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November 8, 2023

Consolidated Financial Results for the Nine Months Ended September 30, 2023 (Under Japanese GAAP)

Company name: SUMCO Corporation
 Listing: Tokyo Stock Exchange
 Securities code: 3436
 URL: <https://www.sumcosi.com>
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 Scheduled date to file quarterly securities report: November 14, 2023
 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, 2023 (from January 1, 2023 to September 30, 2023)

(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, 2023	320,851	(0.9)	61,855	(22.6)	63,992	(23.3)	58,937	13.8
Sep. 30, 2022	323,658	32.4	79,931	118.8	83,412	137.1	51,794	92.0

Note: Comprehensive income For the nine months ended Sep. 30, 2023: ¥ 79,113 million [(0.3%)]
 For the nine months ended Sep. 30, 2022: ¥ 79,351 million [102.6%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
Sep. 30, 2023	168.42	—
Sep. 30, 2022	147.91	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
Sep. 30, 2023	1,029,941	632,253	55.4
Dec. 31, 2022	892,555	591,484	59.8

Reference: Equity
 As of Sep. 30, 2023: ¥570,154 million
 As of Dec. 31, 2022: ¥533,552 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, 2022	—	36.00	—	45.00	81.00
Fiscal year ending Dec. 31, 2023	—	42.00	—		
Fiscal year ending Dec. 31, 2023 (Forecast)				10.00	52.00

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

3. Consolidated financial forecasts for the fiscal year ending December 31, 2023 (from January 1, 2023 to December 31, 2023)

(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
Fiscal year ending Dec. 31, 2023	421,800	(4.4)	68,300	(37.7)	68,900	(38.1)	61,400	(12.5)	175.60

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: None

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

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(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, 2023	350,175,139 shares
As of Dec. 31, 2022	350,175,139 shares

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

As of Sep. 30, 2023	487,941 shares
As of Dec. 31, 2022	7,940 shares

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

Nine months ended Sep. 30, 2023	349,939,225 shares
Nine months ended Sep. 30, 2022	350,167,242 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, 2023. 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 Third Quarter of Fiscal Year 2023

(1) Explanation of Business Results

During the third quarter of fiscal year 2023 (July 1, 2023–September 30, 2023), the semiconductor market continued to see adjustments in logic and memory chip production, as demand for their end products including personal computers and smartphones remained weak.

Impacted by customers' production adjustments, 300 mm silicon wafer demand declined for both logic and memory use. Demand for wafers of 200 mm and smaller continued to drop, mainly for consumer and industrial use.

In this environment, the SUMCO Group, toward realization of the SUMCO Vision, sought to maintain our high share of advanced products through technology development aimed at meeting customer needs for higher precision and making distinctive products, while endeavoring also to become more cost competitive by raising productivity with the use of AI.

As a result, for the period under review, the Group registered consolidated net sales of 320,851 million yen, operating income of 61,855 million yen, ordinary income of 63,992 million yen, and net income attributable to owners of the parent of 58,937 million yen.

(2) Explanation of Business Forecasts

Looking at the outlook for the fourth quarter of fiscal year 2023 (October 1, 2023–December 31, 2023), while there are products with solid demand, such as in the AI and electric vehicle (EV) fields, demand for personal computers, smartphones and other such products is expected to remain weak, with overall semiconductor production continuing in an adjustment phase. In this business climate, the correction phase in the silicon wafer market is forecast to continue.

To meet increased silicon wafer demand in the medium to long term, the Group will carry on with technology development for high-end products and promote greater productivity by making use of AI, while seeking to build a production structure capable of agilely responding to market fluctuations.

We will also be paying careful attention to the impacts on the global economy from recently heightening geopolitical risks and from monetary policy in each country.

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 fiscal year ending Dec. 31, 2023 as follows.

Consolidated Business Forecasts for the fiscal year ending Dec. 31, 2023 (from Jan. 1, 2023 to Dec. 31, 2023)

	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)	421,800	68,300	68,900	61,400	175.60
Changes (B-A)	—	—	—	—	
Rate of changes (%)	—	—	—	—	
(Reference) Results for the fiscal year ended Dec. 31, 2022	441,083	109,683	111,339	70,205	200.49

(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, 2023 (from Oct. 1, 2023 to Dec. 31, 2023) 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, 2022	As of Sep. 30, 2023
Assets		
Current assets		
Cash and time deposits	250,505	174,365
Notes and accounts receivable - trade, and contract assets	89,991	80,337
Marketable securities	8,800	8,631
Finished products	20,839	31,413
Work in process	26,063	27,409
Raw materials and supplies	135,461	159,031
Other	11,957	14,922
Allowance for doubtful accounts	(13)	(14)
Total current assets	543,605	496,097
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	71,759	89,168
Machinery, equipment and vehicles, net	93,957	121,868
Land	20,298	24,118
Construction in progress	110,264	245,321
Other, net	4,091	4,601
Total property, plant and equipment	300,371	485,078
Intangible assets		
Goodwill	157	—
Other	8,078	7,849
Total intangible assets	8,235	7,849
Investments and other assets		
Investment securities	88	1,950
Long-term advance payments	28,525	26,532
Deferred income tax assets	8,333	8,472
Other	3,668	4,250
Allowance for doubtful accounts	(272)	(290)
Total investments and other assets	40,343	40,915
Total non-current assets	348,950	533,844
Total assets	892,555	1,029,941

(millions of yen)

	As of Dec. 31, 2022	As of Sep. 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable – trade	38,037	33,309
Short-term borrowings	30,432	54,109
Current portion of long-term lease obligations	231	89
Accrued income taxes	20,616	9,569
Reserve for bonuses	2,487	5,534
Other	65,430	115,116
Total current liabilities	157,235	217,729
Long-term liabilities		
Long-term debt	110,617	136,798
Long-term lease obligations	102	58
Provision for share-based payments	–	132
Retirement benefit liability	23,597	24,284
Other	9,518	18,685
Total long-term liabilities	143,836	179,958
Total liabilities	301,071	397,688
Equity		
Shareholders' equity		
Capital stock	199,034	199,034
Capital surplus	85,285	85,286
Retained earnings	234,319	262,792
Treasury stock	(19)	(964)
Total shareholders' equity	518,620	546,148
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	0	0
Deferred gain (loss) on derivatives under hedge accounting	961	(1,603)
Land revaluation surplus	2,885	2,885
Foreign currency translation adjustments	11,792	23,190
Remeasurements of defined benefit plans	(706)	(467)
Total accumulated other comprehensive income	14,932	24,005
Non-controlling interests	57,931	62,098
Total equity	591,484	632,253
Total liabilities and equity	892,555	1,029,941

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

(millions of yen)

	Nine months ended Sep. 30, 2022 (from Jan. 1, 2022 to Sep. 30, 2022)	Nine months ended Sep. 30, 2023 (from Jan. 1, 2023 to Sep. 30, 2023)
Net sales	323,658	320,851
Cost of sales	218,809	232,835
Gross profit	104,849	88,015
Selling, general and administrative expenses	24,918	26,159
Operating income	79,931	61,855
Non-operating income		
Interest income	453	1,564
Dividend income	44	45
Subsidy income	8	2,446
Other	4,659	634
Total non-operating income	5,166	4,691
Non-operating expenses		
Interest expense	601	733
Loss on retirement of non-current assets	772	844
Other	309	975
Total non-operating expenses	1,684	2,553
Ordinary income	83,412	63,992
Extraordinary income		
Gain on bargain purchase	—	20,084
Total extraordinary income	—	20,084
Income before income taxes	83,412	84,077
Income taxes	22,473	18,321
Net income	60,939	65,755
Net income attributable to non-controlling interests	9,144	6,818
Net income attributable to owners of the parent	51,794	58,937

(Consolidated Statement of Comprehensive Income)

(millions of yen)

	Nine months ended Sep. 30, 2022 (from Jan. 1, 2022 To Sep. 30, 2022)	Nine months ended Sep. 30, 2023 (from Jan. 1, 2023 to Sep. 30, 2023)
Net income	60,939	65,755
Other comprehensive income		
Net unrealized loss (gain) on available-for-sale securities	(0)	0
Deferred loss on derivatives under hedge accounting	(189)	(2,564)
Foreign currency translation adjustments	18,339	15,674
Remeasurements of defined plans, net of tax	261	247
Total other comprehensive income	18,412	13,357
Comprehensive income	79,351	79,113
Total comprehensive income attributable to:		
Owners of the parent	65,429	68,010
Non-controlling interests	13,922	11,103

(3) Notes on Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable

(Notes regarding Significant Changes in Shareholders' Equity)

As resolved at the May 11, 2023 Board of Directors Meeting, the Company adopted a performance-linked stock remuneration plan; and in the third quarter of fiscal 2023, 480,000 shares of treasury stock were acquired by the trust established to implement this plan. The Company's shares held in the trust have been posted as treasury stock.

As a result, treasury stock during the third quarter consolidated cumulative period increased by 944 million yen, rising to 964 million yen at the end of the third quarter.