Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

November 8, 2024

Consolidated Financial Results for the Nine Months Ended September 30, 2024 (Under Japanese GAAP)

Company name: SUMCO Corporation
Listing: Tokyo Stock Exchange
Securities code: 3436
URL: https://www.sumcosi.com/english/
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Scheduled date to commence dividend payments: —
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 nine months ended September 30, 2024 (from January 1, 2024 to September 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	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Sep. 30, 2024	296,664	(7.5)	29,974	(51.5)	26,003	(59.4)	16,259	(72.4)
Sep. 30, 2023	320,851	(0.9)	61,855	(22.6)	63,992	(23.3)	58,937	13.8

Note: Comprehensive income For the nine months ended Sep. 30, 2024: ¥17,141 million [(78.3)%]
For the nine months ended Sep. 30, 2023: ¥79,113 million [(0.3%)]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
Sep. 30, 2024	46.50	—
Sep. 30, 2023	168.42	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
Sep. 30, 2024	1,134,690	638,093	51.0
Dec. 31, 2023	1,073,087	635,527	53.3

Reference: Equity
As of Sep. 30, 2024: ¥578,554 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)				6.00	21.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Consolidated financial results forecasts for the fiscal year ending December 31, 2024 (from January 1, 2024 to December 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
Fiscal year ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Dec. 31, 2024	393,600	(7.6)	34,900	(52.2)	33,000	(54.6)	20,200	(68.4)	57.93

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 “(3) 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 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 Sep. 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 Sep. 30, 2024	467,078 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)

Nine months ended Sep. 30, 2024	349,698,406 shares
Nine months ended Sep. 30, 2023	349,939,225 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

* 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 “(3) Explanation of Financial Results Forecasts” on page 2 of Supplementary Materials.

A financial results briefing for institutional investors and security analysts is scheduled on November 8, 2024. Presentation materials for quarterly financial results are available in our website before starting the briefing.

(Supplementary Materials)

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1. Overview of Business Results and Financial Position

(1) Overview of Business Results

During the third quarter of fiscal year 2024 (July 1, 2024–September 30, 2024), the semiconductor market saw strong growth in demand for data center use to meet AI needs, but the correction phase continued due to the weak recovery of demand for consumer, industrial, and automotive uses.

Thanks to customer production increases of semiconductors for AI, shipments of 300 mm silicon wafer for both logic and memory chips continued to recover, but moderately, after bottoming out in the first quarter. Shipments of wafers of 200 mm and smaller, however, remained slow.

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 296,664 million yen, operating profit of 29,974 million yen, ordinary profit of 26,003 million yen, and profit attributable to owners of parent of 16,259 million yen.

(2) Overview of Financial Position

(Assets)

At the end of the third quarter of fiscal year 2024 (September 30, 2024), total assets increased by 61,603 million yen from the end of fiscal year 2023, to 1,134,690 million yen. While cash and deposits declined by 48,422 million yen, the main factor for asset growth was an increase by 106,056 million yen in property, plant and equipment.

(Liabilities)

At the end of the third quarter of fiscal year 2024 (September 30, 2024), total liabilities increased by 59,036 million yen from the end of fiscal year 2023, to 496,596 million yen. While other current liabilities declined by 43,288 million yen, the increase in liabilities resulted mainly from an increase in long-term borrowings by 94,797 million yen and an increase in short-term borrowings by 20,641 million yen.

(Net assets)

At the end of the third quarter of fiscal year 2024 (September 30, 2024), total net assets increased by 2,566 million yen from the end of fiscal year 2023, to 638,093 million yen. Although non-controlling interests declined by 3,831 million yen, the increase in net assets was mainly due to an increase by 6,455 million yen in retained earnings resulting from profit attributable to owners of parent and other factors.

(3) Explanation of Financial Results Forecasts

Looking at the outlook for the semiconductor market in the fourth quarter of fiscal year 2024 (October 1, 2024–December 31, 2024), while recovery will continue for data center use driven by continuing strong AI demand, demand for products for PC and smartphone uses has hit the bottom. The recovery is likely to be gradual overall, however, with ongoing weak demand for consumer, industrial, and automotive uses.

Recovery of demand for 300 mm silicon wafers is expected to be delayed, despite the ongoing favorable outlook for leading-edge products mainly for AI applications, as it will take more time for customers 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 as demand for their end products remains weak.

In order to deal with the current situation, the Group will strengthen efforts to obtain earnings by improving productivity with the help of AI and other means, while also building a production structure capable of agilely responding to booming markets for leading-edge products.

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

We will pay careful attention to the impact of geopolitical risks and policies in each country on the market environment, and will endeavor to minimize such risks.

Since the semiconductor industry to which the Group belongs is characterized by drastic and short-term changes in the business environment, 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 fiscal year ending Dec. 31, 2024 as follows.

Consolidated Financial Results Forecasts for the fiscal year ending Dec. 31, 2024 (from Jan. 1, 2024 to Dec. 31, 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)	393,600	34,900	33,000	20,200	57.93
Changes (B-A)	—	—	—	—	
Rate of changes (%)	—	—	—	—	
(Reference) Results for the fiscal year ended Dec. 31, 2023	425,941	73,080	72,627	63,884	182.59

(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 are made based on an assumed exchange rate for the three months ending Dec. 31, 2024 (from Oct. 1, 2024 to Dec. 31, 2024) 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 September 30, 2024
Assets		
Current assets		
Cash and deposits	147,722	99,299
Notes and accounts receivable - trade, and contract assets	82,854	81,221
Securities	8,631	12,631
Merchandise and finished goods	25,578	24,852
Work in process	26,431	26,860
Raw materials and supplies	166,387	174,915
Other	16,228	13,502
Allowance for doubtful accounts	(11)	(11)
Total current assets	473,821	433,272
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	106,624	146,869
Machinery, equipment and vehicles, net	132,950	132,273
Land	23,883	23,793
Construction in progress	284,061	350,355
Other, net	4,474	4,759
Total property, plant and equipment	551,994	658,050
Intangible assets		
Other	7,687	7,424
Total intangible assets	7,687	7,424
Investments and other assets		
Investment securities	2,045	2,356
Long-term advance payments	26,266	23,183
Deferred tax assets	7,347	6,556
Other	4,205	4,129
Allowance for doubtful accounts	(282)	(283)
Total investments and other assets	39,583	35,942
Total non-current assets	599,265	701,418
Total assets	1,073,087	1,134,690

(Millions of yen)

	As of December 31, 2023	As of September 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	34,213	30,743
Short-term borrowings	34,107	54,748
Lease liabilities	92	90
Provision for bonuses	2,537	4,647
Income taxes payable	10,306	2,125
Other	123,271	79,982
Total current liabilities	204,529	172,337
Non-current liabilities		
Long-term borrowings	190,140	284,937
Lease liabilities	114	112
Provision for share-based payments	167	131
Retirement benefit liability	24,574	23,476
Other	18,034	15,601
Total non-current liabilities	233,030	324,258
Total liabilities	437,559	496,596
Net assets		
Shareholders' equity		
Share capital	199,034	199,034
Capital surplus	85,286	85,286
Retained earnings	267,739	274,194
Treasury shares	(964)	(923)
Total shareholders' equity	551,096	557,592
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	18,376
Remeasurements of defined benefit plans	(992)	(301)
Total accumulated other comprehensive income	21,059	20,961
Non-controlling interests	63,371	59,539
Total net assets	635,527	638,093
Total liabilities and net assets	1,073,087	1,134,690

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

(Consolidated Statement of Income)

(Millions of yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Net sales	320,851	296,664
Cost of sales	232,835	240,309
Gross profit	88,015	56,355
Selling, general and administrative expenses	26,159	26,380
Operating profit	61,855	29,974
Non-operating income		
Interest income	1,564	1,678
Dividend income	45	54
Insurance claim income	67	760
Other	3,012	977
Total non-operating income	4,691	3,470
Non-operating expenses		
Interest expenses	733	1,901
Foreign exchange losses	-	3,326
Other	1,820	2,214
Total non-operating expenses	2,553	7,442
Ordinary profit	63,992	26,003
Extraordinary income		
Gain on bargain purchase	20,084	-
Total extraordinary income	20,084	-
Profit before income taxes	84,077	26,003
Income taxes	18,321	7,356
Profit	65,755	18,647
Profit attributable to non-controlling interests	6,818	2,387
Profit attributable to owners of parent	58,937	16,259

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Profit	65,755	18,647
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(0)
Deferred gains or losses on hedges	(2,564)	0
Foreign currency translation adjustment	15,674	(2,209)
Remeasurements of defined benefit plans, net of tax	247	703
Total other comprehensive income	13,357	(1,505)
Comprehensive income	79,113	17,141
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	68,010	16,161
Comprehensive income attributable to non-controlling interests	11,103	979

(3) Notes to Consolidated Financial Statements

(Material Matters that Serve as the Basis for Preparation of Quarterly Consolidated Financial Statements)

These quarterly consolidated financial statements have been prepared in accordance with Article 4, Paragraph 1 of the Standards for Preparation of Quarterly Financial Statements, etc. of the Tokyo Stock Exchange, Inc. and the accounting standards for quarterly financial statements that are generally accepted as fair and appropriate in Japan (provided, however, that the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards for Preparation of Quarterly Financial Statements, etc. are applied).

(Notes to Going Concern Assumption)

Not applicable

(Notes to Significant Changes in Shareholders' Equity)

I January 1, 2023–September 30, 2023

As resolved at the May 11, 2023 Board of Directors Meeting, the Company adopted a performance-based stock compensation plan. During the nine-month period ended September 30, 2023, 480,000 shares of the Company's stock were acquired by the trust established to implement this plan. The Company's shares held in the trust have been posted as treasury shares.

As a result, treasury shares increased by 944 million yen, rising to 964 million yen as of September 30, 203.

II January 1, 2024–September 30, 2024

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 the trust to those eligible under this plan during the nine-month period ended September 30, 2024, treasury shares declined by 41 million yen, amounting to 923 million yen as of September 30, 2024.

(Notes to Segment Information)

I January 1, 2023‐September 30, 2023

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

II January 1, 2024‐September 30, 2024

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

(Notes to Consolidated Statement of Cash Flows)

No consolidated statement of cash flows was prepared for the nine-month period ended September 30, 2024. Depreciation and amortization (including amortization of non-goodwill intangible assets) and amortization of goodwill and gain on bargain purchase for the nine-month period ended September 30, 2023 and 2024 were as follows:

(million yen)

	For the nine months ended September 30,2023	For the nine months ended September 30,2024
Depreciation	49,770	56,182
Amortization of goodwill	157	—
Gain on bargain purchase	(20,084)	—