



Consolidated Financial Summary (Japanese Accounting Standards)
(For the nine months ended December 31, 2020)

January 26, 2021

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, 2021
 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, 2021
(April 1, 2020 to December 31, 2020)

(1) Consolidated Financial Results (The percentages indicate the year-on-year change.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April – December 31, 2020	55,782	(8.1)	4,663	(20.2)	4,785	(24.3)	3,477	(26.6)
April – December 31, 2019	60,724	(6.9)	5,843	(9.2)	6,319	(6.8)	4,738	(0.6)

(Note) Comprehensive income: April – December 31, 2020: ¥2,572 million (-21.0%); April – December 31, 2019: ¥3,254 million (-19.0%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April – December 31, 2020	43.00	42.93
April – December 31, 2019	58.39	58.33

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2020	106,773	85,673	79.9
As of March 31, 2020	105,378	84,538	80.0

(Reference) Equity capital: December 31, 2020: ¥85,357 million; March 31, 2020: ¥84,308 million

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2020	–	8.00	–	10.00	18.00
March 2021	–	9.00	–		
March 2021 (forecast)				11.00	20.00

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

The year-end dividend for March 2021 (forecast) consists of an ordinary dividend of 9 yen and a commemorative dividend of 2 yen.

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2021 (April 1, 2020 to March 31, 2021)

(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	74,000	(7.8)	5,800	(25.2)	6,000	(25.9)	4,400	(30.0)		54.40

(Note) Revisions to financial forecasts published most recently: No

* Notes

- (1) Any changes in important subsidiaries during the nine months ended December 31, 2020: None
(Any changes in specific subsidiaries accompanied by a change in the scope of consolidating):
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 2020 | 82,623,376 shares |
| | March 2020 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | December 2020 | 1,727,742 shares |
| | March 2020 | 1,744,611 shares |
| 3. Average number of shares during the term: | December 2020 | 80,886,211 shares |
| | December 2019 | 81,157,079 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.

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1. Qualitative Information on Consolidated Results, etc. for the Nine-Month Period Ended December 31, 2020

(1) Qualitative Information on Consolidated Results

The global economy experienced a significant slowdown during the nine-month period ended December 31, 2020, reflecting travel bans and lockdowns instituted by many countries to prevent the spread of COVID-19, in addition to the impact of the prolonged trade conflict between the U.S. and China. Subsequently, the pace of recovery remained moderate due to the prolonged impact of the novel coronavirus. In the U.S., employment recovered, and consumer spending picked up after the lifting of lockdowns. In European economies, production and exports were on track to recovery from their trough in April, but economic activity stalled once again due to failure to contain the spread of the virus. In Asia, economic recovery continued in China, where economic activities were resumed ahead of other countries.

In the Japanese economy, consumer spending, production and exports all picked up after the lifting of the declaration of a state of emergency, but it is expected to take time before the economy fully recovers, given shrinking corporate capital expenditure.

The Group's business environment was weak overall, reflecting sluggish demand in the automotive sector despite hardly any fall in demand in the semiconductor and electronics component industries due to the coronavirus pandemic.

In this operating environment, the Group took steps to control the spread of the coronavirus while also continuing to focus its sales activities on boosting sales of both key products and new businesses in Japan and overseas and working to expand the production/supply systems as well.

As a result, consolidated net sales stood at ¥55,782 million (down 8.1% year on year). Operating profit amounted to ¥4,663 million (down 20.2% year on year), ordinary profit was ¥4,785 million (down 24.3% year on year), and profit attributable to owners of parent stood at ¥3,477 million (down 26.6% 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, overall sales were lower than the year-ago level, reflecting weak shipments particularly of automotive input devices, mainly due to lackluster demand in the automotive sector amid the coronavirus pandemic.

In the business of input devices, sales were weak, reflecting lackluster shipments of mainstay automotive key switches, although shipments of touchpads for slim notebook personal computers remained strong.

Sales of display-related products decreased overall due to the continued poor performance in LCD connectors combined with shipments of view-control films (VCFs) for optical applications that remained flat.

Sales of component-related products were on a par with the year-ago level, despite steady shipments of electronic-part testing connectors.

As a result, segment sales stood at ¥12,753 million (down 15.5% year on year) and operating profit was ¥235 million (down 81.0% year on year).

2) Precision Molding Products segment

In the Precision Molding Products segment, overall sales remained unchanged from the year-ago level although shipments of semiconductor-related containers and carrier tape-related products held firm.

Sales of semiconductor-related containers grew, reflecting steady shipments for 300 mm wafer shipping containers and other products on the back of firm demand in the semiconductor industry.

Sales of office automation equipment were weak given the lack of growth in demand for rollers for laser printers and copying machines.

Sales of carrier tape-related products grew because demand for electronic components for smartphones remained strong.

Sales of silicone rubber molded products generally showed slow growth despite the strong sales of mainstay medical equipment.

As a result, segment sales amounted to ¥25,080 million (up 0.1% year on year) and segment operating profit was ¥3,859 million (up 1.0% year on year).

3) Housing & Living Materials segment

In the Housing & Living Materials segment, the Company implemented new pricing, worked to increase production efficiency, and promoted sales of products in new businesses amid the extremely harsh market environment of PVC products, however, growth in overall sales was slower than previous year, impacted by weak demand for food packing materials, construction materials and automotive-related materials.

In the segment of packing materials such as wrapping films, sales were weak, reflecting poor shipments overall, with firm sales to supermarkets offset by a slump in sales to the food service industry.

Sales of PVC pipes and related products were below the level a year earlier due to the failure to maintain the shipment volume amid intensifying market competition.

Functional compounds were lackluster, reflecting continued sluggish shipments of robot cables coupled with a slowdown in the growth of automobile-related demand.

Demand for exterior materials came to a halt and sales remained flat, despite it remained strong until the beginning of autumn due to efforts to maintain a strong performance such as implementation of price revisions and expansion of sales to new customers.

Sales of conductive polymer, a new business product, grew thanks to recovery in orders or use in smartphone components and for use in automotive electronic components.

As a result, segment sales stood at ¥13,156 million (down 10.1% year on year) and operating profit was ¥366 million (down 18.7% year on year).

4) Others segment

Overall sales were down from the year-ago level due to a decrease in orders for new construction and renovation of commercial facilities, particularly in Tokyo and neighboring areas, and the interior construction of public facilities in the construction business, reflecting weak demand amid the coronavirus pandemic.

As a result, segment sales amounted to ¥4,790 million (down 19.4% year on year) and operating profit was ¥201 million (down 38.9% 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, 2021 published on October 26, 2020 remain unchanged.

2. Consolidated Quarterly Financial Statements and Key Notes

(1) Consolidated Balance Sheet

(Million yen)

	Year ended March 31, 2020 (As of March 31, 2020)	Nine months ended December 31, 2020
Assets		
Current assets		
Cash and deposits	42,514	44,785
Notes and accounts receivable - trade	19,250	18,875
Electronically recorded monetary claims - operating	2,870	3,399
Merchandise and finished goods	7,086	6,425
Work in process	1,396	1,423
Raw materials and supplies	3,212	3,399
Accounts receivable - other	1,090	1,382
Other	765	512
Allowance for doubtful accounts	(511)	(589)
Total current assets	77,676	79,614
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,512	8,024
Machinery, equipment and vehicles, net	5,137	4,907
Land	6,652	6,619
Construction in progress	1,503	1,871
Other, net	1,774	1,702
Total property, plant and equipment	23,579	23,126
Intangible assets		
Software	74	131
Other	81	25
Total intangible assets	156	156
Investments and other assets		
Investment securities	1,874	2,052
Deferred tax assets	1,058	811
Other	1,033	1,012
Total investments and other assets	3,966	3,876
Total non-current assets	27,701	27,159
Total assets	105,378	106,773

(Million yen)

	Year ended March 31, 2020 (As of March 31, 2020)	Nine months ended December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,591	10,308
Electronically recorded obligations - operating	2,057	2,478
Accounts payable - other	1,053	1,156
Income taxes payable	520	740
Accrued expenses	2,141	2,352
Provision for bonuses	1,296	879
Provision for bonuses for directors (and other officers)	57	42
Other	1,053	1,278
Total current liabilities	18,771	19,236
Non-current liabilities		
Net defined benefit liability	1,341	1,150
Other	726	712
Total non-current liabilities	2,068	1,863
Total liabilities	20,839	21,099
Net Assets		
Shareholders' equity		
Share capital	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	66,259	68,198
Treasury shares	(1,683)	(1,667)
Total shareholders' equity	86,930	88,885
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	190	319
Foreign currency translation adjustment	(2,776)	(3,819)
Remeasurements of defined benefit plans	(36)	(28)
Total accumulated other comprehensive income	(2,622)	(3,528)
Share acquisition rights	229	316
Total net assets	84,538	85,673
Total liabilities and net assets	105,378	106,773

(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, 2019 (April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (April 1, 2020 to December 31, 2020)
Net sales	60,724	55,782
Cost of sales	41,359	38,374
Gross profit	19,365	17,407
Selling, general and administrative expenses	13,521	12,744
Operating profit	5,843	4,663
Non-operating income		
Interest income	278	164
Insurance claim income	0	122
Gain on sales of investment securities	181	2
Other	119	90
Total non-operating income	579	379
Non-operating expenses		
Interest expenses	22	21
Foreign exchange losses	52	230
Loss on retirement of non-current assets	23	5
Other	4	1
Total non-operating expenses	102	258
Ordinary profit	6,319	4,785
Profit before income taxes	6,319	4,785
Income taxes - current	1,211	1,113
Income taxes - deferred	369	194
Total income taxes	1,581	1,307
Profit	4,738	3,477
Profit attributable to owners of parent	4,738	3,477

Consolidated Statement of Comprehensive Income

Nine months ended December 31

(Million yen)

	Nine months ended December 31, 2019 (April 1, 2019 to December 31, 2019)	Nine months ended December 31, 2020 (April 1, 2020 to December 31, 2020)
Profit	4,738	3,477
Other comprehensive income		
Valuation difference on available-for-sale securities	(66)	128
Foreign currency translation adjustment	(1,425)	(1,042)
Remeasurements of defined benefit plans, net of tax	8	8
Total other comprehensive income	(1,484)	(905)
Comprehensive income	3,254	2,572
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,254	2,572

(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, 2019 (April 1, 2019 to December 31, 2019)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	15,088	25,053	14,637	54,780	5,944	60,724
Inter-segment sales or transfers	–	–	–	–	–	–
Total	15,088	25,053	14,637	54,780	5,944	60,724
Segment profit (Operating profit)	1,238	3,823	450	5,512	330	5,843

(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, 2020 (April 1, 2020 to December 31, 2020)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	12,753	25,080	13,156	50,991	4,790	55,782
Inter-segment sales or transfers	–	–	–	–	–	–
Total	12,753	25,080	13,156	50,991	4,790	55,782
Segment profit (Operating profit)	235	3,859	366	4,461	201	4,663

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