

Results for Fiscal Year 2022 (Ended December 31, 2022)

February 9, 2023
SUMCO Corporation
(Code: 3436)
(LEI: 353800SUSRUOM0V6KU92)

Notes Regarding the Forecasts

This material is prepared for the purpose of continuous disclosure to general shareholders and investors and will not constitute an offer or solicitation of securities of the Company in any states or jurisdictions.

The estimate, expectation, forecast and other future information is prepared based on the information which is available for the Company as of today and on certain assumptions and qualifications (which includes our subjective judgment) and the actual financial performance or result may be substantially different from such future information contained in the material due to risk factors including domestic and global economic conditions, trend of semiconductor market and foreign exchanges.



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Summary and Market Environment

Mayuki Hashimoto

Representative Director,
CEO & Chairman of the Board

■ 4Q-2022 Consolidated Business Result

(Billions of Yen)

| | 4Q-2022 Forecast | 4Q-2022 Actual | Change |
|--------------------------|---------------------|-------------------|--------|
| Net Sales | 115.5 | 117.4 | +1.9 |
| Operating Income | 28.5 | 29.7 | +1.2 |
| Ordinary Income | 27.0 | 27.9 | +0.9 |
| Net Income (Note) | 16.0 | 18.5 | +2.5 |
| Exchange Rate (Yen/US\$) | 145.0 | 143.8 | (1.2) |

■ 1Q-2023 Consolidated Business Forecast

(Billions of Yen)

| | 4Q-2022 Actual | 1Q-2023 Forecast | Change |
|--------------------------|-------------------|---------------------|--------|
| Net Sales | 117.4 | 105.0 | (12.4) |
| Operating Income | 29.7 | 23.0 | (6.7) |
| Ordinary Income | 27.9 | 25.0 | (2.9) |
| Net Income (Note) | 18.5 | 45.0 | +26.5 |
| Exchange Rate (Yen/US\$) | 143.8 | 131.0 | (12.8) |

(Note) Net income attributable to owners of the parent

1-2. Shareholder Return

| | | FY2017 (Dec-2017) | FY2018 (Dec-2018) | FY2019 (Dec-2019) | FY2020 (Dec-2020) | FY2021 (Dec-2021) | FY2022 (Dec-2022) |
|--|-----------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Dividends per share for common stocks (Yen) | Interim | 10 | 30 | 25 | 18 | 17 | 36 |
| | Year-end | 18 | 32 | 10 | 9 | 24 | 45 |
| | Total | 28 | 62 | 35 | 27 | 41 | 81 |
| Dividends payment (Billions of Yen) | Interim | 2.9 | 8.7 | 7.3 | 5.2 | 4.9 | 12.6 |
| | Year-end | 5.2 | 9.3 | 2.9 | 2.6 | 8.4 | 15.7 |
| | Total | 8.2 | 18.1 | 10.2 | 7.8 | 13.3 | 28.3 |
| Dividend ratio (%) | Total | 30.4% | 31.0% | 31.0% | 30.9% | 30.2% | ^(*) 40.4% |
| Share Buyback | | | | | | | |
| Amount (Billions of Yen) | Total | - | - | 3.3 | 2.5 | - | - |
| | Ratio (%) | - | - | 10.0% | 9.8% | - | - |
| Total Return Ratio (%) | Total | 30.4% | 31.0% | 41.0% | 40.7% | 30.2% | 40.4% |

*1 In place of share buyback, the dividend payout ratio will be raised by 10% to 40%.

4Q-2022

- ✓ Volume - Varying demand for 300 mm wafers depending on the customer, but demand and supply in overall balance
 - For 200 mm wafers, strong demand for automotive use, but some industries in correction phase, with demand and supply in overall balance
 - 150 mm wafers in correction phase, mainly for consumer needs
- ✓ Pricing - For both 300 mm and 200 mm wafers, in line with contract prices, while unchanged on the spot market

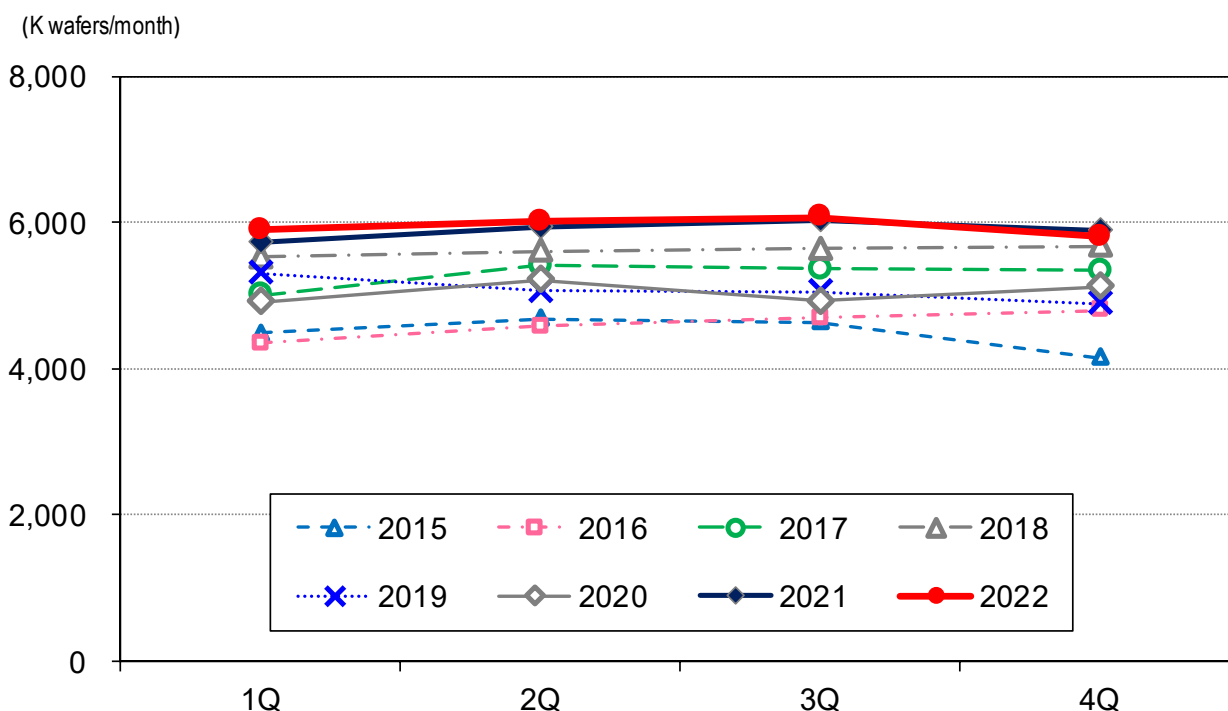
1Q-2023 Forecast

- ✓ Volume - 300 mm wafers for memory use entering strong correction phase; varying demand seen for logic applications depending on the customer, but should end with slight overall correction; strong demand seen continuing for automotive use
 - 200 mm wafers will see weak demand for smartphone use, etc. but strong automotive and industrial use demand
 - Correction phase to continue for 150 mm and smaller wafers, mainly for consumer needs
- ✓ Pricing - For both 300 mm and 200 mm wafers, should improve in line with contract prices, while varying on the spot market depending on the industry

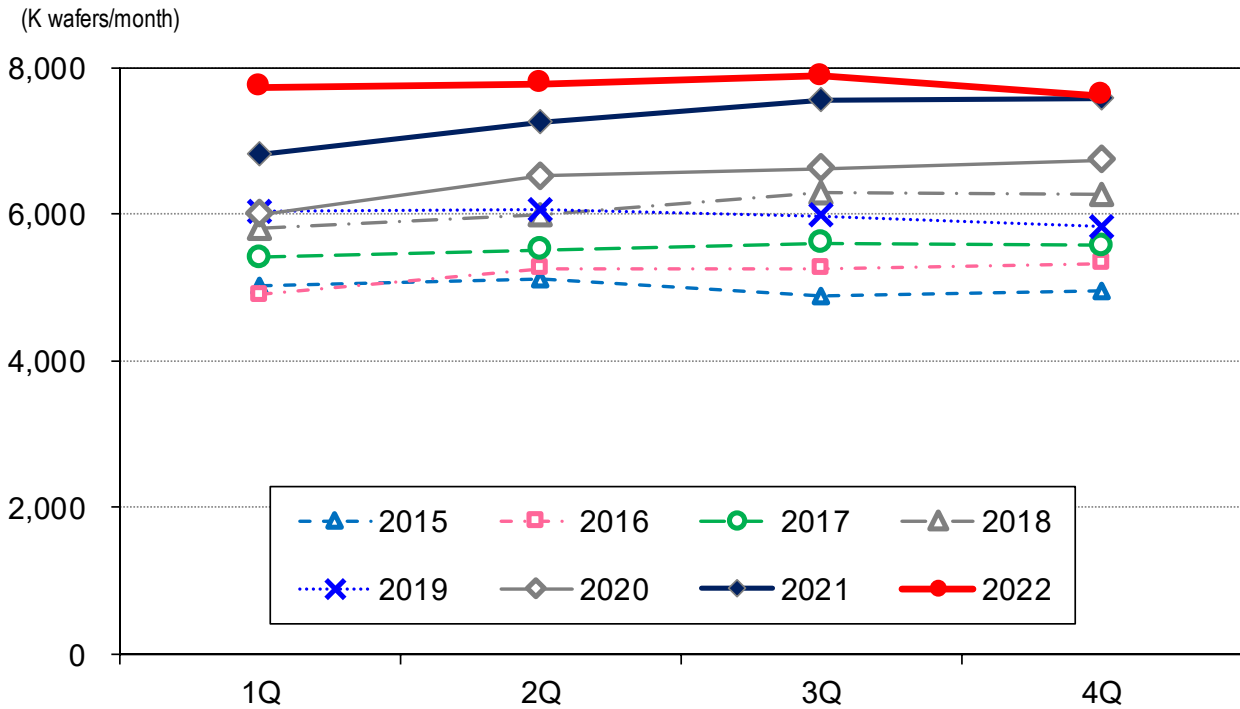
Outlook

- ✓ For 300 mm wafers for memory applications, the correction phase is expected to continue for some time. Varying demand is expected for logic applications depending on the customer, but the correction phase should be relatively short. Meanwhile, strong demand is forecast to continue for automotive and industrial uses. While SUMCO is seeing varying demand among customers, demand is expected to remain solid overall.
- ✓ Strong demand is forecast to continue for 200 mm wafers for automotive and industrial uses.
- ✓ The correction phase for 150 mm and smaller wafers is likely to continue.

2-2. 200mm Wafer Trend



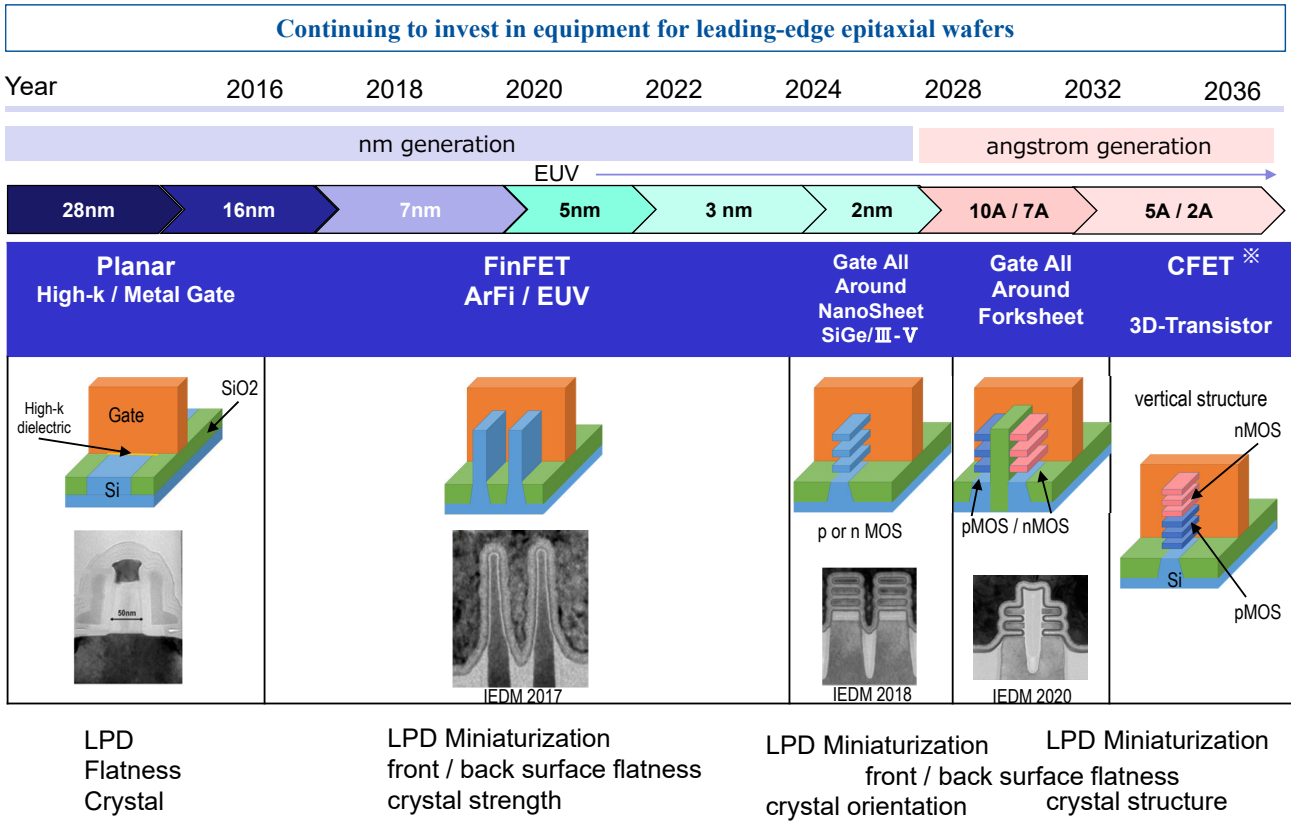
(Source: SUMCO's estimation)



(Source: SUMCO's estimation)

1. Technology Trends in 300 mm Wafers for Logic Applications
2. 300 mm Demand Forecast for Servers
3. 300 mm Demand Forecast for Smartphones
4. Wafer Demand Forecast for Automotive Electronics

3-1. Technology Trends in 300 mm Wafers for Logic Applications

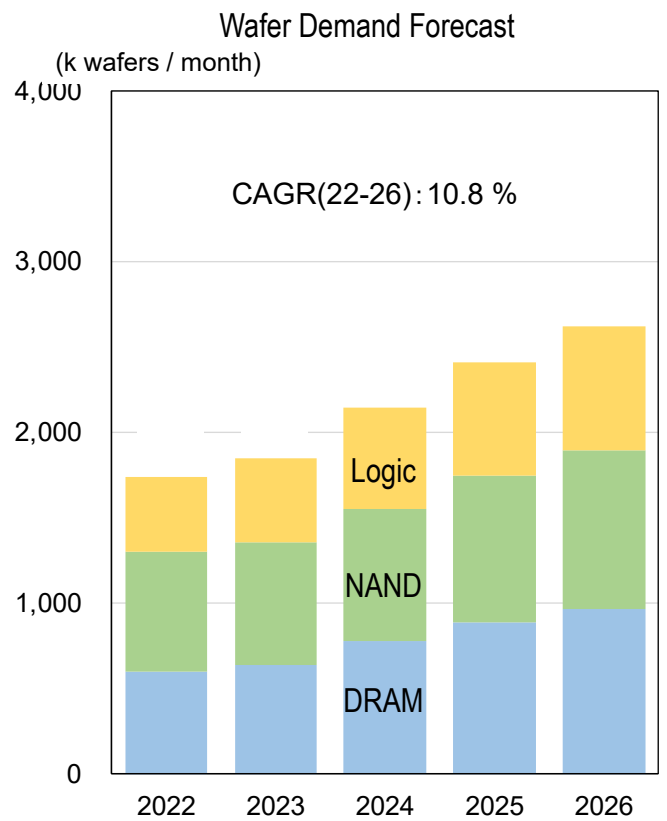
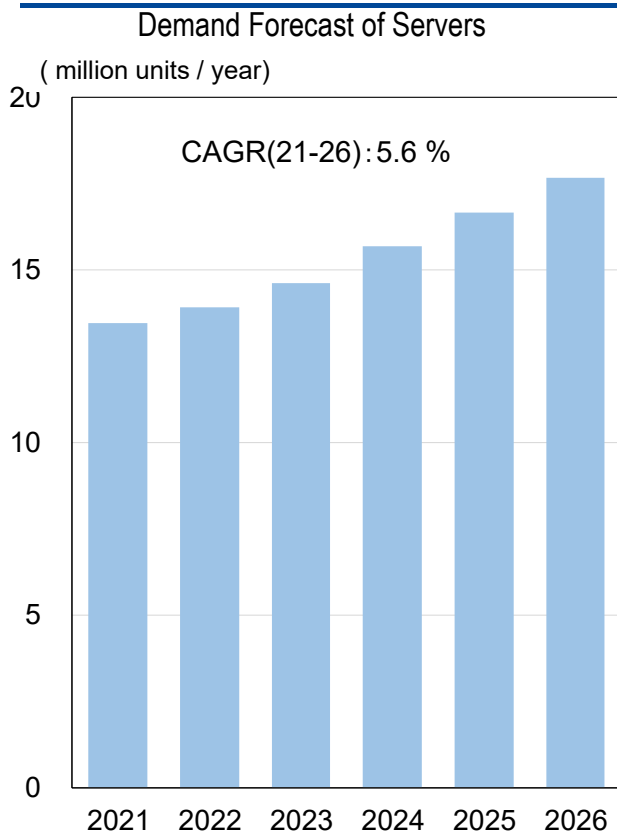


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(Source: SUMCO estimates based on multiple research papers published by imec et al.) (※ CFET: Complementary FET)

3-2. 300 mm Demand Forecast for Servers



(Source: SUMCO's estimation based on several published research papers)

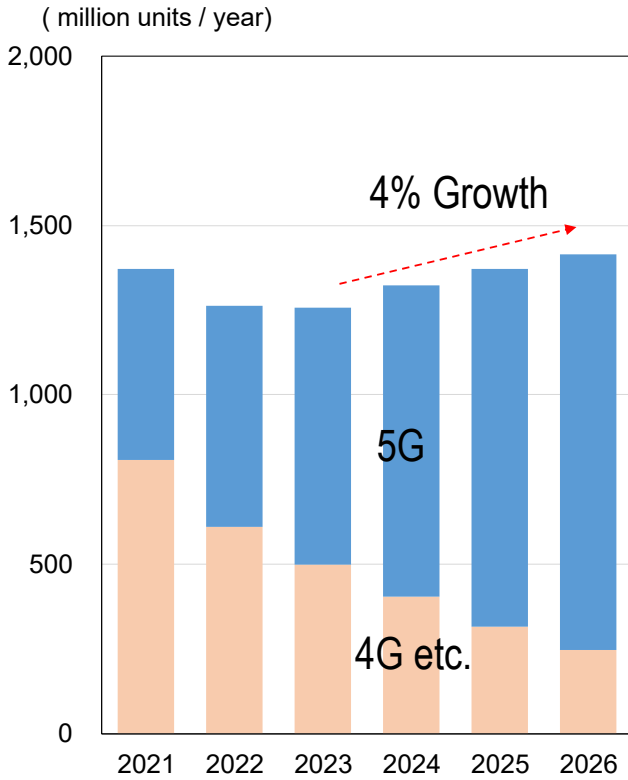
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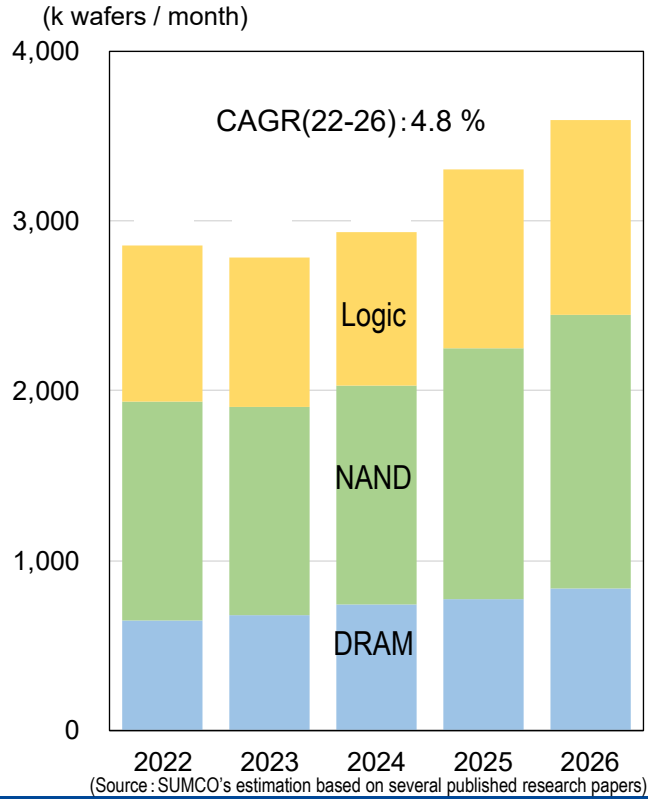
3-3. 300 mm Demand Forecast for Smartphones



Demand Forecast of Smartphones



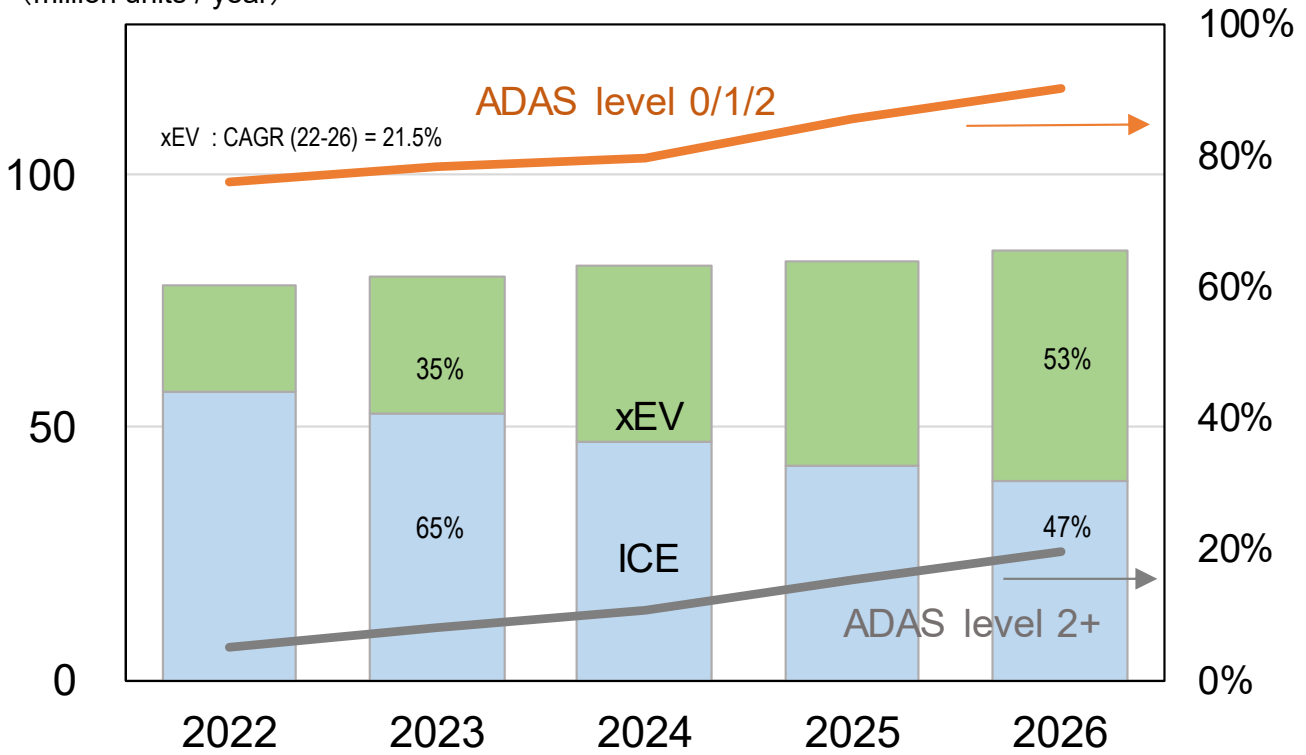
Wafer Demand Forecast



Wafer Demand Forecast for Automotive Electronics

3-4. Automotive Sales Forecast by Vehicle Classification

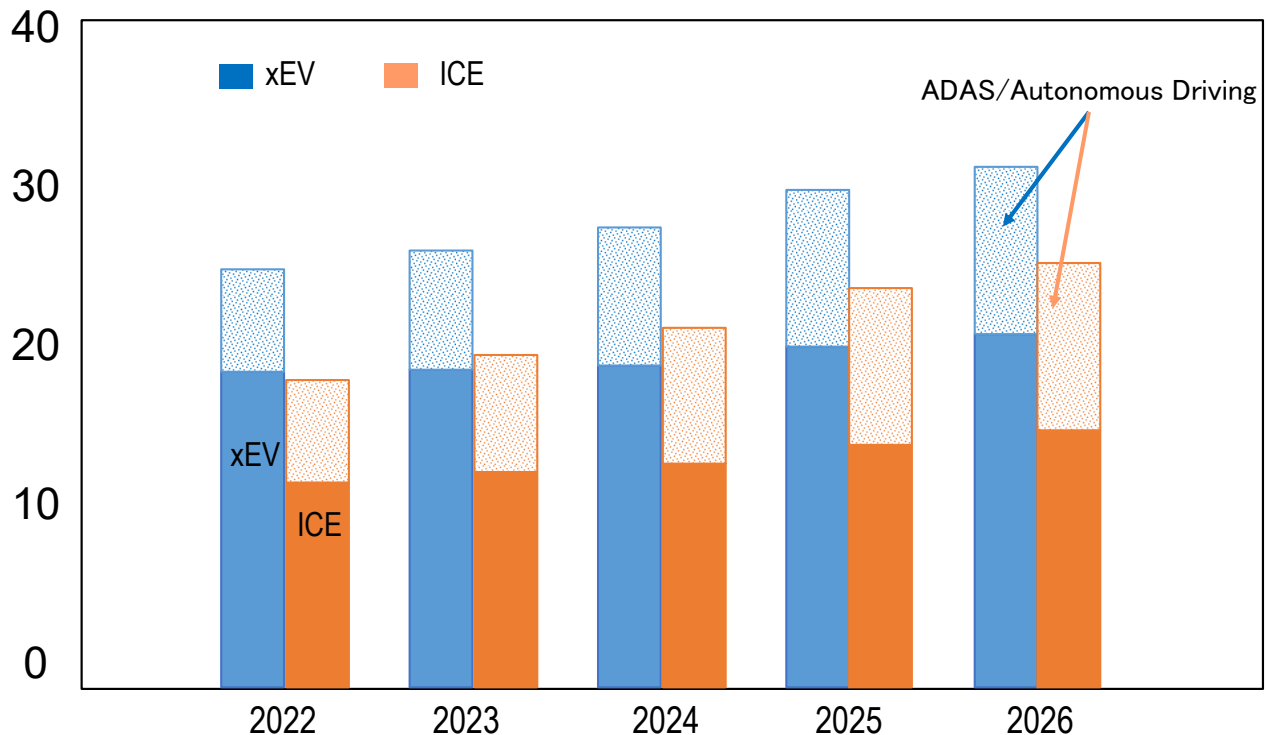
(million units / year)



(Source : SUMCO's estimation based on several published research papers)

3-5. Silicon Area per Vehicle

(square inch / vehicle)

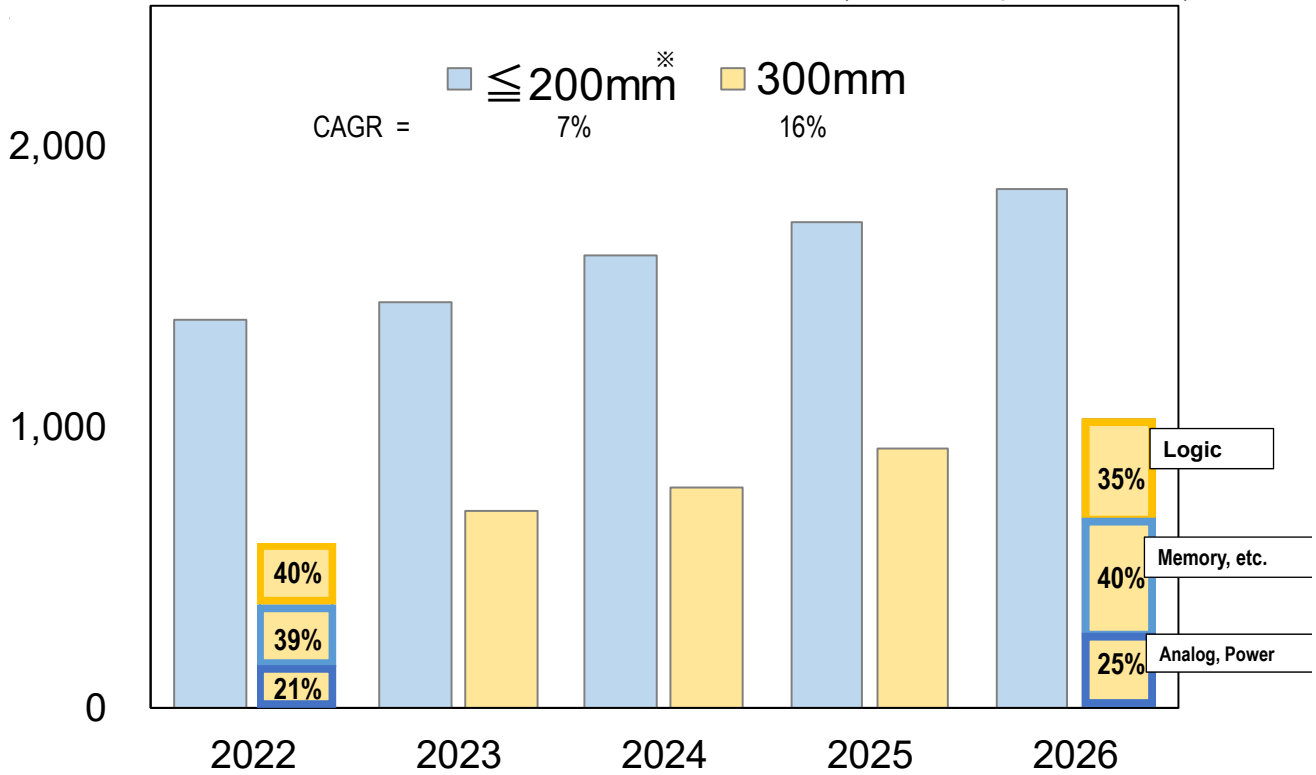


(Source : SUMCO's estimation)

3-6. Wafer Demand Forecast for Automotive Electronics

(k wafers / month)

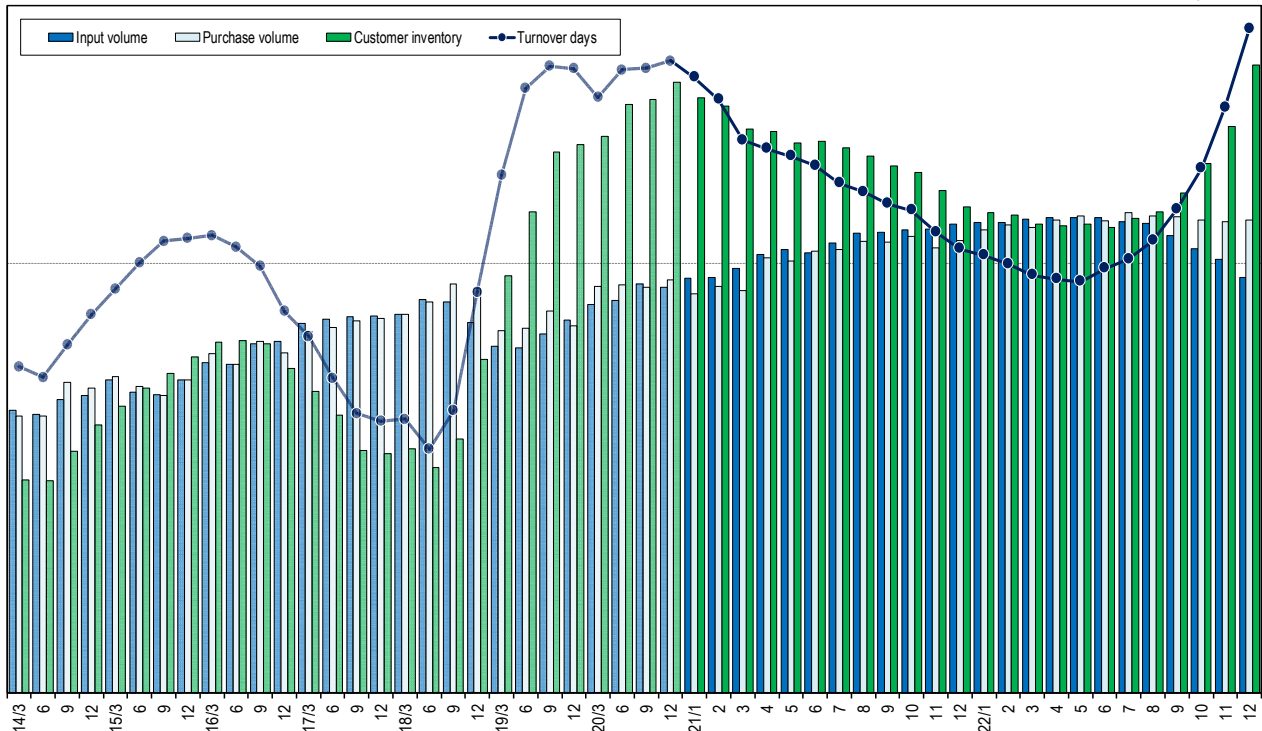
(※ 200mm Equivalent Wafers)



4-1. Customer 300mm Wafer Inventory Trend

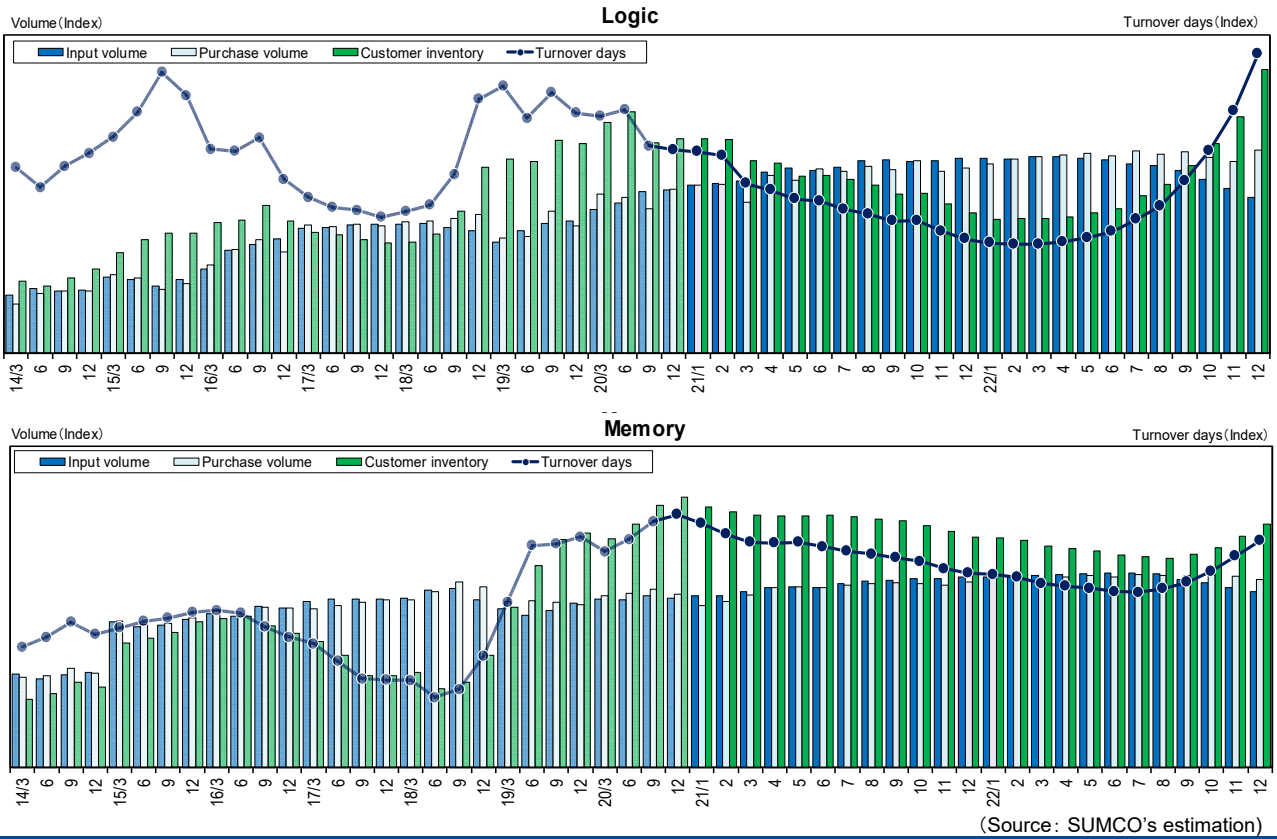
Volume (Index)

Turnover days (Index)



(Source: SUMCO's estimation)

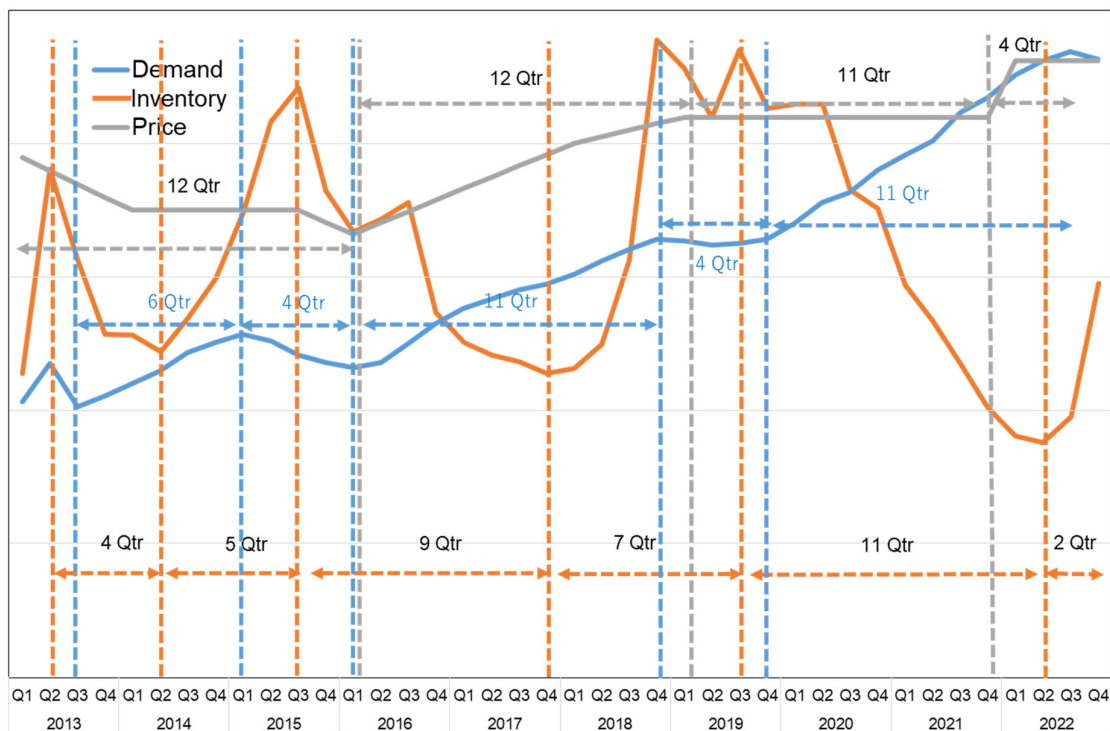
4-2. Customer 300mm Wafer Inventory (Logic/Memory)



5-1. 300mm Epi Wafer Demand, Inventory and Price Trend

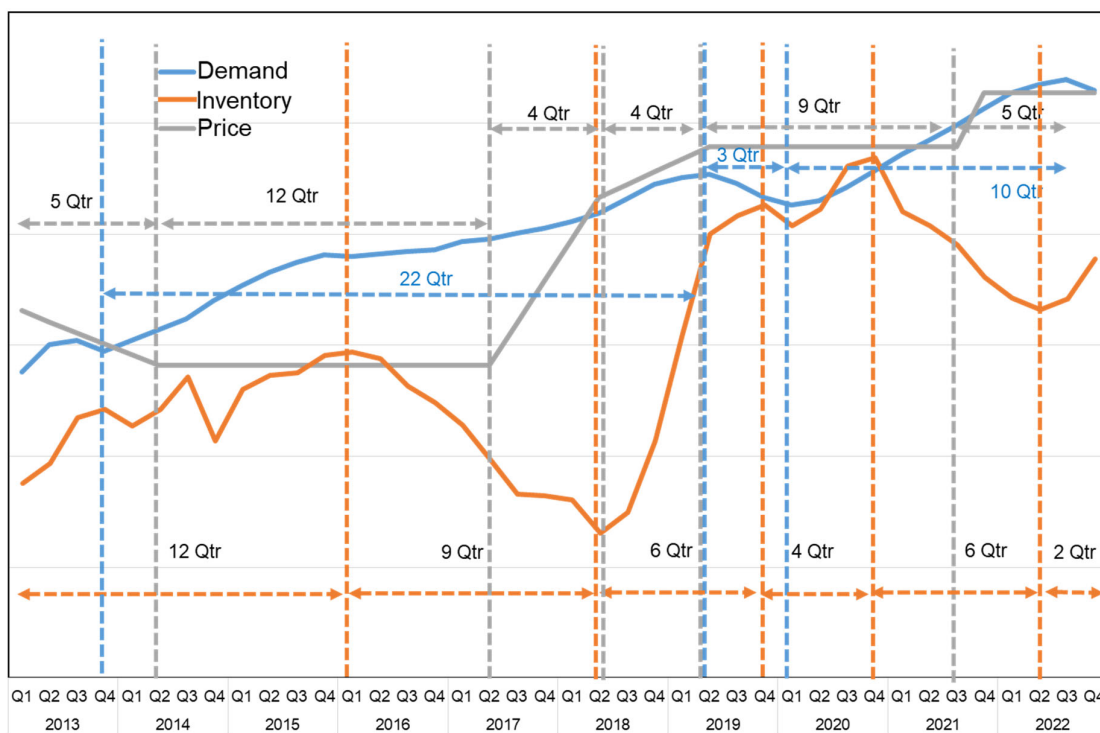


- Demand: Adjusted in '15, increased from '16 to 11Qtr, flat from '18Q4, increased from '20Q1
- Inventory change cycle: decrease 9~11Qtr, increase 5~7Qtr
- Demand increases even as inventories increase



5-2. 300mm Polished Wafer Demand, Inventory and Price Trend

- Demand: Increased 22Qtr from '13Q4 to '19Q2, decreased from '19Q2 to '20Q1, and increased thereafter
- Inventories: Increased 12 Qtr from '13 to '16Q1, decreased 9 Qtr from '1Q 16 to '18Q2, increased 10 Qtr by '20Q4, decreased thereafter. Inventory change cycle is longer than Epi Wafer.

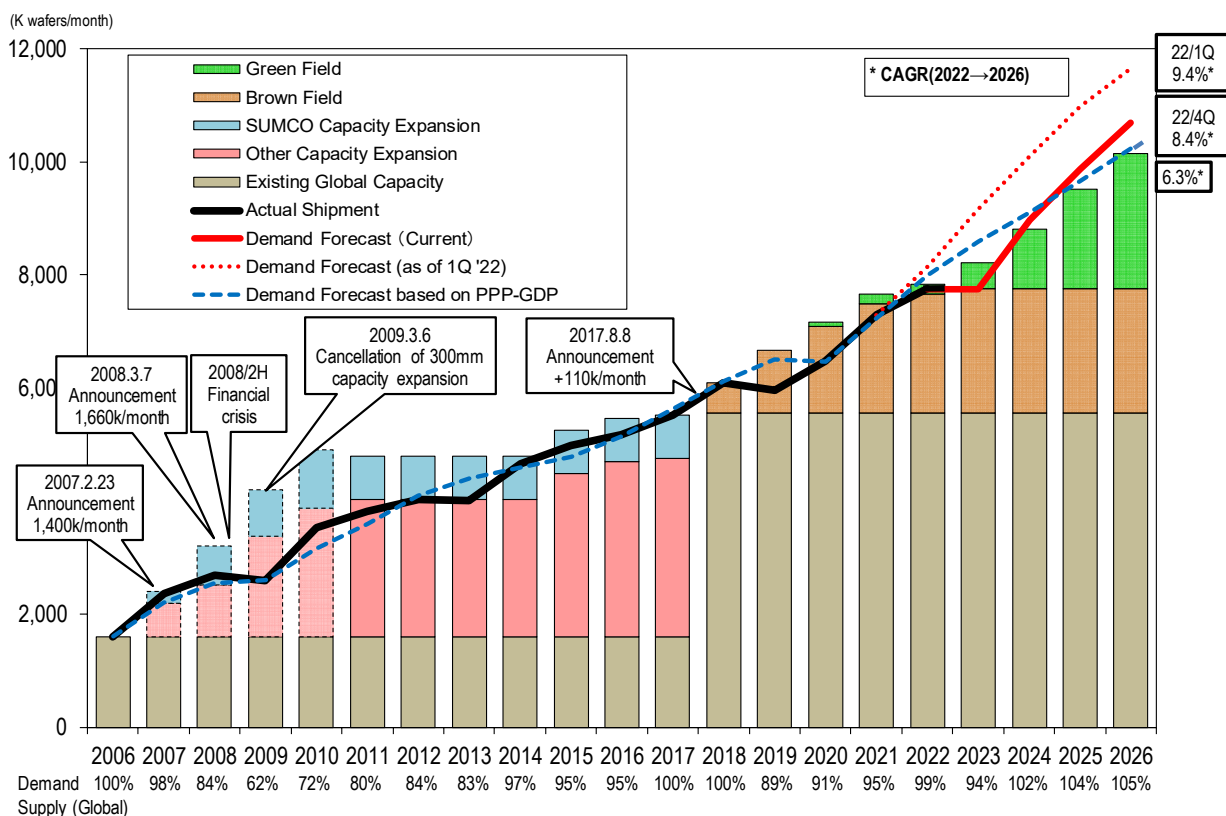


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(Source: SUMCO's estimation) 21

6. 300 mm Wafer Global Capacity and Demand FCST



(Source: SUMCO's estimation)

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FY2022 Consolidated Business Result

Michiharu Takii

Representative Director,
Vice Chairman,
Chief Financial Officer

SUMCO CORPORATION

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7-1. Summary of Consolidated Business Result

(Billions of Yen)

| | FY2021 Actual | FY2022 Actual | | | | Total | Change |
|--|------------------|---------------|-------|-------|-------|--------|--------|
| | | 1Q | 2Q | 3Q | 4Q | | |
| Net sales | 335.6 | 100.4 | 107.0 | 116.2 | 117.4 | 441.0 | +105.4 |
| Operating income | 51.5 | 23.4 | 26.3 | 30.2 | 29.7 | 109.6 | +58.1 |
| Non-operating income and expenses | (0.4) | 0.3 | 0.9 | 2.3 | (1.8) | 1.7 | +2.1 |
| Ordinary income | 51.1 | 23.7 | 27.2 | 32.5 | 27.9 | 111.3 | +60.2 |
| Income taxes | (6.7) | (6.2) | (8.0) | (8.2) | (7.1) | (29.5) | (22.8) |
| Net income attributable to non-controlling interests | (3.3) | (2.3) | (3.1) | (3.9) | (2.3) | (11.6) | (8.3) |
| Net income attributable to owners of the parent | 41.1 | 15.2 | 16.1 | 20.4 | 18.5 | 70.2 | +29.1 |
| Capital expenditure (Acceptance basis) | 69.5 | 16.5 | 28.5 | 34.2 | 51.6 | 130.8 | +61.3 |
| Depreciation | 51.3 | 13.3 | 14.2 | 15.5 | 16.5 | 59.5 | +8.2 |
| EBITDA ^(*1) | 104.3 | 36.8 | 40.6 | 45.7 | 46.4 | 169.5 | +65.2 |
| Exchange rate (Yen/US\$) ^(*2) | 109.6 | 115.3 | 126.6 | 136.6 | 143.8 | 131.0 | +21.4 |
| Operating margin (%) | 15.4% | 23.3% | 24.6% | 26.0% | 25.3% | 24.9% | +9.5% |
| EBITDA margin (%) | 31.1% | 36.7% | 37.9% | 39.4% | 39.5% | 38.4% | +7.3% |
| ROE (%) | 10.4% | 12.6% | 12.9% | 15.9% | 14.0% | 13.9% | +3.5% |
| Net income per share (Yen) | 135.86 | 43.42 | 46.04 | 58.46 | 52.58 | 200.49 | +64.63 |

*1. EBITDA = Operating Income + Depreciation + Amortization of Goodwill

*2. If the yen appreciate by 1 yen against the US dollar, operating income of SUMCO will decrease by 1.4 billion yen per year.

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7-2. Analysis of Changes in Operating Income

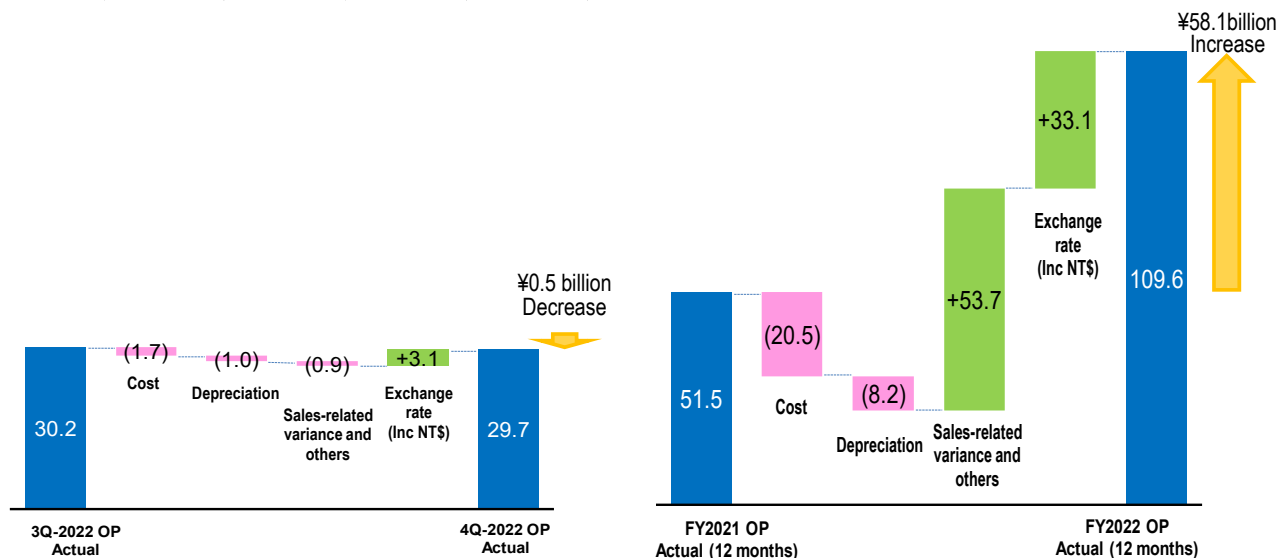


1. 3Q-2022 Actual → 4Q-2022 Actual

| | (Billions of Yen) | | |
|--------------------------|-------------------|----------------|--------|
| | 3Q-2022 Actual | 4Q-2022 Actual | Change |
| Net Sales | 116.2 | 117.4 | +1.2 |
| Operating Income | 30.2 | 29.7 | (0.5) |
| Exchange Rate (Yen/US\$) | 136.6 | 143.8 | +7.2 |

2. FY2021 Actual → FY2022 Actual

| | (Billions of Yen) | | |
|--------------------------|-------------------|---------------|--------|
| | FY2021 Actual | FY2022 Actual | Change |
| Net Sales | 335.6 | 441.0 | +105.4 |
| Operating Income | 51.5 | 109.6 | +58.1 |
| Exchange Rate (Yen/US\$) | 109.6 | 131.0 | +21.4 |



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7-3. Balance Sheet and Cash-Flow (Consolidated)



1. Consolidated Balance Sheet

| | (Billions of Yen) | | |
|--------------------------------|-------------------|-----------------|---------------|
| | End of Dec-2021 | End of Dec-2022 | Change |
| Cash and time deposits | 224.6 | 259.3 | +34.7 |
| Notes and accounts receivable | 75.8 | 89.9 | +14.1 |
| Finished products and WIP | 39.8 | 46.9 | +7.1 |
| Raw materials and supplies | 134.9 | 135.4 | +0.5 |
| Inventories | 174.7 | 182.3 | +7.6 |
| Tangible and intangible asset | 235.1 | 308.6 | +73.5 |
| Deferred income tax assets | 12.5 | 8.3 | (4.2) |
| Other assets | 42.1 | 44.1 | +2.0 |
| Total Assets | 764.8 | 892.5 | +127.7 |
| Debt and borrowings | 141.0 | 141.3 | +0.3 |
| Other liabilities | 101.0 | 159.8 | +58.8 |
| Liabilities | 242.0 | 301.1 | +59.1 |
| Capital stock | 199.0 | 199.0 | - |
| Capital surplus | 85.2 | 85.2 | - |
| Retained earnings | 185.0 | 234.3 | +49.3 |
| Non-controlling interests etc. | 53.6 | 72.9 | +19.3 |
| Equity | 522.8 | 591.4 | +68.6 |
| Shareholders' equity ratio | 62.3% | 59.8% | (2.5%) |
| Equity per share (Yen) | 1,359.8 | 1,523.7 | +163.9 |
| D/E ratio (gross) | 0.30x | 0.26x | (0.04)x |
| D/E ratio (net) | (0.18)x | (0.22)x | (0.04)x |

2. Consolidated Cash-Flow

| | (Billions of Yen) | |
|---|-------------------|--------------------|
| | | FY2022 (12 months) |
| Income before income taxes | | 111.3 |
| Depreciation | | 59.5 |
| Subtotal | | 170.8 |
| Increase in inventories | | (3.5) |
| Changes in working capital, etc. | | 12.1 |
| Net cash provided by operating activities | | 179.4 |
| Capital expenditure (Acceptance basis) | | (130.8) |
| Others, net | | 4.5 |
| Net cash used in investing activities | | (126.3) |
| Free cash-flow | | 53.1 |
| Dividends paid | | (23.1) |
| Repayments of debt | | 0.0 |
| Foreign currency translation adjustments and others | | 4.7 |
| Net increase in cash and time deposits | | 34.7 |

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1Q-2023 Consolidated Business Forecast

8-1. 1Q-2023 Consolidated Business Forecast

(Billions of Yen)

| | 1Q-2022 Actual | 4Q-2022 Actual | 1Q-2023 Forecast | Change YoY | Change QoQ |
|--|-------------------|-------------------|---------------------|---------------|---------------|
| Net sales | 100.4 | 117.4 | 105.0 | 4.6 | (12.4) |
| Operating income | 23.4 | 29.7 | 23.0 | (0.4) | (6.7) |
| Non-operating income and expenses | 0.3 | (1.8) | 2.0 | 1.7 | 3.8 |
| Ordinary income | 23.7 | 27.9 | 25.0 | 1.3 | (2.9) |
| Extraordinary income | - | - | 30.0 | 30.0 | 30.0 |
| Income taxes | (6.2) | (7.1) | (8.0) | (1.8) | (0.9) |
| Net income attributable to non-controlling interests | (2.3) | (2.3) | (2.0) | 0.3 | 0.3 |
| Net income attributable to owners of the parent | 15.2 | 18.5 | 45.0 | 29.8 | 26.5 |
| Depreciation | 13.3 | 16.5 | 14.5 | 1.2 | (2.0) |
| EBITDA | 36.8 | 46.4 | 37.5 | 0.7 | (8.9) |
| Exchange rate (Yen/US\$) (*1) | 115.3 | 143.8 | 131.0 | 15.7 | (12.8) |
| Operating margin (%) | 23.3% | 25.3% | 21.9% | (1.4%) | (3.4%) |
| EBITDA margin (%) | 36.7% | 39.5% | 35.7% | (1.0%) | (3.8%) |
| ROE (%) | 12.6% | 14.0% | 16.4% | +3.8% | +2.4% |
| Net income per share (Yen) | 43.42 | 52.58 | 128.51 | +85.09 | +75.93 |

*1 . If the yen appreciate by 1 yen against the US dollar, operating income of SUMCO will decrease by 1.5 billion yen per year.

8-2. Analysis of Changes in Operating Income

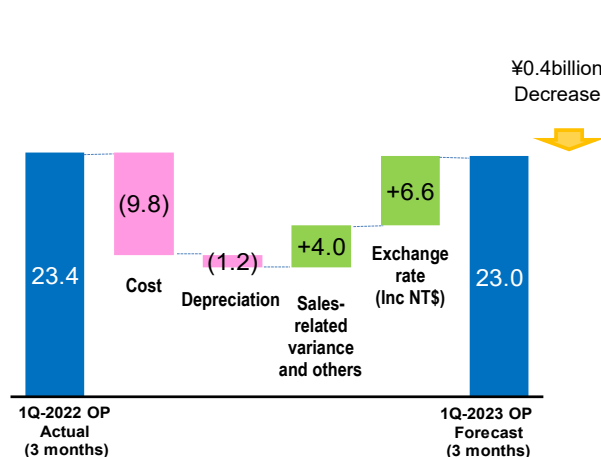
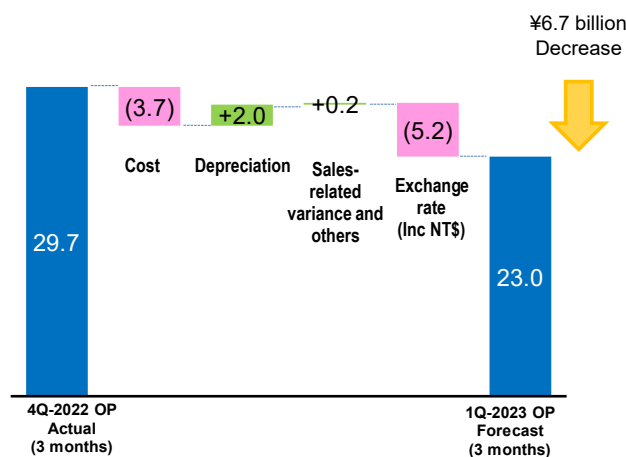


1. 4Q-2022 Actual → 1Q-2023 Forecast

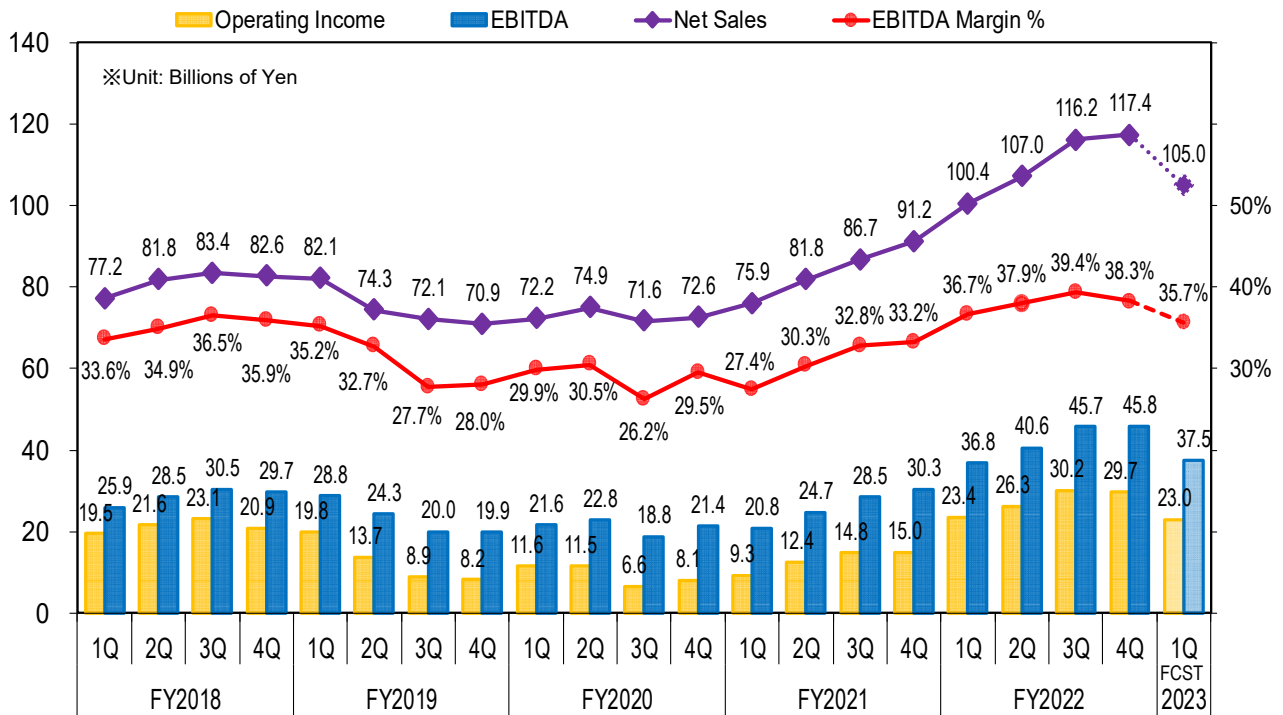
| | (Billions of Yen) | | |
|--------------------------|-------------------|------------------|--------|
| | 4Q-2022 Actual | 1Q-2023 Forecast | Change |
| Net Sales | 117.4 | 105.0 | (12.4) |
| Operating Income | 29.7 | 23.0 | (6.7) |
| Exchange Rate (Yen/US\$) | 143.8 | 131.0 | (12.8) |

2. 1Q 2022 Actual → 1Q 2023 Forecast

| | (Billions of Yen) | | |
|--------------------------|-------------------|------------------|--------|
| | 1Q-2022 Actual | 1Q-2023 Forecast | Change |
| Net Sales | 100.4 | 105.0 | +4.6 |
| Operating Income | 23.4 | 23.0 | (0.4) |
| Exchange Rate (Yen/US\$) | 115.3 | 131.0 | +15.7 |



Reference Materials



URL <https://www.sumcosi.com/>