



NEWS RELEASE

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Showa Denko Revises Forecast of Consolidated Performance

Showa Denko (SDK) (TOKYO: 4004) announces that, taking the Company's recent performance into account, it revises its forecast of consolidated business results for the first half of the year ending on December 31, 2022 and that for the full year ending on December 31, 2022, both of which were announced on February 13, 2022.

1. Revision of forecast of consolidated business results for January 1 – June 30, 2022

(Millions of yen, excepting net income per share)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income attributable to owners of the parent per share (¥)
Previous forecast (A) (Announced on Feb. 14, 2022)	640,000	29,000	27,000	6,000	33.14
Revised forecast (B) (Announced on Aug. 3, 2022)	655,000	36,700	46,300	31,000	171.18
(B) – (A)	15,000	7,700	19,300	25,000	
Percentage of changes	2.3%	26.6%	71.5%	416.7%	
Reference Results for January 1 – June 30, 2021	693,358	47,566	50,206	(13,412)	(91.93)

2. Revision of forecast of consolidated business results for January 1 – December 31, 2022

(Millions of yen, excepting net income per share)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income attributable to owners of the parent per share (¥)
Previous forecast (A) (Announced on Feb. 14, 2022)	1,350,000	84,000	79,000	27,000	149.11
Revised forecast (B) (Announced on Aug. 3, 2022)	1,500,000	84,000	85,000	32,000	176.69
(B) – (A)	150,000	—	6,000	5,000	
Percentage of changes	11.1%	—	7.6%	18.5%	
Reference Results for January 1 – December 31, 2021	1,419,635	87,198	86,861	(12,094)	(77.40)

[Reasons for the revision]

In the first half of 2022, Semiconductor and Electronic Materials segment showed good performance. Net sales in that period are expected to be in slight excess of the previous forecast, which was announced on February 14, 2022, due partly to a weak yen and a rise in prices of products, despite a decrease in sales volumes. Operating income is expected to exceed the previous forecast by about ¥7.7 billion due partly to a weak yen and a rise in prices of products, despite a rise in prices of raw materials, a rise in the cost of energy including electricity rates, and a rise in the cost of transportation. Ordinary income is expected to exceed the previous forecast by about ¥19.3 billion due partly to the recording of valuation profit concerning the Group's assets booked in foreign currencies caused by rapid depreciation of yen, and an improvement in the balance of financial account. Net income attributable to owners of the parent is also expected to exceed the previous forecast by about ¥25 billion due partly to the increase in ordinary income, and change in the period to record an extraordinary loss which is expected to be accrued as the cost of structural reform from the first half of 2022 into the second half of 2022.

With regard to the Company's full-year performance forecast for 2022, net sales are expected to exceed the previous forecast due partly to a weak yen and a rise in prices of products. However, we leave the forecast of operating income for 2022 as it is in the previous forecast, which we announced on February 14, 2022, due partly to a rise in prices of raw materials, a rise in the cost of energy, and a rise in the cost of transportation. We expect that ordinary income for 2022 will exceed the previous forecast due partly to our recording of valuation profit concerning the Group's assets booked in foreign currencies and an improvement in the balance of financial account. Net income attributable to owners of the parent is also expected to exceed the previous forecast.

Performance forecast and other statements pertaining to the future as contained in this document 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 international situation, costs of naphtha and other raw materials, demand or market conditions for our products such as graphite electrodes and other commodities, and foreign exchange rates. We undertake no obligation to update the forward-looking statements unless required by law.

For further information, contact:

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