



**Consolidated Financial Summary (Japanese Accounting Standards)
(For the six months ended September 30, 2021)**

October 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: November 11, 2021

Scheduled date of dividend payout: November 26, 2021

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, 2022
(April 1, 2021 to September 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 – September 30, 2021	43,719	22.1	4,582	69.4	4,704	60.7	3,489	62.2
April – September 30, 2020	35,791	(11.2)	2,705	(31.1)	2,927	(27.4)	2,151	(29.9)

(Note) Comprehensive income (loss): September 30, 2021: ¥5,653 million (373.3%); September 30, 2020: ¥1,194 million (-42.8%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April – September 30, 2021	43.13	42.99
April – September 30, 2020	26.60	26.56

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Six months ended September 30, 2021	115,749	91,543	78.8
Year ended March 31, 2021	108,212	86,677	79.8

(Reference) Equity capital: September 30, 2021: ¥91,171 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	–	12.00			
March 2022 (forecast)			–	12.00	24.00

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

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: No

* Notes

(1) Any changes in important subsidiaries during the six months ended September 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, (4) Explanatory Notes to Consolidated Financial Statements (Changes in Accounting Policies) on page 9 of the Accompanying Materials.

(4) Number of shares issued (common stock)

1. Number of shares issued as of the term end (including treasury shares):	September 2021	82,623,376 shares
	March 2021	82,623,376 shares
2. Number of treasury shares as of the term end:	September 2021	1,675,962 shares
	March 2021	1,727,742 shares
3. Average number of shares during the term:	September 2021	80,913,550 shares
	September 2020	80,883,167 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 5, 2021. The presentation material distributed at this meeting will be posted promptly on the Company's website after the meeting.

Accompanying Materials – Contents

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1. Qualitative Information on Consolidated Results, etc. for the Six-Month Period Ended September 30, 2021

(1) Qualitative Information on Consolidated Results

During the first half under review, signs of a recovery continued to spread, but the sense of uncertainty about the global economic outlook increased, given factors such as the recurrent spread of COVID-19, steep rises in the prices of raw materials, and the insufficient supply of semiconductors. In the United States, employment recovered, and consumer spending also gained strength. In Europe, business was generally weak, albeit with some evidence of a recovery. 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 stood at ¥43,719 million (up 22.1% year on year). Operating profit amounted to ¥4,582 million (up 69.4% year on year), ordinary profit was ¥4,704 million (up 60.7% year on year), and profit attributable to owners of parent stood at ¥3,489 million (up 62.2% 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, 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, net sales for the segment amounted to ¥11,261 million (up 42.1% year on year), and operating profit for the segment came to ¥691 million (compared with an operating loss of ¥32 million posted in the first half of the previous fiscal year).

2) Precision Molding Products segment

In the Precision Molding Products segment, overall sales surpassed the year-ago level, supported by shipments of semiconductor-related containers and carrier tape-related products which remained favorable.

Sales for semiconductor-related containers grew sharply, reflecting 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 strong due to the recovery in shipments of rollers for laser printers, which are mainstay products.

Sales of carrier tape-related products grew substantially, reflecting continued strong demand for electronic components for automobiles and smartphones.

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 ¥19,525 million, up 17.1% year on year, and segment operating profit was ¥3,381 million, up 32.4% 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.

Looking at packing materials such as wrapping films, sales to supermarkets were firm, but the recovery of demand for products for the food service industry was slow. Overall sales for the products increased under those conditions.

Sales of PVC pipes and related products were sluggish 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 display and automotive electronic components.

As a result, segment sales amounted to ¥9,683 million, up 14.7% year on year, and segment operating profit was ¥363 million, up 306.0% year on year.

4) Others segment

Overall sales from the construction business grew year on year with increases in orders for projects for building and renovating commercial facilities, particularly in Tokyo and neighboring areas, and projects for finishing the interior of public facilities.

As a result, segment sales stood at ¥3,248 million (up 18.2% year on year) and operating profit was ¥145 million (up 55.4% 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, 2022 published on July 26, 2021 remain unchanged.

2. Consolidated Quarterly Financial Statements and Key Notes

(1) Consolidated Balance Sheets

(Million yen)

	Year ended March 31, 2021 (As of March 31, 2021)	Second quarter of year ending March 31, 2022 (As of September 30, 2021)
Assets		
Current assets		
Cash and deposits	47,620	47,038
Notes and accounts receivable - trade	19,478	–
Notes and accounts receivable - trade, and contract assets	–	21,977
Electronically recorded monetary claims - operating	2,565	2,662
Merchandise and finished goods	6,221	7,388
Work in process	1,380	1,512
Raw materials and supplies	3,274	4,045
Accounts receivable - other	1,405	1,668
Other	540	558
Allowance for doubtful accounts	(295)	(264)
Total current assets	82,191	86,587
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,914	8,332
Machinery, equipment and vehicles, net	4,118	5,123
Land	6,615	7,239
Construction in progress	2,003	2,164
Other, net	1,639	1,678
Total property, plant and equipment	22,292	24,538
Intangible assets		
Software	119	116
Goodwill	–	1,838
Other	26	120
Total intangible assets	145	2,075
Investments and other assets		
Investment securities	1,789	930
Deferred tax assets	810	804
Other	982	812
Total investments and other assets	3,583	2,548
Total non-current assets	26,021	29,161
Total assets	108,212	115,749

Shin-Etsu Polymer Co., Ltd. (7970) Financial Summary (For the six months ended September 30, 2021)

(Million yen)

	Year ended March 31, 2021 (As of March 31, 2021)	Second quarter of year ending March 31, 2022 (As of September 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,171	11,688
Electronically recorded obligations - operating	2,454	2,622
Accounts payable - other	1,128	1,356
Income taxes payable	1,101	1,180
Accrued expenses	2,188	2,230
Provision for bonuses	1,240	1,568
Provision for bonuses for directors (and other officers)	57	15
Other	1,292	1,489
Total current liabilities	19,635	22,152
Non-current liabilities		
Net defined benefit liability	1,167	1,310
Other	732	743
Total non-current liabilities	1,899	2,053
Total liabilities	21,535	24,205
Net Assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	69,257	71,852
Treasury shares	(1,667)	(1,617)
Total shareholders' equity	89,944	92,590
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	345	323
Foreign currency translation adjustment	(3,914)	(1,732)
Remeasurements of defined benefit plans, net of tax	(12)	(9)
Total accumulated other comprehensive income	(3,581)	(1,418)
Share acquisition rights	314	371
Total net assets	86,677	91,543
Total liabilities and net assets	108,212	115,749

(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, 2020 (April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)
Net sales	35,791	43,719
Cost of sales	24,705	29,949
Gross profit	11,086	13,769
Selling, general and administrative expenses	8,381	9,187
Operating profit	2,705	4,582
Non-operating income		
Interest income	131	53
Foreign exchange gains	5	35
Other	102	73
Total non-operating income	239	161
Non-operating expenses		
Interest expenses	14	7
Loss on retirement of non-current assets	1	8
Loss on valuation of investment securities	–	20
Other	0	2
Total non-operating expenses	17	39
Ordinary profit	2,927	4,704
Extraordinary profit		
Gain on reversal of share acquisition rights	–	27
Total extraordinary profit	–	27
Profit before income taxes	2,927	4,731
Income taxes - current	785	1,220
Income taxes - deferred	(9)	20
Total income taxes	775	1,241
Profit	2,151	3,489
Profit attributable to owners of parent	2,151	3,489

Consolidated Statement of Comprehensive Income

Six months ended September 30

(Million yen)

	Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)
Profit	2,151	3,489
Other comprehensive income		
Valuation difference on available-for-sale securities	94	(21)
Foreign currency translation adjustment	(1,056)	2,181
Remeasurements of defined benefit plans, net of tax	5	2
Total other comprehensive income	(956)	2,163
Comprehensive income	1,194	5,653
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,194	5,653

(3) Consolidated Statement of Cash Flows

(Million yen)

	Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)	Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)
Cash flows from operating activities		
Profit before income taxes	2,927	4,731
Depreciation and amortization	1,668	1,526
Amortization of goodwill	–	42
Interest and dividend income	(146)	(69)
Interest expenses	14	7
Foreign exchange losses (gains)	74	(6)
Loss on retirement of non-current assets	1	8
Decrease (increase) in notes and accounts receivable - trade	3,003	(804)
Decrease (increase) in inventories	91	(1,238)
Increase (decrease) in notes and accounts payable - trade	(1,708)	635
Increase (decrease) in net defined benefit liability	(179)	(196)
Loss (gain) on valuation of investment securities	–	20
Decrease (increase) in consumption taxes receivable/payable	8	(217)
Other, net	698	571
Subtotal	6,454	5,011
Interest and dividends income received	150	61
Interest expenses paid	(14)	(8)
Repayment (payment) of corporate taxes	(631)	(1,255)
Net cash provided by (used in) operating activities	5,957	3,809
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,671)	(1,203)
Purchase of intangible assets	(61)	(110)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(3,552)
Other, net	297	0
Net cash provided by (used in) investing activities	(1,435)	(4,865)
Cash flows from financing activities		
Cash dividends paid	(808)	(888)
Proceeds from sales of treasury shares	9	45
Other, net	(83)	(86)
Net cash provided by (used in) financing activities	(882)	(928)
Effect of exchange rate change on cash and cash equivalents	(545)	1,245
Net increase (decrease) in cash and cash equivalents	3,093	(738)
Cash and cash equivalents at beginning of period	41,675	45,948
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	–	64
Cash and cash equivalents at end of period	44,769	45,274

(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

(Changes in the Scope of Consolidation or the Scope of Equity Method Application)

From the first quarter of the current fiscal year, the Company included Hymix Co., Ltd., whose status had been a non-consolidated subsidiary at the end of the previous fiscal year, in the scope of consolidation, taking its increased importance into consideration.

Further, the Company included Kitche Nista Co., Ltd. in the scope of consolidation from the second quarter under review following the acquisition of all its shares on August 2, 2021. The deemed acquisition date for the subsidiary is September 30, 2021.

(Change in Accounting Policy)

(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. 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 from onerous supply transactions. From the first quarter of the current fiscal year, the Company replaced this practice with the method of not recognizing the disappearance of supplies in cases where it bears the obligation to buy them back. For onerous receipt transactions, the Company had previously recognized the sum of sales to suppliers and the amount of raw materials and the like received as revenues. From the first quarter of the current fiscal year, the Company replaced the practice with the method of recognizing an amount excluding the amount of raw materials and the like received as revenues.

As a result, compared with previous accounting treatment, net sales and the cost of sales in the second quarter under review decreased 245 million yen, respectively. Merchandise and finished goods increased 31 million yen, work in progress decreased 5 million yen, raw materials and supplies increased 88 million yen, other current assets increased 17 million yen, and other current liabilities increased 131 million yen, 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 six months under review.

From the first quarter of the current fiscal year, the Company changed its practice to state notes and accounts receivable - trade, which had been stated under current assets in Consolidated Balance Sheets for the previous fiscal year, as part of notes and accounts receivable - trade, and contract assets based on the Revenue Recognition Accounting Standard and the like which the Company began to apply. The Company did not rearrange results for the previous fiscal year using a new presentation method in accordance with transitional handling prescribed in Section 89-2 of the Revenue Recognition Accounting Standard.

(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. 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)

I. Six months ended September 30, 2020 (April 1, 2020 to September 30, 2020)

Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	7,924	16,673	8,445	33,043	2,748	35,791
Inter-segment sales or transfers	–	–	–	–	–	–
Total	7,924	16,673	8,445	33,043	2,748	35,791
Segment profit or loss (Operating profit or loss)	(32)	2,554	89	2,611	93	2,705

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

II. Six months ended September 30, 2021 (April 1, 2021 to September 30, 2021)

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	11,261	19,525	9,683	40,470	3,248	43,719
Inter-segment sales or transfers	–	–	–	–	–	–
Total	11,261	19,525	9,683	40,470	3,248	43,719
Segment profit (Operating profit)	691	3,381	363	4,436	145	4,582

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

2. Information on impairment loss on non-current assets or goodwill, etc. by reported segment

(Significant changes in the amount of goodwill)

In the Housing & Living Materials segment, the Company included Hymix Co., Ltd. and Kitche Nista Co., Ltd. in the scope of consolidation. As a result, goodwill in the segment increased by 1,876million yen during the first half under review.

The amount of goodwill is a provisionally calculated figure as the allocation of acquisition cost was not complete at the end of the first half under review.

3. Matters concerning changes in reported segments, etc.

As stated in Changes in Accounting Policies, the Company began applying the Revenue Recognition

Accounting Standard, etc., and changed the method of accounting in connection with revenue recognition from the first quarter of the current fiscal year. Accordingly, the Company changed the method of calculating profits and losses for its business segments.

As a result of this change, compared with previous accounting treatment, net sales for the Electronic Devices segment, the Precision Molding Products segment and the Housing & Living Materials segment decreased 19 million yen, 27 million yen and 198 million yen, respectively, in the first half under review. The change produced no effect on segment profits for the first half under review.