

October 3, 2017

Press Release

Sumitomo Metal Mining Co., Ltd.

KAGA ELECTRONICS CO.,LTD.

**Conclusion of stock purchase agreement of SiC (Silicon Carbide) substrates
development company and joint venture agreement**

Sumitomo Metal Mining Co., Ltd. and Kaga Electronics Co., Ltd. have reached an agreement for SMM to acquire 51% of the shares in the Kaga Electronics subsidiary Sicoxs Corporation, and concluded a stock transfer agreement and joint venture contract on October 2, 2017. The actual transfer of stock and the start of the joint venture are scheduled for October 30, 2017.

SiC is a semiconductor material that is mainly used to control electrical power. A new market is expected to be created henceforth for this material due to its excellent ability to reduce energy loss in drive control devices, particularly those such as the devices in hybrid cars and electric vehicles, that demand high capacity (high current/high voltage resistance).

Sicoxs is a development company that possesses the ability to manufacture SiC substrates* using a bonding technology that can greatly reduce cost, which is an issue faced by SiC.

SMM and Kaga Electronics will investigate the mass production of SiC substrates through a fusion of Sicoxs SiC substrate manufacturing technology and SMM's substrate production technology, and swiftly respond to market needs by leveraging Kaga Electronics' information gathering abilities and sales network in the field of electronics.

*SiC substrates that use bonding technology

These are substrates that are formed by thinly bonding single-crystal SiC substrates onto a polycrystal SiC substrate. By making the polycrystal substrate the supporting substrate, it becomes possible to reduce the volume of high cost single-crystal substrates that are used and thus greatly reduce the overall cost. Semiconductor devices that use such substrates have the same manufacturing process as SiC substrates composed of single-crystal substrates, thus allowing the same characteristics as these devices to be obtained.

For your reference (As of October 3,2017)

About SICOXS CORPORATION

Head office: 20 Kanda matsunagacho, chiyoda-ku Tokyo 101-0023, Japan

Capital : 186,625 Thousand Yen

President : Toshiyuki Sekimori

Employee : 9

Main Business : Development, Manufacture, Sales, of SiC substrate for power semiconductor

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