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November 8, 2022

## Consolidated Financial Results for the Nine Months Ended September 30, 2022 (Under Japanese GAAP)

Company name: SUMCO Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 3436  
 URL: <https://www.sumcosi.com>  
 Representative: Mayuki Hashimoto, Representative Director, CEO & Chairman of the Board  
 Inquiries: Hiroshi Shibuya, Executive Officer, General Manager of Public Relations & IR Department  
 Telephone: +81-3-5444-3915  
 Scheduled date to file quarterly securities report: November 14, 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 nine months ended September 30, 2022 (from January 1, 2022 to September 30, 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	%
Nine months ended								
Sep. 30, 2022	323,658	32.4	79,931	118.8	83,412	137.1	51,794	92.0
Sep. 30, 2021	244,463	11.8	36,533	22.6	35,184	23.4	26,979	33.5

Note: Comprehensive income For the nine months ended Sep. 30, 2022: ¥ 79,351 million [ 102.6 % ]  
 For the nine months ended Sep. 30, 2021: ¥ 39,165 million [ 78.5 % ]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
Sep. 30, 2022	147.91	—
Sep. 30, 2021	92.90	—

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
Sep. 30, 2022	874,801	579,100	59.5
Dec. 31, 2021	764,821	522,842	62.3

Reference: Equity  
 As of Sep. 30, 2022: ¥520,566 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	—	36.00	—		
Fiscal year ending Dec. 31, 2022 (Forecast)				42.00	78.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

## 3. Consolidated financial forecasts for the nine months ending December 31, 2022 (from January 1, 2022 to December 31, 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
Nine months ended Dec. 31, 2022	439,100	30.8	108,400	110.3	110,400	116.0	67,700	64.6	193.34

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 Sep. 30, 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 Sep. 30, 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)

Nine months ended Sep. 30, 2022	350,167,242 shares
Nine months ended Sep. 30, 2021	290,404,500 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.

Quarterly results briefing for institutional investors and security analysts is scheduled on November 8, 2022. Supplementary materials for quarterly financial results are available in our website before starting the briefing.

## **(Supplementary Materials)**

### **Contents**

1. Qualitative Information for the Third Quarter of Fiscal Year 2022	
(1) Explanation of Business Results .....	2
(2) Explanation of Business Forecasts .....	2
2. Consolidated Financial Statements and Notes	
(1) Consolidated Balance Sheet .....	3
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income .....	5
(3) Notes on Consolidated Financial Statements	
(Notes regarding Going Concern Assumption) .....	7
(Notes regarding Significant Changes in Shareholders' Equity) .....	7
(Changes in Accounting Policies).....	7
(Significant Subsequent Events) .....	7

## 1. Qualitative Information for the Third Quarter of Fiscal Year 2022

### (1) Explanation of Business Results

During the third quarter of fiscal year 2022 (July 1, 2022–September 30, 2022), the market for 300 mm semiconductor silicon wafers continued to see strong demand, exceeding supply capacity, for both logic and memory applications, driven by expanding data center needs and growth in automotive use.

In the market for 200 mm wafers as well, full production continued, to meet strong demand for automotive and industrial uses. As for wafers of 150 mm and smaller, supply-demand tightness eased, as a correction phase began mainly for consumer use.

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 323,658 million yen, operating income of 79,931 million yen, ordinary income of 83,412 million yen, and net income attributable to owners of the parent of 51,794 million yen.

### (2) Explanation of Business Forecasts

Looking at the fourth quarter outlook for the 300 mm semiconductor silicon wafer market, production adjustments have begun due to softening of demand in the PC and smartphone end-product markets, whereas strong demand is continuing for automotive and data center needs. As a result, while we may see higher or lower orders depending on the customer, full production is expected to continue.

Full production is forecast to continue also in the 200 mm wafer market, as automotive and industrial needs remain solid. On the other hand, for wafers of 150 mm and smaller, a correction phase is expected to continue, mainly for consumer needs.

In this market environment, the Group will go ahead with capital investment, as decided last year, in new plant buildings, 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 be paying close attention to the impacts on the global economy from geopolitical risks and US-China trade friction, along with those from financial tightening by countries aimed at curbing inflation, and other factors.

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 Dec. 31, 2022 as follows.

Consolidated Business Forecasts for the nine months ending Dec. 31, 2022 (from Jan. 1, 2022 to Dec. 31, 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)	439,100	108,400	110,400	67,700	193.34
Changes (B-A)	—	—	—	—	
Rate of changes (%)	—	—	—	—	
(Reference) Results for nine months ended Dec. 31, 2021	335,674	51,543	51,107	41,120	135.86

- (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 Dec. 31, 2022 (from Oct. 1, 2022 to Dec. 31, 2022) was made assuming translation rates of one U.S. dollar to 145 yen.

## 2. Consolidated Financial Statements and Notes

### (1) Consolidated Balance Sheet

(millions of yen)

	As of Dec. 31, 2021	As of Sep. 30, 2022
<b>Assets</b>		
Current assets		
Cash and time deposits	218,173	268,719
Notes and accounts receivable – trade	75,590	–
Notes and accounts receivable - trade, and contract assets	–	90,102
Marketable securities	6,500	8,800
Finished products	18,038	20,735
Work in process	21,768	24,464
Raw materials and supplies	134,987	134,239
Other	7,060	6,997
Allowance for doubtful accounts	(11)	(13)
Total current assets	482,108	554,044
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,789	72,652
Machinery, equipment and vehicles, net	97,710	98,215
Land	20,185	20,341
Construction in progress	37,399	74,133
Other, net	2,416	3,424
Total property, plant and equipment	226,502	268,767
Intangible assets		
Goodwill	471	235
Other	8,183	8,121
Total intangible assets	8,655	8,357
Investments and other assets		
Investment securities	88	88
Long-term advance payments	31,082	29,164
Deferred income tax assets	12,500	9,988
Other	4,136	4,674
Allowance for doubtful accounts	(252)	(285)
Total investments and other assets	47,555	43,631
Total non-current assets	282,712	320,756
Total assets	764,821	874,801

(millions of yen)

	As of Dec. 31, 2021	As of Sep. 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable – trade	30,743	36,790
Short-term borrowings	32,534	27,191
Current portion of long-term lease obligations	82	231
Accrued income taxes	5,244	14,279
Reserve	2,741	5,475
Other	32,448	63,806
Total current liabilities	103,793	147,774
Long-term liabilities		
Long-term debt	108,349	113,716
Long-term lease obligations	101	124
Retirement benefit liability	24,228	24,169
Other	5,505	9,916
Total long-term liabilities	138,184	147,926
Total liabilities	241,978	295,700
<b>Equity</b>		
Shareholders' equity		
Capital stock	199,034	199,034
Capital surplus	85,285	85,285
Retained earnings	185,069	215,852
Treasury stock	(19)	(19)
Total shareholders' equity	469,370	500,153
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	0	0
Deferred loss on derivatives under hedge accounting	(1)	(190)
Land revaluation surplus	2,885	2,885
Foreign currency translation adjustments	4,941	18,511
Remeasurements of defined benefit plans	(1,048)	(794)
Total accumulated other comprehensive loss	6,778	20,413
Non-controlling interests	46,694	58,533
Total equity	522,842	579,100
<b>Total liabilities and equity</b>	764,821	874,801

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

(millions of yen)

	Nine months ended Sep. 30, 2021 (from Jan. 1, 2021 to Sep. 30, 2021)	Nine months ended Sep. 30, 2022 (from Jan. 1, 2022 to Sep. 30, 2022)
Net sales	244,463	323,658
Cost of sales	187,308	218,809
Gross profit	57,154	104,849
Selling, general and administrative expenses	20,620	24,918
Operating income	36,533	79,931
Non-operating income		
Interest income	84	453
Dividend income	46	44
Exchange gain	—	4,453
Other	530	215
Total non-operating income	661	5,166
Non-operating expenses		
Interest expense	652	601
Loss on retirement of non-current assets	681	772
Other	677	309
Total non-operating expenses	2,011	1,684
Ordinary income	35,184	83,412
Income before income taxes	35,184	83,412
Income taxes	5,790	22,473
Net income	29,393	60,939
Net income attributable to non-controlling interests	2,414	9,144
Net income attributable to owners of the parent	26,979	51,794



## (Consolidated Statement of Comprehensive Income)

(millions of yen)

	Nine months ended Sep. 30, 2021 (from Jan. 1, 2021 To Sep. 30, 2021)	Nine months ended Sep. 30, 2022 (from Jan. 1, 2022 to Sep. 30, 2022)
Net income	29,393	60,939
Other comprehensive income		
Net unrealized gain on available-for-sale securities	0	(0)
Deferred loss on derivatives under hedge accounting	0	(189)
Foreign currency translation adjustments	9,438	18,339
Remeasurements of defined plans, net of tax	332	261
Total other comprehensive income	9,771	18,412
Comprehensive income	39,165	79,351
Total comprehensive income attributable to:		
Owners of the parent	33,066	65,429
Non-controlling interests	6,099	13,922

## (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 Nine months ended September 30, 2022 is not material.

(Significant subsequent events)

(Corporate merger by acquisition)

The Company has approved a resolution at the Board of Directors meeting held October 28, 2022 to acquire the semiconductor polysilicon business of Mitsubishi Materials Corporation (hereinafter, "Mitsubishi Materials").

A new company to be established by Mitsubishi Materials (planned name: High Purity Silicon Co., Ltd.; hereinafter, "High Purity Silicon") will assume the semiconductor polysilicon business of Mitsubishi Materials, along with the shares held by Mitsubishi Materials in Mitsubishi Polycrystalline Silicon America Corporation (hereinafter, "Mitsubishi Polysilicon") and in NIPPON AEROSIL CO., LTD. (hereinafter, "Nippon Aerosil"), after which SUMCO will acquire the shares of High Purity Silicon.

The share transfers are scheduled to take place March 31, 2023. Assuming the share transfers take place, from that day High Purity Silicon and Mitsubishi Polysilicon will become consolidated subsidiaries of the Company, and Nippon Aerosil will become an equity method affiliate.

## 1. Overview of the corporate merger

## (1) Names of the acquired companies and their business operations

## (i) Name: High Purity Silicon Co., Ltd. (planned)

Business operations: Manufacture and sale of semiconductor polysilicon, silicon tetrachloride, trichlorosilane, dichlorosilane, and other related products

## (ii) Name: Mitsubishi Polycrystalline Silicon America Corporation\*

\*To be renamed following acquisition

Business operations: Manufacture and sale of semiconductor polysilicon, silicon tetrachloride, trichlorosilane, and other related products

## (2) Main reasons for the corporate merger

For the Company, semiconductor polysilicon and trichlorosilane are key raw materials essential for making silicon wafers. By acquiring the capability for manufacturing these in the SUMCO Group, we will become able to carry out total manufacturing from raw materials to the final silicon wafer products, which we have determined will contribute toward raising the corporate value of the Group in the future.

(3) Date of the corporate merger

March 31, 2023 (planned)

2. Acquisition price of the acquired companies and breakdown by consideration type

The acquisition price and consideration are not made public due to confidentiality obligations in the contract between the parties.

3. Amounts of assets and debts assumed on the day of the corporate merger, and main breakdown

These have not been determined at the present time.