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May 9, 2024

Consolidated Financial Results for the Three Months Ended March 31, 2024 (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 15, 2024
 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, 2024 (from January 1, 2024 to March 31, 2024)

(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, 2024	93,514	(14.9)	8,693	(66.5)	9,104	(66.8)	5,055	(86.6)
Mar. 31, 2023	109,948	9.5	25,974	10.8	27,384	15.4	37,698	148.0

Note: Comprehensive income For the three months ended Mar. 31, 2024: ¥14,104 million [(65.2)%]
 For the three months ended Mar. 31, 2023: ¥40,518 million [80.2%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
Mar. 31, 2024	14.46	—
Mar. 31, 2023	107.66	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
Mar. 31, 2024	1,180,471	640,078	49.1
Dec. 31, 2023	1,073,087	635,527	53.3

Reference: Equity
 As of Mar. 31, 2024: ¥579,041 million
 As of Dec. 31, 2023: ¥572,156 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, 2023	—	42.00	—	13.00	55.00
Fiscal year ending Dec. 31, 2024	—				
Fiscal year ending Dec. 31, 2024 (Forecast)		10.00	—	—	—

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, 2024 is not determined.

3. Consolidated business forecasts for the six months ending June 30, 2024 (from January 1, 2024 to June 30, 2024)

(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 ending Jun. 30, 2024	192,500	(12.8)	17,600	(62.4)	17,100	(64.8)	10,000	(79.9)	28.76

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 Mar. 31, 2024	350,175,139 shares
As of Dec. 31, 2023	350,175,139 shares

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

As of Mar. 31, 2024	486,961 shares
As of Dec. 31, 2023	487,961 shares

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

Three months ended Mar. 31, 2024	349,687,397 shares
Three months ended Mar. 31, 2023	350,167,199 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, 2024 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 9, 2024. Presentation materials for quarterly financial results are available in our website before starting the briefing.

(Supplementary Materials)

Contents

1. Qualitative Information for the First Quarter of Fiscal Year 2024	
(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

1. Qualitative Information for the First Quarter of Fiscal Year 2024

(1) Explanation of Business Results

During the first quarter of fiscal year 2024 (January 1, 2024–March 31, 2024), the semiconductor market as a whole was on the way to a recovery, driven by demand growth for semiconductors for AI, despite ongoing demand weakness in semiconductors for consumer, industrial, and automotive uses.

Shipments of 300 mm silicon wafers, however, remained at a slow pace even though their demand has bottomed out, as inventory corrections by customers continued.

As for wafers of 200 mm and smaller, shipment volumes declined due to continued weak demand including for automotive use.

In this environment, the SUMCO 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 needs for higher precision and making distinctive products, while seeking 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 net sales of 93,514 million yen, operating income of 8,693 million yen, ordinary income of 9,104 million yen, and net income attributable to owners of the parent of 5,055 million yen.

(2) Explanation of Business Forecasts

In the second quarter of fiscal year 2024 (April 1, 2024–June 30, 2024), production of semiconductors is starting to pick up, notably for AI use, and 300 mm silicon wafer demand is getting back on track accordingly. The pace of that recovery, however, is likely to be gradual since demand for applications other than AI is varied and customers are continuing with wafer inventory drawdowns.

Wafers of 200 mm and smaller are still in a correction phase, and shipments are expected to continue at a slow pace.

The Group will strengthen efforts to obtain earnings for dealing with the current situation, while achieving readiness for a recovery of demand by improving productivity with the help of AI, and building a production structure capable of agilely responding to market fluctuations.

In the midst of greatly changing semiconductor technology, the SUMCO Group will focus even more on technology development, responding quickly to increasingly high-level and diverse customer needs.

We will pay careful attention to changes in the market environment amid concerns about the impact from geopolitical risks and from policies in each country, and will endeavor to minimize such 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, 2024 as follows.

Consolidated Business Forecasts for the six months ending Jun. 30, 2024 (from Jan. 1, 2024 to Jun. 30, 2024)

	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)	Basic earnings per share (yen)
Previous Forecasts (A)	—	—	—	—	—
Revised Forecasts (B)	192,500	17,600	17,100	10,000	28.76
Changes (B-A)	—	—	—	—	
Rate of changes (%)	—	—	—	—	
(Reference) Results for six months ended Jun. 30, 2023	220,659	46,786	48,528	49,647	141.82

(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, 2024 (from April 1, 2024 to June 30, 2024) was made assuming translation rates of one U.S. dollar to 150 yen.

2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(millions of yen)

	As of Dec. 31, 2023	As of Mar. 31, 2024
Assets		
Current assets		
Cash and time deposits	147,722	190,031
Notes and accounts receivable - trade, and contract assets	82,854	81,172
Marketable securities	8,631	8,631
Finished products	25,578	26,983
Work in process	26,431	26,860
Raw materials and supplies	166,387	169,574
Other	16,228	15,609
Allowance for doubtful accounts	(11)	(12)
Total current assets	473,821	518,849
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	106,624	143,860
Machinery, equipment and vehicles, net	132,950	126,009
Land	23,883	24,004
Construction in progress	284,061	316,648
Other, net	4,474	4,965
Total property, plant and equipment	551,994	615,489
Intangible assets		
Other	7,687	7,605
Total intangible assets	7,687	7,605
Investments and other assets		
Investment securities	2,045	2,131
Long-term advance payments	26,266	25,208
Deferred income tax assets	7,347	7,195
Other	4,205	4,283
Allowance for doubtful accounts	(282)	(292)
Total investments and other assets	39,583	38,526
Total non-current assets	599,265	661,622
Total assets	1,073,087	1,180,471

(millions of yen)

	As of Dec. 31, 2023	As of Mar. 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable – trade	34,213	34,439
Short-term borrowings	34,107	35,404
Current portion of long-term lease obligations	92	97
Reserve for bonuses	2,537	4,560
Accrued income taxes	10,306	8,613
Other	123,271	122,594
Total current liabilities	204,529	205,710
Long-term liabilities		
Long-term debt	190,140	293,891
Long-term lease obligations	114	146
Provision for share-based payments	167	164
Retirement benefit liability	24,574	23,635
Other	18,034	16,846
Total long-term liabilities	233,030	334,683
Total liabilities	437,559	540,393
Equity		
Shareholders' equity		
Capital stock	199,034	199,034
Capital surplus	85,286	85,286
Retained earnings	267,739	268,243
Treasury stock	(964)	(962)
Total shareholders' equity	551,096	551,601
Accumulated other comprehensive income		
Net unrealized gain (loss) on available-for-sale securities	0	0
Deferred gain (loss) on derivatives under hedge accounting	(0)	(0)
Land revaluation surplus	2,885	2,885
Foreign currency translation adjustments	19,166	25,031
Remeasurements of defined benefit plans	(992)	(477)
Total accumulated other comprehensive income	21,059	27,439
Non-controlling interests	63,371	61,036
Total equity	635,527	640,078
Total liabilities and equity	1,073,087	1,180,471

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

(millions of yen)

	Three months ended Mar. 31, 2023 (from Jan. 1, 2023 to Mar. 31, 2023)	Three months ended Mar. 31, 2024 (from Jan. 1, 2024 to Mar. 31, 2024)
Net sales	109,948	93,514
Cost of sales	75,343	76,340
Gross profit	34,605	17,174
Selling, general and administrative expenses	8,630	8,481
Operating income	25,974	8,693
Non-operating income		
Interest income	421	475
Insurance income	33	758
Other	2,454	430
Total non-operating income	2,908	1,664
Non-operating expenses		
Interest expense	189	410
Depreciation	—	425
Commission expenses	424	280
Other	884	137
Total non-operating expenses	1,498	1,253
Ordinary income	27,384	9,104
Extraordinary income		
Gain on bargain purchase	20,084	—
Total extraordinary income	20,084	—
Income before income taxes	47,468	9,104
Income taxes	7,714	3,010
Net income	39,753	6,093
Net income attributable to non-controlling interests	2,055	1,037
Net income attributable to owners of the parent	37,698	5,055

(Consolidated Statement of Comprehensive Income)

(millions of yen)

	Three months ended Mar. 31, 2023 (from Jan. 1, 2023 to Mar. 31, 2023)	Three months ended Mar. 31, 2024 (from Jan. 1, 2024 to Mar. 31, 2024)
Net income	39,753	6,093
Other comprehensive income		
Net unrealized gain (loss) on available-for-sale securities	0	(0)
Deferred gain (loss) on derivatives under hedge accounting	(962)	(0)
Foreign currency translation adjustments	1,603	7,492
Remeasurements of defined plans, net of tax	123	518
Total other comprehensive income	764	8,010
Comprehensive income	40,518	14,104
Total comprehensive income attributable to:		
Owners of the parent	37,785	11,435
Non-controlling interests	2,733	2,668

- (3) Notes on Consolidated Financial Statements
 - (Notes regarding Going Concern Assumption)
 - Not applicable
 - (Notes regarding Significant Changes in Shareholders' Equity)
 - Not applicable