



Consolidated Financial Summary (Japanese Accounting Standards)
(For the first quarter ended June 30, 2021)

July 26, 2021

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

Listing code: No. 7970 (URL <https://www.shinpoly.co.jp/en/>)
 Listing stock exchange: Tokyo
 Representative: Yoshiaki Ono, President, Chief Executive Officer
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Scheduled date to submit the Quarterly Securities Report: August 12, 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 Quarter of the Fiscal Year Ending March 31, 2022
(April 1, 2021 to June 30, 2021)

(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 – June 30, 2021	21,036	14.8	2,239	64.7	2,372	50.0	1,813	44.9
April – June 30, 2020	18,332	(5.7)	1,359	(25.3)	1,581	(12.9)	1,251	(2.9)

(Note) Comprehensive income (loss): June 30, 2021: ¥3,861 million (811.5%); June 30, 2020: ¥423 million (-71.3%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April – June 30, 2021	22.41	22.33
April – June 30, 2020	15.47	15.45

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Three months ended June 30, 2021	111,800	89,650	79.9
Year ended March 31, 2021	108,212	86,677	79.8

(Reference) Equity capital: June 30, 2021: ¥89,364 million; March 31, 2021: ¥86,362 million

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2021	—	9.00	—	11.00	20.00
March 2022	—				
March 2022 (forecast)		11.00	—	11.00	22.00

(Note) Revisions to dividend forecasts published most recently: Yes
 Dividend forecasts for the fiscal year ending March 31, 2022 are presented above.

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(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	86,000	11.8	8,800	21.9	9,000	28.2	6,400	41.1	79.11

(Note) Revisions to financial forecasts published most recently: Yes
 While have not yet determined our consolidated financial forecasts for the fiscal year ending March 31, 2022 because it was difficult to make a rational calculation, we will publish them as stated above in light of the recent business environment and performance trends of the Company, etc.

* Notes

(1) Any changes in important subsidiaries during the three months ended June 30, 2021 (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.: Yes

2. Changes in accounting policies other than the above: None

3. Changes in accounting estimates: None

4. Restatement: None

(Note) For details, please refer to 2. Consolidated Quarterly Financial Statements and Key Notes, (3) Explanatory Notes to Consolidated Financial Statements (changes in accounting policies) on page 8 of the Accompanying Materials.

(4) Number of shares issued (common stock)

1. Number of shares issued as of the term end (including treasury shares):	June 2021	82,623,376 shares
	March 2021	82,623,376 shares
2. Number of treasury shares as of the term end:	June 2021	1,715,752 shares
	March 2021	1,727,742 shares
3. Average number of shares during the term:	June 2021	80,901,294 shares
	June 2020	80,880,367 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 First Quarter Ended June 30, 2021 (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 Consolidated Results, etc. for the First Quarter Ended June 30, 2021

(1) Qualitative Information on the Consolidated Results

During the first three months of the consolidated fiscal year ending March 31, 2022, moves toward recovery spread, but the sense of uncertainty about the global economic outlook increased with the recurred spread of COVID-19. In the U.S., employment recovered and consumer spending picked up with the progress of vaccination against COVID-19. In Europe, businesses showed weak movements with the sustained curbing of economic activities. However, there were moves toward recovery observed in certain sectors. In Asia, the Chinese economy continued to recover. However, recovery slowed in India and ASEAN countries due to COVID-19's recurred spread.

In the Japanese economy, corporate capital expenditure, production and exports picked up. However, more time appears necessary for a full-scale economic recovery as weak consumer spending demonstrates.

The Group's business environment remained favorable overall, reflecting continued demand expansion in semiconductor and electronics component industries and demand recovery in the automotive sector.

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 during the first quarter under review stood at ¥21,036 million (up 14.8% year on year). Operating profit amounted to ¥2,239 million (up 64.7% year on year), ordinary profit was ¥2,372 million (up 50.0% year on year), and profit attributable to owners of parent stood at ¥1,813 million (up 44.9% year on year).

Consolidated results by segment are as follows.

1) Electronic Devices segment

In the Electronic Devices segment, overall sales were substantially higher than the year-ago level, reflecting strong shipments particularly of automotive input devices, supported by demand recovery in the automotive sector.

Overall sales for input devices increased substantially attributable to the recovered shipments of mainstay automotive key switches and the strong shipments of touchpads for slim notebook personal computers.

Overall sales for display-related products expanded thanks to the strong shipments of LCD connectors.

Sales for component-related products grew sharply, reflecting the strong shipments of electronic-part testing connectors.

As a result, segment sales amounted to ¥5,598 million, up 26.7% year on year, and segment operating profit was ¥338 million, up 227.2% year on year.

2) Precision Molding Products segment

In the Precision Molding Products segment, overall sales were higher than the year-ago level, supported by the continued strong shipments of semiconductor-related containers and carrier tape-related products.

Sales for semiconductor-related containers grew, reflecting the strong shipments of 300-mm wafer shipping containers and other products with lively demand in the semiconductor industry in the background.

Sales of office automation equipment remained flat due to restrictions on operations amid the coronavirus pandemic in the ASEAN region, among other reasons.

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

Sales of silicone rubber molded products generally remained at the same level because the sales of mainstay medical equipment showed slow growth.

As a result, segment sales amounted to ¥9,264 million, up 11.2% year on year, and segment operating profit was ¥1,618 million, up 40.5% year on year.

3) Housing & Living Materials segment

In the Housing & Living Materials segment, the Company revised prices, increased production efficiency, and expanded the sales of products in new business categories in the extremely difficult market environment for PVC products. Overall sales for the segment rose from the previous fiscal year, supported by a recovery in demand for food packing materials and automotive-related materials.

In the segment of packing materials such as wrapping films, sales exceeded the year-ago level, reflecting firm sales to supermarkets, despite a slow recovery in sales to the food service industry.

Sales of PVC pipes and related products were lower than the previous year due to weak domestic demand.

Functional compounds rose significantly, reflecting a recovery in demand for those for robot cables and for automobiles and an increase in sales to new customers.

Sales for exterior materials decreased due to sluggish demand for them among existing customers.

Sales for conductive polymer rose sharply, reflecting increased orders for smartphone components and automotive electronic components.

As a result, segment sales amounted to ¥4,823 million, up 16.9% year on year, and segment operating profit was ¥231 million, up 612.7% 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 ¥1,349 million (down 7.6% year on year) and operating profit was ¥49 million (down 29.4% year on year).

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

The outlook for economic conditions in Japan and overseas is expected to remain uncertain under the effects of factors such as trade friction between the U.S. and China and COVID-19's recurring spread.

Under these conditions, the Group will advance production in optimal locations and operational rationalization. Meanwhile, the Group will prepare systems for immediately responding to the identification of carriers by ensuring thorough hygiene maintenance and adjusting workstyles in order to protect employees from COVID-19 infection. At the same time, the Group will strengthen business continuity management (BCM) by way of precaution against a shutdown and other emergencies.

The consolidated results for the fiscal year ending March 31, 2022 are expected to include sales of ¥86,000 million, operating profit of ¥8,800 million, ordinary profit of ¥9,000 million, and profit attributable to owners of parent of ¥6,400 million. With respect to forecasts of dividends, the annual dividend per share will increase ¥2 from the previous fiscal year, to ¥22 (the end of the second quarter: ¥11; the end of the fiscal year: ¥11).

2. Consolidated Quarterly Financial Statements and Key Notes**(1) Consolidated Balance Sheets**

(Million yen)

	Year ended March 31, 2021	First quarter ended June 30, 2021
Assets		
Current assets		
Cash and deposits	47,620	48,935
Notes and accounts receivable - trade	19,478	19,989
Electronically recorded monetary claims - operating	2,565	2,735
Merchandise and finished goods	6,221	6,777
Work in process	1,380	1,558
Raw materials and supplies	3,274	4,003
Accounts receivable - other	1,405	1,576
Other	540	606
Allowance for doubtful accounts	(295)	(302)
Total current assets	82,191	85,879
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,914	8,112
Machinery, equipment and vehicles, net	4,118	4,444
Land	6,615	6,863
Construction in progress	2,003	1,937
Other, net	1,639	1,646
Total property, plant and equipment	22,292	23,004
Intangible assets		
Software	119	113
Goodwill	-	408
Other	26	30
Total intangible assets	145	553
Investments and other assets		
Investment securities	1,789	860
Deferred tax assets	810	662
Other	982	840
Total investments and other assets	3,583	2,363
Total non-current assets	26,021	25,921
Total assets	108,212	111,800

Shin-Etsu Polymer Co., Ltd. (7970) Financial Summary (For the first quarter ended June 30, 2021)

(Million yen)

	Year ended March 31, 2021	First quarter ended June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,171	11,350
Electronically recorded obligations - operating	2,454	2,599
Accounts payable - other	1,128	873
Income taxes payable	1,101	560
Accrued expenses	2,188	2,344
Provision for bonuses	1,240	831
Provision for bonuses for directors (and other officers)	57	7
Other	1,292	1,835
Total current liabilities	19,635	20,402
Non-current liabilities		
Net defined benefit liability	1,167	1,000
Other	732	747
Total non-current liabilities	1,899	1,747
Total liabilities	21,535	22,149
Net Assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	69,257	70,199
Treasury shares	(1,667)	(1,655)
Total shareholders' equity	89,944	90,898
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	345	323
Foreign currency translation adjustment	(3,914)	(1,846)
Remeasurements of defined benefit plans, net of tax	(12)	(10)
Total accumulated other comprehensive income	(3,581)	(1,533)
Share acquisition rights	314	285
Total net assets	86,677	89,650
Total liabilities and net assets	108,212	111,800

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

Consolidated Statements of Income

Three months ended June 30

(Million yen)

	First quarter ended June 30, 2020 (April 1, 2020 to June 30, 2020)	First quarter ended June 30, 2021 (April 1, 2021 to June 30, 2021)
Net sales	18,332	21,036
Cost of sales	12,696	14,274
Gross profit	5,635	6,762
Selling, general and administrative expenses	4,276	4,523
Operating profit	1,359	2,239
Non-operating income		
Interest income	96	25
Foreign exchange gains	100	70
Other	35	48
Total non-operating income	231	144
Non-operating expenses		
Interest expenses	7	4
Loss on retirement of non-current assets	0	7
Other	0	0
Total non-operating expenses	9	11
Ordinary profit	1,581	2,372
Extraordinary profit		
Gain on reversal of share acquisition rights	–	27
Total extraordinary profit	–	27
Profit before income taxes	1,581	2,399
Income taxes - current	245	424
Income taxes - deferred	85	162
Total income taxes	330	586
Profit	1,251	1,813
Profit attributable to owners of parent	1,251	1,813

Consolidated Statement of Comprehensive Income
Three months ended June 30

(Million yen)

	First quarter ended June 30, 2020 (April 1, 2020 to June 30, 2020)	First quarter ended June 30, 2021 (April 1, 2021 to June 30, 2021)
Profit	1,251	1,813
Other comprehensive income		
Valuation difference on available-for-sale securities	77	(22)
Foreign currency translation adjustment	(907)	2,068
Remeasurements of defined benefit plans, net of tax	2	1
Total other comprehensive income	(827)	2,048
Comprehensive income	423	3,861
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	423	3,861

(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

(Changes in Accounting Policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company began to apply the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020, hereinafter the "Revenue Recognition Accounting Standard") and the implementation guidance on the Revenue Recognition Accounting Standard from the first quarter under review. Accordingly, the Company is recognizing amounts expected to be received in exchange for promised goods and services as revenues at points where control over such goods or services moves to customers.

Previously, the Company had recognized the disappearance of supplies inventories from onerous supply transactions that correspond to buyback contracts. From the first quarter under review, the Company replaced the practice with the method of recognizing the year-end balance of supplies left at onerous supply recipients as financial liabilities, in addition to continuing to recognize the inventories as financial transactions. For transactions in which the Company buys supplies from a customer for the production of goods that the Company will sell, the Company posted sales and cost of sales when it sold goods to the customer. From the beginning of the first quarter under review, the Company recognizes only amounts equivalent to processing cost as revenue.

Due to the change, net sales and cost of sales in the first quarter fell ¥146 million each, and inventories, other in current assets, and other of current liabilities rose ¥216 million, ¥18 million, and ¥235 million, respectively. For the application of the Revenue Recognition Accounting Standard and the like, the Company complies with the transitional handling prescribed in the proviso in Section 84 of the same Standard. The practice has no effect on the balance of retained earnings at the beginning of the fiscal year ending March 31, 2022 and income for the first quarter under review.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company started applying the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019, hereinafter the "Fair Value Measurement Accounting Standard") and the implementation guidance on the Fair Value Measurement Accounting Standard from the first quarter under review. Accordingly, the Company will apply new accounting policies prescribed in the Fair Value Measurement Accounting Standard and the like in the future in accordance with transitional handling stipulated in Section 19 of the same Standard and Section 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The application of the accounting standard has no impact on the consolidated quarterly financial statements.

(Segment Information)

Information on net sales and profits or losses by reported segment

Three months ended June 30, 2020 (April 1, 2020 to June 30, 2020)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	4,417	8,328	4,126	16,872	1,460	18,332
Inter-segment sales or transfers	–	–	–	–	–	–
Total	4,417	8,328	4,126	16,872	1,460	18,332
Segment profit (Operating profit)	103	1,152	32	1,288	70	1,359

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

Three months ended June 30, 2021 (April 1, 2021 to June 30, 2021)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	5,598	9,264	4,823	19,687	1,349	21,036
Inter-segment sales or transfers	–	–	–	–	–	–
Total	5,598	9,264	4,823	19,687	1,349	21,036
Segment profit (Operating profit)	338	1,618	231	2,189	49	2,239

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