# Brief Statement on Consolidated Financial Results for the First Quarter (ended March 31, 2020) of Fiscal Year 2020 (ending December 31, 2020) [ Japanese Accounting Standards ]

May 8, 2020

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Scheduled date of filing of quarterly security report: May 15, 2020
Scheduled date of commencement of dividend payment: —
Supplementary materials for quarterly financial results: Yes
Quarterly results briefing: Yes (For institutional investors and security analysts)

(Amounts smaller than one million yen are rounded down)

## 1. Consolidated Business Results for the First Quarter (January 1, 2020–March 31, 2020) of Fiscal Year 2020 (ending December 31, 2020)

(1) Consolidated Business Results (fiscal year-to-date)

(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) | (%) |
| 1Q of FY2020 | 72,244 | (12.0) | 11,644 | (41.2) | 11,934 | (37.5) | 8,490 | (35.4) |
| 1Q of FY2019 | 82,103 | 6.2 | 19,816 | 1.2 | 19,085 | 4.4 | 13,133 | 2.9 |

(Note) Comprehensive income
1Q of FY2020: 8,597 million yen ((47.1%)); 1Q of FY2019: 16,239 million yen (102.0%)

| | Net income per share for quarter (yen) | Diluted net income per share for quarter (yen) |
|---|---|---|
| 1Q of FY2020 | 29.01 | — |
| 1Q of FY2019 | 44.78 | — |

(2) Consolidated Financial Position

| | Total assets (millions of yen) | Equity (millions of yen) | Shareholders' equity ratio (%) |
|---|---|---|---|
| 1Q of FY2020 | 587,557 | 343,515 | 51.7 |
| FY2019 | 578,511 | 341,149 | 52.2 |

(Reference) Shareholders' equity: 1Q of FY2020: 303,977 million yen; FY2019: 302,191 million yen

## 2. Dividend Payments

| | Yearly dividend per share | | | | |
|---|---|---|---|---|---|
| | First quarter (yen) | Second quarter (yen) | Third quarter (yen) | Year-end (yen) | Full year (yen) |
| FY2019 | — | 25.00 | — | 10.00 | 35.00 |
| FY2020 | — | | | | |
| FY2020 (Forecast) | | 18.00 | — | — | — |

Note: (1) Revisions to dividend forecasts made during the quarter under review: Yes
(2) Year-end dividend per share for the fiscal year-ending December 31, 2020 is not determined.

## 3. Consolidated Business Forecasts for the Second Quarter of Fiscal Year 2020 (January 1, 2020–June 30, 2020)

(Percentage figures represent changes from previous year)

| | 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) |
| Second Quarter (6 months) | 149,200 | (4.7) | 23,600 | (29.6) | 23,400 | (28.5) | 16,900 | (26.5) | 57.89 |

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 important subsidiaries during the quarter under review: No
New Company: ― Exclusion: ―

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statement: No

(3) 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: No
[2] Changes in accounting policies other than [1]: No
[3] Changes in accounting estimates: No
[4] Corrections of prior-period errors: No

(4) Number of issued shares (common stock)
[1] Issued shares as of the end of period (including treasury stock):
293,285,539 shares as of the end of first quarter of FY2020; 293,285,539 shares as of the end of FY2019
[2] Treasury stock as of the end of period:
2,111,995 shares as of the end of first quarter of FY2020; 7,635 shares as of the end of FY2019
[3] Average number of shares during period (fiscal year-to-date):
292,668,962 shares during the first quarter of FY2020; 293,277,964 shares during the first quarter of FY2019

* This Brief Statement on Consolidated Financial Results is not subject to quarterly review 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 "(2) Explanation of Business Forecasts" on page 2 of Supplementary Materials.

Year-end dividend per share for the fiscal year-ending December 31, 2020 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 8, 2020. Supplementary materials for quarterly financial results are available in our website after starting the briefing.

# (Supplementary Materials)

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## 1. Qualitative Information for the First Quarter of Fiscal Year 2020

(1) Explanation of Business Results

During the first quarter of fiscal year 2020 (January 1, 2020–March 31, 2020), the market for semiconductor silicon wafers saw a modest recovery for both 300 and 200 mm wafers in line with expectations, after demand bottomed out in the previous quarter. Almost no negative impact was felt in the quarter from the COVID-19 outbreak, in part because of moves by some customers to increase their safety stock.

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 cost reduction.

As a result, for the period under review, the Group registered consolidated net sales of 72,244 million yen, operating income of 11,644 million yen, ordinary income of 11,934 million yen. Net income attributable to owners of the parent of 8,490 million yen.

(2) Explanation of Business Forecasts

Looking at the second quarter outlook for the semiconductor silicon wafer market, demand should be strong for personal computer, tablet, and data center applications with growth in 5G and the spread of teleworking. Since, however, the impact of the COVID-19 pandemic on wafer demand is uncertain, the situation will continue to require close watching.

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. At the same time, we will be paying close attention to changes in the market environment amid concerns about COVID-19 impact.

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 second quarter of fiscal year 2020 as follows.

Consolidated Business Forecasts for the Second Quarter of Fiscal Year 2020 (Jan. 1, 2020–Jun. 30, 2020)

| | 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) | 149,200 | 23,600 | 23,400 | 16,900 | 57.89 |
| Changes (B-A) | — | — | — | — | |
| Rate of changes (%) | — | — | — | — | |
| (Reference) Results for 2Q-FY2019 (6 months) | 156,487 | 33,543 | 32,719 | 22,979 | 78.35 |

(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 second quarter of fiscal year 2020 (April 1, 2020–June 30, 2020) was made assuming translation rates of one U.S. dollar to 108 yen.

## 2. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

(millions of yen)

| | End of FY2019 (December 31, 2019) | End of 1Q of FY2020 (March 31, 2020) |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and time deposits | 50,220 | 67,767 |
| Notes and accounts receivable – trade | 57,416 | 58,245 |
| Marketable securities | 19,800 | — |
| Finished products | 17,032 | 16,880 |
| Work in process | 17,938 | 19,369 |
| Raw materials and supplies | 149,446 | 146,720 |
| Other | 7,386 | 9,749 |
| Allowance for doubtful accounts | (10) | (9) |
| Total current assets | 319,230 | 318,723 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 70,841 | 70,754 |
| Machinery, equipment and vehicles, net | 71,746 | 77,760 |
| Land | 20,316 | 20,310 |
| Construction in progress | 32,167 | 36,038 |
| Other, net | 1,711 | 1,739 |
| Total property, plant and equipment | 196,782 | 206,602 |
| Intangible assets | | |
| Goodwill | 3,562 | 3,155 |
| Other | 7,332 | 7,769 |
| Total intangible assets | 10,894 | 10,925 |
| Investments and other assets | | |
| Investment securities | 102 | 101 |
| Long-term advance payments | 35,835 | 35,243 |
| Deferred income tax assets | 11,634 | 11,507 |
| Other | 4,314 | 4,733 |
| Allowance for doubtful accounts | (282) | (281) |
| Total investments and other assets | 51,603 | 51,305 |
| Total non-current assets | 259,280 | 268,833 |
| Total assets | 578,511 | 587,557 |

(millions of yen)

| | End of FY2019 (December 31, 2019) | End of 1Q of FY2020 (March 31, 2020) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable – trade | 23,511 | 23,780 |
| Short-term borrowings | 30,234 | 46,191 |
| Current portion of long-term lease obligations | 591 | 507 |
| Accrued income taxes | 2,753 | 2,437 |
| Reserve for bonuses | 1,600 | 3,047 |
| Other | 28,278 | 33,223 |
| Total current liabilities | 86,970 | 109,190 |
| Long-term liabilities | | |
| Long-term debt | 120,864 | 105,132 |
| Long-term lease obligations | 336 | 209 |
| Retirement benefit liability | 24,495 | 24,694 |
| Other | 4,694 | 4,815 |
| Total long-term liabilities | 150,391 | 134,851 |
| Total liabilities | 237,361 | 244,042 |
| Equity | | |
| Shareholders' equity | | |
| Capital stock | 138,718 | 138,718 |
| Capital surplus | 30,763 | 30,763 |
| Retained earnings | 134,228 | 139,785 |
| Treasury stock | (12) | (3,312) |
| Total shareholders' equity | 303,698 | 305,955 |
| 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 | (1,639) | (2,643) |
| Remeasurements of defined benefit plans | (2,753) | (2,220) |
| Total accumulated other comprehensive loss | (1,507) | (1,978) |
| Non-controlling interests | 38,958 | 39,537 |
| Total equity | 341,149 | 343,515 |
| Total liabilities and equity | 578,511 | 587,557 |

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

(Consolidated Statement of Income)

(millions of yen)

| | 1Q of FY2019 (January 1, 2019– March 31, 2019) | 1Q of FY2020 (January 1, 2020– March 31, 2020) |
|---|---|---|
| Net sales | 82,103 | 72,244 |
| Cost of sales | 55,270 | 54,209 |
| Gross profit | 26,832 | 18,034 |
| Selling, general and administrative expenses | 7,016 | 6,389 |
| Operating income | 19,816 | 11,644 |
| Non-operating income | | |
| Interest income | 221 | 140 |
| Subsidy income | 2 | 612 |
| Other | 19 | 30 |
| Total non-operating income | 243 | 782 |
| Non-operating expenses | | |
| Interest expense | 283 | 246 |
| Foreign exchange loss | 184 | 125 |
| Loss on retirement of non-current assets | 85 | 103 |
| Other | 420 | 18 |
| Total non-operating expenses | 973 | 493 |
| Ordinary income | 19,085 | 11,934 |
| Income before income taxes | 19,085 | 11,934 |
| Income taxes | 3,671 | 2,451 |
| Net income | 15,414 | 9,842 |
| Net income attributable to non-controlling interests | 2,281 | 992 |
| Net income attributable to owners of the parent | 13,133 | 8,490 |

(Consolidated Statement of Comprehensive Income)

(millions of yen)

| | 1Q of FY2019 (January 1, 2019– March 31, 2019) | 1Q of FY2020 (January 1, 2020– March 31, 2020) |
|---|---|---|
| Net income | 15,414 | 9,482 |
| Other comprehensive income | | |
| Net unrealized loss (gain) on available-for-sale securities | 0 | (0) |
| Deferred loss (gain) on derivatives under hedge accounting | 5 | (0) |
| Foreign currency translation adjustments | (173) | (1,004) |
| Remeasurements of defined plans, net of tax | 993 | 120 |
| Total other comprehensive loss (income) | 825 | (884) |
| Comprehensive income | 16,239 | 8,597 |
| Total comprehensive income attributable to: | | |
| Owners of the parent | 14,045 | 8,018 |
| Non-controlling interests | 2,194 | 578 |

(3) Notes on Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable

(Notes regarding Significant Changes in Shareholders' Equity)

As resolved at the February 18, 2020 Board of Directors Meeting, the Company acquired 2,104,300 shares of treasury stock. As a result, treasury stock in the first quarter consolidated cumulative period increased by 3,299 million yen, to 3,312 million yen as of the end of the first quarter consolidated accounting term.

As further resolved at the February 18, 2020 Board of Directors Meeting, on April 10, 2020 the Company disposed of the acquired 2,104,300 shares of treasury stock.