Brief Statement on Consolidated Financial Results for the Fiscal Year 2019 (Ended December 31, 2019) [Japanese Accounting Standards]

February 13, 2020
TSE First Section

Company name: SUMCO Corporation
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Scheduled date of ordinary general meeting of shareholders: March 26, 2020
Scheduled date of commencement of dividend payment: March 6, 2020
Scheduled date of filing of annual security report: March 26, 2020
Supplementary materials for financial results: Yes
Results briefing: Yes (For institutional investors and security analysts)

(Amounts smaller than one million yen are rounded down)

1. Consolidated Business Results for the Fiscal Year ended December 31, 2019 (January 1, 2019–December 31, 2019)

(1) Consolidated Business Results (Percentage figures represent 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)	(%)
Year ended Dec. 31, 2019	299,460	(7.9)	50,636	(40.5)	48,310	(41.8)	33,112	(43.5)
Year ended Dec. 31, 2018	325,059	24.7	85,165	102.4	83,068	126.3	58,580	116.8

(Note) Comprehensive income Year ended Dec. 31, 2019: 38,701 million yen ((39.5%))
Year ended Dec. 31, 2018: 63,976 million yen (63.0%)

	Net income per share	Diluted net income per share	Net income / Shareholders' equity	Ordinary income / Total assets	Operating income / Net sales
	(yen)	(yen)	(%)	(%)	(%)
Year ended Dec. 31, 2019	112.90	—	11.3	8.3	16.9
Year ended Dec. 31, 2018	199.74	—	22.3	14.8	26.2

(Reference) Equity in earnings of affiliates Year ended Dec. 31, 2019: — million yen
Year ended Dec. 31, 2018: — million yen

(2) Consolidated Financial Position

	Total assets	Equity	Shareholders' equity ratio	Shareholders' equity per share
	(millions of yen)	(millions of yen)	(%)	(Yen)
Year ended Dec. 31, 2019	578,511	341,149	52.2	1,030.39
Year ended Dec. 31, 2018	588,250	325,545	48.4	971.76

(Reference) Shareholders' equity Year ended Dec. 31, 2019: 302,191 million yen
Year ended Dec. 31, 2018: 284,997 million yen

(3) Consolidated Cash Flow

	Operating activities (millions of yen)	Investment Activities (millions of yen)	Financing Activities (millions of yen)	Cash and cash equivalents (millions of yen)
Year ended Dec. 31, 2019	77,664	(61,184)	(24,825)	70,020
Year ended Dec. 31, 2018	93,602	(52,244)	(35,424)	78,900

2. Dividend Payments

	Dividends per share					Total dividend (Annual)	Dividend ratio (Consolidated)	Dividend / Net assets (Consolidated)
	First quarter (yen)	Second quarter (yen)	Third quarter (yen)	Year-end (yen)	Total (yen)	(millions of yen)	(%)	(%)
Year ended Dec. 31, 2018	—	30.00	—	32.00	62.00	18,183	31.0	6.9
Year ended Dec. 31, 2019	—	25.00	—	10.00	35.00	10,264	31.0	3.5
Year ending Dec. 31, 2020 (Forecast)	—	—	—	—	—		—	

(Note) Dividends per share for the fiscal year-ending December 31, 2020 are not determined.

3. Consolidated Business Forecasts for the First Quarter of Fiscal Year 2020 (January 1, 2020–March 31, 2020)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary Income		Net income attributable to owners of the parent		Net income per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
1Q- FY2020 (3 months)	71,000	(13.5)	9,000	(54.6)	8,000	(58.1)	5,500	(58.1)	18.75

(Notes) SUMCO discloses forecasts for the forthcoming quarter only. For more information, please see "Outlook for the First Quarter of Fiscal Year 2020" on page 3 of Supplementary Materials.

* Notes

(1) Changes in important subsidiaries during the fiscal year: No

(2) Changes in accounting policies, changes in accounting estimates and corrections of prior-period errors
[1] Changes in accounting policies applied with revisions of accounting standards: Yes
[2] Changes in accounting policies other than [1]: No
[3] Changes in accounting estimates: No
[4] Corrections of prior-period errors: No
(Note) For more information, please see "Changes in Accounting Policies" on page 11 of Supplementary Materials.

(3) Number of issued shares (common stock)
[1] Issued shares as of the end of period (including treasury stock):
293,285,539 shares for the fiscal year 2019, ended December 31, 2019
293,285,539 shares for the fiscal year 2018, ended December 31, 2018
[2] Treasury stock as of the end of period:
7,635 shares for the fiscal year 2019, ended December 31, 2019
7,575 shares for the fiscal year 2018, ended December 31, 2018
[3] Average number of shares during period:
293,277,926 shares for the fiscal year 2019, ended December 31, 2019
293,278,090 shares for the fiscal year 2018, ended December 31, 2018

(Reference) Summary of Nonconsolidated Business Results

Nonconsolidated Business Results for the Fiscal Year ended December 31, 2019
(January 1, 2019–December 31, 2019)

(1) Nonconsolidated Business Results (Percentage figures represent changes from previous year)

	Net sales		Operating income		Ordinary income		Net income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
Year ended Dec. 31, 2019	251,244	(3.6)	23,691	(43.0)	46,118	(10.1)	41,962	(0.8)
Year ended Dec. 31, 2018	260,551	26.8	41,581	102.6	51,314	145.2	42,286	120.8

	Net income per share	Diluted net income per share
	(yen)	(yen)
Year ended Dec. 31, 2019	143.08	—
Year ended Dec. 31, 2018	144.19	—

(2) Nonconsolidated Financial Position

	Total assets	Equity	Shareholders' equity ratio	Shareholders' equity per share
	(millions of yen)	(millions of yen)	(%)	(Yen)
Year ended Dec. 31, 2019	508,983	256,696	50.4	875.27
Year ended Dec. 31, 2018	513,660	231,450	45.1	789.18

(Reference) Shareholders' equity Year ended Dec. 31, 2019: 256,696 million yen
Year ended Dec. 31, 2018: 231,450 million yen

* This Brief Statement on Consolidated Financial Results is not subject to audit procedures by certified public accountants or auditing companies.

* Explanations regarding appropriate use of business forecasts and other special instructions:

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 "Outlook for the First Quarter of Fiscal Year 2020" on page 3 of Supplementary Materials.

Dividends per share for the fiscal year-ending December 31, 2020 are not determined, and forecasts will be disclosed as soon as the disclosure becomes possible.

Results briefing for institutional investors and security analysts are scheduled on February 13, 2020. Supplementary materials for financial results are available in our web site after starting the briefing.

(Supplementary Materials)

Contents

1. Overview of Business Results and Financial Position
   (1) Overview of Business Results p.2
   (2) Overview of Financial Position p.2
   (3) Overview of Cash Flow p.2
   (4) Outlook for the First Quarter of Fiscal Year 2020 .....p.3

2. Basic Policy for the Selection of Accounting Standards p.3

3. Consolidated Financial Statements and Notes
   (1) Consolidated Balance Sheets p.4
   (2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income p.6
   (3) Consolidated Statements of Changes in Equity p.8
   (4) Consolidated Statements of Cash Flows p.10
   (5) Notes to Consolidated Financial Statements p.11

1. Overview of Business Results and Financial Position

(1) Overview of Business Results

During the fiscal year 2019 (January 1, 2019–December 31, 2019), the market for 300 mm semiconductor silicon wafers continued to see some volume correction by customers, but demand for logic, notably for 5G and data center applications, began recovering from the second half. Wafer demand for memory remained weak, however, as inventory adjustment by customers continued. Overall demand for small diameter wafers of 200 mm or less was sluggish, impacted by a slowdown in growth of the global economy.

In this environment, in line with the SUMCO Vision, the SUMCO Group sought to maintain our strong presence with customers through technology development aimed at meeting their needs for leading-edge, distinctive products, while endeavoring also to improve our profitability by optimizing pricing.

As a result, for the fiscal year 2019, the Group registered consolidated net sales of 299,460 million yen, operating income of 50,636 million yen, ordinary income of 48,310 million yen. Net income attributable to owners of the parent of 33,112 million yen, as a result of posting Gain on revision of retirement benefit plan of 917 million yen.

(2) Overview of Financial Position

(Assets)

Total assets at the end of the consolidated fiscal year decreased by 9,739 million yen from the end of the previous consolidated fiscal year, to 578,511 million yen. While property, plant and equipment increased by 17,146 million yen, a decrease in cash and time deposits by 7,679 million yen, a decrease in notes and accounts receivable – trade by 7,562 million yen, a decrease in raw materials and supplies by 3,698 million yen and a decrease in deferred income tax assets by 3,496 million yen were the main factors.

(Liabilities)

Total liabilities decreased by 25,343 million yen from the end of the previous consolidated fiscal year, to 237,361 million yen. The main factors were a decrease in other current liabilities by 11,327 million yen due to a payment of cancellation fee for early termination of a long-term polysilicon purchasing agreement, etc., a decrease in notes and accounts payable - trade by 4,421 million yen and a decrease in accrued income taxes by 3,739 million yen.

(Equity)

Total equity increased by 15,604 million yen from the end of the previous consolidated fiscal year, to 341,149 million yen. The main factor was an increase by 16,415 million yen in retained earnings due to net income attributable to owners of the parent, etc.

(3) Overview of Cash Flow

Cash and cash equivalents at the end of the consolidated fiscal year decreased by 8,879 million yen from the end of the previous consolidated fiscal year, to 70,020 million yen. By types, net cash provided by operating activities was 77,664 million yen, net cash used in investing activities was 61,184 million yen, net cash used in financing activities was 24,825 million yen, and foreign currency translation adjustments on cash and cash equivalents was (534) million yen.

Each of the cash flows in the consolidated fiscal year and the factors affecting them are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities in the consolidated fiscal year was 77,664 million yen, a year-on-year decrease by 15,938 million yen. The main factors were a cancellation fee paid for early termination of a long-term polysilicon purchasing agreement and an increase in income taxes paid.

(Cash flow from investing activities)

Net cash used in investing activities in the consolidated fiscal year was 61,184 million yen, a

year-on-year increase by 8,939 million yen. The main factor was an increase in payments for purchases of fixed assets.

(Cash flow from financing activities)

Net cash used in financing activities in the consolidated fiscal year was 24,825 million yen. The main factors were a dividends paid of 16,716 million yen and a dividends paid to non-controlling interests of 6,400 million yen.

(4) Outlook for the First Quarter of Fiscal Year 2020

Demand for 300 mm semiconductor silicon wafers in the first quarter of 2020 is trending solidly for logic, mainly for 5G and data centers; whereas wafer inventory adjustment by customers for memory is forecasted to continue. Demand for small diameter wafers of 200 mm or less appears to have bottomed out in the fourth quarter of last year and is showing signs of recovery.

It should be noted that concerns remain about negative impacts on demand from geopolitical factors, including the ongoing US-China trade friction and the emerging novel coronavirus threat to the economy.

Given this market environment, the Group will continue seeking a competitive edge by developing technologies for state-of-the-art wafers for which continued demand growth is expected, while endeavoring to meet customer demands for these products through ongoing augmenting of equipment capacity.

It is difficult for the Group to formulate reasonable business forecasts for the half-year and 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 first quarter of fiscal year 2020 as follows.

Consolidated Business forecasts for the First Quarter of Fiscal Year 2020 (Jan. 1, 2020–Mar. 31, 2020)

	Net Sales	Operating Income	Ordinary Income	Net Income attributable to owners of parent	Net Income per Share
	(millions of yen)	(millions of yen)	(millions of yen)	(millions of yen)	(yen)
1Q-FY2020 Forecasts (3 months)	71,000	9,000	8,000	5,500	18.75
(Reference) 1Q-FY2019 Results (3 months)	82,103	19,816	19,085	13,133	44.78

(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 first quarter of fiscal year 2020 are made assuming translation rates of one U.S. dollar to 110 yen.

2. Basic Policy for the Selection of Accounting Standards

The Group has been using Japanese Generally Accepted Accounting Principles (JP-GAAP). We are going to continue to use JP-GAAP in the foreseeable future.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(millions of yen)

	End of FY2018 (Dec. 31, 2018)	End of FY2019 (Dec. 31, 2019)
Assets		
Current assets		
Cash and time deposits	57,900	50,220
Notes and accounts receivable – trade	64,979	57,416
Marketable securities	21,000	19,800
Finished products	15,562	17,032
Work in process	18,812	17,938
Raw materials and supplies	153,145	149,446
Other	8,483	7,386
Allowance for doubtful accounts	(12)	(10)
Total current assets	339,872	319,230
Non-current assets		
Property, plant and equipment		
Buildings and structures	199,913	201,448
Accumulated depreciation	(127,597)	(130,607)
Buildings and structures, net	72,316	70,841
Machinery, equipment and vehicles	765,136	802,288
Accumulated depreciation	(701,801)	(730,541)
Machinery, equipment and vehicles, net	63,335	71,746
Land	20,314	20,316
Construction in progress	22,597	32,167
Other	14,263	15,312
Accumulated depreciation	(13,189)	(13,601)
Other, net	1,073	1,711
Total property, plant and equipment	179,636	196,782
Intangible assets		
Goodwill	5,187	3,562
Software	5,017	5,643
Other	1,324	1,689
Total intangible assets	11,529	10,894
Investments and other assets		
Investment securities	102	102
Long-term advance payments	38,153	35,835
Long-term prepaid expenses	3,086	2,680
Retirement benefit asset	—	648
Deferred income tax assets	15,130	11,634
Other	1,023	985
Allowance for doubtful accounts	(284)	(282)
Total investments and other assets	57,212	51,603
Total non-current assets	248,378	259,280
Total assets	588,250	578,511

(millions of yen)

	End of FY2018 (Dec. 31, 2018)	End of FY2019 (Dec. 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	27,932	23,511
Short-term borrowings	33,107	30,234
Current portion of long-term lease obligations	1,022	591
Accrued income taxes	6,493	2,753
Reserve for bonuses	2,043	1,600
Notes and accounts payable – construction	19,477	15,965
Other	23,639	12,312
Total current liabilities	113,716	86,970
Long-term liabilities		
Long-term debt	118,598	120,864
Long-term lease obligations	643	336
Deferred income tax liabilities	2,559	2,484
Deferred income tax liabilities on revaluation reserve for land	1,342	1,342
Retirement benefit liability	24,939	24,495
Other	905	867
Total long-term liabilities	148,988	150,391
Total liabilities	262,704	237,361
Equity		
Shareholders' equity		
Capital stock	138,718	138,718
Capital surplus	30,763	30,763
Retained earnings	117,812	134,228
Treasury stock	(12)	(12)
Total shareholders' equity	287,282	303,698
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	0	0
Deferred loss on derivatives under hedge accounting	(0)	(0)
Land revaluation surplus	2,885	2,885
Foreign currency translation adjustments	(1,227)	(1,639)
Remeasurements of defined benefit plans	(3,944)	(2,753)
Total accumulated other comprehensive income (loss)	(2,285)	(1,507)
Non-controlling interests	40,548	38,958
Total equity	325,545	341,149
Total liabilities and equity	588,250	578,511

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

(Consolidated Statements of Income)

(millions of yen)

	FY2018 (Jan. 1, 2018– Dec. 31, 2018)	FY2019 (Jan. 1, 2019– Dec. 31, 2019)
Net sales	325,059	299,460
Cost of sales	210,960	221,311
Gross profit	114,098	78,148
Selling, general and administrative expenses	28,932	27,512
Operating income	85,165	50,636
Non-operating income		
Interest income	627	684
Dividend income	40	32
Other	183	241
Total non-operating income	852	958
Non-operating expenses		
Interest expense	1,435	1,064
Foreign exchange loss	120	1,189
Loss on sales and retirement of non-current assets	1,059	532
Commission for syndicate loan	6	360
Other	328	137
Total non-operating expenses	2,949	3,284
Ordinary income	83,068	48,310
Extraordinary income		
Gain on revision of retirement benefit plan	—	917
Total extraordinary income	—	917
Extraordinary loss		
Cancellation Fee	10,000	—
Loss on disaster	865	—
Total extraordinary loss	10,865	—
Income before income taxes	72,202	49,228
Income taxes – current	9,852	8,287
Income taxes – deferred	(8,156)	2,997
Total income taxes	1,695	11,284
Net income	70,506	37,943
Net income attributable to non-controlling interests	11,925	4,831
Net income attributable to owners of the parent	58,580	33,112

(Consolidated Statement of Comprehensive Income)

(millions of yen)

	FY2018 (Jan. 1, 2018– Dec. 31, 2018)	FY2019 (Jan. 1, 2019– Dec. 31, 2019)
Net income	70,506	37,943
Other comprehensive income		
Net unrealized loss on available-for-sale securities	(0)	(0)
Deferred gain on derivatives under hedge accounting	1	0
Foreign currency translation adjustments	(4,351)	(440)
Remeasurements of defined benefit plan, net of tax	(2,178)	1,198
Total other comprehensive gain (loss)	(6,529)	757
Comprehensive income	63,976	38,701
Total comprehensive income attributable to		
Owners of the parent	54,057	33,890
Non-controlling interests	9,919	4,810

(3) Consolidated Statements of Changes in Equity

For the year ended December 31, 2018 (January 1, 2018–December 31, 2018)

(millions of yen)

	Shareholder's equity				
	Capital stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	138,718	26,969	73,309	(12)	238,986
Cumulative effects of changes in accounting policies					
Restated balance	138,718	26,969	73,309	(12)	238,986
Changes during period					
Dividends of surplus			(14,077)		(14,077)
Net income attributable to owners of the parent			58,580		58,580
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		3,793			3,793
Other		0			0
Net changes of items other than shareholders' equity					
Total changes during of period	—	3,793	44,503	(0)	48,296
Balance at end of period	138,718	30,763	117,812	(12)	287,282

	Accumulated other comprehensive income						Non-controlling interests	Total equity
	Net unrealized gain on available-for-sale securities	Deferred loss on derivative under hedge accounting	Land reservation surplus	Foreign currency transaction adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of period	0	(1)	2,885	1,089	(1,731)	2,242	40,394	281,623
Cumulative effects of changes in accounting policies								
Restated balance	0	(1)	2,885	1,089	(1,731)	2,242	40,394	281,623
Changes during period								
Dividends of surplus								(14,077)
Net income attributable to owners of the parent								58,580
Purchase of treasury shares								(0)
Change in ownership interest of parent due to transactions with non-controlling interests								3,793
Other								0
Net changes of items other than shareholders' equity	(0)	1		(2,316)	(2,213)	(4,528)	153	(4,374)
Total changes during of period	(0)	1	—	(2,316)	(2,213)	(4,528)	153	43,921
Balance at end of period	0	(0)	2,885	(1,227)	(3,944)	(2,285)	40,548	325,545

For the year ended December 31, 2019 (January 1, 2019–December 31, 2019)

(millions of yen)

	Shareholder's equity				
	Capital stock	Capital Surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of period	138,718	30,763	117,812	(12)	287,282
Cumulative effects of changes in accounting policies			20		20
Restated balance	138,718	30,763	117,833	(12)	287,303
Changes during period					
Dividends of surplus			(16,716)		(16,716)
Net income attributable to owners of the parent			33,112		33,112
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests					
Other		0			0
Net changes of items other than shareholders' equity					
Total changes during of period	—	0	16,395	(0)	16,395
Balance at end of period	138,718	30,763	134,228	(12)	303,698

	Accumulated other comprehensive income						Non-controlling interests	Total equity
	Net unrealized gain on available-for-sale securities	Deferred loss on derivative under hedge accounting	Land reservation surplus	Foreign currency transaction adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income (loss)		
Balance at beginning of period	0	(0)	2,885	(1,227)	(3,944)	(2,285)	40,548	325,545
Cumulative effects of changes in accounting policies				0		0	(0)	20
Restated balance	0	(0)	2,885	(1,227)	(3,944)	(2,285)	40,548	325,566
Changes during period								
Dividends of surplus								(16,716)
Net income attributable to owners of the parent								33,112
Purchase of treasury shares								(0)
Change in ownership interest of parent due to transactions with non-controlling interests								
Other								0
Net changes of items other than shareholders' equity	(0)	0		(412)	1,190	778	(1,590)	(811)
Total changes during of period	(0)	0	—	(412)	1,190	778	(1,590)	15,583
Balance at end of period	0	(0)	2,885	(1,639)	(2,753)	(1,507)	38,958	341,149

(4) Consolidated Statements of Cash Flows

(millions of yen)

	FY2018 (Jan. 1, 2018– Dec. 31, 2018)	FY2019 (Jan. 1, 2019– Dec. 31, 2019)
Operating activities:		
Income before income taxes	72,202	49,228
Depreciation and amortization	27,910	40,771
Amortization of goodwill	1,625	1,625
Gain on revision of retirement benefit plan	—	(917)
Cancellation fee	10,000	—
Decrease (increase) in allowance for doubtful accounts	1	(1)
Decrease (increase) in reserve for bonuses	272	(439)
Increase in retirement benefit liability	1,168	1,356
Decrease in retirement benefit asset	—	10
Interest and dividend income	(668)	(717)
Interest expense	1,435	1,064
Net loss on sales and disposal of fixed assets	1,043	519
Decrease (increase) in notes and accounts receivable – trade	(12,797)	7,517
Decrease (increase) in inventories	(5,501)	2,978
Increase in other current assets	(1,899)	(533)
Decrease (increase) in notes and accounts payable, trade	2,001	(4,193)
Decrease (increase) in other current liabilities	2,161	(1,292)
Other, net	2,257	2,779
Subtotal	101,212	99,756
Interest and dividends received	665	711
Interest paid	(1,544)	(1,108)
Cancellation fee paid	—	(10,000)
Income taxes paid	(6,731)	(11,695)
Net cash provided by operating activities	93,602	77,664
Investing activities:		
Payments for purchases of fixed assets	(50,295)	(62,165)
Other, net	(1,948)	981
Net cash used in investing activities	(52,244)	(61,184)
Financing activities:		
Decrease (increase) in short-term borrowings, net	5,000	(2,000)
Proceeds from long-term debt	20,000	29,500
Repayments of long-term debt	(39,731)	(28,107)
Repayments of lease obligations	(1,335)	(1,101)
Payments for purchases of treasury stock	(0)	(0)
Dividends paid	(14,077)	(16,716)
Dividends paid to non-controlling interests	(3,159)	(6,400)
Repayments to non-controlling shareholders	(7,768)	—
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	5,648	—
Net cash used in financing activities	(35,424)	(24,825)
Foreign currency transaction adjustment on cash and cash equivalents	(1,673)	(534)
Net decrease (increase) in cash and cash equivalents	4,259	(8,879)
Cash and cash equivalents at beginning of year	74,640	78,900
Cash and cash equivalents at end of year	78,900	70,020

(5) Notes to Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable

(Changes in Accounting Policies)

(Adoption of Accounting Standard for Revenue From Contracts With Customers)

Overseas subsidiaries adopting the US-GAAP have started to apply ASC 606, Revenue From Contracts With Customers from the beginning of the fiscal year under review.

As a result of this change, revenue is recognized at the time the promised goods or services are transferred to the customer, in an amount that reflects the consideration expected to be received in exchange for the goods or services.

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, adjusting retained earnings at the beginning of the fiscal year under review.

As a result, "Retained earnings" balance at the beginning of the fiscal year under review increased by 27 million yen. The impact on profit and loss in the fiscal year under review is minor.

(Adoption of Lease Standard)

At overseas subsidiaries adopting IFRS, the leases standard (IFRS 16) is applied from the beginning of the fiscal year under review.

With this change, all leases are in principle recognized as right-of-use assets indicating the right to use the underlying assets, and as lease liabilities representing the obligation to make lease payments. After recognizing right-of-use assets and lease liabilities, the depreciation and amortization costs of the right-of-use assets and the interest costs of the lease liabilities are booked.

On the consolidated balance sheet, the right-of-use assets are shown as "Property, plant and equipment: other" and lease liabilities are included in "Long-term lease obligations."

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, adjusting "Retained earnings" at the beginning of the fiscal year under review.

As a result, "Retained earnings" at the beginning of the fiscal year under review declined by 6 million yen. The impact on profit and loss in the fiscal year under review is minor.

(Segment information)

Segment information is not described since the Group has only one segment which is "Crystalline silicon."

(Per-share information)

	Year ended Dec. 31, 2018 (Jan. 1, 2018–Dec. 31, 2018)	Year ended Dec. 31, 2019 (Jan. 1, 2019–Dec. 31, 2019)
Equity per share	971.76 Yen	1,030.39 Yen
Net income per share	199.74 Yen	112.90 Yen

(Note) 1. Diluted net income per share is not described since dilutive shares did not exist.

2. The following is the basis for calculation of net income per share.

	Year ended Dec. 31, 2018 (Jan. 1, 2018–Dec. 31, 2018)	Year ended Dec. 31, 2019 (Jan. 1, 2019–Dec. 31, 2019)
Net income attributable to owners of the parent (millions of yen)	58,580	33,112
Amount not belonging to common shareholders (millions of yen)	—	—
Net income attributable to owners of the parent for common stock (millions of yen)	58,580	33,112
Average number of shares during the period (shares)	293,278,090	293,277,926

(Subsequent event)

Not applicable