

# Shin-Etsu Polymer Co., Ltd.

## Summary of Q&A about Financial Results Briefing for Fiscal Year Ended March 2022

Date and time	Tuesday, May 10, 2022 14:00 - 15:00 (JST)	
Venue	Webinar (Live Streaming)	
Attendees	<ul style="list-style-type: none"><li>• President, Chief Executive Officer</li><li>• Director, Senior Managing Executive Officer, General Manager of Sales Unit</li><li>• Director, Managing Executive Officer</li><li>• Managing Executive Officer, General Manager of Office of Business Development, Sales Unit</li><li>• Managing Executive Officer, General Manager of Development Unit</li><li>• Executive Officer, General Manager of Accounting &amp; Finance Department, Administrative Unit</li></ul>	<ul style="list-style-type: none"><li>Yoshiaki Ono</li><li>Toshiaki Deto</li><li>Toru Takayama</li><li>Mikio Furukawa</li><li>Satoru Sugano</li><li>Osamu Kowada</li></ul>

### <Company-wide>

**Q1.** Please describe price revisions in reaction to rises in raw materials prices and your outlook for price revisions.

**A1.** The prices of all raw materials—polyvinyl chloride (PVC), polycarbonate, and silicone—rose. We explained that we would raise the prices of silicone products to maintain a stable supply and won customer understanding. We then revised prices. The prices of almost all PVC products, including PVC pipes, were revised, although the prices of certain wrapping films are planned to be revised this fiscal year (fiscal year ending March 2023). There was a fourth round of PVC price hikes this fiscal year, and we have started negotiations with customers after the multiple national holidays in early May. We are looking at revising prices without delay.

**Q2.** Please describe your outlook for automotive products and materials, including input devices, functional compounds, and conductive polymers.

**A2.** There are no signs of a significant fall in orders for automotive products. Orders were firm in April. However, automobile sales in China have declined about 50% due to lockdowns in April, and uncertainty about the future has emerged. We expect adverse effects in the first quarter of this fiscal year.

**Q3.** What are the effects of the disruption of logistics in China? When will it end?

**A3.** Production at the Company's Suzhou plant is stable, but shipments at the sales company in Shanghai fell about 50% due to the disruption of logistics in April. We expect that this situation will continue to around June due to the lockdown in Beijing, among other factors.

**Q4.** How are automotive products selling in markets other than China?

**A4.** Sales are firm in the United States. In Europe, sales are affected by parts shortages caused by the war in Ukraine.

**Q5.** What did you target with your capital expenditures in the fiscal year ended in March 2022?

**A5.** Almost 80% of 6.1 billion yen was invested in the Precision Molding Products business, including the semiconductor-related containers business.

**Q6.** Please describe your profit growth and business portfolio plans?

**A6.** We wanted to achieve an ordinary profit of 10 billion yen in the fiscal year ended March 2021, but failed to achieve the targets due to COVID-19. In the fiscal year ended March 2022, we did achieve an ordinary profit of 10 billion yen, reflecting a significant increase in the semiconductor-related containers business. Our policy for the future is to reinforce the corporate structure to continue to record new sales of 100 billion yen and an ordinary profit of 10 billion yen regardless of the business environment. In addition, over the medium to long terms, we aim to become a company that achieves an increase in profit every year without fail. We expect that the semiconductor industry will definitely grow over the medium to long term. We believe that producing and selling semiconductor-related containers without fail will be the greatest driving force for growth. We will make investments for that actively and promptly. We expect that production volume will not grow significantly in the auto industry. But the pace of technological innovation is fast, and we will make sure to launch products in response to that. In that sense, we see the auto industry as a growth industry. We will achieve growth in products in the industry without fail. Although the printer market is said to be saturated, the small printer market is still seeing growth. Our fuser rollers for existing printers are well received in the market and the use of the rollers is expanding. We believe that we will be able to achieve steady growth in sales of OA rollers while strengthening product development capabilities. We aim to achieve growth in medical-related products from a long-term perspective. The product life cycles of medical-related products are very long once they are adopted. There was a risk of product liability litigation, and we did not develop the business actively. However, the biological stability of silicone materials is high, and it is being discovered that the risk is low. We seek to actively develop medical-related products. We believe that we will be able to expand the business in cooperation with companies that have sales capabilities, taking advantage of our molding techniques. We think the area of medical-related products is a promising one where we can conduct M&A. By implementing those initiatives, we would like to become a company having a strong corporate structure that will increase profits in the medium to long term

**Q7.** What are your views on the potential of the plant in India and the timing of its performance contributions?

**A7.** The India plant is one of our automotive input devices production bases. The level of the labor force in India is high in terms of quantity and quality. The third factory building has been completed. We will

transfer the manufacturing of products from Malaysia and China to India one by one if the transfer will increase efficiency in production and sales. The auto industry is growing sharply in India. We expect that we will be able to secure a share of the automotive key switch market in India by expanding the India plant. We plan to develop new automotive products and make the plant a major automotive products plant. The India plant was in the red, but earnings have been improving gradually since the transfer of the manufacturing of key switches. The plant made a profit during the fiscal year under review. We expect that we will be able to increase profits steadily at the plant.

**<Precision Molding Products segment>**

**Q1.** Please describe your plan on increases in the prices of semiconductor-related containers.

**A1.** The supply-demand balance is tight. We will explain to customers how much we will raise prices, considering raw materials prices and logistics prices.

**Q2.** Why is growth in FOUP larger than that in FOSB?

**A2.** FOSB are for wafer manufacturers, while FOUP are for device manufacturers. In the fiscal year under review, orders and shipments of FOUP increased significantly, reflecting investments made at device manufacturers.

**Q3.** What is your forecast for results of semiconductor-related containers this fiscal year? When will the increase in capacity at the Itoigawa plant contribute to results?

**A3.** The increase in capacity at the Itoigawa plant will start to contribute to production around December this year. Until that time, we will work to increase capacity by removing bottlenecks and streamlining processes. We thus do not expect a significant increase in sales from the fiscal year under review, but we plan to increase the capacity steadily to bolster sales.

**Q4.** What do you expect FOSB and FOUP demand growth rates to be like?

**A4.** FOSB shipments are closely related to the production of silicon wafers. We expect an annual growth rate of 8% to 10% this fiscal year. Demand for FOUP depends on increases in capacity at device manufacturers. We do not expect that demand will grow this fiscal year as the fiscal year under review. Still, we anticipate that demand will remain strong.

**Q5.** Sales in the Precision Molding Products business and Housing & Living Materials business declined in the third and fourth quarters of the fiscal year under review. What is the background? Will the decline continue?

**A5.** Sales in the Precision Molding Products business fell around 0.5 billion yen due to factors typical to the period toward the end of the fiscal year. We expect that the decline will not continue this fiscal year. Income in the Housing & Living Materials business decreased, reflecting a decrease in sales due to a delay in revising the prices of wrapping films for the food service industry and the goodwill of Kitche Nista

Co., Ltd., among other companies. Sales normalized in April.

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