



Consolidated Financial Summary for the six months ended September 30, 2023 (JP GAAP)

October 26, 2023

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: November 10, 2023
 Scheduled date of dividend payout: November 28, 2023
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for analysts)

(Amounts under a million yen are truncated.)

**1. Consolidated Financial Highlights for the First Half of the Fiscal Year Ending March 31, 2024
(April 1, 2023 to September 30, 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 – September 30, 2023	53,456	1.7	5,883	(11.4)	6,403	(13.3)	4,617	(8.3)
April – September 30, 2022	52,549	20.2	6,643	45.0	7,384	57.0	5,033	44.2

(Note) Comprehensive income: September 30, 2023: ¥7,981 million (-28.8%); September 30, 2022: ¥11,207 million (98.3%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April – September 30, 2023	57.01	56.67
April – September 30, 2022	62.42	62.11

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Six months ended September 30, 2023	141,490	111,629	78.6
Year ended March 31, 2023	135,364	105,128	77.4

(Reference) Equity capital: September 30, 2023: ¥111,196 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	111,000	2.5	13,000	2.0	13,000	0.1	9,000	5.5	111.20	

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

* Notes

- (1) Any changes in important subsidiaries during the six months ended September 30, 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): | September 2023 | 82,623,376 shares |
| | March 2023 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | September 2023 | 1,591,444 shares |
| | March 2023 | 1,690,917 shares |
| 3. Average number of shares during the term: | September 2023 | 80,984,173 shares |
| | September 2022 | 80,639,442 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

(Caution regarding forward-looking statements)

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.

(Method of obtaining presentation material for business result meeting)

The Company will hold a business result meeting for analysts on November 8, 2023. The presentation material to be used at the briefing will be posted on the Company's website on the date of the briefing.

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1. Qualitative Information on Quarterly Financial Results

(1) Qualitative Information on Consolidated Results

During the six months of the consolidated fiscal year under review, 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, reflecting a favorable labor market, but companies' production activities were slow given tightening financing conditions. In Europe, economies were stagnant, reflecting weak consumer spending associated with persistently high inflation and a fall in external demand. In China, the economy slowed due to a decline in exports following the end of stay-at-home demand and the slowdown of a rebound in consumer spending. In India and the ASEAN region, domestic demand expanded steadily, and high growth rates were recorded.

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 remained firm overall, reflecting an increase in demand in the automotive-related industry. Demand in the semiconductor industry remained flat.

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 ¥53,456 million (up 1.7% year on year). Operating profit amounted to ¥5,883 million (down 11.4% year on year), ordinary profit was ¥6,403 million (down 13.3% year on year), and profit attributable to owners of parent came to ¥4,617 million (down 8.3% year on year) for the six 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 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 slim notebook personal computers were weak, but shipments of automotive key switches and capacitive touch switches saw steady growth. Overall sales remained firm.

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

Sales of component-related products did not increase as expected, reflecting a decline in shipments of electronic-part testing connectors, although shipments of in-vehicle silicone molded products increased significantly.

As a result, segment sales stood at ¥12,153 million (up 2.2% year on year) and operating profit was ¥821 million (up 0.5% year on year).

2) Precision Molding Products segment

In the Precision Molding Products segment, overall sales remained roughly flat from a year ago, reflecting firm shipments of semiconductor-related containers, OA device components, and silicone rubber molded products.

Overall sales for semiconductor-related containers remained at the year-ago level. Shipments of small diameter wafer containers were weak, but shipments of 300-mm wafer containers were firm.

Sales of parts for OA device components were firm. 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 were sluggish. Shipments of carrier tapes for micro electronic parts saw sluggish growth.

Sales of silicone rubber molded products generally remained flat, with weak results of general molded products offset by steady results of medical equipment.

As a result, segment sales stood at ¥24,885 million (up 2.1% year on year) and operating profit was ¥4,129 million (down 21.4% year on year).

3) Housing & Living Materials segment

In the Housing & Living Materials segment, overall sales remained flat. Shipments of 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 the demand for food service industry was recovering and demand for mainstay small wrapping rolls was also beginning to improve.

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 remained at the year-ago level despite weak shipments, reflecting efforts to maintain sales prices.

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

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

As a result, segment sales stood at ¥12,854 million (down 1.0% year on year) and operating profit was ¥684 million (up 54.7% 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 ¥3,564 million (up 7.8% year on year) and operating profit was ¥246 million (up 88.8% year on year).

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

Consolidated financial forecasts for the fiscal year ending March 31, 2024 published on April 26, 2023 remain unchanged.

2. Consolidated Quarterly Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Million yen)

	Year ended March 31, 2023 (As of March 31, 2023)	Second quarter ended September 30, 2023 (As of September 30, 2023)
Assets		
Current assets		
Cash and deposits	46,900	45,046
Notes and accounts receivable - trade, and contract assets	24,745	24,931
Electronically recorded monetary claims - operating	3,509	4,082
Merchandise and finished goods	11,291	12,394
Work in process	2,006	1,644
Raw materials and supplies	6,333	6,331
Accounts receivable - other	2,723	2,182
Other	922	1,333
Allowance for doubtful accounts	(360)	(158)
Total current assets	98,072	97,786
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,885	13,175
Machinery, equipment and vehicles, net	7,245	7,101
Land	6,975	6,981
Construction in progress	4,457	10,389
Other, net	2,125	2,226
Total property, plant and equipment	33,689	39,873
Intangible assets		
Software	126	820
Goodwill	199	177
Other	546	75
Total intangible assets	872	1,074
Investments and other assets		
Investment securities	934	967
Deferred tax assets	639	600
Other	1,155	1,187
Total investments and other assets	2,730	2,755
Total non-current assets	37,292	43,703
Total assets	135,364	141,490

Shin-Etsu Polymer Co., Ltd. (7970) Financial Summary (For the six months ended September 30, 2023)

(Million yen)

	Year ended March 31, 2023 (As of March 31, 2023)	Second quarter ended September 30, 2023 (As of September 30, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,065	15,544
Electronically recorded obligations - operating	2,948	2,944
Accounts payable - other	735	1,466
Income taxes payable	1,719	1,403
Accrued expenses	2,361	2,077
Provision for bonuses	1,713	1,764
Provision for bonuses for directors (and other officers)	34	21
Other	2,911	1,894
Total current liabilities	27,489	27,116
Non-current liabilities		
Net defined benefit liability	1,335	1,350
Other	1,410	1,393
Total non-current liabilities	2,746	2,744
Total liabilities	30,236	29,860
Net Assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,764	10,766
Retained earnings	79,619	82,618
Treasury shares	(1,660)	(1,562)
Total shareholders' equity	100,360	103,458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	338	375
Foreign currency translation adjustment	4,030	7,357
Remeasurements of defined benefit plans, net of tax	4	5
Total accumulated other comprehensive income	4,373	7,738
Share acquisition rights	394	433
Total net assets	105,128	111,629
Total liabilities and net assets	135,364	141,490

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

Consolidated Statements of Income

Six months ended September 30

(Million yen)

	Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)
Net sales	52,549	53,456
Cost of sales	35,671	37,658
Gross profit	16,877	15,798
Selling, general and administrative expenses	10,233	9,915
Operating profit	6,643	5,883
Non-operating income		
Interest income	57	67
Foreign exchange gains	624	298
Other	77	202
Total non-operating income	760	569
Non-operating expenses		
Interest expenses	12	17
Loss on retirement of non-current assets	3	10
Disaster recovery expenses	–	19
Other	3	1
Total non-operating expenses	19	49
Ordinary profit	7,384	6,403
Extraordinary profit		
Settlement income	–	40
Gain on reversal of share acquisition rights	2	35
Total extraordinary profit	2	75
Extraordinary losses		
Impairment loss	–	62
Total extraordinary losses	–	62
Profit before income taxes	7,386	6,416
Income taxes - current	2,158	1,774
Income taxes - deferred	194	25
Total income taxes	2,352	1,799
Profit	5,033	4,617
Profit attributable to owners of parent	5,033	4,617

Consolidated Statement of Comprehensive Income

Six months ended September 30

(Million yen)

	Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)
Profit	5,033	4,617
Other comprehensive income		
Valuation difference on available-for-sale securities	6	36
Foreign currency translation adjustment	6,165	3,326
Remeasurements of defined benefit plans, net of tax	1	0
Total other comprehensive income	6,174	3,364
Comprehensive income	11,207	7,981
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	11,207	7,981

(3) Consolidated Statement of Cash Flows

(Million yen)

	Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)	Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)
Cash flows from operating activities		
Profit before income taxes	7,386	6,416
Depreciation and amortization	1,731	2,123
Impairment loss	–	62
Amortization of goodwill	114	34
Interest and dividend income	(76)	(89)
Interest expenses	12	17
Foreign exchange losses (gains)	(159)	(96)
Loss on retirement of non-current assets	3	10
Disaster recovery expenses	–	19
Settlement income	–	(40)
Decrease (increase) in notes and accounts receivable - trade	(978)	351
Decrease (increase) in inventories	(2,221)	(52)
Increase (decrease) in notes and accounts payable - trade	360	(303)
Increase (decrease) in net defined benefit liability	0	3
Decrease (increase) in consumption taxes receivable/payable	(375)	646
Other, net	(165)	(559)
Subtotal	5,632	8,543
Interest and dividends income received	61	75
Interest expenses paid	(13)	(18)
Repayment (payment) of corporate taxes	(1,743)	(2,221)
Net cash provided by (used in) operating activities	3,937	6,378
Cash flows from investing activities		
Decrease (increase) in time deposits	394	752
Purchase of property, plant and equipment	(3,911)	(7,950)
Proceeds from sales of investment securities	–	115
Purchase of intangible assets	(502)	(304)
Purchase of shares of subsidiaries	(22)	–
Other, net	(165)	(60)
Net cash provided by (used in) investing activities	(4,206)	(7,446)
Cash flows from financing activities		
Cash dividends paid	(1,126)	(1,617)
Proceeds from sale of treasury shares	116	97
Other, net	(93)	(167)
Net cash provided by (used in) financing activities	(1,103)	(1,687)
Effect of exchange rate change on cash and cash equivalents	3,374	1,549
Net increase (decrease) in cash and cash equivalents	2,002	(1,206)
Cash and cash equivalents at beginning of period	45,848	43,843
Cash and cash equivalents at end of period	47,851	42,636

(4) 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

Six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	11,887	24,372	12,981	49,241	3,307	52,549
Inter-segment sales or transfers	–	–	–	–	–	–
Total	11,887	24,372	12,981	49,241	3,307	52,549
Segment profit (Operating profit)	818	5,252	442	6,512	130	6,643

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

Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	12,153	24,885	12,854	49,892	3,564	53,456
Inter-segment sales or transfers	–	–	–	–	–	–
Total	12,153	24,885	12,854	49,892	3,564	53,456
Segment profit (Operating profit)	821	4,129	684	5,636	246	5,883

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