

Consolidated Financial Results

Second Quarter, 2021



(August 10, 2021)

SHOWA DENKO K.K.

Motohiro Takeuchi, CFO

Representative Director & Managing Corporate Officer

Overview of CQ2, 2021 Financial Results

Consolidated Financial Results CQ2, 2021

Net Sales: ¥353.7 bn (vs. CQ1, 2021 up ¥14.0 bn)

Sales in the Petrochemicals segment increased due to a rise in product prices, and in the Electronics segment, sales of HD media for near-line servers and PCs increased.

Sales increased in all segments except the Others segment whose sales decreased due to the conversion of Shoko Co., Ltd. into a non-consolidated subsidiary.

Operating Income: ¥26.8 bn (vs. CQ1, 2021 up ¥5.9 bn)

Profit in Showa Denko Materials segment decreased due to high raw material prices, but semiconductor-related business continued to perform well.

Profit increased in graphite electrode business due to execution of cost reduction measures such as elimination of expensive raw materials and production cost reduction.

Business portfolio reform and interest-bearing debt reduction are progressing steadily.

2021 Full Year Forecast (ref. page 19-)

Net Sales: ¥1,400.0 bn (vs. Forecast as of May 10, 2021 up ¥55.0 bn)

Despite the impact of the business transfer, upward revision of performance forecast was made due to a rise in prices of petrochemical products, an increase in sales volume of graphite electrodes, and good sales of semiconductor-related products.

Operating Income: ¥85.0 bn (vs. Forecast as of May 10, 2021 up ¥17.0 bn)

Profit in the Showa Denko Materials segment will be larger than that in the previous forecast due to strong performance in the semiconductor-related business.

Profit in the graphite electrode business will be larger than that in the previous forecast due to an increase in sales volume.

Consolidated Companies, Selected Data



Consolidated Companies

Consolidated subsidiaries: 145 (-6 from Dec. 31, 2020)

- 9: Related to transfer of SHOKO, and aluminum rolled products and aluminum can businesses (7)
- Liquidation of affiliated companies engaged in energy storage devices and systems business (2)
- +3: Establishment of companies related to transfer of Printed Wiring Board Business (2) and Minaris Regenerative Medicine

Equity method applied: 14 (+1 from Dec. 31, 2020)

- +1: Change in classification of an affiliate to be an equity-method affiliate

Selected Data

(Average)

	Jan.- Jun. 2020	Jan.- Jun. 2021	Apr.- Jun. 2021	2H, 2021 Forecast
Exchange rates				
(¥/US\$)	108.3	107.7	109.5	108.0
	<i>At Jun. 30,2020</i> 107.7 <i>At Dec. 31,2020</i> 103.5	<i>At Jun. 30, 2021</i> 110.6		
(¥/€)	119.3	129.8	132.0	128.0
Domestic naphtha price (¥/KL)	34,850	43,250	47,700	53,000
Aluminum				
LME (US\$/T)	1,619	2,256	2,411	2,230
Domestic market* (K¥/T)	224	301	324	—

* Domestic market: data from Nikkei

Summary (CQ1 (Jan.-Mar.), 2021 vs. CQ2 (Apr.-Jun.), 2021)



(Unit: Billions of Yen)

	CQ1, 2021	CQ2, 2021	Increase/ decrease
Net sales	339.7	353.7	14.0
Operating income	20.8	26.8	5.9
Non-operating income and expenses, net	4.3	-1.6	-5.9
Ordinary income	25.1	25.1	0.0
Extraordinary profit/loss	-11.7	-38.7	-26.9
Income before income taxes	13.4	-13.5	-26.9
Income taxes	-4.2	-1.5	2.7
Net income	9.2	-15.0	-24.2
Net income attributable to non-controlling interests	-4.0	-3.6	0.4
Net income attributable to owners of the parent	5.2	-18.6	-23.8
EBITDA (Operating income + Depreciation expense + Amortization of goodwill, etc.)	50.0	56.3	6.3
EBITDA margin%	14.7%	15.9%	1.2p

Summary of Consolidated Sales and Operating Income by Segment (CQ1, 2021 vs. CQ2, 2021)



(Unit: Billions of Yen)

		CQ1, 2021	CQ2, 2021	Increase/decrease	
Petrochemicals	Sales	57.8	69.5	11.7	20%
	O.I.*	5.5	6.2	0.6	11%
Chemicals	Sales	41.3	45.4	4.1	10%
	O.I.	4.9	5.8	0.9	19%
Electronics	Sales	21.7	27.7	6.0	28%
	O.I.	1.4	3.8	2.4	171%
Inorganics	Sales	21.2	25.2	4.0	19%
	O.I.	1.0	5.3	4.2	413%
Aluminum	Sales	22.5	25.2	2.7	12%
	O.I.	2.3	3.3	1.1	47%
Showa Denko Materials	Sales	159.6	160.6	1.0	1%
	O.I.	7.6	5.0	-2.5	-34%
Others	Sales	28.2	5.5	-22.7	-81%
	O.I.	0.2	-0.1	-0.2	—
Adjustments	Sales	-12.5	-5.3	7.2	—
	O.I.	-2.0	-2.5	-0.5	—
Total	Sales	339.7	353.7	14.0	4%
	O.I.	20.8	26.8	5.9	29%

(*O.I: Operating income)

Consolidated Sales and Operating Income by Segment (1) (CQ1, 2021 vs. CQ2, 2021)



Petrochemicals

(Unit: Billions of Yen)

	CQ1, 2021	CQ2, 2021	Increase/decrease
Sales	57.8	69.5	11.7
Operating Income	5.5	6.2	0.6

Olefins: sales increased, profit maintained at CQ1, 2021 level (shipment volumes up, market prices up due to a rise in raw naphtha price)
 Organic Chemicals: sales and profit increased (market prices of vinyl acetate and ethyl acetate up)
 SunAllomer Ltd.: Sales increased, profit decreased (shipment volumes up due to a recovery of demand but time lag between a rise in product prices and a rise in naphtha price)

Chemicals

(Unit: Billions of Yen)

	CQ1, 2021	CQ2, 2021	Increase/Decrease
Sales	41.3	45.4	4.1
Operating Income	4.9	5.8	0.9

Basic chemicals: sales maintained at CQ1, 2021 level, profit increased
 Electronic chemicals: sales and profit increased (shipment volumes up due to strong demand)
 Functional chemicals: sales increased, profit decreased (shipment volumes up but time lag between a rise in product prices and a rise in raw material prices)
 Industrial gases: sales and profit increased (shipment volumes up due to seasonal cycle)
 Coating materials: sales and profit increased (Chinese New Year in CQ1, 2021, shipment volumes up due to strong demand)

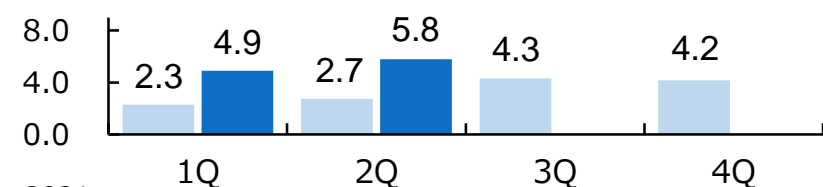
[Quarterly Operating Income]

(Billion yen)



[Quarterly Operating Income]

(Billion yen)



Consolidated Sales and Operating Income by Segment (2) (CQ1, 2021 vs. CQ2, 2021)



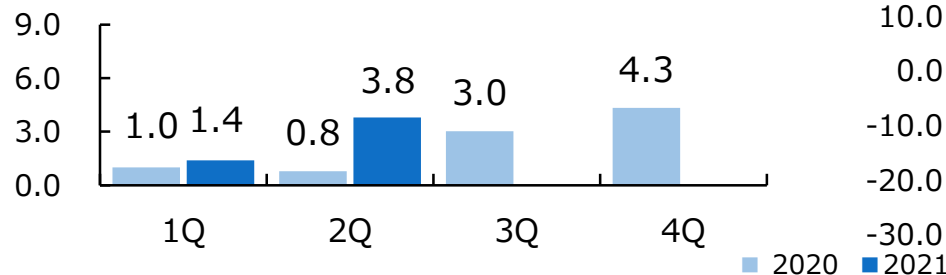
Electronics

(Unit: Billions of Yen)

	CQ1, 2021	CQ2, 2021	Increase/decrease
Sales	21.7	27.7	6.0
Operating Income	1.4	3.8	2.4

HDs: sales and profit increased (shipment volumes up due to strong demand for near line servers for data centers)
 Compound semiconductors: sales and profit increased (shipment volumes up, cost reduction)
 LIB materials: sales and profit increased (shipment volumes of SPALF™ up)
 SiC epitaxial wafers: sales maintained at CQ1, 2021 level, profit increased (shipment volumes up, cost reduction)

[Quarterly Operating Income]
(Billion yen)



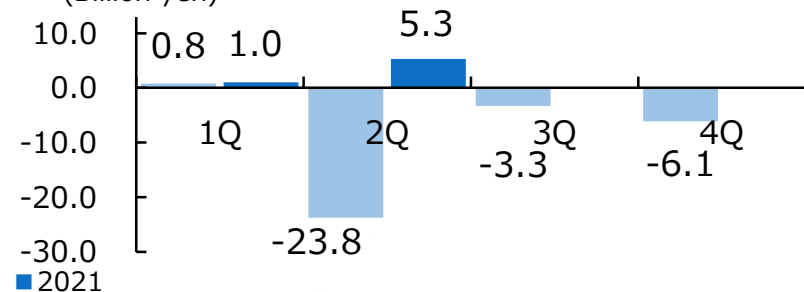
Inorganics

(Unit: Billions of Yen)

	CQ1, 2021	CQ2, 2021	Increase/decrease
Sales	21.2	25.2	4.0
Operating Income	1.0	5.3	4.2

Ceramics: sales and profit increased (shipment volumes of fine ceramics for production of steel, cars, and electronics up)
 Graphite electrodes: sales and profit increased (shipment volumes up due to a recovery of demand)

[Quarterly Operating Income]
(Billion yen)



Consolidated Sales and Operating Income by Segment (3) (CQ1, 2021 vs. CQ2, 2021)



Aluminum

(Unit: Billions of Yen)

	CQ1, 2021	CQ2, 2021	Increase/decrease
Sales	22.5	25.2	2.7
Operating Income	2.3	3.3	1.1

Aluminum specialty components: sales and profit increased (shipment volumes for auto and FA industries up)

High-purity foil for capacitors: sales and profit increased (shipment volumes for auto and FA industries up)

Aluminum cans: sales and profit increased (shipment volumes up seasonally)

Others

(Unit: Billions of Yen)

	CQ1, 2021	CQ2, 2021	Increase/decrease
Sales	28.2	5.5	-22.7
Operating Income	0.2	-0.1	-0.2

Incorporated sales figures and operating income of SHOKO till CQ1, 2021.

Showa Denko Materials

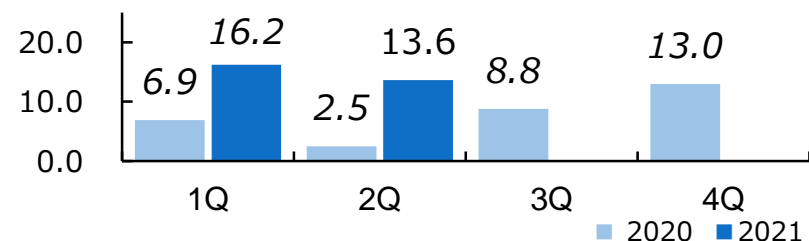
(Unit: Billions of Yen)

	CQ1, 2021	CQ2, 2021	Increase/decrease
Sales	159.6	160.6	1.0
Operating Income	7.6	5.0	-2.5
Operating Income*	16.2	13.6	-2.5

Information and communication: sales and profit increased (Strong demand for semiconductors)
 Mobility components and Energy storage devices and systems: sales and profit decreased (impact of lower new car production, higher fixed costs, and soaring material prices)

[Quarterly Operating Income*]

(Billion yen)



*1Q and 2Q, 2020: Adjusted operating income of former Hitachi Chemical Co., Ltd. (for reference)

From 3Q, 2020: Amounts are excluding amortization of goodwill, etc. and expenses for step-up of inventories due to its consolidation from operating income of Showa Denko Materials segment.

Summary (1H (Jan.-Jun.), 2020 vs. 1H (Jan.-Jun.), 2021)



(Unit: Billions of Yen)

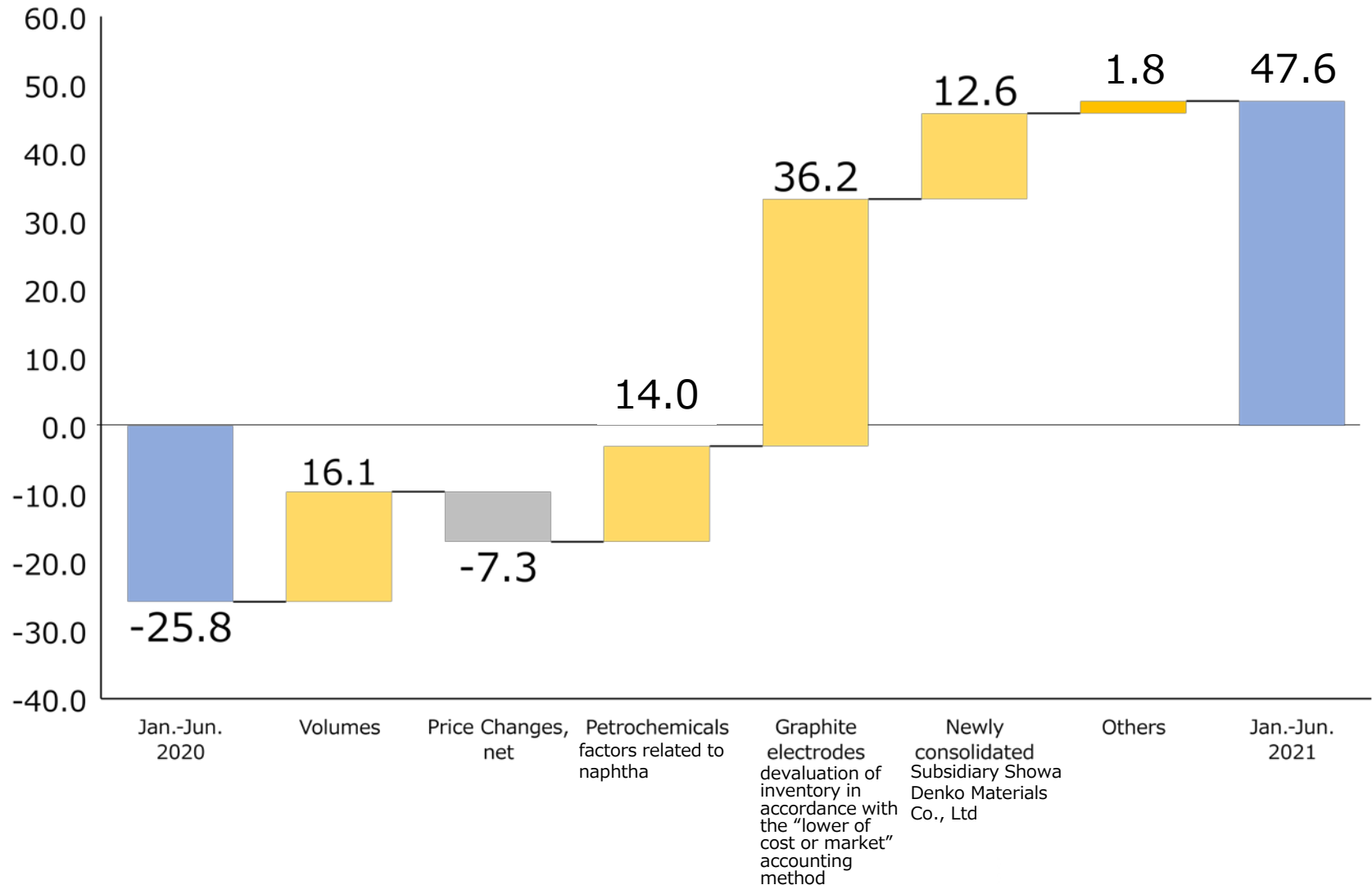
	1H, 2020	1H, 2021	Increase/ decrease
Net sales	326.6	693.4	366.7
Operating income	-25.8	47.6	73.4
Non-operating income and expenses, net	-17.4	2.6	20.1
Ordinary income	-43.2	50.2	93.4
Extraordinary profit/loss	-6.4	-50.4	-44.0
Income before income taxes	-49.6	-0.2	49.4
Income taxes	-1.7	-5.7	-4.0
Net income	-51.3	-5.8	45.5
Net income attributable to non-controlling interests	-3.3	-7.6	-4.3
Net income attributable to owners of the parent	-54.6	-13.4	41.2
EBITDA (Operating income + Depreciation expense + Amortization of goodwill, etc.)	-6.3	106.3	112.5
EBITDA margin%	-1.9%	15.3%	17.2p

* Refer to page 15 for the breakdown of non-operating income and extraordinary income

Operating Income Breakdown by Factor (1H, 2020 vs. 1H, 2021)



(Unit: Billions of Yen)



Summary of Consolidated Sales and Operating Income by Segment (1H, 2020 vs. 1H, 2021)



(Unit: Billions of Yen)

		1H, 2020	1H, 2021	Increase/decrease	
Petrochemicals	Sales	95.7	127.2	31.5	33%
	O.I.*	-3.7	11.7	15.4	—
Chemicals	Sales	72.0	86.7	14.6	20%
	O.I.	5.0	10.6	5.6	111%
Electronics	Sales	44.6	49.3	4.8	11%
	O.I.	1.8	5.2	3.4	193%
Inorganics	Sales	43.0	46.4	3.4	8%
	O.I.	-22.9	6.3	29.2	—
Aluminum	Sales	38.8	47.7	8.9	23%
	O.I.	-0.2	5.6	5.8	—
Showa Denko Materials	Sales	—	320.2	320.2	—
	O.I.	—	12.6	12.6	—
Others	Sales	55.6	33.6	-21.9	-39%
	O.I.	0.5	0.1	-0.4	-78%
Adjustments	Sales	-23.2	-17.8	5.3	—
	O.I.	-6.3	-4.5	1.7	—
Total	Sales	326.6	693.4	366.7	112%
	O.I.	-25.8	47.6	73.4	—

*O.I: Operating income

Consolidated Sales and Operating Income by Segment (1) (1H, 2020 vs. 1H, 2021)



Petrochemicals

(Unit: Billions of Yen)

	1H, 2020	1H, 2021	Increase/ Decrease
Sales	95.7	127.2	31.5
Operating Income	-3.7	11.7	15.4

Olefins: sales and profit increased (demand recovery from COVID-19, market prices up due to a rise in prices of raw naphtha)

Organic Chemicals: sales and profit increased (vinyl acetate and ethyl acetate: shipment volumes up due to no SDM in 2021, market prices and raw materials prices up)

SunAllomer Ltd.: Sales increased and profit decreased (time lag between a rise in product prices and a rise in naphtha price)

Chemicals

(Unit: Billions of Yen)

	1H, 2020	1H, 2021	Increase/ decrease
Sales	72.0	86.7	14.6
Operating Income	5.0	10.6	5.6

Basic chemicals: sales and profit increased (ammonia, chloroprene rubber: shipment volumes up, AN: shipment volumes up, market prices up)

Electronic chemicals: sales and profit increased (shipment volumes up due to strong demand from semiconductor industry)

Industrial gases: sales slightly increased, profit increased

Functional chemicals: sales and profit increased (shipment volumes up due to a recovery of demand for electronic parts and auto)

Coating materials: sales and profit increased (shipment volumes up due to a recovery of demand)

Consolidated Sales and Operating Income by Segment (2) (1H, 2020 vs. 1H, 2021)



Electronics

(Unit: Billions of Yen)

	1H, 2020	1H, 2021	Increase/ decrease
Sales	44.6	49.3	4.8
Operating Income	1.8	5.2	3.4

HDs: sales and profit increased
 (shipment volumes up due to steady demand of near line for data centers and PCs)
 Compound semiconductors: sales and profit increased (shipment volumes up due to a recovery of demand)
 LIB materials: sales and profit increased
 (shipment volumes of SPALF™ up due to a recovery of demand)
 SiC epitaxial wafers: sales slightly increased, profit increased (shipment volumes up)

Inorganics

(Unit: Billions of Yen)

	1H, 2020	1H, 2021	Increase/ decrease
Sales	43.0	46.4	3.4
Operating Income	-22.9	6.3	29.2

Ceramics: sales and profit increased
 (shipment volumes of abrasives for steel and those of fine ceramics for electronics up due to demand recovery)
 Graphite electrodes: sales increased (shipment volumes up due to a recovery of demand), profit significantly increased (recovery from the devaluation of inventory caused by an application the “lower of cost or market” accounting method in 2020)

Consolidated Sales and Operating Income by Segment (3) (1H, 2020 vs. 1H, 2021)



Aluminum

(Unit: Billions of Yen)

	1H, 2020	1H, 2021	Increase/decrease
Sales	38.8	47.7	8.9
Operating Income	-0.2	5.6	5.8

Aluminum specialty components: sales and profit increased (shipment volumes up due to a recovery of demand for OA/FA and auto industries, cost reduction)

High-purity foil for capacitors: sales and profit increased (shipment volumes up due to a recovery of demand in auto and FA industries)

Aluminum cans: sales and profit increased (Vietnam: shipment volumes up due to start-up of new plant from 3Q, 2020, Japan: streamlined production lines)

Others

(Unit: Billions of Yen)

	1H, 2020	1H, 2021	Increase/decrease
Sales	55.6	33.6	-21.9
Operating Income	0.5	0.1	-0.4

Incorporated sales figures and operating income of SHOKO till CQ1, 2021.

Showa Denko Materials

(Unit: Billions of Yen)

	1H, 2020*1	1H, 2021	Increase/decrease
Sales	278.3	320.2	41.9
Operating Income	—	12.6	12.6
Operating Income*2	9.4	29.8	20.4

Sales of electronic materials, wiring board materials, and mobility components were firm against the backdrop of strong demand for semiconductors and the recovery of automobile production.

*1 Reference Value (Due to consolidation from July 2020)

*2 1H,2020 : Adjusted operating income of former Hitachi Chemical Co., Ltd. (for reference)

1H,2021 : Amounts are excluding amortization of goodwill, etc. due to its consolidation from operating income of Showa Denko Materials segment.

Non-operating income/expenses, Extraordinary profit/loss



Non-operating income/expenses

(Unit: Billions of Yen)

	1H, 2020	1H, 2021	Increase/ decrease	Main factors
Interest/Dividends income and expenses	-0.9	-3.9	-3.0	Interest expenses increased
Equity in earnings of affiliates	0.4	3.0	2.5	Equity method newly applied to affiliates of Showa Denko Materials
Foreign exchange gains	0.0	4.2	4.2	
Financing expenses	-16.1	-	16.1	
Other	-0.9	-0.6	0.3	
Non-operating income and expenses, net	-17.4	2.6	20.1	

Extraordinary profit/loss

(Unit: Billions of Yen)

	1H, 2020	1H, 2021	Increase/ decrease	Main factors
Gain on sale of businesses	-	8.1	8.1	Transfer of aluminum can business
Loss on sales and retirement of noncurrent assets	-1.5	-1.3	0.2	
Business structuring expenses	-5.3	-32.8	-27.5	Impairment loss related to transfer of energy storage devices and systems business
Other	0.4	-24.5	-24.9	Transfer of aluminum rolled products business, Environmental expenses
Extraordinary Profit/Loss, net	-6.4	-50.4	-44.0	

Costs of the integration with Showa Denko Materials



(Unit: Billions of Yen)

Item		2021		
		1H	(CQ2)	Full Year Forecast
Post-merger integration (PMI) expenses*	(Operating expenses)	-3.1	(-2.3)	-9.2
Interest on borrowing related to share acquisition, etc.	(Non-operating expenses)	-4.1	(-2.0)	-8.1
Preferred stock dividends	(Net income attributable to non-controlling interests)	-6.4	(-3.2)	-12.9
Total		-13.6	(-7.5)	-30.2

* PMI expenses: expenses related to merger processes such as management and operation to maximize the effect of integration after merger.

Amortization of Goodwill and Intangible Fixed Assets Resulting from PPA*¹ at Showa Denko Materials Co., Ltd.



(Unit: Billions of Yen)

	2021 Amortization amount Initial forecast	2021 Amortization amount Revised forecast* ²			2022 Forecast* ²
		1H	2H	Full Year	Full Year
Intangible Fixed Assets	16.1	8.1	7.8	15.8	15.4
Goodwill	18.3	9.1	8.5	17.6	16.7
Subtotal (Operating expenses)	34.4	17.2	16.3	33.4	32.1
Investments and other assets Equity in earnings of affiliates (Investment securities) (Non-operating expenses)	2.2	1.1	1.1	2.2	2.2
Total	36.6	18.3	17.4	35.7	34.4

*1. PPA (Purchase Price Allocation) is an evaluation procedure, based on Accounting Standard for Business Combination, to distribute acquisition cost incurred during the process of M&A to the acquiring company's assets and liabilities

*2. Amortization of assets in and after 3Q 2021 will decrease due to recording of impairment loss about goodwill and intangible fixed assets as a part of business structure improvement measures following transfer of energy storage devices and systems business in 2Q 2021, and due to transfer of food wrapping film business and printed circuit board business in 3Q 2021.

Consolidated Balance Sheet



Consolidated Balance Sheet

(Unit: Billions of Yen)

Assets	Dec. 31, 2020	Jun. 30, 2021	Increase/decrease	Liabilities and net assets	Dec. 31, 2020	Jun. 30, 2021	Increase/decrease
Cash and deposits	199.0	179.6	-19.4	Notes and accounts payable	164.4	178.3	14.0
Notes and accounts receivable	271.6	271.7	0.1	Interest-bearing debt	1,060.1	984.8	-75.4
Inventories	190.2	214.9	24.7	Other liabilities	261.0	266.3	5.3
Other current assets	61.8	57.5	-4.3	Total liabilities	1,485.5	1,429.4	-56.1
Total current assets	722.6	723.7	1.1	<u>Total shareholders' equity</u>	372.7	349.1	-23.6
<u>Total tangible fixed assets</u>	727.1	702.0	-25.2	incl. Retained earnings	165.6	142.0	-23.6
Goodwill	359.2	327.5	-31.7	<u>Total accumulated other comprehensive income</u>	33.3	60.3	27.0
Other intangible fixed assets	239.2	227.3	-11.9	incl. Valuation difference on available-for-sale securities	3.7	6.9	3.2
<u>Total intangible fixed assets</u>	598.4	554.8	-43.6	incl. Foreign currency translation adjustment	-0.5	21.7	22.2
<u>Investments and other assets</u>	155.4	161.8	6.4	Non-controlling interests	312.1	303.5	-8.6
Total fixed assets	1,481.0	1,418.6	-62.4	Total net assets	718.1	712.9	-5.1
Total assets	2,203.6	2,142.3	-61.3	Total liabilities and net assets	2,203.6	2,142.3	-61.3

Major Indicators

Adjusted net D/E ratio (Times)	1.84	1.72	-0.11p	Equity ratio (%)	18.4	19.1	0.7p
---------------------------------------	-------------	-------------	---------------	-------------------------	-------------	-------------	-------------

Adjusted net D/E ratio : $\{(Loans\ payable + Commercial\ papers + Bonds\ payable + Lease\ liabilities) - Cash\ and\ deposits + preferred\ stocks\ as\ equity\ capital \times 50\%\} / \{(Total\ shareholders'\ equity + preferred\ stocks\ as\ equity\ capital \times 50\%\}$

*The assumption that we consider 50% of the total value of issued preferred stocks as equity capital is based on the credit rating given by Japan Credit Rating Agency, Ltd. on April 21, 2020.

Equity ratio: $(Total\ net\ assets - Non-controlling\ interests) / Total\ liabilities\ and\ net\ assets \times 100$

2021 Full year Forecast



(Unit: Billions of Yen except EBITDA margin, Net income attributable to owners of the parent per share, Cash dividends per Share)

	2020	2021 Forecast*	Increase/decrease	2021	
				1H	2H Forecast
Net sales	973.7	1,400	426.3	693.4	706.6
Operating income	-19.4	85.0	104.4	47.6	37.4
Non-operating income and expenses, net	-24.5	-3.0	21.5	2.6	-5.6
Ordinary income	-44.0	82.0	126.0	50.2	31.8
Extraordinary profit/loss	-24.3	-76.5	-52.2	-50.4	-26.1
Net income	-65.1	-10.0	55.1	-5.8	-4.2
Net income attributable to owners of the parent	-76.3	-25.0	51.3	-13.4	-11.6
EBITDA	58.5	202.5	144.0		
EBITDA margin	6.0%	14.5%	8.5%		
Net income attributable to owners of the parent per share	-¥523.06	-¥171.37	¥351.69		
Cash dividends per share	¥65	¥65	-		

* Announced on Aug. 3, 2021

Summary of Sales and Operating Income by Segment, 2021 Forecast



(Unit: Billions of Yen)

		2020	2021 Forecast*2	Increase/decrease	2021	
					1H	2H Forecast
Petrochemicals	Sales	193.4	265.0	71.6	127.2	137.8
	O.I.*1	4.9	17.0	12.1	11.7	5.3
Chemicals	Sales	155.8	180.0	24.2	86.7	93.3
	O.I.	13.5	19.5	6.0	10.6	8.9
Electronics	Sales	97.4	115.0	17.6	49.3	65.7
	O.I.	9.1	15.5	6.4	5.2	10.3
Inorganics	Sales	82.9	100.0	17.1	46.4	53.6
	O.I.	-32.3	12.0	44.3	6.3	5.7
Aluminum	Sales	80.2	75.0	-5.2	47.7	27.3
	O.I.	0.4	7.5	7.1	5.6	1.9
Showa Denko Materials*3	Sales	302.7	650.0	347.3	320.2	329.8
	O.I.	-6.3 (21.8)	26.5 (59.9)	32.8 (38.1)	12.6 (29.8)	13.9 (30.2)
Others	Sales	107.3	40.0	-67.3	33.6	6.4
	O.I.	1.2	0.2	-1.0	0.1	0.1
Adjustments	Sales	-46.0	-25.0	21.0	-17.8	-7.2
	O.I.	-10.0	-13.2	-3.2	-4.5	-8.7
Total	Sales	973.7	1,400.0	426.3	693.4	706.6
	O.I.	-19.4	85.0	104.4	47.6	37.4

*1 O.I.: Operating income *2 Announced on Aug. 3, 2021

*3 Amounts in parentheses are those excluding amortization of goodwill, etc. and are for reference

(Reference)
Consolidated Cash Flows, results and 2021 Forecast



(Unit: Billions of Yen)

	1H, 2020	1H, 2021	Increase/ decrease	2021 Forecast	
				2H	Full Year
CF from operating activities	5.2	55.3	50.1	64.7	120.0
CF from investing activities	-792.6	-10.4	782.2	22.4	12.0
Free CF	-787.4	44.9	832.3	87.1	132.0
CF from financing activities	864.7	-73.6	-938.4	-86.4	-160.0
Others	-1.6	9.1	10.7	-16.1	-7.0
Increase/decrease of cash and cash equivalents	75.8	-19.6	-95.4	-15.4	-35.0

(Reference) Selected Data (Consolidated)



(Unit: Billions of Yen)

	1H, 2020	1H, 2021	Increase/ decrease	2020	2021 Forecast
Capital expenditures	24.8	35.4	10.6	69.1	93.8
Depreciation and amortization* ¹	19.4	41.4	22.0	60.6	83.9
R&D expenditures	9.7	23.7	14.0	34.4	49.6
Interest/dividend income less interest expenses	-0.9	-3.9	-3.0	-4.6	-8.1
*1. Excluding depreciation of intangible fixed assets caused by application of PPA (Purchase Price Allocation)	Interest-bearing Debt			1,060.1	890.0
	Adjusted net D/E ratio (Times)			1.84	1.67

	1H, 2020	1H, 2021	Increase/ decrease	2021 Forecast
Number of employees (Unit: people)	33,805	32,373	-1,432	26,884
Japan	15,602	14,641	-961	12,691
Overseas	18,203	17,732	-471	14,193
Total employment cost (Unit: Billions of Yen)	41.1* ²	101.1	60.0	196.6

*2. Employment cost of Showa Denko Materials was incorporated from July 2020.

(Reference) Capital expenditures Forecast by Segment for 2021



(Unit: Billions of Yen)

	1H, 2020	1H, 2021	Increase/ decrease	2020	2021 Forecast	Increase/ decrease
Petro-chemicals	2.8	1.0	-1.8	5.1	3.2	-1.9
Chemicals	6.9	5.4	-1.5	11.4	10.7	-0.7
Electronics	4.2	5.1	0.9	8.3	18.2	9.9
Inorganics	4.1	4.0	-0.1	8.1	9.5	1.5
Aluminum	5.2	1.5	-3.7	9.7	2.8	-6.9
Showa Denko Materials	–	16.8	16.8	23.1	45.7	22.6
Others	1.6	1.7	0.1	3.4	3.7	0.3
Total	24.8	35.4	10.6	69.1	93.8	24.8

(Reference)

Depreciation Forecast by Segment for 2021



(Unit: Billions of Yen)

	1H, 2020	1H, 2021	Increase/ decrease	2020	2021 Forecast	Increase/ Decrease
Petro-chemicals	2.1	2.1	-0.0	4.2	4.2	0.0
Chemicals	4.7	4.9	0.2	9.5	9.8	0.3
Electronics	4.8	4.7	-0.1	9.4	9.7	0.3
Inorganics	4.2	4.0	-0.2	8.3	8.0	-0.3
Aluminum	2.1	2.1	-0.1	4.5	2.9	-1.7
Showa Denko Materials*	—	22.0	22.0	21.5	45.8	24.2
Others	1.5	1.6	0.1	3.2	3.5	0.3
Total	19.4	41.4	22.0	60.6	83.9	23.3

* Excluding depreciation of intangible fixed assets caused by application of PPA (Purchase Price Allocation)

Topics

Segment	Topics
General	Showa Denko Develops <i>WelQuick</i> ™ to Bond Dissimilar Materials Quickly
Electronics	Showa Denko Contracts with Seagate to Jointly Develop HAMR Technology-based HD Media
	Showa Denko and Infineon Technologies Conclude Supply Contract and Development Agreement
Aluminum	Announcement of execution of master agreement regarding series of transactions to effect, among other matters, the succession of the aluminum can and aluminum rolling businesses, and result in certain consolidated subsidiary ceasing to be a consolidated subsidiary of SDK
Showa Denko Materials	Announcement regarding Company Split (Absorption-Type Company Split) and Transfer of Energy Storage Devices and Systems Business through Share Transfer by a Consolidated Subsidiary (Change of Second-Generation Subsidiary)
	Showa Denko Materials Establishes a Manufacturing Base for Automotive Molded Plastic Rear Door Modules in Wuhan, China [Mobility]
Others	Concluded basic agreement regarding tender offer over subsidiary [SHOKO]

*Please refer to financial statements or each press releases for details.

Financial statements: <https://www.sdk.co.jp/english/ir/library/results.html>

News Releases: <https://www.sdk.co.jp/english/news.html>

<https://www.mc.showadenko.com/news/english>

Note

Performance forecast and other statements pertaining to the future as contained in this presentation are based on the information available as of today and assumptions as of today regarding risk factors that could affect our future performance. Actual results may differ materially from the forecast due to a variety of risk factors, including, but not limited to, the influence of the coronavirus disease 2019 (COVID-19) on the world economy, the economic conditions, costs of naphtha and other raw materials, demand for our products such as graphite electrodes and other commodities, market conditions, and foreign exchange rates. We undertake no obligation to update the forward-looking statements unless required by law.