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February 9, 2022

Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 3436
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 Scheduled date of annual general meeting of shareholders: March 29, 2022
 Scheduled date to commence dividend payments: March 9, 2022
 Scheduled date to file annual securities report: March 29, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and security analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Dec. 31, 2021	335,674	15.2	51,543	36.0	51,107	43.4	41,120	61.2
Dec. 31, 2020	291,333	(2.7)	37,897	(25.2)	35,650	(26.2)	25,505	(23.0)

Note: Comprehensive income For the fiscal year ended Dec. 31, 2021: ¥59,105 million [111.3%]
 For the fiscal year ended Dec. 31, 2020: ¥27,965 million [(27.7)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Dec. 31, 2021	135.86	—	10.4	7.5	15.4
Dec. 31, 2020	87.48	—	8.3	6.1	13.0

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended Dec. 31, 2021: ¥— million
 For the fiscal year ended Dec. 31, 2020: ¥— million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Dec. 31, 2021	764,821	522,842	62.3	1,359.77
Dec. 31, 2020	593,443	355,003	53.1	1,082.22

Reference: Equity
 As of Dec. 31, 2021: ¥476,148 million
 As of Dec. 31, 2020: ¥315,114 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Dec. 31, 2021	104,708	(67,337)	99,099	224,673
Dec. 31, 2020	84,188	(55,193)	(16,236)	81,864

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Dec. 31, 2020	—	18.00	—	9.00	27.00	7,861	30.9	2.6
Fiscal year ended Dec. 31, 2021	—	17.00	—	24.00	41.00	13,336	30.2	3.4
Fiscal year ending Dec. 31, 2022 (Forecast)	—	—	—	—	—		—	

(Note) Dividends per share for the fiscal year ending Dec. 31, 2022 are not determined.

3. Consolidated business forecast for the three months ending March 31, 2022 (from January 1, 2022 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary Income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Three months ending Mar. 31, 2022	99,000	30.4	21,000	124.1	20,000	111.1	13,000	76.3	37.13

(Note) SUMCO discloses forecasts for the forthcoming quarter only. For more information, please see “(4) Outlook for the First Quarter of Fiscal Year 2022” on page 3 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
- (2) 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 “(5) Notes to Consolidated Financial Statements (Changes in Accounting Policies)”

(3) Number of issued shares (common shares)

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

As of Dec. 31, 2021	350,175,139 shares
As of Dec. 31, 2020	291,181,239 shares

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

As of Dec. 31, 2021	7,855 shares
As of Dec. 31, 2020	7,715 shares

- (iii) Average number of shares outstanding during the period

Fiscal year ended Dec. 31, 2021	302,673,480 shares
Fiscal year ended Dec. 31, 2020	291,545,355 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Dec. 31, 2021	284,182	17.0	27,463	62.3	41,747	40.6	40,471	49.0
Dec. 31, 2020	242,883	(3.3)	16,920	(28.6)	29,701	(35.6)	27,155	(35.3)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Dec. 31, 2021	133.72	—
Dec. 31, 2020	93.14	—

(Note) On a non-consolidated base as well, demand recovered for each wafer size and supply continued to fall short of demand. For more information, please see “(1) Overview of Business Results” on page 2 of Supplementary Materials.

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Dec. 31, 2021	679,481	423,148	62.3	1,208.42
Dec. 31, 2020	521,514	272,378	52.2	935.45

Reference: Equity

As of Dec. 31, 2021: ¥423,148 million

As of Dec. 31, 2020: ¥272,378 million

* Financial results reports are exempt from audit 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 “(4) Outlook for the First Quarter of Fiscal Year 2022” on page 3 of Supplementary Materials.

Dividends per share for the fiscal year-ending December 31, 2022 are not determined, and forecasts will be disclosed as soon as the disclosure becomes possible.

Results briefing for institutional investors and security analysts are scheduled on February 9, 2022. Supplementary materials for financial results are available in our web site before starting the briefing.

(Supplementary Materials)

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1. Overview of Business Results and Financial Position

(1) Overview of Business Results

During fiscal year 2021 (January 1, 2021–December 31, 2021), the market for 300 mm semiconductor silicon wafers saw continued supply and demand tightness. Among the factors driving demand was strong investment in data centers, as 5G introduction for smartphones and the trend toward teleworking boosted network traffic. Other factors included EV advances, the spread of self-driving, and recovery of consumer product and industrial demand.

For wafers of 200 mm and smaller, as well, supply continued to fall short of demand, with the rapid recovery for automotive, consumer 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 to raise productivity through AI introduction and to improve our profitability by reducing costs.

In addition, given the outlook for market growth in the medium to long term, and having run out of space for expanding production in our existing plants, the Group has committed to capital investment in new buildings, utility equipment, and manufacturing equipment in Japan that will make possible ongoing phased production increases of leading-edge 300 mm semiconductor silicon wafers.

At the same time, we have raised additional capital by public offering, and have built up a financial base capable of dynamically responding to the needs for staged increases in production of the above-noted silicon wafers.

We have further decided on Green Field investment in 300 mm wafer production at our Taiwan joint venture, Formosa SUMCO Technology Corporation.

As a result, for the fiscal year 2021, the Group registered consolidated net sales of ¥335,674 million, operating income of ¥51,543 million, ordinary income of ¥51,107 million and net income attributable to owners of the parent of ¥41,120 million.

(2) Overview of Financial Position

(Assets)

Total assets as of the end of the consolidated fiscal year increased by ¥171,378 million year on year, to ¥764,821 million. The main factors were an increase in cash and time deposits by ¥135,205 million, an increase in property, plant and equipment by ¥22,450 million, and an increase in notes and accounts receivable–trade by ¥15,185 million.

(Liabilities)

Total liabilities at the end of the consolidated fiscal year increased by ¥3,538 million year on year, to ¥241,978 million. While short-term borrowings declined by ¥5,646 million and long-term debt declined by ¥3,034 million, an increase in notes and accounts payable–trade by ¥5,128 million, an increase in accrued income taxes by ¥1,852 million, an increase in notes and accounts payable–construction by ¥1,878 million, and an increase in reserve for bonuses by ¥1,432 million were the main factors for the increase.

(Equity)

Total equity increased by ¥167,839 million from the end of the previous consolidated fiscal year, to ¥522,842 million. Although capital surplus decreased by ¥2,492 million due to the cancellation of treasury stock, the main factors for the increase in equity were increases by ¥60,315 million each in capital and capital surplus due to issuance of new shares, and an increase by ¥33,509 million in retained earnings due to net income attributable to owners of the parent, etc.

(3) Overview of Cash Flow

Cash and cash equivalents at the end of the consolidated fiscal year increased by ¥142,809 million from the end of the previous consolidated fiscal year, to ¥224,673 million. By types, net cash provided by operating activities was ¥104,708 million, net cash used in investing activities was ¥67,337 million, net cash provided by financing activities was ¥99,099 million, and foreign currency translation adjustments on cash and cash equivalents was ¥6,338 million.

Each of the cash flows in the consolidated fiscal year and the factors affecting them are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities in the consolidated fiscal year was ¥104,708 million, a year-on-year increase by ¥20,519 million. The main factors were increases in income before income taxes and in depreciation and amortization.

(Cash flow from investing activities)

Net cash used in investing activities in the consolidated fiscal year was ¥67,337 million, a year-on-year increase by ¥12,144 million. The main factor was an increase in payments for purchases of fixed assets.

(Cash flow from financing activities)

Net cash used in financing activities in the consolidated fiscal year was ¥99,099 million. The main factors were proceeds of ¥119,816 million from issuance of new shares, expenditure of ¥2,500 million for purchase of treasury stock, dividend payment of ¥7,553 million, and dividend payment to non-controlling shareholders of ¥1,785 million.

(4) Outlook for the First Quarter of Fiscal Year 2022

The outlook for the 300 mm semiconductor silicon wafer market in the first quarter of fiscal year 2022 (January 1, 2022–March 31, 2022) is for additional demand growth, such that supply will continue to fall short of demand. 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 move ahead decisively with the capital investment plans adopted last year for construction of new buildings, utility equipment, and manufacturing equipment. We will continue enhancing 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.

At the same time, we will continue paying close attention to the impact on our business from such concerns as the COVID-19 pandemic and US-China trade friction.

It is difficult for the Group to formulate reasonable business forecasts for the half-year and 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 first quarter of fiscal year 2022 as follows.

Consolidated Business forecasts for the First Quarter of Fiscal Year 2022 (Jan. 1, 2022–Mar. 31, 2022)

	Net Sales	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income per Share
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(yen)
Three months ending March 31, 2022	99,000	21,000	20,000	13,000	37.13
(Reference) Three months ended March 31, 2021	75,939	9,370	9,472	7,375	25.35

(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 first quarter of fiscal year 2022 are made assuming translation rates of one U.S. dollar to 115 yen.

2. Basic Policy for the Selection of Accounting Standards

The Group has been using Japanese Generally Accepted Accounting Principles (JP-GAAP). We are going to continue to use JP-GAAP in the foreseeable future.

3. Consolidated Financial Statements and Notes**(1) Consolidated Balance Sheets**

(millions of yen)

	As of Dec. 31, 2020	As of Dec. 31, 2021
Assets		
Current assets		
Cash and time deposits	82,968	218,173
Notes and accounts receivable – trade	60,405	75,590
Marketable securities	—	6,500
Finished products	18,645	18,038
Work in process	19,642	21,768
Raw materials and supplies	142,185	134,987
Other	7,222	7,060
Allowance for doubtful accounts	(9)	(11)
Total current assets	331,061	482,108
Non-current assets		
Property, plant and equipment		
Buildings and structures	203,908	210,889
Accumulated depreciation	(135,465)	(142,099)
Buildings and structures, net	68,443	68,789
Machinery, equipment and vehicles	838,115	903,528
Accumulated depreciation	(755,421)	(805,818)
Machinery, equipment and vehicles, net	82,693	97,710
Land	20,261	20,185
Construction in progress	30,732	37,399
Other	15,338	15,305
Accumulated depreciation	(13,416)	(12,888)
Other, net	1,921	2,416
Total property, plant and equipment	204,052	226,502
Intangible assets		
Goodwill	1,936	471
Software	7,245	7,004
Other	937	1,178
Total intangible assets	10,120	8,655
Investments and other assets		
Investment securities	101	88
Long-term advance payments	33,511	31,082
Long-term prepaid expenses	2,861	2,638
Deferred income tax assets	10,468	12,500
Retirement benefit asset	615	612
Other	926	884
Allowance for doubtful accounts	(275)	(252)
Total investments and other assets	48,209	47,555
Total non-current assets	262,381	282,712
Total assets	593,443	764,821

(millions of yen)

	As of Dec. 31, 2020	As of Dec. 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable – trade	25,615	30,743
Short-term borrowings	38,180	32,534
Current portion of long-term lease obligations	192	82
Accrued income taxes	3,392	5,244
Reserve for bonuses	1,308	2,741
Notes and accounts payable – construction	15,572	17,451
Other	12,918	14,997
Total current liabilities	97,180	103,793
Long-term liabilities		
Long-term debt	111,383	108,349
Long-term lease obligations	141	101
Deferred income tax liabilities	2,635	3,248
Deferred income tax liabilities on revaluation reserve for land	1,342	1,342
Retirement benefit liability	24,851	24,228
Other	904	914
Total long-term liabilities	141,259	138,184
Total liabilities	238,439	241,978
Equity		
Shareholders' equity		
Capital stock	138,718	199,034
Capital surplus	27,463	85,285
Retained earnings	151,559	185,069
Treasury stock	(12)	(19)
Total shareholders' equity	317,729	469,370
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	0	0
Deferred loss on derivatives under hedge accounting	(0)	(1)
Land revaluation surplus	2,885	2,885
Foreign currency translation adjustments	(3,224)	4,941
Remeasurements of defined benefit plans	(2,277)	(1,048)
Total accumulated other comprehensive loss	(2,615)	6,778
Non-controlling interests	39,888	46,694
Total equity	355,003	522,842
Total liabilities and equity	593,443	764,821

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

	(millions of yen)	
	Fiscal year ended Dec. 31, 2020	Fiscal year ended Dec. 31, 2021
Net sales	291,333	335,674
Cost of sales	226,161	255,555
Gross profit	65,171	80,119
Selling, general and administrative expenses	27,274	28,576
Operating income	37,897	51,543
Non-operating income		
Interest income	297	116
Dividend income	52	46
Subsidy income	636	2,560
Other	177	108
Total non-operating income	1,164	2,832
Non-operating expenses		
Interest expense	967	857
Loss on sales and retirement of non-current assets	475	915
Share issuance costs	—	814
Foreign exchange loss	1,723	455
Other	245	225
Total non-operating expenses	3,411	3,268
Ordinary income	35,650	51,107
Income before income taxes	35,650	51,107
Income taxes – current	5,955	7,578
Income taxes – deferred	1,049	(894)
Total income taxes	7,005	6,684
Net income	28,644	44,423
Net income attributable to non-controlling interests	3,139	3,302
Net income attributable to owners of the parent	25,505	41,120

(Consolidated Statement of Comprehensive Income)

(millions of yen)

	Fiscal year ended Dec. 31, 2020	Fiscal year ended Dec. 31, 2021
Net income	28,644	44,423
Other comprehensive income		
Net unrealized gain on available-for-sale securities	0	0
Deferred loss on derivatives under hedge accounting	(0)	(0)
Foreign currency translation adjustments	(1,203)	13,478
Remeasurements of defined benefit plan, net of tax	524	1,204
Total other comprehensive gain (loss)	(679)	14,682
Comprehensive income	27,965	59,105
Total comprehensive income attributable to		
Owners of the parent	24,396	50,514
Non-controlling interests	3,568	8,590

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2020 (January 1, 2020–December 31, 2020)

(millions of yen)

	Shareholder's equity				
	Capital stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	138,718	30,763	134,228	(12)	303,698
Cumulative effects of changes in accounting policies					
Restated balance	138,718	30,763	134,228	(12)	303,698
Changes during period					
Issuance of new shares					
Dividends of surplus			(8,173)		(8,173)
Net income attributable to owners of the parent			25,505		25,505
Purchase of treasury stock				(3,300)	(3,300)
Cancellation of treasury stock		(3,300)		3,300	—
Other		0			0
Net changes of items other than shareholders' equity					
Total changes during of period	—	(3,300)	17,331	0	14,031
Balance at end of period	138,718	27,463	151,559	(12)	317,729

	Accumulated other comprehensive income						Non-controlling interests	Total equity
	Net unrealized gain on available-for-sale securities	Deferred loss on derivative under hedge accounting	Land reservation surplus	Foreign currency transaction adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of period	0	(0)	2,885	(1,639)	(2,753)	(1,507)	38,958	341,149
Cumulative effects of changes in accounting policies								
Restated balance	0	(0)	2,885	(1,639)	(2,753)	(1,507)	38,958	341,149
Changes during period								
Issuance of new shares								
Dividends of surplus								(8,173)
Net income attributable to owners of the parent								25,505
Purchase of treasury stock								(3,300)
Cancellation of treasury stock								—
Other								0
Net changes of items other than shareholders' equity	0	(0)	—	(1,584)	476	(1,108)	930	(177)
Total changes during of period	0	(0)	—	(1,584)	476	(1,108)	930	13,853
Balance at end of period	0	(0)	2,885	(3,224)	(2,277)	(2,615)	39,888	355,003

Fiscal year ended December 31, 2021 (January 1, 2021–December 31, 2021)

(millions of yen)

	Shareholder's equity				
	Capital stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	138,718	27,463	151,559	(12)	317,729
Cumulative effects of changes in accounting policies			(58)		(58)
Restated balance	138,718	27,463	151,501	(12)	317,671
Changes during period					
Issuance of new shares	60,315	60,315			120,631
Dividends of surplus			(7,553)		(7,553)
Net income attributable to owners of the parent			41,120		41,120
Purchase of treasury stock				(2,500)	(2,500)
Cancellation of treasury stock		(2,492)		2,492	—
Other		0			0
Net changes of items other than shareholders' equity					
Total changes during of period	60,315	57,822	33,567	(7)	151,698
Balance at end of period	199,034	85,285	185,069	(19)	469,370

	Accumulated other comprehensive income						Non-controlling interests	Total equity
	Net unrealized gain on available-for-sale securities	Deferred loss on derivative under hedge accounting	Land reservation surplus	Foreign currency transaction adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of period	0	(0)	2,885	(3,224)	(2,277)	(2,615)	39,888	355,003
Cumulative effects of changes in accounting policies								(58)
Restated balance	0	(0)	2,885	(3,224)	(2,277)	(2,615)	39,888	354,945
Changes during period								
Issuance of new shares								120,631
Dividends of surplus								(7,553)
Net income attributable to owners of the parent								41,120
Purchase of treasury stock								(2,500)
Cancellation of treasury stock								—
Other								0
Net changes of items other than shareholders' equity	0	(0)		8,165	1,228	9,393	6,805	16,198
Total changes during of period	0	(0)	—	8,165	1,228	9,393	6,805	167,897
Balance at end of period	0	(1)	2,885	4,941	(1,048)	6,778	46,694	522,842

(4) Consolidated Statements of Cash Flows

(millions of yen)

	Fiscal year ended Dec. 31, 2020	Fiscal year ended Dec. 31, 2021
Operating activities:		
Income before income taxes	35,650	51,107
Depreciation and amortization	45,145	51,325
Amortization of goodwill	1,625	1,464
Decrease (increase) in allowance for doubtful accounts	0	(34)
Increase (decrease) in reserve for bonuses	(291)	1,190
Increase in retirement benefit liability	889	427
Decrease in retirement benefit asset	33	2
Interest and dividend income	(349)	(163)
Interest expense	967	857
Net loss on sales and disposal of fixed assets	466	897
Increase in notes and accounts receivable – trade	(3,468)	(14,108)
Decrease in inventories	3,617	8,813
Decrease in other current assets	860	85
Increase in notes and accounts payable – trade	2,817	3,294
Increase in other current liabilities	666	1,552
Other, net	2,114	4,604
Subtotal	90,744	111,316
Interest and dividends received	357	163
Interest paid	(989)	(882)
Income taxes paid	(5,923)	(5,889)
Net cash provided by operating activities	84,188	104,708
Investing activities:		
Payments for purchases of fixed assets	(53,740)	(67,786)
Other, net	(1,452)	448
Net cash used in investing activities	(55,193)	(67,337)
Financing activities:		
Decrease in short-term borrowings, net	(2,000)	(1,000)
Proceeds from long-term debt	27,700	29,500
Repayments of long-term debt	(27,234)	(37,180)
Repayments of lease obligations	(589)	(197)
Proceeds from issuance of new shares	–	119,816
Payments for purchases of treasury stock	(3,300)	(2,500)
Dividends paid	(8,173)	(7,553)
Dividends paid to non-controlling interests	(2,638)	(1,785)
Net cash used in financing activities	(16,236)	99,099
Foreign currency transaction adjustment on cash and cash equivalents	(914)	6,338
Net Increase in cash and cash equivalents	11,843	142,809
Cash and cash equivalents at beginning of year	70,020	81,864
Cash and cash equivalents at end of year	81,864	224,673

(5) Notes to Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable

(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 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 fiscal year is reflected in retained earnings at the beginning of the fiscal year, while the new policy is not retroactively applied to contracts for which all or most revenue was recognized prior to the beginning of the fiscal year 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 fiscal year, 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 fiscal year.

As a result, the impact on retained earnings balance at the beginning of the fiscal year is not material.

The impact of these changes on the consolidated financial statements in the fiscal year (January 1, 2021–December 31, 2021) is not material.

(Segment information)

Segment information is not described since the Group has only one segment which is "Crystalline silicon."

(Per-share information)

	Fiscal year ended Dec. 31, 2020	Fiscal year ended Dec. 31, 2021
Equity per share	1,082.22 Yen	1,359.77 Yen
Net income per share	87.48 Yen	135.86 Yen

(Note) 1. Diluted net income per share is not described since dilutive shares did not exist.

2. The following is the basis for calculation of net income per share.

	Fiscal year ended Dec. 31, 2020	Fiscal year ended Dec. 31, 2021
Net income attributable to owners of the parent (millions of yen)	25,505	41,120
Amount not belonging to common shareholders (millions of yen)	—	—
Net income attributable to owners of the parent for common stock (millions of yen)	25,505	41,120
Average number of shares during the period (shares)	291,545,355	302,673,480

(Subsequent event)

Not applicable