



January 28, 2021

To whom it may concern

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Code Number: 4004 TSE First Section
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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 through Company Splits (Simplified Absorption-Type Company Splits), and Result in Certain Consolidated Subsidiary Ceasing to be a Consolidated Subsidiary of Showa Denko K.K.

This is to announce that the Company has decided to execute a master agreement (hereinafter referred to as the “**Master Agreement**”) with a special-purpose company formed by funds managed by affiliates of Apollo Global Management, Inc. (collectively, hereinafter referred to as “**Apollo**”), regarding a series of transactions, including the succession of the aluminum can business of the Company to Showa Aluminum Can Corp., which is a wholly owned consolidated subsidiary of the Company (hereinafter referred to as “**Showa Aluminum Can**”), and the succession of the aluminum rolling business to Showa Denko Sakai Aluminum Corp., which is a wholly owned non-consolidated subsidiary of the Company (hereinafter referred to as “**Showa Denko Sakai Aluminum**”), by company splits (absorption-type company split), with tentative effective dates of June 1 2021 and August 2 2021, respectively. Following the completion of the series of transactions under the Master Agreement, Showa Aluminum Can is expected to no longer be consolidated subsidiary of the Company, and be succeeded by Apollo as an independent company.

It should be noted that because the company splits will be a simplified absorption-type company splits (*kani kyushu-bunkatsu*) between the Company and its wholly owned subsidiaries, some disclosure items and details have been omitted from this press release.

1. Objectives of the Company Splits and the Series of Transactions

The aluminum can business of the Company has provided high quality aluminum cans for beverages through an integrated process extending from the molding of can bodies and lids to printing, Showa Aluminum Can, which is a consolidated subsidiary of the Company, started to manufacture aluminum cans for beverages in 1971, becoming the first company in Japan to do so. In 2014, the Company acquired shares of Hanacans Joint Stock Company in Vietnam, and has been developing its business in the rapidly growing Vietnamese aluminum can market.

In the domestic aluminum can market, although demand for alcoholic beverage cans has been stable with increasing demand for non-beer alcoholic beverages, there has been a significant decrease in demand for non-alcoholic beverage cans due to their replacement with PET bottles. It is expected that the business environment will continue to be challenging in the future. In order to respond to such changes in the domestic market, the Company has been working to strengthen its domestic business base, including by optimizing production capacity at its domestic production bases in June 2020.

On the other hand, the Vietnamese aluminum can market is expected to see continued strong demand for beverage consumption in the future as well, and the Company, in July 2020, completed its third manufacturing facility in Vietnam, and has established a three-base system covering all of northern, central, and southern Vietnam.

In the future, the Company is planning further growth by actively exploring opportunities to expand its business around the world, including in Vietnam, while promoting and strengthening its business foundation and aiming to stabilize profits in Japan.

The aluminum rolling business of the Company commenced operations as Takada Aluminum Instrument Factory in 1933, later had its name changed to Showa Aluminum Corp., and then became the Sakai office of the Company in 2001. At present, the Company produces high purity aluminum foil for aluminum electrolytic capacitors, as well as aluminum plates that are used for building materials as well as cap and printed base materials.

The high purity aluminum foil produced by the Company has strength in high-end products with high capacity and high strength, and the Company has the number one market share of sales in the global high purity aluminum foil for aluminum electrolytic capacitor market. In 2013, the Company established Showa Denko Aluminum (Nantong) Co., Ltd. in Nantong, China, and has built a manufacturing and sales system of stable supply of high quality, high purity aluminum foil for the rapidly growing Chinese market.

Aluminum electrolytic capacitors are widely used in a range of fields from home appliances to IT equipment, electric vehicles and hybrid vehicles, as well as in the new energy sector, and demand is

expected to grow, particularly in the environmental and energy sectors. As the market is expected to grow in the medium to long term in China in particular, the Company shall continue to further improve profitability by maintaining its technological superiority and strengthening its cost competitiveness.

As set forth in the Long-term Vision for Newly Integrated Company published on December 10, 2020, the Company is aiming to become a world-class functional chemical manufacturer by combining the materials and know-how of the group in such pioneering fields as semiconductors and automobiles.

In light of the rapidly changing business environment, the Company has been examining the optimal allocation of management resources and portfolio management to realize sustainable growth. After careful consideration of all available options, the Company reached the conclusion that the expansion of the aluminum can business and the aluminum rolling business would be best achieved through business partners that have specialized knowledge and management resources to enable future growth of these businesses together with the employees engaged in the respective business. Taking these factors into consideration, the Company decided to execute the transactions set forth in the Master Agreement with Apollo, which is one of the world's leading alternative investment managers and has a wealth of experience supporting aluminum-related industries for more than 20 years.

The Company is confident that the active and strategic support based on Apollo's management resources, the aluminum can business and aluminum rolling business will be well positioned to execute its business strategies in a flexible and bold manner as independent companies to further growth and improve competitiveness.

2. Details of the Company Split and Series of Transactions

(1) Schedule for the Company Split and Series of Transactions

Master Agreement Execution Date	January 28, 2021
Absorption Split Agreement Execution Date (aluminum can business)	April 21, 2021 (Expected)
Absorption Split Agreement Execution Date (aluminum rolling business)	June 24, 2021 (Expected)
Absorption Split Effective Date (aluminum cans business)	June 1, 2021 (Expected)
Absorption Split Effective Date (aluminum rolling business)	August 2, 2021 (Expected)

(Note) As the Company Split corresponds to a simplified company split (*kani kyushu-bunkatsu*) under Article 784 Paragraph 2 of the Companies Act, it is planned to be performed without the passing of a resolution at a general shareholders' meeting of the Company.

(2) Company Split Method

The Company shall be the splitting company, and Showa Aluminum Can and Showa Denko Sakai

Aluminum shall be the respective succeeding companies of the split.

(3) Details on Allocations Relating to the Company Split

At the time of the Company Split, no shares shall be allocated, and no other consideration shall be provided.

(4) Handling of Stock Acquisition Rights and Corporate Bonds with Stock Acquisition Rights in Conjunction with the Company Split

Not applicable.

(5) Capital Increase or Decrease Due to the Company Split

The capital of the Company shall not be changed by the Company Split.

(6) Rights and Obligations to be Succeeded by the Succeeding Companies

The assets, liabilities, contractual positions, and other rights and obligations relating to the aluminum can business of the Company (limited to those prescribed in the absorption-type split agreement) shall be succeeded by Showa Aluminum Can, and the assets, liabilities, contractual positions, and other rights and obligations relating to the aluminum rolling business of the Company (limited to those prescribed in the absorption-type split agreement) shall be succeeded by Showa Denko Sakai Aluminum.

(7) Prospect of Fulfillment of Debts

It has been determined that there will be no issues in the prospect of the payment of debts of Showa Aluminum Can and Showa Denko Sakai Aluminum after the Company Split.

3. Overview of the Parties to the Company Split (aluminum can business) (Current as of January 28, 2021)

	Split Company	Successor Company
(1) Name	Showa Denko Corp.	Showa Aluminum Can Corp.
(2) Address	13-9, Shiba Daimon 1-Chome, Minato-ku, Tokyo	7 th floor, Win Gotanda Building, 30-2, Nishi-Gotanda 1-Chome, Shinagawa- ku, Tokyo
(3) Position and Name of Representative	Representative Director and President Kohei Morikawa	Representative Director and President Yasushi Tashiro

(4)	Business descriptions	Manufacture and sale of petrochemicals, gas products, special chemicals, electronic and information-related products, inorganic products, and aluminum products, etc.	Manufacturer of aluminum cans, etc., in Japan, Vietnam, and Thailand
(5)	Capital	140,564 million yen	2,160 million yen
(6)	Date of establishment	June 1, 1939	April 25, 1969
(7)	Number of Issued Shares	1,497,112,926 shares	216,000 shares
(8)	Fiscal year-end	December 31	December 31
(9)	Major shareholders and shareholding ratio	The Master Trust Bank of Japan, Ltd (account in trust) 7.24%	Showa Denko Corp. 100%
		Korea Securities Depository Samsung 4.80%	
		Japan Trustee Services Bank, Ltd. (account in trust) (Custody Bank of Japan, Ltd., at present) 3.51%	
		Fukoku Mutual Life Insurance Company 3.09%	
		Japan Trustee Services Bank, Ltd. (account in trust) 2.21%	
(10)	Net assets	519,433 million yen	4,718 million yen
(11)	Total assets	1,076,381 million yen	35,579 million yen
(12)	Net Assets per Share	3,423.25 yen	21,837.96 yen
(13)	Sales	906,454 million yen	36,487 million yen
(14)	Operating income	120,798 million yen	1,253 million yen
(15)	Ordinary income	119,293 million yen	1,264 million yen
(16)	Net Income this Period Attributable to Parent Company	73,088 million yen	-415 million yen

(17)	Per Share this Period Net Income	501.03 yen	-1,921.30 yen
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In regard to (9), Showa Denko Corp. is current as of June 30, 2020.

In regard to (10) to (17), the financial results of Showa Denko Corp. and Showa Aluminum Can are for the fiscal year ending December 2019.

4. Overview of the Parties to the Company Split (aluminum rolling business) (Current as of January 28, 2021)

	Split Company	Successor Company		
(1) Name	Showa Denko Corp.	Showa Denko Sakai Aluminum Corp.		
(2) Address	13-9, Shiba Daimon 1-Chome, Minato-ku, Tokyo	224, Umiyama-cho 6-Cho, Sakai-ku, Sakai-shi, Osaka		
(3) Position and Name of Representative	Representative Director and President Kohei Morikawa	Representative Director and President Takahiro Hosoi		
(4) Business descriptions	Manufacture and sale of petrochemicals, gas products, special chemicals, electronic and information-related products, inorganic products, and aluminum products, etc.	The production and processing of bare metal, cast products, rolled products, and foil made from light alloys such as aluminum		
(5) Capital	140,564 million yen	13 million yen		
(6) Date of establishment	June 1, 1939	January 16, 1973		
(7) Number of Issued Shares	1,497,112,926 shares	25,200 shares		
(8) Fiscal year-end	December 31	December 31		
(9) Major shareholders and shareholding ratio	The Master Trust Bank of Japan, Ltd (account in trust)	7.24%	Showa Denko Corp.	100%
	Korea Securities Depository Samsung	4.80%		
	Japan Trustee Services Bank, Ltd. (account in trust) (Custody Bank of Japan, Ltd., at present)	3.51%		
	Fukoku Mutual Life Insurance Company	3.09%		
	Japan Trustee Services Bank, Ltd. (account 7 in	2.21%		

		trust)	
(10)	Net assets	519,433 million yen	26 million yen
(11)	Total assets	1,076,381 million yen	934 million yen
(12)	Net Assets per Share	3,423.25 yen	1,047.62 yen
(13)	Sales	906,454 million yen	3,242 million yen
(14)	Operating income	120,798 million yen	2 million yen
(15)	Ordinary income	119,293 million yen	4 million yen
(16)	Net Income this Period Attributable to Parent Company	73,088 million yen	2 million yen
(17)	Per Share this Period Net Income	501.03 yen	76.63 yen

In regard to (9), Showa Denko Corp. is current as of June 30, 2020.

In regard to (10) to (17), the financial results of Showa Denko Corp. and Showa Denko Sakai Aluminum are for the fiscal year ending December 2019.

5. Overview of Department to be Split

(1) Description of Business of Department to be Split

aluminum can business:	The manufacture and sale of aluminum cans, etc., for beverages of the Company
aluminum rolling business:	The manufacture and sale of high purity aluminum foil, etc., mainly to be used for electrolytic capacitors of the Company

(2) Business Performance of Department to be Split (Sales Period Ending December 2019)

aluminum cans business:	37,638 million yen
aluminum rolling business:	17,791 million yen

(3) Items and Amounts of Assets and Liabilities Subject to Split (Current as of September 30, 2020)

aluminum cans business

Assets		Liabilities	
Item	Amount	Item	Amount
Current Assets	12,371 million yen	Current Liabilities	4,922 million yen
Fixed Assets	15 million yen	Fixed Liabilities	-
Total	12,386 million yen	Total	4,922 million yen

aluminum rolling business

Assets		Liabilities	
Item	Amount	Item	Amount
Current Assets	6,033 million yen	Current Liabilities	1,294 million yen
Fixed Assets	16,190 million yen	Fixed Liabilities	53 million yen
Total	22,223 million yen	Total	1,347 million yen

Note: The above amounts for both businesses are calculated based on the balance sheet as of September 30, 2020. The actual amount of the assets and liabilities to be succeeded may vary from the amounts stated above after reflecting any increase or decrease of the assets occurring prior to the effective date of the Company Splits.

6. Status of Listed Company and Absorption-Type Split Successor Company after the Split

There shall be no change to the trade name, headquarters address, representative, business content, amount of stated capital, or fiscal year of the Company in conjunction with the Company Split.

7. Future Outlook

The impact on the performance of the Company as a result of the company split and series of transactions shall be minor.

The forecast of business performance for the period ending December 2021 including the impact of the series of these transactions is scheduled to be released in the announcement of the Company full-year financial statements in December 2020 which is expected on mid-February 2021.

Note: Overview of Apollo Global Management Inc.

Apollo is a leading global alternative investment manager with offices in New York, Los Angeles, San Diego, Houston, Bethesda, London, Frankfurt, Madrid, Luxembourg, Mumbai, Delhi, Singapore, Hong Kong, Shanghai and Tokyo. Apollo had assets under management of approximately \$433 billion as of September 30, 2020 in credit, private equity and real assets funds invested across a core group of nine industries where Apollo has considerable knowledge and resources. For more information about Apollo, please visit its website at www.apollo.com.

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