

ShinEtsu

Shin-Etsu Polymer Co.,Ltd.

Annual Review 2023

Year Ended March 31, 2023





Contents

Value Creation Story

- 01 Profile/Contents
- 02 Shin-Etsu Polymer's Progress
- 03 Value Creation Process
- 04 Value Creation Sources
- 05 Financial Highlights
- 06 Non-Financial Highlights

Management Message

- 07 Message from Chairman
- 08 Message from President

Strategy

- 09 Medium-term Management Plan "SEP Global & Growth 2027"

Business Activity

- 11 Business Model
- 12 At a Glance
- 13 Electronic Devices
- 15 Precision Molding Products
- 17 Housing and Living Materials

Management Foundation

- 19 Corporate Governance
- 23 Research and Development Activities

Sustainability

- 24 Sustainability Initiatives

Data Section

- 27 Eleven-Year Financial and Non-Financial Summary
- 28 Company Profile, Group Network and Investor Information

Scope of Reporting

Period covered:

From April 1, 2022 to March 31, 2023
(includes some activities from April 1, 2023 onwards)

Organization covered:

Shin-Etsu Polymer Group
(Please see p. 28 for details.)

Notes on the Occasion of the Publication of Annual Review 2023

Our Annual Review summarizes our business performance and sustainability information with the aim of providing shareholders and investors with an easy-to-understand account of Shin-Etsu Polymer's value creation story.

It also includes information on the Medium-term Management Plan announced in May 2023, which ends in the fiscal year ending March 31, 2028, and information on the new management structure that began in June 2023. This review was prepared mainly by the Corporate Planning Department in collaboration with the relevant departments inside the Company.

Corporate Mission Statement

Contribute to social and industrial development
by creating value based on technologies and products
while simultaneously facilitating fair corporate activities
in compliance with laws and regulations.



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.

Strength of Shin-Etsu Polymer

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.




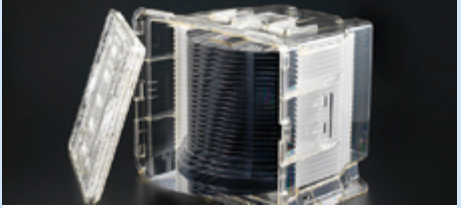
Ability to Meet Global Needs

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.

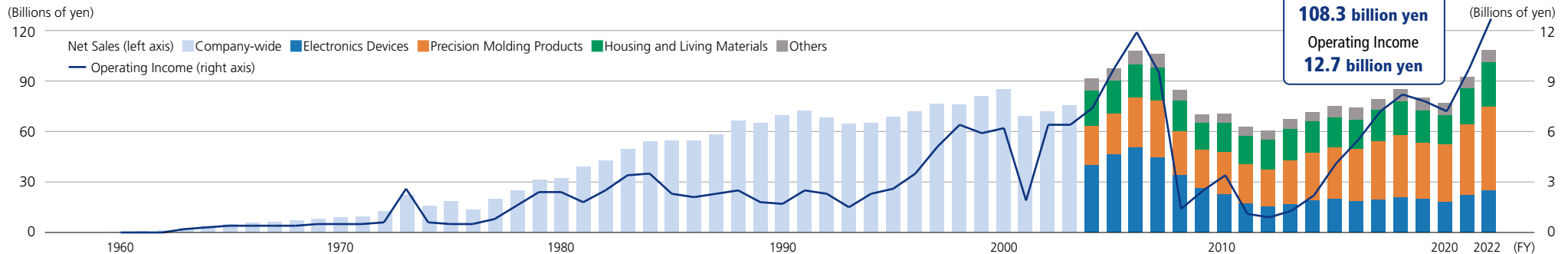


Shin-Etsu Polymer's Progress

Shin-Etsu Polymer Co., Ltd. began operations in 1960 as a manufacturer of molded PVC products. We started out by manufacturing and selling corrugated sheets, pipes, and other construction materials. As a resin processing manufacturer, we produce a wide variety of products to meet the demands of society in a wide array of fields from automobiles and semiconductors to construction materials.

<p>1960— Supported high economic growth with infrastructure materials</p>	<p>1970— Contributed to making electronic devices lighter, thinner, and smaller</p>	<p>1990— Became a leading supplier in the IT era</p>	<p>2010— Addressed semiconductor demand and next-generation mobility</p>	
				
<p>We have produced large quantities of construction materials, such as PVC pipes and PVC corrugated sheets, to meet the rapidly growing construction needs resulting from the dramatic growth of the Japanese economy, making significant contributions to Japan's advanced economic growth in the process.</p>	<p>By developing conductive silicone rubber in response to increased demand for conductive members, which has been fueled by the miniaturization of calculators and the prevalence of AV equipment, we have contributed to the widespread adoption of electronic devices.</p>	<p>We have assisted the spread of IT by developing semi-conductive rollers to meet the rising demand for small printers—spurred by the rising popularity of PCs—and by developing keypads combined with various materials in response to growing mobile phone usage.</p>	<p>In light of increased semiconductor demand due to the expansion of digital networks, we are enhancing the production capacity of semiconductor-related containers. We are aiming to contribute to society's evolution towards IoT and ICT by satisfying the growing demand for material products, which is being driven by the shift to electric automobiles.</p>	
<p>Social Demand</p>	<p>Construction demand driven by high economic growth</p>	<p>Widespread use of electronic devices Widespread use of audio-visual products Overseas expansion</p>	<p>Widespread use of PCs and cell phones Widespread adoption of small printers</p>	<p>Widespread use of smartphones Widespread adoption of environmentally friendly vehicles</p>
<p>Cultivated Technologies</p>	<p>Mass production technology for PVC products •Compounding technology for raw materials •Extrusion technology</p>	<p>Sophistication and diversification of processing technology •Conductive technology •Thin-film lamination technology</p>	<p>Processing technology for adding functionality and design •Semiconductor technology •Composition technology for silicone and other materials</p>	<p>Responding to need for miniaturization and multi-functionality •Precision molding technology •Improvement in heat resistance, etc. material compounding technologies</p>

Net Sales and Operating Income

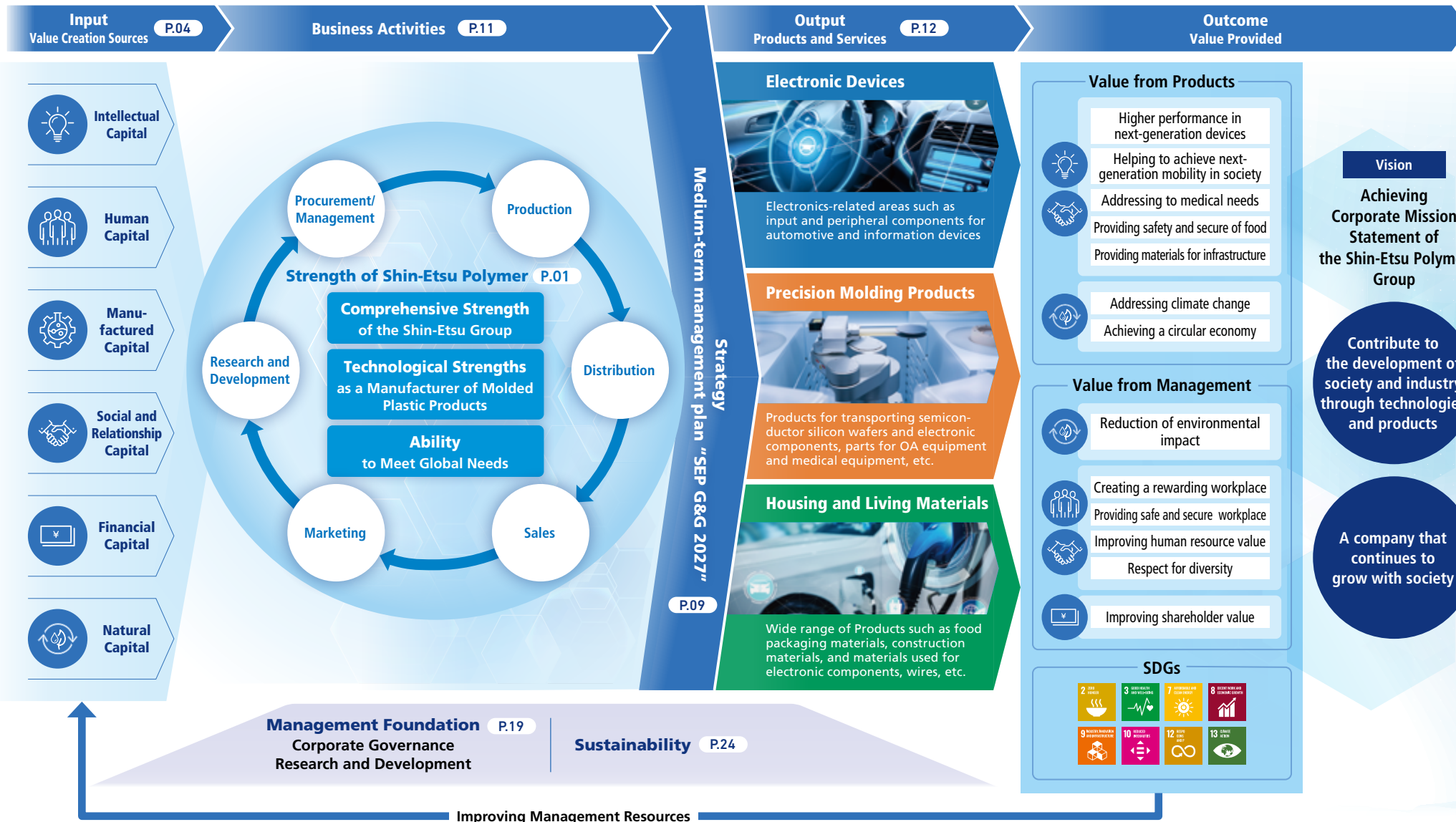


* Net sales figures for FY1962 through FY1980 are non-consolidated, while figures for FY1981 and onward are consolidated. Data from fiscal 2004 onward is color-coded to match our current segments.



Value Creation Process

Shin-Etsu Polymer has been creating high-value-added products with the accumulated technologies by making full use of the management resources. We will contribute to social and industrial development by creating value through our technologies and products, aiming for sustainable growth together with society.



*Key sustainability issues are listed in the Shin-Etsu Polymer Group Sustainability Report.



Value Creation Sources

Shin-Etsu Polymer's capital, which has been cultivated since its establishment, supports our current business activities and plays an important role in the value creation process. By enhancing and effectively utilizing our capital, we will create value through our technologies and products and reinforce our management resources.



Intellectual Capital

Technology and intellectual property that creates products and services

We create high-value-added products and differentiate ourselves from competitors by expanding and evolving our core technologies, strengthening development for our fundamental technologies, and promoting our intellectual property strategies.

- R&D costs: **3.64 billion yen** ↗
- Sales-to-R&D ratio: **3.9%** ↗
- Number of proprietary patents: **1,157** patents in Japan, **604** patents overseas ↗



Social and Relationship Capital

Achieving co-existence and co-prosperity with various stakeholders

We contribute to creating a sustainable society by building a relationship of trust through communication with our stakeholders, including customers, business partners, and local communities.

- Sales bases: **18 bases in 7 countries** ↗
- **Extensive customer base and supply chain**
- **Brand strength based on a history of trust**



Human Capital

Recruiting and training a highly skilled and diverse workforce

We are committed to creating an environment where each employee can work in their own way and grow through their work while demonstrating a high level of expertise and skills.

- Number of employees: **4,706** (consolidated), **1,005** (non-consolidated) ↘
- Ratio of overseas employees: **74.9%** (consolidated) ↘
- Ratio of female employees: **20.5%** (non-consolidated) ↘



Financial Capital

Solid financial structure that supports management

We strive to sustainably enhance corporate value by maintaining a stable financial base that enables us to actively invest in growing businesses and appropriately return profits to shareholders.

- Total assets: **135.36 billion yen** ↗
- Equity ratio: **77.4%** ↗
- Net working capital: **70.58 billion yen** ↗



Manufactured Capital

Global production system that supports manufacturing

By streamlining production processes and optimizing production locations, we are boosting our global competitiveness and building a production system that can quickly address the needs of our customers.

- Production bases: **14 bases in 7 countries** →
- Capital expenditures: **10.11 billion yen** ↗



Natural Capital

Preserving the global environment by promoting "Green Activities"

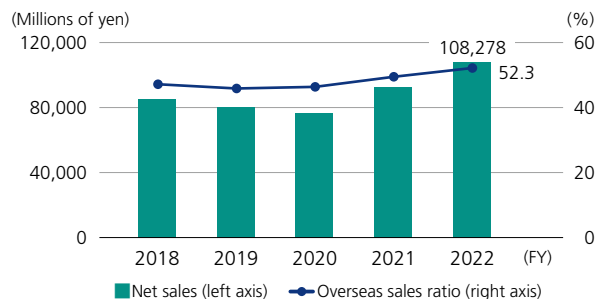
We are working to reduce our environmental impact and solve social issues by using resources and energy effectively and reducing environmentally hazardous substances.

- Crude oil equivalent energy consumption: **35,100 kl** ↗
- Water consumption: **740,000m³** ↗



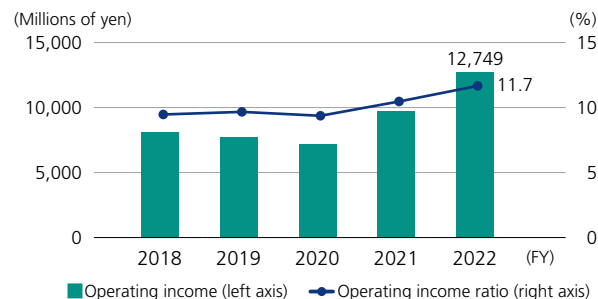
Financial Highlights

Net Sales and Overseas Sales Ratio



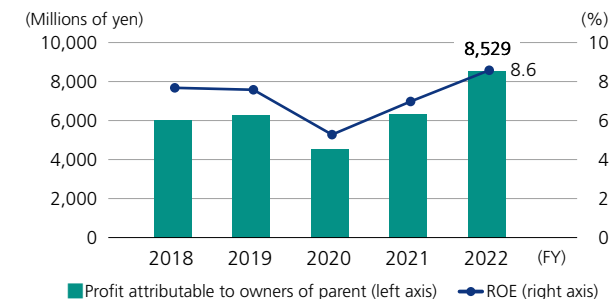
The recovery in sales of key switches for automobiles and the favorable performance of semiconductor-related containers, centered primarily on those for 300mm wafers, led to net sales of 108,278 million yen (an increase of 16.9% from the previous period). Overseas sales reached 56,624 million yen, with the overseas sales ratio improving to 52.3%.

Operating Income and Operating Income Ratio



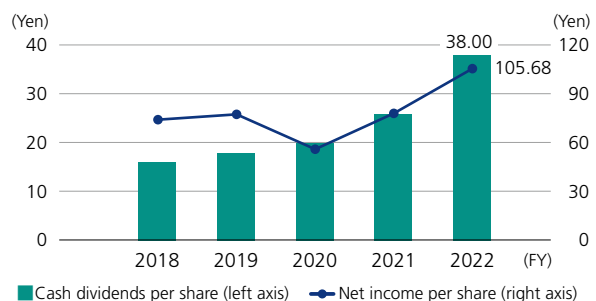
Due to strong sales across all business segments, operating income amounted to 12,749 million yen (a growth of 31.0% from the previous period). This resulted in the operating income ratio increasing by 1.2 percentage points from the previous period to 11.7%.

Profit Attributable to Owners of Parent and ROE



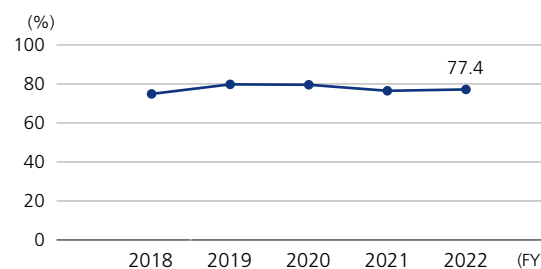
With an increase in operating income, the profit attributable to owners of parent stood at 8,529 million yen (an increase of 35.2% from the previous period). As a result, the return on equity (ROE) rose by 1.6 percentage points from the previous period to 8.6%.

Cash Dividends per Share/Net Income per Share



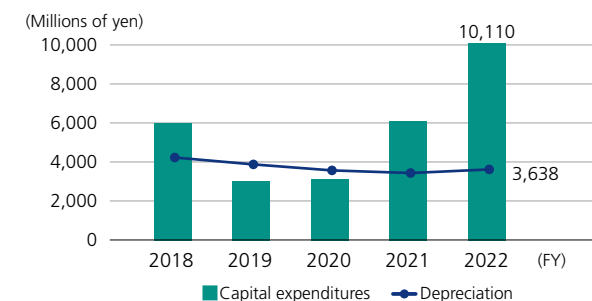
With an increase in operating income across all business segments, the net income per share for the period was 105.68 yen (an increase of 27.5 yen from the previous period). After a comprehensive consideration of performance and future business expansion, we raised the annual cash dividend by 12 yen per share from the previous period, setting it at 38 yen.

Equity Ratio



Due to factors such as the weakening yen leading to an increase in foreign currency translation adjustments, and an increase in retained earnings resulting from strong performance, the equity ratio improved by 0.7 percentage points from the previous period to 77.4%.

Capital Expenditure/Depreciation

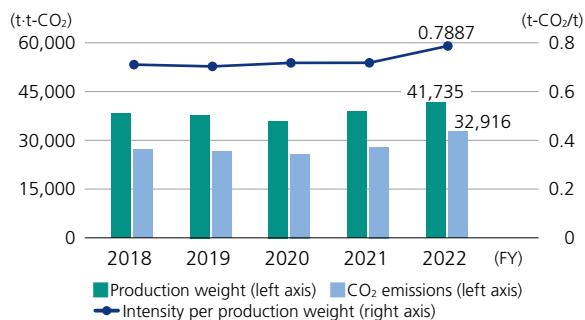


Owing to the expansion of the Itoigawa Plant to increase capacity for 300mm wafer cases, as well as other capacity-increasing investments at overseas bases, the amount of capital expenditure was 10,110 million yen (an increase of 4,000 million yen from the previous period). With the Itoigawa Plant started operations in January 2023, depreciation stood at 3,600 million yen (an increase of 180 million yen from the previous period).



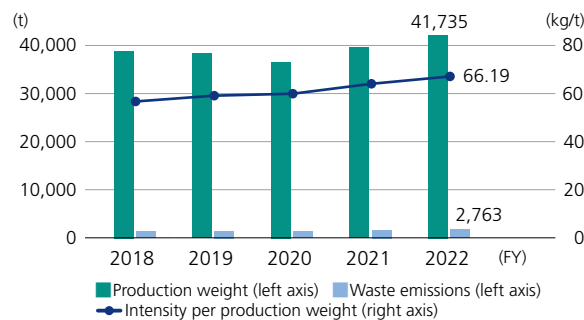
Non-Financial Highlights

CO₂ Emissions and Intensity per Production Weight (Domestic plants)



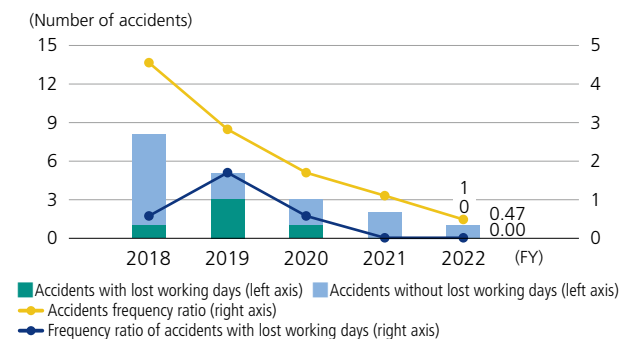
Production weight increased with the continued high demand in the semiconductor industry; however, energy consumption also rose due to the startup of additional facilities, resulting in an approximately 10% increase in CO₂ emissions YoY.

Waste Emissions and Intensity per Production Weight (Domestic plants)



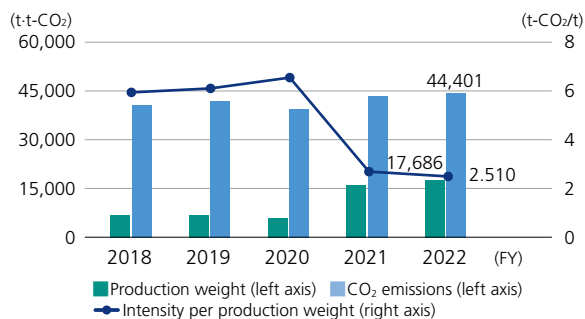
The increase in waste discharge due to ongoing construction and renovations at plants in Japan caused an approximately 5% increase in waste discharge YoY.

Work-related Accidents (Domestic plants)



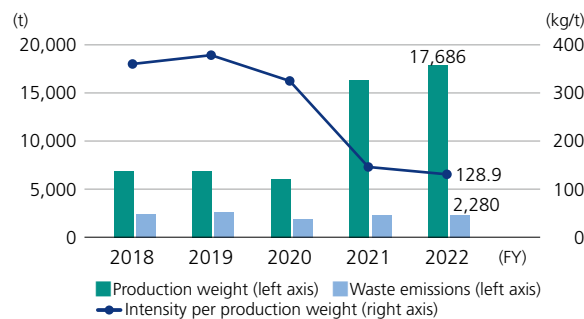
In Japan, one accident without lost working days occurred, a decrease of one YoY. The frequency rate for accidents requiring time off from work remained at 0.00 for the second consecutive year.

CO₂ Emissions and Intensity per Production Weight (Overseas plants)



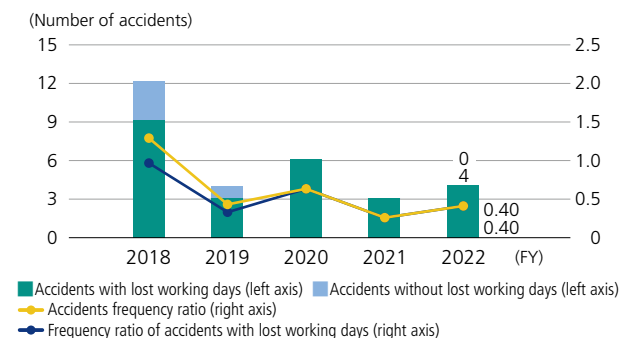
The positive impact of the Hymix integration and energy-saving initiatives at various bases led to an approximately 7% reduction in CO₂ emissions YoY.

Waste Emissions and Intensity per Production Weight (Overseas plants)



Measures to enhance productivity at overseas plants were reflected in an approximately 10% reduction in waste discharge YoY.

Work-related Accidents (Overseas plants)



Overseas, there were four accidents with lost working days, an increase of one YoY. Three of these consisted of cuts and fractures to fingers, and the frequency rate for accidents with lost working days was 0.40.



Message from Chairman Message from President

Message from Chairman

Adopting a bird's-eye view to always make decisions that are optimal overall

Looking back on my tenure, I recall that in 2013 declining demand for mobile phones led to a drop in sales of our keypads, leaving us in a difficult situation, with ordinary profit margins hovering around 2%. Our top priority then was to halt the deterioration of business performance and get back on a growth trajectory. Luckily, we had the seeds of businesses with growth potential, such as key switches for automobiles and semiconductor-related wafer containers. By successfully growing these seeds, we were able to get back on a growth trajectory.

In addition to growing the seeds of businesses, my emphasis as President was on the concept of profit first. Sales are only a means to an end, which is profit. I have always sent a message to our employees to ensure that "profit comes first." After that difficult period, profitability improved with the growth of existing products, and wafer containers and other products grew to become mainstays of our business. As a result, we were able to achieve record profits in the fiscal year ended March 31, 2023.

For the products of processing companies like us, customer's required specifications change according to market needs. Because our product lifecycles are relatively short, our future depends on developing new products one after another. In addition to strengthening our current core businesses, we are working on various themes to create new businesses for the next era while learning the lessons of the past. We recently announced a new medium-term management plan, and several major themes corresponding to growth areas we identified in the plan are beginning to take shape. I believe that these themes will contribute significantly to the achievement of the overall plan.

This year, I became chairman of the board and teamed up with our new president, Mr. Deto, to form a chairman-president structure to run the company. While our new president keeps a close eye on our various businesses, I, as the chairman, intend to dedicate myself to the role of taking a bird's-eye view of the whole and always making decisions that are optimal overall.

Our new president, Mr. Deto, has been demonstrating his talent as General Manager, Sales Unit for almost as long as my tenure as president. He takes on a wide range of challenges and tackles each of them at high speed. I hope President Deto will show his own colors and bring a new sensibility to the company.

I sincerely appreciate your continued support.

Chairman and
Chief Executive Officer

Message from Chairman [Message from President](#)

Message from President

Moving forward as a team to achieve the goals of the new medium-term management plan

When I was approached about assuming the position of President, my first reaction, to be honest, was panic. However, I decided to accept the position out of a sense of duty that compels me to lead the medium-term management plan to success.

I believe that speed is more important than ever in the running of a business. Indeed, the speed at which the external environment is changing is accelerating. For example, in the semiconductor business world, where we supply our main products, what was conventional wisdom just two years ago no longer applies. When it comes to dealing with current circumstances in such an unpredictable environment, I feel we need to engage in business with a greater sense of urgency than ever before while still maintaining a medium- to long-term perspective.

In fiscal 2022, we recorded net sales of ¥108.2 billion and ordinary income of ¥12.9 billion, both of which were record highs, thanks to strong sales of automobile-related input devices and material products, as well as brisk sales of wafer containers and other semiconductor-related products. I was very pleased to see our profits hit a new record high. We took this opportunity to launch our medium-term management plan, Shin-Etsu Polymer Global & Growth 2027, which is meant to express our commitment to employees and management working together as one company to achieve new goals.

The plan focuses on strengthening sales capabilities and improving productivity in basis areas, capturing new demand in growth areas, and expanding overseas sales. The goals are to achieve net sales of ¥150 billion, ordinary income of ¥20 billion, and ROE of over 10% in the fiscal year ending March 31, 2028, five years from now. Specifically, the plan positions our automotive EV-related, semiconductor-related, and medical-related businesses as growth areas, and aims to acquire and expand market share through new proposals to customers in line with priority investments and model changes. In terms of shareholder returns, we aim to raise the dividend payout ratio to 50% from the current level of 30%.

We will also strengthen our ESG initiatives. In particular, we will promote initiatives that look to the future of plastic products, our core business. We have already started to investigate what can be done in-house, including reducing plastic consumption and introducing bioplastics. We will implement these efforts one by one, starting with those that have a good prospect of success. The plan also focuses on developing diverse human resources who will boldly take on the challenges of a rapidly changing external environment. And we will build a strong organization to achieve the plan.

The audacious target of the new medium-term management plan is to double profits compared to fiscal 2022. Now that we have set new goals, management and employees will work together as a team to achieve them. I sincerely appreciate your continued support.

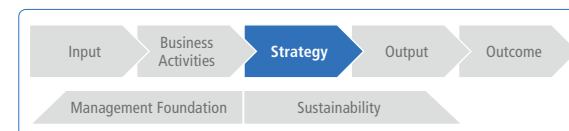
President and
Chief Executive Officer





Medium-term Management Plan "SEP Global & Growth 2027"

Medium-term Management Plan "SEP Global & Growth 2027"



Basic Policy for Company Management

Our corporate mission statement is to be committed to legal compliance, conduct fair corporate activities, and contribute to the development of society and industry through technologies and products. With a global perspective, we aim to build trusting relationships across a wide range of sectors, respond to diverse needs, and contribute to society through the creation of environmentally-friendly products that enrich people's lives. To this end, we are committed to improving fundamental technologies, increasing points of contact and dialogue with our various customers, and deepening our relationships.

Formulating Our Medium-term Management Plan

We formulated our medium-term management plan "Shin-Etsu Polymer Global & Growth 2027", for which the fiscal year ending March 31, 2024 is the first year. We have begun efforts to achieve performance targets for the fiscal year ending March 31, 2028, guided by our business strategies and both financial and non-financial strategies.

We will clearly indicate our destination and further improve the comprehensive strengths of the Shin-Etsu Group, its technological strengths as a manufacturer of modeled plastic products, and its ability to meet global needs. We will enhance the competitiveness of our existing businesses, which serve as base areas, and aim for increased sales and improved profits. We will also actively take on the challenge of creating new businesses in growth areas as a single united company. We see the expansion of sales in overseas markets as an essential condition for achieving our plans and aim to expand production and sales abroad. Financially, we will improve capital efficiency through proactive investment and enhancing shareholder returns. On the non-financial side, we will intensify our sustainability efforts, such as reducing CO₂ emissions and promoting diversity. In doing so, we will maximize corporate value and continue robust growth regardless of the economic environment, with a view toward achieving the goals set forth in Shin-Etsu Polymer Global & Growth 2027.

Overview of the Medium-term Management Plan

Business Strategies

- Strengthen sales and improve productivity in base areas
- Capture new demand in growth areas
- Increase in overseas sales ratio

Financial and Non-Financial Strategies

- Execute focused investment in growth areas
- Enhance shareholder returns
- Strengthen ESG initiatives

Performance Guidelines for the Fiscal Year Ending March 31, 2028

- Net sales 150 billion yen
- Ordinary income 20 billion yen
- ROE Just over 10%
- Dividend payout ratio 50%

*Assuming that operating income and ordinary income are at the same level

Overall Growth Strategy for Business Portfolio

Business	Products	Areas for Business and Profit Growth
Electronics Devices		[Base Areas] Input devices [Growth Areas] EV-related products
Precision Molding Products		[Base Areas] OA rollers [Growth Areas] Semiconductor-related products, Medical-related products
Housing and Living Materials		[Base Areas] Packaging materials, Compounds [Growth Areas] Functional materials



Medium-term Management Plan “SEP Global & Growth 2027”

Business Strategies and Overview of Investments

In response to the rapid increase in digital data due to advances in IoT, ICT, and the spread of AI, we foresee medium- to long-term demand for semiconductors. We also expect rapid progress in the shift to EVs due to increasing awareness about environmental protection and the transition to renewable energy. To respond appropriately to such changes in the market environment, we will enhance revenue in our foundational areas and expansion in our growth areas for each business segment.

In the Electronic Devices Business, we will forge ahead with optimal local production and coordination of production bases, focusing primarily on automobile applications such as key switches to maintain and expand our market share. We will also capture demand in growth areas such as EVs and autonomous driving devices, thus also contributing to carbon neutrality.

In the Precision Molding Products Business, we will leverage silicone compounding and foaming technologies for OA equipment components, one of our base areas, to expand our market share and improve profits. In growth areas such as semiconductor-relat-

ed products, maintaining a stable supply for existing customers is our top priority. For our silicone rubber molded products, we will also expand the sale of components made using extrusion technology for high-end medical equipment and pharmaceuticals.

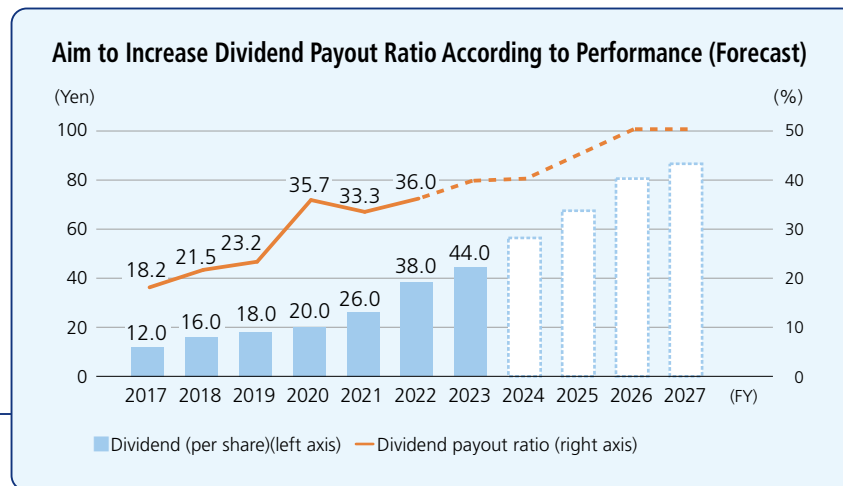
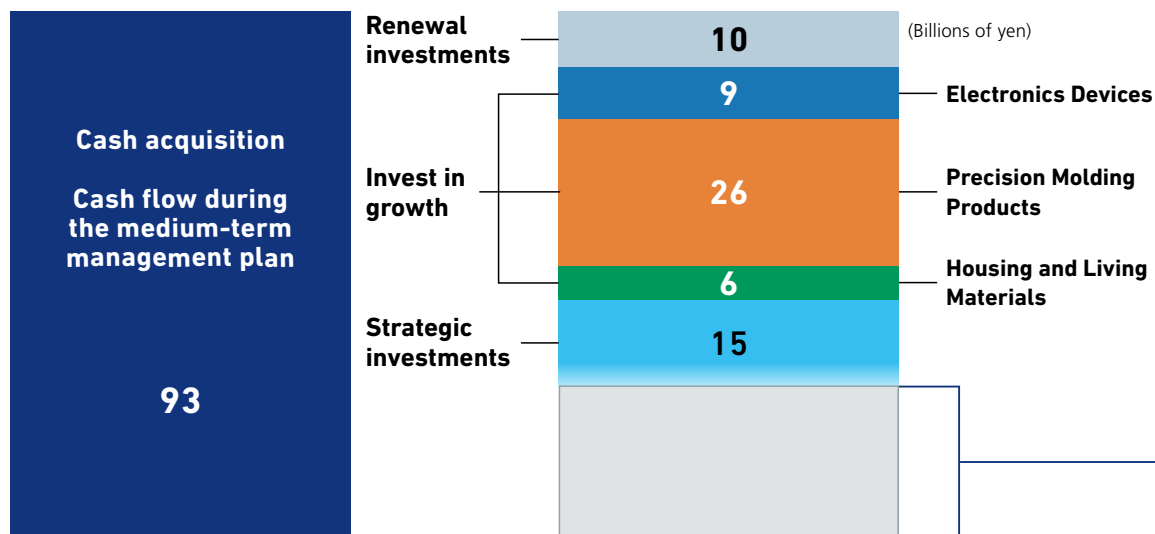
In the Housing and Living Materials Business, we aim to expand our market share with distinctive products utilizing our compounding technology for packaging materials, one of our base areas, while strengthening profitability through synergies with KitcheNista Co., Ltd., which has been a subsidiary since August 2021. For functional compounds, we will strive to gain market share using our uniquely developed functional materials. In growth areas like conductive polymers and thin engineering plastic film, we will expand our product lineup for eco-friendly vehicle electronic components.

We are planning capital investment exceed 40 billion yen during the medium-term management plan across all business fields. This includes the expansion of semiconductor wafer container production capacity in our Precision Molding Products Business.

Shareholder Return Policy

We recognize shareholder returns as a key issue. Our basic policy is to continue to provide stable dividends over the medium term according to business performance while maintaining a sound financial position and securing funds for research and development, production facility investment, and M&As, with the goal of enhancing corporate value by strengthening our management foundation and sustaining growth.

During the medium-term management plan, we are expecting to generate a cash flow of 93 billion yen, with 66 billion yen allocated for investments. Shareholder returns will be centered on dividends, with the aim of achieving a dividend payout ratio of 50% by fiscal 2027 while simultaneously targeting an increase in the cash dividend amount.





Business Model

As a world-leading resin processing manufacturer, Shin-Etsu Polymer provides high-value-added products in a wide range of fields, flexibly and promptly responding to customer needs by applying our technologies to develop a variety of products.



Semiconductors & Electronic Components

We support cutting-edge processes for semiconductor wafers and electronic components by consistently leading the industry with carrier materials that incorporate precision molding technology and analysis/evaluation technology to accurately respond to the increasingly sophisticated needs of our customers.

Medical & Chemical Products

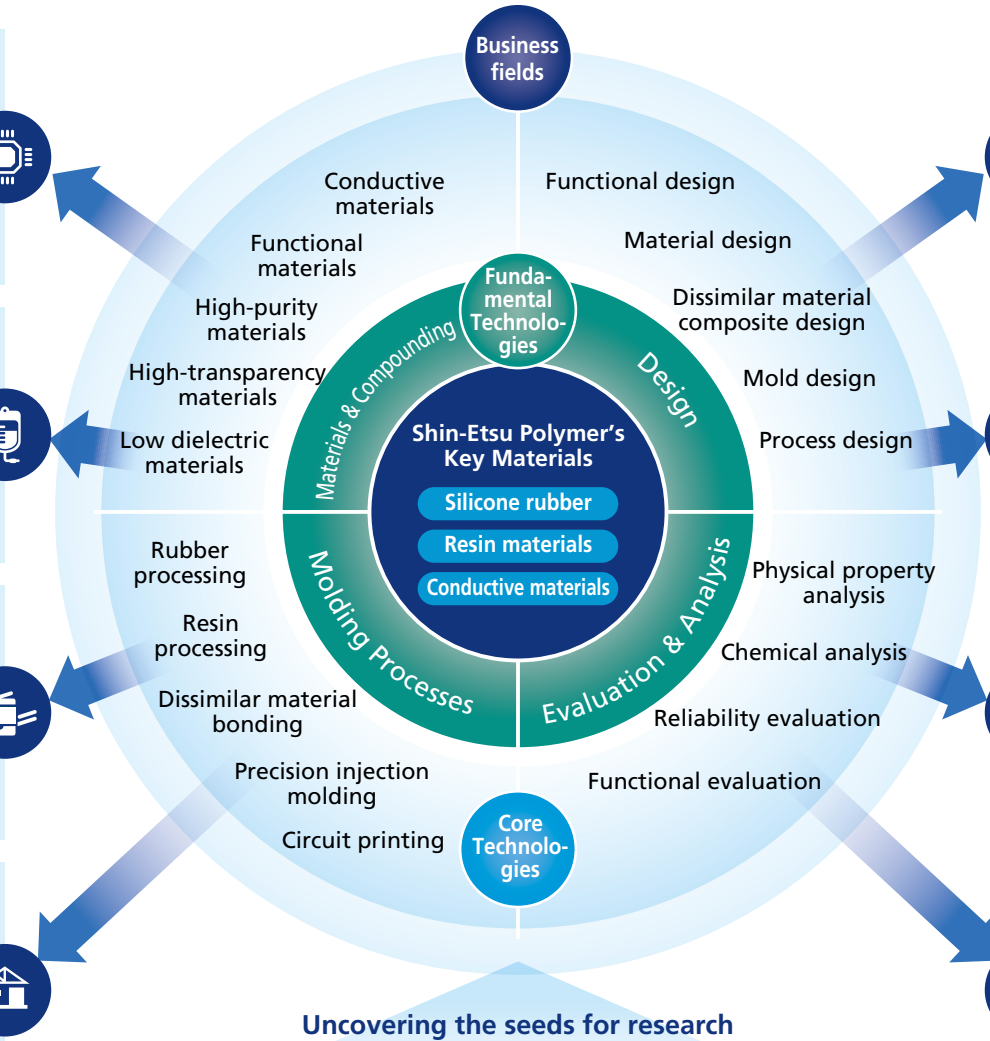
We meet the medical and health needs of people with medical devices and parts for medical equipment, such as catheters and drain tubes made from silicone rubber utilizing our highly unique compounding and processing technologies.

Office Equipment

We contribute to improving the functionality of OA equipment and protecting the environment by using rollers with world's highest level of conductivity control and foam technologies to provide the functions required for various components.

Construction & Infrastructure Maintenance

With an integrated production system that extends from raw materials to finished products, our pipes, corrugated sheets, and other construction materials have earned the trust of our customers. In addition, we support the foundations of daily life with our ease-to-use, long-lasting infrastructure maintenance materials.



Automobiles

We will contribute to technological innovation in the automotive industry by expanding our business domain through the development of various products such as input components, interior and exterior components, and materials, taking advantage of our advanced material compounding and processing technologies.

Information Devices

As electronic devices become smaller and thinner, our interconnectors, which combine thin-wall molding technology, dissimilar material composition technology, and high-precision printing technology, have good evaluation in response to the diversifying needs of the market.

Packaging

In addition to developing ultra-thin, high-stretch films with thin-film molding technology, we also focus on developing products with added functions such as coloring and antibacterial properties to meet the needs for food safety and security as well as convenience.

Materials

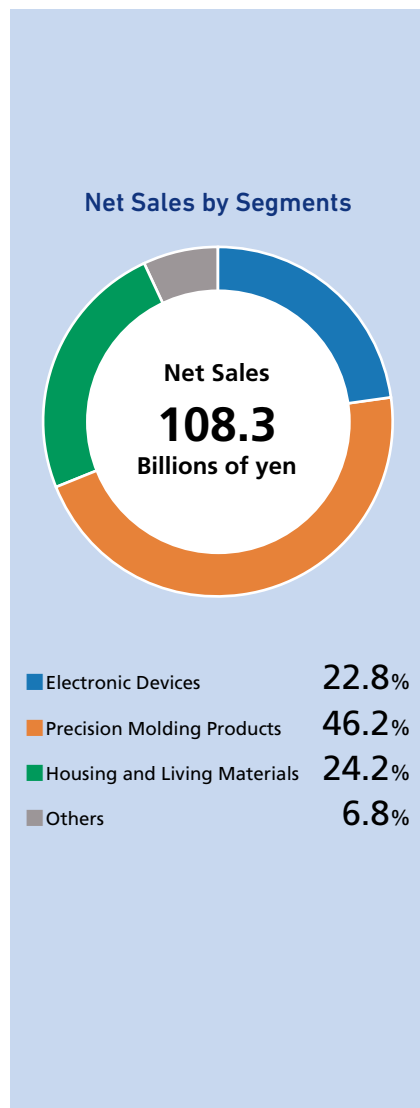
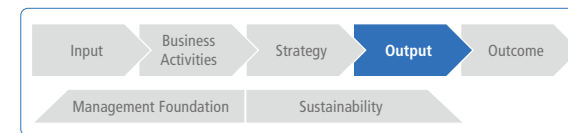
We develop and provide highly functional products such as functional compounds and conductive polymers that meet new customer needs by combining our unique material compounding, synthesis, and modification technologies that we have acquired over many years.

Uncovering the seeds for research

Marketing | Addressing global needs



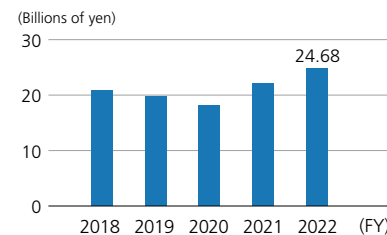
At a Glance



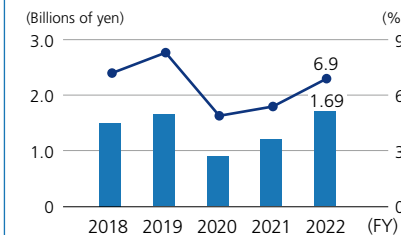
Electronics Devices

We supply automotive components and parts for electronic devices based on silicone processing technology, technology for combined processing of raw materials, and high-precision printing technology to customers globally expanding their businesses. From an early stage, we have been forging ahead with our overseas business by focusing on overseas production, sales, and other efforts. Going forward, we will concentrate on developing automotive products in line with the shift to electric automobiles and expand our business accordingly.

Net Sales



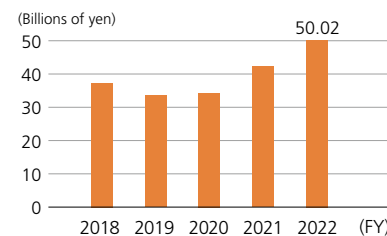
Operating Income and Operating Income Ratio



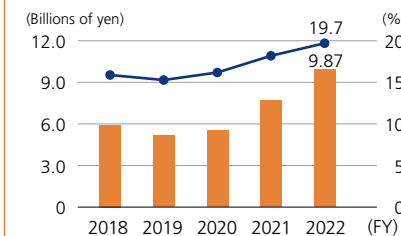
Precision Molding Products

We are engaged in the business of precision molded products, including semiconductor-related containers founded on advanced evaluation and analysis technology, carrier tapes compatible with the automatic assembly of miniature electronic components, and rollers for OA equipment and medical device components which primary material is silicone rubber. Our stable supply chain and quality assurance framework are held in high regard. In the future, we will establish a product supply system to meet the growing demand for semiconductors.

Net Sales



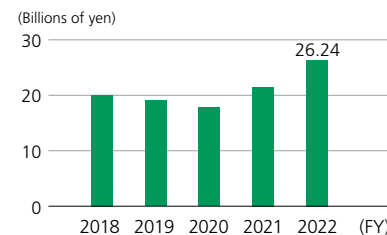
Operating Income and Operating Income Ratio



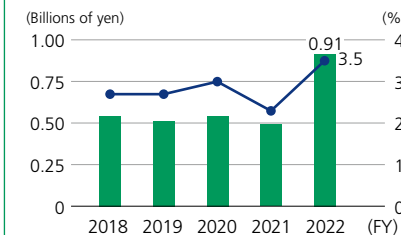
Housing and Living Materials

We are operating businesses related to packaging materials for food products, construction materials, and other PVC products, as well as low friction olefin-oriented compounds and conductive coatings that confer conductivity to materials. Besides expanding our product lineup for packaging materials for food products, we will also expand our business by concentrating on the development of functional materials that meet market demands for higher conductivity and heat resistance, which have been escalating due to the shift to electric automobiles.

Net Sales



Operating Income and Operating Income Ratio





Electronic Devices

This segment operates globally with a focus on electronics-related fields, such as input components and peripheral components for automobiles and information devices.



Key switches



Touch switches



View/light path control film (VCF)



Connectors for testing electronic components

Customer Base Manufacturers of automotive electrics, information devices, electronic components, etc.

Strengths

- Supporting global business expansion through robust production and sales infrastructure

Opportunities

- Transition from gasoline-powered cars to EVs in pursuit of carbon neutrality

Threats

- Delays in adopting of renewable energy and rising raw material prices slowing down the transition to EVs
- Potential for economic recession due to accelerating global inflation

Business Environment

Automobile industry on path to recovery; transition from gasoline-powered cars to EVs rapidly accelerating

The worldwide delays in semiconductor and component supplies are showing signs of clearing up, and overall automobile production is trending upward. Despite concerns such as rising in resource and energy prices leading to global inflation and slowing consumer spending due to interest rate hikes from financial tightening, the total number of automobiles produced globally in 2022 increased by approximately 6% YoY, totaling around 85.01 million units*. Particularly, sales of eco-friendly vehicles, primarily electric vehicles, are growing faster than those of traditional gasoline cars. Looking forward, we expect strong demand in automotive parts driven by EVs accelerating growth

Furthermore, while the electronics sector has been sluggish, primarily due to a pullback in demand related to remote work from 2020 to 2021, we anticipate growth in demand for products aligned with society's ongoing digital transformation in the medium term.

*Based on data from the International Organization of Motor Vehicle Manufacturers (OICA)

Our Approach to Opportunities and Risks

Global deployment in both production and sales bases, meticulously response to customer needs

From early on, our company has been attuned to the global market, taking proactive steps to establish production and sales bases overseas close to our customers. In 2022, we finished expanding our plant at our production base in India. Key switches for automobiles produced at our Indian factory have primarily targeted the European market, but going forward, we plan to expand sales in the domestic Indian market. We are also adapting to the ongoing supply chain reviews and increased local procurement in both the automobile and electronic component industries, which have been prompted by the pandemic. Our company aims to build a stable supply system that is resilient to unforeseen events and spikes in demand by optimizing production based on the changing market environment.

In addition, we are expert on custom product design and development according to customers' specification requests. We are focusing on product development in order to propose innovative solutions to customers in sync with the launch timings for new models.





Achievements and Issues in Fiscal 2022

POINT

Input devices

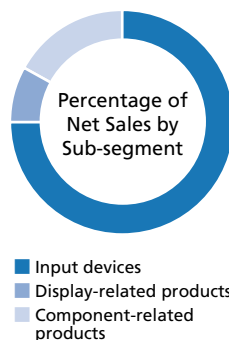
- Recovery in mainstay key switches for automobiles
- Touchpads for slim notebook personal computers (PC) performed well

Display-related products

- Lackluster growth for connectors for LCDs
- Expansion of view/light path control films (VCF)

Component-related products

- Steady progress for automobile wipers
- Other automobile-related products performing well



In the Electronic Devices business, shipments, particularly of input devices, a steady demand has been showing due to the recovery in the automobile industry. This has resulted in an overall revenue increase of 12.2% YoY, reaching 24.684 billion yen.

For input devices, our flagship product, key switches for automobiles has been achieved double digit growth from the previous term. Additionally, shipments of touch pads for slim notebook computers remained steady. For display-related products, shipments of connectors for LCDs were sluggish. However, thanks to an uptick in shipments of view/light path control films (VCF), overall sales remained on par with last year. For component-related products, the steady performance in shipments of connectors for testing electronic components and automobile wipers led to double-digit growth, significantly boosting revenue.

As a result of growing sales, profitability has significantly improved. The operating income for our Electronic Devices business showed a surge that far exceeded revenue, marking a 42.8% increase YoY and totaling 1.694 billion yen.

FY2023 Outlook and Strategies in the SEP G&G 2027 Medium-term Management Plan

One of our key client sectors, the automobile industry, is seeing improvement in the COVID-19 situation, and the global supply chain issues caused disruptions are gradually being resolved. We anticipate that our input devices for automobiles will continue to exhibit stable performance. On the flip side, due to a pullback in demand related to remote work during the pandemic, the current market for electronic devices and components is underperforming. However, we expect a gradual recovery spurred by market inventory depletion and emerging replacement needs. In line with this, we anticipate a gradual recovery in shipments of our touchpads for slim notebook PCs and connectors for testing electronic components. For the fiscal year ending March 31, 2024, we are planning for net sales of 24.4 billion yen and operating income of 1.6 billion yen.

In our medium-term management plan, which concludes in the fiscal year ending March 31, 2028, for the Electronic Devices business, we have designated our flagship input device products as our “foundational area,” and products related to EVs as our “growth area.” Our goal is to expand the growth area while ensuring revenue and profit in the foundational area. With regard to input device products, we plan to continue our efforts in maintaining and improving our market share for input devices like key switches and touch switches, focusing primarily on automobile applications. Meanwhile, for EV-related products that are part of our growth area, we aim to capture increasing demand for in-vehicle devices designed for EVs and autonomous driving.

The Electronic Devices business aims to achieve net sales of 34.1 billion yen and operating income of 2.8 billion yen in the final year of the medium-term management plan ending March 31, 2028.

TOPIC

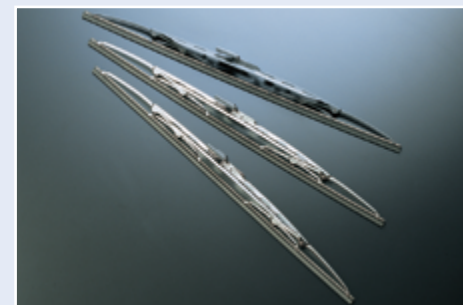
Expansion in the Silicone Wiper Rubber Market

We developed silicone wiper blades in the late 1990s. Although silicone was eco-friendly as a material for wipers, we faced a challenge to improve its strength and wiping capabilities. Eventually we resolved these issues through the development of wear-resistant materials, surface treatments, and processing technology.

Initially in Japan, as water-repellent treatments for front windshields gained traction, our silicone wipers saw a rise in sales at specialty auto shops owing to their ability to safeguard and maintain this water-repellent functionality while offering high wiping performance.

However, sales experienced a period of stagnation as the public's interest in automobiles decreased. Still, the combination of water-repellent treatment and silicone rubber attracted newfound appreciation due to its consistent performance, leading to an expansion of sales channels through automobile dealers' optional offerings. In the meantime, in North America, our wipers are recognized for their resilient material suitable for extreme conditions like heavy rain, snow, and high temperatures, further contributing to sales growth.

They say that vehicles with clean glass and mirrors experience fewer accidents. As the CASE landscape evolves, we foresee an increased demand for products that ensure clearer visibility.

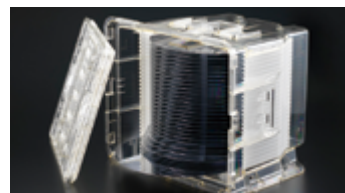


Silicone wiper rubber



Precision Molding Products

We specialize in precision-molded products that demand high-precision processing, including semiconductor silicon wafers, materials for transporting electronic components, and parts for OA devices and medical equipment.



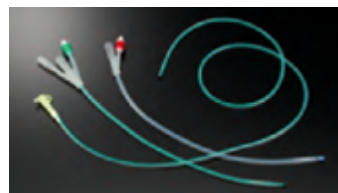
Precision Molding Products



Embossed carrier tapes



OA rollers



Medical device components

Customer Base Manufacturers of semiconductors, electronic components, office automation devices, medical equipment, etc.

Strengths

- We offer a flexible and agile global production system tailored to customer needs
- Quality built on proprietary precision molding technologies and advanced evaluation/analysis technologies

Opportunities

- We are scaling up production for semiconductor and electronic component manufacturers to address the rising demand fueled by IoT and digitization
- Trend growth is expected for domestic sourcing of medical device components in Japan

Threats

- Rapid increase/decrease for semiconductors and electronic components according to the semiconductor demand cycle
- Shift to paperless operations is reducing the need for printing

Business Environment

Medium- to long-term surge in demand for semiconductors and electronic components is anticipated; market for OA devices remains robust

Factors such as the proliferation of generative AI, the automobile industry's shift to electric vehicles, and the increasing use of ICT at manufacturing sites are accelerating digital transformation. The semiconductor and electronic component sectors are currently in an inventory adjustment phase due to lower smartphone sales and the after-effects of the work-from-home surge during the pandemic. However, we expect the demand to will be rebounded in the medium to long term, led by growth in new sectors like expansions in cloud servers and automobile CASE compatibility.

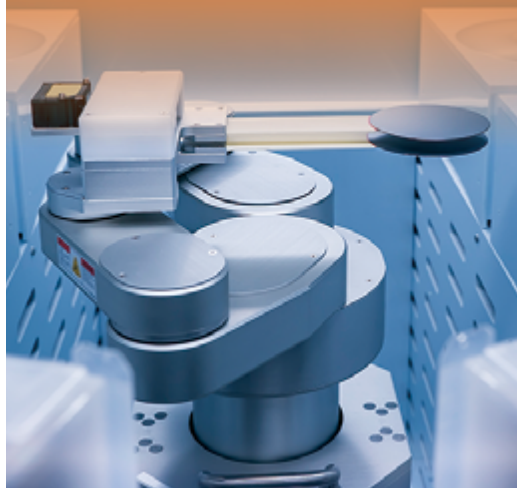
Conversely, in the OA equipment market, the widespread adoption of remote work is causing a decline in office printing needs. However, small color printers and multifunction devices continue to see stable demand, primarily for office use. Additionally, in the medical field, as the COVID-19 situation calms down, the frequency of regular surgeries and medical tests is reverting to pre-pandemic levels, rejuvenating the demand for medical device components.

Our Approach to Opportunities and Risks

Ramping up our supply capabilities to meet burgeoning demand for semiconductors and electronic components

The production and quality control technologies that maintain our high cleanliness level for semiconductor-related containers, as well as the precision molding technologies for carrier tape-related products with the ability to handle electronic component integration, have an excellent reputation with customers. In the field of silicone rubber processing, we are highly regarded by customers seeking custom solutions for our design technology that creates optimal material formulations according to their specifications, as well as for our processing technology for foaming and other processes. In response to increasing demand, we are focusing on enhancing our supply capabilities by capitalizing on these well-received technologies. As part of these efforts, we are expanding our Itoigawa Plant, the production base for our 300mm wafer containers. By making timely enhancements to capabilities, we aim to establish a production system capable of supplying high-value-added products in a stable manner.

Furthermore, for medical-related products, we plan to boost the value our company offers by advancing product development according to market needs, fully leveraging our specialty silicone rubber extrusion molding technology for products like tubes used in biopharmaceutical manufacturing.





Achievements and Issues in Fiscal 2022

POINT

Semiconductor-related containers

- Strong sales of 300mm wafer containers

OA device components

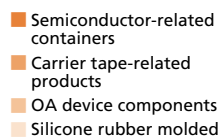
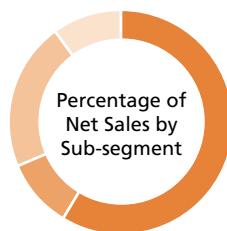
- Increase in rollers for our mainstay laser printers
- Increased demand for fixing rollers in multi-function devices

Carrier tape-related products

- Lackluster demand for smartphone-related electronic components

Silicone rubber molded products

- Growing sales for medical-related products



In our Precision Molding Products business, we saw a substantial increase in net sales YoY thanks to the consistent strong performance in shipments of semiconductor-related containers and carrier tape-related products, with an overall increase of 18.7% YoY amounting to 50.021 billion yen.

For semiconductor-related containers, a robust demand in the semiconductor industry led to robust shipments of our 300mm wafer containers and other products, with an over 20% increase in sales YoY. In the OA device components business, shipments for our mainstay laser printer rollers rebounded, resulting in a significant increase in revenue. Conversely, our carrier tape-related products experienced lackluster sales due to the underwhelming growth in shipments of miniature electronic components, an area where we typically excel. Silicone rubber molded products enjoyed an overall sales boost, with shipments of our core medical-related products rising as the disruptions in healthcare settings due to COVID-19 began to subside.

As a result of this growth in our key product lines, our profitability also improved. Operating income grew by 28.8% YoY to 9.867 billion yen.

FY2023 Outlook and Strategies in the SEP G&G 2027 Medium-term Management Plan

Although the semiconductor and electronic component sectors are currently sluggish due to the pullback following the surge in remote work, we expect that the existing market inventory will gradually diminish. Given that demand for OA device components and medical-related products remains robust, we are setting a net sales target of 52.5 billion yen and an operating income target of 9.9 billion yen for the fiscal year ending March 31, 2024.

In our medium-term management plan that concludes in the fiscal year ending March 31, 2028, for the Precision Molding Products segment, we have categorized OA device components, which boast stable demand, as our "foundational area," while semiconductor-related and medical-related products, which are expected to grow over the medium to long term, are designated as "growth areas." We aim to expand business in the growth areas while also achieving consistent revenue growth in the foundational area. In the foundational area of OA device components, the shift towards a paperless environment means that a decline in printer production is inevitable. Nonetheless, we intend to expand our in-store share among existing customers by leveraging our unique silicone compounding technology and foaming technologies to present them with new solutions. For the growth area of semiconductor-related products, we are actively making capital investments to accommodate the anticipated surge in demand for our primary 300mm wafer containers. For medical-related products, we plan to develop and offer new components for medical devices utilizing our extrusion molding technology in response to advancements in medical care and market demands.

Our aim for the Precision Molding Products segment is to achieve net sales of 71.2 billion yen and operating income of 14.5 billion yen by the fiscal year ending March 31, 2028, the final year of the medium-term business plan.

TOPIC

Launch of Products for the Biopharmaceutical Market

The biopharmaceutical market has been steadily growing in recent years, and its size is increasing year by year in Japan as well. However, the majority of equipment and materials used for manufacturing biopharmaceuticals are imported, and during the COVID-19 pandemic, this led to difficulties with procurement.

We have been supplying silicone molded products to the medical device market for years, and we have utilized the manufacturing know-how we have cultivated in this domain to initiate the manufacturing and sales of single-use silicone tubes for biopharmaceutical manufacturing. By managing the entire process within Japan, from domestic raw material procurement to production and sales, we have built a system that can quickly respond to our customers' needs. Going forward, we will continue to develop new products to further expand our presence in the medical and pharmaceutical-related sectors.



Silicone tubes for biopharmaceutical manufacturing and regenerative medicine



Housing and Living Materials

We offer a range of products geared towards housing and living material applications, including PVC pipes and wrapping films, as well as material products such as functional compounds.



Wrapping films



PVC pipes



Functional compounds



Conductive polymers

Customer Base

Supermarkets and food services industry, automotive parts manufacturers, electronic component manufacturers, industrial equipment manufacturers, construction and infrastructure industry, etc.

Strengths

- Production bases for functional compounds expanding both in Japan and overseas
- Maintaining the top market share in Japan for commercial PVC wrapping films for industrial use

Opportunities

- Recovery in the food services industry due to post-Covid-19
- A shift in production towards eco-friendly vehicles, including EVs

Threats

- Decreasing demand for wrapping films due to a declining birthrate and advancements in plastic reduction
- Delays in adoption of renewable energy and rising raw material prices slowing down the transition to EVs

Business Environment

Both food services industry and automobile manufacturing on path to recovery due to COVID-19 crisis abating and normalization of the supply chain

As the COVID-19 pandemic winds down, Japan's restaurant industry is showing signs of revival as well. The bounce-back in inbound tourism is adding momentum to this trend. Consequently, demand for our flagship product, commercial PVC commercial wrapping films targeted at the restaurant industry, is rapidly recovering. Moreover, coupled with the rebound in automobile production, there is an accelerating shift towards EVs. We foresee sustained market expansion for functional compounds used in insulation materials for cables in both automotive components and industrial machinery, as well as for conductive polymers used in electronic components.

That being said, the amount of new housing construction in Japan has seen a prolonged downturn, leading to a continuous slump in the demand for construction materials like PVC pipes and corrugated sheets. Regarding raw material procurement, although the cost of procuring certain secondary materials is on the rise, we see a plateauing in the cost increases for PVC and polycarbonate resin that was evident from 2021 to 2022.

Our Approach to Opportunities and Risks

A focus on offering innovative wrapping film solutions

With regard to our core product in this segment, wrapping films for food products, we have secured the top market share in Japan for commercial PVC films for industrial use following the acquisition of KitcheNesta as a consolidated subsidiary. By leveraging KitcheNesta's direct customer engagement and our market-leading position, we aim to expand sales by offering products that align with market needs. For functional compounds, we are utilizing our Thai subsidiary Hymix to focus on establishing a strong position in the Asian market, particularly in Southeast Asia. As for conductive polymers, their role in improving the heat resistance of hybrid aluminum electrolytic capacitors, essential in the electrification of automobiles, positions us well to target market share growth in sync with the rapid adoption of EVs.





Achievements and Issues in Fiscal 2022

POINT

Wrapping films

- Sales doubled following the consolidation of KitcheNesta as a subsidiary
- Progress made in the revision of sales prices

Functional compounds

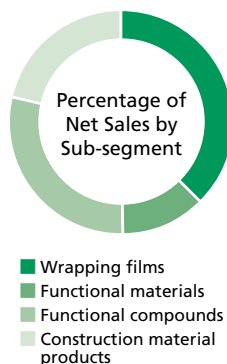
- Expansion in shipments to overseas clients
- Robust demand for cable applications in semiconductor manufacturing equipment and FA robots

Construction material products

- Progress made in the revision of sales prices for corrugated sheets, sealants, and pipes

Functional materials (conductive polymers)

- Strong performance in applications of electronic components for automobiles



The Housing and Living Materials business found itself in a very challenging environment caused by soaring raw material prices for PVC-related products. However, due to price adjustments and M&As, our sales significantly exceeded those of the previous year. Net sales for the fiscal year ending March 31, 2023 increased by 22.6% YoY, amounting to 26.236 billion yen.

Sales of wrapping films and other packaging-related products saw a significant increase due to the consolidation of KitcheNesta. Functional compounds experienced robust sales growth as we expanded shipments to new overseas customers and saw strong demand for industrial machinery cables. Sales of PVC pipe-related products remained sluggish in terms of shipments, but increased due to price adjustments. Exterior material-related products saw stagnant demand; however, due to progress made in price adjustments, overall sales remained at the same level as the previous year. Conductive polymers saw sluggish demand for LCD applications, but performed well for applications of electronic components for automobiles, leading to increased sales.

As a result, operating income for this business segment increased by 87.1% YoY, totaling 909 million yen.

FY2023 Outlook and Strategies in the SEP G&G 2027 Medium-term Management Plan

With the subsiding of the COVID-19 pandemic, people are going outside again, and the recovery of the restaurant industry is becoming evident. Shipments of commercial films for industrial use for hotels and restaurants have been increasing. Meanwhile the transition from gasoline vehicles to EVs is proceeding at a very fast pace, resulting in growing demand for electronic components used in electronic control systems and other applications. We therefore anticipate an increase in shipments of conductive polymers for capacitors. For the fiscal year ending March 31, 2024, we are planning for net sales of 27.2 billion yen and operating income of 1.3 billion yen.

In the medium-term management plan, with the fiscal year ending March 31, 2028 as the final year, we are positioning packaging materials and compounds as “base areas” and functional materials as “growth areas.” We aim to expand revenues and profits in the base areas while focusing on increasing profits in the growth areas. For packaging materials, one of the base areas, we will leverage KitcheNesta’s marketing and development capabilities to introduce distinctive products that meet new customer needs, such as products with antibacterial and coloration features, and expand our market share. For compounds, we will expand sales of high-flexibility materials for automobile applications and utilize our production base in Thailand to expand the market share of PVC-based products in the ASEAN region. For the growth area of functional materials, we will focus on products related to the shift to EVs. We aim to achieve growth by expanding the functional materials used in thermal management products around batteries and electronic components for power management.

The Housing and Living Materials business aims to achieve net sales of 35.1 billion yen and operating income of 2.3 billion yen in the final year of the medium-term management plan ending March 31, 2028.

TOPIC

Growing Demand for Infrastructure Maintenance

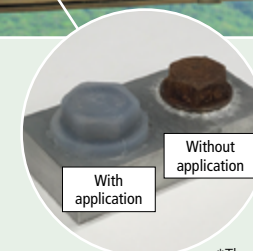
Bridges, elevated roads, and factories, among other infrastructure, have been in use for nearly half a century, and when it comes to repairs, there are challenges in terms of technology, budget, and personnel. We have developed infrastructure maintenance products using silicone, which has excellent weather and water resistance, that can easily be applied to prevent corrosion of steel structures and deterioration of concrete structures.

Our products include Polymer Ace, a sheet that can be applied to steel columns for repairs and prevention of rust and corrosion, and Polymer Multi Tape, a self-bonding silicone rubber tape that can be used for repairs simply via wrapping.

According to estimates by the Ministry of Land, Infrastructure, Transport and Tourism, 50-60% of Japan’s road bridges, river management facilities, and harbor quays will reach 50 years of age within the next 10 years. We aim to resolve this issue by offering a diverse range of products suitable for various construction situations and strengthening our technical support and other service systems.



Example of actual bridge application



Post-weathering test

*The photos show test samples.



and increase effectiveness. In light of the previous fiscal year's Evaluation of Effectiveness, a new female outside Audit & Supervisory Board member was elected at the Annual General Shareholders' Meeting in June 2023.

Audit System

As of June 23, 2023, the Audit & Supervisory Board is comprised of four members, including two outside Audit & Supervisory Board members, and conducts audits from a standpoint independent of business execution. The Audit & Supervisory Board members attend important internal meetings such as the Board of Directors to carry out their management oversight function. They also convene the Audit & Supervisory Board meetings to discuss important matters related to auditing based on reports from each member. Furthermore, the two full-time Audit & Supervisory Board members, when necessary, visit the Business Operation Divisions, including those of subsidiaries, to enhance the precision and effectiveness of their auditing activities.

Every quarter, the Audit & Supervisory Board members receive reports from the Accounting Auditors on audit plans and progress made. They also actively engage in discussions and consultations with the Accounting Auditors, thereby ensuring closer cooperation and improving the effectiveness and efficiency of audits. Furthermore, regular information exchanges are conducted with the internal audit division, known as the Department of Internal Auditing. From the perspectives of legality, rationality, and efficiency, this department audits and investigates management and operational execution mechanisms and provides the necessary reports to the Audit & Supervisory Board members as required.

Support System for Outside Officers

For outside directors and outside Audit & Supervisory Board members, we provide advance notice of important meetings, such as the Board of Directors meetings, and agenda items. We strive to improve the frequency and quality of information provided to outside directors and outside Audit & Supervisory Board members by regularly holding liaison meetings.

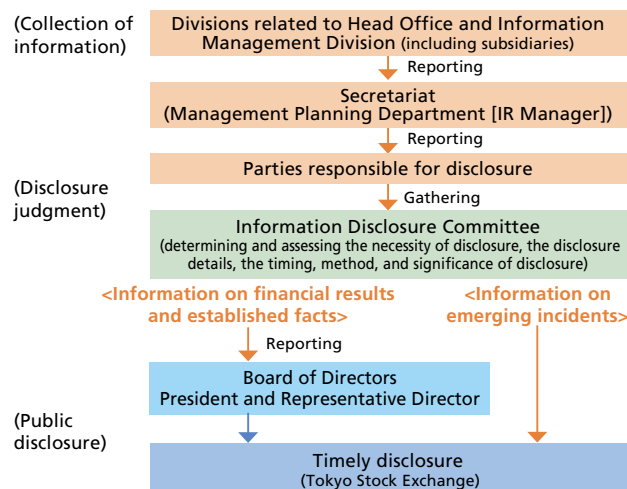
Additionally, support is provided to outside directors by the General Affairs Division, and to outside Audit & Supervisory Board members by the Audit & Supervisory Board Office.

Information Disclosure System

Our Group continuously aims to enhance corporate governance and ensure transparency in management. We are committed to ensuring the fair and timely disclosure of information to shareholders and investors in accordance with relevant laws and regulations related to financial instrument transactions, as well as the rules of the Tokyo Stock Exchange.

We have established Information Disclosure Regulations and set up an Information Disclosure Committee chaired by the parties responsible for disclosure. We have a dynamically structured Information Disclosure System, with the Information Disclosure Committee comprised of the head of the Management Planning Department, which is the party responsible for disclosure, along with relevant staff from the Management Planning Department, Accounting Department, and General Affairs Department. Company information that falls under the disclosure criteria defined by the Tokyo Stock Exchange's Securities Listing Regulations is generally disclosed through the Tokyo Stock Exchange-operated Timely Disclosure Network (TDnet) following approval and reporting by the Board of Directors. Announcements are made to the media or posted on our website as necessary.

Internal System for Timely Disclosure (as of June 23, 2023)



Communication with Shareholders and Investors

The Management Planning Department oversees dialogue with shareholders and investors as part of its IR activities. Individual meetings are handled by the Managing Director of the Management Planning Department, the head of the Management Planning Department, and the IR Manager. We hold briefings for analysts and investors following the announcements of full-year and second-quarter results. At our FY2023 results briefing, we revealed our medium-term management plan, Shin-Etsu Polymer Global & Growth 2027, and outlined our growth strategy and investment plans.

We also aim to enrich dialogue by issuing business reports and annual reviews, as well as through timely and fair disclosure of information on our website, including press releases, financial reports, presentation materials for results briefings, Shareholders' Meeting notices, and resolution notifications.



Shareholder and Investor Information
<https://www.shinpoly.co.jp/en/ir.html>

Activation of the General Meeting of Shareholders / Facilitation of Exercise of Voting Rights

We have undertaken a variety of initiatives, including:

- Early distribution of Shareholders' Meeting notices
Distributed three weeks before Shareholders' Meeting dates
- Avoiding peak days when holding Shareholders' Meeting
63rd Regular Shareholders' Meeting date: June 23, 2023
- Exercising voting rights electronically
Adoption of electronic voting via the Internet
- Initiatives to improve the voting environment
Participation in an electronic voting platform
- Provision of English summaries of the convocation notices
Preparing summaries of the Regular Shareholders' Meeting notices in English and posting them on the website



Officers (As of June 23, 2023)



Directors

Chairman, Chairman Executive Officer	Yoshiaki Ono	①
President and Chief Executive Officer	Toshiaki Deto	②
Director	Satoru Sugano	General Manager, Development Unit ③
Director	Shigemichi Todoroki	Outside, Independent ④
Director	Osamu Miyashita	Outside, Independent ⑤

Audit & Supervisory Board Members

Full-Time Audit & Supervisory Board Member	Hideaki Hirasawa	⑥
Full-Time Audit & Supervisory Board Member	Yoshiaki Torimaru	⑦
Audit & Supervisory Board Member	Tatsuo Yoshihara	Outside, Independent ⑧
Audit & Supervisory Board Member	Tomoko Moriya	Outside, Independent ⑨

Executive Officers

Managing Executive Officer	Yasushi Shibata	Head of Business Administrative Unit, Head of Human Resources Department	⑩
Executive Officer	Naoki Kobayashi	Head of Sales Unit	⑪
Executive Officer	Kan Ishihara	President, Shin-Etsu Finetech Co., Ltd.	⑫
Executive Officer	Mitsuo Sato	General Manager, Production Unit	⑬

Board Composition and Skill Matrix

	Name	Primary Knowledge, Experience, Skills, etc.						
		Corporate Management	Global	Technology	Marketing	Treasury and Finance	Legal/Governance	Human Resource Management
Director	Yoshiaki Ono	○	○	○				○
	Toshiaki Deto	○	○		○			○
	Satoru Sugano			○	○			○
	Shigemichi Todoroki					○	○	
	Osamu Miyashita	○	○		○			
Audit & Supervisory Board Members	Hideaki Hirasawa		○			○	○	
	Yoshiaki Torimaru		○		○		○	
	Tatsuo Yoshihara	○	○	○				
	Tomoko Moriya					○	○	

*This does not represent all the knowledge, experience, abilities, etc. possessed by each officer.

Executive Officer	Masato Takahashi	Head of Itoigawa Plant, Production Unit	⑭
Executive Officer	Osamu Kowada	Head of Management Planning Department, Accounting Department, President of Shin-Etsu Polymer Singapore Pte. Ltd. CEO, Shin-Etsu Polymer (Malaysia) Sdn. Bhd.	⑮
Executive Officer	Hiroto Komatsu	Head of Development Unit, Head of Office of Products Development Management	⑯
Executive Officer	Kazuhiko Yamamoto	Head of Sales Unit, Director of Third Sales Division	⑰

*Titles are current as of June 23, 2023.

Interview with
an Outside
Director

Unreserved Advice for Achieving Challenging Medium-term Management Plan

Outside Director, Independent Officer
Osamu Miyashita

Q How do you see your role as an outside director at the company?

Our company holds to a management philosophy of contributing to the development of society and industry through technologies and products, while continuously growing alongside society. Even in times of hardship, we've leveraged our core strengths to open up promising markets and achieve growth. I find our resilience remarkable and am highly optimistic about our prospects for sustained growth moving forward.

Recently, there's been a spotlight on the skills of each director and Audit & Supervisory Board member. I believe the skills expected of me as an outside director at this company lie in my extensive experience in overseas operations during my long tenure at a trading company, as well as my experience and network as a business manager.

I would especially welcome the opportunity to apply my expertise in M&A as we aim for future business expansion. In post-merger integration at KitcheNista, a company we acquired through M&A in 2021, as well as in the healthcare and medical sectors, which we identify as growth areas, I aim to offer valuable guidance for shaping and implementing future strategies.

Q What is your assessment of the governance of Shin-Etsu Polymer?

Our company is in the position of being part of a parent-sub-sidiary entity in that it is listed in the Prime Market alongside Shin-Etsu Chemical, which owns the majority of our shares. All directors need to be mindful of this unique relationship and are obliged to enhance governance measures so as not to disadvantage minority shareholders. The Advisory Committee for Transaction with Parent Company, set up in 2021, reviews transactions within the Shin-Etsu Chemical group to ensure they are conducted fairly, comparing prices, quality, and trading conditions to those involving third parties.

The Nomination and Compensation Committee, established in 2020, is composed in such a way that half of its members are independent outside directors, and moreover, an independent outside director serves as the chairman. Given that two out of the current five directors are independent outside directors, I believe this safeguards our independence and objectivity.

The future challenge lies in ensuring diversity, including the inclusion of women. The appointment of a female independent outside Audit & Supervisory Board member with wide-ranging expertise in finance and governance at the 63rd Shareholders' Meeting is also a step forward in strengthening governance.

Q What are your thoughts on the medium-term management plan that was publicly disclosed for the first time?

We were able to achieve record-high earnings for the fiscal year ending March 31, 2023. I think the unveiling of our medium-term management plan at this juncture, which outlines our vision, numerical goals, and the strategies and measures for achieving them as we look toward future growth and the next phase, carries significant weight. This plan will be executed under the leadership of Chairman Ono and President Deto.

The plan for the fiscal year ending March 31, 2028 aims for ambitious targets: 150 billion yen in net sales and 20 billion yen in ordinary income. These goals can't be achieved through business as usual, but given that we have a clearly outlined roadmap and strategies, I am confident that we can accomplish them if we strive and stick to the plan. Additionally, our company's management is fundamentally predicated on trust with society. The public announcement of this plan serves as an excellent opportunity to engage and commit our stakeholders, including our employees, toward these goals.

I myself am fully committed to supporting the management team that crafted this plan, and will spare no effort to ensure its success. I am excited about the prospect of our company making continued leaps on a global scale once this medium-term management plan comes to fruition.

Regarding Our Relationship with the Parent Company

Shin-Etsu Chemical Co., Ltd., our parent company, is our controlling shareholder, owning 53.1% of our shares. We have a strong, collaborative relationship with them, sharing technical information for product development and aligning our management policies. This close cooperation helps us contribute to the overall strength of the Shin-Etsu Chemical Group and boosts our own corporate value. We also source raw materials from our parent company. However, when doing so, we negotiate terms

based on market prices to ensure fairness and appropriateness in our transactions. It's worth noting that there are no overlapping executives between our company and our parent company.

In October 2021, we instituted an optional special committee called the Advisory Committee for Transaction with Parent Company. This committee is tasked with ensuring fairness in significant transactions and activities with the parent company and its Group entities, with the ultimate aim of protecting the

interests of minority shareholders. They review these significant transactions and activities in light of this objective and report their findings to the Board of Directors. The committee is specifically composed of individuals who are objectively and materially independent from the parent company, thus ensuring unbiased decision-making. Currently, it includes two independent outside directors and one independent outside Audit & Supervisory Board member, making up a total of three members.



Research and Development Activities

Basic Policy

Our Group's Basic Policy for research and development hinges on establishing close communication with our customers to unearth the latent needs that future society and daily life will demand. Once we have identified these needs, we aim to create high-added-value, unique, and differentiated products that resonate with our customers.

The Shin-Etsu Polymer Group will also participate actively in efforts to achieve the SDGs, which are spreading worldwide. In particular, we believe that the mission of R&D is to contribute to achieving carbon neutrality by 2050.

R&D Organization

We have implemented an integrated development framework that harmonizes sales, manufacturing, and development operations. We believe that this integrated approach allows us to better grasp our customers' genuine needs. To meet these real needs, we start by designing material compositions, establish the molding processes, and then incorporate these into the product design. We also leverage our proprietary evaluation and analytical techniques to ensure that each product meets its necessary functionality and quality standards. We are focused on plant-centric research and development to ensure these processes translate into mass-production quality.

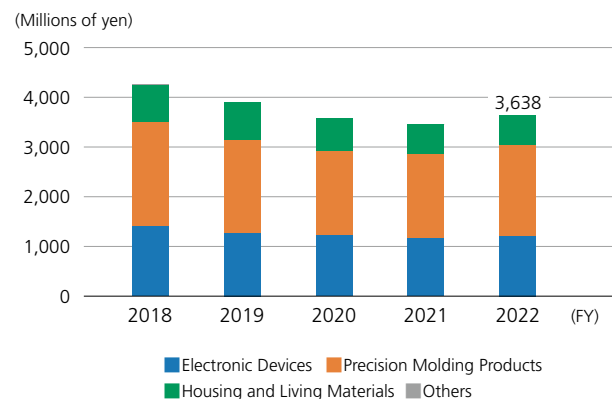
Additionally, we actively engage in collaborative development with partners from different industries, form alliances, and seek open innovation with research institutions and universities. By adopting innovative and cutting-edge technologies that we previously did not possess, and exploring them further, we are committed to practical and swift research and development initiatives.

Main R&D Fields

Core technologies within our Group include compounding technology of functional resins such as silicones, various plastics, and conductive materials, as well as precision and micro-processing technologies. Utilizing these core technologies, we develop a broad spectrum of products targeting various markets, from automobiles, semiconductors, information devices, and OA equipment to consumer and construction materials. Information obtained from the market is shared across all development departments by each sales division. We have placed a particular emphasis on the promising sectors of next-generation automobiles and semiconductors, selecting cross-cutting themes ranging from foundational area products to growth area products to propel our research and development.

Moreover, by integrating hypothetical data on future markets with the market needs relayed from customers by our sales teams, we aim to create new businesses contributing to carbon neutrality.

R&D Costs by Segment



Intellectual Property Strategy

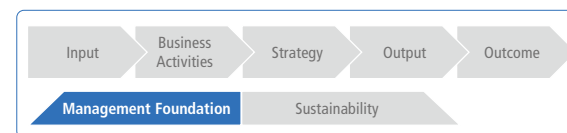
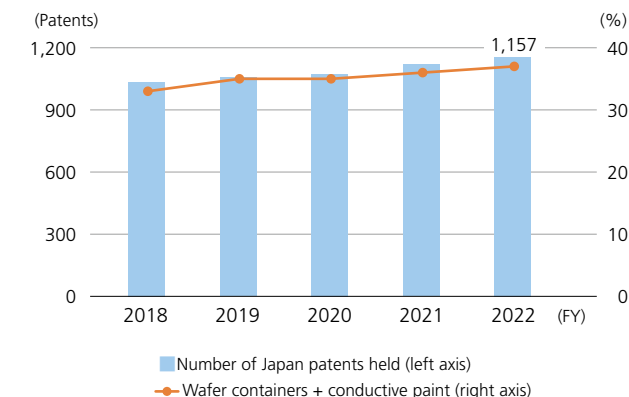
We view intellectual property and intangible assets as crucial to our management strategy. In line with our Basic Policy for research and development, we establish intellectual property strategies for each business sector and aim for further enhancement and utilization. We are also advancing intellectual property management to work toward achieving the SDGs and carbon neutrality, along with proper administration and management of technical information and know-how.

Specifically, in our core Precision Molding Products business, we are expanding our patent portfolio by accumulating intellectual property rights in areas such as wafer containers, thereby solidifying our business foundation.

Furthermore, for our conductive paint Seplegyda®, which has the potential for broad application in automobile peripherals and next-generation semiconductors, we are focusing on an expeditious application and rights acquisition process.

We make it a point to ensure that the fruits of our collaborations, whether they be industry-academic partnerships or joint research and development with other companies, appropriately and systematically lead to registered and actionable rights.

Number of Patents Held in Japan and Patents Ownership Ratio by Product





Sustainability Initiatives

Basic Approach

Based on its corporate philosophy, the Shin-Etsu Polymer Group strives to be a business that continues to develop together with society by putting safety and fairness first in its business. 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.



Sustainability Initiatives

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

Sustainability Report

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

Sustainability Promotion Structure

Our Group has been traditionally engaged in sustainability efforts spearheaded by our various divisions and Group companies. To further amplify our sustainability management initiatives, we have established and are operating a Sustainability Promotion Committee. Within this organizational structure, we actively clarify our sustainability policies and bolster our company-wide response to risks and opportunities related to Environmental, Social, and Governance (ESG) factors.

Shin-Etsu Polymer Group's Governance Structure Regarding Climate Change



Environmental Management

Guided by our Basic Environmental Policy, we are conducting green activities across the entire Group that focus on various challenges, such as global warming countermeasures, promoting efficient resource utilization, and reducing environmentally harmful substances. These environmental protection measures are aimed at mitigating the environmental load. In terms of green activities, we set medium-term management plans every three years, and we are currently working towards achieving the goals of our seventh medium-term management plan for fiscal 2021-2023.



Basic Environmental Policy

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

Global Warming Countermeasure Initiatives

In our bid to help prevent global warming, we are pushing for energy efficiency across all our business locations and are committed to reducing greenhouse gas emissions throughout our supply chain, with the aim of achieving carbon neutrality by 2050. In fiscal 2021, we achieved results by upgrading to highly energy-efficient equipment, transitioning to LED lighting systems, and shifting modes of transportation.

Disclosures Based on TCFD Recommendations

The Shin-Etsu Polymer Group is focused on embedding sustainability at the core of its business activities in an effort to help reduce the environmental load and make a sustainable society a reality. To that end, we are striving to reduce CO₂ emissions across the entirety of our Group's business activities as we work towards achieving carbon neutrality by 2050.



Sustainability Initiatives



*Task Force on Climate-related Financial Disclosures (TCFD): an international initiative established by the G20 Financial Stability Board (FSB) in 2015 to enhance the disclosure of financial impacts stemming from climate-related risks and opportunities.

Governance

Our Sustainability Committee, chaired by our President, deliberates on issues related to addressing climate change, such as CO₂ emission reduction targets, receives regular reports on activities from our Business Operation Divisions, and discusses the measures necessary to further strengthen our sustainability management. Matters of significant importance discussed by the committee are reported to the Board of Directors, where the responses thereto are monitored and supervised accordingly.

Strategy (Scenario Analysis)

Based on the following two scenarios, which we chose by referencing the multiple scenarios contained in reports issued by organizations such as the International Energy Agency (IEA) and the Intergovernmental Panel on Climate Change (IPCC), we have identified climate-related risks and opportunities that are likely to arise in our key business areas in a future where climate change intensifies and qualitatively assessed the financial impacts thereof.

1.5°C Scenario	The 1.5°C Scenario assumes that stringent climate change mitigation measures will keep the annual average temperature rise to less than 1.5°C compared to the Industrial Revolution era.
4°C Scenario	The 4°C Scenario assumes that, if no further warming countermeasures are enacted, the annual average temperature could rise by 3.2-5.4°C compared to the Industrial Revolution era.



Sustainability Initiatives

As a result of our scenario analysis, we have identified transition risks arising from regulatory changes such as stricter greenhouse gas emission controls and the introduction of carbon taxes, as well as physical risks due to extreme weather events like flooding and storms. To address transition risks, we are implementing measures that include the installation of solar power generation systems and purchasing renewable energy. For physical risks, we manage these by conducting risk assessments and overseeing our supply chain for sustainable sourcing. Furthermore, we have identified opportunities within our products and services, taking into account the shift from gasoline vehicles to electric automobiles and the expansion of the digital network society. To capitalize on these opportunities, we are focusing on the development and market launch of new products for electric automobiles within our Electronic Devices Business, expanding sales of semiconductor-related containers in our Precision Molding Products Business, and the development and market launch of material products for electronic components in our Housing and Living Materials Business.

Risk Management

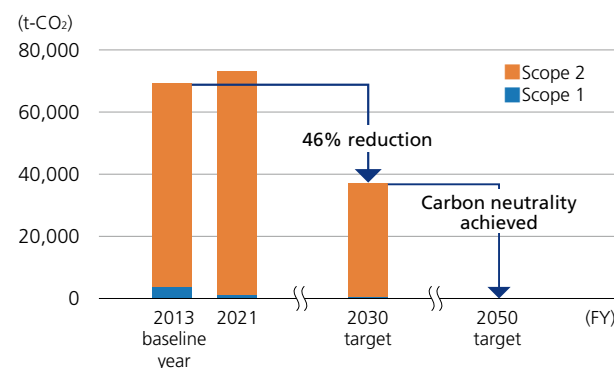
Within our Group, the Sustainability Committee, chaired by our President, is responsible for identifying and evaluating risks and opportunities related to climate change. Risks assessed as having a high impact on our business activities are reported to the Board of Directors as well as the Audit & Supervisory Board. Moreover, we establish strategies and objectives to minimize the risks identified and maximize opportunities, and we report on the progress of these initiatives periodically to both the Board of Directors and the Audit & Supervisory Board.

Indicators and Targets

We have set CO₂ reduction targets for the entire Group through fiscal 2050. Moving forward, we will enact measures such as transitioning to renewable energy sources, upgrading to energy-efficient equipment, and implementing solar power generation systems.

CO₂ Emission Reduction Targets (Scope 1 + 2)

2030 Target	46% reduction (compared to 2013)
2050 Target	Achieving carbon neutrality (compared to 2013)

Shin-Etsu Polymer Group CO₂ Emission Reduction Targets**Supply Chain Management**

The Shin-Etsu Polymer Group has established green procurement standards and promotes environmentally friendly procurement activities. Also, we have established the “CSR Procurement Guidelines” based on our recognition of the need for procurement, taking account of human rights, labor rights, and other social rights. With the understanding of our business partners, we are promoting responsible procurement in our supply chains to achieve a sustainable society.

CSR Procurement Promotion Activity

The Shin-Etsu Polymer Group believes it is important to promote CSR activities throughout the entire supply chain under the Shin-Etsu Polymer Group Basic Procurement Policy. Accordingly, we have established a CSR Procurement Subcommittee consisting of members mainly from the Purchasing Department and are engaged in activities in line with this policy.

Announcing Our Partnership Building Declaration

We support the objectives of the Council on Promoting Partnership Building for Cultivating the Future, led by the Cabinet Office and the Small and Medium Enterprise Agency, and have publicly announced our own Partnership Building Declaration. We aim to forge new partnerships by fostering cooperation and mutual prosperity with our suppliers and value-creating business partners.





Sustainability Initiatives

Human Capital

Basic Approach

At the Shin-Etsu Polymer Group, we are committed to fostering an environment where each employee can work comfortably and maintain a healthy lifestyle at every stage of their life.

Talent Development Strategy

We consider the nurturing and growth of talent to be a key issue of the utmost importance to management. We aim to cultivate a workplace culture that supports employees in undertaking ambitious challenges, with the goal of fostering highly skilled talent that propels innovation and transformation and can realize their full potential. We will also engage in on-the-job training and implementation of the PDCA cycle.

Workplace Environment Improvement Policy

We are dedicated to creating a corporate culture that respects a diverse array of values and perspectives, allowing all individuals to fully utilize their capabilities. To facilitate an inclusive work environment that ignores factors such as gender and age, we are advancing systems that make it easier for individuals to work at various stages of their lives. In line with our medium- to long-term business strategies, we are also actively recruiting personnel who bring diverse experiences and viewpoints in a bid to energize our organization and further our business development.

Talent Development and Workplace Environment Improvement Indicators

Indicator	Target	Results (Current Fiscal Year)
Percentage of female employees in management positions	5% or more by March 2028	3.2%
Difference in average tenure between men and women	Reduce to 3 years or fewer by March 2026	3.14 years
Male employee parental leave utilization rate	Fiscal year ended March 31, 2023 20% or more	77.7%
Wage disparity between male and female employees (Full-time)	70% or more by March 2028	69.0%

Employment Support for Life Events

We are deeply committed to creating a work environment that accommodates life events, such as childbirth and parenting. Our systems go beyond legal requirements, and we continually strive to enhance employment support measures. In particular, we are focusing on encouraging male employees to be actively involved in childcare and are working to improve the rate at which they take parental leave.

Status of Maternity Leave, Parental Leave, and Family Care Leave (Each fiscal year)

Category	FY2020	FY2021	FY2022
Employees taking maternity leave	2	5	5
Employees taking parental leave	2	4	15
Number of male employees taking parental leave	0	0	7
Rate (%) of female employees taking parental leave	100	100	100
Rate (%) of male employees taking parental leave	0	0	77.7
Employees using shorter work hours during childcare	17	16	13
Employees taking family care leave	1	0	0

Initiatives Promoting Success of Women in the Workplace

Based on the action plan laid out in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life, we are promoting a workplace environment where women can thrive, achieve personal growth, and demonstrate their abilities to the fullest extent over the long term.

Status of Female Employees

Category	FY2020	FY2021	FY2022	
Manager-level (%)	3.21	3.11	3.21	
Supervisor-level (%)	19.24	21.91	25.81	
Average tenure	Male	20.8	20.6	20.7
	Female	15.7	16.7	17.6

Employee's Voice

A Workplace Environment Where I Can Enhance My Skills While Parenting



Atsuko Tanaka
Development Unit

I joined Shin-Etsu Polymer as a mid-career hire in a technical development role. After the birth of my second child, I transferred to the Intellectual Property Department within the Development Unit, and I am currently part of the Development Planning Group. My primary responsibilities include conducting technical trend surveys and market research, and I also manage the idea-generation platform. My job responsibilities have changed due to my role changing and my transferring departments, so the required knowledge has changed over time as well. However, I was given an opportunity to study for several qualification exams and use the company's online learning system to improve my skills as necessary. We handle a wide range of products across various departments, such as electronic components, wafer containers, wrapping films, and functional materials. The most attractive aspects of my job is able to interact with various departments and to continue engaging with diverse products and technologies even after moving away from a developmental role. I have given birth to two children since joining the company, and I've been able to successfully return to work after taking approximately a year of parental leave for each child. Thanks to the company's strong supportive policies and the understanding of my colleagues, I could further build up my career without resigning my job. As initiatives to promote female workplace participation continue to progress, I work every day with high hopes that the workplace will become even more accommodating for both men and women.



Eleven-Year Financial and Non-Financial Summary

(For the fiscal years ended March 31, 2013 through 2023)

Fiscal year	Millions of yen											Thousands of U.S. dollars ^{*1}
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2022
For the year:												
Net sales	¥108,278	¥ 92,640	¥ 76,904	¥ 80,254	¥ 85,460	¥ 79,343	¥ 73,979	¥ 75,039	¥ 71,707	¥ 67,332	¥ 60,669	\$ 808,044
Segments												
Electronic Devices	24,684	21,996	18,037	19,725	20,699	19,554	18,644	19,933	18,875	16,453	15,103	184,208
Precision Molding Products	50,021	42,147	34,160	33,451	37,089	34,369	31,074	30,377	28,644	26,407	22,329	373,291
Housing and Living Materials	26,236	21,406	17,736	19,009	19,931	18,703	17,269	18,205	18,435	18,499	17,427	195,791
Others	7,336	7,090	6,969	8,067	7,740	6,715	6,991	6,522	5,753	5,971	5,808	54,746
Overseas sales	56,624	45,992	35,790	36,943	40,396	38,092	33,593	34,495	31,660	27,160	21,844	422,567
Gross profit	33,731	29,140	23,981	25,693	26,762	24,627	22,692	20,896	18,534	16,582	15,028	251,723
Operating income	12,749	9,732	7,217	7,756	8,153	7,206	5,511	4,101	2,231	1,314	944	95,141
Ordinary income ^{*2}	12,986	10,129	7,021	8,097	8,026	7,274	5,934	4,532	2,865	1,662	1,291	96,910
Profit attributable to owners of parent	8,529	6,308	4,536	6,288	6,049	5,455	4,230	3,151	1,777	720	210	63,649
Comprehensive income	12,944	9,849	3,577	5,587	4,468	6,239	2,361	226	4,544	5,869	3,059	96,597
Cash flows from operating activities	9,124	9,759	10,641	7,688	9,498	8,447	7,278	7,682	4,656	4,373	3,106	68,089
Cash flows from investing activities	(11,200)	(9,664)	(3,736)	(4,629)	(6,745)	(4,437)	(1,843)	(4,768)	(1,572)	(3,036)	(3,286)	(83,582)
Free cash flows	(2,075)	94	6,905	3,059	2,752	4,009	5,435	2,914	3,084	1,337	(180)	(15,486)
Cash flows from financing activities	(2,498)	(2,364)	(1,691)	(1,813)	(3,204)	(1,670)	(789)	(1,179)	(604)	(745)	(732)	(18,641)
Capital expenditures	10,110	6,107	3,147	3,032	6,023	5,420	3,721	4,424	3,877	2,571	3,015	75,447
R&D costs	3,638	3,454	3,588	3,896	4,249	3,382	3,572	3,609	3,225	2,807	2,601	27,149
At year-end:												
Total assets	¥ 135,364	¥ 122,577	¥ 108,212	¥ 105,378	¥ 107,032	¥ 103,667	¥ 96,061	¥ 92,845	¥ 93,889	¥ 88,644	¥ 81,342	\$1,010,179
Total net assets	105,128	94,337	86,677	84,538	80,560	77,510	72,890	71,253	72,250	68,088	63,020	784,537
Net working capital ^{*3}	70,583	65,238	62,555	58,904	54,118	53,658	51,549	49,917	49,798	46,092	41,745	526,738
Per Share Data:												U.S. dollar ^{*1}
Net income	¥105.68	¥ 78.15	¥ 56.09	¥ 77.55	¥ 74.27	¥ 66.48	¥ 51.60	¥ 38.55	¥ 21.85	¥ 8.86	¥ 2.59	\$ 0.79
Net assets	1,294.09	1,166.23	1,067.58	1,042.40	989.44	948.31	887.09	870.12	874.65	826.10	764.26	9.66
Cash dividends	38.00	26.00	20.00	18.00	16.00	12.00	12.00	9.00	9.00	9.00	9.00	0.28
Financial indicators:												% (Except interest coverage ratio)
Return on equity (ROE)	8.6	7.0	5.3	7.6	7.7	7.3	5.9	4.4	2.6	1.1	0.3	
Return on assets (ROA)	10.1	8.8	6.6	7.6	7.6	7.3	6.3	4.9	3.1	2.0	1.6	
Equity ratio	77.4	76.7	79.8	80.0	75.1	74.6	75.8	76.7	76.0	75.7	76.4	
Interest coverage ratio (Times)	259.6	384.1	383.4	254.6	396.1	345.1	285.5	283.2	150.5	133.8	91.8	
Non-financial indicators:												
CO ₂ emissions intensity per production weight (Domestic plants) (t-CO ₂)	0.79	0.72	0.72	0.70	0.71	0.68	0.68	0.69	0.71	0.71	0.74	
CO ₂ emissions intensity per production weight (Overseas plants) (t-CO ₂)* ⁴	2.51	2.71	6.57	6.12	5.96	6.49	6.98	6.72	6.96	6.83	6.51	
Waste emissions intensity per production weight (Domestic plants) (kg/t)	66.2	63.2	59.1	58.3	55.9	55.4	57.3	56.7	59.6	59.3	58.8	
Waste emissions intensity per production weight (Overseas plants) (kg/t)* ⁴	128.9	144.0	320.5	373.3	355.2	418.1	419.9	432.8	393.1	392.9	376.2	
Number of employees (Consolidated) (people)	4,706	5,157	5,089	4,655	4,614	4,407	4,144	3,942	3,962	3,628	3,547	

*1. U.S. dollar amounts are included solely for the convenience of readers, using the conversion rate of ¥134 per US\$1 prevailing on March 31, 2023.

*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. 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.

*4. Total amount from January to December each year.



Company Profile, Group Network and Investor Information

(As of March 31, 2023)

Company Profile

Corporate Name	Shin-Etsu Polymer Co., Ltd.
Established	September 15, 1960
Head Office	Ote Center Building, 1-1-3 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan
Paid-in Capital	¥11,635 million
Number of Employees	4,706 (Consolidated) 1,005 (Non-consolidated)
Subsidiaries	17 companies
URL	https://www.shinpoly.co.jp/en/

Stock Information

Number of Shares Authorized	320,000,000
Number of Shares Issued	82,623,376
Number of Shareholders	10,963
Fiscal Year-End	March 31
Stock Listing	Tokyo Stock Exchange (Ticker code 7970)
Transfer Agent	Mizuho Trust & Banking Co., Ltd.

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)	6,709	8.2
Custody Bank of Japan, Ltd. (Trust account)	2,319	2.8
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTSM LSCB RD	1,930	2.3
AVI JAPAN OPPORTUNITY TRUST PLC	1,456	1.7
NORTHERN TRUST CO.(AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS SEC LENDING	772	0.9
Nippon Life Insurance Company	768	0.9
JPMorgan Securities Japan Co., Ltd.	728	0.9
AVI GLOBAL TRUST PLC	684	0.8
CEPLUX-THE INDEPENDENT UCITS PLATFORM 2	677	0.8

- In addition to the above and excluded from the above major shareholders, 1,690 thousand shares of treasury stock are held in the name of Shin-Etsu Polymer Co., Ltd.
- Percentage of total equity is calculated excluding treasury stock.

Group Network

Our Company

Head Office

Chiyoda-ku, Tokyo

Plants

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

Domestic Subsidiaries

Sales and Construction, etc.

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

Manufacturing and Sales

KitcheNista Co., Ltd. (Ibaraki Prefecture)

Overseas Subsidiaries

Sales

Shin-Etsu Polymer Shanghai Co., Ltd.
 Shin-Etsu Polymer Hong Kong Co., Ltd.
 Shin-Etsu Polymer Taiwan Co., Ltd.
 Shin-Etsu Polymer Vietnam Co., Ltd.
 Shin-Etsu Polymer (Thailand) Ltd.
 Shin-Etsu Polymer Singapore Pte. Ltd.
 Shin-Etsu Polymer America, Inc.
 Shin-Etsu Polymer Europe B.V.

Manufacturing

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

External Evaluation

We have been selected for inclusion in the "FTSE Blossom Japan Sector Relative Index" and MSCI Japan's "ESG Select Leaders Index.". In addition, we were awarded a rating of "Bronze medal" in a sustainability assessment by EcoVadis.

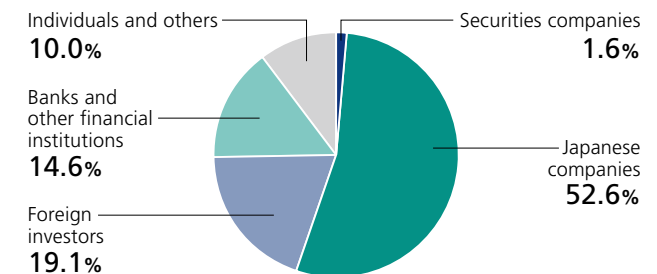


FTSE Blossom
Japan Sector
Relative Index

2023 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

* The inclusion of Shin-Etsu Polymer Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Shin-Etsu Polymer Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Composition of Shareholders



*Excludes 2.0% of treasury stock