

TRANSLATION

September 7, 2022

TO OUR SHAREHOLDERS:

SHOWA DENKO K.K.
(Securities Code: 4004)
13-9, Shiba Daimon 1-Chome, Minato-ku,
Tokyo, Japan

Hidehito Takahashi
President and Chief Executive Officer

Notice of Convocation of an Extraordinary General Meeting of Shareholders

An Extraordinary General Meeting of Shareholders of Showa Denko K.K. will be held as described below and you are cordially invited to attend the Meeting.

Instead of attending the Meeting, you can exercise your voting rights in writing or by electronic means (including the use of the Internet). If you want to do so, please exercise your voting rights after reviewing the following Reference Materials for the General Meeting of Shareholders.

- 1. Date and Hour** Thursday, September 29, 2022 at 10:00 a.m.
- 2. Place** Tokyo International Forum (Hall B7)
5-1, Marunouchi 3-Chome, Chiyoda-ku, Tokyo, Japan

3. Matters constituting the Purpose of the Meeting:

Matters to be Resolved upon:

- Proposal No. 1:** Approval of Absorption-type Company Split Agreement
- Proposal No. 2:** Partial Amendment to the Articles of Incorporation

4. Other Matters that have been decided by the Board of Directors before Convocation:

Repeated voting:

- 1) If the voting rights are exercised both in writing and via the Internet, the voting via the Internet will be regarded as effective.
- 2) If the voting rights are exercised repeatedly using one and the same method, either via the Internet or in writing, the last voting will be regarded as effective.

5. Methods for exercising voting rights for shareholders who do not expect to attend the Meeting:

1) Exercise of voting rights in writing (by mail)

Please indicate your consent or dissent to the proposals on the enclosed Card for Exercise of Voting Rights, and return it by mail to reach us no later than 5:45 p.m. on Wednesday, September 28, 2022.

2) Exercise of voting rights via the Internet, etc.

Please log on to the designated website for exercise of voting rights at <https://soukai.mizuho-tb.co.jp/>. Enter your code number and password as provided on the enclosed Card for Exercise of Voting Rights and, by following the instructions on the computer screen, enter your consent or dissent and send it to reach us no later than 5:45 p.m. on Wednesday, September 28, 2022. Please note that the "Website for Exercise of Voting Rights" and the "Smart Exercise" website will be unavailable during the period from 5:00 a.m., Saturday, September 17, 2022 to 5:00 a.m., Tuesday, September 20, 2022 due to system maintenance conducted by the shareholder registry administrator. For your information, we are also a member to the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.

- ◇ Upon attending the Meeting, please present the enclosed Card for Exercise of Voting Rights to the receptionist.
- ◇ When the need arises to amend Reference Materials for the General Meeting of Shareholders, such amendments will be announced on the Company's website at <https://www.sdk.co.jp/>.
- ◇ When the need arises to amend operations of this Ordinary General Meeting of Shareholders, such amendments will be announced on the Company's website at <https://www.sdk.co.jp/>.

Reference materials for the general meeting of shareholders

Proposals and reference information

Proposal No. 1: Approval of Absorption-type Company Split Agreement

1. Reasons for Absorption-type Company Split

The Showa Denko Group defines its purpose as “Change society through the power of chemistry.” As a Co-creative Chemical Company, we aim at becoming a world-class supplier of advanced functional materials originating from Japan. Thus, we are promoting our transformation to contribute toward developing a sustainable global society, working together with our stakeholders and communities.

To realize scale and profitability appropriate for a company competing in the world market, we will focus on portfolio management through prioritized allocation of resources, innovation for enhancing competitive power, and human resources development. We will thus work to maximize our corporate value and realize sustainable management. As an optimum organizational structure, we have decided on transformation into a holding company structure.

For the above-mentioned transformation, we will implement an absorption-type merger between Showa Denko Materials Co., Ltd. (SDMC, a wholly owned subsidiary of Showa Denko K.K. (hereinafter referred to as the “SDK”): the surviving company) and HC Holdings K.K. (HCHD, a wholly owned subsidiary of SDK, and parent of SDMC: the disappearing company) (hereinafter referred to as “Absorption-type Merger into SDMC”).

We will also implement an absorption-type company split between SDK (the splitting company) and SDMC (the succeeding company) for transfer to SDMC of all SDK businesses except Group management (hereinafter referred to as “Absorption-type Company Split”). Furthermore, we will implement another absorption-type company split between SDMC (the splitting company) and SDK (the succeeding company) for transfer of corporate bond, etc. to SDK (hereinafter referred to as “Absorption-type Company Split into SDK”).

SDMC and HCHD concluded an absorption-type merger agreement on August 4, 2022. SDK and SDMC concluded agreements on the same date concerning “Absorption-type Company Split” and “Absorption-type Company Split into SDK.” These agreements will take effect on January 1, 2023.

After these absorption-type merger and company split, SDK will become a holding company that will control SDMC, a business company. The holding company will focus on Group strategies and functions as a listed company, flexibly meeting business challenges and appropriately allocating resources for the Group, including consideration of business tie-up and M&A. The business company, under the holding company, will focus on enhancing competitive power of respective businesses to realize the synergy from integration of SDK and SDMC quickly. Thus, it will aim to improve the Group’s overall corporate value by flexibly meeting changes in the business environment.

In this Proposal No. 1, we are asking for shareholders’ approval of the agreement pertaining to Absorption-type Company Split.

As for the graphite electrode business, an absorption-type company split agreement was concluded on August 4, 2022 between SDK (the splitting company) and its wholly owned subsidiary Shinshu Showa K.K. (the succeeding company) (hereinafter referred to as “Absorption-type Company Split into Shinshu Showa”). This agreement is scheduled to take effect on January 1, 2023. When this absorption-type company split takes effect as planned, rights and obligations relating to the graphite electrode business transferred from SDK to Shinshu Showa will not be included in the rights and obligations transferred under this Absorption-type Company Split.

Both “Absorption-type Company Split into SDK” and “Absorption-type Company Split into Shinshu Showa” meet the requirements for simplified absorption-type company split under the Companies Act. In accordance with Article 784, paragraph (2) and Article 796, paragraph (2), of the Companies Act, the two matters will not be referred to the shareholders meeting.

In case Absorption-type Company Split is not approved by shareholders, “Absorption-type Merger into

SDMC” and “Absorption-type Company Split into SDK” will not be implemented.

Reorganization measures other than Absorption-type Company Split	Outline
Absorption-type Merger into SDMC	SDMC (the surviving company) will succeed to all rights and obligations of HCHD (the disappearing company). SDMC will issue six shares of its common stock and give them to SDK as substitute for HCHD shares.
Absorption-type Company Split into SDK	SDK will succeed to SDMC’s bond, cash, etc. As of the effective date, SDMC will be SDK’s wholly owned subsidiary and the monetary values of relevant assets and liabilities will be set at the same level. Thus, no compensation will be provided.
Absorption-type Company Split into Shinshu Showa	As for SDK’s graphite electrode business, SDK will retain cash and receivables. Shinshu Showa will succeed to all other rights and obligations. Shinshu Showa will issue 10,000 shares of its common stock and give them to SDK as compensation.

2. Outline of the agreement concerning Absorption-type Company Split

Absorption-type Company Split Agreement

Showa Denko K.K. (hereinafter “A”) and Showa Denko Materials Co., Ltd. (hereinafter “B”) conclude, on this August 4, 2022, their Absorption-type Company Split Agreement (hereinafter “the Agreement”) as follows:

Article 1 (Method of Absorption-type Company Split)

A shall transfer, to B, A’s rights and obligations as provided for in Article 3, paragraph (2) of this Agreement and pertaining to all business areas (including businesses being conducted as of the date of conclusion of this Agreement and businesses conducted before the date; hereinafter “the Business”) but except A’s Group management, in accordance with the provisions of the Agreement.

Article 2 (Trade Name and Address)

Trade names addresses of A and B are as follows:

- (1) A: the company splitting in the Absorption-type Company Split
Trade name: Showa Denko K.K.
Address: 13-9, Shiba Daimon 1-chome, Minato-ku, Tokyo
- (2) B: the company succeeding in the Absorption-type Company Split
Trade name: Showa Denko Materials Co., Ltd.
Address: 9-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Article 3 (Succession of Rights and Obligations)

1. A’s assets, liabilities, contracts and other rights and obligations that B succeeds to as a result of this Absorption-type Company Split (hereinafter “Rights and Obligations to be Succeeded to”) shall be as per the attached document. As for rights and obligations that require permissions, approvals or consent of the authorities concerned for the transfer, succession will be subject to obtainment of permissions, approvals or consent by the effective date (as defined in Article 6, paragraph (1); the same applies hereinafter).
2. B shall succeed to A’s liabilities under this Absorption-type Company Split through the multiple debt assumption method. Provided, however, B shall ultimately bear the debt burden. In case A fulfills an obligation included in liabilities to be succeeded to, A may claim for compensation.

Article 4 (Money, etc. to be Allotted at Absorption-type Company Split)

B shall give four shares of its common stock to A as compensation for rights and obligations it succeeds to.

Article 5 (B’s Capital Stock and Reserves)

As for B’s capital stock and reserves that will increase as a result of this Absorption-type Company

Split, B shall set their amounts appropriately in accordance with the provisions of Articles 37 or 38 of Corporate Accounting Rules.

Article 6 (Effective Date)

1. This Absorption-type Company Split shall take effect on January 1, 2023 (hereinafter "Effective Date"). Provided, however, A and B may, through mutual consultation and agreement, change the Effective Date when deemed necessary due to the necessity relating to progress in Absorption-type Company Split procedures or other reasons.
2. This Absorption-type Company Split shall take effect subject to effectuation of the absorption-type merger based on the absorption-type merger agreement of August 4, 2022 between B and HC Holdings K.K.
3. This Absorption-type Company Split shall take effect subject to effectuation of the absorption-type company split based on the absorption-type company split agreement of August 4, 2022 between A and Shinshu Showa K.K. (hereinafter "Absorption-type Company Split into Shinshu Showa"). Provided, however, the provision of this paragraph shall apply only when Absorption-type Company Split into Shinshu Showa takes effect on January 1, 2023. In case Absorption-type Company Split into Shinshu Showa does not take effect on January 1, 2023, this Absorption-type Company Split shall take effect in accordance with the Agreement regardless of the provision of this paragraph.

Article 7 (Resolutions of Shareholders Meetings)

A and B shall, by the day before the Effective Date, ask for resolutions of respective shareholders meetings to approve the Agreement and matters necessary for this Absorption-type Company Split (including cases where it is deemed that such resolution has been passed by a shareholders meeting in accordance with Article 319, paragraph (1), of the Companies Act; the same applies hereinafter).

Article 8 (Non-Competition)

A shall not undertake an obligation of non-competition based on Article 21 of the Companies Act concerning the Business that B succeeds to.

Article 9 (Changes in Conditions of Absorption-type Company Split; Cancellation of Agreement)

In the event of important changes in assets or financial health of A or B, a situation that suggests or clearly shows a serious problem to implementation of this Absorption-type Company Split, or other occurrences that jeopardize achievement of the goals during the period from the date of conclusion of this Agreement to the Effective Date, A and B may, through mutual consultation and agreement, change conditions of this Absorption-type Company Split and other contents of the Agreement, or cancel the Agreement.

Article 10 (Validity of Agreement)

The Agreement shall expire in the event of failure to obtain resolutions of shareholders meetings of A or B by the day before the Effective Date in accordance with Article 7 or in the event of cancellation of the Agreement in accordance with the provisions of the immediately preceding article.

Article 11 (Matters for Consultation)

Matters necessary for this Absorption-type Company Split, other than provisions in the Agreement, shall be decided through mutual consultation and agreement in accordance with the intent of the Agreement.

IN WITNESS WHEREOF, A and B have caused this Agreement to be signed and have executed this Agreement in duplicate originals, with A and B retaining one original.

August 4, 2022

A: Showa Denko K.K.
13-9, Shiba Daimon 1-chome, Minato-ku, Tokyo
Hidehito Takahashi, President

B: Showa Denko Materials Co., Ltd.
9-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Attachment

Statement of Rights and Obligations Subject to Succession

The rights and obligations that B succeeds from A on the effective date shall be the following rights and obligations of A immediately preceding the effective date. However, if the absorption-type company split to Shinshu Showa takes effect, such rights and obligations shall exclude those that Shinshu Showa K.K. shall succeed to based on said absorption-type company split.

1. Assets

All assets owned by A in connection to the Business (excluding those listed below)

- (1) Cash and deposits held in connection to the Group's business management
- (2) Loan claims against A's subsidiaries and associates (including interest claims thereof or any other accompanying rights. However, excludes A's loan claims, interest claims thereof or any other accompanying rights against Fuyo Pearlite K.K.)
- (3) Right to claim refund of tax
- (4) Claims held against wholly-owned subsidiaries in relation to tax consolidation
- (5) All land. However, excludes land for the hydro-electric power generation business and land located in Onodai, Midori-ku, Chiba City, Chiba Prefecture.
- (6) Superficies for A's head office location (Shiba-daimon, Minato-ku, Tokyo), buildings located at A's head office location and facilities used therefor
- (7) Trademark rights associated with Resonac and the logo and corporate slogan thereof (including rights pending trademark registration; the same applies hereinafter)
- (8) Trademark rights associated with Showa Denko and the logo and corporate slogan thereof
- (9) The shares of B and the shares of or equity interest in subsidiaries of A that A is required to continue holding

2. Liabilities

All liabilities borne by A in connection to the Business (excluding those listed below)

- (1) Borrowings and corporate bonds (excluding borrowings from HC Holding Beta AG)
- (2) Liabilities and deposits related to taxes and insurance premiums due to central and local governments
- (3) Deposits owed by A to subsidiaries and associates
- (4) Liabilities owed to wholly-owned subsidiaries in relation to tax consolidation

3. Contracts (excluding employment contracts)

All contracts (excluding employment contracts) entered into by A for its business and all rights and obligations based on those contracts (excluding those listed below)

- (1) Contracts entered into with a financial institution, securities company, lawyer, audit firm, tax accountant, etc. (excluding deposit contracts entered into with a financial institution in relation to the Business or any other contract in relation to the Business that B is required to hold)
- (2) Employee loan contracts associated with loaned employees mainly engaged in the Group's business management (excluding employee loan contracts between A and B)
- (3) Contracts accompanying or related to assets and liabilities not succeeded to by B or any other contract that A is required to continue holding for the Group's business management at A

4. Employment contracts

All contractual status related to employment contracts with all employees enrolled at A and all rights and obligations established based thereon

5. Licenses and permits

Licenses, permits, authorizations, approvals, registrations, filings, etc. attributable to the Business that can be transferred under laws and regulations

3. Summary of the particulars listed in the items of Article 183 (excluding item (ii), item (vi), and item (vii)) of the Regulations for Enforcement of the Companies Act

- (1) Particulars regarding the appropriateness of consideration for the split
 Upon the Absorption-Type Company Split, SDMC will issue four shares of SDMC's common stock to SDK.
 As a result of a comprehensive examination of the status of the property and business of both companies, that SDMC is a wholly-owned subsidiary of SDK as of the time when the Absorption-Type Company Split takes effect, and other miscellaneous circumstances, it was agreed that the above particulars are appropriate.
- (2) Appropriateness of the amount of capital stock and reserve
 The amount of SDMC's capital stock, legal capital surplus, and legal retained earnings that will increase due to the Absorption-Type Company Split will be allocated in accordance with the Regulations on Corporate Accounting and fair accounting standards in consideration of the capital policies after the Absorption-Type Company Split.
- (3) Financial statements, etc. of the company succeeding in the absorption-type company split as of the last day of the most recent fiscal year
 (As shown in the attachment)
- (4) Disposal of important property, burden of major obligations, or any other event that has material impact on the status of company property after the last day of the most recent fiscal year of the company succeeding in the absorption-type company split
- (a) Execution of an absorption-type merger contract
 On August 4, 2022, SDMC entered into an absorption-type merger contract with HCHD relating to an absorption-type merger into SDMC. Said absorption-type merger is to take effect on January 1, 2023.
- (b) Execution of an absorption-type company split contract
 On August 4, 2022, SDMC entered into an absorption-type company split contract with SDK relating to an absorption-type company split into SDK. Said absorption-type company split is to come into effect on January 1, 2023, on the condition that the absorption-type merger into SDMC and the Absorption-Type Company Split take effect.
- (c) Borrowing from SDK
 On February 10, 2022, SDMC entered into a basic revolving credit loan contract with SDK, with SDK as the lender and SDMC as the borrower, and borrowed 23,500 million yen from SDK.
- (d) Redemption of corporate bonds
 On March 1, 2022, SDMC redeemed upon maturity the 10,000-million-yen 9th unsecured corporate bonds issued by SDMC.
- (5) Disposal of important property, burden of major obligations, or any other event that has material impact on the status of company property after the last day of the most recent fiscal year of SDK
- (a) Execution of an absorption-type company split contract
 On August 4, 2022, SDK entered into an absorption-type company split contract with Shinshu Showa relating to an absorption-type company split into Shinshu Showa.
 On August 4, 2022, SDK also entered into an absorption-type company split contract with SDMC relating to an absorption-type company split into SDK. Said absorption-type company split is to come into effect on January 1, 2023, on the condition that the absorption-type merger into SDMC and the Absorption-Type Company Split take effect.
- (b) Lending to HCHD
 On March 24, 2022, SDK entered into a basic revolving credit loan contract with HCHD, a subsidiary of SDK, with HCHD as the borrower and SDK as the lender, and lent 205,600 million yen to HCHD.
- (c) Lending to SDMC
 On February 10, 2022, SDK entered into a basic revolving credit loan contract with SDMC, with SDK as the lender and SDMC as the borrower, and lent 23,500 million yen to SDMC.
- (d) Purchase of shares
 SDK entered into a revised contract for the preferred stock investment contract on May 26, 2022, with HCHD, Mizuho Bank, Ltd., and the Development Bank of Japan Inc. and purchased 275,000,000,000 shares of HCHD's Type-A preferred stock for 275,000 million yen from Mizuho Bank, Ltd. and the Development Bank of Japan Inc. on June 1, 2022.

(Attachment: Financial statements, etc. of the company succeeding in the absorption-type company split as of the last day of the most recent fiscal year)

From January 1, 2021
Business Report
To December 31, 2021

1. Status of property and income of the Group

(1) Earnings of the Group

Category	FY2018	FY2019	FY2020	FY2021 (FY under review)
Sales revenue (million yen)	681,025	631,433	429,238	635,033
Operating income (million yen)	36,353	23,126	12,510	24,295
Net income attributable to owners of the parent (million yen)	28,723	16,401	7,321	19,316
Basic net income per share (yen)	137.94	2,050,125,000.00	915,125,000.00	2,414,500,000.00
Total assets (million yen)	708,659	704,425	670,204	689,953

(Notes) 1. SDK prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS).

2. The basic net income per share is calculated based on the average number of shares outstanding (excluding treasury stock) of each fiscal year. However, since SDK conducted a reverse stock split of 26,027,000 common shares into 1 share on June 23, 2020, the basic net income per share for FY2019 and FY2020 was calculated by assuming that said reverse stock split was carried out at the beginning of FY2019.
3. The year-end date was changed from March 31 to December 31 starting in FY2020. As a result, FY2020 was a nine-month year that began on April 1, 2020, and ended on December 31, 2020.

(2) Earnings of SDK

Category	FY2018	FY2019	FY2020	FY2021 (FY under review)
Net sales (million yen)	364,319	338,375	218,970	316,845
Ordinary income (million yen)	32,790	26,721	28,088	16,234
Net income (million yen)	22,316	12,135	12,497	27,066
Net income per share (yen)	107.17	1,516,891,476.50	1,562,132,213.38	3,383,197,453.88
Total assets (million yen)	405,159	426,008	402,535	422,499

(Notes) 1. SDK prepares its non-consolidated financial statements based on the accounting standards generally accepted in Japan.

2. Net income per share is calculated based on the average number of shares outstanding (excluding treasury stock) of each fiscal year. However, since SDK conducted a reverse stock split of 26,027,000 common shares into 1 share on June 23, 2020, the net income per share for FY2019 and FY2020 was calculated by assuming that said reverse stock split was carried out at the beginning of FY2019.
3. The year-end date was changed from March 31 to December 31 starting in FY2020. As a result, FY2020 was a nine-month year that began on April 1, 2020, and ended on December 31, 2020.

2. Main businesses of the Group

(As of December 31, 2021)

Segment	Major products and services
Functional materials	Electronic materials Epoxy molding compounds for semiconductors, die bonding materials for semiconductors, polishing materials for flattening semiconductor circuits, circuit connecting film for displays Wiring board materials Copper clad laminates, photosensitive films
Advanced components and systems	Mobility components Plastic molded products, friction materials, powder metal products, carbon anode materials for lithium-ion batteries, varnishes for electrical insulation, functional resins Life science-related products Diagnostics, development of formulation and contracted manufacturing of regenerative medicine products

(Note) Due to the transfer of the Printed Wiring Board business and the Energy Storage Devices and Systems business, products related to these businesses have been excluded from the major products.

3. Status of parent company

Company name	Capital stock	Ownership ratio of voting rights in SDK
Showa Denko K.K.	182,146 million yen	100.0% (100.0%)
HC Holdings K.K.	100 million yen	100.0%

(Notes) 1. Showa Denko K.K. holds all voting rights of HC Holdings K.K., the parent company of SDK.

2. Figures in brackets in the ownership ratio of voting rights in SDK the indicate indirect ownership ratio included in the total.
3. SDK conducts lending and borrowing of funds with HC Holdings K.K. SDK's Board of Directors deems that said transactions do not harm the interests of SDK since the interest rates for the transactions are determined reasonably in consideration of market rates, etc.

4. Other important matters concerning the current status of the corporate group

(1) Transfer of the Printed Wiring Board business

SDK had Lincstech Co., Ltd., a newly established, wholly-owned subsidiary, succeed SDK's Printed Wiring Board business (including its shares of Showa Denko Materials (Singapore) Pte. Ltd. and Yamagishi AIC Inc.) by means of an absorption-type company split on October 1, 2021, and transferred all shares of Lincstech Co., Ltd. to PTCJ-S Holdings Co., Ltd., established by Polaris Capital Group Co., Ltd., on the same day. Furthermore, SDK had Lincstech Circuit Co., Ltd., a newly established, wholly-owned subsidiary, succeed the printed wiring board business run by Showa Denko Materials Electronics Co., Ltd. (including its shares of Yamagishi AIC Inc.) by means of an absorption-type company split on October 1, 2021, and transferred all shares of Lincstech Circuit Co., Ltd. to PTCJ-S Holdings Co., Ltd. on the same day.

(2) Transfer of the Energy Storage Devices and Systems business

SDK had Energywith Co., Ltd., a newly established wholly-owned subsidiary, succeed SDK's Energy Storage Devices and Systems by means of an absorption-type company split on December 1, 2021, and transferred all shares of Energywith Co., Ltd. and all of SDK-held shares of SDK's subsidiaries Energy System Service Japan Co., Ltd., CSB Energy Technology Co., Ltd., Siam Magi Co., Ltd., Thai Energy Storage Technology Public Company Limited, Thai Nonferrous Metal Co., Ltd., 3K Products Company Limited, and Power Plas Company Limited to Sustainable Battery Solutions, Inc., operated by Sustainable Battery Holdings, Inc. whose largest shareholders are funds served by Advantage Partners Inc.

5. Matters concerning company officers

(As of December 31, 2021)

Position in the company	Name	Responsibilities and significant concurrent positions
Director (Representative Director) President	Hisashi Maruyama	Chief Executive Officer (CEO) Director at Showa Denko K.K.
Director (Representative Director) Executive Vice President	Hiroyuki Yamashita	Chief Risk Management Officer (CRO) Supervision of the Information and Communication business
Director	Hidehito Takahashi	Representative Director, Managing Corporate Officer, and Chief Strategy Officer (CSO) at Showa Denko K.K.
Director	Hiroshi Sakai	Director, Corporate Officer, and Chief Technology Officer (CTO) at Showa Denko K.K.
Director Managing Corporate Officer	Mitsuo Katayose	Chief Technology Officer (CTO) Supervision of new business creation (including development of platform technologies and intellectual property) and the Life Science business
Director Corporate Officer	Nori Imai	Chief Strategy Officer (CSO) Supervision of corporate planning and human resources
Director Corporate Officer	Atsushi Doi	Supervision of legal affairs and risk management (including internal control)
Auditor	Daisuke Morimoto	Partner at Nishimura & Asahi Director at Zoshinkai Holdings Inc. Auditor at Rakuten Life Insurance Co., Ltd. Director at Z-kai Holdings Inc. Auditor at Rakuten Securities, Inc. Auditor at Rakuten General Insurance Co., Ltd.
Auditor	Hiroyuki Takei	—
Auditor	Hiroshi Yoshida	—

(Notes) 1. Mr. Akihiko Takamatsu retired as director at the conclusion of SDK's 72nd Ordinary General Meeting of Shareholders held on March 26, 2021, due to the expiry of his term of office.

2. Mr. Atsushi Doi, Director, was newly elected as director and assumed office at SDK's 72nd

Ordinary General Meeting of Shareholders held on March 26, 2021.

3. SDK made changes to its corporate management on January 4, 2022. The new director and auditor team is as follows.

(As of January 4, 2022)

Position in the company	Name	Responsibilities and significant concurrent positions
Chairman of the Board (Representative Director)	Hisashi Maruyama	Director at Showa Denko K.K.
Director (Representative Director) President	Hidehito Takahashi	Chief Executive Officer (CEO) Representative Director, President, and Chief Executive Officer (CEO) at Showa Denko K.K.
Director (Representative Director) Managing Corporate Officer	Hiroyuki Yamashita	Supervision of the Information and Communication business Managing Corporate Officer at Showa Denko K.K.
Director Managing Corporate Officer	Hiroshi Sakai	Chief Technology Officer (CTO) Supervision of technology (including technological strategies, R&D, and intellectual properties management) Director, Managing Corporate Office, and Chief Technology Officer (CTO) at Showa Denko K.K.
Director Corporate Officer	Mitsuo Katayose	Supervision of the Life Science business and the Functional Materials business Corporate Officer at Showa Denko K.K.
Director Corporate Officer	Nori Imai	Chief Human Resource Officer (CHRO) Supervision of human resources and activities to foster internal corporate culture Corporate Officer and Chief Human Resource Officer (CHRO) at Showa Denko K.K.
Director Executive Officer	Atsushi Doi	General Manager of Legal Department
Auditor	Daisuke Morimoto	Partner at Nishimura & Asahi Director at Zoshinkai Holdings Inc. Auditor at Rakuten Life Insurance Co., Ltd. Director at Z-kai Holdings Inc. Auditor at Rakuten Securities, Inc. Auditor at Rakuten General Insurance Co., Ltd.
Auditor	Hiroyuki Takei	—
Auditor	Hiroshi Yoshida	—

6. Matters concerning the accounting auditor

- (1) Name of the accounting auditor
Ernst & Young ShinNihon LLC

- (2) Total amount of monetary or property benefits to be paid by SDK and its subsidiaries
90 million yen

(Note) The audit of some of SDK's subsidiaries is performed by a certified public accountant or an audit firm (including those with equivalent qualifications in a foreign country) other than the accounting auditor of SDK.

7. Matters concerning systems and policies of the company

7-1. System to ensure the appropriateness of operations

- (1) Basic policy on the development of the system at the Group

To ensure the appropriateness of operations at the Showa Denko Materials Group, SDK provides guidance to subsidiaries to develop a system according to their size, etc. based on the system of

- SDK. To check the development of the system at subsidiaries, SDK also dispatches directors or auditors to subsidiaries as well as performs periodic audits of each department of the subsidiaries.
- (2) System for the retention and management of information on the execution of duties of directors
 - (i) The retention and management of information on the execution of duties of directors are set forth in rules such as the "Documentation Rules."
 - (ii) Auditors may receive disclosure or provision of information retained or managed whenever necessary.
 - (3) Rules and other systems of SDK and subsidiaries for management of risk of loss
 - (i) SDK established guidelines for the prevention of the materialization of risks and appropriate emergency responses for each risk category, as well as individual rules that correspond to individual risks related to product accidents, compliance, environment, disasters, information security, finance, etc. It also provides guidance to subsidiaries to develop equivalent rules according to their size, etc.
 - (ii) With regard to the prevention of and emergency responses to risks that accompany business activities, the relevant departments provide education through training and creating and distributing manuals. SDK also provides guidance to subsidiaries to provide equivalent education according to their size, etc.
 - (iii) In the event risks such as disasters materialize, SDK responds swiftly by establishing a task force based on the predetermined guidelines or inviting experts as advisors. It also provides guidance to subsidiaries to develop an equivalent system according to their size, etc.
 - (4) System to ensure efficient execution of duties of the directors of SDK and subsidiaries
 - (i) SDK established a Corporate Officers' Meeting to decide important matters of the Group through efficient and sufficient deliberations.
 - (ii) SDK established corporate officers and an executive system in accordance with the Corporate Officer Regulations.
 - (iii) To clarify business goals and seek their achievement, SDK sets medium to long-term plans and budgets and actively utilizes IT systems to carry out performance management on a regular basis.
 - (iv) To examine whether the execution of duties of the directors of SDK and its subsidiaries is efficiently conducted, SDK established rules on internal audits and performs internal audits of each department of SDK and its subsidiaries by the Auditing Office's division in charge of audits.
 - (v) SDK dispatches directors or auditors to its subsidiaries.
 - (5) System to ensure that the execution of duties of the employees of SDK and the directors and employees of its subsidiaries complies with laws and regulations and the Articles of Incorporation
 - (i) SDK established the Showa Denko Materials Group Codes of Conduct as a code of conduct for the employees of SDK and the directors and employees of its subsidiaries and provides guidance to subsidiaries to establish rules that conform to those of SDK's.
 - (ii) To prevent the involvement of antisocial forces that threaten the order or safety of society in management activities and damage caused by such forces, SDK does not engage in transactions with such forces, either directly or indirectly, and rejects any contact or demand. Furthermore, to comply with this policy, SDK established a system to eliminate antisocial forces by, for example, setting forth the necessary company rules as well as establishing a department with overall responsibility for responses and a person in charge of preventing unreasonable demands.
 - (iii) As a framework related to compliance with laws and regulations and the establishment of corporate ethics, SDK sets forth the General Rules for the Showa Denko Materials Group Global Compliance Program and established internal rules, such as the Rules on Compliance with Competition Laws, and various operational rules to flesh out the system. It seeks to disseminate the rules through the internal information sharing system. It also provides guidance to subsidiaries to establish equivalent rules and systems.
 - (iv) To ensure thorough enforcement of education, guidance, and audits on compliance, SDK established a division in charge of compliance.
 - (v) To enhance the quality assurance system, SDK established a division in charge of quality assurance, which carries out overall control of the quality assurance functions of SDK's facilities and subsidiaries, at its head office.
 - (vi) SDK established a whistleblowing system concerning issues in compliance and corporate ethics and familiarizes the employees of SDK and its subsidiaries with the system. In the event of a whistleblowing, the division in charge of compliance investigates the reported matter in cooperation with the relevant departments and lawyers as needed.
 - (vii) An internal audit by the Auditing Office is performed to examine whether the execution of

- duties of the employees of SDK and the directors and employees of its subsidiaries complies with laws and regulations and the Articles of Incorporation. The Auditing Office follows the instructions given by the auditors as needed.
- (6) System for the reporting of matters associated with the execution of duties of directors of subsidiaries to SDK
 - Important business-related matters associated with subsidiaries are subject to deliberation at SDK's Corporate Officers' Meeting.
 - (7) Other systems to ensure the appropriateness of operations at the corporate group consisting of SDK, its parent company, and its subsidiaries
 - (i) A basic policy for the Group's consolidated management has been established to maximize the corporate value of the Group that consists of SDK and its subsidiaries.
 - (ii) SDK is mindful that transactions carried out with its parent company or subsidiaries are conducted especially fairly in terms of prices and other conditions.
 - (iii) SDK and its subsidiaries establish and operate their own rules concerning export control, environmental safety management, and the management of trade secrets and personal information. They also provide the necessary education on compliance with those rules.
 - (iv) SDK prepares medium to long-term plans and budgets and appropriately notifies its parent company the achievement status thereof and business performance, as well as receives reports from subsidiaries on such matters.
 - (v) SDK established, operates, and evaluates the effectiveness of an internal control system in accordance with Japan's standards for management assessment and audits of internal control over financial reporting to ensure the reliability of financial reporting, promote work efficiency improvements, and ensure compliance with laws and regulations and the Articles of Incorporation.
 - (vi) The division in charge of audit under SDK's Auditing Office performs periodic audits of SDK and its subsidiaries.
 - (vii) The relevant divisions of SDK provide management guidance to subsidiaries, disseminate SDK's various measures, provide information, and offer business-related advice according to their roles.
 - (viii) SDK provides guidance to subsidiaries to establish a whistleblowing system.
 - (8) Matters concerning employees who are to assist the duties of auditors of SDK
 - (i) The Auditing Office has been established to assist the duties of auditors.
 - (ii) When instructed by auditors, the Auditing Office's division in charge of audits assists the duties of auditors under their command and order.
 - (9) Matters concerning the independence of employees described in the preceding item from directors and the ensuring of the effectiveness of instructions by auditors to such employees
 - (i) Employees belonging to the Auditing Office are dedicated to the Auditing Office and are not under the command and order of directors.
 - (ii) The director in charge of human resources obtains the approval of all auditors in advance concerning personnel transfers and evaluation of employees belonging to the Auditing Office.
 - (iii) When taking disciplinary measures against employees belonging to the Auditing Office, the director in charge of human resources obtains the approval of all auditors in advance.
 - (iv) Directors do not impose unreasonable restrictions on the assisting of the duties of auditors by employees of the Auditing Office's division in charge of audits.
 - (10) System for reporting to auditors and system to ensure that adverse treatment shall not be given due to such reporting
 - (i) Auditors may attend important meetings of SDK. In addition, directors and corporate officers report on matters of SDK or its subsidiaries that were submitted to the Corporate Officers' Meeting to auditors without delay.
 - (ii) Directors, corporate officers, and division heads report on the status of important operations and property to auditors on a regular basis and whenever required. Material information on any violation of laws, regulations, or the Articles of Incorporation or on risks are immediately reported to auditors.
 - (iii) The results of internal audits of SDK and its subsidiaries performed by the Auditing Office are reported to auditors without delay.
 - (iv) The status of whistleblowing using the whistleblowing system for employees of SDK and its subsidiaries is reported without delay to auditors by the division in charge of compliance. Company rules set forth that whistleblowers using said whistleblowing system are not subject to adverse treatment due to whistleblowing. The division in charge of compliance thoroughly enforces the rules.

- (v) When discovering any fact that may result in significant damage to SDK, Directors must immediately report such fact to auditors.
- (11) Matters concerning policies on procedures for the prepayment or reimbursement of expenses arising from the execution of duties of auditors of SDK, and the handling of other expenses or obligations arising from the execution of such duties
 - The Auditing Office oversees the payment of expenses arising from the execution of duties of auditors and other administrative procedures. If there is a demand from an auditor for the prepayment of expenses or other payments, SDK promptly processes the expenses or obligations associated with such demand unless such expenses or obligations are clearly deemed unnecessary for the execution of duties of said auditor.
- (12) Other systems to ensure the effective implementation of audits by auditors of SDK
 - (i) The representative director, accounting auditor, and relevant divisions exchange opinions with the auditors on a regular basis.
 - (ii) The Auditing Office's division in charge of audits reports on audit plans in response to the request of auditors and takes the necessary responses so that auditors can perform efficient audits.
 - (iii) If required by auditors, SDK guarantees the opportunity for auditors to use a specialized lawyer or accountant or both independently to receive advice on audit.

7-2. Summary of the operational status of the system to ensure the appropriateness of operations

(1) Important meetings

Important meetings were held as follows during the fiscal year under review.

Meetings of the Board of Directors were held 25 times, at which resolutions were passed on important matters concerning the basis of management and the election of representative directors and corporate officers, performance reports were received on a regular basis, constructive discussions were held, the development of appropriate systems for internal control and risk management was promoted, and the effectiveness of their operation was supervised. The Corporate Officers' Meeting was held 46 times, at which important matters that affect SDK or the Group were discussed by consolidating the knowledge of all corporate officers so that the president can make accurate and swift judgments. Other important meetings held include the Auditor Liaison Meeting (14 times), the J-SOX Committee (3 times), the Compliance Management Committee (3 times), and the Quality Committee (4 times).

(2) Ensuring the effectiveness of audit by auditors

SDK has appointed three auditors and periodically holds the Auditor Liaison Meeting that comprises all auditors to decide the audit policy and audit implementation plans. The auditors met with the representative directors on a regular basis, attended important internal meetings, and performed audit activities such as audits of major facilities and group companies. In addition, the effectiveness of audit is ensured by holding meetings and interviews with the accounting auditor and the internal audit division to ensure collaboration. Three employees belong to the Auditing Office as staff members dedicated to assisting the auditors.

(3) Compliance and risk management

SDK provides compliance and human rights training to all employees when they join the company. In addition, training hosted by the division in charge of compliance is provided to all employees. The division in charge of compliance also audits the compliance status of SDK's facilities and group companies on a regular basis, checks the management system and implementation status of training, provides guidance on improvements, and reports the results to senior management.

By having the division in charge of risk management compile identified risks and re-examine them on a regular basis, SDK recognizes new risks and checks the effectiveness of disaster mitigation measures and responses upon the materialization of risks. SDK has also elected a Chief Risk Management Officer (CRO) as a corporate officer supervising risks for the Group.

(4) Initiatives in quality assurance

As a measure to prevent a recurrence of inappropriate product testing, etc., SDK continuously takes every opportunity to disseminate messages by its top management to clarify management's stance on quality assurance. To mark three years from the announcement of the inappropriate product testing incident, the Chief Quality Officer (CQO) released a message in June 2021. SDK has also continued e-learning and quality compliance education in the fiscal year under review to raise the awareness of employees. The solicitation of entries for the quality compliance slogan, which was implemented in FY2020 as a new initiative, was expanded to group companies in Japan as it was carried out again in the fiscal year under review. The audit activities by the Quality Auditing Office, which was established within the Quality Assurance Headquarters, began their second round in the

fiscal year under review as audits of target offices were completed in FY2020. The audits continued to check the progress of the correction of misconduct, such as the inappropriate product testing, and ensure that no similar acts were conducted.

With regard to measures to improve and reinforce the quality assurance system, SDK has been expanding the introduction of the “testing system without manual intervention” to include overseas group companies and is striving to identify issues to reduce the number of quality complaints from customers and cases of process abnormality, embarking on measures such as expanding tendency management, strengthening supplier and outsourcing management, and visualizing quality data. These measures were reported and discussed at the Quality Committee (held four times in the fiscal year under review) on timely basis, with in-depth discussions held on the shift from “defensive” measures that center on strengthening compliance to “aggressive quality assurance and control” that highlights the reinforcement of the quality assurance system. In addition to continuing these measures, in FY2022 onward we will further promote measures with an awareness toward best practice in order to establish a quality assurance system that is globally competitive after the management integration with Showa Denko K.K.

(5) Compliance with the Anti-Monopoly Act

Positioning compliance with the Anti-Monopoly Act and the competition laws of countries around the world as the most important in compliance management, SDK has created and distributed the Anti-Monopoly Act Handbook, and the president directly calls for thorough compliance during Corporate Ethics Month. If there is even the slightest possibility of breaching the Anti-Monopoly Act, we require employees to report to the division in charge of compliance immediately and record the matter in the Compliance Information Record Notebook. All records are audited by the division in charge of compliance twice a year.

(6) Ensuring appropriateness of operations

SDK has organized the J-SOX Committee, which is chaired by a corporate officer and evaluates the effectiveness of internal control over financial reporting on a consolidated basis, with members from the divisions in charge of finance, PR, legal affairs, risk management, IT, audit, etc. playing central roles. The evaluation is determined in consideration of the results of audits by the Auditing Office and the accounting auditor and is reported to the Corporate Officers’ Meeting as needed as well as the Auditor Liaison Meeting on a regular basis.

SDK also performs internal audits of its facilities and group companies based on the Internal Audit Rules. 29 companies were audited during the fiscal year under review. The details of the audits are disseminated to the directors, corporate officers, and auditors, as well as reported to the Corporate Officers’ Meeting as needed and the Auditor Liaison Meeting on a regular basis to seek collaboration by receiving advice from corporate officers and auditors with the aim of ensuring the appropriateness of operations.

Ends

Balance Sheets (As of December 31, 2021)

(Million yen)

Assets		
	Current assets	220,557
	Cash and deposits	3,318
	Notes receivable - trade	528
	Electronically recorded monetary claims - operating	2,112
	Accounts receivable - trade	53,893
	Finished goods	3,924
	Semi-finished goods	2,338
	Work in process	5,833
	Raw materials	6,090
	Short-term loans receivable	118,015
	Accounts receivable - other	38,308
	Other	1,237
	Allowance for doubtful accounts	(15,039)
	Noncurrent assets	201,942
	Property, plant and equipment	65,090
	Buildings	19,922
	Structures	3,466
	Machinery and equipment	24,282
	Vehicles	32
	Tools, furniture and fixtures	3,209
	Land	11,136
	Leased assets	149
	Construction in progress	2,894
	Intangible assets	6,533
	Investments and other assets	130,319
	Investment securities	3,840
	Shares of subsidiaries and associates	70,141
	Investments in capital of subsidiaries and associates	24,640
	Long-term loans receivable from subsidiaries and associates	8,429
	Long-term prepaid expenses	1,813
	Long-term prepaid pension costs	18,403
	Deferred tax assets	2,179
	Other	1,120
	Allowance for doubtful accounts	(246)
	Total assets	422,499

(Million yen)

Liabilities		
Current liabilities		117,078
	Electronically recorded obligations - operating	9,546
	Accounts payable - trade	46,140
	Short-term borrowings	6,500
	Current portion of bonds payable	10,000
	Lease liabilities	74
	Accounts payable - other	6,364
	Accrued expenses	8,292
	Income taxes payable	1,401
	Advances received	15
	Deposits received	27,720
	Other	1,026
Noncurrent liabilities		28,408
	Bonds payable	20,000
	Lease liabilities	278
	Provision for retirement benefits	6,734
	Provision for loss on business of subsidiaries and associates	189
	Asset retirement obligations	722
	Other	485
Total liabilities		145,486
Net assets		
Shareholders' equity		276,959
	Capital stock	15,454
	Capital surplus	32,862
	Legal capital surplus	32,862
	Other capital surplus	—
	Retained earnings	228,643
	Legal retained earnings	3,564
	Other retained earnings	225,079
	Reserve for tax purpose reduction entry of non-current assets	35
	General reserve	120,000
	Retained earnings brought forward	105,044
	Treasury stock	—
Valuation and translation adjustments		54
	Valuation difference on available-for-sale securities	71
	Deferred gains or losses on hedges	(17)
Total net assets		277,013
Total liabilities and net assets		422,499

Statements of Income (From January 1, 2021 to December 31, 2021)

(Million yen)

Net sales		316,845
Cost of sales		235,579
Gross profit		81,266
Selling, general and administrative expenses		57,395
Operating income		23,871
Non-operating income		
Interest income	562	
Dividends income	4,819	
Rental income from noncurrent assets	418	
Reversal of allowance for doubtful accounts for subsidiaries and associates	2,023	
Foreign exchange gains	903	
Other	1,795	10,520
Non-operating expenses		
Interest expenses	233	
Interest on bonds	194	
Loss on disposal of noncurrent assets	1,388	
Rental expenses on noncurrent assets	179	
Provision of allowance for doubtful accounts for subsidiaries and associates	14,878	
Loss on valuation of investment securities	8	
Other	1,277	18,157
Ordinary income		16,234
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	33,326	33,326
Extraordinary loss		
Loss on extinguishment of tie-in shares	7,109	
Provision for loss on business of subsidiaries and associates	189	
Impairment losses	1,327	
Competition law expenses	108	
Loss on valuation of shares of subsidiaries and associates	3,560	
Special examination expenses	25	
Loss on sale of shares of subsidiaries and associates	3,659	
Business restructuring	2,662	18,639

expenses	
Profit before income taxes	30,921
Income taxes - current	2,044
Income taxes - deferred	1,811
Net income	27,066

From: January 1, 2021
 Statements of Changes in Equity
 To: December 31, 2021

(Million yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total	Legal retained earnings	Other retained earnings			Total
						Reserve for tax purpose reduction entry of noncurrent assets	General reserve	Retained earnings brought forward	
Balance at beginning of period	15,454	32,862	—	32,862	3,564	35	120,000	103,958	227,557
Changes during period									
Dividends of surplus								(19,000)	(19,000)
Net income								27,066	27,066
Purchase of treasury stock									
Disposal of treasury stock									
Cancellation of treasury stock									
Provision of reserve for tax purpose reduction entry of noncurrent assets									
Reversal of reserve for tax purpose reduction entry of noncurrent assets									
Changes arising from business combination								(6,980)	(6,980)
Changes during period (net) other than in shareholders' equity									
Total changes during period	—	—	—	—	—	—	—	1,086	1,086
Balance at end of period	15,454	32,862	—	32,862	3,564	35	120,000	105,044	228,643

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury stock	Total	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total	
Balance at beginning of period	—	275,873	102	20	122	275,995
Changes during period						
Dividends of surplus		(19,000)				(19,000)
Net income		27,066				27,066
Purchase of treasury stock						
Disposal of treasury stock						
Cancellation of treasury stock						
Provision of reserve for tax purpose reduction entry of noncurrent assets						
Reversal of reserve for tax purpose reduction entry of noncurrent assets						
Changes arising from business combination		(6,980)	(35)	(21)	(56)	(7,036)
Changes during period (net) other than in shareholders' equity			4	(16)	(12)	(12)
Total changes during period	—	1,086	(31)	(37)	(68)	1,018
Balance at end of period	—	276,959	71	(17)	54	277,013

Notes to Non-consolidated Financial Statements

1. Notes on matters concerning important accounting policies

(1) Appraisal standards and appraisal methods for assets

(A) Appraisal standards and appraisal methods for securities

Shares of subsidiaries and shares of associates:

Stated at cost using the moving average method

Other securities

Those with fair market value:

Mark-to-market method based on the market price on the year-end date (Unrealized gains and losses are recorded, net of applicable taxes, as a separate component of net assets. Cost of securities sold is determined by the moving average method.)

Those without fair market value:

Stated at cost using the moving average method

(B) Appraisal standards and appraisal methods for derivatives
Mark-to-market method (Hedge accounting is applied to those with confirmed hedging effectiveness.)

(C) Appraisal standards and appraisal methods for inventories
Finished goods, semi-finished goods, work in process: Stated at cost using the moving average method (some by the individual method)
Raw materials: Stated at cost using the moving average method

The carrying amount of inventories with reduced profitability is written down.

(2) Depreciation method for noncurrent assets

(A) Property, plant and equipment: Straight-line method

(B) Intangible assets: Straight-line method

Software for internal use is amortized by the straight-line method based on the useable period within the company. Goodwill is amortized by the straight-line method based on the period over which it has effect.

(3) Standards for the recording of allowances

(A) Allowance for doubtful accounts

To prepare for losses arising from uncollected receivables, an estimated irrecoverable amount is provided. The amount is calculated by the historical bad debt rate for ordinary receivables and by considering the collectability on an individual basis for certain receivables such as doubtful receivables.

(B) Provision for retirement benefits

To prepare for the payment of retirement benefits for employees, a provision is recorded based on the estimated amount of retirement benefit liabilities and pension assets as of the end of the fiscal year under review.

The accounting method for the provision for retirement benefits and retirement benefit expenses is as follows:

(a) Method for attributing estimated retirement benefits to periods:

In calculating retirement benefit liabilities, the estimated amount of retirement benefits is attributed to the period up to the end of the fiscal year under review based on a benefit formula basis.

(b) Method for amortizing actuarial gains and losses and prior service costs

Actuarial gains and losses are amortized by the straight-line method over a certain number of years (10 years) within the average number of remaining service years of the eligible employees at the time of accrual in each fiscal year, and allocated proportionately from the fiscal year following the respective fiscal year of accrual.

Prior service costs are amortized by the straight-line method over a certain number of years (10 years) within the average number of remaining service years of the eligible employees at the time of accrual.

(4) Other important matters that form the basis of the preparation of non-consolidated financial statements

(A) Standards for translation of assets and liabilities in foreign currencies into Japanese yen

Monetary claims and obligations denominated in foreign currencies are translated into Japanese yen at the spot exchange rate of the settlement date, and any translation difference is treated as profit or loss.

(B) Hedge accounting method

Hedge accounting method: Deferral hedge accounting

Hedging instruments and hedged items

Hedging instruments: Foreign exchange forward contracts, currency options, currency swaps, and commodity swaps

Hedged items: Receivables and payables denominated in foreign currencies, forecasted transactions and materials purchase transactions denominated in foreign currencies

Hedge policy:	To reduce foreign exchange fluctuation risks, hedging is conducted within the scope of the receivables and payables hedged. Hedging is also conducted within the range of materials purchase to reduce materials price fluctuation risks.
Method for assessing the effectiveness of hedges:	Hedge effectiveness is assessed based on the amount of market fluctuations of the hedged items and hedging instruments by comparing the cumulative market fluctuations of the two over a period from the start of hedging to the time of determination of effectiveness.
(C) Accounting for consumption taxes:	Consumption tax and local consumption tax are accounted for by the tax-exclusion method.
(D) Accounting for retirement benefits:	The accounting method for unrecognized actuarial gains and losses on retirement benefits and unrecognized prior service costs differs from their accounting method in the non-consolidated financial statements.

2. Notes on changes in presentation

SDK has adopted the Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31; March 31, 2020) from the fiscal year under review and states notes on important accounting estimates.

3. Notes on important accounting estimates

Accounting estimates for items the amount of which was recorded in the financial statements for the fiscal year under review that may have a significant impact on the financial statements for the following fiscal year are as shown below. Information on the details of important accounting estimates for the identified items describes the calculation method of the amount recorded in the financial statements for the fiscal year under review.

(1) Measurement of allowance for doubtful accounts

(A) Amount recorded in the financial statements for the fiscal year under review

Reversal of allowance for doubtful accounts for subsidiaries and associates	2,023 million yen
Provision of allowance for doubtful accounts for subsidiaries and associates	14,878 million yen
Allowance for doubtful accounts	(15,285) million yen

(B) Information on the details of important accounting estimates for the identified items

This information is omitted since the details are the same as stated in “1. (3) Standards for the recording of allowances” of the Notes to Non-consolidated Financial Statements.

(2) Impairment losses on noncurrent assets

(A) Amount recorded in the financial statements for the fiscal year under review

Property, plant and equipment	65,090 million yen
Intangible assets	6,533 million yen
Long-term prepaid expenses	1,813 million yen
Impairment losses	1,327 million yen

(B) Information on the details of important accounting estimates for the identified items

This information is omitted since the details are the same as stated in “1. (5) Matters concerning accounting policies” of the Notes to Consolidated Financial Statements.

(3) Impairment of shares of subsidiaries and associates and investments in capital of subsidiaries and associates

(A) Amount recorded in the financial statements for the fiscal year under review

Shares of subsidiaries and associates	70,141 million yen
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associates	
Investments in capital of subsidiaries and associates	24,640 million yen
Loss on valuation of shares of subsidiaries and associates	3,560 million yen

(B) Information on the details of important accounting estimates for the identified items

SDK checks for any decline in the actual value of shares of subsidiaries and associates and investments in capital of subsidiaries and associates and if the actual value has declined significantly against the carrying amount, it records a loss on valuation except in cases where there is a reasonable possibility of recovery. Some shares of subsidiaries and associates and investments in capital of subsidiaries and associates are evaluated based on the actual value in consideration of excess earning power calculated in the measurement of corporate value at the time of the acquisition of the company in question. If it has become clear that the actual value has declined due to the actual performance at a subsidiary or associate significantly falling short of business plans, it may have an impact on SDK's business performance and financial position due to the recognition of loss on valuation of shares of subsidiaries and associates.

(4) Collectability of deferred tax assets

(A) Amount recorded in the financial statements for the fiscal year under review	
Deferred tax assets	2,179 million yen

(B) Information on the details of important accounting estimates for the identified items

This information is omitted since the details are the same as stated in "1. (5) Matters concerning accounting policies" of the Notes to Consolidated Financial Statements.

(5) Measurement of long-term prepaid pension costs and provision for retirement benefits

(A) Amount recorded in the financial statements for the fiscal year under review	
Long-term prepaid pension costs	18,403 million yen
Provision for retirement benefits	6,734 million yen

(B) Information on the details of important accounting estimates for the identified items

This information is omitted since the details are the same as stated in "1. (3) Standards for the recording of allowances" of the Notes to Non-consolidated Financial Statements.

4. Notes to balance sheets

(1) Accumulated depreciation for assets

Property, plant and equipment	270,911 million yen
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(2) Pledged assets

Short-term loans receivable	106,918 million yen
Long-term loans receivable from subsidiaries and associates	8,429 million yen
Shares of subsidiaries and associates	14,793 million yen

The liabilities relating to collateral are debt guarantees for borrowings from financial institutions of the parent company stated in (3) below.

(3) Guarantee liabilities

Debt guarantees for borrowings from financial institutions of subsidiaries	4,878 million yen
Debt guarantees for borrowings from financial institutions of the parent company	209,700 million yen

(4) Monetary receivables from and monetary payables to subsidiaries and associates

Short-term monetary receivables	156,771 million yen
Short-term monetary payables	30,330 million yen
Long-term monetary payables	278 million yen

(5) Other

Claims for compensation have been issued in the United States and others against SDK and some of its subsidiaries through civil litigation on the grounds of a violation of anti-monopoly laws relating to transactions of aluminum electrolytic capacitors, etc. The amount of potential impact of this is not yet determined.

5. Notes to statements of income

(1) Volume of transactions with subsidiaries and associates

Volume of business transactions

Sales volume	119,932 million yen
Purchase volume	70,976 million yen
Other	11,086 million yen
Volume of transactions other than business transactions	5,642 million yen

(2) Special examination expenses

Following the discovery of inappropriate product testing, etc. for some of SDK's products, SDK established a Special Examination Committee consisting of outside experts, etc. to investigate the cause and formulate measures to prevent a recurrence. SDK has recorded the related expenses as special examination expenses.

(3) Business restructuring expenses

These are special severance payments and career change support costs that accompany the implementation of voluntary retirement and career change support programs.

6. Notes to statements of changes in equity

Type and number of treasury stock at the end of the fiscal year under review	
Common stock	0 shares

7. Notes on tax effect accounting

Breakdown of deferred tax assets and deferred tax liabilities by major cause

Deferred tax assets

Provision for retirement benefits	3,583 million yen
Accounts payable - bonuses	1,016 million yen
Allowance for doubtful accounts	4,713 million yen
Loss on valuation of shares of subsidiaries and associates	8,947 million yen
Other	4,726 million yen
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Deferred tax assets sub-total	22,985 million yen (15,083) million yen
Valuation allowance	yen
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Total deferred tax assets	7,902 million yen
Deferred tax liabilities	
Valuation difference on available-for-sale securities	(31) million yen
Long-term prepaid pension costs	(5,606) million yen
Other	(86) million yen
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Total deferred tax liabilities	(5,723) million yen
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Net deferred tax assets	2,179 million yen
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8. Notes to related party transactions

(1) Parent company and major corporate shareholders

Attribute	Company name	Voting rights held (%)	Relationship					Transaction details	Transaction amount (million yen)	Item	Balance at end of period (million yen)	
			Interlocking directors		Financial support	Business transaction	Lease of facilities					
			Concurrent post	Transfer Loan								
Parent company	HC Holdings K.K.	100.0	N/A	N/A	Yes	N/A	N/A	Lending of funds (Note 2)	82,500	Short-term loans receivable	90,300	
								Interest on loans receivable	220			
								Borrowing of funds (Note 2)	6,500	Short-term borrowings		6,500
								Interest on borrowings	49			

- (Notes) 1. Terms and conditions of the transactions and the policy for deciding the terms and conditions
The interest rates on the lending and borrowing of funds are reasonably determined in consideration of market interest rates.
2. The transaction amounts of the lending and borrowing of funds represent the difference from the amount at the end of the previous fiscal year.

(2) Subsidiaries and associates

Attribute	Company name	Voting rights holding (%)	Relationship					Transaction details	Transaction amount (million yen)	Item	Balance at end of period (million yen)
			Interlocking directors		Financial support	Business transaction	Lease of facilities				
			Concurrent post	Transfer Loan							
Subsidiary (Note 5)	Showa Denko Materials Electronics Co., Ltd.	100.0	Yes	N/A	Yes	Outsourcee of Company products	Yes	Interest on loans receivable	16	Long-term loans receivable from subsidiaries and associates	—
Subsidiary	Minaris Medical Co., Ltd.	100.0	Yes	Yes	Yes	N/A	N/A	Interest on loans receivable	16	Long-term loans receivable from subsidiaries and associates	3,000
Subsidiary	Showa Denko Materials Business Service	100.0	Yes	Yes	Yes	Lender of PCs and other office equipment, outsourcee	Yes	Receiving deposit of funds (Note 3)	(2,304)	Deposits received	7,551

	Co., Ltd.					of administrati on of salary, welfare, finance		Interest on deposits	1		
Subsidiar y (Note 5)	AAFC Energy Technolo gy Inc.	100.0	Yes	N/A	Yes	Outsourcee of Company products	N/A	Recovery of funds	(140)	Short- term loans receiva -ble	—
								Interest on loans receivable	5		
Subsidiar y	SD (Shangha i) Co., Ltd.	100.0	Yes	Yes	N/A	N/A	N/A	Receiving deposit of funds (Note 3)	1,177	Deposit s received	9,752
								Interest on deposits	171		
Subsidiar y	Showa Denko Materials (Hong Kong) Co., Ltd.	100.0	Yes	N/A	N/A	Purchaser of Company products, supplier of materials	N/A	Sale of products	19,564	Account s receiva -ble - trade	4,826
Subsidiar y	SD Materials (Shangha i) Co., Ltd.	(100.0) 100.0	Yes	N/A	N/A	Purchaser of Company products	N/A	Sale of products	17,294	Account s receiva -ble - trade	5,405
Subsidiar y	Showa Denko Semicon- ductor Materials (Taiwan) Co., Ltd.	100.0	Yes	Yes	Yes	Purchaser of Company products, outsourcee of Company products	N/A	Recovery of funds (Note 3)	△459	Long- term loans receiva -ble from subsidi -aries and associ -ates	3,638
								Interest on loans receivable	54		
Subsidiar y	ISOLITE GmbH	100.0	Yes	Yes	Yes	N/A	N/A	Lending of funds (Note 3)	3,897	Short- term loans receiva -ble (Note 4)	14,878
								Interest on loans receivable	52		
Subsidiar y	FIAMM Energy Technology S.p.A.	51.0	Yes	Yes	Yes	Supplier of products	N/A	Lending of funds (Note 3)	6,397	Short- term loans receiva -ble	10,206
								Interest on loans receivable	24		

(Notes) 1. The figures in brackets of the "Voting rights holding (%)" column indicate the indirect holding ratio included in the total.

- Terms and conditions of the transactions and the policy for deciding the terms and conditions
The terms and conditions of the sale and purchase of products are decided in the same manner as general terms of conditions in consideration of market prices. The interest rates on the lending and receiving deposits of funds are reasonably determined in consideration of market interest rates.
- The transaction amounts of the lending, recovery and receiving deposits of funds represent the difference from the amount at the end of the previous fiscal year.

4. An allowance for doubtful accounts of 14,878 million yen has been recorded for the lending to ISOLITE GmbH. A provision of allowance for doubtful accounts of 14,878 million yen has been recorded during the fiscal year under review.
5. Showa Denko Materials Electronics Co., Ltd. and AAFC Energy Technology Co., Ltd. have been dissolved due to an absorption-type merger on December 31, 2021, with SDK as the surviving company. Therefore, the transaction amounts represent the amounts for the period during which the companies were related parties.

9. Notes on per share information

(1) Net assets per share	34,626,559,922.13 yen
(2) Net income per share	3,383,197,453.88 yen

10. Notes on significant subsequent events

Not applicable

11. Additional information

SDK assumes that the majority of the impact of sluggish economic activities in Japan and abroad due to the outbreak of the COVID-19 pandemic was seen in FY2020 and that there will be no significant impact in the long term.

Although SDK deems this assumption to be the best estimate as of the end of the fiscal year under review, in the event the impact is prolonged or expanded more than was expected, it might have an effect on important accounting estimates and decisions, including the evaluation of noncurrent assets and the collectability of deferred tax assets.

12. Other notes

The amounts stated in the financial statements have been rounded to the nearest unit.

To the Board of Directors of Showa Denko Materials Co., Ltd.

Ernst & Young ShinNihon LLC
Tokyo Office
Takayuki Ozaki
Designated Limited Partner, Executive Member, Certified Public Accountant
Go Kashiwama
Designated Limited Partner, Executive Member, Certified Public Accountant

Audit opinion

In accordance with the provisions of Article 436, paragraph (2), item (1), of the Companies Act, this audit corporation audited the financial statements of Showa Denko Materials Co., Ltd. for its 73rd business year from January 1, 2021 to December 31, 2021. The financial statements comprised the balance sheet, profit and loss statement, statement of changes in net assets, notes to non-consolidated financial statements, and their annexed detailed statements (hereinafter "Financial Statements, etc. ").

In our opinion, the above-mentioned Financial Statements, etc. present fairly, in all material respects, the financial position of the company for the period relating to the Financial Statements, etc. in accordance with accounting principles generally accepted in Japan.

Basis for audit opinion

This audit corporation audited in accordance with auditing standards generally accepted in Japan. Our responsibility relating to auditing standards is described in "Auditor's responsibility in audit of Financial Statements, etc." below. In accordance with the provisions for professional ethics in Japan, this audit corporation is independent from the company, and fulfills other responsibility as auditor. We consider we have obtained sufficient and appropriate evidence as a basis for expressing our audit opinion.

Responsibility of management and auditors for Financial Statements, etc.

Management is responsible for the preparation and fair presentation of Financial Statements, etc. in accordance with accounting principles generally accepted in Japan. This includes responsibility for the establishment and operation of such internal control as management determines is necessary to enable the preparation and fair presentation of Financial Statements, etc. that are free from material misstatement, whether due to fraud or error.

Management should evaluate whether it is appropriate to prepare Financial Statements, etc. based on going concern assumption. When it is necessary to disclose matters related to going concern based on accounting principles generally accepted in Japan, management is responsible for disclosing those matters.

Auditors are responsible for supervising execution of duties by directors concerning establishment and operation of the financial reporting process.

Auditor's responsibility in audit of Financial Statements, etc.

Auditor is responsible for expressing its opinion about Financial Statements, etc. from an independent standpoint in its report based on the results of audit and after obtaining reasonable assurance that overall Financial Statements, etc. are free from material misstatement, whether due to fraud or error. There is a possibility that a misstatement occurs due to fraud or error. Misstatement is considered material when it is reasonably expected to influence, individually or in total, decision-making by users of Financial Statements, etc.

In accordance with auditing standards generally accepted in Japan, Auditor makes a judgment as a professional expert with professional skepticism throughout the audit procedures, and conducts the following:

- Identify and assess risks of material misstatement due to fraud or error. Plan and perform audit procedures corresponding to risks of material misstatement. Select and apply audit procedures on its own judgment. Obtain sufficient and appropriate evidence to form a basis for expressing an audit opinion.
- While the objective of the audit of Financial Statements, etc. is not for the purpose of expressing an opinion on the effectiveness of the company's internal control, Auditor examines, in making risk assessments, internal control relevant to audit in order to design audit procedures appropriate in the circumstances.

- Assess the validity of accounting principles adopted by management as well as its application method. Assess the reasonableness of accounting estimates made by management and the validity of related notes.
- Draw a conclusion about the appropriateness of management's preparation of Financial Statements, etc. based on the going concern assumption. Draw a conclusion, based on obtained audit evidence, about existence of material uncertainty relating to events or situation that could raise a serious question as to the going concern assumption. In case material uncertainty is recognized relating to the going concern assumption, Auditor is required in its audit report to draw attention to Notes to Financial Statements, etc. In case the description of Notes relating to material uncertainty is not appropriate, Auditor is required to express an opinion with exceptions. Auditor's conclusion is based on audit evidence obtained by the date of its audit report. Depending on future events or situation, there is a possibility that the company will not be able to continue as a going concern.
- Evaluate whether statements and notes in Financial Statements, etc. are in accordance with accounting principles generally accepted in Japan. Evaluate whether Financial Statements, etc., in terms of ways of presentation, composition and content, fairly present basic transactions and accounting events.

Auditor reports to the company's auditors on the scope and timing of planned audit, important findings, including important defects in internal control detected in the course of audit, and other matters required by auditing standards.

Auditor reports to the company's auditors on its compliance with the provisions for professional ethics related to independence, matters that are reasonably expected to influence Auditor's independence, and the content of a safeguard, if any, to remove or reduce disincentives.

Interests

Neither this audit corporation nor its executive members have a stake in the company in view of the provisions of the Certified Public Accountants Act.

Audit Report

We auditors audited execution of duties by directors during the company's 73rd business year from January 1, 2021 to December 31, 2021. We report on its method and results as follows:

1. Method and content of the audit

Each auditor cooperated, exchanging information. In accordance with the auditing standards established through consultation among all auditors, and based on auditing policy, we communicated with directors and accountant auditors, while using Internet-based channels as well. Thus, we worked to collect information and improve the auditing environment, and used the following methods to conduct the audit:

- ① We attended important meetings, including board of directors meetings, to receive reports from directors, corporate officers, internal audit staff and other employees concerning the situation of their execution of duties. We asked for explanations where necessary. We reviewed documents related to important decision-making, and investigated the situation of business activities and assets at the head office and important business facilities. We also communicated with directors/auditors of affiliates, exchanged information with them, and asked for explanations where necessary. We investigated the situation of their work and assets.
- ② We supervised and verified the content of the relevant resolution of the board of directors and the situation of the system for ensuring proper business activities based on Article 100, paragraph (1) and paragraph (3), of Regulations for Enforcement of the Companies Act (internal control system). The system ensures execution of duties by directors, as described in business report, complies with laws and regulations as well as the articles of incorporation. The system also ensures the validity of business activities of the corporate group, consisting of the stock company and its affiliates.
- ③ We supervised and verified accountant auditors' independent position and appropriate auditing. We received reports from accountant auditors concerning their execution of duties and asked for explanations where necessary. We received notice from accountant auditors concerning their system for ensuring proper execution of duties (on items provided in Article 131 of the Regulations on Corporate Accounting) in accordance with Quality Control Standard for Audit (Business Accounting Council; October 28, 2005).

Based on these methods, we examined the business report, annexed detailed statement, financial statements (balance sheet, profit and loss statement, statement of changes in net assets, notes to non-consolidated financial statements), annexed detailed statements, and consolidated financial statements (consolidated statement of changes in financial position, consolidated profit and loss statement, consolidated statement of changes in equity, notes to consolidated financial statements).

2. Results of the audit

(1) Audit results of business report

- ① In our opinion, the business report and its annexed detailed statement present fairly the company's situation in accordance with laws and regulations as well as the articles of incorporation.
- ② We did not find any wrongdoing by directors in their execution of duties, nor any material fact against laws and regulations or the articles of incorporation.
- ③ We consider the content of the resolution of the board of directors concerning the internal control system is appropriate. As for descriptions of the internal control system in the business report and execution of duties by directors, including internal control of financial reporting, we found no problem.
- ④ As for transactions with the parent company as described in the business report, we found no problem concerning decisions of the board of directors, and the reasons for the decisions, to avoid damage to the company's interests.

(2) Audit results of financial statements and annexed detailed statements

We consider the audit by Ernst & Young ShinNihon LLC was appropriate in terms of its method and results.

(3) Audit results of consolidated financial statements

We consider the audit by Ernst & Young ShinNihon LLC was appropriate in terms of its method and results.

March 9, 2022

Showa Denko Materials Co., Ltd.
Daisuke Morimoto, Auditor (part-time)
Hiroyuki Takei, Auditor (full-time)
Hiroshi Yoshida, Auditor (full-time)

Proposal No. 2: Partial Amendment to Articles of Incorporation

1. Reasons for amendment

(1) Changes in trade name and purposes (Articles 1 and 3)

As described in “Proposal No. 1: Approval of Absorption-type Company Split Agreement,” SDK is going to transform itself into a holding company structure. In this connection, SDK will change its trade name to Resonac Holdings Corporation, and change its purpose to a holding company. Also, the purposes of the company under the holding company will reflect the integration of businesses of SDK and SDMC. SDK’s Articles of Incorporation will be amended accordingly.

The name “Resonac” was created as a combination of the word “Resonate” and “C” as the first letter of “Chemistry.” We put into this name our hope that the Group’s wide-ranging and flexible advanced material technologies will be connected and resonate with our partners’ various technologies and ideas to realize bright future, and the resonance will spread further to meet new partners, thereby creating a powerful surge that changes society.

These changes will take effect on January 1, 2023 (Effective Date) subject to approval of Proposal No. 1 as is as well as effectuation of Absorption-type Merger into SDMC, Absorption-type Company Split under Proposal No. 1, and Absorption-type Company Split into SDK.

(2) Addition of provisions regarding the upper limit of the number of directors and auditors (Articles 18 and 29)

To maintain the scale and functions of the Board of Directors and the Audit & Supervisory Board at appropriate levels, we will add provisions to set upper limit to the numbers of directors and auditors at 12 and 6, respectively.

2. Content of amendments

(The underlined parts represent changes.)

Present	Planned amendments
<p>(Name) Article 1 The name of this corporation shall be <u>Showa Denko K.K.</u></p> <p>(Objects and Purposes) Article 3 The objects and purposes of this corporation shall be to <u>engage in the following businesses:</u></p> <p>1. Manufacturing, selling, buying, exporting and importing related to the following: (1) <u>Synthetic resin, synthetic rubber, synthetic fiber, and other high polymer products as well as materials therefor</u></p> <p>(2) <u>Inorganic and organic industrial chemicals, and gas products</u></p> <p>(3) <u>Chemical fertilizers, agricultural chemicals, feed and feed additives</u></p> <p>(4) <u>Pharmaceuticals, quasi-pharmaceuticals, animal health products and medical equipment</u></p> <p>(5) <u>Food, food additives, enzymes and</u></p>	<p>(Name) Article 1 The name of this corporation shall be <u>Resonac Holdings Corporation.</u></p> <p>(Objects and Purposes) Article 3 The objects and purposes of this corporation shall be to <u>control the management of companies and foreign companies engaged in the following businesses by owning their shares or equity interest:</u></p> <p>1. Manufacturing, selling, buying, exporting and importing related to the following: (1) <u>Semiconductors, electronic materials, recording media, as well as other electronic components, devices and electronic circuits</u></p> <p>(2) <u>Organic industrial chemicals, inorganic industrial chemicals, pharmaceuticals, industrial gases, chemical fertilizers, agricultural chemicals, and other industrial chemical products</u></p> <p>(3) <u>Plastic products</u></p> <p>(4) <u>Non-ferrous metal and metal products</u></p> <p>(5) <u>Electrical machinery and</u></p>

<u>amino acids</u>	<u>equipment</u>
(6) <u>Semiconductors and other electronic industrial materials</u>	(6) <u>Food additives, enzymes, amino acids, other food articles as well as feed and feed additives</u>
(7) <u>Light metals, ferroalloys and other kinds of metals and their alloys</u>	(7) <u>Carbon and graphite products as well as other ceramics and soil/stone products</u>
(8) <u>Carbonaceous products, abrasives, refractories and ceramics</u>	(8) <u>Regenerative medicine and other pharmaceuticals-related products</u>
(New)	(9) <u>Medical equipment and other machinery and equipment for professional use</u>
(9) <u>Civil engineering and architectural materials, housing materials and agricultural materials</u>	(10) <u>Civil engineering and architectural materials, housing materials and agricultural materials</u>
(10) <u>Facilities, systems, machinery and equipment, and precision machinery and equipment for the chemical and energy-related industries and environmental protection.</u>	(11) <u>Facilities, systems, machinery and equipment, and precision machinery and equipment for industrial use and environmental protection.</u>
(11) <u>Products manufactured by processing any of the above-mentioned products and products related to those mentioned above.</u>	(12) <u>Products manufactured by processing any of the above-mentioned products, application products, and products related to those mentioned above.</u>
2. ~5. (Omitted)	2. ~5. (No change)
6. <u>Construction work</u>	6. <u>Designing, execution, supervision and undertaking of electrical work, electrical communication work, installation of machinery and equipment, civil engineering, steel structures work, and other types of construction work</u>
7. ~10. (Omitted)	7. ~10. (No change)
11. <u>Designing and technical guidance related to the above items</u>	11. <u>Designing, technical guidance, and provision of other services related to the above items</u>
12. (Omitted)	12. (Mo change)
(New)	② <u>This corporation may engage in all businesses incidental or related to the preceding paragraph.</u>
(New)	<u>(Number of directors)</u>
Articles <u>18~27</u> (Omitted)	<u>Article 18 The number of directors of this corporation shall not exceed 12.</u>
(New)	Articles <u>19~28</u> (No change)
<u>(Number of auditors)</u>	<u>(Number of auditors)</u>

<p>Articles <u>28~41</u> (Omitted)</p> <p>(New)</p>	<p><u>Article 29 The number of the Audit & Supervisory Board members of this corporation shall not exceed 6.</u></p> <p>Articles <u>30~43</u> (No change)</p> <p>(Supplementary Provision) <u>Amendments to Articles 1 and 3 shall take effect on January 1, 2023.</u> <u>② After effectuation stipulated in the preceding paragraph, this Supplementary Provision shall be deleted.</u></p>
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