

Balance Sheets (Quarterly)

SHOWA DENKO K.K.

(Unit : millions of yen)

	2019 Q3	2020 Q1	2020 Q2	2020 Q3
Assets				
Current assets				
Cash and deposits	119,675	115,489	198,637	184,841
Notes and accounts receivable - trade	162,314	152,826	248,287	265,964
Merchandise and finished goods	75,195	84,112	118,372	109,101
Work in process	32,952	21,675	34,114	27,797
Raw materials and supplies	66,235	81,627	87,105	80,310
Other	27,746	30,120	61,116	57,774
Allowance for doubtful accounts	(857)	(729)	(2,023)	(1,617)
Total current assets	483,260	485,120	745,607	724,171
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	80,181	77,264	142,836	145,345
Machinery, equipment and vehicles, net	139,526	136,825	221,467	224,108
Land	236,755	225,306	248,227	248,008
Other, net	25,942	32,802	102,724	96,995
Total property, plant and equipment	482,405	472,198	715,254	714,455
Intangible assets				
Goodwill	-	-	482,238	476,434
Other	22,138	22,737	30,286	30,545
Total intangible assets	22,138	22,737	512,524	506,979
Investments and other assets				
Investment securities	70,381	57,336	82,670	75,531
Other	18,867	22,152	58,169	58,932
Allowance for doubtful accounts	(7,866)	(7,964)	(7,927)	(8,052)
Total investments and other assets	81,382	71,525	132,912	126,410
Total non-current assets	585,926	566,460	1,360,690	1,347,845
Total assets	1,069,185	1,051,580	2,106,297	2,072,016
Liabilities				
Current liabilities				
Notes and accounts payable-trade	107,557	103,005	153,883	145,184
Short-term loans payable	54,029	52,761	75,871	76,358
Current portion of long-term loans payable	34,497	29,391	30,227	25,344
Commercial papers	-	20,000	53,000	44,000
Current portion of bonds	-	-	15,000	15,000
Provision	7,994	8,691	14,930	19,933
Other	60,894	44,399	97,610	92,965
Total current liabilities	264,972	258,247	440,521	418,783
Non-current liabilities				
Bonds payable	62,000	62,000	76,922	76,926
Long-term loans payable	154,045	160,972	746,618	734,788
Provision	3,609	3,269	3,355	3,465
Net defined benefit liability	12,133	9,439	26,199	25,477
Other	54,102	64,005	85,181	86,393
Total non-current liabilities	285,888	299,686	938,274	927,048
Total liabilities	550,860	557,933	1,378,795	1,345,831
Net assets				
Shareholders' equity				
Capital stock	140,564	140,564	140,564	140,564
Capital surplus	78,912	78,912	78,912	78,586
Retained earnings	257,123	240,739	183,465	180,386
Treasury stock	(11,663)	(11,665)	(11,655)	(11,656)
Total shareholders' equity	464,936	448,550	391,286	387,879
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	9,108	108	3,659	4,259

Deferred gains or losses on hedges	(108)	(924)	(386)	235
Revaluation reserve for land	32,990	32,848	32,848	32,848
Foreign currency translation adjustment	(2,018)	(1,199)	(766)	(1,979)
Remeasurements of defined benefit plans	(6,807)	(5,345)	(4,934)	(4,991)
Total accumulated other comprehensive income	33,165	25,488	30,421	30,372
Non-controlling interests	20,224	19,610	305,795	307,934
Total net assets	518,326	493,647	727,501	726,185
Total liabilities and net assets	1,069,185	1,051,580	2,106,297	2,072,016

Note: Please refer to "Annual" data for 4Q results.

Statements of Income (Quarterly)

SHOWA DENKO K.K.

(Unit : millions of yen)

	2019 Q3	2020 Q1	2020 Q2	2020 Q3
Net sales	695,575	171,734	326,621	635,977
Cost of sales	502,653	142,619	296,724	538,670
Gross profit	192,922	29,115	29,897	97,307
Selling, general and administrative expenses	83,609	26,645	55,692	112,717
Operating income (loss)	109,313	2,469	(25,795)	(15,410)
Non-operating income				
Interest income	825	222	399	599
Dividend income	987	308	637	895
Share of profit of entities accounted for using equity method	228	417	436	1,026
Rent income on non-current assets	1,017	-	701	1,120
Foreign exchange gains	-	561	-	-
Miscellaneous income	734	897	970	1,954
Total non-operating income	3,792	2,405	3,144	5,593
Non-operating expenses				
Interest expenses	1,761	454	1,973	4,191
Financing expenses	-	-	16,075	16,075
Environmental Expenses	-	478	-	-
Loss on mothballing of operation	1,160	576	-	-
Miscellaneous expenses	2,596	145	2,525	6,692
Total non-operating expenses	5,517	1,653	20,573	26,959
Ordinary income	107,587	3,221	(43,225)	(36,776)
Extraordinary income				
Gain on sales of non-current assets	653	1,539	1,567	1,691
Gain on sales of investment securities	1,341	-	-	-
Other	160	204	519	798
Total extraordinary income	2,154	1,743	2,086	2,490
Extraordinary losses				
Loss on sales and retirement of non-current assets	1,939	842	1,488	2,231
Business structuring expenses	-	-	5,278	5,652
Impairment loss	1,289	-	-	-
Other	1,056	670	1,693	4,258
Total extraordinary losses	4,284	1,512	8,460	12,141
Profit (loss) before income taxes	105,457	3,452	(49,598)	(46,428)
Income taxes	22,173	(328)	1,709	4,139
Net income (loss)	83,285	3,780	(51,308)	(50,567)
Net income attributable to non-controlling interests	2,322	1,081	3,267	7,088
Net income (loss) attributable to owners of the parent	80,963	2,699	(54,575)	(57,654)

Consolidated Statements of Comprehensive Income				
Profit (loss)	83,285	3,780	(51,308)	(50,567)
Other comprehensive income				
Valuation difference on available-for-sale securities	1,642	(9,737)	(6,163)	(5,566)
Deferred gains or losses on hedges	(945)	(1,354)	(820)	(199)
Foreign currency translation adjustment	(9,391)	(5,428)	(4,965)	(6,804)
Remeasurements of defined benefit plans, net of tax	1,452	(227)	188	135
Share of other comprehensive income of entities accounted for using equity method	(114)	(69)	(62)	(45)
Total other comprehensive income	(7,355)	(16,814)	(11,822)	(12,479)
Comprehensive income	75,929	(13,034)	(63,129)	(63,046)
(Comprehensive income attributable to)				
Comprehensive income attributable to owners of the parent	73,988	(13,909)	(66,250)	(69,379)
Comprehensive income attributable to non-controlling interests	1,941	875	3,121	6,333

Note: Please refer to "Annual" data for 4Q results.

Statements of Cash Flows

SHOWA DENKO K.K.

(Unit : millions of yen)

	2017 Q2	2018 Q2	2019 Q2	2020 Q2
Net cash provided by (used in) operating activities				
Income before income taxes and minority interests	12,831	76,073	83,633	(49,598)
Depreciation and amortization	18,692	19,972	18,598	19,429
Impairment loss	1,349	59	1,140	323
Amortization of goodwill	-	-	-	107
Amortization of negative goodwill	(4)	(8)	(1)	-
Increase in allowance for doubtful accounts	2,204	-	-	-
Increase in provision for loss on guarantees	4,026	-	-	-
Increase (decrease) in net defined benefit liability	(1,634)	(1,905)	(8,663)	(1,535)
Interest and dividend income	(839)	(1,080)	(1,281)	(1,036)
Interest expenses	1,454	1,561	1,111	1,973
Financing expenses	-	-	-	16,075
Equity in (earnings) losses of affiliates	8,728	(594)	(540)	(436)
Loss (gain) on sales and valuation of investment securities	(142)	(258)	(1,188)	432
Loss on retirement of non-current assets	1,161	1,637	913	1,219
Loss (gain) on sales of non-current assets	(46)	(46)	(426)	(1,298)
Decrease (increase) in notes and accounts receivable - trade	4,470	(11,682)	19,117	37,799
Decrease (increase) in inventories	(3,354)	(14,465)	(19,442)	20,906
Increase (decrease) in notes and accounts payable - trade	(2,086)	12,785	(12,978)	(32,029)
Other, net	(1,824)	(24,923)	(26,653)	(1,105)
Subtotal	44,984	57,127	53,341	11,225
Interest and dividend income received	2,347	2,153	1,769	1,450
Interest expenses paid	(1,354)	(1,576)	(1,141)	(1,954)
Income taxes paid	(3,012)	(5,529)	(13,475)	(5,553)
Net cash provided by (used in) operating activities	42,965	52,176	40,494	5,169
Net cash provided by (used in) investing activities				
Payments into time deposits	(9,528)	(131)	-	(16)
Proceeds from withdrawal of time deposits	19,195	3	-	204
Purchase of property, plant and equipment	(19,260)	(20,944)	(19,166)	(25,958)
Proceeds from sales of property, plant and equipment	135	134	1,029	5,443
Purchase of investment securities	(1,121)	(670)	(561)	(14)
Proceeds from sales of investment securities	674	2,452	4,045	1,466
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	-	-	(770,760)
Net decrease (increase) in short-term loans receivable	(66)	(95)	372	(1,149)
Payments of long-term loans receivable	(91)	(465)	(24)	(85)
Collection of long-term loans receivable	134	113	42	36
Other, net	(1,378)	(5,922)	(3,602)	(1,732)
Net cash provided by (used in) investing activities	(11,308)	(25,525)	(17,865)	(792,565)
Net cash provided by (used in) financing activities				
Net increase (decrease) in short-term loans payable	429	(8,533)	(10,075)	(5,556)
Net increase (decrease) in commercial papers	12,000	7,000	(12,000)	53,000
Proceeds from long-term loans payable	6,396	12,584	19,800	581,404
Repayments of long-term loans payable	(19,127)	(35,513)	(18,948)	(17,379)
Proceeds from issuance of bonds	-	-	20,000	-
Redemption of bonds	(10,000)	-	-	268,503
Purchase of treasury stock	-	(9)	(4)	(1)

Proceeds from sale of treasury shares	-	26,104	3	1
Cash dividends paid	(3,800)	(7,108)	(14,560)	(11,654)
Cash dividends paid to non controlling shareholders	(1,275)	(2,045)	(1,283)	(1,079)
Other, net	(832)	(5,361)	(1,635)	(2,498)
Net cash provided by (used in) financing activities	(16,209)	(12,881)	(18,703)	864,740
Effect of exchange rate change on cash and cash equivalents	(183)	(1,850)	(3,348)	(1,577)
Net increase (decrease) in cash and cash equivalents	15,266	11,921	578	75,767
Cash and cash equivalents at beginning of period	56,186	76,833	112,835	121,734
Increase in cash and cash equivalents from newly consolidated subsidiary	696	-	11	-
Cash and cash equivalents at end of period	72,147	88,754	113,424	197,501

Note: Statement of Cash Flows is updated every 2nd and 4th Quarter. Please refer to "Annual" data for 4Q result.