

2021

Annual Review

Year Ended March 31, 2021



Profile

Shin-Etsu Polymer Co., Ltd. began operations in 1960 as a manufacturer of molded PVC products. Since then, we have developed applications for our fundamental technologies involving materials and compounding, design, molding processes, and evaluation and analysis for silicone and various plastics.

In accordance with the corporate mission statement of the Shin-Etsu Polymer Group, "The Group strictly complies with all laws and regulations, conducts fair business practices and contributes to people's daily lives as well as to the advancement of industry and society by creating value through providing key materials and technologies." We meet the diverse needs of our customers in a wide range of fields, from semiconductors, automobiles and information devices to food packaging and construction materials.

Comprehensive Strengths of the Shin-Etsu Group

The Shin-Etsu Polymer Group collaborates with the Shin-Etsu Chemical Group, integrating Group strengths ranging from materials development to processing.

Technological Strengths as a Manufacturer of Molded Plastic Products

We develop applications for our core technologies using silicone and various plastics, and provide high-value-added products that deploy our sophisticated technologies.

Ability to Meet Global Needs

We use our network covering Japan, Europe, North America and Asia to produce and sell products that meet the diverse needs of customers in a wide range of business fields.

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Forward-Looking Statements

This annual review contains information about Shin-Etsu Polymer's current plans, strategies and other items not based on historical fact. These are forward-looking statements that involve risks and uncertainties.

Actual results may differ significantly from those discussed in the forward-looking statements due to various factors in the Company's operating environment, including changes in economic and market conditions, foreign exchange rates and demand trends.

Note: All yen and dollar figures in this annual review have been rounded down to the nearest unit.

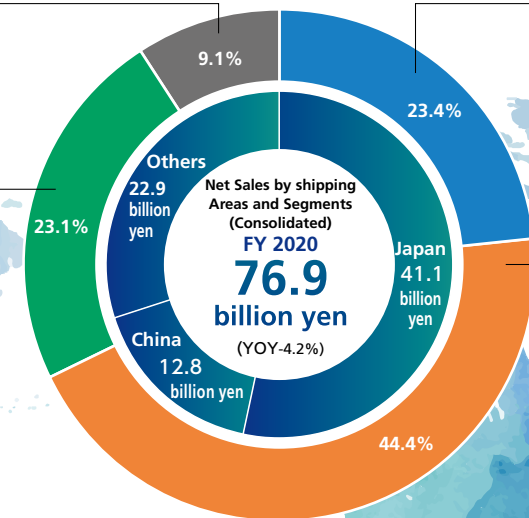
At a Glance

● Sales
■ Production



Others
6.9billion yen(-13.6%)
Leading construction business and packaging and agricultural materials business

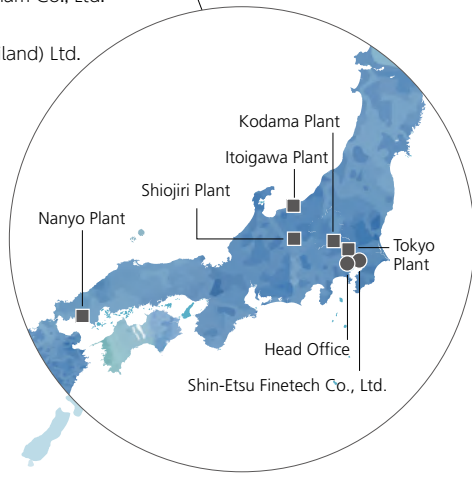
Housing and Living Materials
17.7billion yen(-6.7%)
Providing wrapping films for the retail and food service industry, construction materials such as PVC pipes and functional compounds



Electronic Devices
18billion yen(-8.6%)
Leading company-wide overseas business in electronics fields such as input components for automobiles and information devices

Precision Molding Products
34.1billion yen(+2.1%)
Providing shipping and carrying containers for semiconductor silicon wafers and parts for medical equipment using silicone rubber

- Shin-Etsu Polymer Shanghai Co., Ltd.
- Suzhou Shin-Etsu Polymer Co., Ltd.
- Dongguan Shin-Etsu Polymer Co., Ltd.
- Shin-Etsu Polymer Hong Kong Co., Ltd.
- Shin-Etsu Polymer Vietnam Co., Ltd.
- Hymix Co., Ltd.
- Shin-Etsu Polymer (Thailand) Ltd.
- Shin-Etsu Polymer India Pvt. Ltd.
- Shin-Etsu Polymer (Malaysia) Sdn. Bhd.
- Shin-Etsu Polymer Singapore Pte. Ltd.
- PT. Shin-Etsu Polymer Indonesia



Employees (Consolidated)
5,089

Overseas **4,026**
Japan **1,063**

(As of March 31, 2021)

Interview with the President

To be a company with reliable technology indispensable to society

We will help achieve a sustainable society by adding more value to the products society needs.



President and Chief Executive Officer

Yoshiaki Ono

In the fiscal year ended March 2021, profits* declined for the first time in eight years due, in part, to the coronavirus pandemic. On the other hand, orders in our current mainstay businesses are recovering to pre-pandemic levels and we expect these businesses to continue to perform well in the future. By tackling the changing challenges in society today through the products we manufacture, we will help achieve a more sustainable society.

* Profit attributable to owners of parent

A review of fiscal 2020 and the business environment

In the fiscal year ended March 2021, the global economy stagnated due to the onset of the coronavirus pandemic and the effects of prolonged trade friction between the United States and China. In developed countries such as in Europe and the United States, economic activities are still being carried out while trying to manage the rate of infection with the repeated relaxing and tightening of restrictions. The Japanese economy is also expected to take time to make a full recovery.

Our Company could not escape the effects of worsening market conditions when we were forced to suspend operations at some overseas factories in the first half of the fiscal year. As a result, the performance of the Electronic Devices business fell sharply due to the impact of sluggish demand in the automobile industry. Meanwhile, our Precision Molding Products business has seen increased demand, a consequence of the major trend in the semiconductor industry, and we have been able to fully meet the needs of our customers by striving to maintain our production systems with the highest priority given to the health and safety of our employees even during the pandemic. As a result, even though sales and profits declined for the first time in eight years, we were able to achieve business results exceeding our full-year earnings forecast.

To be indispensable in the new normal

In addition to the rise of CASE (Connected, Autonomous, Shared, Electric) technologies, full-scale 5G communications, and a bigger IoT, it is clear that our range of products will play a larger role more than ever before with the shift toward a new normal from the coronavirus pandemic. For our Company to grow sustainably, we will aggressively invest resources not only in our mainstay businesses of input devices for automobiles and semiconductor-related containers, but also in businesses like material products that are expected to grow in the future.

On a specific note, we intend to build efficient production systems through capital expenditure. The third building at our plant in India, which aimed to increase our production capacity of key switches for automobiles, was completed in May 2021. We will increase our global competitiveness by continuing to optimize whenever occasion demands in response to China, the world's powerhouse for automobiles, and India which supplies not only the domestic market but also serves as our export base to Europe. In Japan, we have increased the number of production bases because it is certain that the demand for conductive polymers for in-vehicle electronic components will increase. Not only have we prepared for an increase in orders, but we have also strengthened business continuity. Furthermore, the semiconductor-related market is expected to further expand. We will continue to look at ways to improve production efficiency and further expand production capacity at the Itoigawa Plant so that we can respond quickly to increasing demand.

Meanwhile, we will proactively look to raise the bar and strengthen our operations in areas that remain sluggish. In May 2021, we concluded a share transfer agreement for Showa Denko Materials' food packaging wrapping film business. Taking this, our second M&A, as an opportunity, we will increase our presence in the wrapping film industry to establish ourselves a solid position as a market leader. We will continue

to assess more mergers and acquisitions, focusing on fields that fit well with our own business.

Further growth through research and development that can change the world

Research and development is the driving force for our Company to continue its sustainable development, and as such, we will continue to actively invest in the development of new products and technologies. Our products have emerged from the knowledge and technologies we have developed for more than 60 years as a resin processing manufacturer. These expertise and know-how are the culmination of our efforts in research activities, and have the potential for further innovation in new technology and product development in the future. By looking at changes in the market from a broad perspective rather than with a narrow focus, we will adapt to the needs of society and of the times, providing high-value-added products that make full use of our unique core technologies.

As the shift to eco-friendly, electric vehicles progresses, we will look to expand the number of possible applications for our conductive polymers in touch panel mounted input components that require accurate operability, and in electronic components that require a high resistance to heat. Similarly, by also developing a high-performance engineering plastic films for use in capacitors for eco-friendly vehicles, we have attained the performance required to meet customer demand, paving the way for mass production. Going forward, we will proactively develop products which will open up new markets.

We do have some products now which are just about ready to be released. Not only will we bring these to market, but we will make them a catalyst for even further growth by capturing newly discovered surrounding demand brought about through the development of these products.

By providing innovative products that can shape the future of the world, we will drive the growth of our Company.

Helping to achieve a sustainable society through our business

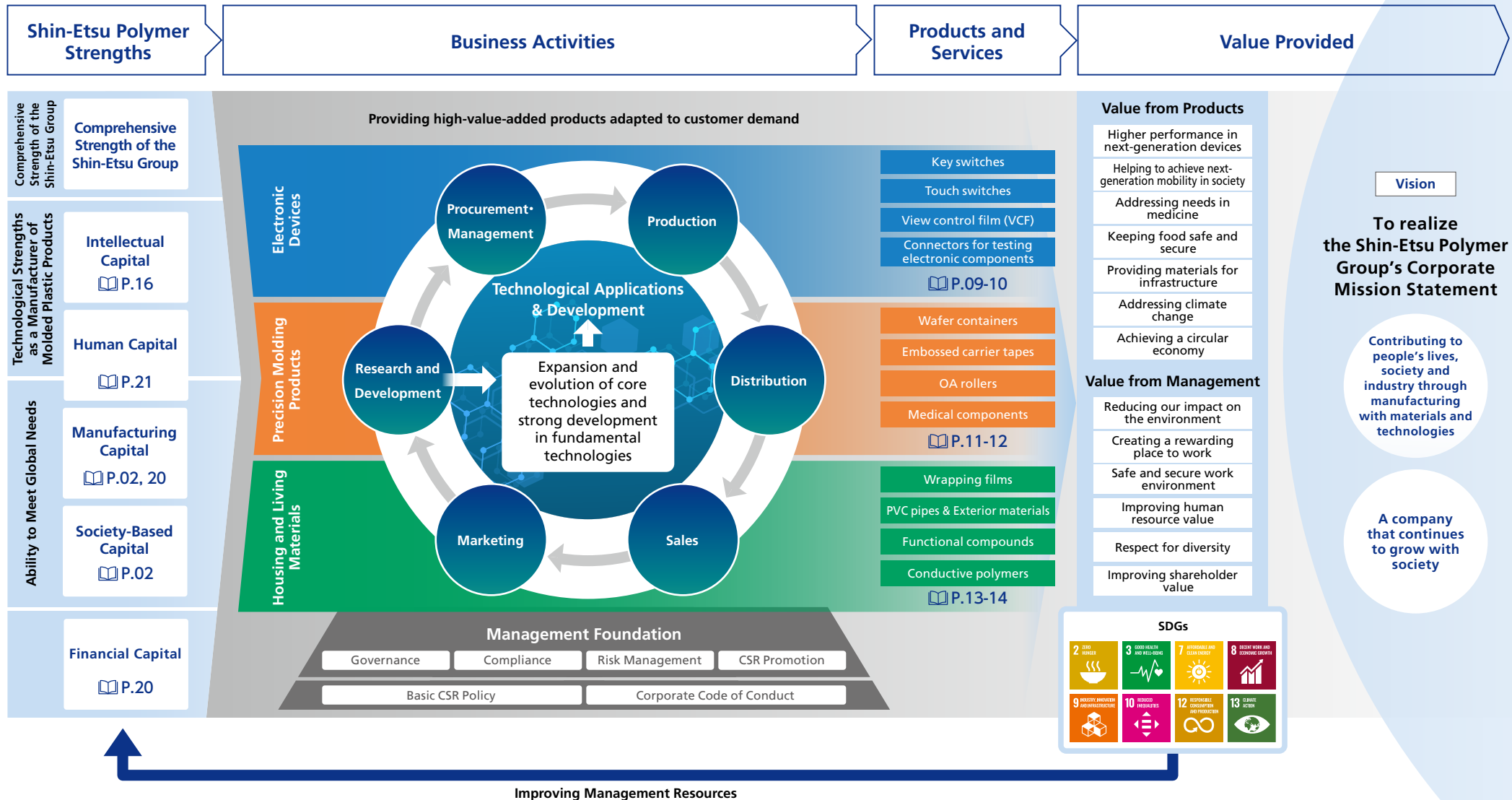
With the government declaring its intent to make the country carbon neutral by 2050, the roles and expectations for companies have become even greater. As such, we have set out eight key issues with CSR as a basic policy for management. While keeping in mind the expectations of our stakeholders, we are ramping up our efforts to contribute to the achievement of the SDGs and tackle ESG issues through our business activities.

To achieve sustainable growth, increase corporate value, and realize a sustainable society, we must give consideration to all our stakeholders, including not just our shareholders and investors, but our business partners, employees, and local communities too. It is natural for a company to seek profits, but what society needs in the future is not just a company that generates profits. To achieve our corporate philosophy of contributing to people's lives, society and industry by creating value with materials and technologies, we will strengthen our management base, including our corporate governance, fulfilling our responsibilities as a global company to realize a sustainable society by staking all of the technological capabilities, products, and human resources that Shin-Etsu Polymer has developed.



Value Creation at Shin-Etsu Polymer

Shin-Etsu Polymer has made full use of the management resources it has cultivated to date, creating high-value-added products with the technologies it has built up over the years. We will help to bring prosperity to people's lives by creating value through our materials and technologies, aiming for sustainable growth together with society.



Shin-Etsu Polymer Business Model

As a world-leading resin processing manufacturer, Shin-Etsu Polymer develops original products through meticulous marketing and provides high-value-added products that take advantage of market channels in order to respond quickly and flexibly to wide-ranging global needs.

Semiconductors & Electronic Components

Advanced processes are being supported with molding technology and analysis / evaluation technology that accurately responds to the more sophisticated demands of customers. Products include semiconductor carrier containers that minimize factors that affect quality such as moisture and ions, carrier tapes for microelectronic components, and connectors for testing.



Medical & Chemical Products

Providing a wide array of products which utilize silicone rubber as a material such as Silicosen for the biotechnology field, as well as medical equipment and components such as drain tubes and catheters utilizing our highly unique compounding and processing technologies.

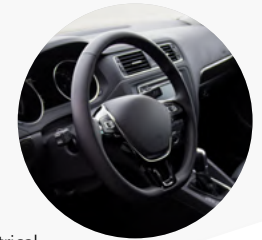
Construction & Infrastructure Maintenance

Infrastructure maintenance in the building and civil engineering field, with its aging infrastructure and drop in the number of workers, requires more simple construction and ways to save labor. These needs are being met with silicone adhesive sheets and weather resistant repair materials.



Automobiles

Our products are used in electrical components for automobiles as well as in various parts from the interior and exterior to around the engine. We will expand our business domain through the development of high-performance products compatible with CASE and MaaS, contributing to technological innovation in the automobile industry.



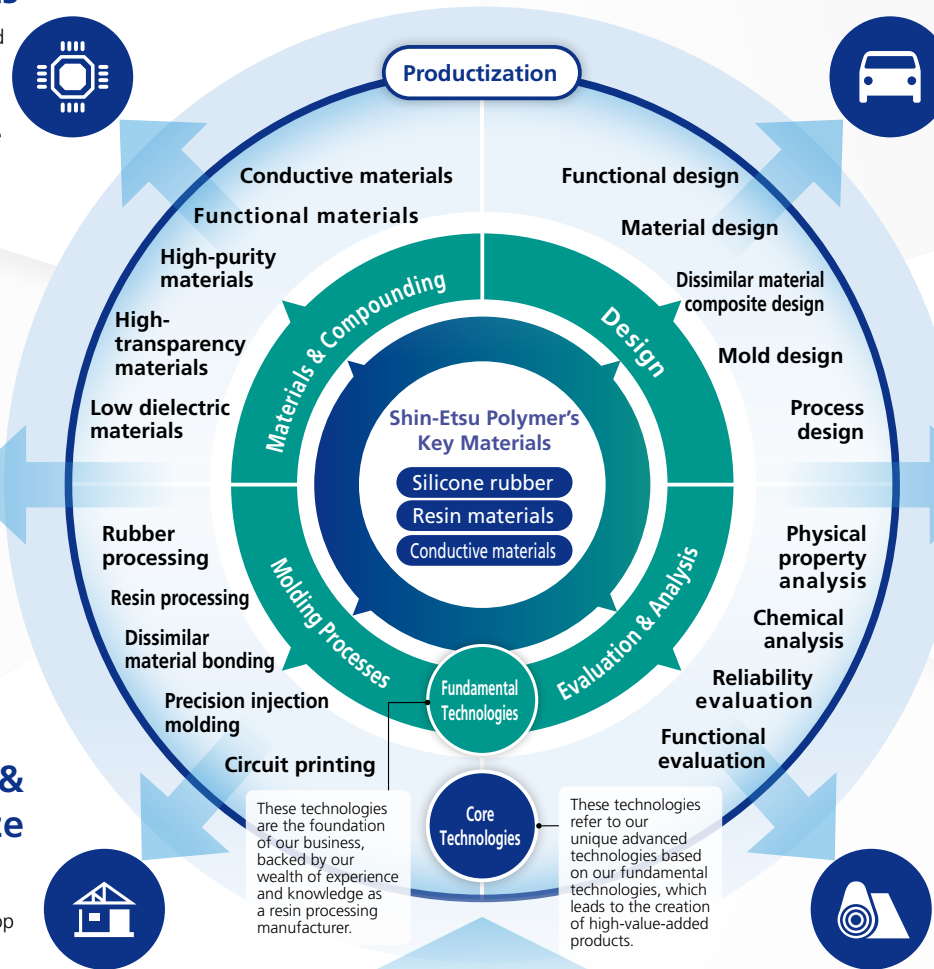
Information Devices

With ever smaller and thinner electronic devices, input components and connectors that combine our advanced molding, composition, and printing technologies are dominating the marketplace. Further applications are also being developed for view control film (VCF) to meet more diversified market needs.



Packaging

As well as striving to develop more ultra-thin and more stretchable products with our thin-film forming technologies, we are also focusing on product development with added effects such as antiviral and antibacterial properties for which demand has increased amid the new normal. Moreover, products using biodegradable materials contribute to reducing our impact on the environment.



These technologies are the foundation of our business, backed by our wealth of experience and knowledge as a resin processing manufacturer.

These technologies refer to our unique advanced technologies based on our fundamental technologies, which leads to the creation of high-value-added products.

Uncovering the seeds for research

Marketing

Addressing global needs

Feature

Shin-Etsu Polymer's Manufacturing - Going Beyond Needs

Developing New Applications for High-Performance Engineering Plastic Films

Our strength lies in our advanced technologies. In the Housing and Living Materials segment, Office of Advanced Materials Project, which oversees business in conductive polymers and high-performance engineering plastic films, is working to develop applications for new material-based products that are one step ahead of today's customer requirements. In this way, we are building a business model that will be our "third pillar" following input devices for automobiles and semiconductor-related containers.

PEEK

Shin-Etsu Sepla Film®
Ultra-thin film product formed with a non-stretched super engineering plastic resin



What are engineering plastics?

Engineering plastics are a group of high-performance plastics that are stronger than more widely used commodity plastics with a heat resistance of 100°C or higher. Super engineering plastics are said to have higher performance than engineering plastics with a heat resistance of 150°C or higher.



Building a New Business Model

Our strength lies in the multi-dimensional development of our fundamental technologies, using silicone and various resins and conductive materials as key materials, and our core technologies, based on these fundamental technologies, cultivated over 60 years since our founding. This development is our strength which enables us to provide products that meet all the needs of the customer. In addition, we have set out a management goal of promoting the development of differentiated and high-value-added products, allocating a considerable proportion of R&D costs to new product development.

Set up in 2019, Office of Advanced Materials Project handles two types of material products: conductive polymer "SEPLEGYDA®" and high-performance engineering plastic film "Shin-Etsu Sepla Film®". By developing material processing technologies for various markets and products, we are aiming to build and monetize a new business model as quickly as possible. A model that expands sales channels through the manufacture and development (including alliances) of products that can create high added value and new performance that meets the needs of the customer.

Chosen for Our Unique Technologies

The product we are currently focusing on for the development of new applications is high-performance engineering plastic film "Shin-Etsu Sepla Film®". This product is made by processing, with our own technologies, PEEK (polyetheretherketone) resin, which has excellent heat and chemical resistance. The non-stretched film with an extremely high melting point of 343°C shows the best of our unique technologies. In line with our customers' needs, the film can be processed with a thickness of 3µm as standard.

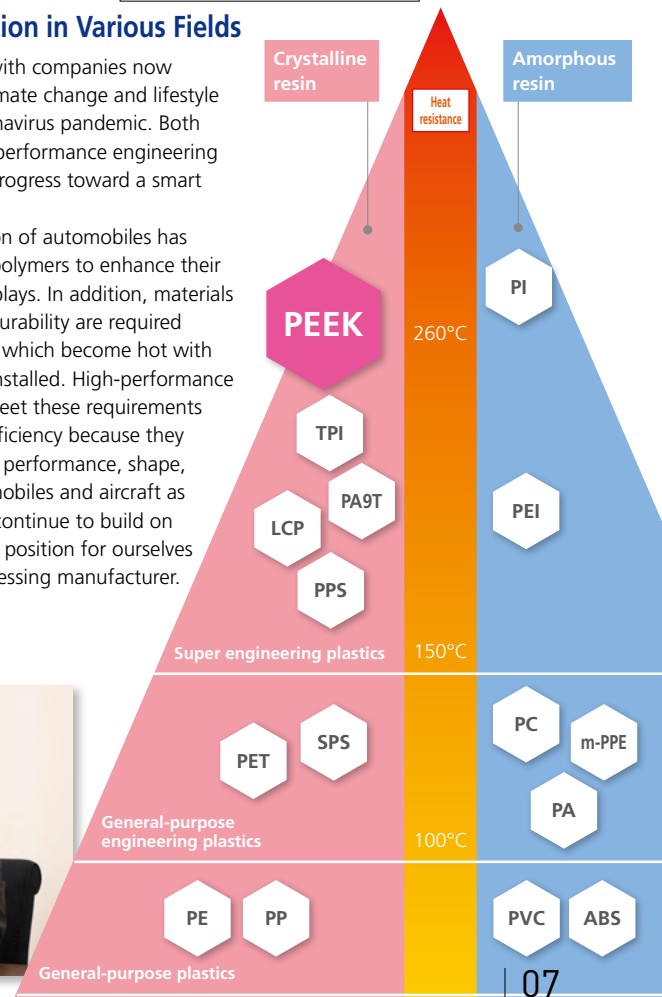
At present, the film is mainly used for speaker diaphragms built into smartphones, but we are developing products for other business fields such as environment-friendly vehicles, aircraft, and medical equipment where strict requirements for component materials are required. We not only provide products that meet the required specifications, but also always strive to develop products that anticipate the needs and ease of use required by customers post-process. Furthermore, by refining our technologies through forming films with various engineering plastics and super engineering plastics that apply PEEK resin film formation technology, we will continue to be the choice of customers and society at all times.

Expectations for Adoption in Various Fields

The world is rapidly changing with companies now expected to tackle issues on climate change and lifestyle changes fomented by the coronavirus pandemic. Both conductive polymers and high-performance engineering plastic films will contribute to progress toward a smart society.

The increasing sophistication of automobiles has spurred the use of conductive polymers to enhance their electronic control units and displays. In addition, materials with high heat resistance and durability are required around the engine and battery, which become hot with all the electronic components installed. High-performance engineering plastic films that meet these requirements and contribute to better fuel efficiency because they are lightweight can provide the performance, shape, and accuracy needed for automobiles and aircraft as alternatives to metals. We will continue to build on our research to establish a solid position for ourselves as a cutting-edge material processing manufacturer.

Main resin materials and heat resistance



VOICE

Continuing to Produce Materials That Change the World

The adoption of Shin-Etsu Sepla Film® in the automobile field has, for example, made it possible to reduce the vehicle body weight, which in turn has helped to reduce greenhouse gas emissions. As a result, the product indirectly contributes to solving climate change problems. Our product line is by no means outstanding, but, we are proud that it is indispensable

Tsutomu Kato

General Manager, Office of Advanced Materials Project, Sales Unit

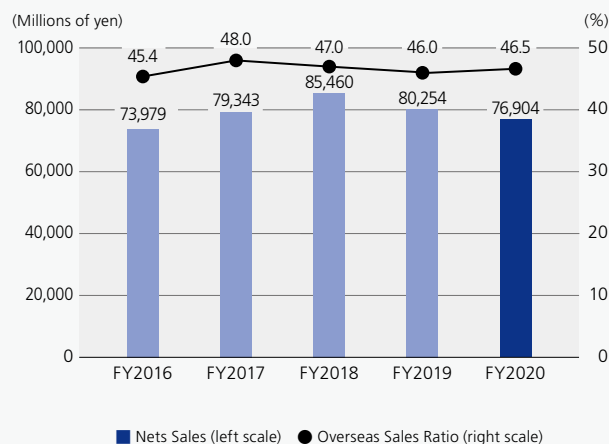
for achieving sustainable growth in an ever-changing world.

It is a joy to know that as a manufacturer our products are changing the world. Especially if the product is one that you are involved in. I personally would like to continue doing such work that proves to be beneficial for people out there in the world.

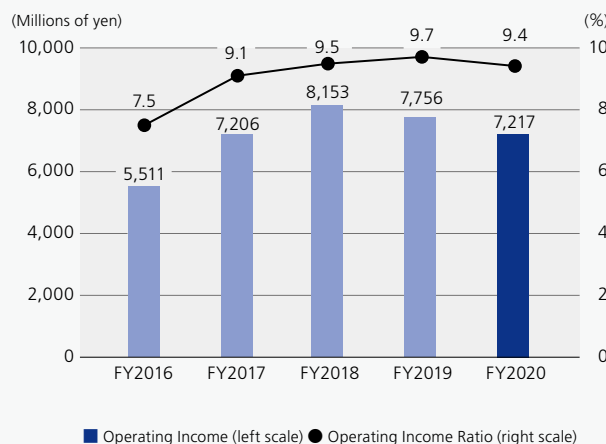


Financial Highlights [Consolidated]

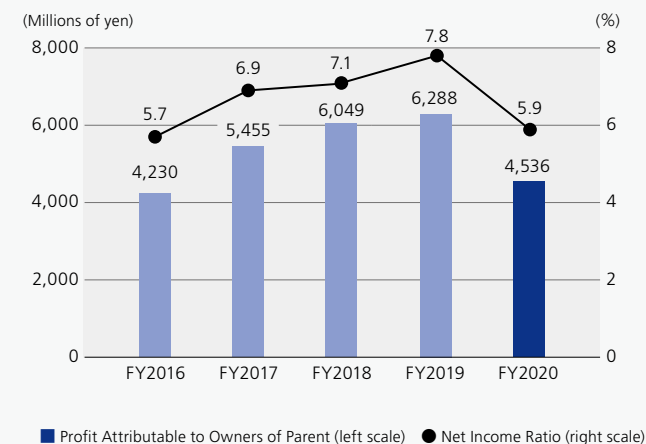
Net Sales and Overseas Sales



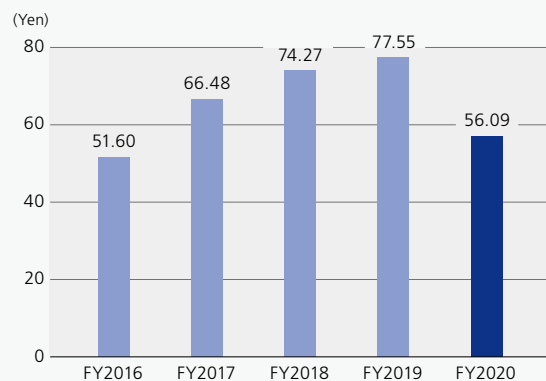
Operating Income and Operating Income Ratio



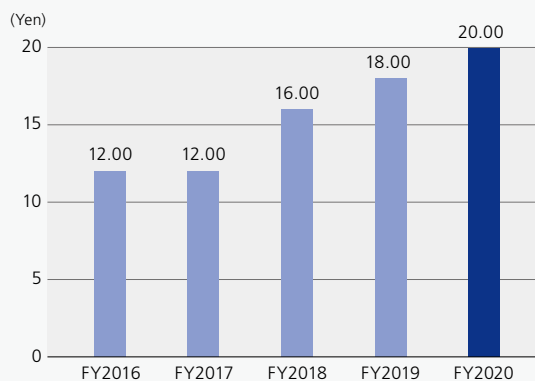
Profit Attributable to Owners of Parent and Net Income Ratio



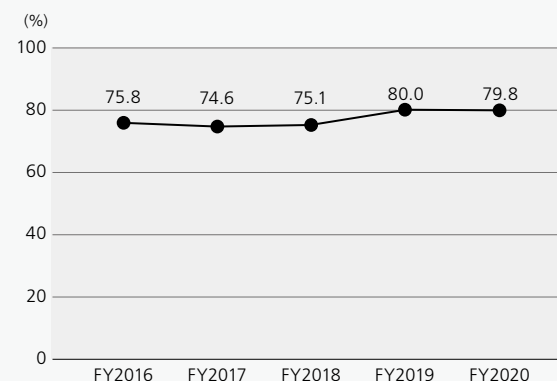
Net Income per Share



Cash Dividends per Share

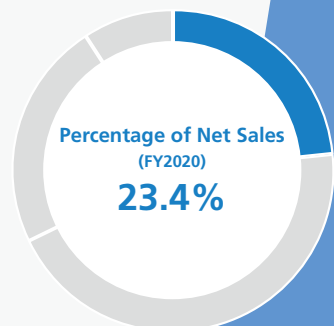


Equity Ratio



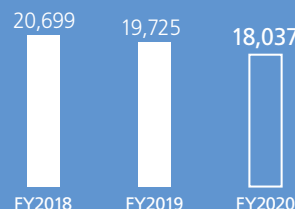
Electronic Devices

(Automobiles and Information Devices)



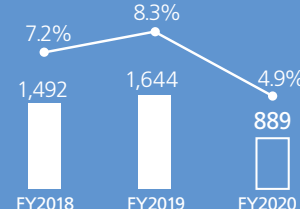
Net Sales

■ Net Sales (millions of yen)



Operating Income and Operating Income Ratio

■ Operating Income (millions of yen) ● Operating Income Ratio (%)



Responding to society's diverse demands by utilizing our technological capabilities

The products handled by this business segment are mainly components for finished products. Our products, including our mainstay input devices which are driving improvements in automobile functionality and convenience, are helping to achieve a next-generation mobility society and high performance in mobile devices. We are able to respond to the diversifying demands of society by developing high-value-added products which maximize our own material compounding and molding technologies.



Director and Senior Managing Executive Officer, General Manager, Sales Unit
Toshiaki Deto

Business Summary

The Electronic Devices segment primarily operates in electronics-related fields, such as input components for automobiles and information devices. It expanded into overseas markets early on, leading the Company in overseas sales and production.

Shin-Etsu Polymer leverages its core technologies such as those for silicone processing and combined processing of raw materials, as well as high-precision printing, to provide products and services that meet the requirements of clients in Japan and overseas that operate globally, such as manufacturers in automotive electrics, mobile devices, and electronic components.

Strengths

- Global production and sales system
- Advanced material processing technologies
- High-definition printing technologies



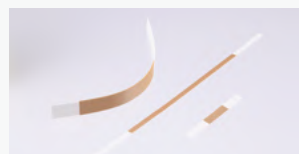
Key switches



Touch switches



View control film (VCF)



Connectors for testing electronic components

Business Environment

Opportunities

- Quicker integration of automobile industry CASE technologies into society
- Increasing demand for remote work and nesting

Risks

- Drop in automobile production due to the pandemic and semiconductor shortages
- Delays in raw material procurement and product transportation due to logistics disruptions

Due to the global coronavirus pandemic, the automobile industry temporarily stagnated in year 2020, but after the summer, both production and sales showed a strong recovery. With advances in CASE technologies gaining pace, there is an ever-increasing need for environmentally friendly vehicles like electric and hybrid cars, especially against the backdrop of tighter environmental regulations. Technological innovation in automobiles is expected to progress on a global scale meaning that we can expect growth in automotive electrical systems. However, the impacts of Covid-19 remain very much uncertain. We must also pay close attention to market trends such as the shortage in supply of automobile semiconductors and disruptions to logistics.

On the other hand, the pandemic has stimulated demand for working remotely, or from home, which has in turn prompted more sales for PC-related products. An increase in the number of people working remotely has done well for us and as such we can expect business to continue to perform well.

Business Strategies

Basic Policy

Quick and accurate response to trends in next-generation automobiles and market / customer needs

Points of Note

- Strengthened production system with the completion of third building at India plant
- Expansion into new areas of business with improved marketing

The mainstay automobile-related field, which has begun to perform steadily, is the key to recovering profits for the whole business. As automakers review their supply chains and inventory levels in the wake of the pandemic, it is necessary to build a stable supply system that will not be affected by unforeseen circumstances or a rapid increase in demand. Furthermore, against the backdrop of increasing modularization of automobile components, it is essential for us to establish an efficient global production system. As such, we will continue to locate the best places for our production sites. Construction of the third factory building at our production subsidiary base in India, where the automobile business is rapidly growing, was completed in May 2021. Systems are being put in place to meet the expected growth of domestic demand in India and an increase in exports to Europe.

At the same time, we will actively commit human resources to developing new product lines and marketing on areas like electric and autonomous vehicles, aiming for growth in the business as a whole.

Electronic Devices (Automobiles and Information Devices)

Review of Fiscal 2020

Points of Note

Input devices

- Despite a recovery in the latter half of the year for automotive key switches, full year sales remained sluggish
- Strong sales of touchpads for slim notebook PC

Display-related products

- Weak sales of connectors for LCDs
- View control film (VCF) for optical applications also flat

Component-related products

- Connectors for testing electronic components doing well
- Weak sales of automobile-related products, such as wipers

This business segment saw a drop in sales and profit with net sales of 18,037 million yen (down 8.6% from the previous fiscal year) and operating income of 889 million yen (down 45.9% from the previous fiscal year).

In particular, the impact of sluggish demand in the automobile industry was significant. Shipments of automotive input devices, which have led the way in the segment, fell sharply in the first half of the year, and the suspension of operations at overseas production bases, all owing to the pandemic, put pressure on profits. Recording historic high sales in the second half of the year brought us a V-shaped recovery but it was not enough to make up lost ground in the first half. Furthermore, shipments of display-related products such as view control film (VCF) and connectors for LCDs were sluggish because of worsening market conditions.

On the other hand, sales of touchpads for slim notebook personal computers increased against the backdrop of demand for remote working, and demand for connectors for testing electronic components also increased on the back of wider 5G rollout, helping to keep shipments remaining strong.

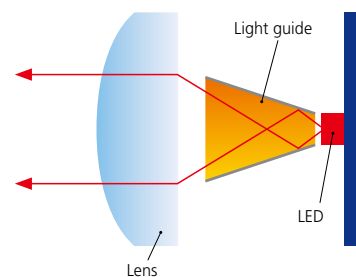
TOPIC

Launched Light Guide for Car LED Headlights

With the shift to electric and eco-friendly vehicles and increasing demand in emerging countries, the automobile field is expected to continue to grow steadily over the medium to long term. To further expand our business in the automobile field, we have newly developed and launched a light guide used in car LED headlights.

The light guide is a component that controls the direction and amount of light emitted from the light source of the LED headlight. It is made from pliable silicone rubber which is transparent as glass and highly resistant to heat. Since light can be efficiently directed by using the internal reflection of transparent resin, it is possible to emit light with uniform brightness even into spaces away from the light source.

The product makes full use of the silicone processing technologies we have cultivated over many years. By responding to the rising demand for home appliances and industrial equipment, in addition to automobiles, we have been able to capture new business opportunities which has led to increased profits.



An LED headlight

Outlook for Fiscal 2021 and Medium- to Long-Term Direction

Points of Note

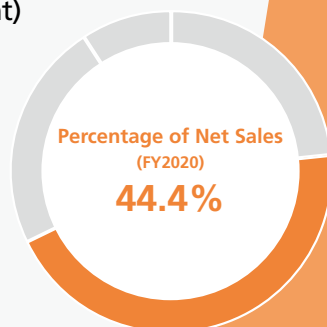
- Strengthened production and development systems in anticipation of market conditions in the automobile industry
- Further demands in the information communications field

On track for a recovery, the automobile industry can expect high levels of demand with the global rise of CASE vehicles. Our automobile-related input devices are also expected to remain strong where we anticipate significant growth from the previous fiscal year. Furthermore, the need for eco-friendly vehicles is expected to grow even more with ambitions for carbon neutrality by 2050 and stricter exhaust emission regulations, mainly in Europe. We will enhance our competitiveness by focusing on speedy and stable product development that accurately captures rapidly changing market trends, developing and launching new applications and products that support advanced technologies.

There are also good prospects in the information communications field. IoT has accelerated further because of the pandemic and the rollout of 5G has been gradually progressing since commercialized service began slowly in March 2020. As such, demand for touchpads, view control films (VCF) and connectors for testing electronic components, etc. is expected to grow sufficiently.

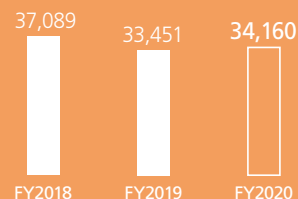
Precision Molding Products

(Semiconductors, Electronic Components, Office and Medical Equipment)



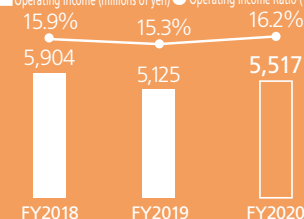
Net Sales

■ Net Sales (millions of yen)



Operating Income and Operating Income Ratio

■ Operating Income (millions of yen) ● Operating Income Ratio (%)



Taking pride in our stable supply of products that support the world

Semiconductors are now so important, society cannot do without them. Semiconductor-related containers, for which we hold a world-leading share, are vital products that support the global semiconductor market. We take pride in our value to society providing a stable supply of high-quality, high-value-added products, and we will continue to support society in this way in the future.

Business Summary

The Precision Molding Products segment leverages Shin-Etsu Polymer's unique technologies to provide precision molding products in Japan and overseas, including shipping and carrying containers for semiconductor silicon wafers, carrier tapes for automatic mounting of electronic components, office automation (OA) device components and components for medical equipment made primarily from silicone rubber.

Based on our unique precision molding technologies, as well as our advanced evaluation and analysis technologies, we have established an excellent reputation and degree of confidence with our customers. This has been achieved by ensuring reliable supply capability, as well as high quality and cost-competitiveness through our flexible and quick production system enabling us to provide services tailored to customer needs.

Strengths

- Flexible, quick and global production system
- High level molding technologies fully versed on resin properties
- Advanced evaluation and analysis technologies



Wafer containers



Embossed carrier tapes



OA rollers



Medical components

Business Environment

Opportunities

- Increased production from manufacturers of semiconductor and electronic components
- Increased capital expenditure by semiconductor manufacturers with the economic recovery

Risks

- Drop in demand due to fluctuations in the silicon cycle and reaction to overheated market
- Shrinking market for OA equipment due to lifestyle changes and going paperless

Semiconductors are becoming an ever-increasing feature of the world with more advanced smartphones, autonomous driving support systems for CASE vehicles, IoT at production sites and the cloud servers that handle big data and AI technology which drives the IoT. With this increase in demand for more sophisticated semiconductors, the market is expected to continue to expand into 2022. Moreover, semiconductor device manufacturers continue to make large-scale capital expenditures entailing steady growth for the semiconductor industry for the time being. Similarly, we can expect steady growth in the electronic components industry.

On the other hand, the OA equipment market is quickly changing to a paperless one considering the need to save resources and protect the environment. And with new lifestyle choices like working more from home due to the pandemic, we can expect to see a further drop in demand for printing in offices and other places.

Business Strategies

Basic Policy

Develop production and sales activities that anticipate demand, and expand business in the medical market, a key area

Points of Note

- Establish production system and obtain steady orders for semiconductor and electronic component related products
- Launch of new medical-related products and develop new customers and markets

Demand for semiconductor-related containers is expected to increase in the future, and at the same time, with more advanced and sophisticated semiconductors comes the need for higher standards of cleanliness for the high-precision manufacturing that takes place in clean environments. We will continue to earn the trust of our customers by steadily supplying high-value-added products that make full use of our molding and analysis / evaluation technologies to meet the increasingly sophisticated and diversified demands of our customers. While working to expand our market share in growth markets such as the semiconductor and electronic component markets, we will actively invest management resources to maintain and expand our high quality and stable supply capacity.

For medical-related products, we will broaden our scope from the conventional upstream and midstream businesses to downstream in an attempt to expand our business. We will aim to increase our global value by developing a wide variety of products through the horizontal roll out of our unique technologies.

Precision Molding Products (Semiconductors, Electronic Components, Office and Medical Equipment)

Review of Fiscal 2020

Points of Note

Semiconductor-related containers

- Strong sales of shipping containers for 300 mm wafers

OA device components

- Weak sales of rollers for copying machines

Carrier tape-related products

- Good sales for small electronic components

Silicone rubber molded products

- No movement in mainstay medical-related products

Lifestyle changes associated with the pandemic have boosted demand for semiconductors and electronic components. Strong demand in a wide range of applications such as smartphones, 5G base stations and data centers, as well as automobiles has led to strong shipments of semiconductor silicon wafer shipping containers and carrier tapes, which has driven this business segment. In addition, the movement of manufacturers to increase inventories has also contributed to the segment's strong performance.

As for OA device components, while rollers for copying machines were sluggish, demand for small printers increased with more people working from home because of Covid-19. And since there were fewer operations taking place, our mainstay medical-related products suffered, bringing sluggish sales overall for our silicone rubber molded products.

As a result, sales and profits in the segment increased to 34,160 million yen (up 2.1% from the previous fiscal year) and operating income to 5,517 million yen (up 7.6% from the previous fiscal year).

TOPIC

Exhibited at SEMICON China 2021

Shin-Etsu Polymer Shanghai Co., Ltd. attended the SEMICON China 2021 exhibition in Shanghai from March 17th to 19th, 2021. SEMICON China is the largest exhibition of semiconductor manufacturing equipment in China, with more than 1,200 exhibitors and about 100,000 visitors in 2019 pre-Covid-19. China's economic recovery since the pandemic has been relatively quicker than the rest of the world. This has helped buoy up visitor numbers with about 40,000 people attending this year's event.

In recent years, the Chinese semiconductor manufacturing equipment market has expanded rapidly, increasing to a 26% share of the global market. This trend is likely to continue to the extent that China will overtake Taiwan to become the world's largest producer of semiconductors by 2030. Many people visited the Shin-Etsu Polymer booth, which had a range of products on display, including our mainstay containers for 300 mm wafers, attracting many inquiries and requests for the products. We will use the very important information obtained at the exhibition for research and development to globally develop products that meet the needs of the customer.



The Shin-Etsu Polymer booth

Outlook for Fiscal 2021 and Medium- to Long-Term Direction

Points of Note

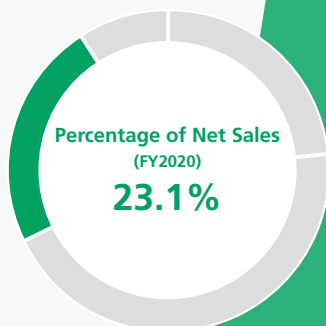
- Continued high-level demand for semiconductor-related containers and carrier tape-related products
- Early development and mass production of new medical-related product ranges

For semiconductor-related containers, the market for 200 mm wafers, as well as for our mainstay shipping containers for 300 mm wafers, is expanding due to strong demand in the automobile and information device industries. As major semiconductor device manufacturers are showing signs of resuming capital expenditure, we anticipate strong shipments for in-process containers. As such, we are seeing an urgent need to build a production system that can respond quickly to this increasing demand. Similarly, we will ensure sales of carrier tape-related products continue to improve by capturing the growing demand for electronic components due to the full-scale rollout of 5G communications and the advent of the CASE era for cars.

We will increase profits from sales of OA device components by expanding our share with main customers and acquiring new customers amid the trend for working at home and the shift to paperless offices. The medical market is expected to see continued steady demand against the backdrop of growing needs due to the declining birthrate and aging population and advances in medical technology. We will work to expand the scale of our business by acquiring a market share in components for catheters and dialysis machines, and promoting the development of products further downstream.

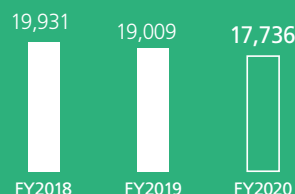
Housing and Living Materials

(Packaging, Construction Materials and Industrial Materials)



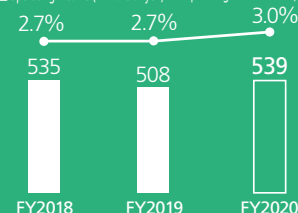
Net Sales

■ Net Sales (millions of yen)



Operating Income and Operating Income Ratio

■ Operating Income (millions of yen) ● Operating Income Ratio (%)



Providing products that help people's daily life to become indispensable for society

This business segment handles a large number of products in fields close to our lives, such as housing and food. Material products used in 5G-compatible devices and eco-friendly vehicles which are becoming ever more widespread in society, will have an infinite number of uses through co-creation with our partners. Today and in the future, we will continue to be an indispensable part of society by providing products that are needed by the world.

Business Summary

In this business segment, as well as molded products made primarily from PVC resin, such as packaging materials for food products, construction materials, and semi-manufactured materials for molding products, a wide-ranging business is being developed with new products including conductive polymers that offer conductivity and heat resistance properties and thin films made from engineering plastics.

Conductive polymers and compounds with improved functionality are growth products with increasing rates of adoption in fields such as the automotive sector.

Strengths

- Expanded areas where conductive polymers are used
- High-precision thin films processing technology
- Secured overseas production sites for functional compounds



Wrapping films



PVC pipes



Functional compounds



Conductive polymers

Business Environment

Opportunities

- Increase in automobile production and widespread use of eco-friendly vehicles
- Greater demand for communications devices due to more people working from home

Risks

- Raw material price increases due to rising crude oil prices
- Stagnation in the food service and construction industries due to prolonged effects of Covid-19

In an era when carbon neutrality is a top priority, the automobile industry is shifting production to more eco-friendly electric vehicles. Car production volume as a whole is expected to continue to rise gradually with growth expected not only in North America and Europe, which are driving technological reforms in automobiles, but also in Japan and China. In addition, sales of communications devices like smartphones are growing against the backdrop of rising demand for working from home.

Meanwhile, against the backdrop of soaring crude oil prices, material manufacturers have since the beginning of 2021 announced a series of price increases for PVC and polycarbonate resins. The food service industry also faces difficult times with less people going out and shorter restaurant opening hours due to the state of emergency. Furthermore, the number of new home builds has been steadily declining in recent years, dropping by about 10% from 2019 to 2020 to its lowest level ever owing to the pandemic.

Business Strategies

Basic Policy

Build a stable profit structure and establish the material products business as a "third pillar"

Points of Note

- Early realization of M&A effects in food wrapping film business
- Promotion of new product development and new business that identifies growth areas

In May 2021, we entered into a share transfer agreement, our second M&A, with Showa Denko Materials Co., Ltd. for the food wrapping film business. The merger will bring together each other's strengths in the mature domestic market where we will aim for the top market share in the industry. Moreover, as interest in public health is increasing within the new normal, we will develop and rollout products with unprecedented added value including antiviral and antibacterial goods.

We will look to improve profitability by focusing on material products, such as conductive polymers and high-performance engineering plastic films that can be deployed in various markets and applications according to customer needs, fostering the business as our "third pillar" alongside input devices and semiconductor-related containers.

Housing and Living Materials (Packaging, Construction Materials and Industrial Materials)

Review of Fiscal 2020

Points of Note

Wrapping films

- Strong sales with supermarkets
- Declining in the food service industry

Functional compounds

- Poor performance for robot cables
- Slowdown in automobiles

Exterior material-related products

- Demand stalled for corrugated sheets

Conductive polymers

- Increased applications of electronic components for automobiles

In this business segment we have worked to revise prices of PVC-related products and improve production efficiency to promote wider sales of new business products. The segment however was greatly affected by the stagnant economy due to the pandemic. Wrapping films were affected by the shorter opening times and self-imposed controls on restaurants, etc. resulting in sluggish shipments in the food service industry. There were also many other negative factors including a slowdown in demand for functional compounds due to stagnant corporate capital expenditure and a decline in the automobile industry, as well as a slump in domestic demand for construction materials such as PVC pipes.

Meanwhile, we saw an increase in orders for conductive polymers, used in electronic components for cars and in components for smartphone displays, etc. Sales of exterior products have expanded to new customers such as home improvement stores.

As a result, sales in the segment were 17,736 million yen (down 6.7% from the previous fiscal year) and operating income was 539 million yen (up 6.2% from the previous fiscal year).

TOPIC

“Polyma-Ace BS” selected as a weed control by the Ministry of Land, Infrastructure, Transport and Tourism

The work of weeding roads was largely done by hand making it rather an inefficient process. It was also a nationwide problem with overgrown weeds blocking road signs causing a significant impact for driver and pedestrian safety.

The Ministry of Land, Infrastructure, Transport and Tourism therefore called for a technology which could control weeds on the roads, thereby solving these problems and ensuring safety on the road. As a result, Shin-Etsu Polymer’s “Polyma-Ace BS” was selected.

“Polyma-Ace BS” is a new product in tape form made from our silicone adhesive sheet “Polyma-Ace”, which is used for repairing concrete leaks, preventing corrosion, and fixing small sensors in the management of tools. Since it is made of silicone it is able to hug uneven and curved surfaces remarkably well. In addition, due to its excellent environmental performance such as its resistance to water, heat, cold, and weather, it suppresses the growth of plants and weeds over the long term in the cracks of the asphalt and concrete.



“Polyma-Ace BS”

Outlook for Fiscal 2021 and Medium- to Long-Term Direction

Points of Note

- Price revisions and improved competitiveness for PVC-related products
- Increase in orders due to expanded uses of material products

In terms of PVC-related products, raw material prices and costs for auxiliary materials and logistics costs have been consistently on the rise, resulting in an urgent need to amend selling prices. Regarding wrapping films, we will gain a large market share through M&A in the domestic market for smaller films, mainly in the food service industry, solidifying our position in the PVC wrapping film market which includes the supermarkets also. Furthermore, we will work to improve profitability by optimizing and streamlining production.

Hymix will also become a consolidated subsidiary from the fiscal year ending March 2022, bringing with it full-scale synergies toward expanding the business in functional compounds. With the rise in the number of electric and hybrid vehicles, orders for conductive polymers are expected to increase over the medium to long term for in-vehicle electronic components. We are also working on high-performance engineering plastic films with a view to expanding into the fields of automobiles and aircraft, in addition to the current applications for smartphones. We will continue to grow our business by developing applications through seed discovery and understanding market needs.

Research and Development

Basic Policy

The basis of the Shin-Etsu Polymer Group's research and development is to uncover new customer needs through close communication with customers and to provide valuable products for daily life and society.

We believe that the mission of our research and development is to expand existing businesses and create new ones for the next generation to meet customer needs in a wide range of fields. This is to be achieved through our high-value-added and differentiated products developed in multiple ways based on the fundamental technologies that form the nucleus of the Group's technological development and our core technologies which have been cultivated over many years.

R&D Organization

The Development Unit plays a central role in the Group, deepening ties with production plants and building a fully integrated research and development system from design through to evaluation. The Development Unit makes full use of the Group's technology and production capacity, working closely together with the Sales and Production Units to promote development that can quickly and accurately meet the needs of our customers. Furthermore, we are actively promoting joint development within the Shin-Etsu Chemical Group and promoting open innovation with research institutes like universities, in efforts for research and development that is both quick and original.

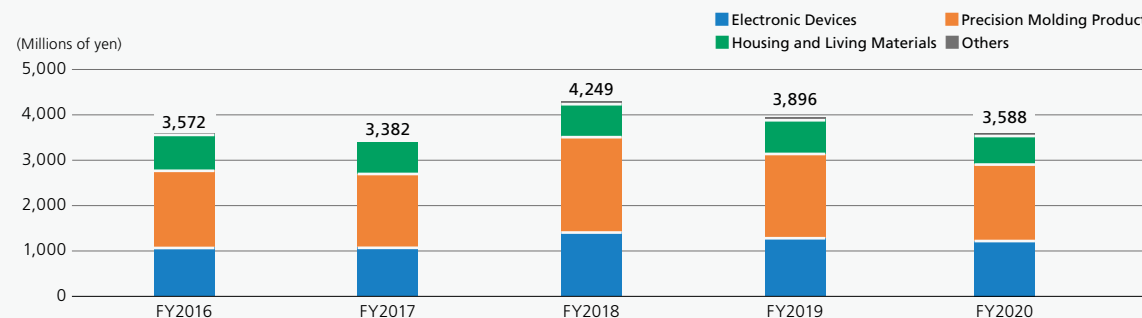
Main R&D Fields

We are developing a wide range of products, from products for the automobiles, information devices, OA equipment and semiconductor markets, to living materials and construction materials, utilizing our core technologies, which include our precision, micro-processing technology as well as our compounding technology of functional resins such as silicone, various resins and conductive materials. We will continue to work on research and development while assessing market needs and growth potential.

● Major technologies and work-site development in each segment

Segment	Own Technology and Work-site Development
Electronic Devices	<ul style="list-style-type: none"> ● Development of components for automobiles utilizing molding and mold design technologies, and silicone compounding technology for things like high transparency and conductive performance ● Development of input components such as touch switches and touch pads based on high-precision printing technology ● Development of composite products with different materials such as resins and metals utilizing silicone processing technology
Precision Molding Products	<ul style="list-style-type: none"> ● Development of super clean, high-performance materials, and development of wafer transfer cases that supports miniaturization in semiconductor processes, utilizing composite injection molding and evaluation analysis technologies ● Development of embossed carrier tapes for micro electronic components based on original molding technology ● Development of OA device components based on silicone compounding technologies such as semi-conductive and foaming technologies ● Development of components for medical devices utilizing two-color extrusion molding and variable extrusion technologies
Housing and Living Materials	<ul style="list-style-type: none"> ● Development of new high-performance materials with functions such as slidability and durability by utilizing advanced kneading and mixing technology ● Development of optimal conductive paints and powders for various applications using our unique formulation technology ● Development of film that combines the high performance of super engineering plastics with the application development of high-precision film formation technology

● R&D Costs (Consolidated)



Research and Development

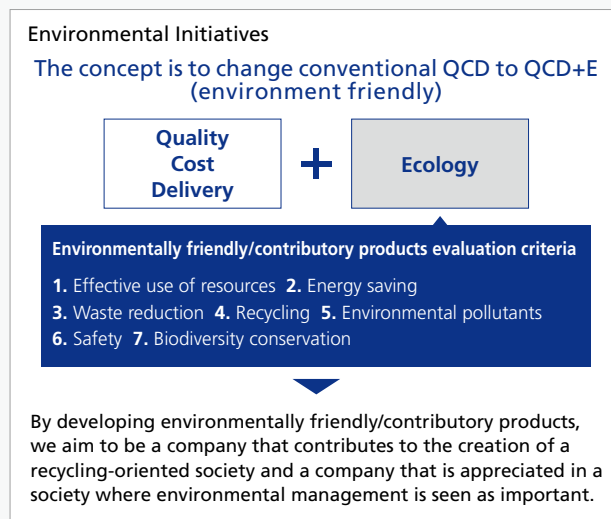
Development of environmentally friendly/contributory products

● Environmentally friendly/contributory products - Concept

In accordance with its Basic CSR Policy and Basic Environmental Principal, Shin-Etsu Polymer Group is working on the development of environmentally friendly/contributory products to reduce environmental impacts and solve social issues.












For our Group, environmentally friendly/contributory products refer to either new or existing products that solve customer challenges. After confirming that society and the environment really require these products (social needs), they are certified according to a 97-point evaluation criteria across 7 categories such as resource saving and energy saving, etc. They are also products which contribute to the achievement of the SDGs. Will contribute to the creation of a sustainable society by working to reduce environmental impacts of the entire product value chain from material procurement to production, use, and disposal.

● Development Concept of environmentally friendly/contributory products



● Environmentally friendly/contributory products - Certification Targets

There were 3 certifications in fiscal 2020. This has brought the total number to our fiscal 2020 target of 24, three times as many as we had in fiscal 2014.

Group products contributing to SDGs	UN Sustainable Development Goals (SDGs) and Targets	
Biodegradable runner clips		Goal #2: Zero Hunger Target 2.4
		Goal #12: Responsible Consumption and Production Target 12.2
		Goal #15: Life on Land Target 15.1
Medical catheters		Goal #3: Good Health and Well-being Target 3.8
PVC pipes/joints		Goal #6: Clean Water and Sanitation Target 6.4
		Goal #9: Industry, Innovation and Infrastructure Target 9.4
Separators for fuel cells		Goal #7: Affordable and Clean Energy Target 7.3
		Goal #13: Climate Action Target 13.1
"Polyma-Ace"		Goal #9: Industry, Innovation and Infrastructure Target 9.4
Toilet booths		Goal #11: Sustainable Cities and Communities Target 11.3
Fumigation sheets		Goal #15: Life on Land Target 15.1

* Please refer to our Sustainability Report for all the environmentally friendly/contributory products.

Intellectual Property Initiatives

● Basic Policy

Recognizing that intellectual property such as patents and technological expertise are important management assets, the Group has established intellectual property strategies for each business field with different business models to create new businesses and expand existing ones from the perspective of intellectual property. Our basic policy on activities connected with intellectual property is to enhance intellectual property management with our mission being to secure competitive advantages in the marketplace and reduce risks.

● Intellectual Property - Management and Use

With a focus on the Intellectual Property Department, the Group is working together with the Production unit, the Sales unit and the Development unit as one, to apply for and acquire strategic industrial property rights to create new businesses. And, based on respect for the industrial property rights of other companies, we are also working on risk management by expanding our global research activities, conducting intellectual property life-cycle management, and making use of intellectual property agreements. Furthermore, we continue to carry out training and awareness building activities to further raise the level of our employees in terms of intellectual property.

● Number of Proprietary Patents and Others

		FY2019	FY2020
Japan	Patents	1,056	1,066
	Utility models	2	1
	Industrial designs	63	52
	Trademarks	144	139
Foreign patents		556	571

Corporate Governance

Basic Approach

The Company recognizes that the cornerstone of management is to increase corporate value as a global corporation that is trusted by and meets the expectations of its shareholders and various other stakeholders.

Based on this fundamental awareness, the Company will work to enhance its corporate governance by making the right decisions through speeding up the management decision making process, ensuring transparency, strengthening its internal control functions and by making accurate decisions from stakeholders' standpoint.



Corporate Governance Report

<https://www.shinpoly.co.jp/en/ir/governance.html>

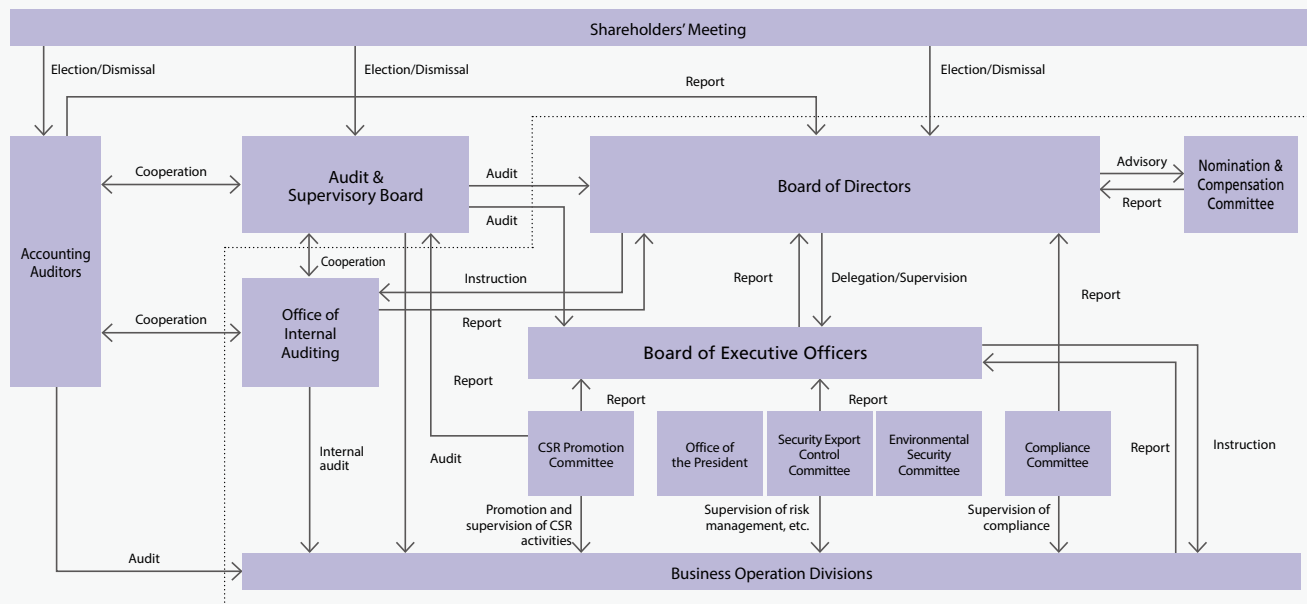
● Corporate Governance System

Shin-Etsu Polymer is a company with a Audit & Supervisory Board. The Board of Directors and the Audit & Supervisory Board are the two institutions that supervise and audit business execution in multiple layer, thereby providing a functional and effective managerial supervisory function as well as an audit function that ensures objectivity and neutrality. The Board of Directors is responsible for important management decisions and appropriately supervises the directors in executing their duties. As of June 25, 2021, the Board of Directors is composed of 5 directors, 2 of whom are outside directors and 4 Audit & Supervisory Board members. The outside directors have extensive experience and deep insight accumulated over many years, one as a corporate executive and the other as an accounting and tax specialist, which allows for a broad perspective in conducting objective and appropriate supervision of Shin-Etsu Polymer management.

● Corporate Governance System Overview (as of June 25, 2021)

Items	Description
Types of organization	Company with Audit & Supervisory Board
Chairperson of the Board of Directors	President
Term of Directors	2 years
Number of Directors	3 inside, 2 outside (both independent officers)
Number of Audit & Supervisory Board Members	1 inside, 3 outside (1 independent officer)
Number of Executive Officers	11
Number of Board of Director meetings held (average attendance rate of outside officers)	14 (100%) * Results for year ended March 31, 2021

● Corporate Governance System (as of June 25, 2021)



● Improving the Effectiveness of the Governance System

To improve the performance of the Board of Directors as a whole, the Company's Board conducted a questionnaire for all Directors and Audit & Supervisory Board members on the effectiveness of the Board in the fiscal year ended March 2021, and implemented a self-assessment survey at a Board meeting held in May 2021.

As a result, it was confirmed that the Board of Directors is composed of directors with diverse values and perspectives that reflect the wide range of expertise in each field and overseas work. Moreover, the Board of Directors generally functions in a timely and appropriate manner, making swift decisions after open and constructive discussions, including the raising of issues by outside directors, confirming that the effectiveness of the Board of Directors is by and large assured.

In addition to its role as an executive body, issues were identified relating to discussions on the medium-term management plan and strategies, and on strengthening governance as a listed subsidiary. Under such circumstances, the Board decided to establish a nomination and compensation committee in December 2020 and introduce an executive officer system in May 2021 to ensure the independence and objectivity of the Board of Directors and enhance its supervisory function. With regard to other management issues, we will strive to further improve the

Corporate Governance

effectiveness of the Board of Directors by deepening and enhancing discussions aimed at resolving issues.

● Audit System

As of June 25, 2021, Audit & Supervisory Board, which consists of one inside and 3 outside Audit & Supervisory Board members, is conducting audits independently of business execution. Audit & Supervisory Board members fulfill their function of supervising management by attending Board of Directors meetings and other meetings, and also hold regular and extraordinary Audit & Supervisory Board meetings to discuss important auditing matters arising from reports from each Audit & Supervisory Board member.

The Office of Internal Auditing audits the execution of management and operational systems as well as work processes with respect to their legality, rationality and efficiency.

With regards to accounting audits, we receive quarterly reviews or audits from an auditing firm, receiving accounting advice where appropriate.

Through the close exchange of information, Audit & Supervisory Board members, the Office of Internal Auditing, and the accounting auditors strive to enhance the audit system based on mutual cooperation and collaboration.

Relationship with the Parent Company

Shin-Etsu Chemical Co., Ltd., the parent company of Shin-Etsu Polymer, is a controlling shareholder holding 53.1% of the total number of outstanding shares (excluding treasury stock) of the Company.

Shin-Etsu Polymer is a part of the Shin-Etsu Chemical Group with Shin-Etsu Chemical acting as the parent company. We recognize that maintaining close cooperation with Shin-Etsu Chemical and all the companies of the Group, demonstrating our collective strengths, will lead to improved corporate value for us. As such, we have established a collaborative relationship with Shin-Etsu Chemical for the purpose of exchanging information on the development of raw materials and management information. However, we have not received

any license from Shin-Etsu Chemical for our products. In addition, we purchase raw materials from Shin-Etsu Chemical, but in terms of our trading, Shin-Etsu Polymer makes fair and appropriate decisions through negotiations based on standard terms of sale. And regarding personnel, no director at Shin-Etsu Polymer serves as an executive at Shin-Etsu Chemical.


Based on the above, we are in a situation where we can make our own choices with regard to such things as decisions on management policy, etc. We therefore recognize that we have a certain degree of independence from our parent company.

Shareholder and Investor Engagement

● Information Disclosure System

Along with making constant efforts to enhance corporate governance and ensure management transparency, the Group strives to disclose information to shareholders and investors in a fair, timely and appropriate manner based on the Financial Instruments and Exchange Act, the rules of the Tokyo Stock Exchange, and all other relevant rules and regulations.

Regarding the information disclosure system, the Company has, based on its Basic Policy on Information Disclosure, established an Information Disclosure Committee chaired by the person in charge of information disclosure. The Information Disclosure Committee, comprised of the heads of the Office of the President (IR Manager and PR Manager), the Accounting & Finance Department and the General Affairs Department, and person in charge from other relevant departments, convenes as required for flexible and prompt information disclosure.

 IR Policy
<https://www.shinpoly.co.jp/en/ir/policy.html>

● Communication with Shareholders and Investors

As an opportunity to describe its business situation to shareholders and investors, the Company holds briefings for analysts, investors and others after the financial results for the end of each fiscal year and second quarter have been announced.

Furthermore, the Company also uses its website as a means to provide swift and fair information disclosure to its shareholders and investors, providing information such as news releases, financial summaries, presentation materials, annual reviews, Annual Meeting of Shareholders materials, and resolution notices.

● Officers (As of June 25, 2021)

Directors and Audit & Supervisory Board Members	
President and Chief Executive Officer	Yoshiaki Ono
Director and Senior Managing Executive Officer	Toshiaki Deto General Manager, Sales Unit
Director and Managing Executive Officer	Toru Takayama In charge of Office of the President
Directors	Shigemichi Todoroki (Outside, Independent) Osamu Miyashita (Outside, Independent)
Full-Time Audit & Supervisory Board Members	Morio Miyazaki (Outside) Hideaki Hirasawa
Audit & Supervisory Board Member	Sachihito Hosogi (Outside) Tatsuo Yoshihara (Outside, Independent)
Executive Officers	
Managing Executive Officers	Mikio Furukawa General Manager, Office of Business Development, Sales Unit In charge of Semiconductors & Electronic Components Containers Business
	Satoru Sugano General Manager, Development Unit
	Yasushi Shibata General Manager, Administrative Unit and General Manager, Human Resources Department In charge of Business Audit and Environment Preservation
	Naoki Kobayashi General Manager, Office of Sales & Marketing Unit, Sales Unit President, Suzhou Shin-Etsu Polymer Co., Ltd.
	Kan Ishihara President, Shin-Etsu Finetech Co., Ltd.
	Mitsuo Sato General Manager, Production Unit
Executive Officers	Masato Takahashi Head of Itoigawa Plant, Production Unit
	Osamu Kowada General Manager, Accounting & Finance Department, Administrative Unit President, Shin-Etsu Polymer (Thailand) Ltd. President, Shin-Etsu Polymer Singapore Pte. Ltd. CEO, Hymix Co., Ltd. President, Shin-Etsu Polymer (Malaysia) Sdn. Bhd. President, Shin-Etsu Polymer India Pvt. Ltd.

CSR Initiatives

Basic Approach

Based on its corporate philosophy, the Shin-Etsu Polymer Group strives to be a business that continues to grow with society by putting safety and fairness at the forefront of its management. The Group will contribute to the realization of a sustainable society by aiming to solve social issues through its business while meeting the demands and expectations of society.



CSR Initiatives

<https://www.shinpoly.co.jp/en/environment.html>

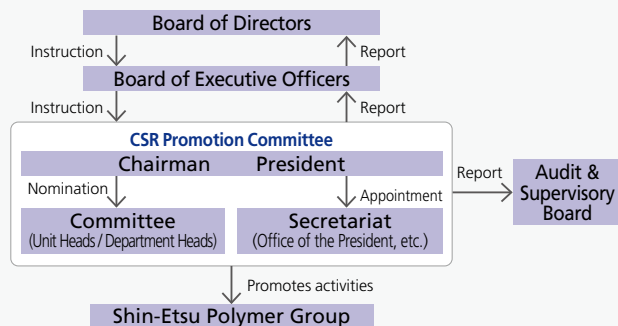
Sustainability Report

<https://www.shinpoly.co.jp/en/environment/report.html>

CSR Promotion Structure

The Shin-Etsu Polymer Group has always been engaged in CSR activities with departments and Group companies each playing a role. The Group has set up and holds a CSR Promotion Committee to further strengthen its promotion of CSR management. Under this framework, our ability to respond to ESG-related risks and opportunities has been strengthened through defining a CSR activity policy and establishing a system for carrying out CSR activities across the whole Group.

● CSR Promotion Structure Chart



Key CSR Issues

The Shin-Etsu Polymer Group has set out and is promoting initiatives for its Key CSR Issues as important issues the Group needs to address based on social demands and expectations from its stakeholders. A subcommittee has been set up and is prioritizing activities to tackle, in particular, promoting CSR procurement and the diversification of supply sources, as well as the promotion of respect for human rights, the development of human resources and the promotion of diversity, as key challenges among the CSR issues.

● Major Initiatives in fiscal 2020

We implemented the following initiatives regarding the Key CSR Issues. Moreover, in June 2021, we established a new course that changed the content of the Basics of CSR e-learning program carried out in fiscal 2019 to content tailored toward the SDGs.

Key Issues		Main Committees and Meetings	Main Specific Activities		SDGs
1	Ensuring the health and safety of employees and contractors	● Environmental Security Committee	<ul style="list-style-type: none"> Audit on environmental conservation activities at each business site (health and safety, disaster and fire prevention, environment, legal compliance) 		13
			<table border="1"> <tr> <th>FY2020 Targets</th> <th>FY2020 Results</th> </tr> <tr> <td>Number of accidents at work: 0</td> <td>9 (Domestic: 1 accidents that require time off work and 2 which don't) (Overseas: 6 accidents that require time off work and none which don't)</td> </tr> </table>	FY2020 Targets	
FY2020 Targets	FY2020 Results				
Number of accidents at work: 0	9 (Domestic: 1 accidents that require time off work and 2 which don't) (Overseas: 6 accidents that require time off work and none which don't)				
2	Saving energy and resources and reducing the impact on the environment	● Green Activities Promotion Committee	<ul style="list-style-type: none"> Active promotion of environmental conservation and management activities, with the aim of achieving medium-term goals (global warming countermeasures, effective use of resources, etc.) 		7, 12, 13
			<ul style="list-style-type: none"> CO₂ emissions: 3% reduction compared to FY2017 Energy consumption: 3% reduction compared to FY2017 Waste materials: 3% reduction compared to FY2017 	<ul style="list-style-type: none"> CO₂ emissions: Domestic total increase by 5.6% Energy consumption: Achieved for 1 domestic and 3 overseas sites Waste materials: Achieved for 3 domestic and 6 overseas sites Domestic total increase by 6.7% 	
3	Improving product quality and product safety management	● Global Quality Assurance Meeting	<ul style="list-style-type: none"> On-site audits for the purpose of preventing poor quality and factory examinations (Quality Month) Activities to improve quality in the Group, such as quality control tests 		12
4	Promotion of CSR procurement and diversification of supply sources	● Company Procurement Meeting ● CSR Procurement Subcommittee	<ul style="list-style-type: none"> Distributed and disclosed the Group's CSR Procurement Guidelines to clients Understanding current situations through client surveys 		12
5	Respect for human rights, the development of human resources and promotion of diversity	● CSR Human Affairs Subcommittee	<ul style="list-style-type: none"> Survey of employment status and working environment for foreign workers at domestic and overseas offices Promoted the use of internal systems and rules to address diversity in work 		5, 8, 10
6	Respect for and protection of intellectual property	● Patent Committee	<ul style="list-style-type: none"> Protection of intellectual property rights acquired through work, and respecting the intellectual property rights of other companies Progress of above activities reported by the Patent Committee 		9
7	Contribution to industry and social initiatives	● CSR Promotion Committee	<ul style="list-style-type: none"> Promoted eco-products through product development that contributes to the environment and society Worked together with local communities through donations of our 'shupua' range of products to institutions and organizations 		9, 15
			<table border="1"> <tr> <th>FY2020 Targets</th> <th>FY2020 Results</th> </tr> <tr> <td>Number of environmentally friendly/contributory products: Tripled number of products (8 products) compared to FY2014</td> <td>Number of certified products: 24</td> </tr> </table>	FY2020 Targets	
FY2020 Targets	FY2020 Results				
Number of environmentally friendly/contributory products: Tripled number of products (8 products) compared to FY2014	Number of certified products: 24				
8	Accurate and timely information disclosure and communication with stakeholders	● Information Disclosure Committee	<ul style="list-style-type: none"> Fair, timely and appropriate information disclosures Enhanced IR and public relations activities 		-

● CSR External Evaluation

Shin-Etsu Polymer has been awarded the EcoVadis silver rating for its sustainability efforts. The silver rating means that Shin-Etsu Polymer scores in the top 25 percent of all companies EcoVadis rates.



Eleven-Year Summary

(For the years ended March 31, 2011 through 2021)

	Millions of yen											Thousands of U.S. dollars ¹
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2021
Operating Performance (For the year):												
Net sales	¥76,904	¥80,254	¥85,460	¥79,343	¥73,979	¥75,039	¥71,707	¥67,332	¥60,669	¥62,650	¥70,469	\$692,828
Segments												
Electronic Devices	18,037	19,725	20,699	19,554	18,644	19,933	18,875	16,453	15,103	16,935	22,258	162,495
Precision Molding Products	34,160	33,451	37,089	34,369	31,074	30,377	28,644	26,407	22,329	23,270	25,141	307,747
Housing and Living Materials	17,736	19,009	19,931	18,703	17,269	18,205	18,435	18,499	17,427	17,273	17,818	159,783
Others	6,969	8,067	7,740	6,715	6,991	6,522	5,753	5,971	5,808	5,170	5,250	62,783
Overseas sales	35,790	36,943	40,396	38,092	33,593	34,495	31,660	27,160	21,844	21,041	25,511	322,432
Gross profit	23,981	25,693	26,762	24,627	22,692	20,896	18,534	16,582	15,028	15,081	18,466	216,045
Operating income	7,217	7,756	8,153	7,206	5,511	4,101	2,231	1,314	944	1,071	3,385	65,018
Ordinary income ²	7,021	8,097	8,026	7,274	5,934	4,532	2,865	1,662	1,291	1,248	3,054	63,252
Profit attributable to owners of parent	4,536	6,288	6,049	5,455	4,230	3,151	1,777	720	210	304	1,224	40,864
Comprehensive income (loss)	3,577	5,587	4,468	6,239	2,361	226	4,544	5,869	3,059	▲ 877	▲ 1,461	32,225
Capital expenditure	3,147	3,032	6,023	5,420	3,721	4,424	3,877	2,571	3,015	2,175	2,303	28,351
R&D costs	3,588	3,896	4,249	3,382	3,572	3,609	3,225	2,807	2,601	2,260	2,581	32,324
Financial Condition (At year-end):												
Total assets	¥108,212	¥105,378	¥107,032	¥103,667	¥96,061	¥92,845	¥93,889	¥88,644	¥81,342	¥81,017	¥81,326	\$974,882
Total net assets	86,677	84,538	80,560	77,510	72,890	71,253	72,250	68,088	63,020	60,749	62,710	780,873
Net working capital ^{3,4}	62,555	58,904	54,118	53,658	51,549	49,917	49,798	46,092	41,745	39,810	40,057	563,558
Cash Flows:												
Cash flows from operating activities	¥10,641	¥7,688	¥9,498	¥8,447	¥7,278	¥7,682	¥4,656	¥4,373	¥3,106	¥5,252	¥7,505	\$95,864
Cash flows from investing activities	▲ 3,736	▲ 4,629	▲ 6,745	▲ 4,437	▲ 1,843	▲ 4,768	▲ 1,572	▲ 3,036	▲ 3,286	▲ 2,789	▲ 3,113	▲ 33,657
Free cash flow ⁵	6,905	3,059	2,752	4,009	5,435	2,914	3,084	1,337	▲ 180	2,463	4,392	62,207
Cash flows from financing activities	▲ 1,691	▲ 1,813	▲ 3,204	▲ 1,670	▲ 789	▲ 1,179	▲ 604	▲ 745	▲ 732	▲ 981	▲ 2,526	▲ 15,234
Per Share Data:												
	Yen											U.S. dollar
Net income	¥56.09	¥77.55	¥74.27	¥66.48	¥51.60	¥38.55	¥21.85	¥8.86	¥2.59	¥3.74	¥15.06	\$0.51
Net assets	1,067.58	1,042.40	989.44	948.31	887.09	870.12	874.65	826.10	764.26	736.45	758.67	9.62
Cash dividend	20.00	18.00	16.00	12.00	12.00	9.00	9.00	9.00	9.00	9.00	12.00	0.18
Financial Ratios:												
	% (Except interest coverage ratio)											
Return on equity (ROE) ⁶	5.3	7.6	7.7	7.3	5.9	4.4	2.6	1.1	0.3	0.5	2.0	
Return on assets (ROA) ^{7,7}	6.6	7.6	7.6	7.3	6.3	4.9	3.1	2.0	1.6	1.5	3.7	
Equity ratio	79.8	80.0	75.1	74.6	75.8	76.7	76.0	75.7	76.4	73.9	75.8	
Interest coverage ratio (Times) ⁸	383.4	254.6	396.1	345.1	285.5	283.2	150.5	133.8	91.8	152.8	77.2	

Notes : 1. U.S. dollar amounts are included solely for the convenience of readers, using the conversion rate of ¥111 per US\$1 prevailing on March 31, 2021.

2. In the fiscal year ended March 31, 2015, "loss on retirement of noncurrent assets" was reclassified from extraordinary loss to non-operating expenses. Ordinary income and return on assets for the fiscal year ended March 31, 2014 were restated to reflect this change.

3. Net working capital = Current assets - Current liabilities

4. Since the fiscal year ended March 2019, according to the application of the Partial Amendments to "Accounting Standard for Tax Effect Accounting", deferred tax assets of current assets is included under fixed assets, and deferred tax liabilities of current liabilities is included under non-current liabilities. Since the fiscal year ended March 31, 2018, the net working capital is calculated based on the results of similar reclassifications.

5. Free cash flow = Cash flows from operating activities + Cash flows from investing activities

6. ROE = Profit attributable to owners of parent / Total net assets (average of beginning and end of term balances)

7. ROA = Ordinary income / Total assets (average of beginning and end of term balances)

8. Interest coverage ratio = Cash flows from operating activities / Interest payment

Eleven-Year Summary [Company Profile, Group Network and Investor Information](#)

Company Profile, Group Network and Investor Information

(As of March 31, 2021)

Company Profile

Corporate Name	Shin-Etsu Polymer Co., Ltd.
Established	September 15, 1960
Head Office	Sotetsu Kandasudacho Building, 1-9 Kanda-Sudacho, Chiyoda-ku, Tokyo 101-0041 Japan
Paid-in Capital	¥11,635 million
Number of Employees	5,089 (Consolidated) 996 (Non-consolidated)
Subsidiaries	15 companies (including non-consolidated subsidiaries)
URL	https://www.shinpoly.co.jp/en/

Network

Our Company

Head Office

Chiyoda-ku, Tokyo

Plants

Tokyo Plant (Saitama Prefecture)
Kodama Plant (Saitama Prefecture)
Nanyo Plant (Yamaguchi Prefecture)
Shiojiri Plant (Nagano Prefecture)
Itoigawa Plant (Niigata Prefecture)

Major Shareholders

Number of Shares Authorized	320,000,000
Number of Shares Issued	82,623,376
Number of Shareholders	8,372
Fiscal Year-End	March 31
Stock Listing	Tokyo Stock Exchange (Ticker code 7970)
Transfer Agent	Mizuho Trust & Banking Co., Ltd.

Subsidiaries

Sales and Construction, etc.

Shin-Etsu Finetech Co., Ltd. (Tokyo)

Sales

Shin-Etsu Polymer America, Inc. (U.S.A.)
Shin-Etsu Polymer Europe B.V. (Netherlands)
Shin-Etsu Polymer Shanghai Co., Ltd. (China)
Shin-Etsu Polymer Singapore Pte. Ltd. (Singapore)
Shin-Etsu Polymer Hong Kong Co., Ltd. (Hong Kong, China)
Shin-Etsu Polymer (Thailand) Ltd. (Thailand)
Shin-Etsu Polymer Vietnam Co., Ltd. (Vietnam)

Manufacturing

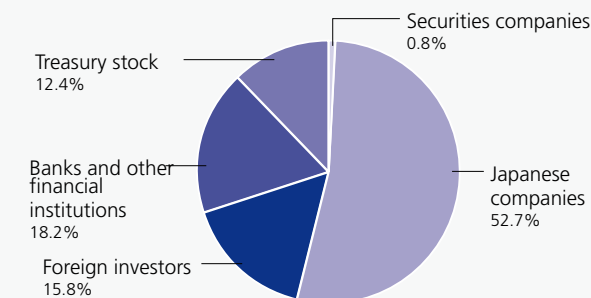
Shin-Etsu Polymer (Malaysia) Sdn. Bhd. (Malaysia)
Suzhou Shin-Etsu Polymer Co., Ltd. (China)
PT. Shin-Etsu Polymer Indonesia (Indonesia)
Shin-Etsu Polymer Hungary Kft. (Hungary)
Shin-Etsu Polymer India Pvt. Ltd. (India)
Dongguan Shin-Etsu Polymer Co., Ltd. (China)
Hymix Co., Ltd (Thailand) (Non-consolidated)

Major Shareholders

Shareholder Name	Number of Shares (Thousands)	Percentage of Total Equity (%)
Shin-Etsu Chemical Co., Ltd.	42,986	53.1
The Master Trust Bank of Japan, Ltd. (Trust account)	4,466	5.5
Custody Bank of Japan, Ltd. (Trust account)	3,645	4.5
Custody Bank of Japan, Ltd. (Trust account 9)	909	1.1
NORTHERN TRUST CO. AVFC RE U.S. TAX EXEMPTED PENSION FUNDS SEC LENDING	867	1.0
Nippon Life Insurance Company	768	0.9
Mizuho Trust & Banking Co., Ltd.	585	0.7
Custody Bank of Japan, Ltd. (Trust account 4)	572	0.7
STATE STREET BANK AND TRUST COMPANY 505103	524	0.6
Sompo Japan Insurance Inc.	497	0.6

1. In addition to the above and excluded from the above major shareholders, 1,727 thousand shares of treasury stock are held in the name of Shin-Etsu Polymer Co., Ltd.
2. Percentage of total equity is calculated excluding treasury stock.

Composition of Shareholders



* Excludes 2.1% of treasury stock