

Press Release

Consolidated Financial Results for the First Half Ended September 30, 2022



Shin-Etsu Chemical Co., Ltd.

(JP GAAP)

October 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: November 11, 2022

Date of dividend payment: November 21, 2022

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 Half Ended September 30, 2022

(From April 1, 2022 to September 30, 2022)

(1) Results of consolidated operations

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
April - September 2022	1,409,336	49.7%	536,237	79.7%	559,026	84.2%	392,324	77.6%
April - September 2021	941,341	32.5%	298,403	61.9%	303,522	57.9%	220,904	57.4%

(Note) Comprehensive income (Millions of yen) From April 1, 2022 to September 30, 2022: 729,278 [129.2%]

From April 1, 2021 to September 30, 2021: 318,232 [153.7%]

	Net income per share (yen)	Diluted net income per share (yen)
April - September 2022	955.99	955.41
April - September 2021	531.67	531.19

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
September 30, 2022	4,612,477	3,901,473	81.7%	9,268.71
March 31, 2022	4,053,412	3,429,208	82.1%	8,007.24

(Note) Stockholders' equity (Millions of yen) As of September 30, 2022: 3,769,440 As of March 31, 2022: 3,326,564

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 2021 - March 2022	-	150.00	-	250.00	400.00
April 2022 - March 2023	-	225.00			
April 2022 - March 2023 (forecast)			-	225.00	450.00

(Note) Revision of the latest forecast of cash dividends: No

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

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

(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share (yen)
Fiscal year	2,700,000	30.2%	940,000	39.0%	980,000	41.1%	680,000	36.0%	1,670.65

(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 half ended September 30, 2022: No

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during the first half ended September 30, 2022.

(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 (4) Notes to Consolidated Financial Statements, “Changes in Accounting Policies”] on page 14 for further details.

(4) Number of shares outstanding (common stock)

	September 30, 2022	March 31, 2022
Number of shares outstanding at period end	416,662,793	416,662,793
Number of shares of treasury stock at period end	9,978,306	1,218,008
	April - September 2022	April - September 2021
Weighted-average number of shares outstanding over period	410,383,578	415,487,937

(Note) Based on a resolution at the Board of Directors Meeting held on April 27, 2022, we repurchased a maximum of 5,717,200 shares (99,998 million yen) whose cancellation is scheduled to be completed on November 8, 2022.

Moreover, a resolution was made at the Board of Directors Meeting held on July 27 concerning the repurchase of up to 9 million shares (100 billion yen) by December 30 whose cancellation is scheduled to be completed on January 11, 2023. Based on this resolution, we have repurchased a total of 3,072,900 shares (50,935 million yen) as of September 30, 2022.

(Information regarding quarterly review procedures)

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

(Attached Documents)

INDEX

1. Qualitative Information Regarding Quarterly Results	2
(1) Explanation Regarding the Operating Results	2
(2) Explanation Regarding Information Relevant to Forecasts such as Consolidated Business Forecast	8
2. Consolidated Financial Statements	9
(1) Consolidated Balance Sheets	9
(2) Consolidated Statements of Income and Statements of Comprehensive Income	11
(3) Consolidated Statements of Cash Flows	13
(4) Notes to Consolidated Financial Statements	14
(Notes on Premise of Going Concern)	14
(Notes on Significant Changes in Stockholders' Equity)	14
(Changes in Accounting Policies)	14
(Appendix)	
1. Quarterly Operating Results	15
2. Capital Expenditures and Depreciation and Amortization	16
3. Other Financial Items (Consolidated)	17
4. Comparative Balance Sheets (Consolidated)	17
5. Cash Dividends per Share	18
6. Sales by Manufacturing Location for Each Segment	18
7. Sales by Region	19
8. Average Exchange Rate	19
9. Topics	20
10. Capital Investments	20

1. Qualitative Information Regarding Quarterly Results

(1) Explanation Regarding the Operating Results

During the first half of the fiscal year ending March 31, 2023 (April 1, 2022, to September 30, 2022), it is noteworthy that the International Monetary Fund revised downward its 2022 economic growth forecasts a couple of times already, and an expression “the first phenomenon to be observed in decades” is often heard. On top of the cyclical slowdown, a variety of changes are shaking the global economy. While monetary policies are taken to curb inflation, industrial policies are proceeding apace aimed at carbon neutrality, economic security, and other goals. We maintain close communication with our customers, expedite the development of products that are of value to them, and continue to provide a reliable supply of unwavering quality products. We will skillfully weather short-term fluctuations and will continue capital investments and R&D activities so as to needs and demand from customers and markets in a timely manner.

The business results for the first half of the fiscal year ending March 31, 2023, are as follows:

	2021 Apr - Sep	2022 Apr - Sep	Increase (Decrease)	2022	
				Apr - Jun	Jul - Sep
Net sales	941.3	1,409.3	49.7% 468.0	656.7	752.6
Operating income	298.4	536.2	79.7% 237.8	249.6	286.6
Ordinary income	303.5	559.0	84.2% 255.5	262.6	296.3
Net income attributable to owners of parent	220.9	392.3	77.6% 171.4	184.1	208.2
ROIC (per annum)	24.8%	36.7%	11.9 points		
ROE (per annum)	15.1%	22.1%	7.0 points		
ROA (per annum)	17.2%	25.8%	8.6 points		
Per Share (Yen)					
Net Income	532	956	424		
Cash Dividends	150	225	75		

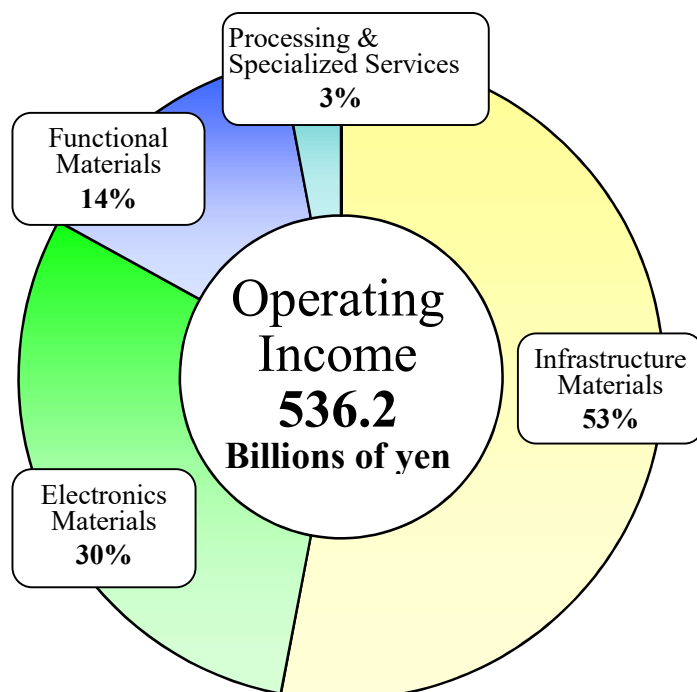
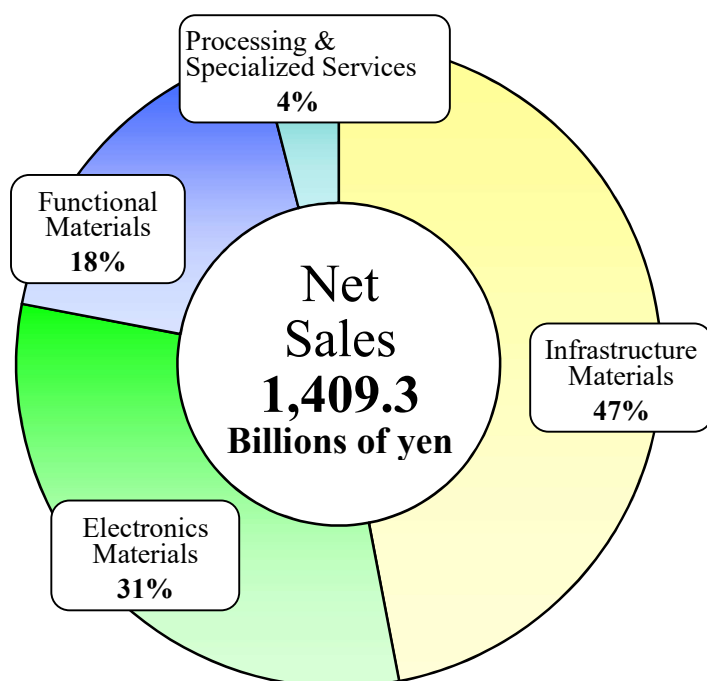
- Notes:
- ROIC: Return on invested capital
Net operating income after tax / (Net assets + Interest-bearing liabilities — Cash)
 - ROE: Return (Net Income) on equity
Equity used for this calculation is net assets excluding both share subscription rights and non-controlling interests in consolidated subsidiaries.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

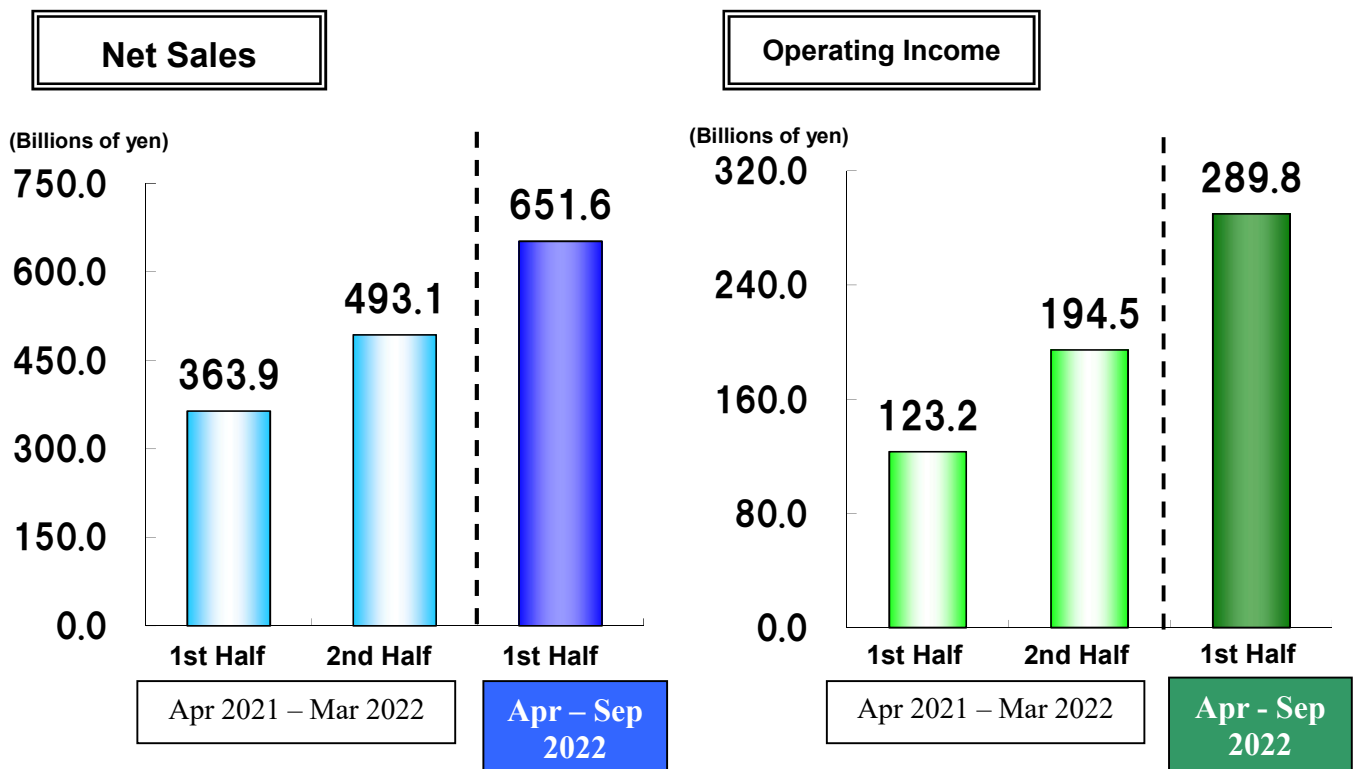
	Net Sales			Operating Income		
	2021 Apr - Sep	2022 Apr - Sep	Increase (Decrease)	2021 Apr - Sep	2022 Apr - Sep	Increase (Decrease)
Infrastructure Materials	363.9	651.6	79.0% 287.7	123.2	289.8	2.4 times 166.6
Electronics Materials	335.5	439.3	30.9% 103.8	118.7	159.5	34.3% 40.8
Functional Materials	188.4	255.3	35.5% 66.9	46.4	73.5	58.3% 27.1
Processing & Specialized Services	53.3	63.0	18.2% 9.7	10.4	14.0	35.0% 3.6
Total	941.3	1,409.3	49.7% 468.0	298.4	536.2	79.7% 237.8



Infrastructure Materials

	Apr - Sep 2021 (Billions of yen)	Apr - Sep 2022 (Billions of yen)	Increase / (Decrease)
Net sales	363.9	651.6	79.0%
Operating income	123.2	289.8	2.4 times

As for PVC, Shintech in the United States continued firm performance for the period of April to June which is recorded in the current term. From July onwards, signs of a global economic slowdown appeared in the markets. On the other hand, the caustic soda market remained firm.

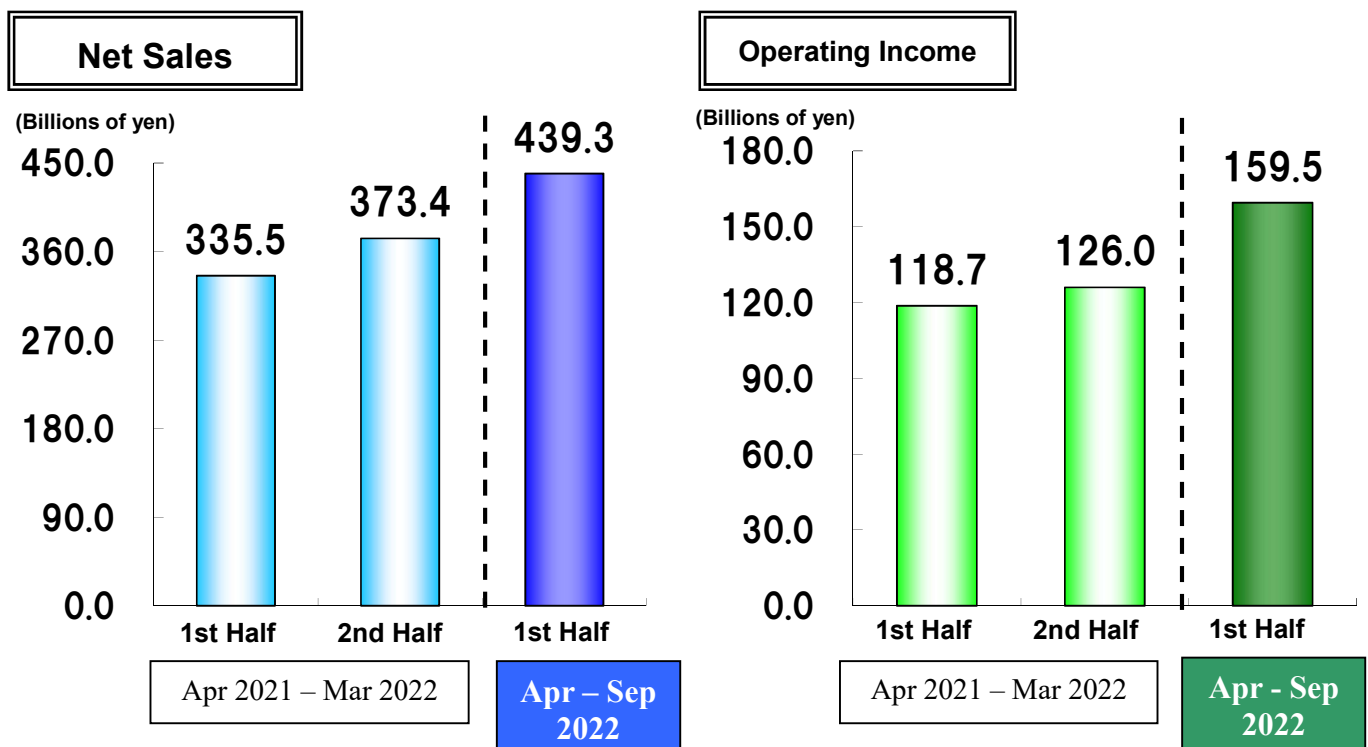


- The second phase of the new expansion is underway at Shintech as planned.
- Sales activities conducted with meticulous care with the competitive edges of the US operation.

Electronics Materials

	Apr - Sep 2021 (Billions of yen)	Apr - Sep 2022 (Billions of yen)	Increase / (Decrease)
Net sales	335.5	439.3	30.9%
Operating income	118.7	159.5	34.3%

In the semiconductor market, strong demand continued in the second quarter, with demand from foundries as good example, and we shipped semiconductor materials such as silicon wafers, photoresists, and photomask blanks to the maximum extent. The demand for rare earth magnets was firm overall, despite the customers' operational restrictions due to semiconductor shortages and data center investment adjustments.

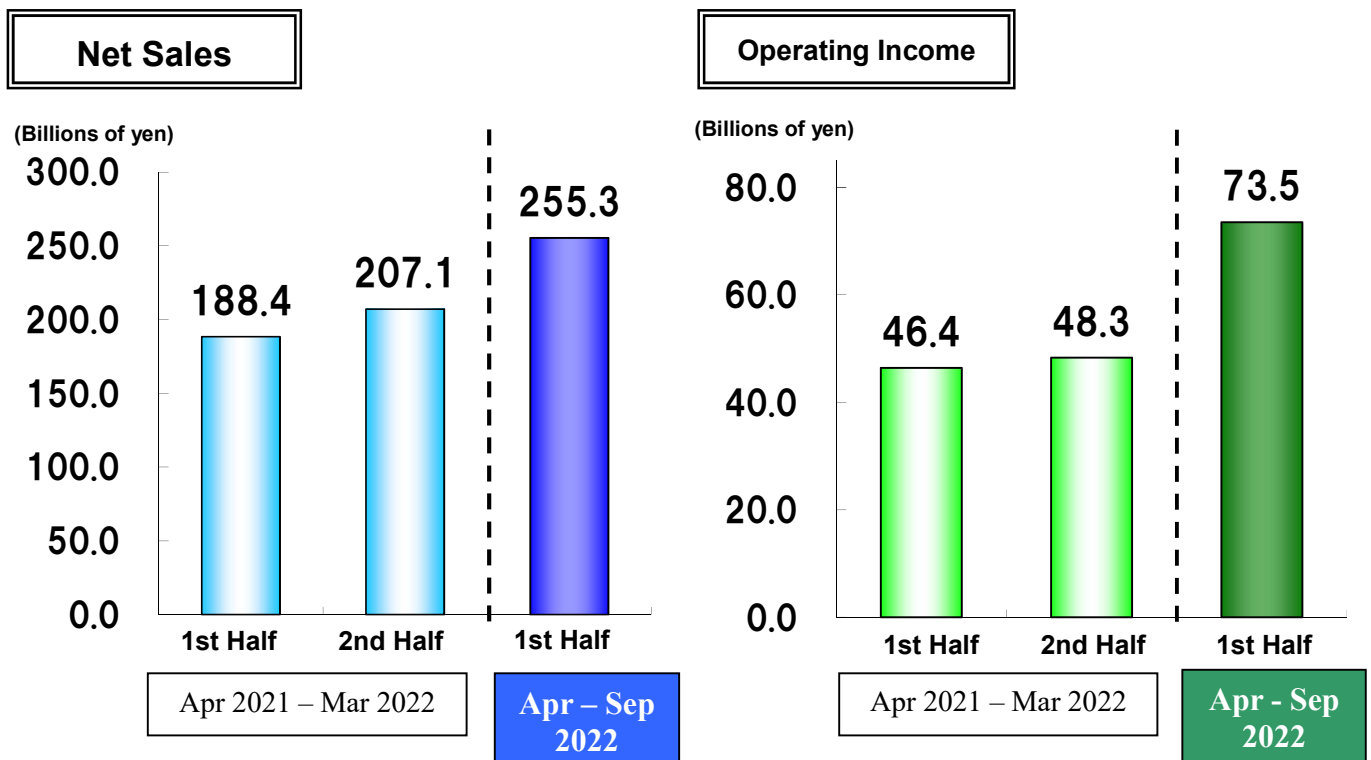


- Accurate understanding of customer conditions and fulfillment of supply responsibilities.
- Responding to the industrial policies and economic security policies of major countries.
- Contributing to improving “power, performance, and silicon area” in semiconductors.
- Broadening the magnet product lineup such as those without heavy rare earths and other products that meet customer requirements.
- Contributing to the reduction of greenhouse gases by proposing technologies that enhance energy saving and electrification and by strengthening the supply capabilities.

Functional Materials

	Apr - Sep 2021 (Billions of yen)	Apr - Sep 2022 (Billions of yen)	Increase / (Decrease)
Net sales	188.4	255.3	35.5%
Operating income	46.4	73.5	58.3%

We endeavored to maintain earnings by increasing the ratio of functional applications such as automotive applications, personal care and healthcare applications in a timely manner.

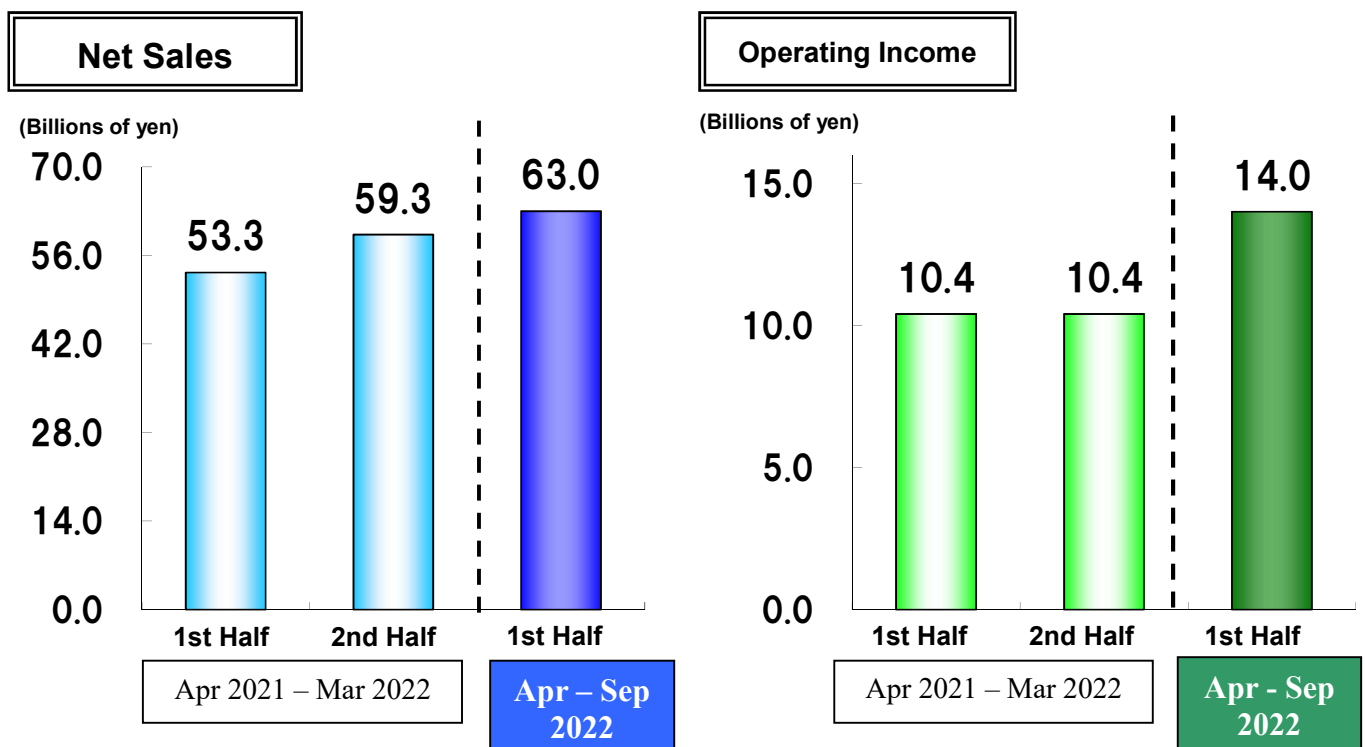


- Accelerate the launch of distinctive products.
- High volume production of functional anode materials for lithium-ion rechargeable batteries.

Processing & Specialized Services

	Apr - Sep 2021 (Billions of yen)	Apr - Sep 2022 (Billions of yen)	Increase / (Decrease)
Net sales	53.3	63.0	18.2%
Operating income	10.4	14.0	35.0%

The sales of semiconductor wafer-related containers were strong for both shipping and in-process use, and the sales of input devices for automobiles were flat year-on-year. The revised prices of PVC-related products such as PVC wrapping films for food packaging and construction materials are spreading.



- Gradual increase in production capacity for semiconductor wafer-related containers by 2024.

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

The International Monetary Fund recently said “the 2023 slowdown will be broad-based, with countries accounting for about one-third of the global economy poised to contract this year or next. The three largest economies, the United States, China, and the euro area will continue to stall.” Under these circumstances, it is not easy to make forecasts, but we have revised upward our financial forecasts for the full year ending March 31, 2023 as follows.

(Billions of yen)

	FY 2021 Apr 2021 - Mar 2022 Actual	FY 2022 Apr 2022 - Mar 2023 Forecast	Increase (Decrease)
Net sales	2,074.4	2,700.0	30.2%
Operating income	676.3	940.0	39.0%
Ordinary income	694.4	980.0	41.1%
Net income attributable to owners of parent	500.1	680.0	36.0%
Net income per share (Yen)	1,204	1,671	467
Cash Dividends per Share (Yen)	400	450	50

(Note)

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

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

The year-end dividend for the fiscal year ending March 31, 2023 is expected to be ¥225 per share, as was announced in July, 2022. As a result, the dividend has increased for eight consecutive terms, and we project that the dividend on an annual basis will be ¥450 per share, an increase of ¥50 per share from the dividend for the previous year.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31 and September 30, 2022

	Millions of yen	
	March 31, 2022	September 30, 2022
ASSETS		
Current Assets:		
Cash and time deposits	1,112,775	1,248,192
Notes, accounts receivable-trade and contract assets	473,513	615,081
Securities	323,305	285,545
Inventories	453,660	571,846
Other	80,539	71,158
Less: Allowance for doubtful accounts	(5,818)	(7,309)
Total current assets	2,437,975	2,784,514
Fixed Assets:		
Property, plant and equipment		
Machinery and equipment, net	788,524	902,275
Other, net	501,641	588,146
Total property, plant and equipment	1,290,165	1,490,422
Intangible assets	10,535	11,178
Investments and other assets:		
Investments and other assets	320,557	333,281
Less: Allowance for doubtful accounts	(5,822)	(6,918)
Total investments and other assets	314,734	326,362
Total fixed assets	1,615,436	1,827,963
TOTAL ASSETS	4,053,412	4,612,477

	Millions of yen	
	March 31, 2022	September 30, 2022
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	177,682	199,789
Short-term borrowings	13,461	13,487
Accrued income taxes	73,756	76,755
Allowances	4,747	4,558
Other	208,111	239,198
	477,759	533,789
Long-term Liabilities:		
Long-term debt	16,940	18,704
Net defined benefit liability	41,469	45,369
Other	88,034	113,140
	146,444	177,215
	624,204	711,004
NET ASSETS		
Stockholders' Equity:		
Common stock	119,419	119,419
Additional paid-in capital	129,090	128,969
Retained earnings	2,993,026	3,281,490
Less: Treasury stock, at cost	(15,702)	(166,143)
	3,225,834	3,363,736
Accumulated Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities	26,841	24,040
Deferred gains (losses) on hedges	(2,535)	(3,360)
Foreign currency translation adjustments	75,374	384,038
Remeasurements of defined benefit plans	1,049	985
	100,729	405,704
Share subscription rights	2,733	2,772
Non-controlling interests in consolidated subsidiaries	99,910	129,259
	3,429,208	3,901,473
	4,053,412	4,612,477

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

Consolidated Statements of Income

For the first half ended September 30, 2021 and 2022

	Millions of yen	
	April 1, 2021 - September 30, 2021	April 1, 2022 - September 30, 2022
Net sales	941,341	1,409,336
Cost of sales	554,715	764,965
Gross profit	386,625	644,371
Selling, general and administrative expenses	88,222	108,133
Operating income	298,403	536,237
Non-operating income:		
Foreign exchange gains	211	17,374
Other income	6,913	9,838
Total non-operating income	7,125	27,212
Non-operating expenses:		
Loss on retirement of non-current assets	804	1,490
Other expenses	1,201	2,932
Total non-operating expenses	2,006	4,423
Ordinary income	303,522	559,026
Income before income taxes and non-controlling interests	303,522	559,026
Income taxes:		
Current	73,253	136,284
Deferred	1,433	3,282
Total income taxes	74,687	139,566
Net income	228,835	419,459
Net income attributable to non-controlling interests	7,931	27,135
Net income attributable to owners of parent	220,904	392,324

Consolidated Statements of Comprehensive Income

For the first half ended September 30, 2021 and 2022

	Millions of yen	
	April 1, 2021 - September 30, 2021	April 1, 2022 - September 30, 2022
Net income	228,835	419,459
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	4,035	(2,806)
Deferred gains (losses) on hedges	2,395	(806)
Foreign currency translation adjustments	82,210	312,763
Remeasurements of defined benefit plans	351	(63)
Share of other comprehensive income of affiliates accounted for using the equity method	403	731
Total other comprehensive income	89,396	309,819
Comprehensive income	318,232	729,278
(Breakdown)		
Comprehensive income attributable to owners of parent	308,092	697,298
Comprehensive income attributable to non-controlling interests	10,139	31,979

(3) Consolidated Statements of Cash Flows

For the first half ended September 30, 2021 and 2022

	Millions of yen	
	April 1, 2021 - September 30, 2021	April 1, 2022 - September 30, 2022
Cash flows from operating activities:		
Income before income taxes and non-controlling interests	303,522	559,026
Depreciation and amortization	75,649	95,194
Interest and dividend income	(2,634)	(4,249)
Exchange (gain) loss	2,702	(13,613)
(Increase) decrease in notes and accounts receivable	(75,023)	(96,380)
(Increase) decrease in inventories	(7,581)	(83,014)
Increase (decrease) in notes and accounts payable	14,581	10,017
Other, net	17,754	26,616
Subtotal	328,971	493,597
Proceeds from interest and dividends	4,398	10,608
Payments of interest	(391)	(539)
Payments of income taxes	(66,829)	(135,072)
Net cash provided by operating activities	266,148	368,593
Cash flows from investing activities:		
Net (increase) decrease in time deposits	(7,169)	(5,889)
Net (increase) decrease in marketable securities	(48,069)	77,617
Purchases of investments in securities	(1,056)	(1,950)
Purchases of property, plant and equipment	(104,001)	(125,968)
Purchases of stocks of subsidiaries resulting in change in scope of consolidation	(3,552)	-
Other, net	(698)	(2,797)
Net cash provided by (used for) investing activities	(164,547)	(58,989)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(699)	(598)
Proceeds from long-term debt	2,420	-
Repayments of long-term debt	(2,335)	(501)
Purchases of treasury stock	(5,938)	(150,942)
Cash dividends paid	(58,176)	(103,861)
Other, net	2,744	(22,560)
Net cash used for financing activities	(61,985)	(278,464)
Effect of exchange rate changes on cash and cash equivalents	13,495	90,868
Net increase (decrease) in cash and cash equivalents	53,112	122,008
Cash and cash equivalents at beginning of period	801,596	1,008,925
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	64	-
Cash and cash equivalents at end of period	854,774	1,130,933

(4) 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 “Implementation Guidance on Accounting Standard for Fair Value Measurement”)

The “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021) is applied from the first quarter of the fiscal year ending March 31, 2023. Based on the transitional treatment prescribed in Paragraph 27-2 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement”, we have decided to apply the new accounting policies set forth by the “Implementation Guidance on Accounting Standard for Fair Value Measurement” into the future. This application had no impact on the quarterly consolidated financial statements.

(Application of ASC Topic 842 Leases)

At overseas subsidiaries adopting US GAAP, ASC Topic 842 Leases is applied from the first quarter of the fiscal year ending March 31, 2023. The impact of the application of this accounting standard on the quarterly consolidated financial statements was immaterial.

(Appendix)

1. Quarterly Operating Results

(Billions of yen)

	FY 2021 April 1, 2021 - March 31, 2022					FY 2022 April 1, 2022 - March 31, 2023		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total
Net Sales	434.2	507.1	542.3	590.7	2,074.4	656.7	752.6	1,409.3
Infrastructure Materials	157.1	206.8	231.8	261.3	857.1	289.7	361.8	651.6
Electronics Materials	161.1	174.4	181.2	192.1	708.9	211.1	228.2	439.3
Functional Materials	91.6	96.8	100.7	106.4	395.6	125.1	130.2	255.3
Processing & Specialized Services	24.3	28.9	28.5	30.7	112.6	30.6	32.3	63.0
Operating Income	128.8	169.5	181.7	196.2	676.3	249.6	286.6	536.2
Infrastructure Materials	44.1	79.1	89.0	105.4	317.7	128.5	161.2	289.8
Electronics Materials	56.7	62.0	65.1	60.8	244.7	77.5	82.0	159.5
Functional Materials	22.7	23.7	21.8	26.4	94.7	36.7	36.8	73.5
Processing & Specialized Services	5.3	5.0	5.9	4.5	20.9	7.0	7.0	14.0
Ordinary Income	130.8	172.6	186.7	204.1	694.4	262.6	296.3	559.0
Net Income Attributable to Owners of Parent	95.7	125.1	132.2	146.9	500.1	184.1	208.2	392.3
R&D Costs	14.0	13.3	18.9	16.1	62.4	16.1	16.8	32.9
Overseas Sales	327.1	393.7	422.3	463.7	1,607.1	520.7	614.0	1,134.8
Ratio of Overseas Sales to Net Sales	75%	78%	78%	79%	77%	79%	82%	81%

2. Capital Expenditures and Depreciation and Amortization

(Billions of yen)

	FY 2021 April 1, 2021 - March 31, 2022					FY 2022 April 1, 2022 - March 31, 2023		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total
Capital Expenditures	46.7	51.7	53.0	62.2	213.9	53.9	80.2	134.1
Infrastructure Materials	15.7	20.4	14.8	11.1	62.1	22.1	21.1	43.2
Electronics Materials	21.6	20.1	27.6	37.1	106.5	23.4	47.6	71.1
Functional Materials	8.3	8.9	8.6	11.4	37.3	6.4	8.6	15.1
Processing & Specialized Services	1.2	2.6	2.4	3.1	9.4	2.1	3.2	5.3
Depreciation and Amortization	35.2	40.3	44.2	48.8	168.7	46.7	48.4	95.1
Infrastructure Materials	11.5	12.7	12.8	14.1	51.3	17.8	16.2	34.0
Electronics Materials	15.3	18.9	21.6	24.8	80.7	19.8	22.7	42.6
Functional Materials	7.5	7.7	8.7	8.7	32.7	8.0	8.5	16.6
Processing & Specialized Services	0.9	1.0	1.2	1.3	4.5	1.1	1.1	2.3

Annual

(Billions of yen)

	Apr 2022 - Mar 2023 Forecast
Capital Expenditures	300.0
Depreciation and Amortization	215.0

3. Other Financial Items (Consolidated)

(Billions of yen)

	Sep 30 2021	Sep 30 2022	Mar 31 2022
Net Assets	3,140.2	3,901.4	3,429.2
Total Assets	3,676.8	4,612.4	4,053.4
Net Assets per Share (Yen)	7,358	9,269	8,007
Interest-bearing Liabilities	28.3	32.1	30.4
Number of Employees	24,304	25,296	24,954
Exchange Rate: Jan - Jun (Avg)	107.7	122.9	
(Yen/US\$) Apr - Sep (Avg)	109.8	134.0	

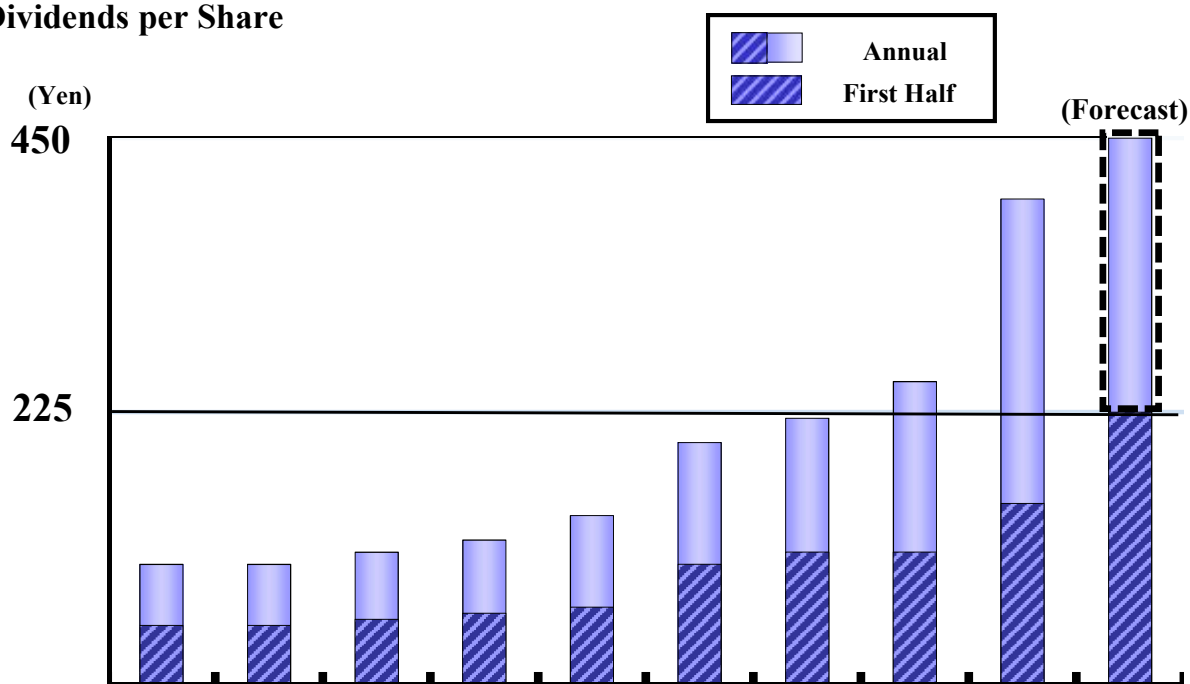
Note : An average exchange rate between January and June was used for the Consolidated Income Statements of overseas subsidiaries.

4. Comparative Balance Sheets (Consolidated)

(Billions of yen)

	Mar 31 2022	Sep 30 2022	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]		Mar 31 2022	Sep 30 2022	Increase (Decrease) [a]	Effect of exchange rate [b]	[a]-[b]
Current Assets	2,437.9	2,784.5	346.6	217.7	128.9	Current Liabilities	477.7	533.7	56.0	24.1	31.9
Cash and time deposits	1,112.7	1,248.1	135.4	133.9	1.5	Notes and accounts payable-trade	177.6	199.7	22.1	12.1	10.0
Notes and accounts receivable-trade	473.5	615.0	141.5	45.3	96.2	Short-term borrowings	13.4	13.4	0.0	0.3	(0.3)
Securities	323.3	285.5	(37.8)	0.1	(37.9)	Accrued income taxes	73.7	76.7	3.0	1.1	1.9
Inventories	453.6	571.8	118.2	35.9	82.3	Other	212.8	243.7	30.9	10.6	20.3
Other	74.7	63.8	(10.9)	2.5	(13.4)	Long-term Liabilities	146.4	177.2	30.8	18.5	12.3
						Total Liabilities	624.2	711.0	86.8	42.6	44.2
Fixed Assets	1,615.4	1,827.9	212.5	160.2	52.3	Stockholders' Equity	3,225.8	3,363.7	137.9	0.0	137.9
Property, Plant and Equipment	1,290.1	1,490.4	200.3	154.8	45.5	Accumulated Other Comprehensive Income	100.7	405.7	305.0	322.8	(17.8)
Intangible Assets	10.5	11.1	0.6	0.5	0.1	Other	102.6	132.0	29.4	12.5	16.9
Investments and Other Assets	314.7	326.3	11.6	4.9	6.7	Total Net Assets	3,429.2	3,901.4	472.2	335.3	136.9
Total Assets	4,053.4	4,612.4	559.0	377.9	181.1	Total Liabilities and Net Assets	4,053.4	4,612.4	559.0	377.9	181.1

5. Cash Dividends per Share



Fiscal year ended March		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Cash Dividend per Share (Yen)	First half	50	50	55	60	65	100	110	110	150	225
	Annual	100	100	110	120	140	200	220	250	400	* 450
Net Income per Share (Yen)	Annual	267.2	302.0	349.5	412.9	624.3	726.0	755.2	706.8	1,203.8	* 1,670.7
Dividend payout ratio	Annual	37.4%	33.1%	31.5%	29.1%	22.4%	27.5%	29.1%	35.4%	33.2%	* 26.9%

* Forecast

6. Sales by Manufacturing Location for Each Segment

(Billions of yen)

		Infrastructure Materials	Electronics Materials	Functional Materials	Processing & Specialized Services	Total
2021 April - Sep	Goods Manufactured in Japan	54.1	263.1	117.6	38.1	473.1
	Goods Manufactured overseas	309.8	72.4	70.7	15.1	468.2
		363.9	335.5	188.4	53.3	941.3
2022 April - Sep	Goods Manufactured in Japan	64.4	343.5	153.8	43.9	605.8
	Goods Manufactured overseas	587.1	95.7	101.5	19.0	803.4
		651.6	439.3	255.3	63.0	1,409.3

7. Sales by Region

(Billions of yen)

	Japan	Overseas						Total Consolidated Net Sales
		U.S.	Asia/Oceania		Europe	Other Areas	Total	
			China					
First Half	23%	27%	31%	9%	10%	9%	77%	941.3
Apr - Sep 2021	220.4	254.9	292.8	83.5	90.1	82.9	720.9	
Second Half	22%	31%	30%	8%	10%	7%	78%	1,133.0
Oct 2021 - Mar 2022	246.9	358.1	337.4	96.0	116.5	74.0	886.1	
Fiscal Year ended March 2022	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	
First Half	19%	35%	28%	8%	10%	8%	81%	1,409.3
Apr - Sep 2022	274.4	487.9	393.1	112.0	142.9	110.8	1,134.8	

Note: % indicates the proportion of total consolidated net sales

8. Average Exchange Rate

		US\$ (yen/\$)					EUR (yen/€)				
		Quarterly	6 months		12 months		Quarterly	6 months		12 months	
			Jan-Jun	Apr-Sep	Jan-Dec	Apr-Mar		Jan-Jun	Apr-Sep	Jan-Dec	Apr-Mar
2021	Jan-Mar	105.9	107.7	109.8	109.8	112.4	127.7	129.8	129.9	130.6	
	Apr-Jun	109.5					132.0				
	Jul-Sep	110.1	109.8				129.8	130.9			
	Oct-Dec	113.7	111.9				130.1	130.0			
2022	Jan-Mar	116.2	122.9	115.0	134.0	130.4	134.3	130.2	138.7		
	Apr-Jun	129.6								138.1	
	Jul-Sep	138.4	134.0				139.3				

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

	US\$	EUR
Shin-Etsu's assumption for the forecast from October 2022	140Yen/\$	140Yen/€

9. Topics

Press Release (Apr. 2022 – Oct. 2022)

- 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
- May. 2022** Shin-Etsu Chemical to accelerate commercialization of GaN (gallium nitride) epitaxial growth substrates and its related products
- Jul. 2022** Shin-Etsu Chemical has developed “Tersus[®]RN,” a high-strength inorganic thin-film coating liquid with excellent antibacterial and antiviral properties
- Jul. 2022** Shin-Etsu Chemical jointly develops with Taiwan’s ITRI encapsulant material for Mini LED displays
- Oct. 2022** Shin-Etsu Chemical has developed a new coating material “Sicle™”, calls “Sa-I-Ku-Lu” that adds a water-resistance property to paper products such as cardboard and also dramatically facilitates their recyclability
- Oct. 2022** Shin-Etsu Chemical has developed the industry’s first silicone film-forming emulsion mainly for fiber-treatment applications

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

10. Capital Investments

★:Completion ☆:Completion Schedule

Company	Projects	Investment Amount	2021		2022		2023		2024	
			1H	2H	1H	2H	1H	2H	1H	2H
Shintech (USA)	Establishment of a new integrated PVC plant (1st phase)	\$1.49 billion		★						
Shintech (USA)	Facility investment in PVC (2nd 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 (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 Starting up gradually