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August 7, 2024

Consolidated Financial Results for the Six Months Ended June 30, 2024 (Under Japanese GAAP)

Company name: SUMCO Corporation
Listing: Tokyo Stock Exchange
Securities code: 3436
URL: https://www.sumcosi.com/english/
Representative: Mayuki Hashimoto, Representative Director, CEO & Chairman of the Board
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Scheduled date to file semi-annual securities report: August 9, 2024
Scheduled date to commence dividend payments: September 4, 2024
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and security analysts)

(Yen amounts are rounded down to millions.)

1. Consolidated financial results for the six months ended June 30, 2024 (from January 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Jun. 30, 2024	198,273	(10.1)	20,822	(55.5)	20,441	(57.9)	12,614	(74.6)
Jun. 30, 2023	220,659	6.4	46,786	(6.0)	48,528	(4.7)	49,647	58.5

Note: Comprehensive income For the six months ended Jun. 30, 2024: ¥32,564 million [(50.8)%]
For the six months ended Jun. 30, 2023: ¥66,222 million [24.6%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
Jun. 30, 2024	36.07	—
Jun. 30, 2023	141.82	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
Jun. 30, 2024	1,188,794	658,355	49.9
Dec. 31, 2023	1,073,087	635,527	53.3

Reference: Equity
As of Jun. 30, 2024: ¥593,738 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	—	15.00			
Fiscal year ending Dec. 31, 2024 (Forecast)			—	—	—

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 financial results forecasts for the nine months ending September 30, 2024 (from January 1, 2024 to September 30, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Nine months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Sep. 30, 2024	298,200	(7.1)	27,800	(55.1)	25,400	(60.3)	16,100	(72.7)	46.08

Note: (1) Revisions to consolidated financial results forecasts made during the quarter under review: Yes

(2) SUMCO discloses forecasts for the forthcoming quarter only. Please see “(2) Explanation of Financial Results Forecasts” on page 2 of Supplementary Materials.

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

Newly included: —

Excluded: —

(2) Adoption of accounting treatment specific to the preparation of semi-annual 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 Jun. 30, 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 Jun. 30, 2024	467,041 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)

Six months ended Jun. 30, 2024	349,693,522 shares
Six months ended Jun. 30, 2023	350,067,327 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

Financial results forecasts and other forward-looking statements contained in this 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 financial results forecasts, please see “(2) Explanation of Financial Results 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.

A financial results briefing for institutional investors and security analysts is scheduled on August 7, 2024. Presentation 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 Second Quarter of Fiscal Year 2024

(1) Explanation of Business Results

During the second quarter of fiscal year 2024 (April 1, 2024–June 30, 2024), the semiconductor market as a whole continued to recover, driven by strong demand for data center use with the advance of AI, despite ongoing demand weakness in semiconductors for consumer, industrial, and automotive uses.

Thanks to production increases by customers, shipments of 300 mm silicon wafers for both logic and memory applications in leading-edge products bottomed out in the first quarter and have entered a recovery phase. Shipments remained slow for smaller wafers of 200 mm and below.

The SUMCO Group, based on 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 also seeking ways to become more cost competitive, such as the use of AI to raise productivity.

As a result, for the period under review, the Group registered consolidated net sales of 198,273 million yen, operating profit of 20,822 million yen, ordinary profit of 20,441 million yen, and profit attributable to owners of parent of 12,614 million yen.

(2) Explanation of Financial Results Forecasts

Looking at the outlook for the semiconductor market in the third quarter of fiscal 2024 (July 1, 2024–September 30, 2024), in addition to recovery for data center use driven by strong AI demand, there are expectations of a recovery also in products for personal computer and smartphone use. However, this recovery is likely to be gradual overall, with ongoing weak demand for consumer, industrial, and automotive uses.

The recovery in demand for 300 mm silicon wafers is expected to continue at a moderate pace, as customers continue to draw down their inventories of wafers other than those for leading-edge products. Shipments of wafers of 200 mm and smaller are expected to continue at a slow pace with continuing weak demand for their end products.

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 financial results 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 financial results forecasts for the forthcoming quarter only.

SUMCO announces its consolidated financial results forecasts for the nine months ending Sep. 30, 2024 as follows.

Consolidated Financial Results Forecasts for the nine months ending Sep. 30, 2024 (from Jan. 1, 2024 to Sep. 30, 2024)

	Net sales (millions of yen)	Operating profit (millions of yen)	Ordinary profit (millions of yen)	Profit attributable to owners of parent (millions of yen)	Basic earnings per share (yen)
Previous Forecasts (A)	—	—	—	—	—
Revised Forecasts (B)	298,200	27,800	25,400	16,100	46.08
Changes (B-A)	—	—	—	—	
Rate of changes (%)	—	—	—	—	
(Reference) Results for nine months ended Sep. 30, 2023	320,851	61,855	63,992	58,937	168.42

(Notes) (1) Financial results forecasts and other forward-looking statements contained in this 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 Sep. 30, 2024 (from Jul. 1, 2024 to Sep. 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 December 31, 2023	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	147,722	142,607
Notes and accounts receivable - trade, and contract assets	82,854	92,899
Securities	8,631	12,631
Merchandise and finished goods	25,578	24,087
Work in process	26,431	27,742
Raw materials and supplies	166,387	175,412
Other	16,228	13,282
Allowance for doubtful accounts	(11)	(12)
Total current assets	473,821	488,650
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	106,624	148,401
Machinery, equipment and vehicles, net	132,950	120,500
Land	23,883	24,208
Construction in progress	284,061	356,396
Other, net	4,474	5,181
Total property, plant and equipment	551,994	654,688
Intangible assets		
Other	7,687	7,534
Total intangible assets	7,687	7,534
Investments and other assets		
Investment securities	2,045	2,297
Long-term advance payments	26,266	24,241
Deferred tax assets	7,347	7,395
Other	4,205	4,290
Allowance for doubtful accounts	(282)	(302)
Total investments and other assets	39,583	37,921
Total non-current assets	599,265	700,144
Total assets	1,073,087	1,188,794

(Millions of yen)

	As of December 31, 2023	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,213	38,906
Short-term borrowings	34,107	49,272
Lease liabilities	92	95
Provision for bonuses	2,537	2,027
Income taxes payable	10,306	7,877
Other	123,271	102,119
Total current liabilities	204,529	200,298
Non-current liabilities		
Long-term borrowings	190,140	289,726
Lease liabilities	114	132
Provision for share-based payments	167	131
Retirement benefit liability	24,574	23,418
Other	18,034	16,732
Total non-current liabilities	233,030	330,140
Total liabilities	437,559	530,439
Net assets		
Shareholders' equity		
Share capital	199,034	199,034
Capital surplus	85,286	85,286
Retained earnings	267,739	275,802
Treasury shares	(964)	(923)
Total shareholders' equity	551,096	559,199
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	0	0
Deferred gains or losses on hedges	(0)	-
Revaluation reserve for land	2,885	2,885
Foreign currency translation adjustment	19,166	32,042
Remeasurements of defined benefit plans	(992)	(389)
Total accumulated other comprehensive income	21,059	34,539
Non-controlling interests	63,371	64,617
Total net assets	635,527	658,355
Total liabilities and net assets	1,073,087	1,188,794

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

(Consolidated Statement of Income)

(Millions of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Net sales	220,659	198,273
Cost of sales	156,370	160,101
Gross profit	64,289	38,172
Selling, general and administrative expenses	17,502	17,349
Operating profit	46,786	20,822
Non-operating income		
Interest income	1,038	1,060
Dividend income	0	0
Insurance claim income	67	758
Other	2,697	798
Total non-operating income	3,803	2,618
Non-operating expenses		
Interest expenses	406	1,101
Depreciation	-	875
Other	1,654	1,022
Total non-operating expenses	2,061	2,999
Ordinary profit	48,528	20,441
Extraordinary income		
Gain on bargain purchase	20,084	-
Total extraordinary income	20,084	-
Profit before income taxes	68,612	20,441
Income taxes	14,495	5,905
Profit	54,116	14,536
Profit attributable to non-controlling interests	4,468	1,921
Profit attributable to owners of parent	49,647	12,614

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	For the six months ended June 30, 2023	For the six months ended June 30, 2024
Profit	54,116	14,536
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Deferred gains or losses on hedges	(2,222)	0
Foreign currency translation adjustment	14,180	17,417
Remeasurements of defined benefit plans, net of tax	147	610
Total other comprehensive income	12,105	18,027
Comprehensive income	66,222	32,564
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	57,142	26,093
Comprehensive income attributable to non-controlling interests	9,080	6,470

(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 introduced a performance-based stock compensation plan. As a result of delivering 21,000 shares of the Company's stock held in trust to those eligible under this plan, treasury stock declined by 41 million yen, amounting to 923 million yen as of the end of the semi-annual period of fiscal year 2024.