Quarterly Securities Report

(As required by Article 24-4-7, paragraph 1, of the Financial Instruments and Exchange Act)

For the first quarter of fiscal year ending December 31, 2021
(January 1, 2021–March 31, 2021)

SUMCO Corporation

1-2-1 Shibaura, Minato-ku, Tokyo

Table of Contents

Page
Cover
Section 1: Corporate Information 1
I. Overview of the Company 1
1. Trends in major management indicators 1
2. Scope of business 1
II. State of Business 2
1. Business and other risks 2
2. Management analysis of financial position, business results, and cash flow 2
3. Important business contracts, etc. 3
III. Status of the Reporting Company 4
1. Shares 4
(1) Total number of shares, etc. 4
(2) Share options, etc 4
(3) Conversion of moving strike convertible bonds, etc. 4
(4) Trends in total number of shares issued, changes in capital stock, etc. 4
(5) Major shareholders 5
(6) Voting rights 5
2. Directors 5
IV. Accounting 6
1. Quarterly consolidated financial statements 7
(1) Consolidated balance sheet 7
(2) Consolidated statement of income and consolidated statement of comprehensive income 9
Consolidated statement of income. 9
Consolidated statement of comprehensive income 10
2. Others 14
Section 2: Information about Guarantors of the Reporting Company 15

Cover

Submitted document:	Quarterly securities report
Relevant legislation:	Article 24-4-7, paragraph 1, of the Financial Instruments and Exchange Act
Submitted to:	Director-General, Kanto Local Finance Bureau
Date of submission:	May 14, 2021
Quarterly accounting period:	First quarter of fiscal year ending December 31, 2021 (January 1, 2021–March 31, 2021)
Company name (English):	SUMCO Corporation
Representative's name and title:	Mayuki Hashimoto, Representative Director, CEO & Chairman of the Board
Location of head office:	1-2-1 Shibaura, Minato-ku, Tokyo
Telephone:	+81-3-5444-0808
Administrative contact:	Hiroshi Itoh, General Manager, Accounting & Budget Control Department, Corporate Strategy Division
Nearest contact address:	1-2-1 Shibaura, Minato-ku, Tokyo
Telephone:	+81-3-5444-0808
Administrative contact:	Hiroshi Itoh, General Manager, Accounting & Budget Control Department, Corporate Strategy Division
Place for public inspection:	Tokyo Stock Exchange, Inc. (2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo)

Section 1: Corporate Information

I. Overview of the Company

1. Trends in major management indicators

Term		1Q-2020 (3 months)	1Q-2021 (3 months)	FY2020 (12 months)
Accounting period		January 1, 2020 to March 31, 2020	January 1, 2021 to March 31, 2021	January 1, 2020 to December 31, 2020
Net sales	(¥million)	72,244	75,939	291,333
Ordinary income	(¥million)	11,934	9,472	35,650
Net income attributable to owners of the parent	(¥million)	8,490	7,375	25,505
Comprehensive income	(¥million)	8,597	14,510	27,965
Equity	(¥million)	343,515	364,334	355,003
Total assets	(¥million)	587,557	602,197	593,443
Net income per share	(¥)	29.01	25.35	87.48
Diluted net income per share	(¥)	—	—	—
Shareholders' equity ratio	(%)	51.7	53.4	53.1

Notes: 1. Since the Company publishes quarterly consolidated financial statements, trends in major management indicators are not shown for the reporting company.
2. Net sales do not include consumption tax or other taxes collected.
3. Diluted net income per share is not described since dilutive shares did not exist.

2. Scope of business

In the first quarter of fiscal year 2021 (January 1, 2021–March 31, 2021), there were no significant changes in the scope of business of the Group (the Company and its affiliates) and no changes in the Company's major affiliates.

II. State of Business

1. Business and other risks

In the first quarter of fiscal year 2021 (January 1, 2021–March 31, 2021), no new business and other risks emerged.

There were no significant changes in the business and other risks described in the annual securities report for the fiscal year 2020.

2. Management analysis of financial position, business results, and cash flow

(1) Financial Position and Business Results Status

(i) Business results

During the first quarter of fiscal year 2021 (January 1, 2021–March 31, 2021), the supply of 300 mm wafers for logic continued to fall short of the strong demand driven by PC, smartphone, and data center, while wafers for DRAM saw ongoing demand recovery. Supply and demand tightness continued also for wafers of 200 mm and smaller with expanding demand for automotive and consumer.

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 first quarter of fiscal year 2021 (January 1, 2021–March 31, 2021), the Group registered consolidated net sales of ¥75,939 million (up 5.1% year on year), operating income of ¥9,370 million (down 19.5% year on year), and ordinary income of ¥9,472 million (down 20.6% year on year) and net income attributable to owners of the parent came to ¥7,375 million (down 13.1% year on year).

Segment information is not described since the Group has only one segment.

(ii) Financial Position

At the end of first quarter of fiscal year 2021 (March 31, 2021), total assets of ¥602,197 million (up ¥8,754 million from the end of fiscal year 2020), and total liabilities of ¥237,863 million (down ¥576 million from the end of fiscal year 2020), and equity came to ¥364,334 million (up ¥9,331 million from the end of fiscal year 2020).

(2) Accounting Estimates and Assumptions

There are no material changes to the accounting estimates and the assumptions used therein to prepare the "Management analysis of financial position, business results, and cash flow" in the Securities Reports for the previous fiscal year.

(3) Management policies, the business environment, and issues requiring management attention

In the first quarter of fiscal year 2021 (January 1, 2021–March 31, 2021), there were no significant changes in the Group's management policies, in the business environment, or in issues requiring management attention.

(4) Research and development activities

In the first quarter of fiscal year 2021 (January 1, 2021–March 31, 2021), research and development expenses totaled ¥1,091 million, equivalent to 1.4% of consolidated net sales. There were no significant changes in the Group's research and development activities during the period.

(5) Major facilities

Between the end of fiscal year 2020 and the end of the first quarter of fiscal year 2021, there were no significant changes to the construction of major facilities and other plans.

3. Important business contracts, etc.

In the first quarter of fiscal year 2021 (January 1, 2021–March 31, 2021), no new important business contracts, etc. were agreed to or concluded.

III. Status of the Reporting Company

1. Shares

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of authorized shares
Common stock	804,000,000
Total	804,000,000

(ii) Shares issued

Class	Number of shares issued as of the end of the first quarter (March 31, 2021)	Number of shares issued as of the date of submission of this report (May 14, 2021)	Name of listing financial instruments exchange or name of authorized financial instruments firms association registered	Details
Common stock	291,181,239	290,175,139	Tokyo Stock Exchange, Inc. (First Section)	Share trading unit: 100 shares
Total	291,181,239	290,175,139	—	—

Notes: At the Board of Directors Meeting of February 19, 2021, matters were adopted concerning the acquisition of treasury stock in accordance with Article 459, Paragraph 1 of the Companies Act and Article 32 of the Articles of Incorporation of the Company, and concerning the cancellation of these acquired shares in accordance with Article 178 of the Companies Act. The acquisition of 1,006,100 shares was then carried out during the period from February 22 to March 18, 2021, and the cancellation of these shares was implemented on April 14, 2021. As a result, the number of shares of common stock issued as of the date of submission of this report is 290,175,139 shares.

(2) Share options, etc.

(i) Stock option

Not applicable.

(ii) Other share option, etc.

Not applicable

(3) Conversion of moving strike convertible bonds, etc.

Not applicable.

(4) Trends in total number of shares issued, changes in capital stock, etc.

Period	Change in total number of shares issued	Total number of shares outstanding	Change in capital stock (¥million)	Capital stock balance (¥million)	Change in legal capital surplus (¥million)	Legal capital surplus balance (¥million)
January 1, 2021 to March 31, 2021	—	291,181,239	—	138,718	—	3,611

Notes: At the Board of Directors Meeting of February 19, 2021, matters were adopted concerning the acquisition of treasury stock in accordance with Article 459, Paragraph 1 of the Companies Act and Article 32 of the Articles of Incorporation of the Company, and concerning the cancellation of these acquired shares in accordance with Article 178 of the Companies Act. The acquisition of 1,006,100 shares was then carried out during the period from February 22 to March 18, 2021, and the cancellation of these shares was implemented on April 14, 2021. As a result, the total number of shares outstanding as of the date of submission of this report is 290,175,139 shares.

(5) Major shareholders

Since the reporting period is the first quarter of the fiscal year, there are no matters for reporting.

(6) Voting rights

Regarding voting rights as of the last day of the first quarter of fiscal year 2021, details of the shareholder registry cannot be ascertained and therefore cannot be reported here; accordingly, the following is based on the shareholder registry as of the immediately prior base date (December 31, 2020).

(i) Shares issued

As of March 31, 2021

Category	Number of shares	Number of votes	Details
Nonvoting shares	—	—	—
Shares with restricted voting rights (treasury stock, etc.)	—	—	—
Shares with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury stock, etc.)	Common stock 7,700	—	Share trading unit: 100 shares
Shares with full voting rights (others)	Common stock 291,093,300	2,910,933	Same as above
Shares less than one unit	Common stock 80,239	—	Same as above
Total number of shares issued	291,181,239	—	—
Voting rights of all shareholders	—	2,910,933	—

Notes: 1. Common stock under "Shares with full voting rights (others)" includes 200 shares in the name of Japan Securities Depository Center, Inc. "Number of votes" includes two votes attributable to shares with full voting rights in the name of Japan Securities Depository Center, Inc.

2. Common stock in "Shares less than one unit" includes 15 shares in the name of the Company.

3. At the Board of Directors Meeting of February 19, 2021, matters were adopted concerning the acquisition of treasury stock in accordance with Article 459, Paragraph 1 of the Companies Act and Article 32 of the Articles of Incorporation of the Company, and concerning the cancellation of these acquired shares in accordance with Article 178 of the Companies Act. The acquisition of 1,006,100 shares was then carried out during the period from February 22 to March 18, 2021, and the cancellation of these shares was implemented on April 14, 2021. As a result, the total number of shares outstanding as of the date of submission of this report is 290,175,139 shares.

(ii) Treasury stock, etc.

As of March 31, 2021

Name or title of shareholder	Shareholder address	Number of shares held in own name	Number of shares held in other names	Total number of shares held	Percentage of total number of shares issued
SUMCO Corporation	1-2-1 Shibaura, Minato-ku, Tokyo	7,700	—	7,700	0.00
Total	—	7,700	—	7,700	0.00

Notes: At the Board of Directors Meeting of February 19, 2021, matters were adopted concerning the acquisition of treasury stock in accordance with Article 459, Paragraph 1 of the Companies Act and Article 32 of the Articles of Incorporation of the Company, and concerning the cancellation of these acquired shares in accordance with Article 178 of the Companies Act. The acquisition of 1,006,100 shares was then carried out during the period from February 22 to March 18, 2021, and the cancellation of these shares was implemented on April 14, 2021.

2. Directors

As of the end of the first quarter of fiscal year 2021 (March 31, 2021), there were no changes in directors from directors as of the date of submission of the annual securities report for the fiscal year 2020.

IV. Accounting

1. Method of preparing quarterly consolidated financial statements

The Company's quarterly consolidated financial statements have been prepared in compliance with the Order on the Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Order No. 64 of 2007).

2. Audit certification

As required by provisions of Article 193-2, paragraph1, of the Financial Instruments and Exchange Act, the Company's consolidated financial statements for the first quarter of fiscal year 2021 (January 1, 2021–March 31, 2021) and for the first quarter consolidated cumulative period (January 1, 2021–March 31, 2021) have undergone quarterly review by Deloitte Touche Tohmatsu LLC.

1. Quarterly consolidated financial statements

(1) Consolidated balance sheet

(millions of yen)

	End of FY2020 (December 31, 2020)	End of 1Q of FY2021 (March 31, 2021)
Assets		
Current assets		
Cash and time deposits	82,968	88,934
Notes and accounts receivable – trade	60,405	62,421
Finished products	18,645	17,090
Work in process	19,642	20,591
Raw materials and supplies	142,185	140,393
Other	※3 7,222	※3 8,374
Allowance for doubtful accounts	(9)	(10)
Total current assets	331,061	337,796
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,443	70,132
Machinery, equipment and vehicles, net	82,693	85,643
Land	20,261	20,293
Construction in progress	30,732	28,120
Other, net	1,921	2,036
Total property, plant and equipment	204,052	206,226
Intangible assets		
Goodwill	1,936	1,530
Other	8,183	8,106
Total intangible assets	10,120	9,636
Investments and other assets		
Investment securities	101	102
Long-term advance payments	※3 33,511	※3 32,903
Deferred income tax assets	10,468	11,452
Other	4,403	4,347
Allowance for doubtful accounts	(275)	(268)
Total investments and other assets	48,209	48,538
Total non-current assets	262,381	264,401
Total assets	593,443	602,197

(millions of yen)

	End of FY2020 (December 31, 2020)	End of 1Q of FY2021 (March 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	25,615	27,193
Short-term borrowings	※2 38,180	※1,※2 52,338
Current portion of long-term lease obligations	192	89
Accrued income taxes	3,392	2,652
Reserve for bonuses	1,308	3,071
Other	28,491	26,982
Total current liabilities	97,180	112,327
Long-term liabilities		
Long-term debt	※1 111,383	※1 95,094
Long-term lease obligations	141	128
Retirement benefit liability	24,851	25,092
Other	4,882	5,221
Total long-term liabilities	141,259	125,535
Total liabilities	238,439	237,863
Equity		
Shareholders' equity		
Capital stock	138,718	138,718
Capital surplus	27,463	27,463
Retained earnings	151,559	156,256
Treasury stock	(12)	(2,512)
Total shareholders' equity	317,729	319,926
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	(3,224)	869
Remeasurements of defined benefit plans	(2,277)	(2,177)
Total accumulated other comprehensive loss	(2,615)	1,578
Non-controlling interests	39,888	42,830
Total equity	355,003	364,334
Total liabilities and equity	593,443	602,197

(2) Consolidated statement of income and consolidated statement of comprehensive income

Consolidated statement of income

(millions of yen)

	1Q of FY2020 (January 1, 2020– March 31, 2020)	1Q of FY2021 (January 1, 2021– March 31, 2021)
Net sales	72,244	75,939
Cost of sales	54,209	60,230
Gross profit	18,034	15,709
Selling, general and administrative expenses	6,389	6,338
Operating income	11,644	9,370
Non-operating income		
Interest income	140	30
Subsidy income	612	460
Other	30	76
Total non-operating income	782	567
Non-operating expenses		
Interest expense	246	229
Loss on retirement of non-current assets	103	224
Other	143	11
Total non-operating expenses	493	465
Ordinary income	11,934	9,472
Income before income taxes	11,934	9,472
Income taxes	2,451	1,311
Net income	9,482	8,161
Net income attributable to non-controlling interests	992	785
Net income attributable to owners of the parent	8,490	7,375

Consolidated statement of comprehensive income

(millions of yen)

	1Q of FY2020 (January 1, 2020– March 31, 2020)	1Q of FY2021 (January 1, 2021– March 31, 2021)
Net income	9,482	8,161
Other comprehensive income		
Net unrealized gain (loss) on available-for-sale securities	(0)	0
Deferred gain (loss) on derivatives under hedge accounting	(0)	0
Foreign currency translation adjustments	(1,004)	6,246
Remeasurements of defined plans, net of tax	120	102
Total other comprehensive income (loss)	(884)	6,349
Comprehensive income	8,597	14,510
Total comprehensive income attributable to:		
Owners of the parent	8,018	11,568
Non-controlling interests	578	2,941

Notes

Changes in accounting policy

Application of Accounting Standard for Revenue Recognition

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 of March 30, 2018) (hereinafter, "Revenue Recognition Standard") and Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30 of March 2018) having become applicable to a consolidated fiscal year starting prior to March 31, 2021, we have applied this Revenue Recognition Standard and Guidance from the beginning of the first quarter of the current fiscal year, recognizing as revenue the amount expected to be received in exchange for goods or services at the time control of the promised good or service is transferred to the customer.

Accordingly, the Company and its Japanese consolidated subsidiaries, with the exception of consignment products, has changed from recognizing revenue at the point of shipment in the case of domestic sales, and at the point of export clearance in the case of export sales, to recognizing revenue for domestic sales at the time of arrival of the goods at the customer's, and for export sales upon arrival of the goods at the place agreed with the customer, deeming our performance obligation to have been satisfied.

In the case of sales to certain customers where the transfer of control of assets to the customer takes place over a fixed period of time, the time of revenue recognition is changed to the fixed period of time based on manufacturing progress.

In addition, sales commissions and other considerations payable to a customer, which were previously accounted for as selling, general and administrative expenses, are now accounted for by deducting them from the transaction price.

Implementation of the Revenue Recognition Standard and Guidance is in line with the transitional measures provided in the proviso to Article 84 of the Revenue Recognition Standard. Accordingly, the cumulative impact of the change when the new accounting policy is applied retroactively prior to the beginning of the first quarter is reflected in retained earnings at the beginning of the first quarter, while the new policy is not retroactively applied to contracts for which all or most revenue was recognized prior to the beginning of the first quarter in accordance with the previous policy.

In addition, the method specified in Paragraph 86 item (1) of the Revenue Recognition Standard is applied for contract changes made prior to the beginning of the first quarter, such that accounting is performed based on the contract provisions after all changes have been reflected, and the cumulative impact is reflected in retained earnings at the beginning of the first quarter.

As a result, the impact on earned surplus balance at the beginning of the first quarter is minor.

The impact of these changes on the quarterly consolidated financial statements in the first quarter is minor.

Additional information

(Accounting Estimates)

There are no material changes to the assumptions regarding the COVID-19 pandemic as indicated under "Additional information (Accounting Estimates)" in the Securities Reports for the previous consolidated fiscal year.

Notes to consolidated balance sheet

*1. The Company's borrowings from financial institutions have financial covenants that require the Company to maintain certain levels of equity on its consolidated and nonconsolidated balance sheets and of net cash provided by operating activities on its consolidated statement of cash flows. Relevant outstanding borrowings are as shown in the table below.

(¥million)

	FY2020 (December 31, 2020)	1Q of FY2021 (March 31, 2021)
Long-term debt	2,500	2,500
(of which, current portion)	(—)	(312)

*2. In order to allow flexible procurement of working capital, the Company has entered into commitment line agreements with financial institutions. These agreements include financial covenants that require the Company to maintain certain levels of equity on its consolidated and nonconsolidated balance sheets and of net cash provided by operating activities on its consolidated statement of cash flows.

Unexercised borrowing under commitment line agreements is as shown in the table below.

(¥million)

	FY2020 (December 31, 2020)	1Q of FY2021 (March 31, 2021)
Total available commitment lines	30,000	30,000
Actual borrowings	900	14,400
Difference	29,100	15,600

*3. In order to procure polycrystalline silicon, the main raw material for silicon wafer production, the Company has entered into long-term purchase contracts with polycrystalline silicon producers, and made advance payments for some purchases in accordance with these contracts.

Notes to consolidated statement of cash flows

No consolidated statement of cash flows was prepared for the first quarter of fiscal year 2021. Depreciation and amortization (including amortization of non-goodwill intangible assets) and amortization of goodwill for the first quarter of fiscal years 2020 and that of fiscal year 2021 were as follows:

(¥million)

	1Q of FY2020 (January 1, 2020 to March 31, 2020)	1Q of FY2021 (January 1, 2021 to March 31, 2021)
Depreciation and amortization	9,577	11,039
Amortization of goodwill	406	406

Notes to shareholders' equity, etc.

Ⅰ 1Q of FY2020 (January 1, 2020–March 31, 2020)

1. Dividends paid

Resolution	Class of shares	Total dividend (¥million)	Per-share dividend (¥)	Base date	Effective date	Source of dividends
Board of Directors' meeting of February 18, 2020	Common stock	2,932	10.00	December 31, 2019	March 6, 2020	Retained earnings

2. 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.

Ⅱ 1Q of FY2021 (January 1, 2021–March 31, 2021)

1. Dividends paid

Resolution	Class of shares	Total dividend (¥million)	Per-share dividend (¥)	Base date	Effective date	Source of dividends
Board of Directors' meeting of February 19, 2021	Common stock	2,620	9.00	December 31, 2020	March 5, 2021	Retained earnings

2. Significant Changes in Shareholders' Equity

As resolved at the February 19, 2021 Board of Directors Meeting, the Company acquired 1,006,100 shares of treasury stock. As a result, treasury stock in the first quarter consolidated cumulative period increased by 2,499 million yen, to 2,512 million yen as of the end of the first quarter consolidated accounting term.

Segment information, etc.

Segment information

Ⅰ First quarter of fiscal year 2020 (January 1, 2020–March 31, 2020)

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

Ⅱ First quarter of fiscal year 2021 (January 1, 2021–March 31, 2021)

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

Per-share information

Net income per share and basis for the calculation thereof are as follows:

	1Q-2020 (3 months) (January 1, 2020 to March 31, 2020)	1Q-2021 (3 months) (January 1, 2021 to March 31, 2021)
Net income per share (¥)	29.01	25.35
Basis for calculation		
Net income attributable to owners of the parent (¥million)	8,490	7,375
Amount not attributable to common stockholders (¥million)	—	—
Net income attributable to owners of the parent related to common stock (¥million)	8,490	7,375
Average number of shares of common stock during period	292,668,962	290,886,711

Note: Diluted net income per share is not described since dilutive shares did not exist.

Significant subsequent events

The Board of Directors Meeting of February19, 2021 approved the cancellation of treasury stock in accordance with Article 178 of the Companies Act, which was then implemented on April 14, 2021.

Reason for the cancellation	Enhancing shareholder return and improving capital efficiency
Type of shares canceled of	Common stock
Number of shares canceled of	1,006,100 shares
Total value of shares canceled of	¥ 2,492 million
Date of cancellation	April 14, 2021

2. Others

The Board of Directors' meeting held on February 19, 2021, passed a resolution that the dividend for the fiscal year 2020 be paid as follows:

(a) Total dividends .....¥2,620 million
(b) Per-share dividend.....¥9.00
(c) Effective date of payment request and start date of payment....March 5, 2021

Note: Payment has been made to shareholders entered or recorded on the shareholder registry as of December 31, 2020.

Section 2: Information about Guarantors of the Reporting Company

Not applicable.