



Shin-Etsu Polymer Co., Ltd.

Annual Review 2025

Year Ended March 31, 2025

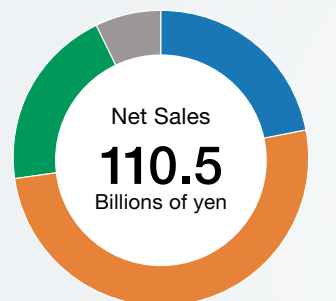


At a Glance

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.

Business Segments

Net Sales by Segments



Electronic Devices

We supply automotive components and parts for electronic devices worldwide based on silicone processing technology, technology for combined processing of raw materials, and high-precision printing technology.

Precision Molding Products

We supply semiconductor-related containers and carrier tapes based on our precision molding technology while also utilizing evaluation and analysis technology, silicone OA rollers and medical equipment components based on our compounding technology.

Housing and Living Materials

We supply functional materials, such as packaging material for food products, based on thin-film forming technologies, low friction olefin-oriented compounds, and conductive paints that add conductivity to materials.

Shin-Etsu Polymer in Numbers

Net Sales

FY2024

110.5 billions of yen

Medium-term Management Plan target*

150.0 billions of yen

Overseas sales ratio

FY2024

55.1 %

Medium-term Management Plan target

60 % or more

Dividend payout ratio

FY2024

44.4 %

Medium-term Management Plan target

Up to **50** %

Operating Income

FY2024

13.2 billions of yen

Medium-term Management Plan target

20.0 billions of yen

ROE

FY2024

8.0 %

Medium-term Management Plan target

Just over **10** %

Capital expenditures

FY2024

9.9 billions of yen

FY2023

15.4 billions of yen

* Medium-term Management Plan target = Target for the fiscal year ending March 31, 2028, which will be the final year of the Medium-term Management Plan.

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Scope of Reporting

Period covered: From April 1, 2024 to March 31, 2025 (includes some activities from April 1, 2025 onwards)

Organization covered: Shin-Etsu Polymer Group (Please see p.36 for details.)

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.



Our sustainability information is thoroughly covered in our Sustainability Report.
<https://www.shinpoly.co.jp/en/sustainability.html>



Notes on the Occasion of the Publication of Annual Review 2025

At Shin-Etsu Polymer, we publish an annual review each year as a tool to showcase our initiatives aimed at enhancing corporate value, and so that all stakeholders, including investors, can gain a deeper understanding of our activities.

The 2025 edition provides information about our business strategies centered around the medium-term management plan, which is now in its third year, as well as our initiatives for enhancing corporate value from a medium-to long-term perspective, and non-financial measures related to human capital and the environment. I also read similar reports from other companies, and I often find that I am particularly interested in those that feature people. Therefore, in this report, we have increased the number of interviews and articles featuring dialogue; for example, we feature a dialogue between two general managers of Office of Sales & Marketing Unit and that of Products Development Management. I do hope that readers will gain a sense of Shin-Etsu Polymer's characteristics, our competitive strengths, and our commitment to enhancing corporate value in the future.

We welcome the honest opinions and requests of all readers in the hope that this report will serve as a valuable communication tool for mutual understanding.

Chairman and Director, Chairman Executive Officer

Highlights of the Annual Review 2025

Special Feature 1: Initiatives for New Business Creation

Shin-Etsu Polymer is committed to not only developing products in line with the current trends, but also to consistently proposing solutions that are one step ahead in order to grow our business on a stable and ongoing basis. Read how a team leader is spearheading a project while being mindful of changes in the external environment and the ideal human resources profile.

▶ P.16

Special Feature 2: Dialogue between General Managers

In addition to the standard cycle in which our sales reps gather information about the needs of our customers through dialogue before our developers build in the specifications to meet those needs for product proposals, this special feature highlights how our sales and development teams work together to quickly perceive changes in trends and technologies and propel product development with foresight.

▶ P.23-24

Strengthening Human Capital for Corporate Value Enhancement

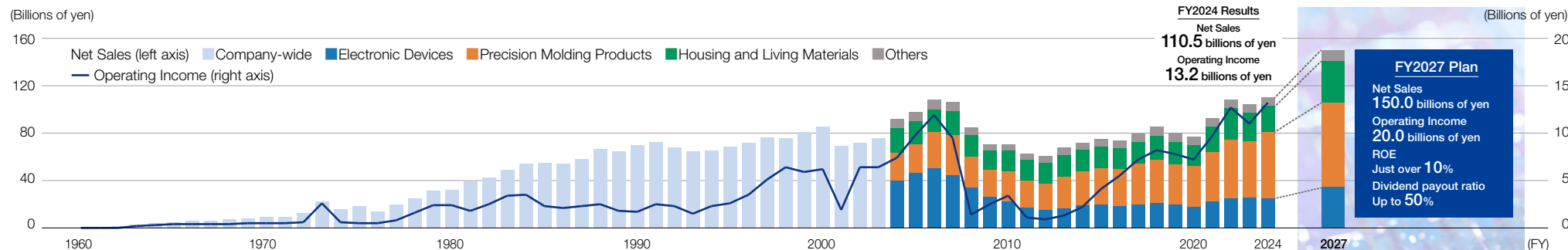
Human resources are the source of corporate development. We need to create a system that allows employees to feel a sense of fulfillment and inspires them to take on challenges to achieve new goals. This section focuses on the establishment of such a personnel system and initiatives aimed at strengthening human capital, with the goal of creating a fair and open workplace environment.

▶ P.31-32

Past, Present, and Vision

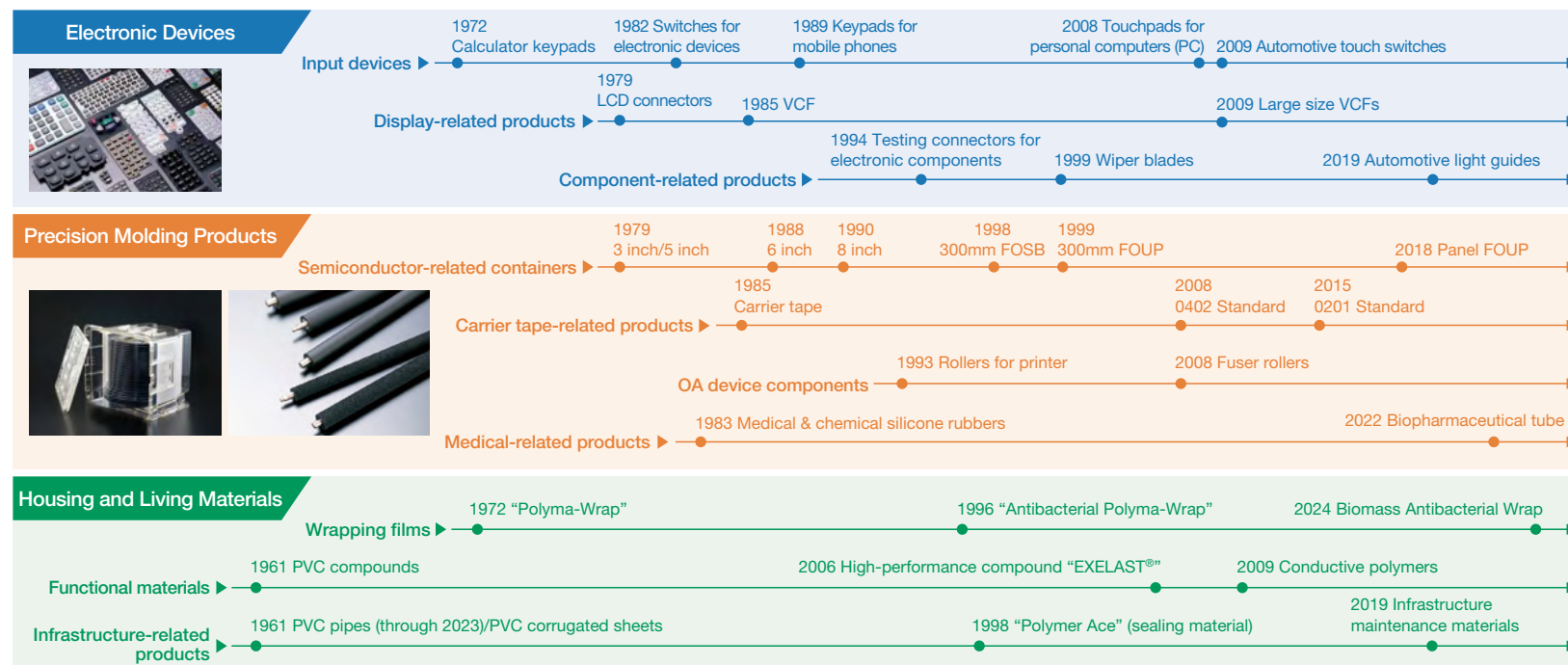
Shin-Etsu Polymer Co., Ltd. began operations in 1960 as a manufacturer of molded PVC products. We started out by manufacturing and selling corrugated sheets, pipes, and other construction materials. As a resin processing manufacturer, we produce a wide variety of products to meet the demands of society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

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.

History of Product Development



Contribute to
the market expansion
of semiconductors and
EVs with the goal of
doubling profits

Demands for
semiconductors
while communication
networks are becoming
more sophisticated
and virtual space is
expanding

Future Social
Issues

EV demand aimed
at achieving carbon
neutrality

Shin-Etsu Polymer's Competitive Advantage

Development Capabilities

in Customizing Materials for Specific Applications

Our development division, which has extensive expertise in various materials, develops products by combining materials to deliver the functions that customers require while evaluating factors such as material properties, durability, and mass-producibility based on the anticipated operating environment.



Development of Optimal Materials by
Thorough Analysis and Evaluation

Proposal Capabilities

in Deriving Optimal Solutions Through Processing Technologies

We synthesize innovative approaches by combining materials and processing. From a range of options, we propose the optimal solutions for our customers from the perspectives of maintaining quality and ensuring supply stability.

* The photo below is an in-process container for 300mm wafers, the culmination of our proposal capabilities.
No. 1 in global market share (our estimate)

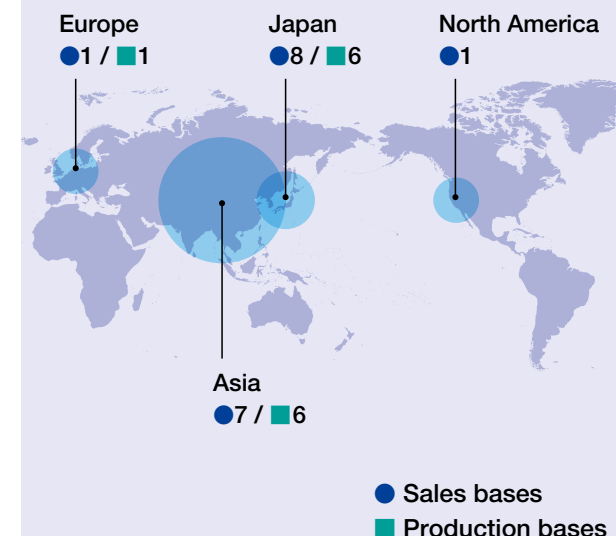


Proposal of the Optimal Combination
of Materials and Processing

Ability

to Meet Globally Expanding Needs

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



17 Sales Bases and 13 Production
Bases in Japan and overseas

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.



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

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.

Technology and intellectual property that creates products and services

- R&D costs: **3.74** billions of yen ↗
- Sales-to-R&D ratio: **3.4%** ↗
- ▶ • Number of proprietary patents: **1,314** patents in Japan, **585** patents overseas* ↗

* Number of foreign patents: Previously, the reported figure included utility models and industrial designs. Starting with this report for the fiscal year ended March 31, 2025, only the number of patents is listed. The number of patents alone was 568 for fiscal 2024, and is 585 for fiscal 2025.



Social and Relationship Capital

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.

Achieving co-existence and co-prosperity with various stakeholders

- Sales bases: **17** bases →
- ▶ • Extensive customer base and supply chain
- Brand strength based on a history of trust



Human Capital

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.

Recruiting and training a highly skilled and diverse workforce

- Number of employees: **4,356** (consolidated), **942** (non-consolidated) ↗
- ▶ • Ratio of overseas employees: **74.3%** (consolidated) ↗
- Ratio of female employees: **21.3%** (non-consolidated) ↗



Financial Capital

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.

Solid financial structure that supports management

- Total assets: **152.98** billions of yen ↗
- ▶ • Equity ratio: **80.2%** ↗
- Net working capital: **72.84** billions of yen ↗



Manufactured Capital

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.

Global production system that supports manufacturing

- ▶ • Production bases: **13** bases →
- Capital expenditures: **9.95** billions of yen ↗

* KitchaNista Co., Ltd. was dissolved on April 1, 2025, following an absorption-type merger with Shin-Etsu Polymer Co., Ltd. as the surviving company.



Natural Capital

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

Preserving the global environment by promoting "Green Activities"

- Crude oil equivalent energy consumption: **30,143** kl ↗
- ▶ * Calculated based on the revised Energy Conservation Act and compared with the previous fiscal year.
- Water consumption: **391,000** m³ ↗

(As of March 31, 2025. ↗ ↘ indicate direction of change from previous fiscal year.)

Message from President



Toshiaki Ito

Representative Director,
President & Chief Executive Officer

Making steady progress in line with the medium-term management plan

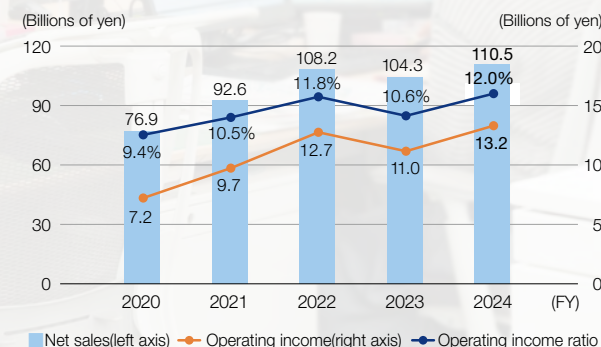
The second year of our five-year medium-term management plan has now concluded. In fiscal 2024, we achieved sales and profit growth driven by higher sales of semiconductor-related containers and other mainstay products. As called for in the medium-term management plan, we have made steady progress on launching new products, making capital investments, and strengthening our sustainability.

Fiscal 2024 Results

In fiscal 2024, we reported record-high earnings with net sales of ¥110.5 billion and operating income of ¥13.2 billion. While the sales volume of semiconductor-related containers remained firm, it was a year in which the market environment for automotive industry products became increasingly challenging.

By segment, the Precision Molding Products business played a significant role in driving growth, with both net sales and operating income increasing substantially. There was particularly strong demand for semiconductor-related containers and rollers for OA device components, while the weaker yen also served as a tailwind. Sales of semiconductor-related containers remained brisk, buoyed by growth in demand for leading-edge chip products and persistently strong demand for general-purpose products from overseas customers. With people returning to the office for work, sales of rollers for OA device components were positively impacted by increased sales of small printers and stronger replacement demand for color multi-function printers. On the other hand, in the Electronic Devices business, sales of in-vehicle products continued to face tough business conditions due to the impact of production cuts by global automakers. While the dip in EV sales is striking, we still think the shift to EVs and the establishment of energy storage technology as social infrastructure will progress in the long term. We have commenced full-scale mass production of fire prevention cushions for EV batteries and we aim to bring to market additional next-generation automotive products in the future.

Consolidated Business Results



Medium-Term Management Plan: Management Indicators

Under the medium-term management plan, we aim to practice a style of business management that is mindful of capital costs, targeting an ROE of over 10%. In fiscal 2024, ROE remained flat year on year at 8%. We see this figure to be indicative of our current capabilities. According to our internal calculation ROE exceeds the capital costs which, however we are not satisfied with this level. In terms of specific initiatives to achieve an ROE above 10%, we are focusing on: (1) increasing the net profit margin through the launch of differentiated products and the streamlining of operations; and (2) improving the capital turnover ratio by expanding sales of growth products such as wafer containers and fire prevention cushions. On the other hand, we believe it is important that we maintain a stable financial foundation, as the markets for our key products, such as the semiconductor and automotive industries, are susceptible to cyclical fluctuations, so we need to be prepared for unforeseen circumstances.

Moving forward, we aim to improve profitability while maintaining financial soundness, and we will make every effort to enhance corporate value as we target an ROE upward of 10%.

Medium-Term Management Plan: Base Areas

We are beginning to see steady results in our efforts to strengthen our sales capabilities and productivity in our so-called base areas. Products classified as base areas, such as input devices, OA rollers and wrapping films, we are actively pressing ahead with the market introduction of unique products by leveraging differentiated technologies. In particular, sales of colored wrap grew by more than 20% year on year, driven by replacement demand from transparent wrap products, so we feel confident about expanding our market share in the future. Having integrated KitchaNista Co., Ltd. into the Group, we have amalgamated the production systems of the Chikusei Plant and the Tokyo Plant, which has led to overall optimization through the consolidation of raw material procurement, the elimination of intra-group transactions, and the reduction of overlapping operations, thereby improving operational efficiency. We

have also invested in production equipment, but we have not reduced our workforce. Each employee is making a significant contribution towards the streamlining of operations.

Medium-Term Management Plan: Growth Areas

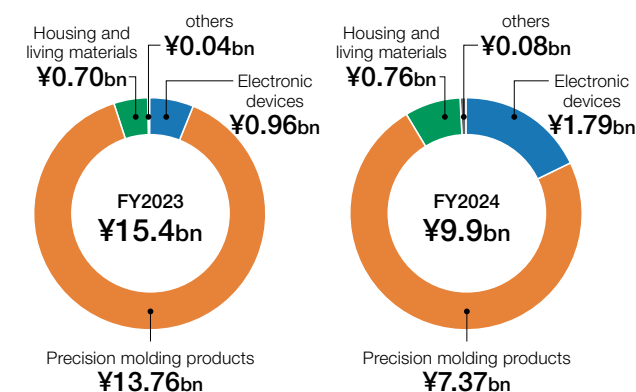
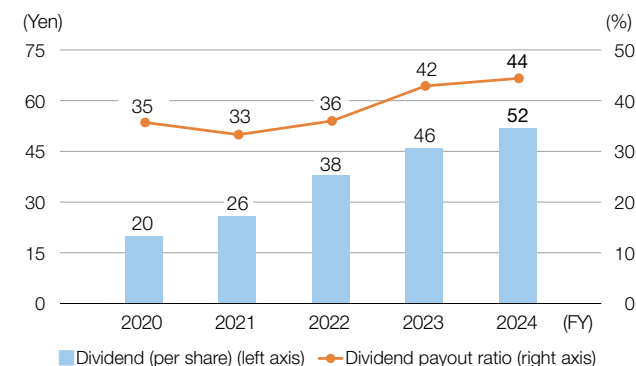
In growth areas as well, we are steadily tapping new demand. For example, we began mass production of fire prevention cushions for EV batteries in the second half of the previous fiscal year and transitioned to a full-fledged production from this fiscal year. While we have made some adjustments to our schedule due to changes in the market environment, production is progressing steadily. Also, even though we have seen a slowdown in the EV market overall except the Chinese manufacturers, we are confident that the major shift away from gasoline vehicles to EVs and the establishment of energy storage technology as social infrastructure remains unchanged. Furthermore, we are advancing the development of heat-resistant thin films for automotive electronic components, and with the uptake of SiC (silicon carbide) power semiconductors, we expect to see demand growth in the future. We are also focusing on the development of peripheral components that support next-generation vehicles, working to build a product lineup with the potential to become a future pillar of earnings.

Medium-Term Management Plan: Growth in Overseas Sales

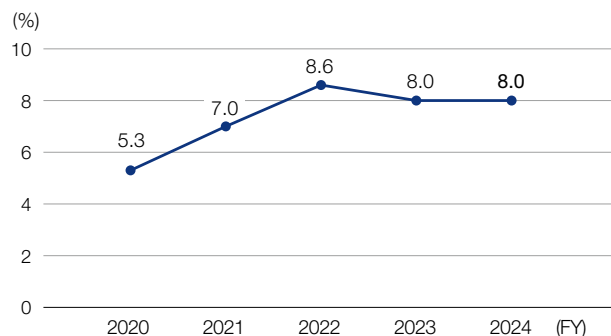
The weighting of overseas sales in fiscal 2024 was approximately 55%, an increase of roughly four percentage points from the previous fiscal year. This increase is attributable to the securing of orders from Chinese companies, which had been a challenge until now. Our policy remains the same that we will continue to focus on overseas markets, armed with proprietary products that set us apart from other companies. Up ahead, we will look to expand sales in view of the Asian market, including India.

On the other hand, the tariff policies of the new US administration, which was sworn in in January 2025, are shrouded in uncertainty and future developments remain unpredictable. For the time being, the direct impact on the Company is limited; however, the effects on automakers operating in the North American market are significant, so we

will need to be wary of the indirect impacts. To respond swiftly to these changes, we will liaise closely with our customers and adopt a flexible approach.

Capital Expenditure by Segment**Dividend and Dividend Payout Ratio**

ROE



Medium-Term Management Plan: Cash Flows

In the context of our financial strategy, no major changes have been made to the cash allocation policy we established at the beginning of the plan. We are steadily investing in upgrades in our base areas as planned, and we also expect to make growth investments with an eye to the future.

More specifically, in the Precision Molding Products business, we have completed capacity expansion investments for wafer containers at the Tokyo Plant (Saitama City). We will look to progress to a phase of full-scale operations as long as customer approval is obtained. In addition, in the Electronic Devices business, we have introduced new production equipment at the Kodama Plant (Saitama Prefecture) and kicked off volume production of fire prevention cushions for EV batteries in the latter half of the previous fiscal year. We switched to a full-scale mass production in April of this fiscal year. In the Housing and Living Materials business, having installed testing equipment for the mass production of heat-resistant thin films, we continue to conduct proof-of-concept tests. Moreover, we have made the necessary capital investments at the Chikusei Plant (Ibaraki Prefecture) in preparation for the integration of cling wrap production. As such, in fiscal 2024, we invested an unprecedented amount

of capital centered around the continued establishment of a capacity expansion system for wafer containers (FOSB). We believe that this fiscal year marks the peak of that investment, and that we have now entered the preliminary stage for the next growth phase.

Investments in each business are progressing according to plan, and we are steadily building a foundation for the next phase of growth. Going forward, we will aim to enhance corporate value sustainably through strategic and efficient investments.

Also, as part of our strategic investments, we will continue to consider M&As. Our reasoning is that any M&A must serve to strengthen the Company's businesses. As such, we do not have a policy of pursuing business scale expansion solely through M&As.

We have made no changes to our policy on shareholder returns, which is primarily based on dividends. Since fiscal 2018, we have raised dividends annually, and we aim to extend gradual and stable returns to shareholders with a target payout ratio of 50% as soon as possible. We will continue to promote business management that emphasizes a balance between growth and returns.

When looking at cash flows for a single fiscal year, in fiscal 2024, significant contributions to profit came from our core products, such as wafer containers and OA rollers, which translated to operating cash flow exceeding the year-earlier level. We consider this to be the fruits of our longstanding endeavors to develop products and tap into markets. Meanwhile, cash flows from investing activities decreased because our capital investments aimed at augmenting production capacity for wafer containers were completed in the previous fiscal year. As a result of these developments, overall cash inflow increased; however, all of this was largely as expected and in line with our plans. We will continue to strengthen our financial base for sustainable growth and maintain an optimal balance between profitability and capital efficiency.

Medium-Term Management Plan: Environmental and Social Initiatives

We consider the reduction of our environmental footprint to be a key management issue and are steadily implementing initiatives in this area. Our 2030 goal of reducing CO₂ emissions by 46% compared to fiscal 2013 remains intact. On top of that, we have set a new target of achieving a 33% renewable energy adoption rate by the year 2030.

Given our heavy reliance on thermal power generation, particularly in Asia, we are propelling the reduction of Company-wide emissions by utilizing more renewable energy sources at our production bases in Japan. We are also actively switching to energy-efficient equipment. For example, we are completely upgrading the air conditioning systems at our plant in Malaysia. After completion, CO₂ emissions at that plant should be reduced by 18% compared to fiscal 2023.



Furthermore, in 2024, we established a Human Rights Promotion Subcommittee under the umbrella of the Sustainability Committee to develop a framework for conducting human rights due diligence. We will continue to earnestly address key issues in the ESG space and endeavor to enhance corporate value sustainably.

Medium-Term Management Plan: HR Initiatives

As Japan's population declines, securing talented human resources is becoming an increasingly important issue for companies.

We are first focusing on creating a comfortable working environment for our employees. As part of this initiative, we introduced flexible working hours in April 2025, primarily for the corporate management departments. We have set a core time of two hours per day, allowing each employee to manage their monthly working hours independently. This system allows for flexible adjustments between work and personal life.

To prevent mismatches between work and individual preferences or abilities, we are increasing the number of mid-career hires, and we have also introduced an internal recruitment system to support the self-determined efforts of employees to forge their own careers. In addition to traditional personnel transfers, this system gives employees the opportunity to take up the challenge of applying for a desired position, with the aim of placing motivated and capable individuals in the right positions. In fact, in the Company's next-generation automotive peripherals project, a transfer from the development department to the marketing department was made possible, which served to strengthen cross-departmental collaboration.

Also, we are working to create a system that enables employees in their third and fifth years with the Company to effectively combine horizontal relationships among younger peers and vertical relationships with seniors for better communication. Instead of the traditional one-on-one relationship between supervisors and subordinates, we will actively create a community where everyone can discuss and share their thoughts with one another.

In the future too, we will continue to foster an environment in which each employee can fully unleash their capabilities and drive the development of an organization where both the Company and individuals can grow together.

Medium-Term Management Plan: Future Outlook

In our view, the external environment directly affecting the Company is not in such a bad state. If conditions remain as they are, we may be able to report higher year-on-year earnings. That said, we have seen geopolitical risks emerge in 2025, so we have no choice but to adopt a cautious approach when announcing fiscal 2025 earnings forecasts.

Initiatives to Strengthen Corporate Governance

Given the public's growing interest in corporate governance in recent years, we are also strengthening our efforts to ensure transparency and fairness. In particular, we recognize that we have an extremely important responsibility to protect the interests of minority shareholders in our relationship with our parent company, Shin-Etsu Chemical.

As part of this, the Advisory Committee for Transaction with Parent Company meets four times a year so that independent outside directors and independent outside Audit & Supervisory Board members can rigorously verify whether transactions with Shin-Etsu Chemical are appropriate compared to market prices from a third party point of view. This is an important mechanism that aims to eliminate conflicts of interest and ensure transparency.

In addition, to respond quickly to changes in the operating environment and contribute to stronger earnings, we have shortened the term of directors from two years to one year with the aim of increasing opportunities for shareholders to regularly evaluate the performance of directors and appoint suitable personnel.

We are also working to enhance the diversity of the Board of Directors and have appointed a female outside director with extensive experience in the legal field. We expect that her professional expertise as a lawyer and objective standpoint will greatly contribute to further strengthening the decision-making

and supervisory functions of the Board.

Going forward, we will continuously review and take steps to strengthen our governance system in order to improve our reliability as a corporation.

To Our Stakeholders

From a longer-term perspective, we would like to improve earnings and reward our shareholders, and also sincerely engage with all stakeholders to enhance our overall value as a corporation. I believe that improving the happiness of our employees, our closest stakeholders, can become the driving force for sustainable growth. I am confident that creating an environment where employees can find their jobs rewarding and work with peace of mind will ultimately lead to the invigoration of the entire corporation.

In fact, we have been commended for our low turnover rate, which I believe owes to our open workplace culture. Going forward, we will continue to pay attention to turnover trends among younger employees and create a workplace where employees of all generations can feel glad to have worked at this Company.

Our corporate philosophy is to adhere to the spirit of the law in conducting fair and transparent corporate activities, and to contribute to the development of society and industry through technologies and products. I believe that always thinking from a market-in perspective, accurately grasping market needs, and delivering products that garner top marks from customers in the market are what embody our corporate philosophy. Shin-Etsu Polymer will continue to engage sincerely with people and society as we move towards building a sustainable future.

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

Shin-Etsu Polymer is promoting its five-year medium-term management plan, “Shin-Etsu Polymer Global & Growth 2027.” Under this plan, in addition to the three pillars of our business strategy—namely, strengthening sales and improving productivity in base areas, capturing new demand in growth areas, and increasing the overseas sales ratio—we are executing growth investments, strengthening our ESG initiatives, and raising shareholder returns.

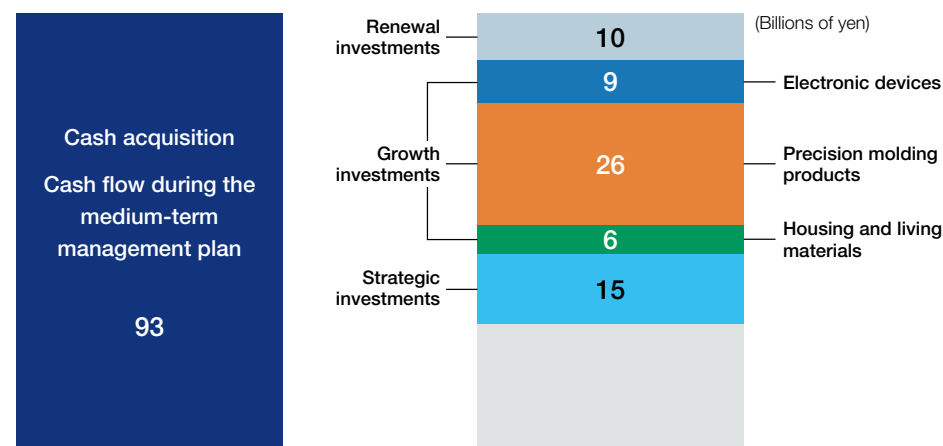
Overview of the Medium-term Management Plan

Overall Growth Strategy for Business Portfolio





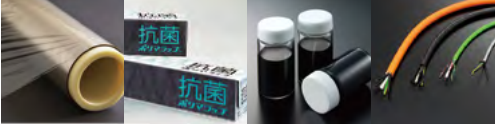
* Ordinary profit and Operating profit income and ordinary income are at the same level

Cash Allocation Policy



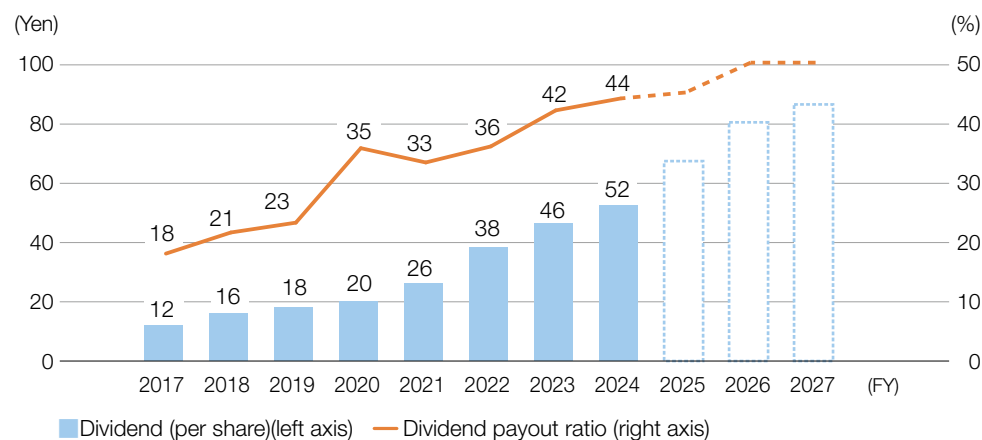
Growth Strategy

Overall Growth Strategy for Business Portfolio

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

Shareholder Return

Aim to Increase Dividend Payout Ratio According to Performance (Forecast)



Progress of the Business Strategy

In our medium-term management plan, we are advancing initiatives focused on three key themes: strengthening sales and improving productivity in base areas, capturing new demand in growth areas, and increasing the overseas sales ratio. As part of strengthening sales and improving productivity in base areas, we absorbed KitcheNista Co., Ltd. through a merger and reorganized the production systems at our Tokyo and Chikusei plants. We aim to improve profitability by unifying raw material procurement and improving operational efficiency.

To capture new demand in growth areas, we installed new equipment at the Kodama Plant (Saitama Prefecture) and began full-scale mass production of fire prevention cushions for EV batteries in April 2025. We are also developing heat-resistant thin films for film capacitors with an eye toward mass production. In this way, we are steadily establishing the lineup of products that will become future pillars of our business.

Furthermore, with regard to increasing the overseas sales ratio, it rose to 55% in fiscal 2024 (from 51% in the previous fiscal year). This was due to winning orders from overseas companies, evidence that our proprietary products are highly regarded. We are focusing on overseas markets such as China, Southeast Asia, and the United States, and by working closely with customers to share information, we are striving to build a business structure that is resilient to changes in the market environment.

Progress Toward Financial Targets

Although our financial results for fiscal 2024 showed revenue and profit growth, we are still some distance from achieving the targets for the final year of the medium-term management plan. Net sales grew by 6% year-on-year to 110.5 billion yen, while operating income grew significantly by 15% year-on-year to 13.2 billion yen, but there is a considerable gap with the medium-term management plan's targets of net sales of 150.0 billion yen and ordinary income of 20.0 billion yen. ROE remained at 8.0%, the same level as fiscal 2023, thus falling short of the plan's target of over 10%. Although we were affected by changes in the external environment, such as a global decline in automobile production and a stagnant semiconductor demand cycle, we recognize that our current performance is commensurate with our actual capabilities. Looking ahead, we believe we need to step up our efforts in terms of both profitability and capital efficiency to get closer to our targets.

Trends in Main KPI Achievement

	FY2022	FY2023	FY2024	FY2027 (target)
Net Sales (Billions of yen)	108.2	104.3	110.5	150.0
Ordinary income (Billions of yen)	12.9	11.5	13.2	20.0
ROE(%)	8.6	8.0	8.0	Just over 10.0
Dividend payout ratio(%)	36.0	42.9	44.4	Up to 50

Non-Financial Initiatives

The medium-term management plan lists strengthening ESG initiatives as one of its key non-financial strategies. As part of our "Environmental" initiatives, our Sustainability Committee is deliberating measures to reduce CO₂ emissions, and we are promoting the shift to renewable electricity in accordance with the roadmap we formulated in fiscal 2023. In November 2024, we reviewed the roadmap and updated measures. Meanwhile, we have identified opportunities in products and services such as EV-battery-related products, semiconductor-related containers, and heat-resistant films, and we are proceeding with investment and development.

As part of our "Social" initiatives, to ensure workforce diversity, we are promoting the active participation of women; the ratio of female managers reached 4.9% in fiscal 2024 (up from 4.5% in the previous fiscal year). We have also established a Human Rights Promotion Subcommittee and conducted human rights due diligence (DD) on our major suppliers. We will continue to strengthen our human rights initiatives by conducting such reviews on an ongoing basis.

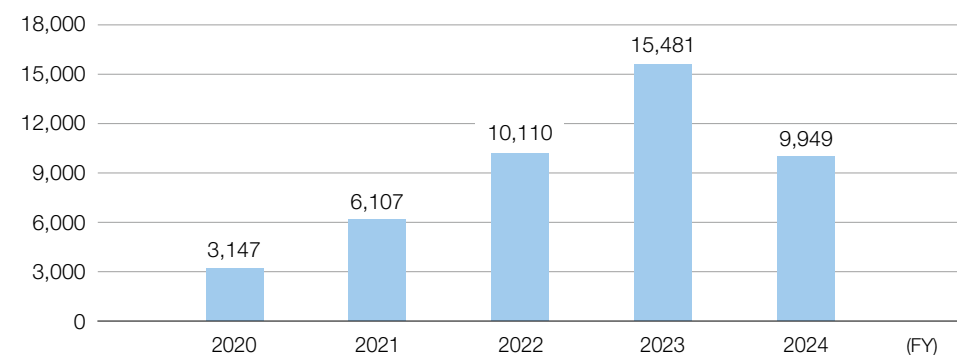
Growth Investments and Shareholder Returns

To enhance corporate value over the medium to long term, Shin-Etsu Polymer is intensively investing in growth areas while strengthening shareholder returns. In terms of growth investments, we expanded our production capacity for 300mm wafer containers, a mainstay product of the Precision Molding Products business, at our Itoigawa (Niigata Prefecture) and Tokyo (Saitama Prefecture) plants. In addition, we have commenced operation of production facilities at the Kodama Plant for fire prevention cushions developed for EV batteries. Overall, the investments related to growth areas planned in the medium-term management plan are progressing smoothly.

As for shareholder returns, our policy has remained unchanged since the start of the plan: aim for a dividend payout ratio of 50% and increase dividends in stages according to our performance. We have steadily implemented this on an actual results basis for fiscal 2023 and fiscal 2024. There are no changes to this basic policy going forward.

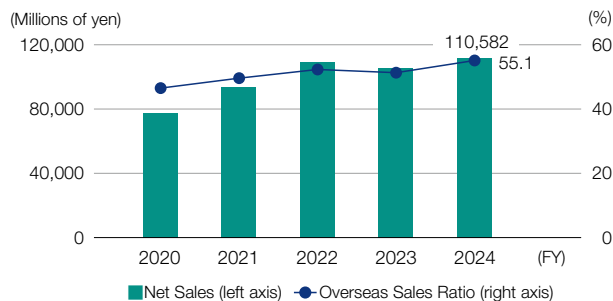
Trends in Capital Expenditures

(Millions of yen)



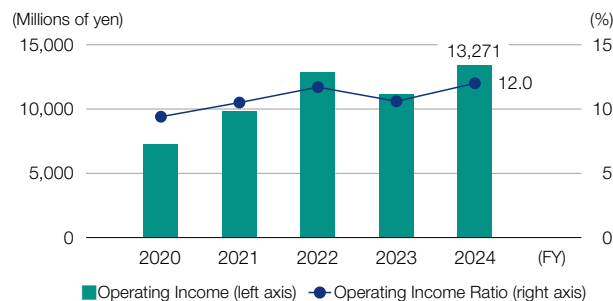
Financial Highlights

Net Sales and Overseas Sales Ratio



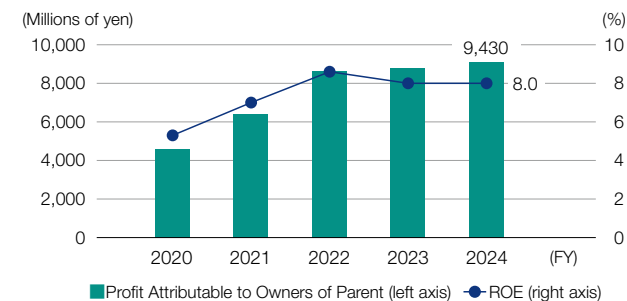
As a result of the steady performance of the Precision Molding Products business, net sales were 110,582 million yen (up 5.9% year-on-year). The overseas sales ratio was 55%, an increase of 4 percentage points from the previous fiscal year.

Operating Income and Operating Income Ratio



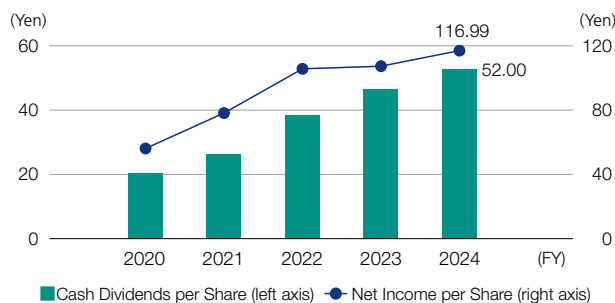
As a result of steady sales of semiconductor-related containers and rollers for OA devices in the Precision Molding Products business, operating income was 13,271 million yen (up 20.1% year-on-year). As a result, the operating income ratio increased by approximately 1.4 percentage points from the previous fiscal year to 12%.

Profit Attributable to Owners of Parent and ROE



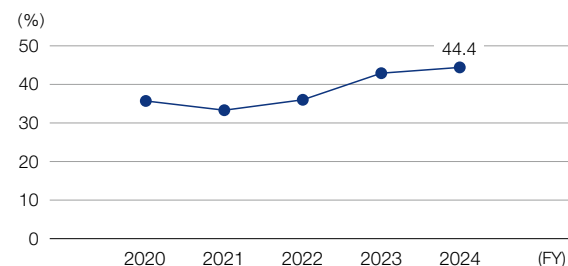
Profit attributable to owners of parent was 9,430 million yen (up 8.7% year-on-year), while ROE remained at the same level of 8.0%.

Net Income per Share/Cash Dividends per Share



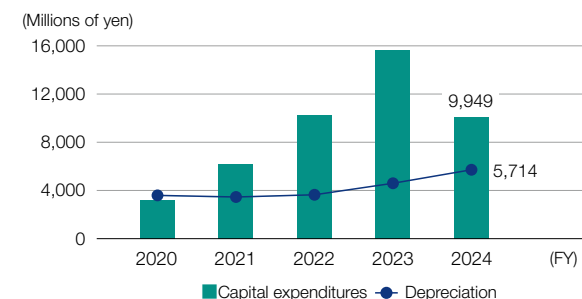
Net income per share was 116.99 yen (up 9.6 yen year on year). After taking into consideration the current fiscal year's business performance, financial position, and other factors in a comprehensive manner, we decided to pay an annual cash dividend of 52 yen per share, an increase of 6 yen per share from the previous fiscal year.

Payout Ratio



Aiming to raise the dividend payout ratio to 50% based on the performance guidelines indicated in the medium-term management plan, we increased it 1.5 percentage points over the previous fiscal year to 44.4%.

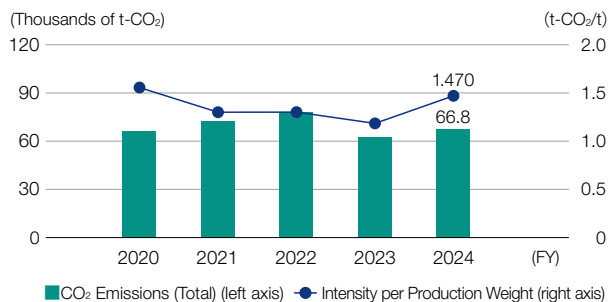
Capital Expenditures/Depreciation



Capital expenditures were 9.9 billion yen (down 5.5 billion yen year-on-year). Depreciation was 5.7 billion yen (up 1.1 billion yen year-on-year) due to factors including the start of operations at the Itoigawa Plant and the start of mass production of fire prevention sheets for EV batteries.

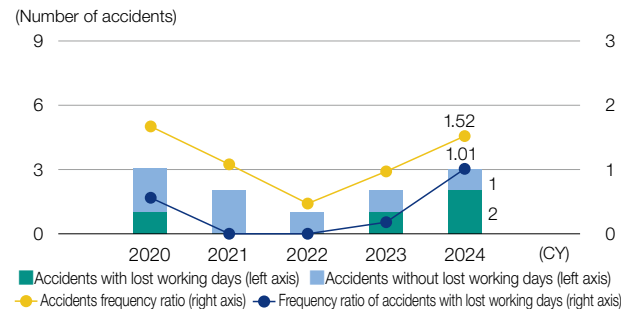
Non-Financial Highlights

CO₂ Emissions and Intensity per Production Weight



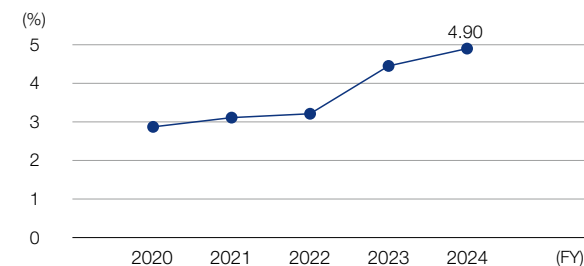
Although we promoted energy saving and transitioning to renewable energy in an effort to reduce CO₂ emissions, energy consumption increased due to factors such as the expansion of our plant for semiconductor-related containers and the start of mass production of new products. As a result, both CO₂ emissions and intensity per production weight increased.

Work-related Accidents (Domestic plants)^{*1}



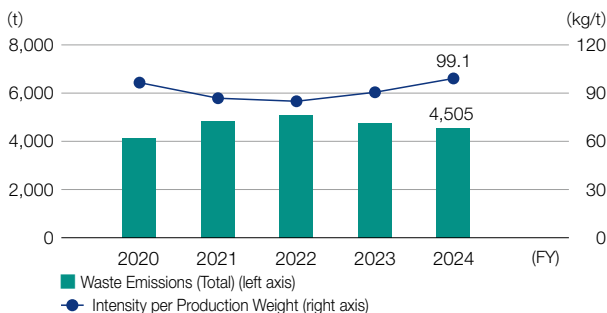
There were three accidents in Japan (two with lost working days and one without lost working days), an increase of one accident from the previous fiscal year. The frequency ratio of accidents with lost working days was 1.01.

Ratio of Female Managers^{*2}



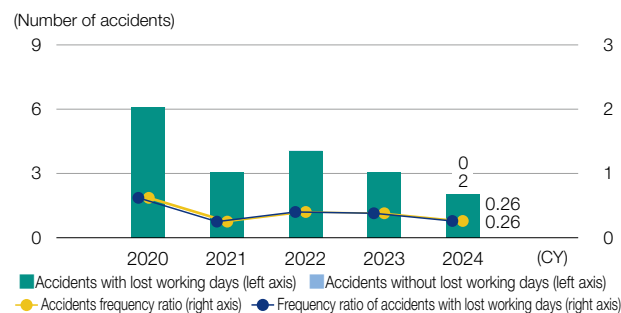
In fiscal 2023, a working group was established to propose and implement systems and initiatives that will encourage employees to pursue key positions in the future.

Waste Emissions and Intensity per Production Weight



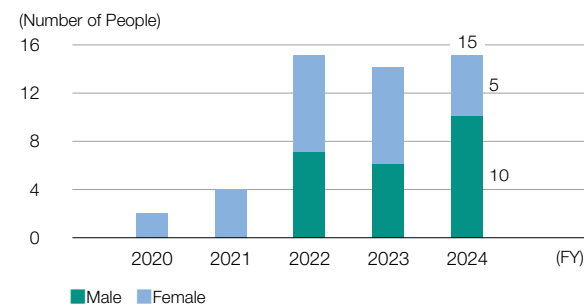
Although we reduced total waste emissions in Japan and overseas by 4.4% year-on-year, the intensity per production weight increased by 9.8% year-on-year due to factors such as a decrease in the production weight of PVC products.

Work-related Accidents (Overseas plants)^{*1}



There were two accidents with lost working days overseas, a decrease of one from the previous year's total. The frequency ratio of accidents with lost working days was 0.26.

Number of Childcare Leave Takers



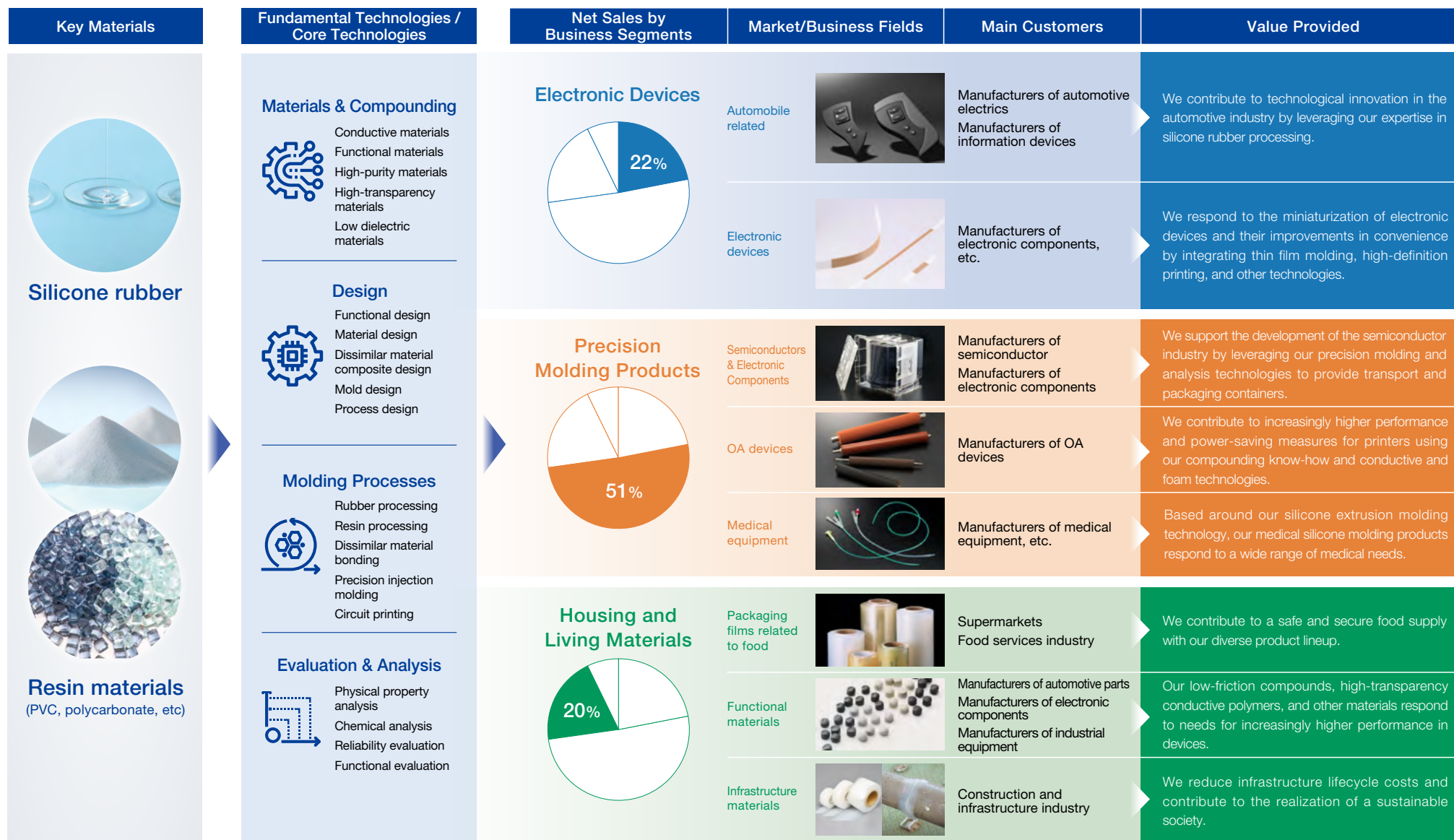
In response to the revision of Japan's Childcare Leave and Family Care Leave Act in April 2023, we have made efforts to create an environment that promotes male participation in childcare and have worked to improve the rate of male employees taking parental leave.

^{*1} The graphs are divided due to differing definitions of workplace accidents between Japan and overseas.

^{*2} Figures are as of the end of the fiscal year.

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.



Special Feature 1 Initiatives to Create New Businesses

New Automotive Products Development Project

In the growth areas of EV products, we have started mass production of fire prevention cushions for batteries. We aim to acquire new products with a focus on next-generation vehicles and surrounding social infrastructure centered on storage battery functions.

In this project, we view the shift from gasoline vehicles to environmentally friendly vehicles not only as the uptake of EVs, but also as a transformation of social infrastructure. Considering that we have our sights set on achieving zero emissions to fight global warming, it would be imperative that we improve energy efficiency in society as a whole. If EVs start to drive themselves and ride-sharing becomes commonplace, people's behavior will change, minimizing energy loss. We believe that achieving this requires the development of power infrastructure, such as energy storage systems and wireless charging for vehicles, with batteries and fuel cells at the center of these efforts.

In addition to developing specialized materials, we have created various types of molded products using processing and foaming technologies such as extrusion, calendaring, injection, and coating. By combining these technologies, we aim to supply peripheral components for next-generation vehicles. As a safety measure for batteries, we have begun mass production of fire prevention cushions that are processed into a sponge structure using silicone, and we are currently aiming to commercialize products that utilize foaming technology as a way of developing more applications. In the future, we plan to expand beyond automotive-related components and delve into the development of materials for fixed-site batteries, which will be necessary for the rollout of power infrastructure on the horizon.

We are keenly aware that the success of the project ultimately depends on our human resources, which is why we have brought together project members from various backgrounds with the use of our internal recruitment system. We have created an environment that allows the project members to focus on acquiring new orders for peripheral components for next-generation vehicles and new themes, without overlapping with their usual automotive-related product work. Alongside the development of technology, we place great importance on dialogue with our customers, and we always aim to propose technologies that are one step ahead of what they seek.

Comment from the project leader

I have instructed the project team members to engage in thoroughgoing discussions with customers while envisioning the future 10 years from now. I want our human resources to be there for our customers when they seek solutions to their problems, leveraging our position as a processing manufacturer with an in-depth knowledge of materials. It is vital that we always stay alert to market changes and carefully consider whether we can respond with our own technologies. I believe that by identifying what sets us apart from the competition and responding faster than anyone else, we can get closer to acquiring new products.

Hitoshi Ando

New Automotive Products Development Project

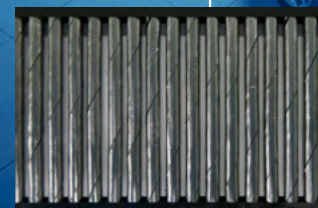
Fire prevention cushions



Silicone shock protection cushions



EV battery unit



Thermal conductive material
(thermal cushions)



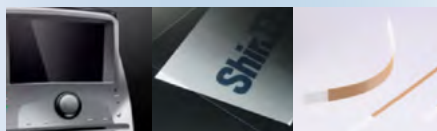
Silicone sponge gasket

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

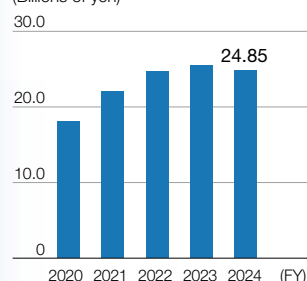
View/light path control film (VCF)

Connectors for testing electronic components



Net Sales

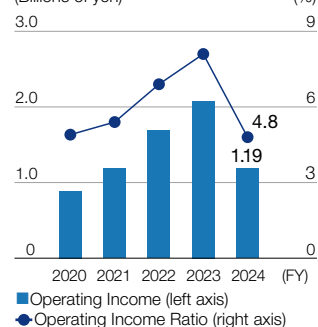
(Billions of yen)



Operating Income and Operating Income Ratio

(Billions of yen)

(%)



Customer Base

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

Strengths

- Implementing robust production and sales infrastructure that enables global business expansion

Opportunities

- Transition to EVs and more sophisticated electrical equipment in cars to achieve carbon neutrality

Threats

- Global decrease in automobile production and slowdown in the spread of EVs
- Decrease in automobile sales owing to U.S. tariff measures pushing up sales prices

Business Environment

In the automotive industry, slowdown in the spread of EVs; in electronic equipment, recovery trend following the end of inventory adjustment

In 2024, global automotive production was around 92.50 million units, marking a 1.1% decrease^{*1} compared to the total of around 93.54 million units in the previous year. This figure has generally remained stable. While China has increased its production of EVs and other vehicles, there has been a decline in production in Japan and other regions. The business environment is becoming severe, particularly with automakers in Europe announcing cuts in personnel and production capabilities, but even given this trend, the slowdown in EVs has been pronouncedly stark. As a result, among automotive-related products, our input devices have been particularly affected. However, we believe that there will be no change to the medium- to long-term trend in relation to progress in the shift to EVs spurred by the decarbonization movement, in addition to expanding demand for more sophisticated electrical equipment that electronically controls operation, as well as electrification and autonomous driving (known as CASE).

In the electronic equipment sector, the two-year decline in PC sales has stopped^{*2}. The number of smartphones sold shifted to an increase^{*3} of 6.4% year-on-year. There has been progress in inventory adjustments for other consumer appliances as well, and demand has shifted toward an increase. We also believe that we can expect an increase in demand for products related to the rapid expansion in products and services using generative AI in recent years.

^{*1} Source: International Organization of Motor Vehicle Manufacturers ^{*2} Source: NIQ/GfK Japan ^{*3} Source: IDC

Specific Measures for Opportunities and Risks

Globally expanding production and sales bases to attentively meet customer needs

From early on, our company has been attuned to the global market and has taken proactive steps to expand production and sales bases. By establishing bases near our customers, we are developing a system for swiftly and attentively meeting their needs. Following Japan, China, and Malaysia, we carried out a building expansion in 2022 with a plant in India to increase our capacity for producing input devices.

In light of U.S. tariff measures and increased geopolitical risks, supply chain reviews have progressed in various industries. There is a rising trend of automakers requesting suppliers to build stable supply systems. In response, we have been establishing production and supply systems in ASEAN, India, and other growing markets where many customer manufacturing bases are located. We have also been developing a flexible supply system to accommodate changes in the market environment.

In addition, we deal in many custom products whereby we propose materials and conduct design and development work according to customers' specifications. As such, we are proactively investing in human capital for marketing and new product development, while focusing our efforts on acquiring new products. As one result of these initiatives, we launched mass production of fire prevention cushions for EV batteries in October 2024.

Achievements and Issues in Fiscal 2024

POINT

Input devices

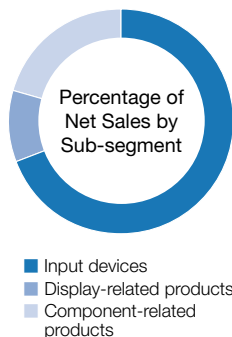
- Sluggish sales of in-vehicle key switches
- Sluggish sales of in-vehicle touch switches

Display-related products

- Strong performance of connectors for LCDs

Component-related products

- Launch of mass production of fire prevention cushions for EV batteries
- Strong performance in automotive silicone molded products



In this segment, net sales decreased by 2.6% year-on-year to 24.848 billion yen, and operating income decreased by 42.6% year-on-year to 1.190 billion yen.

In the face of an increasingly harsh business environment for the automotive industry, input devices for in-vehicle products had relatively steady sales among Japanese automakers. Meanwhile, sales for European and North American automakers have continued to be sluggish since the latter half of the fiscal year. On the other hand, demand has grown for automotive silicone molded products in light of the increase in demand for eco-friendly vehicles. We have also begun to ship our newly developed fire prevention cushions for EV batteries.

Outside of automobiles, there has been steady demand for consumer appliances, resulting in substantial growth in connectors for LCDs. Meanwhile, steady demand has continued for replacement view/light path control films (VCF) in ATMs, resulting in double-digit growth year-on-year in sales of display-related products overall.

FY2025 Outlook and Strategies in the “SEP G&G 2027” Medium-term Management Plan

POINT

Input devices

- Adjustment phase for in-vehicle key switches
- Adjustment phase for in-vehicle touch switches

Display-related products

- Connectors for LCDs on par with the previous fiscal year
- View/light path control films (VCF) on par with the previous fiscal year

Component-related products

- Steady sales of fire prevention cushions for EV batteries
- Strong performance in automotive silicone molded products
- Sluggish sales of connectors for testing electronic components

Under the Medium-term Management Plan, we are developing measures for each region in accordance with two main categories: **base areas** featuring existing products that we seek to establish as growth drivers, and **growth areas** featuring products with which we seek to capture new demand in growth fields. This segment aims to achieve net sales of 34.1 billion yen and operating income of 2.8 billion yen in the fiscal year ending March 31, 2028 (the final year of the plan).

We have designated our **base areas** as in-vehicle input devices such as key switches as well as products for electronic devices such as connectors for LCDs. With these products, we aim to expand sales in emerging and growing markets while striving to secure sales and profits by optimizing production bases.

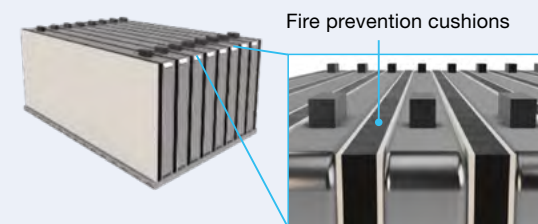
Meanwhile, we have designated our **growth areas** as products for next-generation automobiles such as fire prevention cushions for EV batteries. Though at present it increasingly seems as if EV sales are slowing down, we believe that there will be progress with respect to the shift from gasoline vehicles to eco-friendly vehicles in terms of building social infrastructure based on achievement of carbon neutrality and battery technologies. To meet this goal, we are developing new products and investing in mass production.

In fiscal 2025, the third year of the Medium-term Management Plan, we expect that the business environment for the automobile industry will continue to be harsh, and that the adjustment phase will continue for existing in-vehicle products. On the other hand, we expect that fire prevention cushions, light guides, and other products will compensate for the decline in existing products.

TOPIC

Fire prevention cushions for EV batteries

Fire prevention cushions are arranged together with a heat insulating material as a set between the cells in batteries for EVs and other products. They are sponge sheets made from silicone rubber with cushioning performance to absorb the expansion of cells with heat, as well as heat insulation performance to suppress the generated heat conducted to neighboring cells. In this way, the cushions help to boost automobile safety. We created a product in the form of a sponge sheet with enhanced functionality by applying a foaming technology, which we developed for OA rollers and other products, to a silicone material that maintains the same properties from high temperatures of around 200°C down to low temperatures of -40°C. We achieved production with consistent quality and stable supply by integrating our accumulated production know-how and building a fully-automated production process. In addition, because an extremely large number of cells are required for each in-vehicle battery module, it is essential to have a stable supply of materials. Using a material developed in collaboration with Shin-Etsu Chemical, this product showcases the combined abilities of the Shin-Etsu Group to realize stable material supply. We aim to expand sales with a focus on EVs, for which the market is expected to expand, with fire prevention cushions serving as a new pillar of our Electronic Devices business.

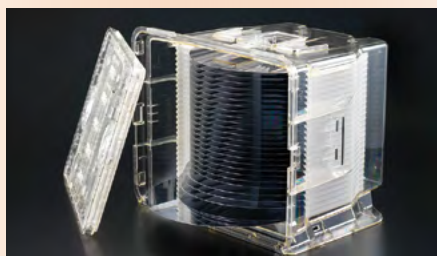


Product characteristics

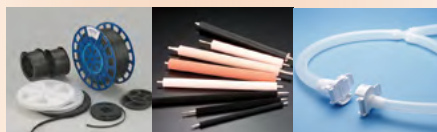
- Suppresses thermal runaway in adjacent cells when heat is generated
- Excellent cushioning performance that follows cell expansion and contraction
- Maintains its properties under low-temperature conditions up to -40°C
- Excellent compression set

Precision Molding Products

We supply precision molded products that require high-precision resin and rubber processing, such as semiconductor wafer transport containers and printer rollers.



Wafer containers



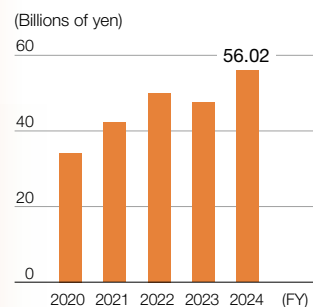
Embossed carrier tapes

OA rollers

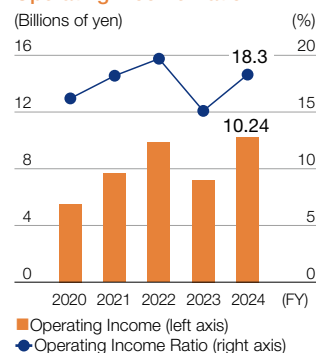
Medical device components



Net Sales



Operating Income and Operating Income Ratio



Customer Base

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

Strengths

- Ability to propose material composition and optimal processing methods according to the functions required by customers
- High-standard quality assurance system based on proprietary precision molding/processing technologies and advanced evaluation/analysis technologies

Opportunities

- Semiconductor and electronic component manufacturers scaling up their capacity to address the growing demand for semiconductors in response to the spread of AI
- Progress in printer industry restructuring
- Progress in internationalization for material procurement in the medical market

Threats

- Opportunity loss owing to a rapid decline in demand for semiconductors and electronic components due to the semiconductor demand cycle
- Decreased demand for printing due to the shift to paperless operations

Business Environment

Steady overseas demand continues for general-purpose semiconductors; strong sales in more advanced and sophisticated semiconductors

The spread of generative AI has accelerated data center construction, and demand for more advanced and sophisticated semiconductors remains at a high level. In addition, a high level of production of some general-purpose semiconductors continues overseas. While we had strong sales in capacitors and other electronic components for AI servers, adjustments continue for industrial equipment components. On the other hand, while the inventory adjustment phase continues globally for general-purpose semiconductors and electronic components for industrial equipment, we understand that the situation is gradually moving away from the downward cycle. Going forward, we believe that we can expect an increase in electronic component demand from AI servers, data centers, and more advanced autonomous driving technologies.

In the OA equipment market, there is a trend toward manufacturer restructuring in light of the spread of remote work and the shift towards paperless operations based on DX promotion. On the other hand, there is also a trend toward returning to the office, so we expect printing demand to remain steady for the time being. Medical device inventories have returned to normal levels following the adjustment phase after the end of the COVID-19 pandemic.

Specific Measures for Opportunities and Risks

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

Demand for more advanced and sophisticated semiconductors remains at a high level as a result of new data center construction and other factors. While there has been a slowdown in general-purpose semiconductors within automotive-related markets, we expect to see a return to growth starting in the second half of 2025 in light of the fact that inventory adjustment is progressing for consumer appliances. We have expanded our Itoigawa Plant (Niigata Prefecture) and have constructed a new building at our Tokyo Plant (Saitama Prefecture) to boost production capacity for semiconductor-related containers. At the Itoigawa Plant, all production facilities are operating, and we plan to commence operations at the Tokyo Plant in fiscal 2025 as well. In addition, from a BCP perspective, we are driving efforts to build a system for ensuring stable supply to customers.

While the printing volume in Japan is declining due to a shift towards paperless operations, demand for office equipment is increasing in emerging countries. We view this trend as an opportunity to capture new demand, so we will strive to expand our market share in OA device rollers by fully leveraging our compounding, coating, and foaming (sponging) technologies. In medical-related products, there is a trend of switching from imported products to domestically-produced products from an economic security perspective. We will seize this opportunity and strive to capture new products using our specialty, extrusion molding technology.

Achievements and Issues in Fiscal 2024

POINT

Semiconductor-related containers

- Steady sales of shipping containers for 300mm wafers

OA device components

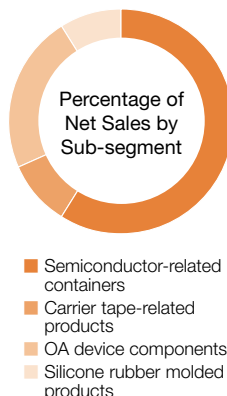
- Substantial growth in sales of OA device rollers

Carrier tape-related products

- Sluggish sales in micro-electronic component applications; strong performance in large electronic component applications

Silicone rubber molded products

- Steady demand for medical-related products



In this segment, net sales increased by 17.7% year-on-year to 56.024 billion yen, and operating income increased by 42.1% year-on-year to 10.244 billion yen.

Sales of semiconductor-related containers grew substantially as demand for shipping containers for 300mm wafers remained at a high level due to increased demand for more advanced and sophisticated semiconductors and increased overseas general-purpose semiconductor production brought about by the spread of AI.

In OA device components, sales of rollers for printers and multi-function devices grew substantially following the end of adjustment of inventories that had accumulated during the COVID-19 pandemic, whereby production of printer units and consumables continued at a high level and the rate of replacement for office multi-function devices increased.

In carrier tape-related products for transporting electronic components, there was a mild recovery in sales for micro-electronic component applications due to an increase in the number of smartphones sold and other factors. In addition, demand remained steady for AI server component applications and other large electronic component applications, resulting in sales growth.

In silicone rubber molded products, demand for medical-related products gradually increased following progress in market inventory normalization. Sales of general molded products increased from the previous year as a whole attributable to increased shipments of transport plates for electronic component production resulting from steady demand for consumer appliances.

FY2025 Outlook and Strategies in the “SEP G&G 2027” Medium-term Management Plan

POINT

Semiconductor-related containers

- Steady sales of shipping containers for 300mm wafers
- Recovery in demand for 300mm wafer in-process containers

OA device components

- Decrease in sales of rollers for printers and multi-function devices compared to the previous year

Carrier tape-related products

- Slight increase in sales for micro-electronic component applications
- Steady demand for large electronic component applications

Silicone rubber molded products

- Upward trend in demand for medical-related products

The Precision Molding Products segment aims to achieve net sales of 71.2 billion yen and operating income of 14.5 billion yen in the fiscal year ending March 31, 2028 (the final year of the plan).

We have designated our **base areas** as OA device components and carrier tape-related products, which continue to see steady demand in the market. As the market for OA device components shrinks, we will strive to capture new demand arising from industry restructuring and expand our market share. We will strive to grow carrier tape-related products by cultivating new applications such as semiconductor chips with micro-electronic component applications—a field in which we are strong.

We have designated our **growth areas** as semiconductor-related containers and medical-related products. Semiconductor demand is expected to grow in response to ongoing growth in AI servers and data centers as well as the sophistication of autonomous driving technology. We aim to meet demand and achieve growth by fully leveraging our expanded and newly established production facilities for semiconductor-related containers. In medical-related products, we will drive efforts to capture market share while targeting the domestic pharmaceutical market, aiming for global development thereafter.

In fiscal 2025, the third year of the Medium-term Management Plan, we expect demand for overseas applications of semiconductor-related containers to remain at a high level, and demand for more advanced and sophisticated semiconductors to remain steady. We expect OA device component sales to decrease from the previous year due to a rebound effect following their substantial growth in the previous year. We expect sales to remain steady with a focus on large product applications within carrier tape-related products and extruded product applications within medical-related products.

TOPIC

Boosting our production capacity for semiconductor-related containers

To boost our production capacity for semiconductor-related containers, we have expanded our Itoigawa Plant and have finished constructing a new building at our Tokyo Plant (Saitama Prefecture). At the Tokyo Plant, we plan to produce shipping containers (front-opening shipping boxes (“FOSB”)) for transporting 300mm wafers from wafer manufacturers to device manufacturers, and we aim to boost our production capacity by around 20% compared to fiscal 2022. Semiconductor demand is increasing both in Japan and abroad due to new construction of data centers and other applications. In anticipation of this trend, we will pursue preparatory measures so that we can adequately meet future demand levels.

One of our goals going forward is to carry out production at two bases—the Itoigawa Plant and the Tokyo Plant—to establish a system for stable supply and also contribute toward our customers’ BCP measures.



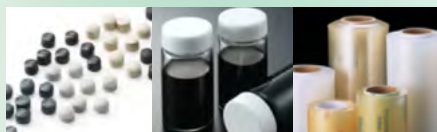
Tokyo Plant (Saitama Prefecture)

Housing and Living Materials

We offer living-related products, such as wrapping films for food packaging made from PVC, and material products, such as functional compounds and conductive polymers.



Cling wraps



Functional compounds

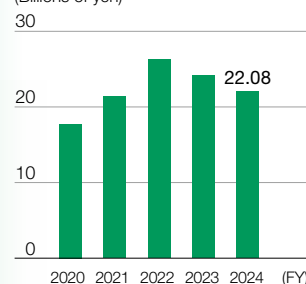
Conductive polymers

Stretch films



Net Sales

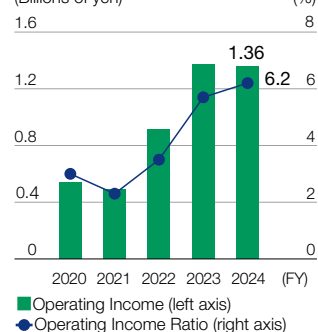
(Billions of yen)



Operating Income and Operating Income Ratio

(Billions of yen)

(%)



Customer Base

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

Strengths

- Top market share in Japan for PVC cling wrap for industrial use in food packaging
- Non-phthalate PVC compounds supplied from a production base in Thailand

Opportunities

- Booming food service and accommodation industries due to the increase in inbound tourism
- A shift in production towards eco-friendly vehicles

Threats

- Slowdown in the global spread of EVs in the automotive market
- Higher raw material and utility costs due to rising energy prices

Business Environment

Expectation of growth in demand for PVC cling wrap for industrial use due to increased demand from inbound tourism

Inbound tourism to Japan has continued to increase ever since the COVID-19 pandemic ended in 2023. The movement of people within Japan is also returning to pre-COVID-19 levels. As a result, the food services industry in Japan is recovering, and demand for PVC cling wrap is growing. Food safety awareness has increased, and demand continues to rise for colored wraps as a measure to prevent the wrap from getting mixed in with food and to achieve stricter sanitation management. There has been a gradual decline in sales of stretch film used for packaging perishable foods in supermarkets due to a decrease in the number of products purchased by consumers following price increases among food products.

The shift to EVs in the automotive market has slowed down, and conductive polymers for onboard hybrid aluminum electrolytic capacitors have been significantly affected by this market slowdown. In addition, excess inventory of cables for industrial equipment has continued over a long period, resulting in ongoing sluggish demand for PVC compounds used to coat cables. We obtained customers' understanding regarding passing on prices due to increases in raw material prices that have continued for several years. The situation has calmed down for the moment, but we expect raw material price trends to be unpredictable owing to recent social developments.

Specific Measures for Opportunities and Risks

Strengthening the ability to propose wrapping films for food products

In April 2025, we acquired KitcheNista, making it our production and sales subsidiary for cling wrap for industrial use. By adding KitcheNista to our Group, we have secured the top market share in Japan about cling wrap for industrial use while expanding our product lineup. We are pursuing propositions for in-store product selections that fully utilize our extensive range of products, including antibacterial, antiviral, colored, and biomass certified products. Following efforts to integrate systems and sales organizations with KitcheNista, we integrated cling wrap production at the Chikusei Plant in fiscal 2024. Going forward, we will strive to boost profitability by pursuing synergy through full-scale integration.

In functional compounds, we will utilize our non-phthalate production facilities and emphasize the safety of our materials. In addition, we will expand the range of our proprietary products that achieve differentiation from other companies, such as low-friction grates using olefin-based materials, thereby increasing the opportunities for our products to be selected while boosting profitability. In conductive polymers, applications for hybrid aluminum electrolytic capacitors account for a large proportion of their use, as they are adopted in large quantities in EVs, though we will strive to develop new applications outside of capacitors, such as for displays.

Achievements and Issues in Fiscal 2024

POINT

Wrapping films

- Strong performance in colored PVC cling wrap for industrial use

Functional compounds

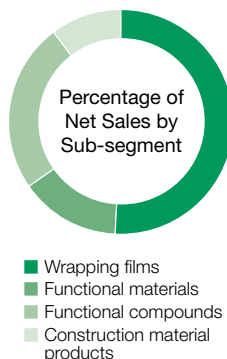
- Steady performance in automotive applications, particularly in low-friction parts
- Cable coating applications for industrial machinery expected to bottom out

Functional materials (conductive polymers)

- Sluggish sales in EV applications

Construction material products

- Increased corrugated sheet production due to special demand
- Rapid increase in inquiries about silicone infrastructure maintenance materials



In this segment, net sales decreased by 8.7% year-on-year to 22.080 billion yen, and operating income decreased by 0.8% year-on-year to 1.363 billion yen.

In wrapping films for food products, while there was steady demand for cling wrap for industrial use, progress was made in the shift from transparent products to colored ones, particularly as a measure to prevent pieces of wrap from getting mixed in with food.

In functional compounds, automotive performance remained stable, primarily driven by olefin-based low-friction materials used for glass run channels in automobiles. In the market, inventory adjustment of functional compounds for cable coating applications has been protracted, but demand started to recover from the end of the year, resulting in an increase compared to the previous quarter.

Conductive polymers have been significantly affected by the slowdown in EV sales, and demand for hybrid aluminum electrolytic capacitors remains stagnant. However, demand has increased for automotive display applications in addition to conventional applications for polarized protection films. In addition, we acquired KitchNista on April 1, 2025 to boost efficiency by integrating management resources.

FY2025 Outlook and Strategies in the “SEP G&G 2027” Medium-term Management Plan

POINT

Wrapping films

- Steady performance PVC cling wrap for industrial use
- Progress in the shift to colored products

Functional compounds

- Steady performance in proprietary low-friction products for automotive applications
- Cable coating applications for industrial machinery expected to bottom out

Functional materials (conductive polymers)

- Sluggish performance in capacitor applications

Construction material products

- Reinforcing sales of infrastructure maintenance materials

Under the Medium-term Management Plan, 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 fiscal year ending March 31, 2028 (the final year of the plan).

We have designated our **base areas** as wrapping films, such as cling wrap for industrial use, and functional compounds, such as low-friction products. For wraps, we aim to expand our market share by meeting customers' diverse demands with an extensive product lineup. For compounds, we aim to further increase opportunities to introduce our proprietary products and acquire new orders.

We have designated our **growth areas** as conductive polymers, which are expected to be used in many different applications, and high-performance thin films, with which we aim to enter the heat-resistant film market.

The number of foreign nationals visiting Japan reached a record high* in 2024. However, growth in cling wrap for industrial use in the food services industry is at a standstill due to increasingly severe labor shortages. In response, we will boost profitability by increasing the proportion of sales of high-value-added products, with a focus on colored wraps. In addition, we are planning the market launch of heat-resistant thin films that can handle heat generation in power devices.

In fiscal 2025, the third year of the Medium-term Management Plan, we expect demand for wrapping films to remain stable and EV production to continue to be sluggish. In this segment, we will strive to boost profitability by expanding sales of proprietary products and maximizing business efficiency.

* Source: Japan Tourism Statistics

TOPIC



“Stress-free” SX Series: A low-friction compound

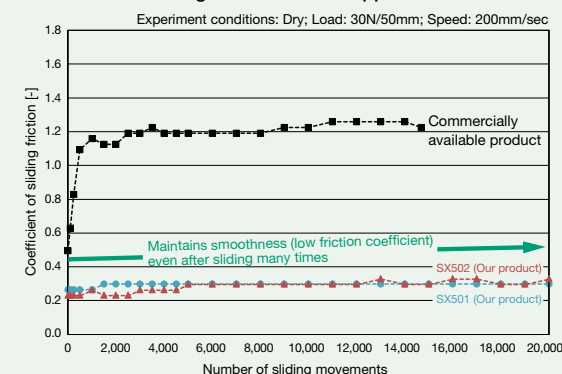
When opening and closing windows, drivers are very stressed when they hear the squeaking noises of the windows rubbing against the glass run channels. To solve this issue for customers, we searched for a material that did not generate such a noise over a long period. As a result, we developed a unique blend using silicone in the SX Series as a material for automobile glass run channels. The SX Series has been well received for its stress-free performance, as its slidability makes opening and closing windows smooth while reducing noise.

Under the “Stress-free” slogan, we pursue greater convenience as well as long-term low-friction durability—the key characteristic of this product. Even today, the SX Series continues to evolve. Going forward, we will leverage the slidability, durability, and low-noise characteristics to develop applications beyond glass run channels as well as to cultivate new uses outside of automobiles. The material of the SX Series is an olefin-based resin, though we also have low-friction compounds with PVC-based and urethane-based resins. We will utilize the characteristics of each material as we deliver custom-grade compounds that meet customer needs. We hope to contribute to society by helping to alleviate customers' stress.



Glass run channel

Characteristics in glass run channel applications



Special Feature 2

Dialogue between General Managers

Thorough collaboration between sales and development to take customers' needs in advance



Hiroto Komatsu

General Manager,
Office of Products Development Management



Shogo Kumakura

General Manager,
Office of Sales & Marketing Unit

Capturing high-level insights from sales-development partnerships

Komatsu A notable feature of our products is that we have a wide range of long-standing products. For example, in the silicone rubber category, we have a product called rubber contact, which is used in button switches. The basic development of this material involves the incorporation of carbon into silicone rubber to make it conductive. When it was first developed, current-driven circuit boards were the mainstream; however, with the advent of CMOS semiconductors and liquid crystal displays, there has been a shift towards voltage-driven types that consume less power. As a result, buttons used everywhere changed from metal switches to rubber contacts. Even calculators and wristwatches now use liquid crystal displays equipped with our connectors. In this way, by creating products and materials that our customers need at various technological transition points, we can extend the lifespan of the materials.

Silicone rubber can be processed through extrusion to create tubes, cords, or OA rolls, and it can also be processed through calendaring to form films with a

thickness of five microns, which can be laminated for use in connectors and VCF (view/light path control film). So, even with a single material, we fully utilize the temperature, electrical, and optical properties of silicone rubber, and employ various processing methods, suitable mold shaping, as well as compounding with different materials and surface modifications to develop a wide range of products.

The OA rollers that Mr. Kumakura is responsible for were also produced with this process. This is where the properties of silicone rubber that can withstand a wide range of temperature environments and achieve various rubber hardness levels through processing are highly valued.

Kumakura Our mainstay product, OA rollers, includes a solid development roller that utilizes conductive technology and another pressure roller made of sponge for use in high-temperature environments. Coincidentally, the office of a customer who appreciates our products is located near our factory, and the development team for our OA rollers has long continued the practice of meeting with this customer alongside the sales team. By doing so, I believe that we have been able to obtain high-level information, which has

enabled us to quickly provide the customer with a high-quality prototype. This style of sales and development visiting customers together has become the standard for roller sales, and I believe that this ongoing interaction has led to our strength in customizing specifications for each customer and making tailored proposals.

Komatsu Mr. Kumakura, you mentioned that having development accompany the sales team is a significant advantage. While it is true that engineers involved in development also accompany the team, the efforts of our sales reps are equally essential. Some sales reps have enhanced their knowledge of our products to the extent that they can visit the customer's design site and talk directly with them. In the past, when I accompanied the team, there were instances where I thought, "I haven't shared with them that," as I was impressed the sales reps discussing things with such specialized knowledge. In fact, at that time, the sales rep's presentation was a success and led to the next customer enquiry.

Kumakura There is no doubt that sales reps need to acquire knowledge about our products that is on par with that of the development team. Furthermore, I think that sales reps need to not only understand what is currently required but also anticipate future trends as they engage in sales activities.

For example, there are both monochrome and color printers that use OA rollers. Even in monochrome printers, there is a variety of product lineups, including high-speed and low-speed types. In our day-to-day sales activities, it is important that we hold a broad view of the printer industry to identify what will become the main products in the future and what promising product types have yet to be developed, and then map out these insights. In doing so, we can reasonably predict what models will emerge in a few years, allowing us to set targets so that we can press ahead with our own developments.

Product-out and market-in at Shin-Etsu Polymer

Komatsu Mr. Kumakura said that the creation of a development map for the future is important. I think the basis of this is the market-in concept of developing what our customers want ahead of other companies. I think that products like our current OA rollers are at a stage where they are based on relatively mature technology, and determining which aspects to refine is crucial. For this reason, the market-in mindset is very important.

Kumakura When adhering to the market-in approach, the customer's evaluation of prototypes is the most important factor. In fact, to enhance our customers' prototype evaluations, we need to increase the frequency of meetings, collaborate with the development team for the next prototype, and have customers evaluate that prototype. In my view, accelerating this cycle is essential to mastering the market-in mindset.

What is important when collecting information based on this market-in strategy is to basically trace the evaluation

trail back to our customers' senior executives. Ultimately, it is knowing how the top executives think about our products. I believe it is very important to meet not only with the developers but also with project leaders and those overseeing the entire project, as this allows us to gain insight into not only the challenges pertaining to the product but also its known issues, including those that may arise in the future.

Komatsu While market-in is important for products like our current OA rollers, from the perspective of a developer, I believe that all products initially stem from a product-out approach. For example, input devices like our core product, rubber contact, did not exist in the past. Shin-Etsu Polymer was the first to develop it and popularize it in the market. It was initially created through a product-out approach, and subsequently, the market expanded through a market-in mindset.

Considering this, I believe that currently about 80% of our products are market-in products that reflect customer feedback, while around 20% are product-out products that were developed from our existing technologies before hearing from customers. Since neither approach is inherently correct, I believe it is necessary that we always maintain a certain balance in our approach.

Future outlook

Kumakura As to the OA rollers that I am responsible for, while the circumstances surrounding the Company, such as the realignment of equipment manufacturers, are changing, we are pressing ahead with the policy of securing all orders that we can win through our creativity and ingenuity. For example, we have received positive feedback from customers regarding our extrusion processing, which does not require molds and allows for rapid prototyping. However, we also need to consider alternative processing technologies to extrusion, anticipating that the technologies of our customers may undergo transformation due to reorganization and other factors. In that sense, we aim to

tap into the unmet needs of customers by working closely with the development team.

Komatsu I believe that there are ultimately three directions for development. One is to solve the existing needs of our customers. The second is to technically improve upon the capabilities we possess, even though we do not know when or for what they will be used. The third is to create a future vision through backcasting to consider how what we have created will be used, and how to fit and combine all of these elements. By doing so, I believe we can create highly unique products and develop long-lasting products that will be accepted in the market.

On the other hand, I feel that we need to undertake new initiatives in response to the emergence and widespread adoption of new technologies such as AI, particularly regarding the utilization of technical information.

We recognize that the key markets in the future will be the automotive market, the healthcare market, and the semiconductor market. From Shin-Etsu Polymer's standpoint, we are exploring what we can do in these markets because there are market sectors that are growing to varying degrees that we cannot fully understand with information from our existing customers alone. For this reason, we are requesting those that are knowledgeable about these three markets to deliver presentations, and we have kicked off brainstorming sessions on what products Shin-Etsu Polymer can offer in these markets. In the future, we hope to create unique and competitive products based on the three directions I have just mentioned.

Corporate Governance

Basic Approach

We recognize that the cornerstone of management is to increase corporate value as a global corporation that is trusted by and meets the expectations of its shareholders and various other stakeholders. Based on this fundamental awareness, we will work to enhance its corporate governance by making the right decisions through speeding up the management decision-making process, ensuring transparency, strengthening its internal control functions, and other activities.

Corporate Governance System

We have adopted the “company with an Audit & Supervisory Board” system for our corporate governance framework. The Board of Directors and the Audit & Supervisory Board supervise and audit the execution of business at multiple levels so as to guarantee objectivity and neutrality.

The Board of Directors comprises five members, two of whom are outside directors. Some of their business execution authority is delegated to the Board of Executive Officers, which makes it easier for the Board of Directors to perform its role of supervising business execution.

In addition, two full-time Audit & Supervisory Board members visit the Business Operation Divisions (including those of subsidiaries) when necessary to enhance the precision and effectiveness of their auditing activities. Furthermore, we have established a system that maintains and improves our corporate governance by exchanging information with the Accounting Auditors and the Department of Internal Auditing, our internal audit division.



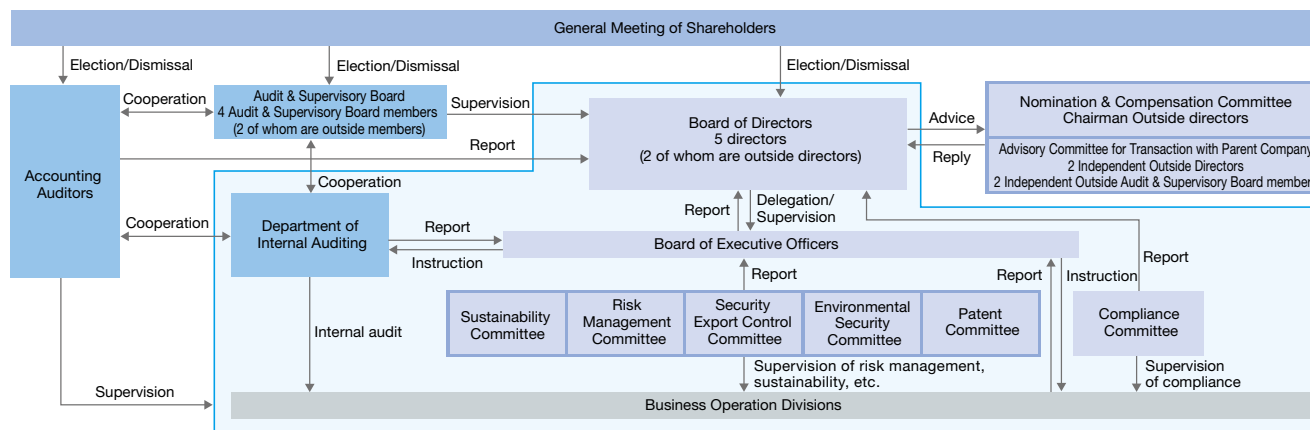
Corporate Governance Report
<https://www.shinpoly.co.jp/en/ir/governance.html>

Special Committees (Nomination & Compensation Committee and Advisory Committee for Transaction with Parent Company)

In order to strengthen the independence, objectivity, and accountability of the Board of Directors with respect to nomination and compensation, the Company has established a “Nomination & Compensation Committee” under the purview of the Board of Directors. The committee comprises two independent outside directors and two inside directors, making a total of four members, and it is chaired by an independent outside director to ensure its independence.

The Nomination & Compensation Committee receives questions from the Board of Directors, after which it deliberates on such matters as the nomination of directors, Audit & Supervisory Board members, and executive officers; compensation systems for directors and

Corporate Governance System (As of June 24, 2025)



executive officers; and the process for determining compensation. It then reports the outcomes of its discussions to the Board of Directors.

In addition, we have established another special committee, the “Advisory Committee for Transaction with Parent Company.” To ensure fairness with the objective of protecting the interests of general shareholders, this committee regularly deliberates on important transactions and actions with the parent company and its group companies, and then reports the outcomes of its discussions to the Board of Directors. Specifically, it carries out inspections with a focus on transactions for purchasing key raw materials and transactions for selling key products to and from the parent company. The committee comprises two independent outside directors and two independent outside Audit & Supervisory Board members, giving it a total of four members. It is objectively and effectively independent from the parent company, and it makes decisions from a fair and neutral standpoint.

In fiscal 2024, the Nomination & Compensation Committee met twice, while the Advisory Committee for Transaction with Parent Company met four times, with all committee members present for the discussions at each meeting.

Evaluation of the Effectiveness of the Board of Directors

To further improve the effectiveness of the Board of Directors, the company’s Board conducted a questionnaire for all directors and Audit & Supervisory Board members regarding its effectiveness. It implemented a self-assessment survey at a Board meeting held in April 2024. As a result, it was confirmed that the Board of Directors generally functions in a timely and appropriate manner, making swift

decisions after open and constructive discussions, confirming that the effectiveness of the Board of Directors is by and large assured. In addition, we have confirmed issues that also need attention, such as the medium-to long-term corporate strategy, provision of information to directors, and creation of opportunities for training. As a result, we will continue discussions to make improvements.

We will strive to continue improving the Board of Directors’ effectiveness by further deepening and enriching our discussions on the company’s institutional design, medium-term plans (such as the Medium-term Management Plan), issues surrounding sustainability, and diversity management.

Furthermore, following the effectiveness evaluation conducted during the previous fiscal year, a female outside director was newly elected at this year’s regular Shareholders’ Meeting.

Audit System

As of June 24, 2025, the Audit & Supervisory Board is comprised of four members, including two outside Audit & Supervisory Board members. The Audit & Supervisory Board members attend important internal meetings such as those of the Board of Directors to carry out their management oversight function. They also convene the Audit & Supervisory Board meetings to discuss important auditing matters 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. In addition, from the perspectives of legality, rationality, and efficiency, the Department of Internal Auditing, our internal audit division, 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 officers, we provide advance notice of important meetings, such as Board of Directors meetings, by supplying dates, agenda items, and materials, and we explain the details of important resolutions in advance. Furthermore, liaison meetings of outside directors and Audit & Supervisory Board members are held regularly. At each liaison meeting, a system is established to hear the status of business execution from the Business Operation Division and to determine issues. In addition, we provide opportunities for members to periodically tour bases in Japan and overseas. Through these efforts, we strive to improve the frequency and quality of information provided to outside officers.

Communication with Shareholders and Investors

The Corporate Planning Department oversees dialogue with shareholders and investors. Individual meetings are handled by the General Manager of the Corporate Planning Department and the IR Manager. We hold briefings for analysts and investors following the announcements of full-year and second-quarter results as an opportunity to explain the status of our business. After each briefing, we disclose the President's address and Q&A session from the day of the briefing in both Japanese and English.

We also aim to enrich dialogue through timely and fair disclosure of information on our website, including press releases, financial reports, presentation materials for results briefings, Shareholders' Meeting notices, business reports, resolution notifications, and annual reviews. Previously, we disclosed presentation materials for results briefings, Shareholders' Meeting notices, and medium-term management plans in both Japanese and English simultaneously. From the third quarter of fiscal 2024 onward, we will also simultaneously disclose financial reports and timely disclosures.



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

Directors / Audit & Supervisory Board Members



Composition and Skill Matrix of Directors / Audit & Supervisory Board Members

Name		Special Committee Composition		Primary Knowledge, Experience, Skills, etc.						
		Nomination & Compensation Committee	Advisory Committee for Transaction with Parent Company	Corporate Management	Global	Technology	Marketing	Treasury and Finance	Legal/Governance	Human Resource Management
Yoshiaki Ono ①	Chairman	●		○	○	○				○
Toshiaki Deto ②	President	●		○	○		○			○
Satoru Sugano ③	Director					○	○			○
Osamu Miyashita ④	Outside Director	● (Chairman)	● (Chairman)	○	○		○			
Tamami Murata ⑤	Outside Director	●	●						○	
Hideaki Hirasawa ⑥	Full-Time Audit & Supervisory Board Member				○			○	○	
Yoshiaki Torimaru ⑦	Full-Time Audit & Supervisory Board Member				○		○		○	
Tatsuo Yoshihara ⑧	Outside Audit & Supervisory Board member		●	○	○	○				
Tomoko Moriya ⑨	Outside Audit & Supervisory Board member		●					○	○	

*Titles are current as of June 24, 2025.

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

Dialogue between a Full-Time Audit & Supervisory Board Member and an Outside Audit & Supervisory Board Member



At Shin-Etsu Polymer, we continue to strengthen effective governance to meet the needs of the times.

Initiatives to date to strengthen corporate governance

Hirasawa Four years have passed since I became an Audit & Supervisory Board member. During this time, I feel that we have made steady progress on governance reforms in line with Japan's Corporate Governance Code. One such initiative was the introduction of the executive officer system.

Moriya I too feel that management has made an effort to strengthen governance. One of the purposes of the executive officer system was to speed up decision-making. By delegating authority to executive officers, the Board of Directors has been able to allocate more time to deliberations.

Hirasawa In addition to the adoption of the executive officer system, changes have also been made to the composition of the Company's officers, including directors. For example, progress has been made on the utilization of a diverse workforce, including the appointment of outside officers with backgrounds in such areas as accounting auditing and business company management. Ms. Moriya not only brings expertise in accounting and misconduct investigation, but she also leverages her experience in corporate governance honed

over the years, and contributes to diversity in terms of gender as well.

Moriya While the Company's earnings are growing and there are currently no governance issues to speak of, I believe that the Board will continue to be required to strengthen its functions and play a leading role with aggressive measures, such as reviewing its supervisory role from the perspective of accountability to shareholders and supporting appropriate risk-taking by executive officers.

Hirasawa As part of our governance reforms, we have also established special committees. In particular, as a publicly listed company with Shin-Etsu Chemical as our parent company, we have established the Advisory Committee for Transaction with Parent Company, with independent outside directors as its members, in an effort to enhance the transparency of governance.

Moriya Although I am not a member of this committee, it is composed of members who have experience in accounting auditing and business transactions. They employ legitimate verification methodologies, the results of which have been thoroughly confirmed and reported.

Hideaki Hirasawa
Full-Time Audit & Supervisory Board Member

Tomoko Moriya
Outside Audit & Supervisory Board Member

Differences between a full-time Audit & Supervisory Board member and an outside Audit & Supervisory Board member

Hirasawa While Ms. Moriya serves as an outside Audit & Supervisory Board member and I serve as an inside member, I think the overwhelming difference in the amount of internal information available is our biggest difference. Before my appointment as an Audit & Supervisory Board member, I was the head of the accounting department for 10 years, and prior to that, I gained experience at a plant in Japan, at a domestic production subsidiary, and also at an overseas subsidiary. As a result, I have a general understanding of where the risks lie in the Company and what challenges we face. On the other hand, Ms. Moriya has accumulated a wealth of experience and knowledge from various companies throughout her career. I believe that sharing information and leveraging our respective characteristics will contribute to stronger governance.

Moriya Outside Audit & Supervisory Board members are expected to provide an objective perspective for the very reason that they are not familiar with internal matters. Even if the parties engaged in a discussion are likely aware of certain matters that are considered common knowledge within the industry, I often make a point to confirm important details by asking whether my understanding is correct. If I were a shareholder of the Company, I would most certainly want to confirm these things.

Hirasawa In fact, members of the business operations side of the Company are also clearly aware of where the risks lie and what the challenges are within their respective departments. This was also the case when I was the head of an overseas subsidiary and the head of the accounting department. However, there have been instances where, despite understanding the issues, we were unable to take action because of the lack of time or not having enough people. I believe that my current role as an inside Audit & Supervisory Board member is to assist the business operation and internal audit departments in addressing these challenges, facilitating reforms and improvements, and further enhancing corporate value.

Collaboration among Audit & Supervisory Board members

Hirasawa As mentioned earlier, when it comes to collaboration among the Audit & Supervisory Board members, information sharing is of most importance. Accordingly, we are quite mindful of how best to bridge the information gap and are working on creating a system to facilitate this.

First, we aim to share as much information as possible regarding the current situation, compliance, risk management, and HR management through business audit reports and the like from the full-time Audit & Supervisory Board members at our meetings, and in response, we receive various comments from the outside members.

Moriya The full-time members conduct audits that cover wide-ranging business activities based on their experience as an employee with the Company, ensuring that all important information that we outside members need to know is thoroughly communicated. The outside Audit & Supervisory Board members candidly share their observations on matters not included in the meeting's agenda as well. For example, in a misconduct prevention case that required a swift response, each outside member provided case examples of how other companies have taken action to serve as reference points. While we did catch a glimpse of some difficulties, thanks to the efforts of the full-time members, progress was made in addressing the situation at the source. There is still room for improvement in how the Audit & Supervisory Board operates, so the two types of members will continue to leverage their unique characteristics to enhance the effectiveness of the Audit & Supervisory Board and contribute to stronger corporate governance.

Hirasawa While this does not relate to collaboration among Audit & Supervisory Board members, liaison meetings between the outside directors and the Audit & Supervisory Board members are held 10 times a year, while regular meetings between the representative director and the Audit & Supervisory Board members are also conducted three times a year, thereby providing opportunities for the sharing of various information and exchange of opinions with directors. In particular, I believe that the exchange of opinions between senior management and outside Audit & Supervisory Board members based on day-to-day auditing is important. I think

the exchange of opinions regarding the risks and challenges revealed through audits contributes to the strengthening of corporate governance.

Evaluation of effectiveness

Moriya The Company's Audit & Supervisory Board members also complete the questionnaire for evaluating the effectiveness of the Board of Directors. One of the comments I made was the need to invigorate discussions from a longer-term perspective. In answering the question of whether our discussions are sufficient enough, while it certainly depends on the agenda item, upon reflection, I have felt that the actual discussion time and the depth of discussions could be further enhanced to invigorate dialogue.

Hirasawa I also fill in this questionnaire. The overall evaluation results have indicated that the effectiveness of the Board of Directors is generally being maintained, but I believe there is still a need for further improvement. I have also written comments, one of which was regarding the need to expedite the advance distribution of materials for the meetings of the Board of Executive Officers and the Board of Directors. In the past, the preparation of materials often took until the last minute, resulting in distribution just before the meetings, which did not allow enough time for prior review. However, this situation has now improved, with materials being distributed a few days in advance. In addition, on this matter, I feel that there has been further improvement since last year, when the secretariat began holding preliminary briefings for outside directors.

Moriya To invigorate discussions at Board meetings, the early distribution of materials is key. Attending monthly business briefings and receiving explanations from personnel in charge of operations have also been very helpful. On top of that, as mentioned in Japan's Corporate Governance Code, I think it is also necessary to have the outside directors and outside Audit & Supervisory Board members get together so that they have the time to share their thoughts with one another.

Research and Development Activities

Basic Policy

Our Group's Basic Policy of research and development is to propose high value added unique and differentiated products to our customers through close communication in order to envision and realize an idea future. 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.

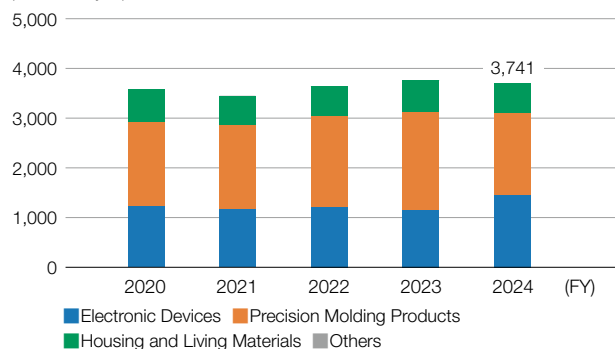
Main R&D Fields

Core technologies of 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 and sharing information obtained from the market across all development departments, we develop a broad spectrum of products targeting various markets that automobiles, semiconductors, information devices OA equipment and living materials. We have placed a particular emphasis on the promising sectors of next-generation automobiles and semiconductors, selecting cross-cutting themes ranging from base area products to growth area products to propel our research and development.

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

R&D Costs by Segment

(Millions of yen)



Initiatives for Eco-friendly xEVs

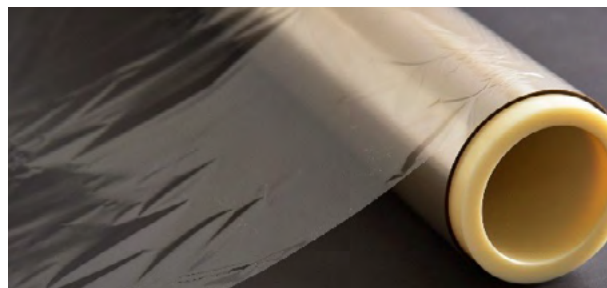
We are pursuing R&D related to xEVs as part of our efforts towards building new fundamental technologies and creating new businesses related to next-generation automobiles.

Unlike conventional gasoline engine vehicles, xEVs are automobiles that create and store a large amount of electricity that is supplied to their motors. Thus, they produce lower carbon dioxide emissions (a factor that contributes to global warming) during driving, and as eco-friendly automobiles, they are expected to spread at an accelerated pace going forward.

High-capacity batteries are used to store a large amount of electricity, and capacitors and other components are used to supply such electricity stably. We will develop and start to supply products that ensure safety in these parts and components. Such products include silicone sponge rubber products placed between cells in batteries to absorb generated heat as well as expansion and contraction when charging and discharging; heat-resistant film for film capacitors that can run stably at high voltages and high temperatures; and an insulating and covering material for busbars that conduct large amounts of electricity.

In light of the growing trend toward electronic control, we will provide the proprietary conductive polymers for hybrid capacitors we have developed that stably supply electricity to electronic devices.

We aim to become a “company that helps to realize a sustainable society” through semiconductors, which support electrification and autonomous driving; fuel cells for the realization of a hydrogen society; and other products.



Conceptual image of heat-resistant thin film for film capacitors (product in development)

Developing Proprietary Products to Create New Value

We position product groups that underpin our corporate growth as our base areas. Products in these areas have basic specifications and applications that have been established over the many years since we launched them into the market. While their growth rate may not be large, they stably generate resources for developing next-generation products.

Wrapping films for food are one of the categories of such products. We hold the top market position in commercial cling wraps. By developing proprietary products, we aim to further boost our market presence while enhancing profitability.

One of our proprietary products in this line is “KitcheNista Wrap Antiviral/Antibacterial.” This product is an antiviral and antibacterial wrapping film for food products. Bacteria and viruses are the two major factors that lead to food poisoning, and this wrap's properties help to keep the product more hygienic by working against these two factors. This product is the first kitchen wrap in Japan to meet the requirements for antiviral properties and safety defined by the Society of International sustaining growth for Antimicrobial Articles (SIAA). Because viruses are extremely small, they can only be inactivated if antiviral agents are spread across the entirety of a wrapping film. To do so, we make use of antiviral agents in both powder and liquid form.

We have turned our attention to antiviral and antibacterial properties, which became a social issue during the COVID-19 pandemic. Products in our base areas include materials with excellent sliding properties, anti-static properties, heat resistance, and other properties that leverage our proprietary compounding technology. We use the optimal materials and processing techniques suited to customers' applications, thereby creating new products and generating new value as we help to solve social issues.



KitcheNista Wrap Antiviral/Antibacterial
(KitcheNista is a registered trademark of Shin-Etsu Polymer Co., Ltd.)

Intellectual Property Strategy

Our Group's intellectual property strategy has a basic policy of expanding our intellectual property portfolio while mitigating risks and securing the competitive superiority of new businesses and products already in the market.

The "Patent Committee" is an advisory body to the President. It meets twice a year to discuss the utilization of rights we hold alongside other matters together with the people in charge of patents and trademarks in the Development Unit, the Production Unit, and the Sales Unit. At monthly "Patent Review Meetings," the Intellectual Property Department plays a central role alongside the people in charge of patents in each division to check unexamined patent applications and registered patents in order to consider their impacts on our businesses as well as measures to implement.

In addition, among other efforts, we collaborate with the Production Unit to maintain a stable supply of products by protecting intangible assets in an optimal way, and we collaborate with the Sales Unit to apply for and secure trademark rights. We aim to further develop our businesses through these and other intellectual property activities focused on business continuity and prosperity.

Aiming to Contribute to Achieving the Medium-term Management Plan Through IP

Our Group acquires more intellectual property rights by the year. How to effectively utilize these rights presents a challenge. We recognize that it is vital to use our accumulated technologies to make contributions with new development efforts.

Aiming to achieve the Medium-term Management Plan, our goal is to optimize our intellectual property portfolio, secure competitive superiority in the market, and contribute to our businesses. Regarding products in growth areas, we will focus on protecting our proprietary technologies while keeping an eye on competitors. For products in base areas, we will extend the protection period of intellectual property rights, thereby preventing competitors from entering the market. In addition, we will engage in efforts to boost the percentage of overseas applications to support global business expansion through intellectual property.

Status of Securing Rights for Our Major Products

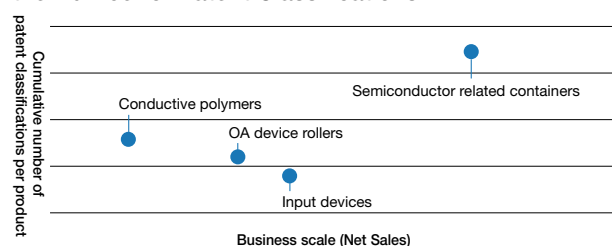
Our Group has defined intellectual property strategies for individual business fields with different business models. To take the technologies and knowledge produced through R&D based on these strategies and shape them into management resources, we are pursuing efforts to protect intangible assets by securing intellectual property rights and by controlling information.

Graph 1 shows the cumulative number of classifications granted by the Japan Patent Office to invented technologies for each product and their relation to the scale of each business. Semiconductor-related containers are positioned as the driver of business growth and have the largest number of classifications, and they are followed by electronic components for power devices and conductive polymers, such as display-related products, which are expected to expand into many applications.

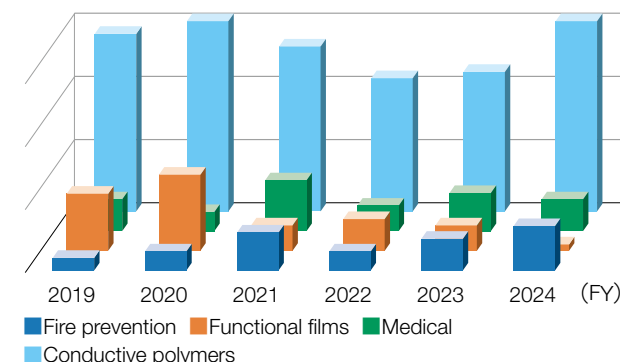
Graph 2 shows the history of the number of patents filed for fire prevention cushions for EV batteries, heat-resistant thin films for film capacitors, medical products such as single-use tubes for pharmaceuticals, and conductive polymers such as materials for hybrid aluminum electrolytic capacitors. These are representative products from businesses that are expected to grow. We are steadily filing patents every year in line with development in each area, thereby taking steps to secure rights.

We aim to achieve sustainable profit growth and are placing importance on initiatives that "take the offense" in enhancing the value of intellectual capital in growth areas. It is also important to have "defensive" initiatives that maintain the value of our proprietary products from base areas, which generate the resources for capital expenditures that are similarly required for business growth. Going forward, we aim to drive intellectual property management both "offensively" and "defensively" as we create new value to contribute to our businesses.

Graph 1: The Relationship Between Business Scale and the Number of Patent Classifications



Graph 2: History of Patent Applications from Growing Businesses (Number of applications)



A Bottom-up Initiative: Meetings with the People in Charge of Patents

Once a month, the Intellectual Property Department holds a Meeting with the People in Charge of Patents to deliver the latest news and trends in revisions to laws related to intellectual property, briefings on expert knowledge, and other timely information to the people in charge of patents. Each meeting is joined by about 20 people in charge of patents who actively exchange opinions. The January 2025 meeting covered a wide range of topics ranging from details on running an application system to trademark law. Participants engaged seriously in IP activities interspersed with quizzes and other exciting segments. The people in charge of patents took information from the meetings back to their own divisions and implemented it in their daily intellectual property activities. The ongoing improvement of these individuals serves as a force for supporting business growth.



A scene from a Meeting with the People in Charge of Patents

Strengthening Human Capital for Corporate Value Enhancement

Human Resource Strategy

The Shin-Etsu Polymer Group is looking for “human resources who promote creation and innovation.” To achieve this goal, we are committed to cultivating a workplace culture that supports employees in taking on challenges to reach high goals and promoting PDCA training that emphasizes OJT (On-the-Job Training) to enable the experiential learning cycle in the field. We also provide an environment where each employee can continually learn to ensure that they will have a proactive sense of wanting to learn, play a more active role, and advance their careers.

Training for Human Resource Development

Our Group considers “staff development” to be the driving force for business continuity and development, so it aims to establish an education and training system that promotes the steady growth of each and every employee. We offer a variety of training programs, both OJT and Off-JT, such as training to develop the necessary skills for each level and technical training. In addition, we have systems to support the autonomous career development of our employees, including a correspondence course system to encourage self-development and an incentive program for acquiring qualifications.

In addition to enhancing and strengthening our training programs for human resource development, we are expanding our internal environment, systems, and mechanisms so that every employee can feel a sense of purpose in their work. Among these, we have introduced four key systems: the tutor system, personnel system, personnel evaluation system, and internal open recruitment system.

Tutor System

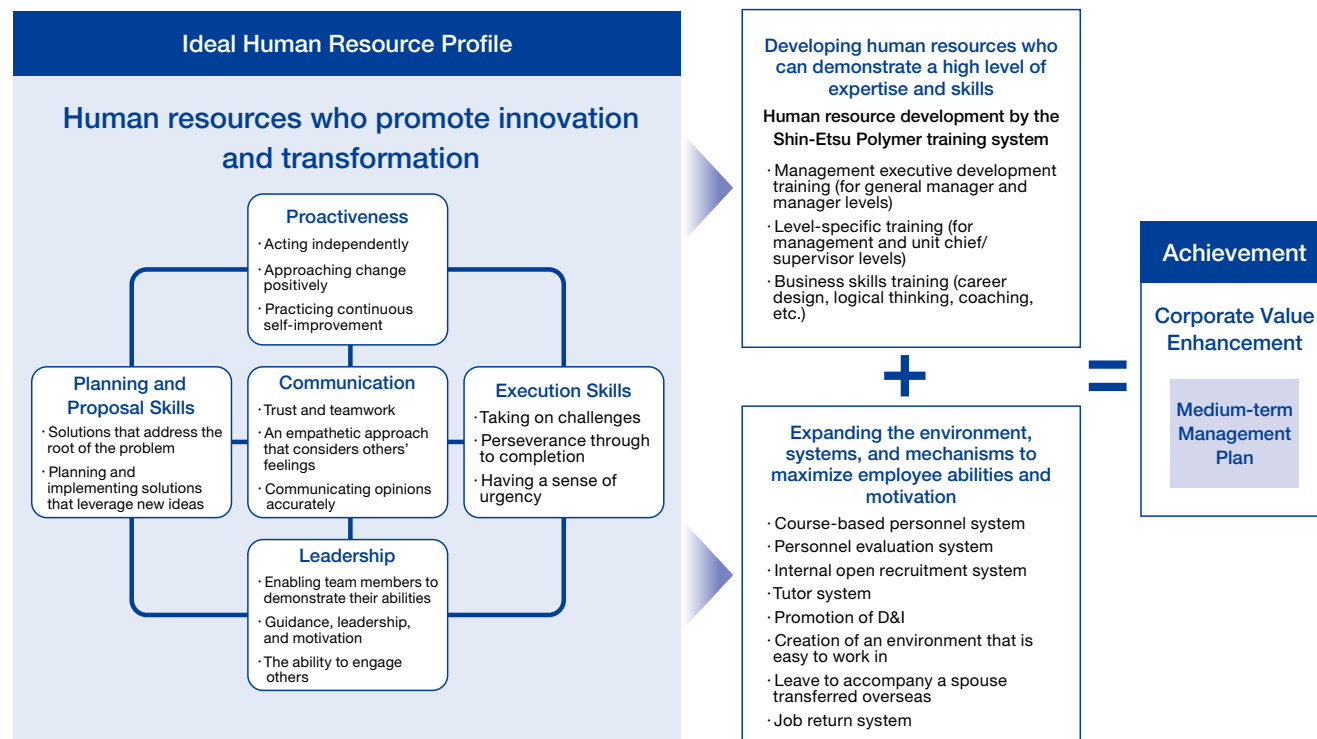
We have introduced a tutor system that provides one-on-one training by appointing a dedicated instructor (tutor) for each new employee. Seasoned employees in at least their second or third years are appointed as tutors. After receiving training on instruction methods, they serve as role models for new employees, acting as accessible workplace consultants and good mentors. Through their experience as instructors, the tutors themselves are also able to grow.

Personnel System

From the perspective of creating an environment in which every employee can work in their own way and grow through their work, we are making efforts to build a personnel system that makes it easy for employees to take on challenges. We have adopted a course-based personnel system that differs between general and management positions. For general employees, courses are based on job duties and work location, while for managers, multiple courses are set for each expected role and job type.

Personnel Evaluation System

In addition to results and performance, our personnel evaluations focus on the abilities that drive those results and attitudes that contribute to the organization, such as teamwork. We have built an evaluation system that emphasizes fairness and credibility, and we conduct evaluations twice a year (every six months). In addition, we hold training twice a year for the evaluators in charge of personnel evaluations to improve the quality of the entire evaluation system, which leads to fair, impartial evaluations and the practice of human resource development. We will continue to work to build a system that makes it easy to take on challenges and that promotes employee growth.



Internal Open Recruitment System

We have established an internal open recruitment system to broadly solicit applications from within the company for departmental transfers and project participants, and to select and place appropriate human resources. The objectives of this system include appropriate placement of personnel who have both motivation and ability, and fostering of a culture that supports employees' voluntary desire to take on challenges and develop their careers.

Diversity & Inclusion

As a measure to meet the expectations of our stakeholders, Shin-Etsu Polymer is promoting diversity and inclusion throughout the company. We believe that utilizing diverse human resources and providing opportunities for them to fully demonstrate their abilities will create innovation and lead to increased corporate value. We aim to create a workplace where employees recognize each other's diversity, have empathetic understandings of one another, and work as a team. To ensure diversity and inclusion take root in our corporate culture, we conduct training with external instructors on an ongoing basis.

FY2024 Training Themes

Theme	Training Content	Number of Participants
Diversity and Management	<ul style="list-style-type: none"> HR strategies for proactively incorporating diversity into management Group discussion on diversity Group discussion on the importance of diversity management 	114
Diversity & Inclusion	<ul style="list-style-type: none"> Diversity approaches (Thomas & Ely) Mechanisms for positively harnessing diversity Discussion on solutions for cases such as childcare and nursing care 	
Unconscious Bias	<ul style="list-style-type: none"> Discussion of case studies and personal examples Workplace case studies Addressing and reducing unconscious bias 	

Promotion of Women's Participation and Advancement

Our Group strives to secure outstanding human resources with diverse abilities and individuality, regardless of nationality, race, and gender, and we are working to develop our internal environment and systems so as to maximize individual abilities.

With the aim of creating opportunities for women to concretely consider career advancement to management positions, in fiscal

2024, we held a networking event for female employees who aim for management roles, where current female managers spoke about the details of their careers and their experiences in key positions. At the event, many pressing concerns and personal stories were shared, including those related to work, childcare, and nursing care. Based on the feedback gathered from female employees through this interaction, we plan to make improvements to create a workplace environment where more women can feel at ease and concentrate on their work, and where more women can aim for management positions. We will continue to hold these networking events between current female managers and female employees. By steadily carrying out these activities, we will promote the creation of a workplace environment where women can be active, grow, and fully demonstrate their abilities over the long term.

Shin-Etsu Polymer (Non-consolidated) Indicators, Targets, and FY2024 Results

Indicators	Targets	Results (FY2024)
Percentage of female workers in management positions	5% or more by March 2028	4.9%
Difference in average duration of service between men and women	Reduce to 3 years or less by March 2026	1.4 years
Ratio (%) of male employees taking parental leave	20% or more for the fiscal year ended March 2025	100%
Gender wage gap (regular employees)	70% or more by March 2028	73.4%

Employment Support for Life Events

In October 2022, our Group established the "Policy to Support Employee Childcare." We are focused on creating an environment where employees can balance work with life events such as childbirth and childcare, providing systems that go beyond legal requirements and continually striving to enhance employment support measures. In response to the revision of the Childcare Leave and Family Care Leave Act in April 2023, we have created an environment to promote male employees' participation in childcare and are working to improve the percentage at which they take parental leave. Furthermore, to encourage such participation, we are raising awareness of related systems by

implementing e-learning on the theme of male parental leave, and are striving to foster a workplace culture that facilitates good work-life balance. We have set a target of maintaining an acquisition rate for male employees of 70% or higher for both parental leave at childbirth and subsequent parental leave.

Employee's Voice

Thoughts and Engagement as a Manager

Noriko Ito
Information Systems Department



I oversee the members who are in charge of our Group's overall infrastructure, security, and core systems. I also carry out projects aimed at transformation, such as the introduction of new technologies like RPA and generative AI, and overhauls of aging systems.

In recent years, as work styles that emphasize work-life balance have advanced, our company has put in place flexible systems such as leave for child nursing care, family care leave, a flextime system, and hourly paid leave. I really feel the times are changing, as I now regularly hear things like, "I'm going to pick up my child from nursery school," or "My wife starts work in the afternoon, so I'll be out for the morning." At the same time, as a manager, I feel it is essential for the organization to prepare by creating an atmosphere where these systems are easy to use, and by ensuring information is shared and employees are multi-skilled to minimize impacts on operations.

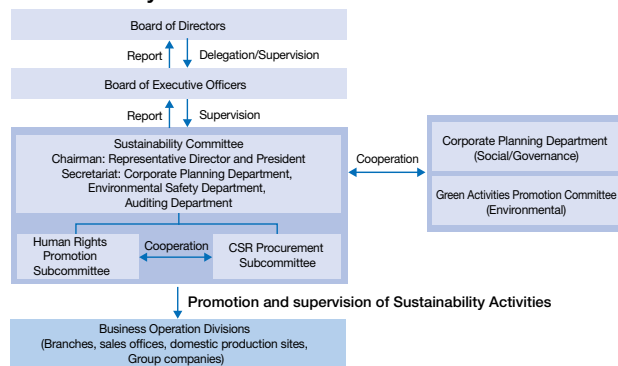
I myself have balanced work and family with the help and support of those around me. I believe the secret to a long career is not to aim for perfection, but to sometimes rely on others and to take on challenges without fear of failure. Going forward, as we continue to create a workplace where diverse human resources can be themselves and demonstrate their abilities regardless of gender, I hope that each individual will learn proactively, grow, and bring new value to the organization.

Sustainability Management

Governance

To strengthen our sustainability management, the Shin-Etsu Polymer Group has established a Sustainability Committee, chaired by the Representative Director and President, as a subordinate body of the Board of Directors and the Board of Executive Officers. This committee deliberates on and decides important matters and measures related to sustainability. Particularly important issues are reported to the Board of Executive Officers and the Board of Directors for their decision and approval. Under this promotion structure centered on the Sustainability Committee, the Business Operation Divisions take the lead in promoting sustainability activities as a company-wide initiative to resolve environmental and social issues, including climate-related risks and opportunities, while cooperating with the Corporate Planning Department and the Green Activities Promotion Bureau, which address individual ESG issues. Furthermore, with regard to the Key Sustainability Issues identified as “Promotion of CSR procurement and diversification of supply sources” and “Respect for human rights” within “Respect for human rights, the development of human resources and promotion of diversity,” we have established the “CSR Procurement Subcommittee” and the “Human Rights Promotion Subcommittee,” respectively, and are striving to advance their initiatives.

Sustainability Promotion Structure Chart



Sustainability Initiatives

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

Sustainability Report

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

Strategy

Based on our Corporate Mission Statement, the Group is dedicated to management that prioritizes safety and fairness, aiming to be a Group of companies that continues to grow with society. To address social issues through our business while responding to the requests and expectations of our stakeholders, we have established 13 specific corporate actions in line with our “Basic Sustainability Policy” and “Corporate Code of Conduct,” which are conceptually subordinate to our Corporate Mission Statement. In addition, we will contribute to the realization of a sustainable society by identifying Key Sustainability Issues and continuously working toward their resolution.

Main Activities for Fiscal 2024

Key Issues	Details of activities
The foundation of all activities: Legal compliance, fair corporate activities	<ul style="list-style-type: none"> Developed compliance awareness among officers and employees through e-learning, etc. as well as activities to raise awareness Strengthened security export controls (held a briefing on security export controls) Monitored and prevented acts of dishonesty by setting up internal reporting system, supplier hotline, etc.
Health and safety of employees and contractors	<ul style="list-style-type: none"> Continued and strengthened risk assessments of production facilities and work, and 5S+1A activities Conducted environmental and security audits Promoted workplace physical exercise before the start of work
Energy-saving, resource-saving and reduction of the environmental impacts	<ul style="list-style-type: none"> Promoted activities to achieve the 8th medium-term targets for Green Activities (fiscal 2024–2026) Executed the roadmap to reduce CO₂ emissions and reviewed the action plan
Product quality improvements and product safety control	<ul style="list-style-type: none"> Conducted audits aimed at preventing quality-related misconduct Improved quality awareness through various events during Quality Month Implemented various training programs to improve quality capabilities Responded appropriately to customer complaints Provided quality guidance and conducted quality audits for our business partners to improve the quality of procured goods
Promoting CSR procurement and the diversification of supply sources	<ul style="list-style-type: none"> Disclosed and disseminated the Shin-Etsu Group’s “CSR Procurement Guidelines” and the Shin-Etsu Polymer Group’s “Basic Procurement Policy” to our business partners Grasped the status of initiatives and responded to risks through CSR procurement surveys of our business partners
Respect for human rights, the development of human resources, and the promotion of diversity	<ul style="list-style-type: none"> Grasped human rights risks through human rights due diligence questionnaires for key business partners Developed internal systems for diverse work styles and promoted their use Conducted training on Diversity & Inclusion and power harassment in the workplace
Respect for and protection of intellectual property	<ul style="list-style-type: none"> Deliberated on and shared the activities of the Patent Committee, such as creating intellectual property from development results, protecting and managing acquired rights, and respecting the rights of other companies, based on intellectual property activities carried out under the Industrial Property Rights Regulations and the Compliance Manual
Contribution to industry and social initiatives	<ul style="list-style-type: none"> Promoted co-existence with local communities through activities such as promoting eco-products by developing environmentally and socially conscious products, implementing volunteer activities for infrastructure maintenance using our “Polymer Ace” product, volunteering at local nursing homes, and carrying out beautification activities around plants, work experience programs, traffic safety campaigns, and blood donation drives at production bases
Accurate and timely information disclosure and communication with stakeholders	<ul style="list-style-type: none"> Ensured fair, timely, and appropriate information disclosure and enhanced IR and public relations activities

Risk Management, and Indicators and Targets

The Group comprehensively manages sustainability-related risks as significant Group-wide risks based on our risk management regulations. Twice a year, all divisions and sites identify risks and formulate countermeasures, and once a year, the status thereof is reported to the Board of Executive Officers. We also set targets linked to our medium-term management plan for our Key Sustainability Issues, which are evaluated and organized based on their importance to our Group and their impact on society and stakeholders.

Addressing Climate Change

Disclosures Based on TCFD Recommendations



Governance

The Shin-Etsu Polymer Group deliberates on our response to climate change, including CO₂ emission reduction targets, in our Sustainability Committee, which is chaired by the President and Representative Director. The Committee holds discussions necessary to strengthen sustainability management and reports to the Board of Directors. The Board of Directors monitors and supervises the status of responses implemented based on these reports. In accordance with the roadmap formulated in fiscal 2023, we switched to 10% renewable electricity for all five of our plants in Japan in fiscal 2024. In November, the Committee shared the results of six months of monitoring and reviewed the roadmap. As a result, it was decided to introduce 20% renewable electricity for all five plants in Japan for fiscal 2025.

Strategy (Scenario Analysis)

As a result of scenario analysis, the Shin-Etsu Polymer Group has identified transition risks associated with changes in laws and regulations, such as the strengthening of GHG emission regulations, and physical risks from abnormal weather. We will address such transition risks by switching to renewable energy, among other measures. We will address physical risks through measures such as supply chain management for sustainable procurement. We have also identified opportunities in products and services, such as the spread of EVs and the expansion of the digital network society. We will strive to capture these opportunities by developing new products for EVs, expanding sales of semiconductor-related containers, and developing material products for electronic components.

Risk Management

In the Shin-Etsu Polymer Group, the Sustainability Committee takes the lead in identifying and assessing climate change risks and opportunities. For risks and opportunities that have a high degree of impact on our business, we formulate strategies and set targets to minimize risks and maximize opportunities, and we regularly report on the status of these initiatives to the Board of Executive Officers and the Board of Directors.

Indicators and Targets

The Shin-Etsu Polymer Group has set a CO₂ reduction target for the entire Group through 2050 for Scopes 1 and 2. Going forward, we will actively promote introduction of energy-efficient equipment and conversion to renewable electricity. For Scope 3, we are considering setting reduction targets while prioritizing categories with high emissions. We have also set a target for our renewable electricity adoption rate for 2030.

Climate-related Risks

Transition risks (risks associated with the transition to a low-carbon economy)

Changes in the external environment	Degree of impact	Anticipated time frame	Impacts on Shin-Etsu Polymer Group	Countermeasures
<ul style="list-style-type: none"> Strengthening of GHG emission regulations Introduction of carbon tax 	Major	Medium term	<ul style="list-style-type: none"> Increase in development and procurement costs required to achieve carbon neutrality Increased taxes due to the introduction of a carbon tax 	<ul style="list-style-type: none"> Introduction of energy-saving equipment Introduction of renewable energy Introduction of solar power facilities Purchase of carbon credits
<ul style="list-style-type: none"> Increased demand for low-carbon products Need for new climate-change related technologies 	Major	Medium term	<ul style="list-style-type: none"> Increased R&D costs due to increased competition in the development of energy-related technologies Increased capital investment due to increased production 	<ul style="list-style-type: none"> Transition to low-carbon materials Expansion of eco-friendly products Promotion of technological innovation Improvement of facilities for production efficiency
<ul style="list-style-type: none"> Sharp rise in the cost of petroleum derived raw materials Reduced use of petroleum-derived raw materials by customers 	Major	Medium term	<ul style="list-style-type: none"> Increased procurement costs due to rising raw material costs Increased costs due to the introduction of equipment compatible with low-carbon raw materials Reduced revenue for existing products 	<ul style="list-style-type: none"> Transition to low-carbon materials Exploration of alternative raw materials Installation of equipment that is compatible with alternative raw materials

Physical risks (risks associated with the physical impacts of climate change)

Changes in the external environment	Degree of impact	Anticipated time frame	Impacts on Shin-Etsu Polymer Group	Countermeasures
<ul style="list-style-type: none"> Wind or flooding damage caused by irregular weather 	Major	Short- to long-term	<ul style="list-style-type: none"> Decreased revenue caused by a shutdown or reduction in business activities due to flooding and damage to factories Increased costs such as restoration costs, natural disaster countermeasure costs, and insurance premiums Increased procurement costs and loss of sales opportunities due to interruptions in supply chains caused by disasters Costs associated with cleanup of chemical spill caused by disasters 	<ul style="list-style-type: none"> Updating BCP manual Risk assessments and sustainable supply chain management Diversification and decentralization of raw material suppliers Strict management of hazardous materials

Climate-related Opportunities

Product or service opportunities

Changes in the external environment	Degree of impact	Anticipated time frame	Impacts on Shin-Etsu Polymer Group	Countermeasures
<ul style="list-style-type: none"> Transition from gasoline vehicles to EVs Expansion of the digital network society Increased demand for a reduction in CO₂ emissions Increased demand for low-carbon products 	Major	Short- to long-term	<Electronic Devices> Development and market launch of new products for EVs	Mass production of fire prevention cushions for EV batteries started at the Kodama Plant.
			<Precision Molding Products> Expanded sales of semiconductor-related containers in line with growing demand	Expansion of the Itoigawa Plant was completed to increase production capacity for semiconductor-related containers, and also construction of a new building at the Tokyo Plant was completed.
			<Housing and Living Materials> Development and market launch of material products for electronic components	We are developing heat-resistant thin film as a thermal countermeasure for power semiconductors, and have introduced equipment for mass-productivity verification.

Anticipated time frame Short term: within 10 years. Medium term: from 10 to 50 years. Long term: Over 50 years

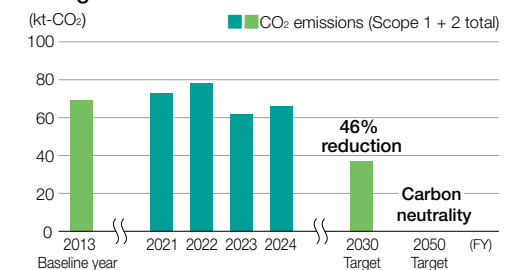
CO₂ Emission Reduction Targets (Scope 1, 2)

2030 Target	46% reduction (compared to FY2013)
2050 Target	Achieving carbon neutrality

Renewable Energy Adoption Rate Target

2030 Target	33%
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Changes in CO₂ Emissions Results



Eleven-Year Financial and Non-Financial Summary (For the fiscal years ended March 31, 2015 through 2025)

	Millions of yen											Thousands of U.S. dollars ¹
Fiscal year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2024
For the year:												
Net sales	¥110,582	¥104,379	¥108,278	¥ 92,640	¥ 76,904	¥ 80,254	¥ 85,460	¥ 79,343	¥ 73,979	¥ 75,039	¥ 71,707	\$ 737,213
Segments												
Electronic Devices	24,848	25,506	24,684	21,996	18,037	19,725	20,699	19,554	18,644	19,933	18,875	165,653
Precision Molding Products	56,024	47,602	50,021	42,147	34,160	33,451	37,089	34,369	31,074	30,377	28,644	373,493
Housing and Living Materials	22,080	24,184	26,236	21,406	17,736	19,009	19,931	18,703	17,269	18,205	18,435	147,200
Others	7,628	7,085	7,336	7,090	6,969	8,067	7,740	6,715	6,991	6,522	5,753	50,853
Overseas sales	60,933	53,538	56,624	45,992	35,790	36,943	40,396	38,092	33,593	34,495	31,660	406,220
Gross profit	33,944	31,155	33,731	29,140	23,981	25,693	26,762	24,627	22,692	20,896	18,534	226,293
Operating income	13,271	11,050	12,749	9,732	7,217	7,756	8,153	7,206	5,511	4,101	2,231	88,473
Ordinary income	13,218	11,530	12,986	10,129	7,021	8,097	8,026	7,274	5,934	4,532	2,865	88,120
Profit attributable to owners of parent	9,430	8,674	8,529	6,308	4,536	6,288	6,049	5,455	4,230	3,151	1,777	62,867
Comprehensive income	14,723	11,517	12,944	9,849	3,577	5,587	4,468	6,239	2,361	226	4,544	98,153
Cash flows from operating activities	16,013	11,973	9,124	9,759	10,641	7,688	9,498	8,447	7,278	7,682	4,656	106,753
Cash flows from investing activities	(10,979)	(12,314)	(11,200)	(9,664)	(3,736)	(4,629)	(6,745)	(4,437)	(1,843)	(4,768)	(1,572)	(73,193)
Free cash flows	5,034	(340)	(2,075)	94	6,905	3,059	2,752	4,009	5,435	2,914	3,084	33,560
Cash flows from financing activities	(4,904)	(4,148)	(2,498)	(2,364)	(1,691)	(1,813)	(3,204)	(1,670)	(789)	(1,179)	(604)	(32,693)
Capital expenditures	9,949	15,481	10,110	6,107	3,147	3,032	6,023	5,420	3,721	4,424	3,877	66,327
R&D costs	3,741	3,758	3,638	3,454	3,588	3,896	4,249	3,382	3,572	3,609	3,225	24,940
At year-end:												
Total assets	¥152,988	¥140,778	¥ 135,364	¥ 122,577	¥ 108,212	¥ 105,378	¥ 107,032	¥ 103,667	¥ 96,061	¥ 92,845	¥ 93,889	\$ 1,019,920
Total net assets	123,154	112,967	105,128	94,337	86,677	84,538	80,560	77,510	72,890	71,253	72,250	821,027
Net working capital ^{*2}	72,848	67,842	70,583	65,238	62,555	58,904	54,118	53,658	51,549	49,917	49,798	485,653
Per Share Data:												
												U.S. dollar ^{*1}
Net income	¥116.99	¥107.31	¥105.68	¥ 78.15	¥ 56.09	¥ 77.55	¥ 74.27	¥ 66.48	¥ 51.60	¥ 38.55	¥ 21.85	\$ 0.78
Net assets	1,525.86	1,394.32	1,294.09	1,166.23	1,067.58	1,042.40	989.44	948.31	887.09	870.12	874.65	10.17
Cash dividends	52.00	46.00	38.00	26.00	20.00	18.00	16.00	12.00	12.00	9.00	9.00	0.35
Financial indicators:												
												% (Except interest coverage ratio)
Return on equity (ROE)	8.0	8.0	8.6	7.0	5.3	7.6	7.7	7.3	5.9	4.4	2.6	
Return on assets (ROA)	9.0	8.4	10.1	8.8	6.6	7.6	7.6	7.3	6.3	4.9	3.1	
Equity ratio	80.2	80.0	77.4	76.7	79.8	80.0	75.1	74.6	75.8	76.7	76.0	
Interest coverage ratio (Times)	449.9	353.0	259.6	384.1	383.4	254.6	396.1	345.1	285.5	283.2	150.5	
Non-financial indicators:												
CO ₂ Emissions (Thousands of t-CO ₂)	66.8	61.6	77.3	71.7	65.5	68.8	68.1	66.3	64.1	62.1	62.6	
Intensity per Production Weight (t-CO ₂ /t) ^{*3}	1.470	1.184	1.301	1.300	1.556	1.535	1.505	1.480	1.476	1.476	1.496	
Waste Emissions (t)	4,505	4,711	5,043	4,790	4,067	4,775	4,574	4,715	4,471	4,450	4,241	
Intensity per Production Weight (kg/t)	99.1	90.5	84.9	86.8	96.5	106.6	101.1	105.3	103.0	105.8	101.4	
Number of employees (Consolidated)(people)	4,356	4,457	4,706	5,157	5,089	4,655	4,614	4,407	4,144	3,942	3,962	

*1 U.S. dollar amounts are included solely for the convenience of readers, using the conversion rate of ¥150 per US\$1 prevailing on March 31, 2025.

*2 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.

*3 Until the previous fiscal year, data was presented separately for Japan and overseas; however, starting this fiscal year, we are presenting integrated data for both. In line with this change, we have revised the historical data.

Company Profile, Group Network and Investor Information (As of March 31, 2025)

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	4,356 (Consolidated), 942 (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	13,743
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	53.4
The Master Trust Bank of Japan, Ltd. (Trust account)	6,420	7.9
Custody Bank of Japan, Ltd. (Trust account)	1,985	2.4
CEPLUX- THE INDEPENDENT UCITS PLATFO	1,182	1.4
HIKARI TSUSHIN, INC.	986	1.2
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	840	1.0
Nippon Life Insurance Company	768	0.9
STATE STREET BANK AND TRUST COMPANY 505103	736	0.9
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	705	0.8
NORTHERN TRUST CO. (AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND	691	0.8

1. In addition to the above and excluded from the above major shareholders, 2,180 thousand shares of treasury stock are held in the name of Shin-Etsu Polymer Co., Ltd.
2. Percentage of total equity is calculated excluding treasury stock.

Group Network	
Our Company	Overseas Subsidiaries
Head Office Chiyoda-ku, Tokyo	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.
Plants Tokyo Plant (Saitama Prefecture) Nagano Branch (Nagano Prefecture) Kodama Plant (Saitama Prefecture) Itoigawa Plant (Niigata Prefecture) Shiojiri Plant (Nagano Prefecture)	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.
Domestic Subsidiaries	
Sales and Construction, etc. Shin-Etsu Finetech Co., Ltd. (Tokyo)	
Manufacturing and Sales KitcheNista Co., Ltd. (Ibaraki Prefecture)	

External Evaluation
We have been selected for inclusion in the MSCI "Nihonkabu ESG Select Leaders Index."

**2024 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX**

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