

Balance Sheets (Annual)

SHOWA DENKO K.K.

(Unit : millions of yen)

	2016	2017	2018	2019	2020
Assets					
Current assets					
Cash and deposits	69,914	77,248	113,186	122,086	198,982
Notes and accounts receivable - trade	143,816	176,021	203,730	170,293	271,628
Merchandise and finished goods	45,838	54,903	65,882	70,140	93,947
Work in process	8,576	15,829	26,160	30,979	28,383
Raw materials and supplies	36,933	44,181	60,758	72,548	67,877
Deferred tax assets	4,092	6,898	3,747	-	-
Other	26,606	34,964	28,202	31,765	62,917
Allowance for doubtful accounts	(699)	(2,849)	(1,386)	(754)	(1,092)
Total current assets	335,077	407,194	500,280	497,057	722,644
Non-current assets					
Property, plant and equipment					
Buildings and structures, net	77,446	85,930	78,777	77,123	142,300
Machinery, equipment and vehicles, net	110,213	151,634	146,764	140,349	222,036
Tools, furniture and fixtures, net	7,085	7,109	6,773	7,498	29,601
Land	242,816	244,713	234,987	223,997	264,589
Leased assets	-	-	-	5,408	29,613
Construction in progress	49,575	16,548	11,106	18,794	38,980
Total property, plant and equipment	487,135	505,933	478,406	473,168	727,119
Intangible assets					
Goodwill	-	-	-	3,346	359,200
Customer related assets	-	-	-	1,631	152,564
Other	11,712	12,817	14,950	17,673	86,679
Total intangible assets	11,712	12,817	14,950	22,650	598,443
Investments and other assets					
Investment securities	74,951	89,167	71,886	71,786	106,408
Net defined benefit asset	365	232	249	244	21,184
Deferred tax assets	9,115	1,080	1,590	3,381	15,883
Other	23,150	20,805	16,717	16,221	19,671
Allowance for doubtful accounts	(8,807)	(10,229)	(8,332)	(8,125)	(7,747)
Total investments and other assets	98,775	101,054	82,109	83,506	155,399
Total non-current assets	597,621	619,805	575,466	579,325	1,480,962
Total assets	932,698	1,026,999	1,075,746	1,076,381	2,203,606
Liabilities					
Current liabilities					
Notes and accounts payable - trade	104,005	120,762	139,420	117,510	164,356
Short-term loans payable	66,895	86,699	61,747	52,720	62,645
Current portion of long-term loans payable	48,234	57,432	41,403	31,943	31,387
Commercial papers	5,000	5,000	20,000	-	10,000
Current portion of bonds	10,000	-	-	-	25,000
Accounts payable - other	53,790	67,082	56,471	-	-
Provision for repairs	38	4,143	64	644	28
Provision for bonuses	2,253	2,949	3,516	3,050	8,815
Provision for stock benefits	25	5	5	-	13
Provision for business structure improvement	382	137	129	1,686	1,748
Provision for Niigata Minamata Disease	118	-	-	-	-
Other	20,053	27,625	39,425	55,323	108,078
Total current liabilities	310,792	371,835	362,181	262,875	412,071
Non-current liabilities					
Bonds payable	42,000	42,000	42,000	62,000	66,929
Long-term loans payable	187,800	155,594	122,818	151,861	839,436
Deferred tax liabilities	4,041	12,880	6,683	7,950	63,372
Deferred tax liabilities for land revaluation	33,144	32,488	32,324	32,150	30,241
Provision for repairs	2,759	117	1,102	2,021	3,168

Provision for directors' retirement benefits	73	-	-	-	-
Provision for stock benefits long term	59	96	156	200	204
Provision for business structure improvement	1,121	3,574	2,876	824	654
Provision for loss on guarantees	-	2,640	-	-	-
Net defined benefit liability	21,923	18,966	22,018	9,969	24,750
Other	17,754	17,814	18,248	27,099	44,701
Total non-current liabilities	310,675	286,170	248,226	294,074	1,073,455
Total liabilities	621,467	658,005	610,406	556,949	1,485,526
Net assets					
Shareholders' equity					
Capital stock	140,564	140,564	140,564	140,564	140,564
Capital surplus	62,033	61,663	78,911	78,912	78,190
Retained earnings	65,358	100,076	197,717	249,246	165,572
Treasury shares	(10,502)	(10,503)	(11,659)	(11,664)	(11,657)
Total shareholders' equity	257,453	291,800	405,532	457,057	372,669
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities	4,519	16,547	7,489	9,789	3,728
Deferred gains or losses on hedges	320	3,781	836	433	908
Revaluation reserve for land	31,026	29,541	33,281	33,060	29,034
Foreign currency translation adjustment	14,239	15,516	7,069	4,140	(506)
Remeasurements of defined benefit plans	(10,996)	(4,716)	(8,244)	(5,114)	128
Total accumulated other comprehensive income	39,107	60,670	40,431	42,309	33,292
Non-controlling interests	14,671	16,524	19,377	20,067	312,119
Total net assets	311,231	368,994	465,340	519,433	718,080
Total liabilities and net assets	932,698	1,026,999	1,075,746	1,076,381	2,203,606

Note: For the year ended December 31.

Statements of Income (Annual)

SHOWA DENKO K.K.

(Unit : millions of yen)

	2016	2017	2018	2019	2020
Net sales	671,159	780,387	992,136	906,454	973,700
Cost of sales	544,994	602,888	705,003	671,157	814,378
Gross profit	126,164	177,498	287,133	235,297	159,322
Selling, general and administrative expenses	84,111	99,790	107,130	114,499	178,771
Operating income	42,053	77,708	180,003	120,798	(19,449)
Non-operating income					
Interest income	438	581	809	1,112	882
Dividend income	1,202	1,312	1,545	1,456	1,523
Share of profit of entities accounted for using equity method	4,328	-	1,253	748	1,245
Rent income on non-current assets	1,506	1,381	1,366	1,351	1,522
Subsidy income	-	-	-	65	1,388
Miscellaneous income	1,531	1,166	1,248	1,465	2,082
Total non-operating income	9,006	4,441	6,221	6,196	8,642
Non-operating expenses					
Interest expenses	3,231	3,100	2,983	2,255	6,986
Financing expenses	-	-	-	-	16,075
Equity in losses of affiliates	-	7,689	-	-	-
Foreign exchange losses	1,658	-	-	-	-
Environmental expenses	-	-	462	1,231	-
Loss on mothballing of operation	3,122	1,579	1,479	1,444	-
Miscellaneous expenses	4,359	5,930	2,959	5,445	10,103
Total non-operating expenses	12,369	18,298	7,420	7,701	33,164
Ordinary income	38,690	63,851	178,804	119,293	(43,971)
Extraordinary income					
Gain on sales of non-current assets	830	-	-	701	2,974
Gain on sales of investment securities	-	408	1,521	1,743	4,959
Gain on bargain purchase	686	7,141	-	-	-
Gain on liquidation of subsidiaries	-	15	361	-	-
Gain on sale of businesses	-	-	-	312	-
Other	144	1,067	218	486	497
Total extraordinary income	1,659	8,632	2,100	2,930	8,430
Extraordinary losses					
Loss on sales and retirement of non-current assets	4,052	5,329	5,196	5,156	2,956
Business structuring expenses	-	-	-	1,686	5,908
Impairment loss	15,644	7,204	22,573	15,662	16,602
Provision of allowance for doubtful accounts	-	2,648	-	-	-
Provision for business structure improvement	732	2,656	-	-	-
Provision for loss on guarantees	-	2,640	-	-	-
Other	2,393	1,474	7,626	1,836	7,253
Total extraordinary losses	22,821	21,952	35,395	24,340	32,720
Net income before income taxes	17,529	50,531	145,509	97,883	(68,260)
Income taxes - current	3,168	8,053	25,669	22,196	6,891
Income taxes - deferred	523	2,761	3,087	386	(10,051)
Total income taxes	3,691	10,814	28,756	22,582	(3,160)
Net income (loss)	13,838	39,717	116,752	75,300	(65,101)
Net income (loss) attributable to non-controlling interests	1,533	2,313	5,249	2,212	11,203
Net income attributable to owners of the parent	12,305	37,404	111,503	73,088	(76,304)

Consolidated Statements of Comprehensive Income					
Net income (loss)	13,838	39,717	116,752	75,300	(65,101)
Other comprehensive income					
valuation difference on available-for-sale securities	516	12,133	(9,127)	2,333	(6,101)
Deferred gains or losses on hedges	629	3,479	(2,942)	(406)	474
Revaluation reserve for land	1,824	-	-	-	-
Foreign currency translation adjustment	(4,520)	1,519	(7,667)	(2,992)	(4,770)
remeasurements of defined benefit plans, net of tax	(6,167)	6,294	(3,556)	3,131	5,257
Share of other comprehensive income of entities accounted for using equity method	41	22	(1,405)	(59)	54
Total other comprehensive income	(7,678)	23,447	(24,697)	2,007	(5,087)
Comprehensive income	6,160	63,165	92,055	77,308	(70,188)
(Comprehensive income attributable to)					
Comprehensive income attributable to owners of the parent	4,807	60,579	87,463	75,187	(81,294)
Comprehensive income attributable to non-controlling interests	1,353	2,586	4,593	2,121	11,107

Note: For the year ended December 31.

Statements of Cash Flows

SHOWA DENKO K.K.

(Unit : millions of yen)

	2016	2017	2018	2019	2020
Cash flows from operating activities					
Net income before income taxes	17,529	50,531	145,509	97,883	(68,260)
Depreciation	38,761	38,565	39,459	37,704	68,643
Impairment loss	15,644	7,204	22,573	15,662	16,602
Amortization of goodwill	-	-	-	98	9,322
Amortization of negative goodwill	(11)	(12)	(19)	-	-
Increase (decrease) in allowance for doubtful accounts	(6,441)	2,757	(2,134)	(700)	(791)
Increase (decrease) in provision for business structure improvement	954	2,106	(704)	(494)	(179)
Increase (decrease) in provision for loss on guarantees	-	2,640	(2,640)	-	-
Increase (decrease) in net defined benefit liability	6,744	(10,610)	3,522	(11,757)	2,431
Interest and dividend income	(1,641)	(1,893)	(2,354)	(2,568)	(2,405)
Interest expenses	3,231	3,100	2,983	2,255	6,986
Financing expenses	-	-	-	-	16,075
Share of (profit) loss of entities accounted for using equity method	(4,328)	7,689	(1,253)	(748)	(1,245)
Loss (gain) on sales and valuation of investment securities	(6)	(358)	1,062	(1,735)	(2,619)
Loss on retirement of non-current assets	4,030	5,310	4,851	5,070	2,627
Loss (gain) on sales of non-current assets	(808)	(880)	141	(615)	(2,645)
Decrease (increase) in notes and accounts receivable - trade	(2,380)	(23,253)	(29,583)	33,489	14,879
Decrease (increase) in inventories	20,112	(12,005)	(40,469)	(21,585)	70,713
Increase (decrease) in notes and accounts payable - trade	(10,315)	10,172	20,397	(21,898)	(22,744)
Other, net	(10,998)	(8,712)	6,162	(25,591)	20,150
Subtotal	70,076	72,351	167,506	104,472	127,540
Interest and dividend income received	5,565	4,410	4,005	3,431	6,546
Interest expenses paid	(3,227)	(2,828)	(4,269)	(2,326)	(5,371)
Income taxes (paid) refund	(3,466)	(6,698)	(17,457)	(27,022)	(19,429)
net cash provided by (used in) operating activities	68,949	67,235	149,785	78,554	109,286
Cash flows from investing activities					
Payments into time deposits	(29,438)	(9,606)	(172)	(53)	(885)
Proceeds from withdrawal of time deposits	25,287	23,268	210	53	1,144
Purchase of property, plant and equipment	(38,317)	(38,872)	(41,269)	(40,708)	(64,500)
Proceeds from sales of property, plant and equipment	1,724	1,067	392	1,251	7,723
Purchase of investment securities	(3,163)	(1,646)	(703)	(864)	(286)
Proceeds from sales of investment securities	173	15,086	3,975	5,677	22,697
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,132)	(14,827)	-	(4,851)	(890,230)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	-	-	-	529	-
net decrease (increase) in short-term loans receivable	(1,231)	(754)	197	450	67
Payments of long-term loans receivable	(4,077)	(1,045)	(2,950)	(558)	(630)
Collection of long-term loans receivable	322	609	672	289	275

Other, net	(2,903)	(3,145)	(9,690)	(9,369)	(5,425)
net cash provided by (used in) investing activities	(53,754)	(29,866)	(49,338)	(48,156)	(930,047)
Cash flows from financing activities					
net increase (decrease) in short-term loans payable	(242)	19,921	(24,507)	(9,545)	(19,226)
Net increase (decrease) in commercial papers	(7,000)	-	15,000	(20,000)	10,000
Proceeds from long-term loans payable	42,288	22,328	33,206	64,396	702,163
Repayments of long-term loans payable	(49,273)	(44,813)	(81,559)	(47,206)	(44,134)
Proceeds from issuance of bonds	17,000	-	-	20,000	-
Proceeds from issuance of common stock	-	-	-	-	268,503
Redemption of bonds	(10,000)	(10,000)	-	-	-
Purchase of treasury shares	-	(12)	(10,016)	(9)	(3)
Proceeds from sales of treasury shares	-	0	26,104	0	18
Cash dividends paid	(4,267)	(4,277)	(10,084)	(21,861)	(11,674)
Cash dividends paid to non controlling shareholders	(376)	(1,648)	(2,365)	(1,329)	(1,397)
Purchase of investments in subsidiaries without change in scope of consolidation	-	-	-	-	(1,987)
Other, net	(1,350)	130	(6,840)	(2,992)	(5,740)
net cash provided by (used in) financing activities	(13,220)	(18,370)	(61,061)	(18,546)	896,521
Effect of exchange rate change on cash and cash equivalents	(523)	953	(3,231)	(2,388)	434
net increase (decrease) in cash and cash equivalents	1,453	19,952	36,154	9,464	76,194
Cash and cash equivalents at beginning of period	54,597	56,186	76,833	112,835	121,734
Increase in cash and cash equivalents from newly consolidated subsidiary	136	696	-	310	-
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	-	-	(153)	(875)	-
Cash and cash equivalents at end of period	56,186	76,833	112,835	121,734	197,928

Note: For the year ended December 31.