



[Translation]

September 30, 2021

To whom it may concern,

Company name: SUMCO Corporation
Representative: Mayuki Hashimoto, Representative Director
CEO & Chairman of the Board
(Code: 3436, TSE First Section)
Contact: Hiroshi Shibuya, Executive Officer
General Manager of Public Relations & IR Department
(Tel: +81-3-5444-3915)

Announcement Regarding Issuance of New Shares

SUMCO Corporation (the “Company”) hereby announces that it has resolved, at the meeting of the board of directors held on September 30, 2021, to issue new shares of the Company through a public offering.

Purpose of the Funding

The Company and its group companies (the “Company Group”) produces high quality silicon wafers used in semiconductor devices, and has a wide range of product development capabilities and technological capabilities, covering large to small diameter silicon wafers, and by establishing a stable supply system through making the best use of such capabilities, the Company Group contributes to the development of society.

In particular, the Company is concentrating on the enhancement and improvement of its technological capabilities to meet the extremely strict quality and cost demands of customers, and is striving to raise the Company’s standing in the semiconductor silicon wafer industry.

Against the backdrop of continued strong demand for semiconductors used for 5G, smartphones, data centers, automobiles and so on, demand for 300 mm silicon wafers is expected to continue to grow steadily. The supply that the Company can provide with the Company Group’s current manufacturing facilities is not able to keep up with demand, and the market for 300 mm leading-edge silicon wafers, which are compatible with the most advanced technologies that are the driving force for improving the performance of semiconductors, is especially expected to achieve higher levels of growth.

Based on these circumstances, the Company will continue to appropriately implement its policy of raising the production capacity gradually (the “Successive Capacity Expansions”) in response to customer demand to fulfill our supply responsibilities to them, while taking into consideration forecasts for supply and demand for the 300 mm leading-edge silicon wafer market from time to time and the length of time, etc. required for the construction and expansion of manufacturing facilities. Also, when conducting the Successive Capacity Expansions in the future, the Company intends to

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prioritize supply to customers who have committed to long-term agreements with economically reasonable selling prices and durations of greater than our historically typical two to three years.

The miniaturization technology for the leading-edge semiconductors is constantly evolving, and customers are increasingly demanding the technology and quality required for 300 mm leading-edge silicon wafers that are compatible with new technologies. To establish production lines that meet such level of demand, it is necessary to introduce the production related facilities such as manufacturing and processing equipment and inspection equipment which have higher precision and performance and which are more expensive than the existing equipment.

Since the Company Group's existing plants in Japan are running out of the space for capacity expansions, the purpose of this funding is to introduce manufacturing equipment to cope with the Successive Capacity Expansions after constructing a new plant building and utility equipment and to establish a system which allows production to begin in stages.

The Company has endeavored to improve its financial strength in order to establish a strong financial base, which is essential for a sustainable increase in corporate value. Raising part of the funds for capital investment through a public offering will enable the Company to conduct the continuous Successive Capacity Expansions without impairing its financial flexibility and agility necessary for business operations, and therefore the Company believes it will contribute to the medium- to long-term improvement of corporate value.

Please see the "Announcement Regarding Capital Investment (Acquisition of Fixed Assets)" published on September 30, 2021 for details of the capital investment.

Issuance of new shares through public offering

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|-----|---|---|
| (1) | Class and number of shares to be offered | 60,000,000 shares of common stock of the Company, being the aggregate of (i) through (iii) described below:
(i) 15,000,000 shares of common stock of the Company, issued for purchase and underwriting by the Japanese Underwriters in the Japanese Offering, described in (4)(i) below;
(ii) 37,174,000 shares of common stock of the Company, issued for purchase and underwriting by the International Underwriters in the International Offering, described in (4)(ii) below; and
(iii) A maximum of 7,826,000 shares of common stock of the Company, additionally issued for acquisition by the International Underwriters in the International Offering upon exercise of the option, described in (4)(ii) below. |
| (2) | Method of determination of amount to be paid in | The amount to be paid in will be determined on a day in the period between October 12, 2021 (Tue) and October 15, 2021 (Fri) (such date, the "Pricing Date") in accordance with the method set forth in Article 25 of the Regulations Concerning Underwriting of Securities, etc. promulgated by the Japan Securities Dealers Association (the "JSDA"). |

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- (3) Amount of stated capital and additional capital reserves to be increased The amount of stated capital to be increased is half of the maximum increase amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of capital reserves to be increased is the amount obtained by subtracting the said amount of stated capital to be increased from the maximum amount of increase of stated capital.
- (4) Method of offering The Japanese offering and the international offering will be made simultaneously.
- (i) Japanese Offering:
The offering to be made in Japan (the “Japanese Offering”) will be a public offering, and Japanese underwriters (the “Japanese Underwriters”) shall purchase and underwrite all of the shares through public offering in Japan.
- (ii) International Offering:
In the offering to be made outside Japan (with the offering in the United States restricted to sales to qualified institutional buyers under Rule 144A of the U.S. Securities Act of 1933) (the “International Offering”) the aggregate number of shares will be severally purchased and underwritten by international underwriters (the “International Underwriters”, and collectively with the Japanese Underwriters, the “Underwriters”). The Company shall also grant the International Underwriters the option to acquire additional newly issued shares of common stock of the Company, as described in (1)(iii) above.

With regard to the number of shares to be offered described in (i) and (ii) above, the number of shares to be offered is planned to be 15,000,000 shares in the Japanese Offering and 45,000,000 shares in the International Offering (37,174,000 shares described in (1)(ii) above and 7,826,000 additional shares upon exercise of the option in (1)(iii) above). However, the final breakdown will be determined on the Pricing Date by taking into account market demand and other conditions.

The issue price (offer price) with regard to each of (i) and (ii) shall be determined on the Pricing Date in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting of Securities, etc., of the JSDA, based on the preliminary pricing

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- terms calculated by multiplying the closing price in regular trading of the shares of common stock of the Company on the Tokyo Stock Exchange, Inc. on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by a number between 0.90 and 1.00 (with any fraction less than one yen being rounded down), taking into account market demand and other conditions.
- (5) Consideration for the Underwriters The Company shall not pay any underwriting commissions to the Underwriters, although the aggregate amount of the difference between (a) the issue price (offer price) in the issuance of new shares through the Japanese Offering and the International Offering, and (b) the amount to be paid in to the Company by the Underwriters shall constitute proceeds to the Underwriters.
- (6) Subscription period (for the Japanese Offering) The subscription period is from the business day immediately following the Pricing Date to the second business day following the Pricing Date.
- (7) Payment date The payment date is a day in the period from October 18, 2021 (Mon) to October 21, 2021 (Thu); provided, however, that such day is the fourth business day following the Pricing Date.
- (8) Deposit for Subscription Same as the issue price (offer price) per share.
- (9) Subscription unit 100 shares
- (10) The amount to be paid in, the amount of stated capital and capital reserves to be increased, the issue price (offer price), and any other matters necessary for this issuance of new shares through public offering will be determined at the discretion of Mr. Mayuki Hashimoto, Representative Director, Chairman and CEO of the Company or person delegated by him.
- (11) The Japanese Offering shall be subject to the registration taking effect under the Financial Instruments and Exchange Act of Japan.

<Reference>

1. Change in the total number of issued shares as a result of the issuance of new shares through public offering this time
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|---|---------------------------|
| Total number of issued shares at present (as at September 30, 2021): | 290,175,139 shares |
| Increased number of shares as a result of the issuance of new shares through public offering: | 60,000,000 shares (Note) |
| Total number of issued shares after the issuance of new shares through public offering: | 350,175,139 shares (Note) |

(Note) These figures are based on the assumption that the International Underwriters exercise all of the options set forth in (1)(iii) of “Issuance of new shares through public offering” above.

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2. Use of proceeds
(1) Use of proceeds procured

Of the maximum estimated amount of total proceeds of 127,969,000,000 yen from the Japanese Offering and the International Offering, (i) 78.6 billion yen will be applied to the capital investment related to a new plant building and utility equipment at our main manufacturing site in Japan (Imari, Saga Prefecture) by the end of December 2023 and (ii) the remainder will be applied to the capital investment for manufacturing equipment for 300 mm leading-edge silicon wafers at such plant by the end of December 2024.

The proceeds mentioned above are planned to be invested in highly safe financial instruments, etc. until they are actually applied to the capital investment.

The Company Group's policy of investment to reinforce 300 mm leading-edge silicon wafer production capacity.

The Company Group produces high quality silicon wafers used in semiconductor devices, and has a wide range of product development capabilities and technological capabilities, covering large to small diameter silicon wafers, and by establishing a stable supply system through making the best use of such capabilities, the Company Group contributes to the development of society.

In particular, the Company is concentrating on the enhancement and improvement of its technological capabilities to meet the extremely strict quality and cost demands of customers, and is striving to raise the Company's standing in the semiconductor silicon wafer industry.

Against the backdrop of continued strong demand for semiconductors used for 5G, smartphones, data centers, automobiles and so on, demand for 300 mm silicon wafers is expected to continue to grow steadily. The supply that the Company can provide with the Company Group's current manufacturing facilities is not able to keep up with demand, and the market for 300 mm leading-edge silicon wafers, which are compatible with the most advanced technologies that are the driving force for improving the performance of semiconductors, is especially expected to achieve higher levels of growth.

Based on these circumstances, the Company will continue to appropriately implement its policy of the Successive Capacity Expansions in response to customer demand to fulfill our supply responsibilities to them, while taking into consideration forecasts for supply and demand for the 300 mm leading-edge silicon wafer market from time to time and the length of time, etc. required for the construction and expansion of manufacturing facilities. Also, when conducting the Successive Capacity Expansions in the future, the Company intends to prioritize supply to customers who have committed to long-term agreements with economically reasonable selling prices and durations of greater than our historically typical two to three years.

The miniaturization technology for the leading-edge semiconductors is constantly evolving, and customers are increasingly demanding the technology and quality required for 300 mm leading-edge silicon wafers that are compatible with new technologies. To establish production lines that meet such level of demand, it is necessary to introduce the production related facilities such as manufacturing and processing equipment and inspection equipment which have higher precision and performance and which are more expensive than the existing equipment.

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Capital Investment of 228.7 billion yen in total to be made by the Company and its subsidiary SUMCO TECHXIV Corp.

The Company and its subsidiary SUMCO TECHXIV Corp. decided on September 30, 2021 to make a capital investment of 228.7 billion yen in total. Since the Company Group's existing plants in Japan are running out of the space for capacity expansions, the Company has decided to make the capital investment for a new plant building, utility equipment and manufacturing equipment in order to continue the Successive Capacity Expansions for 300 mm leading-edge silicon wafers and to fulfill the Company's supply responsibilities. In addition, the Company's subsidiary SUMCO TECHXIV Corp. has decided to make the capital investment related to a physical expansion of an existing plant, utility equipment and manufacturing equipment. The Company and SUMCO TECHXIV Corp. plan to begin the construction of the plant buildings and installation of utility equipment in 2022, and to begin the production in stages from 2023 after the introduction of manufacturing equipment. The capital investment to be made by SUMCO TECHXIV Corp. is scheduled to be completed within 2023, and the capital investment to be made by the Company within 2024 (note that the capital investments to be made by both companies by the end of 2024 will not be limited to these particular capital investments).

The introduction of the new plant buildings and utility equipment will enable the Company Group to make capital investments to conduct the Successive Capacity Expansions at multiple times over the next few years.

The main details of the Company Group's capital investment plan as of September 30, 2021 are as follows:

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Company name	Details of Facilities	Expected investment amount		Funding method	Commencement date	Scheduled completion date	Increased capacity after completion
		Total investment amount (million yen)	Amount already paid (million yen)				
The Company (SUMCO Corporation)	Facilities to accommodate 300 mm leading-edge silicon wafers (capital investment related to the construction of a plant building and utility equipment)	78,600	-	Proceeds from capital increase	October 2021	December 2023	- (Note 2)
The Company (SUMCO Corporation)	Facilities to accommodate 300 mm leading-edge silicon wafers (capital investment related to manufacturing equipment)	122,900	-	Proceeds from capital increase and cash on hand	October 2021	December 2024	- (Note 2)
SUMCO TECHXIV Corp.	Facilities to accommodate 300 mm leading-edge silicon wafers (capital investment related to the construction of a plant building and utility equipment)	16,500	-	Cash on hand and loans (Note1)	October 2021	December 2023	- (Note 2)
SUMCO TECHXIV Corp.	Facilities to accommodate 300 mm leading-edge silicon wafers (capital investment related to manufacturing equipment)	10,700	-	Cash on hand and loans (Note1)	October 2021	December 2023	- (Note 2)

(Note 1) Investments in and loans to a subsidiary by the Company (SUMCO Corporation)

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(Note 2) Not stated because it is difficult to make a reasonable estimate of the production capacity after the completion.

Future capital investment by the Company Group's site in Taiwan

The Company Group expects that the continuation of the Successive Capacity Expansions will be necessary in the future to meet strong demand growth. To meet the growing customer demand, the Company Group will consider capacity expansions in stages in line with the market growth to fulfill supply responsibilities in Taiwan. As with our manufacturing sites in Japan, the production capacity of the existing plants at the manufacturing site in Taiwan has also reached their physical limitations. Therefore, we expect that we will need to make additional investments for the construction of new plant buildings and utility equipment if we continue to expand the production capacity in Taiwan. If there occurs any event that requires a timely disclosure, we will promptly disclose it. The financing method for such additional investments is not yet determined and the proceeds from the Japanese Offering and the International Offering this time will not be applied thereto.

(2) Changes to use of proceeds procured last time
Not applicable.

(3) The impact of funding on performance

The Company expects that this round of funding will contribute to the Company's medium- to long-term profit growth and to further enhancements to the Company's competitive advantage in the leading-edge wafer market, in which it has an advantage, by maintaining and improving the financial soundness that supports the realization of the Company's medium- to long-term improvement of corporate value while continuing the Successive Capacity Expansions of leading-edge wafers in stages in response to the increased demand based on long-term agreements with customers. The impact of this funding on the Company Group's performance results for the year ending on December 2021 is expected to be minor.

3. Others

(1) Designation of allottee
Not applicable.

(2) Information of dilution by residual shares
Not applicable.

(3) Change, etc. in the holding policy of the allottee upon the capital increase, etc. by way of third-party allotment executed for the past five years
Not applicable.

(4) Lock-up

In connection with the Japanese Offering and the International Offering, the Company has agreed that for a period beginning on the Pricing Date and ending on the 180th day after the date of delivery for such offering (the "Lock-up Period"), without the prior written

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consent of the joint global coordinators for the Japanese Offering and the International Offering (the “Joint Global Coordinators”), it will not issue any common stock of the Company or any securities convertible into, or exchangeable for, or representing the right to acquire or receive, common stock of the Company (excluding the Japanese Offering, the International Offering and the issuance of new shares due to stock split, etc.)

In the above circumstances, however, the Joint Global Coordinators, at their discretion, are authorized to partially or wholly waive such agreements even during the Lock-up Period.

End

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