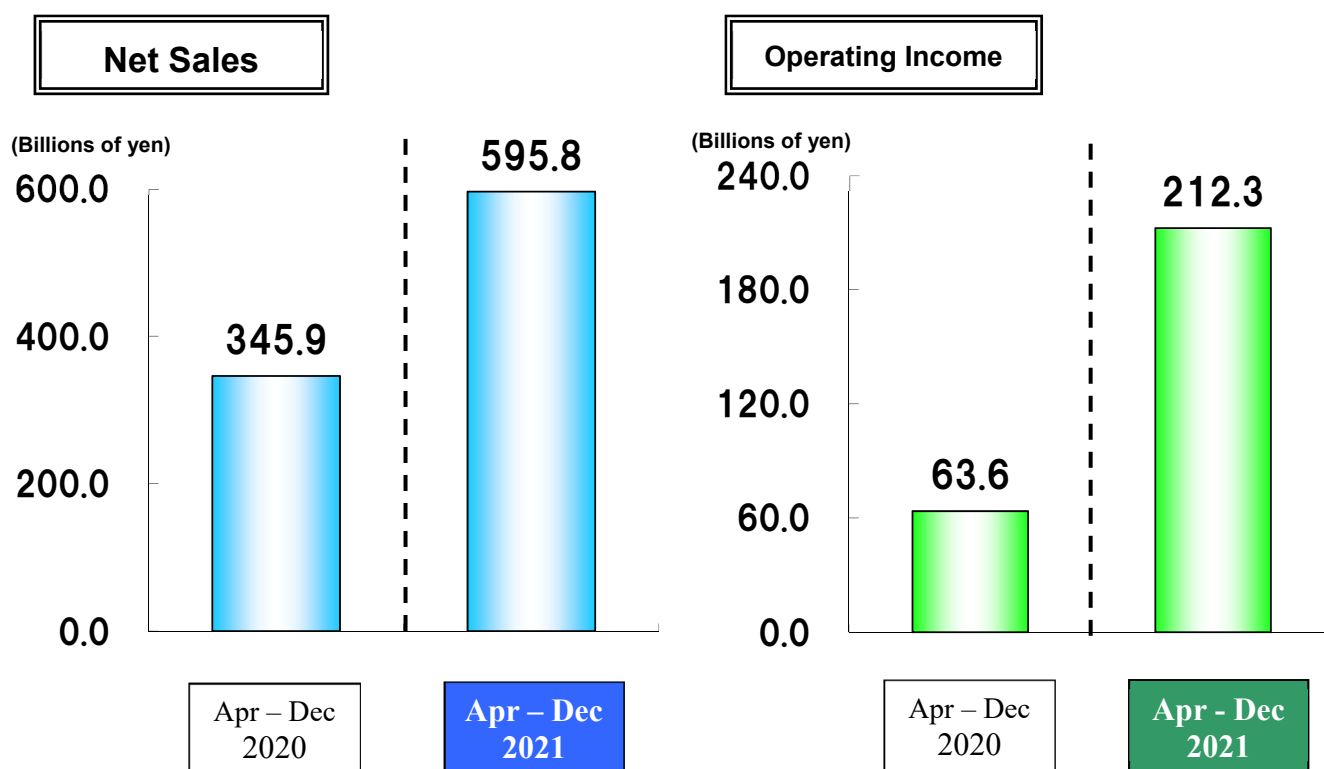
	Net Sales			Operating Income		
	2020 Apr - Dec	2021 Apr - Dec	Increase (Decrease)	2020 Apr - Dec	2021 Apr - Dec	Increase (Decrease)
Infrastructure Materials	345.9	595.8	72.2% 249.9	63.6	212.3	3.3 times 148.7
Electronics Materials	441.5	516.8	17.1% 75.3	158.5	183.8	16.0% 25.3
Functional Materials	230.1	289.1	25.7% 59.0	51.5	68.3	32.7% 16.8
Processing & Specialized Services	72.8	81.8	12.4% 9.0	11.5	16.3	42.4% 4.8
Total	1,090.4	1,483.7	36.1% 393.3	285.0	480.1	68.4% 195.1



Infrastructure Materials

	Apr - Dec 2020 (Billions of yen)	Apr - Dec 2021 (Billions of yen)	Increase / (Decrease)
Net sales	345.9	595.8	72.2%
Operating income	63.6	212.3	3.3 times

PVC has maintained its product price, supported by strong global demand. Demand for caustic soda also remained firm. We continued full operation at all bases including Shintech Inc. in the United States. In particular, Shintech postponed the scheduled maintenance last fall to meet demand. In addition, Shintech's new production capacity went live last month.

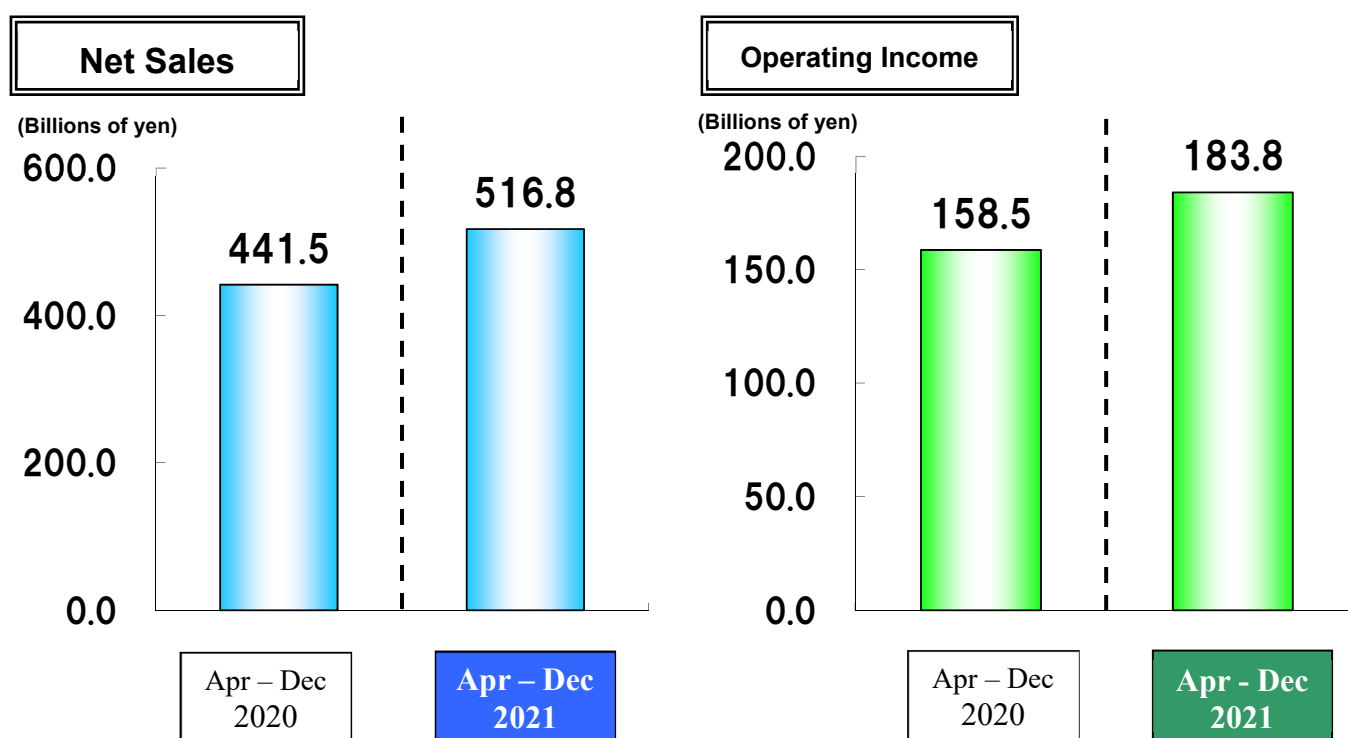


- The second phase of the new expansion work is underway at Shintech.
- Basic demand for PVC resin is strong against the backdrop of housing shortages in major countries and financial investment in social infrastructure. It is expected that it will take at least several years to solve the housing shortage.
- We are paying attention to the trends in energy and environmental regulations in China.

Electronics Materials

	Apr - Dec 2020 (Billions of yen)	Apr - Dec 2021 (Billions of yen)	Increase / (Decrease)
Net sales	441.5	516.8	17.1%
Operating income	158.5	183.8	16.0%

Due to rising global demand for devices, the semiconductor industry continued to operate at full capacity. Under such circumstances, 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 producing countries due to coronavirus infections and natural disasters, we operated as much as possible in order to meet the vigorous demands in all directions such as automobiles, industrial equipment, and hard disks.

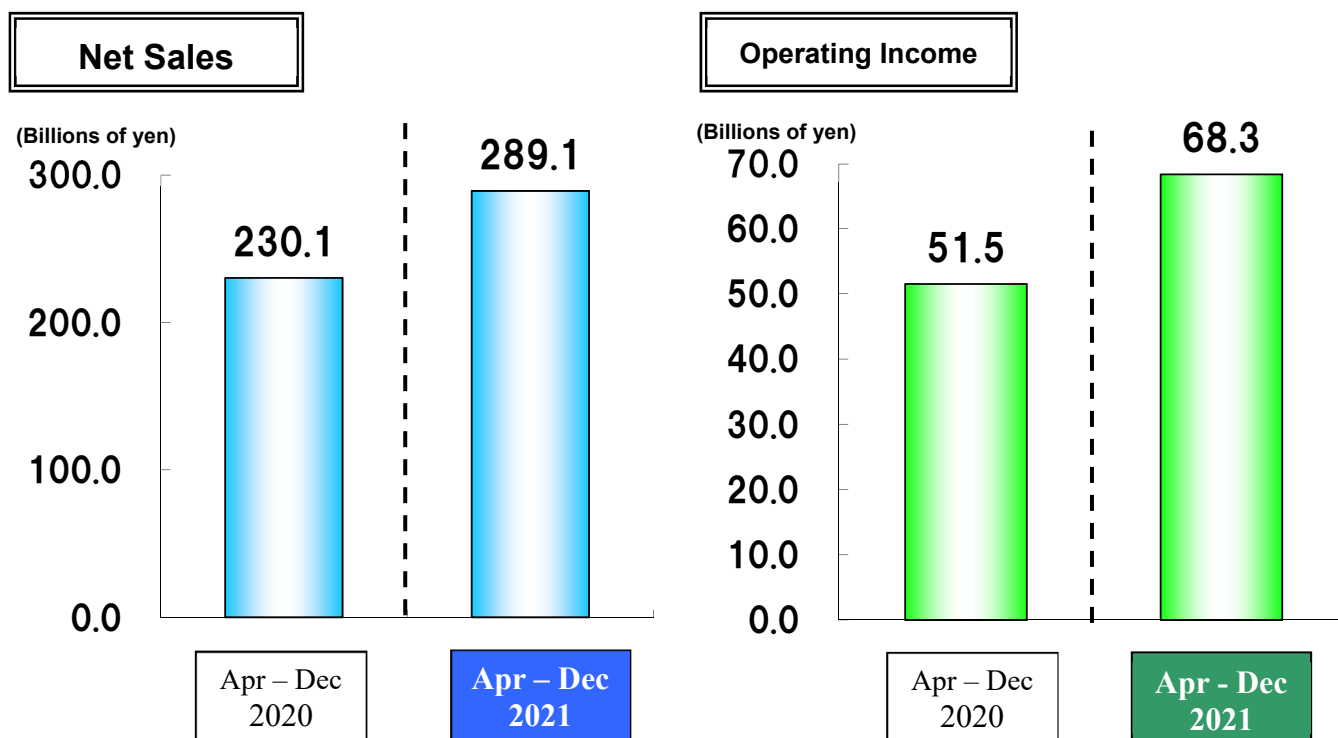


- Timely and appropriate response to semiconductor materials demand for multifaceted expansion and continuous increase.
- Compliance with increasingly sophisticated technical requirements.
- Launch of products using significantly reduced heavy rare earths and development of magnets that do not use heavy rare earths.
- Supply of technologies and materials indispensable for the progress of electric and drive mechanism essential for carbon neutrality.
- Building a mass production system for EUV mask blanks.

Functional Materials

	Apr - Dec 2020 (Billions of yen)	Apr - Dec 2021 (Billions of yen)	Increase / (Decrease)
Net sales	230.1	289.1	25.7%
Operating income	51.5	68.3	32.7%

We faced with a sharp rise in the price of silicon metal, which is the main raw material, and procurement and shipping were affected by the turmoil in global logistics. Under such circumstances, we worked on boosting sales while raising product prices, which resulted in an increase in sales and profits.

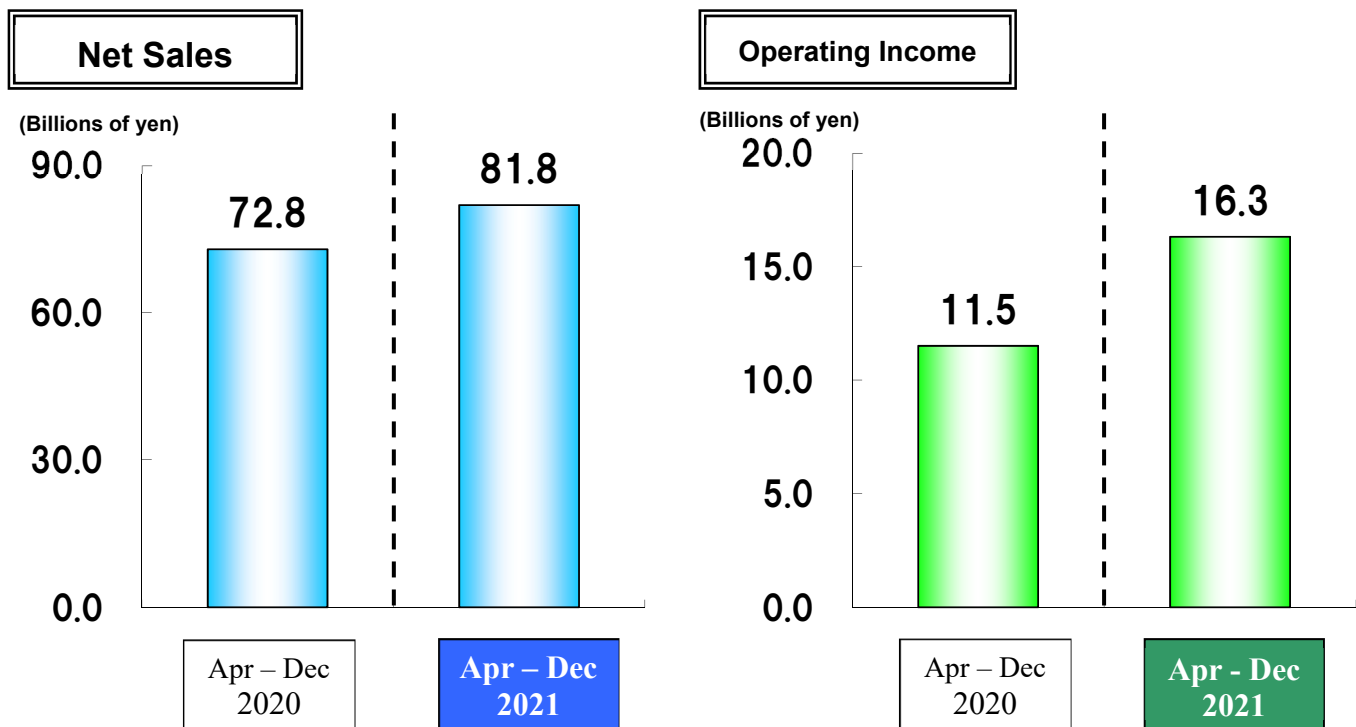


- Price increases for silicones and cellulose products.
- Development of products that help reduce greenhouse gas emissions.
- Strengthening the supply network and differentiation by capability of supply and development.
- Promoting the launch of new products.

Processing & Specialized Services

	Apr – Dec 2020 (Billions of yen)	Apr - Dec 2021 (Billions of yen)	Increase / (Decrease)
Net sales	72.8	81.8	12.4%
Operating income	11.5	16.3	42.4%

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 from the third quarter due to the consolidation of KitchaNista Co., Ltd.



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

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

The World Bank said in its economic outlook released on the 11th of this month, on a cautionary note, that the growth rate of the world economy in 2022 will slow down from 5.5% last year to 4.1%. Overall, the global economy is expected to slow down. Re-emergence of coronavirus infections, disruptions in supply, labor shortages, ongoing inflation, and geopolitical issues can force a review of assumptions. In the face of such various risk factors, the Group will engage in efforts to grow all businesses. We will not slacken our efforts for development investment and realize it at an early stage. We also aim at continuous improvement of ROE and ROIC.

Regarding the consolidated earnings forecast for the fiscal year ending March 31, 2022, based on the cumulative results for the third quarter and the estimate for the fourth quarter, as stated in the summary information 3 of this report, we have revised the earnings forecast announced on July 27, 2021. In addition, as you can see in the summary information 2 of this report, the dividend forecast has also been revised upward. In summary, it is as follows.

For details, please refer to the "Notice Concerning Revision of Operating Performance and Dividend Forecasts" announced today (January 27, 2022).

(Billions of yen)

	FY 2021 Apr 2020 - Mar 2021 Actual	FY 2022 Apr 2021 - Mar 2022 Forecast	Increase (Decrease)
Net sales	1,496.9	2,040.0	36.3%
Operating income	392.2	675.0	72.1%
Ordinary income	405.1	690.0	70.3%
Net income attributable to owners of parent	293.7	500.0	70.2%
Net income per share (Yen)	707	1,204	497
Cash Dividends per Share (Yen)	250	400	150

(Note)

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

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

The year-end dividend for the fiscal year ending March 31, 2022 is expected to be ¥250 per share, an increase of ¥100 per share from the interim dividend of ¥150 per share. As a result, the dividend has increased for seven consecutive terms, and we project that the dividend on an annual basis will be ¥400 per share, an increase of ¥150 per share from the dividend for the previous year.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31 and December 31, 2021

	Millions of yen	
	March 31, 2021	December 31, 2021
ASSETS		
Current Assets:		
Cash and time deposits	866,882	977,241
Notes and accounts receivable-trade	343,896	-
Notes, accounts receivable-trade and contract assets	-	463,521
Securities	286,039	288,783
Inventories	365,032	401,114
Other	59,085	76,197
Less: Allowance for doubtful accounts	(6,028)	(6,421)
Total current assets	1,914,909	2,200,437
Fixed Assets:		
Property, plant and equipment		
Machinery and equipment, net	559,992	610,104
Other, net	605,156	643,736
Total property, plant and equipment	1,165,149	1,253,841
Intangible assets	8,922	10,569
Investments and other assets:		
Investments and other assets	293,815	296,641
Less: Allowance for doubtful accounts	(2,180)	(2,350)
Total investments and other assets	291,635	294,291
Total fixed assets	1,465,706	1,558,702
TOTAL ASSETS	3,380,615	3,759,139

	Millions of yen	
	March 31, 2021	December 31, 2021
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	125,410	149,691
Short-term borrowings	11,768	8,530
Accrued income taxes	48,049	38,461
Allowances	4,370	4,417
Other	173,648	180,841
	363,246	381,942
Long-term Liabilities:		
Long-term debt	15,986	19,373
Net defined benefit liability	41,456	44,882
Other	73,300	84,037
	130,743	148,294
	493,990	530,236
NET ASSETS		
Stockholders' Equity:		
Common stock	119,419	119,419
Additional paid-in capital	128,954	129,114
Retained earnings	2,616,081	2,845,978
Less: Treasury stock, at cost	(12,612)	(16,251)
	2,851,842	3,078,261
Accumulated Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities	25,027	27,811
Deferred gains (losses) on hedges	(2,703)	626
Foreign currency translation adjustments	(58,618)	32,802
Remeasurements of defined benefit plans	(2,409)	(1,855)
	(38,704)	59,384
Share subscription rights	2,014	2,815
Non-controlling interests in consolidated subsidiaries	71,473	88,442
	2,886,625	3,228,903
	3,380,615	3,759,139

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

Consolidated Statements of Income

For the first three quarters ended December 31, 2020 and 2021

	Millions of yen	
	April 1, 2020 - December 31, 2020	April 1, 2021 - December 31, 2021
Net sales	1,090,407	1,483,703
Cost of sales	694,845	866,774
Gross profit	395,561	616,929
Selling, general and administrative expenses	110,539	136,816
Operating income	285,021	480,112
Non-operating income:		
Equity in earnings of affiliates	3,660	5,161
Other income	14,505	8,160
Total non-operating income	18,166	13,322
Non-operating expenses:		
Interest expenses	547	687
Loss on retirement of non-current assets	1,144	964
Other expenses	8,452	1,478
Total non-operating expenses	10,144	3,130
Ordinary income	293,043	490,304
Income before income taxes and non-controlling interests	293,043	490,304
Income taxes:		
Current	71,932	116,643
Deferred	4,440	4,757
Total income taxes	76,373	121,400
Net income	216,670	368,903
Net income attributable to non-controlling interests	3,349	15,768
Net income attributable to owners of parent	213,321	353,135

Consolidated Statements of Comprehensive Income

For the first three quarters ended December 31, 2020 and 2021

	Millions of yen	
	April 1, 2020 - December 31, 2020	April 1, 2021 - December 31, 2021
Net income	216,670	368,903
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	8,829	2,758
Deferred gains (losses) on hedges	2,542	3,336
Foreign currency translation adjustments	(37,461)	93,544
Remeasurements of defined benefit plans	415	553
Share of other comprehensive income of affiliates accounted for using the equity method	(14)	426
Total other comprehensive income	(25,690)	100,620
Comprehensive income	190,980	469,524
 (Breakdown)		
Comprehensive income attributable to owners of parent	188,139	451,224
Comprehensive income attributable to non-controlling interests	2,841	18,300

(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 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 three quarters ended December 31, 2021

(From April 1, 2021 to December 31, 2021)

	Millions of yen						Figures in
	Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total	Adjustment*	consolidated financial statements
Sales to outside customers	595,818	516,829	289,177	81,878	1,483,703	—	1,483,703
Intersegment sales	3,579	6,321	15,284	78,250	103,436	(103,436)	—
Total	599,398	523,151	304,461	160,128	1,587,139	(103,436)	1,483,703
Segment income (Operating income)	212,324	183,881	68,328	16,378	480,912	(799)	480,112

*Elimination of intersegment transactions

(2) For the first three quarters ended December 31, 2020

(From April 1, 2020 to December 31, 2020)

*Figures below are based on the modified reportable segments.

	Millions of yen						Figures in
	Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total	Adjustment*	consolidated financial statements
Sales to outside customers	345,950	441,527	230,110	72,818	1,090,407	—	1,090,407
Intersegment sales	3,848	4,543	11,797	89,884	110,074	(110,074)	—
Total	349,798	446,071	241,908	162,703	1,200,481	(110,074)	1,090,407
Segment income (Operating income)	63,626	158,542	51,509	11,503	285,181	(159)	285,021

*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	2Q	3Q	Total
Net Sales	359.3	351.1	379.8	406.4	1,496.9	434.2	507.1	542.3	1,483.7
Infrastructure Materials	113.7	106.8	125.3	139.9	485.8	157.1	206.8	231.8	595.8
Electronics Materials	144.4	148.0	149.0	154.1	595.6	161.1	174.4	181.2	516.8
Functional Materials	77.4	72.9	79.7	84.1	314.2	91.6	96.8	100.7	289.1
Processing & Specialized Services	23.6	23.3	25.7	28.2	101.0	24.3	28.9	28.5	81.8
Operating Income	90.9	93.3	100.7	107.1	392.2	128.8	169.5	181.7	480.1
Infrastructure Materials	19.5	18.5	25.4	35.9	99.6	44.1	79.1	89.0	212.3
Electronics Materials	51.8	53.6	53.0	47.5	206.0	56.7	62.0	65.1	183.8
Functional Materials	16.2	17.0	18.1	19.2	70.7	22.7	23.7	21.8	68.3
Processing & Specialized Services	3.0	4.1	4.2	4.8	16.3	5.3	5.0	5.9	16.3
Ordinary Income	95.2	97.0	100.8	112.0	405.1	130.8	172.6	186.7	490.3
Net Income Attributable to Owners of Parent	69.3	70.9	73.0	80.4	293.7	95.7	125.1	132.2	353.1
R&D Costs	12.3	12.1	12.9	13.7	51.2	14.0	13.3	18.9	46.2
Overseas Sales	264.9	258.1	281.7	302.2	1,107.1	327.1	393.7	422.3	1,143.3
Ratio of Overseas Sales to Net Sales	74%	74%	74%	74%	74%	75%	78%	78%	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	Total
Capital Expenditures	52.7	58.2	63.6	54.1	228.8	46.7	51.7	53.0	151.6
Infrastructure Materials	27.2	24.7	24.9	26.4	103.4	15.7	20.4	14.8	51.0
Electronics Materials	17.1	25.5	27.0	18.7	88.4	21.6	20.1	27.6	69.4
Functional Materials	7.0	7.5	11.0	8.6	34.2	8.3	8.9	8.6	25.9
Processing & Specialized Services	1.6	0.7	0.6	1.0	4.1	1.2	2.6	2.4	6.2
Depreciation and Amortization	31.1	34.4	37.1	41.0	143.8	35.2	40.3	44.2	119.9
Infrastructure Materials	9.2	11.2	11.5	12.2	44.3	11.5	12.7	12.8	37.1
Electronics Materials	13.8	14.8	16.7	19.0	64.5	15.3	18.9	21.6	55.9
Functional Materials	7.0	7.2	7.8	8.7	30.8	7.5	7.7	8.7	24.0
Processing & Specialized Services	1.0	1.1	1.1	1.2	4.5	0.9	1.0	1.2	3.2

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)

	Dec 31 2020	Dec 31 2021	Mar 31 2021
Net Assets	2,814.7	3,228.9	2,886.6
Total Assets	3,253.5	3,759.1	3,380.6
Net Assets per Share (Yen)	6,602	7,553	6,770
Interest-bearing Liabilities	25.0	27.9	27.7
Number of Employees	23,536	24,629	24,069
Exchange Rate: Jan - Sep (Avg) (Yen/US\$)	107.6	108.5	
Apr - Dec (Avg)	106.1	111.1	

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

4. Comparative Balance Sheets (Consolidated)

(Billions of yen)

	Mar 31 2021	Dec 31 2021	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]		Mar 31 2021	Dec 31 2021	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]
Current Assets	1,914.9	2,200.4	285.5	53.0	232.5	Current Liabilities	363.2	381.9	18.7	6.4	12.3
Cash and time deposits	866.8	977.2	110.4	32.8	77.6	Notes and accounts payable-trade	125.4	149.6	24.2	2.7	21.5
Notes and accounts receivable-trade	343.8	463.5	119.7	11.0	108.7	Short-term borrowings	11.7	8.5	(3.2)	0.4	(3.6)
Securities	286.0	288.7	2.7	0.1	2.6	Accrued income taxes	48.0	38.4	(9.6)	0.5	(10.1)
Inventories	365.0	401.1	36.1	8.2	27.9	Other	178.0	185.2	7.2	2.8	4.4
Other	53.0	69.7	16.7	0.9	15.8	Long-term Liabilities	130.7	148.2	17.5	7.0	10.5
						Total Liabilities	493.9	530.2	36.3	13.4	22.9
Fixed Assets	1,465.7	1,558.7	93.0	57.4	35.6	Stockholders' Equity	2,851.8	3,078.2	226.4	0.0	226.4
Property, Plant and Equipment	1,165.1	1,253.8	88.7	55.7	33.0	Accumulated Other Comprehensive Income	(38.7)	59.3	98.0	93.6	4.4
Intangible Assets	8.9	10.5	1.6	0.2	1.4	Other	73.4	91.2	17.8	3.4	14.4
Investments and Other Assets	291.6	294.2	2.6	1.5	1.1	Total Net Assets	2,886.6	3,228.9	342.3	97.0	245.3
Total Assets	3,380.6	3,759.1	378.5	110.4	268.1	Total Liabilities and Net Assets	3,380.6	3,759.1	378.5	110.4	268.1

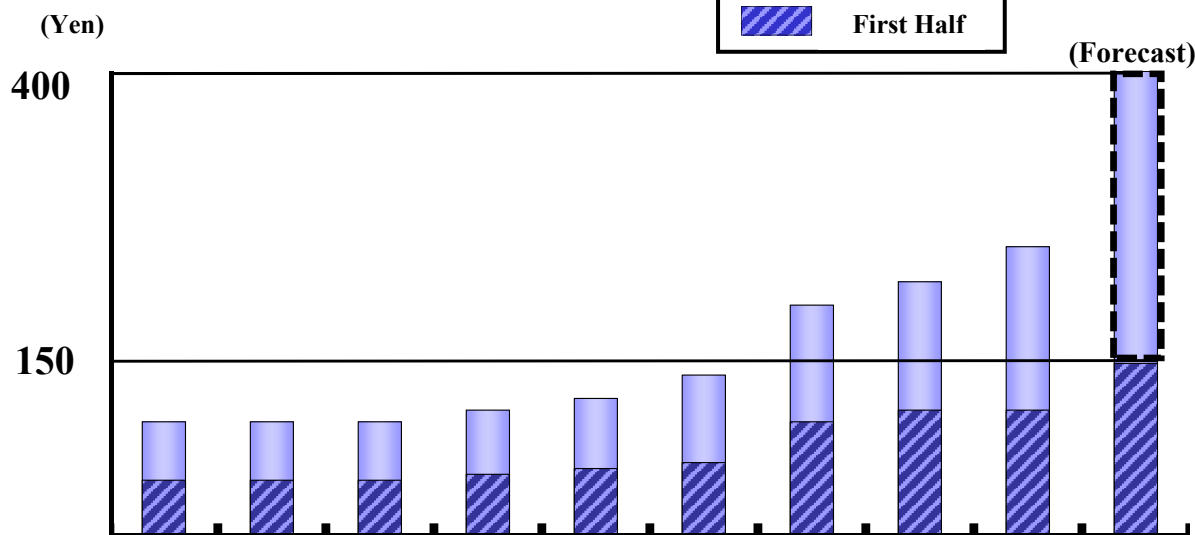
5. Comparative Statements of Cash Flows (Consolidated)

(Billions of yen)

	2020 Apr-Dec	2021 Apr-Dec	Increase (Decrease)
(1) Cash Flows from Operating Activities	228.6	360.3	131.7
Income Before Income Taxes	293.0	490.3	197.3
Payments of income taxes	(96.5)	(126.1)	(29.6)
Depreciation and amortization	102.7	119.9	17.2
(Increase)Decrease in working capital	(57.8)	(115.3)	(57.5)
Other	(12.8)	(8.3)	4.5
(2) Cash Flows from Investing Activities	(110.1)	(173.0)	(62.9)
Capital expenditures	(177.9)	(153.6)	24.3
(Increase)Decrease in securities	8.7	(7.8)	(16.5)
(Increase)Decrease in time deposits	59.5	(6.8)	(66.3)
Other	(0.4)	(4.6)	(4.2)
(3) Cash Flows from Financing Activities	(97.6)	(126.6)	(29.0)
Increase(Decrease) in borrowings	1.8	(1.2)	(3.0)
Cash dividends paid	(91.4)	(120.4)	(29.0)
Purchases of treasury stock	(10.6)	(5.9)	4.7
Other	2.5	1.0	(1.5)
(4) Effect of Exchange Rate Changes on Cash and Cash Equivalents, and other	(6.9)	17.3	24.2
Net Increase (Decrease) in Cash and Cash Equivalents	13.8	77.9	64.1
Balance of Cash and Cash Equivalents	758.9	879.5	120.6
Balance of Interest-bearing Liabilities	25.0	27.9	2.9

Note : These statements were prepared on an informal basis.

6. Cash Dividends per Share



Fiscal year ended March		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
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	* 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	* 1,203.5
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

7. Sales by Manufacturing Location for Each Segment

(Billions of yen)

		Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total
2020 Apr - Dec	Goods Manufactured in Japan	60.5	360.1	150.3	55.5	626.4
	Goods Manufactured overseas	285.4	81.3	79.7	17.2	463.9
		345.9	441.5	230.1	72.8	1,090.4
2021 Apr - Dec	Goods Manufactured in Japan	94.1	409.9	180.0	58.7	742.9
	Goods Manufactured overseas	501.6	106.8	109.1	23.1	740.7
		595.8	516.8	289.1	81.8	1,483.7

8. Sales by Region

(Billions of yen)

	Japan	Overseas					Total	Total Consolidated Net Sales
		U.S.	Asia/Oceania		Europe	Other Areas		
			China					
2020 Apr - Dec	26%	22%	35%	10%	10%	7%	74%	1,090.4
	285.4	242.8	377.1	109.9	113.6	71.3	804.9	
2021 Apr - Dec	23%	28%	31%	9%	10%	8%	77%	1,483.7
	340.3	419.7	459.6	128.4	148.4	115.4	1,143.3	

Note: % indicates the proportion of total consolidated net sales

9. Average Exchange Rate

		US\$ (yen/\$)				EUR (yen/€)					
		Quarterly	9 months		12 months		Quarterly	9 months		12 months	
			Jan-Sep	Apr-Dec	Jan-Dec	Apr-Mar		Jan-Sep	Apr-Dec	Jan-Dec	Apr-Mar
2020	Jan-Mar	108.9				120.1					
	Apr-Jun	107.6	107.6		106.8	118.5	120.9		121.8		
	Jul-Sep	106.2		106.1		124.1		122.4		123.7	
	Oct-Dec	104.5				124.5					
2021	Jan-Mar	105.9				127.7					
	Apr-Jun	109.5	108.5		109.8	132.0	129.8		129.9		
	Jul-Sep	110.1		111.1		129.8		130.6			
	Oct-Dec	113.7				130.1					

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

	US\$	EUR
Shin-Etsu's assumption for the forecast from January 2022	114Yen/\$	130Yen/€

10. Operating Income Ratio

Fiscal year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 First half	10.5 years Average
Shin-Etsu Chemical	14%	15%	15%	15%	16%	19%	23%	25%	26%	26%	32%	21%
Global Chemical and Materials Manufacturers Total of 13 companies*	8%	7%	8%	9%	10%	10%	11%	10%	8%	7%	13%	9%

* 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.

Note: The above fiscal years represent the fiscal years beginning on January 1 or April 1, 2011 through 2021.