



Consolidated Financial Summary for the nine months ended December 31, 2023 (JP GAAP)

January 25, 2024

Listed company: Shin-Etsu Polymer Co., Ltd.

Listing code: No. 7970 (URL <https://www.shinpoly.co.jp/en/>)
 Listing stock exchange: Tokyo
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Scheduled date to submit the Quarterly Securities Report: February 9, 2024
 Scheduled date of dividend payout: –
 Supplementary documents for quarterly results: None
 Quarterly results briefing: None

(Amounts under a million yen are truncated.)

1. Consolidated Financial Highlights for the First Nine Months of the Fiscal Year Ending March 31, 2024 (April 1, 2023 to December 31, 2023)

(1) Consolidated Financial Results (The percentages indicate the rates of increase or decrease compared with the preceding fiscal year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April – December 31, 2023	80,289	(2.3)	8,926	(17.0)	9,277	(16.6)	6,850	(10.2)
April – December 31, 2022	82,175	19.3	10,750	44.2	11,120	44.2	7,633	35.2

(Note) Comprehensive income (loss): December 31, 2023: ¥11,443 million (-24.5%); December 31, 2022: ¥15,155 million (89.6%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April – December 31, 2023	84.69	84.20
April – December 31, 2022	94.62	94.14

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2023	144,403	112,590	77.7
As of March 31, 2023	135,364	105,128	77.4

(Reference) Equity capital: December 31, 2023: ¥112,172 million; March 31, 2023: ¥104,734 million

2. Dividends

	Dividend per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2023	–	18.00	–	20.00	38.00
March 2024	–	22.00	–		
March 2024 (forecast)				22.00	44.00

(Note) Revisions to dividend forecasts published most recently: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(The percentages indicate the year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	104,000	(4.0)	10,500	(17.6)	11,000	(15.3)	8,200	(3.9)	101.32

(Note) Revisions to financial forecasts published most recently: Yes

* Notes

- (1) Any changes in important subsidiaries during the nine months ended December 31, 2023: (Any changes in specific subsidiaries accompanied by a change in the scope of consolidating): None
Newly added: None, Eliminated: None
- (2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: None
- (3) Any changes in accounting policies and changes or restatement of accounting estimates
- | | |
|---|------|
| 1. Changes in accounting policies associated with the revision of accounting standards, etc.: | None |
| 2. Changes in accounting policies other than the above: | None |
| 3. Changes in accounting estimates: | None |
| 4. Restatement: | None |
- (4) Number of shares issued (common stock)
- | | | |
|--|---------------|-------------------|
| 1. Number of shares issued as of the term end (including treasury shares): | December 2023 | 82,623,376 shares |
| | March 2023 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | December 2023 | 2,078,611 shares |
| | March 2023 | 1,690,917 shares |
| 3. Average number of shares during the term: | December 2023 | 80,892,487 shares |
| | December 2022 | 80,673,084 shares |

The consolidated financial summary is not included in the scope of the quarterly review by certified public accountants or audit corporations.

Statement regarding the proper use of financial forecasts and other special remarks

The forward-looking statements, such as results forecasts, included in this document are based on information currently available to the Company and certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially, depending on a range of factors. Please refer to page 3 “1. Qualitative Information on Consolidated Results, etc. for the Nine-Month Period Ended December 31, 2023 (2) Explanation of Information on Future Forecasts Such as Consolidated Financial Forecasts” for information on matters related to financial forecasts.

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1. Qualitative Information on Quarterly Financial Results

(1) Qualitative Information on Consolidated Results

During the nine-month period ended December 31, 2023, the world economy was recovering moderately as restrictions caused by the COVID-19 pandemic on economic activities were removed. However, the pace of recovery slowed due to prolonged inflation and monetary tightening in major countries. In the United States, consumer spending remained firm, but companies' production activities were slow given tightening financing conditions and the impact of strike in the automotive industry. In Europe, economies were stagnant, reflecting weak consumer spending associated with persistently high inflation and decreased exports associated with a fall in external demand. In China, the economy slowed due to a decline in exports caused by sluggish worldwide demand for goods and stagnant consumer spending reflecting deteriorating employment conditions. In India and the ASEAN region, domestic demand expanded steadily, and high growth rates continued.

Looking at the Japanese economy, production activities recovered at many companies thanks to the easing of parts shortages. In addition, capital expenditure and consumer spending started to pick up again.

The Group's business environment leveled out overall, reflecting an increase in demand in the automotive industry partly offset by sluggish demand in the semiconductor industry.

In this operating environment, the Group continued to focus its sales activities on boosting sales of both key products and new businesses in Japan and overseas, to expand the production/supply systems as well.

As a result, consolidated net sales stood at ¥80,289 million (down 2.3% year on year). Operating profit amounted to ¥8,926 million (down 17.0% year on year), ordinary profit was ¥9,277 million (down 16.6% year on year), and profit attributable to owners of parent stood at ¥6,850 million (down 10.2% year on year) for the nine months under review.

Consolidated results by segment are as follows.

1) Electronic Devices segment

In the Electronic Devices segment, shipments of products for automotive applications such as automotive input devices remained solid given a recovery in demand in the automotive industry. However, with shipments of electronic device-related products remaining sluggish, overall sales stood at the year-ago level.

Of input devices, shipments of touchpads for laptops were substantially weaker, but shipments of automotive key switches saw significant growth and those of automotive touch switches were firm. Overall sales remained roughly flat from a year ago.

Sales for display-related products were sluggish. Although view/light path control films (VCF) were strong, LCD connectors fell.

Sales of component-related products were largely in line with those of the previous fiscal year, reflecting sluggish shipments of automotive windshield wipers, although shipments of in-vehicle silicon molded products increased significantly and those of electronic-part testing connectors were robust.

As a result, segment sales stood at ¥18,914 million (up 1.0% year on year) and operating profit was ¥1,495 million (up 3.9% year on year).

2) Precision Molding Products segment

In the Precision Molding Products segment, overall sales weakened, reflecting sluggish shipments of semiconductor-related containers.

Overall sales for semiconductor-related containers stalled, given a continuing slowdown in shipments of small diameter wafer containers and bearish shipments of 300-mm wafer containers.

Sales of parts for OA device components were almost on a par with the level of a year ago. Despite decreased shipments of semi-conductive rollers, shipments of rollers for fuser units of multi-functional printers increased sharply.

Sales of carrier tape-related products decreased, reflecting continuing sluggish demand for carrier tapes for semiconductor.

Sales of silicone rubber molded products showed sluggish growth, with weak results of general molded products,

which was partly offset by steady results of medical equipment.

As a result, segment sales amounted to ¥36,629 million, down 4.9% year on year, and operating profit was ¥5,906 million, down 27.9% year on year.

3) Housing & Living Materials segment

In the Housing & Living Materials segment, overall sales were weak. Demand for wrapping films were recovering, reflecting a rebound in the movement of people, but market conditions for PVC products were extremely difficult. Sales of packing materials such as wrapping films were firm as demand in the food service industry recovered and that for small wrapping rolls remained favorable.

Sales for functional compounds were weak with strong shipments for automotive applications offset by sluggish shipments for applications in areas such as cables for industrial machines.

Sales of PVC pipes and related products decreased significantly due to its business transfer.

Overall sales for exterior materials remained weak because demand for corrugate panels and other products continued to fall.

Sales of functional materials were firm with almost flat sales for automotive electronic component applications and growth in shipments for displays.

As a result, segment sales stood at ¥19,171 million (down 4.2% year on year) and operating profit was ¥1,180 million (up 30.4% year on year).

4) Others segment

Overall sales were solid, reflecting strong orders for the interior construction of commercial facilities and public facilities in the construction business.

As a result, segment sales stood at ¥5,574 million (up 10.6% year on year) and operating profit was ¥344 million (up 64.1% year on year).

(2) Explanation of Information on Future Forecasts Such as Consolidated Financial Forecasts

In conjunction with consolidated results forecasts for the fiscal year ending March 31, 2024, the Company has revised the results forecasts announced on April 26, 2023.

The forecast of financial results is based on information available to the Company at the time of the publication of this document and certain assumptions that the Company considers to be reasonable, and may differ materially from the actual results due to various factors.

2. Consolidated Quarterly Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Million yen)

	Year ended March 31, 2023 (As of March 31, 2023)	Third quarter of year ending March 31, 2024 (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	46,900	43,790
Notes and accounts receivable - trade, and contract assets	24,745	24,693
Electronically recorded monetary claims - operating	3,509	4,302
Merchandise and finished goods	11,291	12,227
Work in process	2,006	1,642
Raw materials and supplies	6,333	6,076
Accounts receivable - other	2,723	2,573
Other	922	1,527
Allowance for doubtful accounts	(360)	(175)
Total current assets	98,072	96,658
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,885	16,054
Machinery, equipment and vehicles, net	7,245	7,100
Land	6,975	6,810
Construction in progress	4,457	11,799
Other, net	2,125	2,426
Total property, plant and equipment	33,689	44,190
Intangible assets		
Software	126	818
Goodwill	199	160
Other	546	70
Total intangible assets	872	1,050
Investments and other assets		
Investment securities	934	945
Deferred tax assets	639	341
Other	1,155	1,217
Total investments and other assets	2,730	2,503
Total non-current assets	37,292	47,744
Total assets	135,364	144,403

(Million yen)

	Year ended March 31, 2023 (As of March 31, 2023)	Third quarter of year ending March 31, 2023 (As of December 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,065	13,960
Electronically recorded obligations - operating	2,948	2,881
Accounts payable - other	735	6,027
Income taxes payable	1,719	306
Accrued expenses	2,361	2,252
Provision for bonuses	1,713	1,256
Provision for bonuses for directors (and other officers)	34	32
Other	2,911	2,224
Total current liabilities	27,489	28,942
Non-current liabilities		
Net defined benefit liability	1,335	1,301
Other	1,410	1,569
Total non-current liabilities	2,746	2,870
Total liabilities	30,236	31,812
Net Assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,764	10,767
Retained earnings	79,619	83,069
Treasury shares	(1,660)	(2,266)
Total shareholders' equity	100,360	103,206
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	338	359
Foreign currency translation adjustment	4,030	8,601
Remeasurements of defined benefit plans, net of tax	4	5
Total accumulated other comprehensive income	4,373	8,966
Share acquisition rights	394	418
Total net assets	105,128	112,590
Total liabilities and net assets	135,364	144,403

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

Consolidated Statements of Income

Nine months ended December 31

(Million yen)

	Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Net sales	82,175	80,289
Cost of sales	55,794	56,467
Gross profit	26,380	23,822
Selling, general and administrative expenses	15,630	14,895
Operating profit	10,750	8,926
Non-operating income		
Interest income	88	103
Foreign exchange gains	378	91
Gain on sales of investment securities	–	95
Other	125	144
Total non-operating income	592	435
Non-operating expenses		
Interest expenses	18	25
Disaster recovery expenses	–	19
Cancellation and settlement cost	–	24
Other	202	16
Total non-operating expenses	221	85
Ordinary profit	11,120	9,277
Extraordinary profit		
Gain on sale of businesses	–	348
Other	2	75
Total extraordinary profit	2	424
Extraordinary losses		
Impairment loss	–	62
Loss on sales of business	–	125
Total extraordinary losses	–	187
Profit before income taxes	11,122	9,513
Income taxes - current	2,928	2,164
Income taxes - deferred	561	497
Total income taxes	3,489	2,662
Profit	7,633	6,850
Profit attributable to owners of parent	7,633	6,850

Consolidated Statement of Comprehensive Income
 Nine months ended December 31

(Million yen)

	Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)
Profit	7,633	6,850
Other comprehensive income		
Valuation difference on available-for-sale securities	11	20
Foreign currency translation adjustment	7,508	4,570
Remeasurements of defined benefit plans, net of tax	2	0
Total other comprehensive income	7,522	4,592
Comprehensive income	15,155	11,443
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	15,155	11,443

(3) Explanatory Notes to Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes on Significant Changes in Shareholders' Equity (if any))

Not applicable

(Segment Information)

Information on net sales and profits or losses by reported segment

Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Total		
Net sales						
Sales to outside customers	18,725	38,404	20,005	77,135	5,040	82,175
Inter-segment sales or transfers	–	–	–	–	–	–
Total	18,725	38,404	20,005	77,135	5,040	82,175
Segment profit (Operating profit)	1,439	8,195	905	10,540	209	10,750

(Note) "Others" is a business segment that is not included in the reported segments and includes the constructing business, etc.

Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Total		
Net sales						
Sales to outside customers	18,914	36,629	19,171	74,715	5,574	80,289
Inter-segment sales or transfers	–	–	–	–	–	–
Total	18,914	36,629	19,171	74,715	5,574	80,289
Segment profit (Operating profit)	1,495	5,906	1,180	8,582	344	8,926

(Note) "Others" is a business segment that is not included in the reported segments and includes the constructing business, etc.