

Consolidated 11-Year Summary

Showa Denko K.K. and Consolidated Subsidiaries
Fiscal years ended on December 31

Showa Denko made Showa Denko Materials a consolidated subsidiary, and started on July 1, 2020 to incorporate Showa Denko Materials' sales figures and income/losses into its consolidated financial statements.

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Financial Highlights (Consolidated) WEB											
For the year											
Net sales	¥854,158	¥739,675	¥847,803	¥872,785	¥775,732	¥671,159	¥780,387	¥992,136	¥906,454	¥973,700	¥1,419,635
Operating income (loss)	47,357	28,108	25,953	20,551	33,508	42,053	77,708	180,003	120,798	(19,449)	87,198
Ratio of operating income (loss) to sales (%)	5.5	3.8	3.1	2.4	4.3	6.3	10.0	18.1	13.3	(2.0)	6.1
Net income (loss) attributable to owners of the parent	16,980	9,368	9,065	2,929	921	12,305	37,404	111,503	73,088	(76,304)	(12,094)
Net cash provided by operating activities	69,437	53,310	63,565	66,996	61,170	68,949	67,235	149,785	78,554	109,286	115,283
Net cash provided by (used in) investing activities	(38,671)	(41,741)	(55,203)	(46,876)	(42,497)	(53,754)	(29,866)	(49,338)	(48,156)	(930,047)	28,606
Free cash flow	30,766	11,569	8,362	20,120	18,674	15,195	37,369	100,447	30,397	(820,761)	143,889
Net cash provided by (used in) financing activities	(17,295)	(20,150)	(6,805)	(24,856)	(21,336)	(13,220)	(18,370)	(61,061)	(18,546)	896,521	(121,741)
R&D expenditures	21,597	20,633	20,435	20,362	20,289	17,313	18,539	19,735	20,605	34,379	46,750
Capital expenditures	38,794	42,503	44,370	47,318	44,059	39,276	41,787	41,727	50,216	69,052	78,647
Depreciation and amortization	49,413	46,232	39,779	40,673	42,137	38,761	38,565	39,459	37,704	60,592*1	81,885*1
At year-end											
Total assets	941,303	933,162	985,771	1,009,843	940,494	932,698	1,026,999	1,074,983	1,076,381	2,203,606	2,142,390
Total net assets	295,745	314,966	345,811	319,087	308,142	311,231	368,994	465,340	519,433	718,080	818,452
Shareholders' equity ratio	26.8	29.2	30.6	29.7	31.5	31.8	34.3	41.5	46.4	18.4	24.0
Return on equity (ROE)	6.9	3.6	3.2	1.0	0.3	4.1	11.5	27.9	15.5	(16.9)	(2.6)
Interest-bearing debt*2	347,308	342,262	353,686	383,124	368,835	359,929	346,726	287,968	303,192	1,060,146	850,603
Debt/equity ratio (gross, times)*2	1.17	1.09	1.02	1.20	1.20	1.16	0.94	0.62	0.36	1.84	1.15
Per share*3 (yen)											
Net income (loss)—primary*4	11.35	6.26	6.06	1.99	6.45	86.27	262.44	758.15	501.03	(523.06)	(77.40)
Net assets	168.33	182.24	201.27	209.76	2,076.05	2,080.85	2,473.06	3,057.16	3,423.25	2,782.79	2,838.51
Cash dividends (applicable to the period)	3.00	3.00	3.00	3.00	3.00	—	80.00*5	120.00	130.00	65.00	65.00

The scope of nonfinancial data varies by item due to the integration process currently underway for Showa Denko and Showa Denko Materials. Preparations are underway for the relevant data integration and disclosure prior to completing the corporate integration in 2023.

		2014	2015	2016	2017	2018	2019	2020	2021	
Nonfinancial data WEB	Scope up to 2019									Scope from 2020
Number of employees (persons)	Showa Denko (consolidated)	10,577	10,561	10,146	10,864	10,476	10,813	33,684	26,054	Consolidated
Ratio of employees working outside Japan (%)	Showa Denko (consolidated)	43.9	44.4	40.1	44.0	44.2	45.0	54.6	51.2	Consolidated
Number of female managers	Showa Denko (non-consolidated)	18	23	26	28	33	35	170	148	Showa Denko (consolidated) + Showa Denko Materials (non-consolidated)
Ratio of female managers (%)	Showa Denko (non-consolidated)	2.28	2.99	3.44	3.72	4.60	4.90	7.10	7.25	Showa Denko (consolidated) + Showa Denko Materials (non-consolidated)
Number of occupational accidents (including non-lost time incidents)	Showa Denko (consolidated in Japan)	11	9	8	8	9	20	22	17	Showa Denko (consolidated in Japan) + Showa Denko Materials (non-consolidated)*7
Greenhouse gas emissions*6 (kt-CO ₂)	Showa Denko (consolidated in Japan)	3,650	3,673	3,714	3,654	3,416	3,419	3,922	4,072	Showa Denko (consolidated) + Showa Denko Materials (non-consolidated)
	Scope up to 2020									Scope from 2021
Amount of water used (million m ³)	Showa Denko (consolidated in Japan)	6,262	6,004	5,872	5,947	5,775	5,884	5,905	6,677	Showa Denko (consolidated) + Showa Denko Materials (non-consolidated)
Ratio of industrial waste sent to landfills*6 (%)	Showa Denko (consolidated in Japan)	1.08	0.95	0.32	0.38	0.32	0.35	0.27	0.35	Showa Denko (consolidated in Japan) + Showa Denko Materials (non-consolidated)

Note:

The tentative accounting policy applied to calculation of 2017 financial results, following the consolidation of the former SGL GE Holding GmbH, was finalized when the Company settled accounts for the third quarter of 2018. Accordingly, the amounts of depreciation and amortization and some other costs for fiscal 2017 were restated.

The amount in the above table includes those retroactively changed numbers for the year ended December 2017.

*1 Excludes amortization of intangible assets resulting from purchase price allocation (PPA) for Showa Denko Materials Co., Ltd.

*2 From July 1, 2020, debt on lease is included in interest-bearing debt. The balance of interest-bearing debt on December 31, 2019, has been restated to reflect this change. Also, from the third quarter of 2020, due to Showa Denko Materials Co., Ltd., becoming a consolidated subsidiary, the D/E ratio reflects the following situation: regarding preferred shares issued by HC Holdings K.K., a subsidiary, posted under non-controlling interests on the consolidated balance sheets, the value equivalent to 50% is added to each of interest-bearing debt and shareholders' equity, in consideration of the characteristics of the capital structure. For interest-bearing debt, net value is indicated after excluding cash and deposits and adding debt on lease. Determination of the 50/50 allocation for preferred shares in light of the characteristics of the capital structure is based on the rating of Japan Credit Rating Agency, dated April 21, 2020.

*3 Showa Denko consolidated every 10 shares of common stock into one share on July 1, 2016. "Per share" indicators for 2015 and 2016 (except for cash dividends) are calculated on the basis of the number of outstanding shares after this consolidation.

*4 Net income (loss) per share has been computed based on the average number of shares of common stock outstanding during the respective fiscal year.

*5 Showa Denko resolved payment of dividends of ¥30.00 per share based on the record date of May 11, 2017 at the extraordinary general meeting of shareholders held in June 2017. Cash dividends applicable to 2017 include this amount.

*6 The annual data are shown for the period from April 1 of the year to March 31 of the next year.

*7 Includes figures for partner companies.

Consolidated Balance Sheets

Note: The U.S. dollar amounts appearing on the following pages represent the arithmetical results of translating yen into U.S. dollars at the rate of ¥115.02 to US\$1.00, the approximate rate of exchange as at December 31, 2021.

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
ASSETS			
Current assets			
Cash and deposits	¥ 236,237	¥ 198,982	\$ 2,053,875
Notes and accounts receivable	319,546	287,900	2,778,181
Allowance for doubtful accounts	(1,426)	(1,092)	(12,398)
Inventories	203,879	190,208	1,772,548
Other current assets	40,295	46,645	350,329
Total current assets	798,531	722,644	6,942,536
Property, plant and equipment			
Land	242,556	264,589	2,108,816
Buildings and structures	343,574	351,987	2,987,084
Machinery, equipment and vehicles	955,138	1,016,307	8,304,101
Leased assets	30,429	34,026	264,554
Construction in progress	38,782	38,980	337,173
	1,610,479	1,705,890	14,001,727
Less: Accumulated depreciation	(950,958)	(978,771)	(8,267,762)
Net property, plant and equipment	659,521	727,119	5,733,965
Investments and other assets			
Customer related assets	141,141	152,564	1,227,100
Investment securities	103,798	106,408	902,434
Long-term loans	674	741	5,856
Net defined benefit asset	33,088	21,184	287,668
Deferred tax assets	15,207	15,883	132,208
Other	79,131	105,609	687,980
Allowance for doubtful accounts	(466)	(7,747)	(4,051)
Total investments and other assets	372,572	394,643	3,239,195
Goodwill			
	311,766	359,200	2,710,539
Total assets	¥2,142,390	¥2,203,606	\$18,626,235

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
LIABILITIES AND NET ASSETS			
Current liabilities			
Short-term debt	¥ 74,451	¥ 72,645	\$ 647,287
Current portion of long-term debt	72,857	56,387	633,425
Notes and accounts payable	239,897	191,067	2,085,702
Income taxes payable	17,180	6,041	149,364
Provision for repairs	4,848	28	42,152
Provision for bonuses	8,815	8,815	76,642
Provision for bonuses for directors	71	—	617
Provision for stock payments	39	13	336
Provision for business structure improvement	—	1,748	—
Other current liabilities	70,492	75,327	612,869
Total current liabilities	488,650	412,071	4,248,394
Noncurrent liabilities			
Long-term debt less current portion	683,448	906,365	5,941,991
Deferred tax liabilities	60,144	63,372	522,900
Provision for repairs	96	3,168	835
Provision for stock payments	196	204	1,708
Provision for business structure improvement	812	654	7,058
Net defined benefit liability	17,523	24,750	152,345
Deferred tax liabilities for land revaluation	30,128	30,241	261,934
Other noncurrent liabilities	42,941	44,701	373,333
Total noncurrent liabilities	835,287	1,073,455	7,262,102
Contingent liabilities			
Net assets			
Shareholders' equity			
Capital stock			
Authorized, 330,000,000 shares			
Issued (2021): 184,901,292 shares	182,146	—	1,583,604
Issued (2020): 149,711,292 shares	—	140,564	—
Capital surplus	119,772	78,190	1,041,317
Retained earnings	143,335	165,572	1,246,172
Less: Treasury stock at cost (2021): 3,824,243 shares	(11,655)	—	(101,331)
Less: Treasury stock at cost (2020): 3,828,732 shares	—	(11,657)	—
Total shareholders' equity	433,598	372,669	3,769,761
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	2,838	3,728	24,678
Deferred gains or losses on hedges	1,167	908	10,146
Revaluation reserve for land	28,928	29,034	251,504
Foreign currency translation adjustments	38,421	(506)	334,040
Remeasurements of defined benefit plans	9,036	128	78,564
Total accumulated other comprehensive income	80,391	33,292	698,932
Non-controlling interests	304,463	312,119	2,647,045
Total net assets	818,452	718,080	7,115,738
Total liabilities and net assets	¥2,142,390	¥2,203,606	\$18,626,235

Consolidated Statements of Operations

Showa Denko K.K. and Consolidated Subsidiaries
For the years ended December 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Net sales	¥1,419,635	¥973,700	\$12,342,508
Cost of sales	1,081,642	814,378	9,403,943
Gross profit	337,994	159,322	2,938,565
Selling, general and administrative expenses	250,796	178,771	2,180,453
Operating income (loss)	87,198	(19,449)	758,112
Other income (expenses)			
Interest and dividends income	2,267	2,405	19,713
Equity in earnings of unconsolidated subsidiaries and affiliates	5,251	1,245	45,657
Gain on sales of investment securities, net	5,814	2,934	50,544
Foreign exchange gain (loss)	4,281	(2,979)	37,221
Gain on sales of noncurrent assets, net	1,104	2,645	9,602
Interest expenses	(10,006)	(6,986)	(86,993)
Loss on retirement of noncurrent assets	(4,838)	(2,627)	(42,062)
Impairment loss	(11,564)	(16,602)	(100,542)
Environmental expenses	(8,958)	—	(77,882)
Business structuring expenses	(32,767)	(5,908)	(284,881)
Financing expenses	—	(16,075)	—
Gain on sale of businesses	15,123	—	131,478
Loss on sale of businesses	(12,078)	—	(105,008)
Other, net	(17,901)	(6,864)	(155,635)
Total	(64,272)	(48,811)	(558,787)
Income (loss) before income taxes	22,926	(68,260)	199,325
Income taxes			
Current	26,957	6,891	234,371
Deferred	(6,688)	(10,051)	(58,144)
Net income (loss)	2,657	(65,101)	23,098
Net income attributable to non-controlling interests	14,751	11,203	128,244
Net income (loss) attributable to owners of the parent	¥ (12,094)	¥ (76,304)	\$ (105,146)

	Yen		U.S. dollars
	2021	2020	2021
Per share amounts			
Net loss attributable to owners of the parent: Basic	¥(77.40)	¥(523.06)	\$(0.67)
Net loss attributable to owners of the parent: Diluted	(77.40)	(523.06)	(0.67)
Cash dividends (applicable to the period)	65.00	65.00	0.57

Note: Net income per share has been computed based on the average number of shares of common stock outstanding during the respective fiscal year.

Consolidated Statements of Comprehensive Income

Showa Denko K.K. and Consolidated Subsidiaries
For the years ended December 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Net income (loss)	¥ 2,657	¥(65,101)	\$ 23,098
Other comprehensive income:			
Valuation difference on available-for-sale securities, net of tax	(949)	(6,101)	(8,250)
Deferred gains or losses on hedges, net of tax	259	474	2,251
Foreign currency translation adjustments	39,074	(4,770)	339,713
Remeasurements of defined benefit plans, net of tax	8,927	5,257	77,610
Share of other comprehensive income of unconsolidated subsidiaries and affiliates accounted for using equity method	958	54	8,328
Total other comprehensive income	¥48,268	¥ (5,087)	\$419,651
Comprehensive income	¥50,925	¥(70,188)	\$442,749
Comprehensive income attributable to:			
Owners of the parent	35,111	(81,294)	305,260
Non-controlling interests	15,814	11,107	137,489

Consolidated Statements of Changes in Net Assets

Showa Denko K.K. and Consolidated Subsidiaries
For the years ended December 31, 2021 and 2020

	Thousands	Millions of yen										
	Number of shares of capital stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests	Total net assets
Balance as at December 31, 2019	149,711	¥140,564	¥78,912	¥249,246	¥(11,664)	¥9,789	¥433	¥33,060	¥4,140	¥(5,114)	¥20,067	¥519,433
Issuance of new shares	—	—	—	—	—	—	—	—	—	—	—	—
Dividends from surplus	—	—	—	(11,693)	—	—	—	—	—	—	—	(11,693)
Net loss attributable to owners of the parent	—	—	—	(76,304)	—	—	—	—	—	—	—	(76,304)
Purchase of treasury stock	—	—	—	—	(3)	—	—	—	—	—	—	(3)
Disposal of treasury stock	—	—	(0)	—	11	—	—	—	—	—	—	11
Increase by increase of consolidated subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—
Decrease by decrease of consolidated subsidiaries	—	—	—	—	—	—	—	—	—	—	—	—
Change in treasury shares of the parent arising from transactions with non-controlling shareholders	—	—	(1,392)	—	—	—	—	—	—	—	—	(1,392)
Changes in liabilities for written put options over non-controlling interests	—	—	660	—	—	—	—	—	—	—	—	660
Change due to merger	—	—	10	—	—	—	—	—	—	—	—	10
Reversal of revaluation reserve for land	—	—	—	4,323	—	—	—	—	—	—	—	4,323
Net changes of items other than shareholders' equity	—	—	—	—	—	(6,061)	475	(4,026)	(4,646)	5,241	292,052	283,036
Balance as at December 31, 2020	¥149,711	¥140,564	¥78,190	¥165,572	¥(11,657)	¥3,728	¥908	¥29,034	¥(506)	¥128	¥312,119	¥718,080
Issuance of new shares	35,190	41,583	41,583	—	—	—	—	—	—	—	—	83,165
Dividends from surplus	—	—	—	(9,500)	—	—	—	—	—	—	—	(9,500)
Net loss attributable to owners of the parent	—	—	—	(12,094)	—	—	—	—	—	—	—	(12,094)
Purchase of treasury stock	—	—	—	—	(6)	—	—	—	—	—	—	(6)
Disposal of treasury stock	—	—	0	—	7	—	—	—	—	—	—	7
Increase by increase of consolidated subsidiaries	—	—	—	45	—	—	—	—	—	—	—	45
Decrease by decrease of consolidated subsidiaries	—	—	—	(690)	—	—	—	—	—	—	—	(690)
Change in treasury shares of the parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—
Changes in liabilities for written put options over non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—
Change due to merger	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	1	—	—	—	—	—	—	—	1
Net changes of items other than shareholders' equity	—	—	—	—	—	(890)	259	(106)	38,928	8,909	(7,656)	39,433
Balance as at December 31, 2021	184,901	¥182,146	¥119,772	¥143,335	¥(11,655)	¥2,838	¥1,167	¥28,928	¥38,421	¥9,036	¥304,463	¥818,452

	Thousands	Thousands of U.S. dollars										
	Number of shares of capital stock	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Non-controlling interests	Total net assets
Balance as at December 31, 2020	149,711	\$1,222,079	\$679,791	\$1,439,509	\$(101,345)	\$32,416	\$7,895	\$252,427	\$(4,402)	\$1,112	\$2,713,608	\$6,243,090
Issuance of new shares	35,190	361,525	361,525	—	—	—	—	—	—	—	—	723,050
Dividends from surplus	—	—	—	(82,598)	—	—	—	—	—	—	—	(82,598)
Net loss attributable to owners of the parent	—	—	—	(105,146)	—	—	—	—	—	—	—	(105,146)
Purchase of treasury stock	—	—	—	—	(49)	—	—	—	—	—	—	(49)
Disposal of treasury stock	—	—	0	—	63	—	—	—	—	—	—	64
Increase by increase of consolidated subsidiaries	—	—	—	394	—	—	—	—	—	—	—	394
Decrease by decrease of consolidated subsidiaries	—	—	—	(5,998)	—	—	—	—	—	—	—	(5,998)
Change in treasury shares of the parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	—	—	—	—	—	—
Changes in liabilities for written put options over non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—
Change due to merger	—	—	—	—	—	—	—	—	—	—	—	—
Reversal of revaluation reserve for land	—	—	—	10	—	—	—	—	—	—	—	10
Net changes of items other than shareholders' equity	—	—	—	—	—	(7,738)	2,251	(923)	338,442	77,452	(66,562)	342,921
Balance as at December 31, 2021	184,901	\$1,583,604	\$1,041,317	\$1,246,172	\$(101,331)	\$24,678	\$10,146	\$251,504	\$334,040	\$78,564	\$2,647,045	\$7,115,738

Consolidated Statements of Cash Flows

Showa Denko K.K. and Consolidated Subsidiaries
For the years ended December 31, 2021 and 2020

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Cash flows from operating activities			
Income (loss) before income taxes	¥ 22,926	¥ (68,260)	\$ 199,325
Adjustments for:			
Depreciation and amortization	97,726	68,643	849,646
Impairment loss	11,564	16,602	100,542
Amortization of goodwill	17,720	9,322	154,058
Increase (decrease) in net defined benefit liability	4,038	2,431	35,107
Interest and dividends income	(2,267)	(2,405)	(19,713)
Interest expenses	10,006	6,986	86,993
Financing expenses	—	16,075	—
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(5,251)	(1,245)	(45,657)
Loss (gain) on sales and valuation of investment securities	(5,101)	(2,619)	(44,348)
Loss on retirement of noncurrent assets	4,838	2,627	42,062
Loss (gain) on sales of noncurrent assets	(1,104)	(2,645)	(9,602)
Loss (gain) on sales of businesses	(3,045)	—	(26,474)
Business structuring expenses	32,767	5,908	284,878
Decrease (increase) in notes and accounts receivable-trade	(51,628)	14,879	(448,859)
Decrease (increase) in inventories	(43,739)	70,713	(380,274)
Increase (decrease) in notes and accounts payable-trade	72,694	(22,744)	632,008
Other, net	(34,230)	13,272	(297,587)
Subtotal	127,914	127,540	1,112,104
Interest and dividends income received	7,266	6,546	63,174
Interest expenses paid	(9,999)	(5,371)	(86,931)
Income taxes (paid) refund	(9,898)	(19,429)	(86,058)
Net cash provided by (used in) operating activities	115,283	109,286	1,002,289
Cash flows from investing activities			
Payments into time deposits	(1,666)	(885)	(14,486)
Proceeds from withdrawal of time deposits	1,507	1,144	13,101
Purchase of property, plant and equipment	(67,741)	(64,500)	(588,952)
Proceeds from sales of property, plant and equipment	2,223	7,723	19,327
Purchase of investment securities	(3,270)	(286)	(28,432)
Proceeds from sales of investment securities	9,318	22,697	81,009
Purchase of investments in subsidiaries resulting in change in the scope of consolidation	—	(890,230)	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	84,133	—	731,460
Net decrease (increase) in short-term loans receivable	(1,230)	67	(10,691)
Payments of long-term loans receivable	(246)	(630)	(2,139)
Collection of long-term loans receivable	14,271	275	124,078
Other, net	(8,693)	(5,422)	(75,571)
Net cash provided by (used in) investing activities	28,606	(930,047)	248,704
Cash flows from financing activities			
Net increase (decrease) in short-term debt	11,352	(9,226)	98,695
Proceeds from long-term loans payable	24,300	702,163	211,268
Repayments of long-term loans payable	(307,247)	(44,134)	(2,671,246)
Proceeds from share issuance of bonds	99,539	—	865,407
Redemption of bonds	(25,000)	—	(217,354)
Proceeds from issuance of preferred stock	82,405	268,503	716,437
Purchase of treasury stock	(7)	(3)	(58)
Proceeds from sales of treasury stock	0	18	2
Cash dividends paid	(9,479)	(11,674)	(82,416)
Proceeds from stock issuance to non-controlling shareholders	29,766	—	258,790
Cash dividends paid to non-controlling shareholders	(16,117)	(1,397)	(140,123)
Purchase of investments in subsidiaries without change in scope of consolidation	(5,293)	(1,987)	(46,018)
Other, net	(5,960)	(5,742)	(51,822)
Net cash provided by (used in) financing activities	(121,741)	896,521	(1,058,437)
Effect of exchange rate changes on cash and cash equivalents	14,634	434	127,228
Net increase (decrease) in cash and cash equivalents	36,782	76,194	319,784
Cash and cash equivalents at the beginning of the year	197,928	121,734	1,720,811
Increase in cash and cash equivalents resulting from newly consolidated subsidiaries	229	—	1,991
Cash and cash equivalents at the end of the year	¥ 234,938	¥ 197,928	\$ 2,042,585

Corporate Data

(As of December 31, 2021)

Company Name	Showa Denko K.K.	Employees	Consolidated	26,054	Head Office
Formed	June 1, 1939		Parent	3,298	13-9, Shiba Daimon 1-chome,
Capital	¥182,146 million	Consolidated Subsidiaries	124		Minato-ku, Tokyo 105-8518, Japan
			Equity method applied	13	

Stock Information

(As of June 30, 2022)

Stock Information

Authorized number of shares	330,000,000
Number of shares outstanding	184,901,292
Number of shareholders	85,754

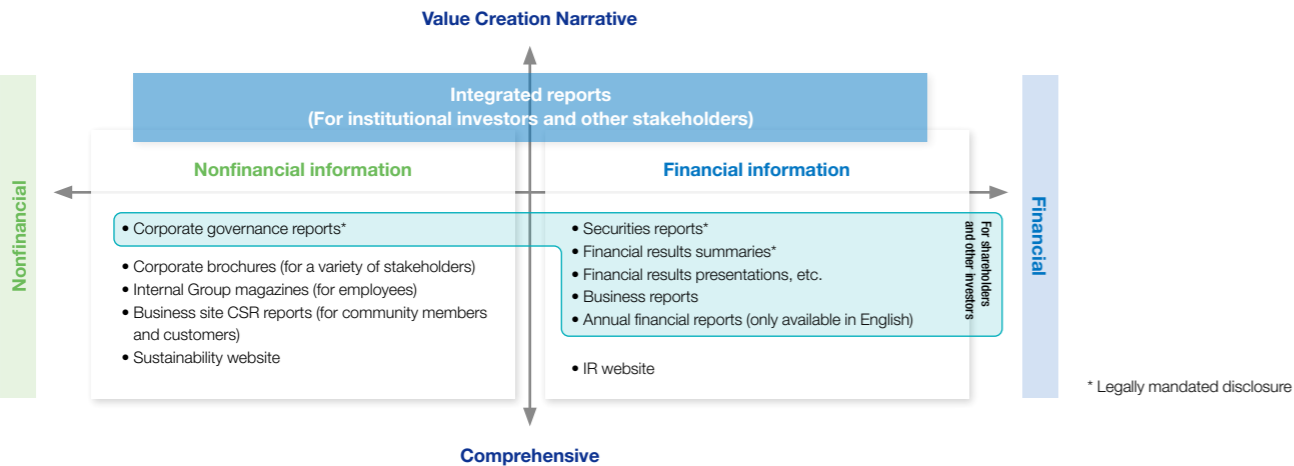
Shareholders (Top 10)

	Stake in the Company	
	Number of shares held (in thousands)	Rate of shareholding (%)
The Master Trust Bank of Japan Ltd. (Trust Account)	29,704	16.38
KOREA SECURITIES DEPOSITORY – SAMSUNG	9,062	5.00
Custody Bank of Japan, Ltd. (Trust Account)	8,866	4.89
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	5,550	3.06
STATE STREET BANK AND TRUST COMPANY 510312	4,905	2.70
Fukoku Mutual Life Insurance Company	4,517	2.49
STATE STREET BANK AND TRUST COMPANY 505223	4,275	2.38
STATE STREET BANK AND TRUST COMPANY 510311	4,135	2.28
HSBC BANK PLC A/C M AND G (ACS)	4,131	2.28
The Dai-ichi Life Insurance Company, Limited	2,700	1.49

Note: Each rate of shareholding was calculated after deducting the number of treasury shares (3,554 thousand) from the number of shares outstanding.

Disclosure Materials

Showa Denko discloses information through its integrated reports and a variety of other communication tools.



Publication of SHOWA DENKO Report 2022

Thank you for reading SHOWA DENKO Report 2022. This report has just been issued in 2022, the year before the full integration of Showa Denko and Showa Denko Materials to form Resonac Corporation*. We had two focuses in mind when writing this report.

The first was to communicate our planned strategies and actions to achieve the vision for the newly integrated company put forth in our long-term vision for 2030. We intend the information and stories in this report to help you understand the concrete approach we will take toward creating value based on our purpose of “Change society through the power of chemistry.” We are in the process of advancing initiatives to encourage employees to form an intimate and personal connection with this philosophy, which is comprised of our purpose and values. We have also defined material sustainability issues of the newly integrated company based on our vision and philosophy and introduced nonfinancial targets that show the pathway to achieve our vision.

The report also contains messages from the leaders of the workplaces who will be responsible for initiatives based on these issues. We also plan to upload messages from employees in relation to this report onto our corporate website, to facilitate a constructive dialogue. Furthermore, the report includes information on some of the co-creative initiatives that business and function divisions are engaged in with stakeholders as part of our quest to become a “Co-creative Chemical Company.”

This information is meant to show various stakeholders our unique and specific efforts to create value.

The second focus was to introduce the new management team as part of the substantive integration of Showa Denko and Showa Denko Materials. In January 2022, both companies were united under a management team led by President and CEO Hidehito Takahashi. We sought to communicate the thoughts of President Takahashi and 11 other members of this team on managing this new company, and we hope that these messages will help you form trust in the newly integrated company.

In the corporate governance section, the Board members discussed the process of how they selected Mr. Takahashi as new CEO as well as the reasons why they confidently chose him for his role.

We will make a fresh start as a new corporate group in January 2023. Real-time updates on our progress in the areas of the integration process will be provided via our corporate website. We invite you to refer to this information also.

The Showa Denko Group welcomes opportunities for engagement and we ask for your earnest input and ongoing support for the Group as we move ahead.

Hideki Somemiya Chief Financial Officer (CFO)
Tomomitsu Maoka Chief Strategy Officer (CSO)

* The change of company name and the transition to a holding company structure are subject to approval at the extraordinary shareholders’ meetings scheduled to be held for both companies in late September 2022.

Editorial Policies

Publication Date

August 2022

Reporting Period

January 1 to December 31, 2021.
Some information on disclosure items and business activities from after January 1, 2022, is also provided.

Scope

Showa Denko K.K. and its consolidated subsidiaries (including Showa Denko Materials Co., Ltd.)

Referenced Guidelines

This report was prepared while referencing the International Integrated Reporting Framework of the Value Reporting Foundation; the SASB Standards of the Sustainability Accounting Standards Board of the United States; the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogue for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment of the Ministry of Economy, Trade and Industry; the Sustainability Reporting Standards of the Global Reporting Initiative; and the final report of the Task Force on Climate-related Financial Disclosures.

Display Methods in This Report

Figures and information in this report refer to the corporate entity comprised of Showa Denko K.K., Showa Denko Materials Co., Ltd., and their consolidated subsidiaries. Indication is provided when the scope of figures or information differs from that described above.



Third-Party Verification of Environmental and Safety Data

Data disclosed by the Company are submitted to third-party verification each year to ensure reliability.
For details, please refer to the relevant website.

Caution Regarding Forward-Looking Statements

Performance forecasts and other forward-looking statements are based on information available as of the time of publication of this report and certain assumptions judged to be reasonable. Actual performance may vary materially due to risks, uncertainty, or other factors.

Process of Preparing SHOWA DENKO Report 2022

- 1 Decision of direction and message during meetings of the Sustainability Promotion Council, attended by the CEO and all other chief officers
- 2 Planning and preparation of content by means of monthly planning meetings
Members: CFO Hideki Somemiya, CSO Tomomitsu Maoka, and staff from the IR Office, the Corporate Planning Department, the Brand Communication Department, and the Sustainability Department
- 3 Collaboration with content and support members from relevant divisions and draft writing
- 4 Discussion and approval by the Management Committee and the Board of Directors



Members of the Integrated Report Planning Committee