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May 12, 2022

Consolidated Financial Results for the Three Months Ended March 31, 2022 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 3436
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 Scheduled date to file quarterly securities report: May 13, 2022
 Scheduled date to commence dividend payments: —
 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 three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	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	%
Three months ended								
Mar. 31, 2022	100,449	32.3	23,452	150.3	23,734	150.5	15,202	106.1
Mar. 31, 2021	75,939	5.1	9,370	(19.5)	9,472	(20.6)	7,375	(13.1)

Note: Comprehensive income For the three months ended Mar. 31, 2022: ¥22,484 million [55.0%]
 For the three months ended Mar. 31, 2021: ¥14,510 million [68.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
Mar. 31, 2022	43.42	—
Mar. 31, 2021	25.35	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
Mar. 31, 2022	788,165	536,922	61.7
Dec. 31, 2021	764,821	522,842	62.3

Reference: Equity
 As of Mar. 31, 2022: ¥486,555 million
 As of Dec. 31, 2021: ¥476,148 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, 2021	—	17.00	—	24.00	41.00
Fiscal year ending Dec. 31, 2022	—				
Fiscal year ending Dec. 31, 2022 (Forecast)		34.00	—	—	—

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, 2022 is not determined.

3. Consolidated financial forecasts for the six months ending June 30, 2022 (from January 1, 2022 to June 30, 2022)

(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
Six months ended Jun. 30, 2022	204,400	29.5	46,900	115.9	46,700	122.8	29,200	78.3	83.39

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: Yes

(ii) Changes in accounting policies due to other reasons: None

(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 Mar. 31, 2022	350,175,139 shares
As of Dec. 31, 2021	350,175,139 shares

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

As of Mar. 31, 2022	7,900 shares
As of Dec. 31, 2021	7,855 shares

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

Three months ended Mar. 31, 2022	350,167,249 shares
Three months ended Mar. 31, 2021	290,886,711 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, 2022 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 May 12, 2022. 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 First Quarter of Fiscal Year 2022

(1) Explanation of Business Results

During the first quarter of fiscal year 2022 (January 1, 2022–March 31, 2022), the market for 300 mm semiconductor silicon wafers saw demand for both logic and memory applications greatly exceed supply capacity, due to expanding data center needs and growth in smartphone 5G communications. In the market for wafers of 200 mm and smaller, as well, supply and demand remained tight in the face of extremely strong needs for automotive, consumer, and industrial.

In this environment the Group, on the way to realizing the SUMCO Vision, has endeavored to maintain our high market share in leading-edge products through technology development, aimed at meeting customer demands for higher precision and making distinctive products, while seeking also to improve our profit-and-loss fundamentals by raising productivity with the use of AI and becoming more cost-competitive.

As a result, for the period under review, the Group registered consolidated net sales of 100,449 million yen, operating income of 23,452 million yen, ordinary income of 23,734 million yen, and net income attributable to owners of the parent of 15,202 million yen.

(2) Explanation of Business Forecasts

The second quarter outlook for the 300 mm semiconductor silicon wafer market is for increased supply-demand tightness in products for logic, while a shortage in products for memory is expected to be felt strongly. The supply of wafers of 200 mm and smaller is also forecast to remain short of demand.

In this market environment, the Group will go ahead with capital investment, as decided last year, in new plant building, utility equipment, and manufacturing equipment. We will further enhance the distinctive advantage of our products by developing technologies for state-of-the-art wafers for which continued strong demand growth is expected, while steadily carrying out productivity improvements making greater use of AI, so that we can meet customer needs.

At the same time, we will continue paying close attention to the impact on our performance from a feared slowdown in the global economy due to rising geopolitical risks.

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 six months ending June 30, 2022 as follows.

Consolidated Business Forecasts for the six months ending Jun. 30, 2022 (from Jan. 1, 2022 to Jun. 30, 2022)

	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)	204,400	46,900	46,700	29,200	83.39
Changes (B-A)	—	—	—	—	
Rate of changes (%)	—	—	—	—	
(Reference) Results for six months ended Jun. 30, 2021	157,778	21,720	20,964	16,373	56.36

(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 June 30, 2022 (from April 1, 2022 to June 30, 2022) was made assuming translation rates of one U.S. dollar to 126 yen.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(millions of yen)

	As of Dec. 31, 2021	As of Mar. 31, 2022
Assets		
Current assets		
Cash and time deposits	218,173	238,052
Notes and accounts receivable – trade	75,590	–
Notes and accounts receivable - trade, and contract assets	–	79,672
Marketable securities	6,500	5,400
Finished products	18,038	18,230
Work in process	21,768	22,188
Raw materials and supplies	134,987	132,953
Other	7,060	6,106
Allowance for doubtful accounts	(11)	(11)
Total current assets	482,108	502,592
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,789	69,305
Machinery, equipment and vehicles, net	97,710	99,898
Land	20,185	20,281
Construction in progress	37,399	38,832
Other, net	2,416	3,202
Total property, plant and equipment	226,502	231,520
Intangible assets		
Goodwill	471	393
Other	8,183	8,107
Total intangible assets	8,655	8,501
Investments and other assets		
Investment securities	88	88
Long-term advance payments	31,082	30,443
Deferred income tax assets	12,500	11,117
Other	4,136	4,164
Allowance for doubtful accounts	(252)	(260)
Total investments and other assets	47,555	45,552
Total non-current assets	282,712	285,573
Total assets	764,821	788,165

(millions of yen)

	As of Dec. 31, 2021	As of Mar. 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable – trade	30,743	33,249
Short-term borrowings	32,534	44,829
Current portion of long-term lease obligations	82	208
Accrued income taxes	5,244	4,255
Reserve for bonuses	2,741	4,097
Other	32,448	35,398
Total current liabilities	103,793	122,038
Long-term liabilities		
Long-term debt	108,349	95,965
Long-term lease obligations	101	188
Retirement benefit liability	24,228	24,328
Other	5,505	8,723
Total long-term liabilities	138,184	129,204
Total liabilities	241,978	251,243
Equity		
Shareholders' equity		
Capital stock	199,034	199,034
Capital surplus	85,285	85,285
Retained earnings	185,069	191,866
Treasury stock	(19)	(19)
Total shareholders' equity	469,370	476,167
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	0	0
Deferred loss on derivatives under hedge accounting	(1)	(0)
Land revaluation surplus	2,885	2,885
Foreign currency translation adjustments	4,941	8,466
Remeasurements of defined benefit plans	(1,048)	(964)
Total accumulated other comprehensive loss	6,778	10,387
Non-controlling interests	46,694	50,366
Total equity	522,842	536,922
Total liabilities and equity	764,821	788,165

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

(millions of yen)

	Three months ended Mar. 31, 2021 (from Jan. 1, 2021 to Mar. 31, 2021)	Three months ended Mar. 31, 2022 (from Jan. 1, 2022 to Mar. 31, 2022)
Net sales	75,939	100,449
Cost of sales	60,230	69,253
Gross profit	15,709	31,196
Selling, general and administrative expenses	6,338	7,743
Operating income	9,370	23,452
Non-operating income		
Interest income	30	37
Exchange gain	62	629
Other	474	25
Total non-operating income	567	693
Non-operating expenses		
Interest expense	229	203
Loss on retirement of non-current assets	224	203
Other	11	5
Total non-operating expenses	465	412
Ordinary income	9,472	23,734
Income before income taxes	9,472	23,734
Income taxes	1,311	6,264
Net income	8,161	17,469
Net income attributable to non-controlling interests	785	2,267
Net income attributable to owners of the parent	7,375	15,202

(Consolidated Statement of Comprehensive Income)

(millions of yen)

	Three months ended Mar. 31, 2021 (from Jan. 1, 2021 to Mar. 31, 2021)	Three months ended Mar. 31, 2022 (from Jan. 1, 2022 to Mar. 31, 2022)
Net income	8,161	17,469
Other comprehensive income		
Net unrealized gain on available-for-sale securities	0	0
Deferred gain on derivatives under hedge accounting	0	0
Foreign currency translation adjustments	6,246	4,927
Remeasurements of defined plans, net of tax	102	86
Total other comprehensive income	6,349	5,014
Comprehensive income	14,510	22,484
Total comprehensive income attributable to:		
Owners of the parent	11,568	18,811
Non-controlling interests	2,941	3,672

(3) Notes on Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable

(Notes regarding Significant Changes in Shareholders' Equity)

Not applicable

(Changes in Accounting Policies)

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 of July 4, 2019; hereinafter, "Fair Value Measurement Standard") having become applicable from the first quarter of fiscal year 2022, the accounting policies stipulated in the Fair Value Measurement Standard will be applied prospectively in accordance with the transitional procedure stipulated in paragraph 19 of the Fair Value Measurement Standard and in paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10 of July 4, 2019). This change will have no impact on the quarterly consolidated financial statements.

(Application of lease accounting standard ASC 842 of the U.S. Financial Accounting Standards Board (FASB))

Overseas subsidiaries adopting the US-GAAP accounting standard have begun to apply lease accounting standard ASC 842 from the first quarter of fiscal year 2022.

With this change, if an overseas subsidiary leases assets (lessee), in principle all the leases must be represented on the balance sheet as a liability and as a right-of-use asset.

As a permitted transitional measure in applying this accounting standard, a method is adopted of recognizing on the starting date of application the cumulative effects of applying this standard.

As a result, as of the start of the first quarter of fiscal year 2022, right-of-use assets are presented as "Other" under "Property, plant and equipment" and lease liabilities are presented as "Other" under "Current liabilities" and "Other" under "Long-term liabilities"; accordingly, there is a minor impact on the "Retained earnings" balance at the beginning of the first quarter.

The impact on the quarterly consolidated statement of income for the first quarter 2022 is not material.