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August 5, 2021

## Consolidated Financial Results for the Six Months Ended June 30, 2021 (Under Japanese GAAP)

Company name: SUMCO Corporation  
 Listing: Tokyo Stock Exchange (First Section)  
 Securities code: 3436  
 URL: <https://www.sumcosi.com>  
 Representative: Mayuki Hashimoto, Representative Director, CEO & Chairman of the Board  
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 Scheduled date to file quarterly securities report: August 12, 2021  
 Scheduled date to commence dividend payments: September 3, 2021  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results briefing: Yes (for institutional investors and security analysts)

(Yen amounts are rounded down to millions.)

### 1. Consolidated financial results for the six months ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

Six months ended	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Jun. 30, 2021	157,778	7.2	21,720	(6.3)	20,964	(7.4)	16,373	(2.7)
Jun. 30, 2020	147,142	(6.0)	23,170	(30.9)	22,650	(30.8)	16,821	(26.8)

Note: Comprehensive income For the six months ended Jun. 30, 2021: ¥25,850 million [ 38.2% ]  
 For the six months ended Jun. 30, 2020: ¥18,706 million [(19.9%)]

Six months ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Jun. 30, 2021	56.36	—
Jun. 30, 2020	57.62	—

#### (2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Jun. 30, 2021	609,931	373,878	54.3
Dec. 31, 2020	593,443	355,003	53.1

Reference: Equity  
 As of Jun. 30, 2021: ¥331,310 million  
 As of Dec. 31, 2020: ¥315,114 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Dec. 31, 2020	—	18.00	—	9.00	27.00
Fiscal year ending Dec. 31, 2021	—	17.00			
Fiscal year ending Dec. 31, 2021 (Forecast)			—	—	—

Note: (1) Revisions to the forecast of cash dividends most recently announced: Yes  
(2) Year-end dividend per share for the fiscal year ending Dec. 31, 2021 is not determined.

## 3. Consolidated financial forecasts for the nine months ending September 30, 2021 (from January 1, 2021 to September 30, 2021)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Nine months ended Sep. 30, 2021	243,700	11.4	34,200	14.8	32,900	15.4	25,300	25.2	87.12

Note: (1) Revisions to consolidated business forecasts made during the quarter under review: Yes  
(2) SUMCO discloses forecasts for the forthcoming quarter only. Please see “(2) Explanation of Business Forecasts” on page 2 of Supplementary Materials.

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Newly included: —

Excluded: —

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: Yes

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: Please see “(3) Notes on Consolidated Financial Statements (Changes in Accounting Policies)” on page 7 of Supplementary Materials.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of Jun. 30, 2021	290,175,139 shares
As of Dec. 31, 2020	291,181,239 shares

(ii) Number of treasury shares at the end of the period

As of Jun. 30, 2021	7,775 shares
As of Dec. 31, 2020	7,715 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Six months ended Jun. 30, 2021	290,525,050 shares
Six months ended Jun. 30, 2020	291,921,253 shares

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

Business forecasts and other forward-looking statements contained in this Brief Statement on Consolidated Financial Results are based on information currently available to the Company and on certain assumptions that the Company considers to be reasonable, and do not constitute guarantees of future performance. Actual results may differ significantly from those projected in the forward-looking statements as a result of various factors. Regarding the assumptions underlying business forecasts, please see “(2) Explanation of Business Forecasts” on page 2 of Supplementary Materials.

Year-end dividend per share for the fiscal year ending Dec. 31, 2021 is not determined, and a forecast will be disclosed as soon as the disclosure becomes possible.

Quarterly results briefing for institutional investors and security analysts is scheduled on August 5, 2021. Supplementary materials for quarterly financial results are available in our website before starting the briefing.

## **(Supplementary Materials)**

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## 1. Qualitative Information for the Second Quarter of Fiscal Year 2021

### (1) Explanation of Business Results

During the second quarter of fiscal year 2021 (January 1, 2021–June 30, 2021), supply and demand tightness for 300 mm wafers for logic increased further, with demand being driven by PC, smartphone, and data center. Supply and demand tightness began to affect wafers for memory as well, as NAND followed DRAM in entering a demand recovery phase. For wafers of 200 mm and smaller, likewise, supply continued to fall short of demand, with expanding needs for automotive, consumer product, and industrial.

In this environment, in line with the SUMCO Vision, the SUMCO Group sought to maintain our strong presence with customers through technology development aimed at meeting their needs for leading-edge, distinctive products, while endeavoring also to improve our profitability by cost reduction.

As a result, for the period under review, the Group registered consolidated net sales of 157,778 million yen, operating income of 21,720 million yen, ordinary income of 20,964 million yen, and net income attributable to owners of the parent of 16,373 million yen.

### (2) Explanation of Business Forecasts

The market for 300 mm semiconductor silicon wafers in the third quarter is expected to see further supply and demand tightness, as demand grows for memory in addition to logic. Supply and demand tightness is forecast to continue also for wafers of 200 mm and smaller, sustained by strong demand.

In this market environment, the Group will continue seeking to enhance the competitive advantage of our products by developing technologies for state-of-the-art wafers for which continued demand growth is expected, while endeavoring to meet customer needs for these products through productivity improvements making greater use of AI, and through ongoing augmenting of equipment capacity in line with this demand. We will also be paying close attention to changes in the market environment including the impact of COVID-19 and US-China trade friction.

It is difficult for the Group to formulate reasonable business forecasts for the full-year, since the semiconductor industry to which the Group belongs is characterized by drastic and short-term changes in the business environment. Therefore, the Group has adopted the policy of disclosing business forecasts for the forthcoming quarter only.

SUMCO announces its consolidated business forecasts for the nine months ending Sep. 30, 2021 as follows.

Consolidated Business Forecasts for the nine months ending Sep. 30, 2021 (from Jan. 1, 2021 to Sep. 30, 2021)

	Net sales (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income attributable to owners of the parent (millions of yen)	Net income per share (yen)
Previous Forecasts (A)	—	—	—	—	—
Revised Forecasts (B)	243,700	34,200	32,900	25,300	87.12
Changes (B-A)	—	—	—	—	
Rate of changes (%)	—	—	—	—	
(Reference) Results for nine months ended Sep. 30, 2020	218,745	29,794	28,508	20,209	69.29

(Notes) (1) Business forecasts and other forward-looking statements contained in this Brief Statement on Consolidated Financial Results are based on information currently available to the Company and on certain assumptions that the Company considers to be reasonable, and do not constitute guarantees of future performance. Actual results may differ significantly from those projected in the forward-looking statements as a result of various factors.

(2) The above forecasts for the three months ending Sep. 30, 2021 (from Jul. 1, 2021 to Sep. 30, 2021) was made assuming translation rates of one U.S. dollar to 110 yen.

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

(millions of yen)

	As of Dec. 31, 2020	As of Jun. 30, 2021
<b>Assets</b>		
Current assets		
Cash and cash equivalents	82,968	95,598
Notes and accounts receivable – trade	60,405	65,423
Finished products	18,645	16,702
Work in process	19,642	20,953
Raw materials and supplies	142,185	138,217
Other current assets	7,222	6,863
Allowance for doubtful accounts	(9)	(10)
Total current assets	331,061	343,749
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	68,443	70,183
Machinery, equipment and vehicles, net	82,693	85,874
Land	20,261	20,155
Construction in progress	30,732	31,194
Other, net	1,921	2,113
Total property, plant and equipment	204,052	209,522
Intangible assets		
Goodwill	1,936	1,124
Other	8,183	8,022
Total intangible assets	10,120	9,146
Investments and other assets		
Investment securities	101	88
Long-term advance payments	33,511	32,296
Deferred tax assets	10,468	11,117
Other assets	4,403	4,278
Allowance for doubtful accounts	(275)	(268)
Total investments and other assets	48,209	47,512
Total fixed assets	262,381	266,182
<b>Total assets</b>	<b>593,443</b>	<b>609,931</b>

(millions of yen)

	As of Dec. 31, 2020	As of Jun. 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	25,615	27,737
Short-term borrowings	38,180	39,459
Current portion of long-term lease obligations	192	84
Accrued income taxes	3,392	2,871
Reserve for bonuses	1,308	1,296
Other current liabilities	28,491	28,629
Total current liabilities	97,180	100,078
Long-term liabilities		
Long-term debt	111,383	105,703
Long-term lease obligations	141	112
Retirement benefit liability	24,851	24,973
Other long-term liabilities	4,882	5,185
Total long-term liabilities	141,259	135,974
Total liabilities	238,439	236,053
<b>Equity</b>		
Shareholders' equity		
Capital stock	138,718	138,718
Capital surplus	27,463	24,970
Retained earnings	151,559	165,254
Treasury stock	(12)	(19)
Total shareholders' equity	317,729	328,924
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	0	0
Deferred loss on derivatives under hedge accounting	(0)	(0)
Land revaluation surplus	2,885	2,885
Foreign currency translation adjustments	(3,224)	1,570
Defined retirement benefit plans	(2,277)	(2,069)
Total accumulated other comprehensive loss	(2,615)	2,386
Non-controlling interests	39,888	42,567
Total equity	355,003	373,878
<b>Total liabilities and equity</b>	593,443	609,931

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

(millions of yen)

	Six months ended Jun. 30, 2020 (from Jan. 1, 2020 to Jun. 30, 2020)	Six months ended Jun. 30, 2021 (from Jan. 1, 2021 to Jun. 30, 2021)
Net sales	147,142	157,778
Cost of sales	110,443	122,517
Gross profit	36,699	35,261
Selling, general and administrative expenses	13,528	13,540
Operating income	23,170	21,720
Non-operating income		
Interest income	225	57
Dividend income	52	46
Subsidy income	618	462
Other	141	41
Total non-operating income	1,037	608
Non-operating expenses		
Interest expense	483	434
Loss on sales and disposals of fixed assets	185	441
Foreign exchange loss	739	302
Other	148	186
Total non-operating expenses	1,556	1,364
Ordinary income	22,650	20,964
Income before income taxes	22,650	20,964
Income taxes	4,039	3,152
Net income	18,611	17,812
Net income attributable to non-controlling interests	1,790	1,439
Net income attributable to owners of the parent	16,821	16,373



## (Consolidated Statement of Comprehensive Income)

(millions of yen)

	Six months ended Jun. 30, 2020 (from Jan. 1, 2020 to Jun. 30, 2020)	Six months ended Jun. 30, 2021 (from Jan. 1, 2021 to Jun. 30, 2021)
Net income	18,611	17,812
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(0)	0
Deferred loss on derivatives under hedge accounting	(2)	(0)
Foreign currency translation adjustments	(131)	7,821
Defined retirement benefit plans	229	216
Total other comprehensive income	94	8,038
Comprehensive income	18,706	25,850
Total comprehensive income attributable to:		
Owners of the parent	16,666	21,375
Non-controlling interests	2,039	4,475

## (3) Notes on Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable

(Notes regarding Significant Changes in Shareholders' Equity)

As resolved at the February 19, 2021 Board of Directors Meeting, the Company repurchased and cancelled 1,006,100 shares of treasury stock.

Total amount of repurchase of treasury stock	2,499 million yen
Total amount of cancellation of treasury stock	2,492 million yen
Treasury stock at the end of second quarter of fiscal year 2021	(19) million yen

## (Changes in Accounting Policies)

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

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 30, 2018) (hereinafter, "Revenue Recognition Standard") and Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30 of March 2018) having become applicable to a consolidated fiscal year starting prior to March 31, 2021, we have applied this Revenue Recognition Standard and Guidance from the beginning of the first quarter of the fiscal year, recognizing as revenue the amount expected to be received in exchange for goods or services at the time control of the promised good or service is transferred to the customer.

Accordingly, the Company and its Japanese consolidated subsidiaries, with the exception of consignment products, has changed from recognizing revenue at the point of shipment in the case of domestic sales, and at the point of export clearance in the case of export sales, to recognizing revenue for domestic sales at the time of arrival of the goods at the customer's, and for export sales upon arrival of the goods at the place agreed with the customer, deeming our performance obligation to have been satisfied.

In the case of sales to certain customers where the transfer of control of assets to the customer takes place over a fixed period of time, the time of revenue recognition is changed to the fixed period of time based on manufacturing progress.

In addition, sales commissions and other considerations payable to a customer, which were previously accounted for as selling, general and administrative expenses, are now accounted for by deducting them from the transaction price.

Implementation of the Revenue Recognition Standard and Guidance is in line with the transitional measures provided in the proviso to Article 84 of the Revenue Recognition Standard. Accordingly, the cumulative impact of the change when the new accounting policy is applied retroactively prior to the beginning of the first quarter is reflected in retained earnings at the beginning of the first quarter, while the new policy is not retroactively applied to contracts for which all or most revenue was recognized prior to the beginning of the first quarter in accordance with the previous policy.

In addition, the method specified in Paragraph 86 item (1) of the Revenue Recognition Standard is applied for contract changes made prior to the beginning of the first quarter, such that accounting is performed based on the contract provisions after all changes have been reflected, and the cumulative impact is reflected in retained earnings at the beginning of the first quarter.

As a result, the impact on earned surplus balance at the beginning of the first quarter is minor.

The impact of these changes on the quarterly consolidated financial statements in the second quarter (January 1, 2021–June 30, 2021) is minor.