



Consolidated Financial Summary (Japanese Accounting Standards)
(For the first quarter ended June 30, 2022)

July 26, 2022

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 10, 2022

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, 2023
(April 1, 2022 to June 30, 2022)

(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, 2022	25,226	19.9	3,470	55.0	3,973	67.5	2,703	49.1
April – June 30, 2021	21,036	14.8	2,239	64.7	2,372	50.0	1,813	44.9

(Note) Comprehensive income (loss): June 30, 2022: ¥5,238 million (35.7%); June 30, 2021: ¥3,861 million (811.5%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April – June 30, 2022	33.53	33.42
April – June 30, 2021	22.41	22.33

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Three months ended June 30, 2022	125,964	98,454	77.9
Year ended March 31, 2022	122,577	94,337	76.7

(Reference) Equity capital: June 30, 2022: ¥98,117 million; March 31, 2022: ¥93,995 million

2. Dividends

	Dividend per share				
	1st quarter	2nd quarter	3rd quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2022	—	12.00	—	14.00	26.00
March 2023	—				
March 2023 (forecast)		18.00	—	18.00	36.00

(Note) Revisions to dividend forecasts published most recently: Yes
 Dividend forecasts for the fiscal year ending March 31, 2023 are presented above.

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	108,000	16.6	12,000	23.3	12,500	23.4	8,800	39.5	109.18

(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, 2023 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, 2022 (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): | June 2022 | 82,623,376 shares |
| | March 2022 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | June 2022 | 2,015,801 shares |
| | March 2022 | 2,025,709 shares |
| 3. Average number of shares during the term: | June 2022 | 80,604,292 shares |
| | June 2021 | 80,901,294 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, 2022 (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, 2022

(1) Qualitative Information on Consolidated Results

During the first three months of the consolidated fiscal year ending March 31, 2023, the sense of uncertainty about the global economic outlook increased due to rises in raw materials prices and supply constraints caused mainly by the prolonged war in Ukraine and constraints on economic activities in China, as well as changes in financial markets. In the United States, the economy continued to recover, but inflation accelerated due to rises in raw materials prices, among other factors. In Europe, procuring energy became difficult, which heightened concern about an economic slowdown. In Asia, the economic recovery in China slowed due to the lingering effects of constraints on economic activities. Meanwhile, the economy recovered in India and the ASEAN region.

In the Japanese economy, corporate capital expenditure and consumer spending picked up. Meanwhile, a recovery in production stalled and exports remained flat.

The Group's business environment remained favorable overall, reflecting continued growth in demand in the semiconductor and electronics component industries. Demand in the automotive 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 during the first quarter under review stood at ¥25,226 million (up 19.9% year on year). Operating profit amounted to ¥3,470 million (up 55.0% year on year), ordinary profit was ¥3,973 million (up 67.5% year on year), and profit attributable to owners of parent stood at ¥2,703 million (up 49.1% year on year).

Consolidated results by segment are as follows.

1) Electronic Devices segment

In the Electronic Devices segment, shipments of automotive input devices saw sluggish growth chiefly due to a shortage of procurable parts in the automotive industry, and overall sales remained at the year-ago level.

Of input devices, shipments of touchpads for slim notebook personal computers were solid, but shipments of automotive key switches saw sluggish growth. Overall sales remained flat from a year earlier.

Overall sales for display-related products were roughly the same as a year ago, reflecting the firm shipments of LCD connectors and view/light path control film (VCF).

Sales for component-related products grew, reflecting strong shipments of electronic-part testing connectors and automotive windshield wipers.

As a result, segment sales stood at ¥5,600 million (up 0.0% year on year) and operating profit was ¥368 million (up 8.9% year on year).

2) Precision Molding Products segment

In the Precision Molding Products segment, overall sales far surpassed the year-ago level, supported by continued strength in shipments of semiconductor-related containers, office automation equipment parts, and silicone rubber molded products.

Overall 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 increased significantly due to steady growth in shipments of rollers for laser printers, which are mainstay products.

Sales of carrier tape-related products remained flat. Shipments of carrier tapes for micro electronic parts saw sluggish growth.

Overall sales of silicone rubber molded products increased, reflecting an increase in common surgical operations due to a decline in COVID-19 patients and a recovery in shipments of mainstay medical equipment.

As a result, segment sales stood at ¥11,420 million (up 23.3% year on year) and operating profit was ¥2,692 million (up 66.3% year on year).

3) Housing & Living Materials segment

In the Housing & Living Materials segment, the Company revised sales prices and carried out M&A in the extremely difficult market environment for PVC products. Overall sales for the segment rose significantly from a year earlier.

Sales of packing materials such as wrapping films increased significantly, reflecting the consolidation of Kitche Nista Co., Ltd.

Sales of PVC pipes and related products exceeded the year-earlier level, reflecting revisions to sales prices due to sharp rises in PVC price.

Sales of functional compounds rose significantly, reflecting strong demand for those for robot cables, which resulted in an increase in sales to new customers, despite a slowdown in demand for those for automobiles.

Overall sales for exterior materials remained at the year-earlier level, despite sluggish growth in demand, due to revisions to sales prices.

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

As a result, segment sales stood at ¥6,478 million (up 34.3% year on year) and operating profit was ¥322 million (up 39.4% year on year).

4) Others segment

In the construction business, delays in the delivery of store equipment were partly resolved and progress was made in finishing the interior of commercial facilities and public facilities. Overall sales in the segment increased significantly from a year earlier.

As a result, segment sales amounted to ¥1,727 million (up 28.0% year on year) and operating profit was ¥85 million (up 71.5% 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 due to sharp rises in raw materials prices caused by the prolonged war in Ukraine, among other factors, restrictions on supply, and downside risk caused chiefly by financial markets.

In this operating environment, the Group will implement its sales activities on boosting sales of both key products and new businesses in Japan and overseas. 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 plan (BCP) by way of precaution against a shutdown and other emergencies.

The consolidated results for the fiscal year ending March 31, 2023 are expected to include sales of ¥108,000 million, operating profit of ¥12,000 million, ordinary profit of ¥12,500 million, and profit attributable to owners of parent of ¥8,800 million. With respect to forecasts of dividends, the annual dividend per share will increase ¥10 from the previous fiscal year, to ¥36 (the end of the second quarter: ¥18; the end of the fiscal year: ¥18).

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

(Million yen)

	Year ended March 31, 2022	First quarter ended June 30, 2022
Assets		
Current assets		
Cash and deposits	48,749	46,948
Notes and accounts receivable - trade, and contract assets	22,525	23,432
Electronically recorded monetary claims - operating	2,571	3,201
Merchandise and finished goods	8,152	9,103
Work in process	1,720	1,887
Raw materials and supplies	5,025	5,623
Accounts receivable - other	1,911	1,817
Other	583	1,062
Allowance for doubtful accounts	(293)	(303)
Total current assets	90,945	92,772
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,965	9,165
Machinery, equipment and vehicles, net	5,243	5,306
Land	6,864	6,914
Construction in progress	4,049	5,134
Other, net	2,041	2,069
Total property, plant and equipment	27,164	28,590
Intangible assets		
Software	114	130
Goodwill	1,574	1,534
Other	612	713
Total intangible assets	2,301	2,377
Investments and other assets		
Investment securities	895	907
Deferred tax assets	293	306
Other	977	1,010
Total investments and other assets	2,165	2,224
Total non-current assets	31,632	33,192
Total assets	122,577	125,964

Shin-Etsu Polymer Co., Ltd. (7970) Financial Summary (For the first quarter ended June 30, 2022)

(Million yen)

	Year ended March 31, 2022	First quarter ended June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	12,817	13,838
Electronically recorded obligations - operating	2,885	2,945
Accounts payable - other	2,906	1,162
Income taxes payable	1,670	1,074
Accrued expenses	2,081	2,134
Provision for bonuses	1,506	1,007
Provision for bonuses for directors (and other officers)	31	8
Other	1,808	2,442
Total current liabilities	25,707	24,613
Non-current liabilities		
Net defined benefit liability	1,303	1,304
Other	1,229	1,591
Total non-current liabilities	2,533	2,896
Total liabilities	28,240	27,509
Net Assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	73,670	75,246
Treasury shares	(1,988)	(1,979)
Total shareholders' equity	94,036	95,622
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	303	297
Foreign currency translation adjustment	(357)	2,183
Remeasurements of defined benefit plans, net of tax	12	13
Total accumulated other comprehensive income	(41)	2,494
Share acquisition rights	341	337
Total net assets	94,337	98,454
Total liabilities and net assets	122,577	125,964

(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, 2021 (April 1, 2021 to June 30, 2021)	First quarter ended June 30, 2022 (April 1, 2022 to June 30, 2022)
Net sales	21,036	25,226
Cost of sales	14,274	16,760
Gross profit	6,762	8,465
Selling, general and administrative expenses	4,523	4,995
Operating profit	2,239	3,470
Non-operating income		
Non-operating expenses	25	27
Interest expenses	70	445
Non-operating expenses	48	39
Interest expenses	144	512
Non-operating expenses		
Interest expenses	4	6
Other	7	2
Total non-operating expenses	11	9
Ordinary profit	2,372	3,973
Extraordinary profit		
Gain on reversal of share acquisition rights	27	2
Total extraordinary profit	27	2
Profit before income taxes	2,399	3,975
Income taxes - current	424	971
Income taxes - deferred	162	300
Total income taxes	586	1,272
Profit	1,813	2,703
Profit attributable to owners of parent	1,813	2,703

Consolidated Statement of Comprehensive Income
Three months ended June 30

(Million yen)

	First quarter ended June 30, 2021 (April 1, 2021 to June 30, 2021)	First quarter ended June 30, 2022 (April 1, 2022 to June 30, 2022)
Profit	1,813	2,703
Other comprehensive income		
Valuation difference on available-for-sale securities	(22)	(6)
Foreign currency translation adjustment	2,068	2,541
Remeasurements of defined benefit plans, net of tax	1	0
Total other comprehensive income	2,048	2,535
Comprehensive income	3,861	5,238
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,861	5,238

(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

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.

Three months ended June 30, 2022 (April 1, 2022 to June 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	5,600	11,420	6,478	23,499	1,727	25,226
Inter-segment sales or transfers	–	–	–	–	–	–
Total	5,600	11,420	6,478	23,499	1,727	25,226
Segment profit (Operating profit)	368	2,692	322	3,384	85	3,470

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