



August 23, 2021

To whom it may concern

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Code Number: 4004 TSE First Section  
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## **Announcement Regarding Issuance of New Shares and Secondary Offering of Shares**

Showa Denko K.K. (the “Company”) hereby announces that its board of directors has resolved matters relating to the issuance of its new shares and the secondary offering of shares on August 23, 2021, as set forth below.

With the aim to establish a leading position in the semiconductor materials market, and to achieve sustainable and strong growth, the Company believes that it is critical to focus its strategic investment in the Electronics area at this moment. The Company will take advantage of this capital raising to strengthen the financial flexibility which supports proactive strategic investments, and will pursue the enhancement of long-term corporate value.

### 1. Issuance of new shares by way of public offering

- (1) Class and number of shares to be offered
- 32,665,500 shares of common stock of the Company, the aggregate of (i) through (iii) described below:
- (i) 16,830,000 shares of common stock of the Company, issued for purchase by the Japanese Underwriters in the Japanese Public Offering, described in (4)(i) below;
  - (ii) 13,770,000 shares of common stock of the Company, issued for purchase by the International Underwriters in the International Offering, described in (4)(ii) below; and
  - (iii) A maximum of 2,065,500 shares of common stock of the Company, additionally issued for purchase by the International Underwriters upon exercise of the option, described in (4)(ii) below.

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| (2) | Method of determination of amount to be paid in                          | The amount to be paid in will be determined on a day in the period between September 6, 2021 (Mon) and September 8, 2021 (Wed) (such date, the "Pricing Date") in accordance with the method set forth in Article 25 of the Regulations Concerning Underwriting of Securities, etc. promulgated by the Japan Securities Dealers Association (the "JSDA").  |
| (3) | Amount of stated capital and additional capital reserves to be increased | The amount of stated capital to be increased shall be half of the maximum increased amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of additional capital reserves to be increased shall be the amount obtained by subtracting the amount of stated capital to be increased from the maximum increased amount of stated capital.   |
| (4) | Method of offering   | <p>The Japanese offering and the international offering shall be made simultaneously.</p> <p>(i) Japanese Public Offering:</p> <p>The offering to be made in Japan (the "Japanese Public Offering") shall be a public offering, and several Japanese underwriters (collectively, the "Japanese Underwriters"), in which three of the Japanese Underwriters act as the Japanese joint lead managers and joint bookrunners, shall underwrite and purchase all of the new shares with respect to the Japanese Public Offering.</p> <p>(ii) International Offering:</p> <p>In the offering to be made outside of Japan (with the offering in the United States restricted to sales to Qualified Institutional Buyers under Rule 144A of the U.S. Securities Act of 1933) (the "International Offering"), the aggregate number of shares shall be severally and not jointly purchased by several international underwriters (the "International Underwriters" and collectively with the Japanese Underwriters, the "Underwriters"). Among the International Underwriters, three will act as the international joint lead managers and joint bookrunners. The Company shall also grant the International Underwriters the option to purchase additional newly issued shares of common stock, as described in (1)(iii) above.</p> |

With regard to the number of shares to be offered in (i) and (ii) above, the number of shares to be issued is planned to be 16,830,000 shares for the Japanese Public Offering and 15,835,500 shares for the International Offering (13,770,000 shares to be purchased by the International Underwriters initially in (1)(ii) above and 2,065,500 additional shares to be purchased upon exercise of the option in (1)(iii) above). However, the final breakdown shall be determined on the Pricing Date by taking into account market demand and other

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conditions.

The issue price (the offer price) with regard to each of (i) and (ii) above shall be determined in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting of Securities, etc., of the JSDA, on the Pricing Date based on the preliminary pricing terms calculated by multiplying the closing price in regular trading of the shares of common stock of the Company on the First Section of the Tokyo Stock Exchange, Inc. on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by between 0.90 and 1.00 (with any fraction less than one yen being rounded down), taking into account market demand and other conditions.

The global coordinator for the Japanese Public Offering, the International Offering and the offering mentioned below in “2. Secondary offering of shares (secondary offering by way of over-allotment)” shall be one of the Japanese Underwriters (the “Global Coordinator”) and the co-global coordinators shall be two of the Japanese Underwriters.

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| (5)  | Consideration for underwriters   | The Company shall not pay any underwriting commissions to the Underwriters, although the aggregate amount of the difference between (a) the issue price (the offer price) in each offering and (b) the amount to be paid in to the Company by the Underwriters shall constitute proceeds to the Underwriters. |
| (6)  | Subscription period (in Japanese Public Offering)  | The subscription period shall be from the business day immediately following the Pricing Date to the second business day following the Pricing Date.  |
| (7)  | Payment date   | The payment date shall be any day in the period from September 13, 2021 (Mon) to September 15, 2021 (Wed), provided, however, that such day shall be the fifth business day following the Pricing Date.   |
| (8)  | Subscription unit  | 100 shares  |
| (9)  | The amount to be paid in, the amount of stated capital and capital reserves to be increased, the issue price (the offer price), and any other matters necessary for the issuance of new shares through the Japanese Public Offering and the International Offering shall be determined at the discretion of Representative Director, President of the Company. |   |
| (10) | The Japanese Public Offering shall be subject to the registration taking effect under the Financial Instruments and Exchange Act of Japan.   |   |

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2. Secondary offering of shares (secondary offering by way of over-allotment) (See “Reference” item 1. below)

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| (1) | Class and number of shares to be sold   | 2,524,500 shares of common stock of the Company.<br><br>The number of shares mentioned above is the maximum number of shares to be sold. The above number may decrease, or the secondary offering by way of over-allotment itself may be cancelled, depending on market demand and other conditions. Furthermore, the number of shares to be sold shall be determined on the Pricing Date, taking into account market demand and other conditions in the Japanese Public Offering. |
| (2) | Seller  | A Japanese Underwriter   |
| (3) | Selling price   | Undetermined (The selling price shall be determined on the Pricing Date; provided, however, that such selling price shall be the same as the issue price (the offer price) in the Japanese Public Offering)  |
| (4) | Method of secondary offering  | Taking into account market demand and other conditions for the Japanese Public Offering in “1. Issuance of new shares by way of public offering”, the Seller will make a secondary offering in Japan of the maximum of 2,524,500 shares that it borrows from a certain shareholder of the Company.   |
| (5) | Subscription period   | The subscription period shall be the same as the subscription period in the Japanese Public Offering.  |
| (6) | Delivery date   | The delivery date shall be the business day immediately following the payment date in the Japanese Public Offering.  |
| (7) | Subscription unit   | 100 shares   |
| (8) | The selling price and any other matters necessary for the secondary offering by way of over-allotment shall be approved at the discretion of Representative Director, President of the Company.   |  |
| (9) | The secondary offering by way of over-allotment shall be subject to the registration taking effect under the Financial Instruments and Exchange Act of Japan; provided, however, that if the Japanese Public Offering is cancelled, the secondary offering by way of over-allotment shall be cancelled as well. |  |

3. Issuance of new shares by way of third-party allotment (See “Reference” item 1. below)

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| (1) | Class and number of shares to be offered            | 2,524,500 shares of common stock of the Company.   |
| (2) | Method of determination of the amount to be paid in | The amount to be paid in shall be determined on the Pricing Date; provided, however, that such amount to be paid in shall be the same as the amount to be paid in stated in “1. Issuance of new shares by way of public offering” above. |
| (3) | Amount of stated capital                            | The amount of stated capital to be increased shall be half of the  |

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- and capital reserves to be increased      maximum increased amount of stated capital, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of the capital reserves to be increased shall be the amount obtainable by subtracting the amount of stated capital to be increased from the maximum increased amount of stated capital.
- (4) Allottee      A Japanese Underwriter
  - (5) Subscription period      October 12, 2021 (Tue)
  - (6) Payment date      October 13, 2021 (Wed)
  - (7) Subscription unit      100 shares
  - (8) Shares not subscribed for within the subscription period in (5) above shall not be issued.
  - (9) The amount to be paid in, the amount of stated capital and capital reserves to be increased, and any other matters necessary for the issuance of new shares by way of third-party allotment shall be determined at the discretion of Representative Director, President of the Company.
  - (10) The Issuance of new shares by way of third-party allotment shall be subject to the registration taking effect under the Financial Instruments and Exchange Act of Japan; provided, however, that if the Japanese Public Offering is cancelled, the issuance of new shares by way of third-party allotment shall be cancelled as well.

## Reference

### 1. The secondary offering by way of over-allotment

The secondary offering by way of over-allotment in “2. Secondary offering of shares (secondary offering by way of over-allotment)” above is a secondary offering of shares of common stock of the Company in Japan to be made in conjunction with the Japanese Public Offering in “1. Issuance of new shares by way of public offering” above for a number of shares not to exceed 2,524,500 shares, that will be borrowed by a Japanese Underwriter from a certain shareholder of the Company (the “Borrowed Shares”) taking into account market demand for the offerings and other conditions. The number of shares in the secondary offering by way of over-allotment is expected to be 2,524,500 shares, which indicates the maximum number of shares to be sold, and depending on market demand and other conditions such number may decrease, or the secondary offering by way of over-allotment may be cancelled.

In connection with the secondary offering by way of over-allotment, the board of directors of the Company has resolved on August 23, 2021 (Mon) that the Company will issue up to 2,524,500 shares of its common stock necessary to return the Borrowed Shares to the certain shareholder, by way of third-party allotment to a Japanese Underwriter (the “Third-Party Allotment”) with the payment date set to be October 13, 2021 (Wed).

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Furthermore, such Japanese Underwriter may also purchase shares of common stock of the Company on the Tokyo Stock Exchange, Inc., up to the number of shares to be sold in the secondary offering by way of over-allotment (the “Syndicate Cover Transactions”). Shares of common stock of the Company purchased through Syndicate Cover Transactions shall be used to return the Borrowed Shares. Such Syndicate Cover Transactions would be made during the period beginning on the date immediately following the last day of the subscription period of the Japanese Public Offering and the secondary offering by way of over-allotment and ending on October 8, 2021 (Fri) (the “Syndicate Cover Transaction Period”). During the Syndicate Cover Transaction Period, such Japanese Underwriter may elect not to conduct any Syndicate Cover Transactions or may terminate Syndicate Cover Transactions before the number of shares purchased through such transactions reaches the number of shares sold in the secondary offering by way of over-allotment.

Such Japanese Underwriter may conduct stabilizing transactions as it conducts the Japanese Public Offering and the secondary offering by way of over-allotment. The shares of common stock of the Company acquired through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Shares.

Such Japanese Underwriter plans to accept the allotment under the Third-Party Allotment of an equivalent number of shares of common stock of the Company calculated by deducting (a) the number of shares purchased through stabilization transactions and Syndicate Cover Transactions that are to be used to return the Borrowed Shares, from (b) the number of shares to be sold in the secondary offering by way of over-allotment, using funds obtained through the secondary offering by way of over-allotment. Accordingly, all or a part of the shares to be issued under the Third-Party Allotment may not be subscribed for, which may result in a decrease in the maximum number of shares planned to be issued under the Third-Party Allotment, or in the cancellation of the entire issuance due to forfeiture.

Whether the secondary offering by way of over-allotment is conducted or how many shares are sold in the secondary offering by way of over-allotment will be determined on the Pricing Date. In cases where the secondary offering by way of over-allotment is not conducted, the relevant Japanese Underwriter will not borrow shares of common stock of the Company from the certain shareholder. Therefore, in such case, as such Japanese Underwriter does not accept or subscribe for the Third-Party Allotment, the issuance of new shares under the Third-Party Allotment will be entirely cancelled, due to forfeiture of the right to subscribe. In addition, the Syndicate Cover Transactions on the Tokyo Stock Exchange, Inc. will not be conducted in such case.

The above transactions shall be made by such Japanese Underwriter in consultation with other Japanese joint lead managers and joint bookrunners.

2. Change in the number of issued shares as a result of this offering and the Third-Party Allotment

Total number of issued shares at present:	149,711,292 shares	(As of August 23, 2021)
Increase in number of shares by way of offering of new shares:	32,665,500 shares	(Note 1)

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Total number of issued shares after the offering of new shares:	182,376,792 shares	(Note 1)
Increase in number of shares by way of Third-Party Allotment:	2,524,500 shares	(Note 2)
Total number of issued shares after the Third-Party Allotment:	184,901,292 shares	(Note 2)

Notes:

1. These figures are based on the assumption that the International Underwriters exercise all of the options set forth in (1)(iii) of "1. Issuance of new shares by way of public offering" above.
2. These figures are based on the assumption that the number of shares to be offered set forth in (1) of "3. Issuance of new shares by way of third-party allotment" are all subscribed for by the relevant Japanese Underwriter and issued and thus indicates the maximum number of the shares to be issued.

### 3. Use of proceeds

#### (1) Use of proceeds raised this time

With respect to the net proceeds from the Japanese Public Offering, the International Offering and the Third-Party Allotment, which the Company estimates to be, in total, up to 109,355,290,000 yen, the Company intends to use 5,900,000,000 yen as investment funds for manufacturing facilities for high-purity gases for electronics, etc. in chemicals segment and 5,800,000,000 yen as investment funds for manufacturing facilities for SiC power semiconductor-related materials and lithium-ion battery materials, etc. in electronics segment by the end of December 2023, 77,200,000,000 yen as investment funds for production facilities for CMP slurries, copper-clad laminates, photosensitive films and rear door modules made of molded resin in Showa Denko Materials segment, as well as improvements to the Packaging Solution Center and increases to the production capacity of regenerative medicine manufacturing bases, etc. by the end of March 2024, with the remaining amount to be allocated to the repayment of borrowings by the end of December 2021.

Until the applications for the aforementioned purposes are implemented, the Company intends to deposit the net proceeds in bank accounts, etc., with a high degree of safety.

#### (2) Change in the use of proceeds raised last time

Not applicable.

### 4. Lock-up

In connection with the Japanese Public Offering and the International Offering described in (4)(i) and (ii) of "1. Issuance of new shares by way of public offering" above, the Company has agreed that for a period beginning on the date of execution of the Japanese underwriting agreement and the international purchase agreement in connection with the

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Japanese Public Offering and the International Offering and ending on the 180th day after the date of delivery for such offerings (the “Lock-up Period”), without the prior written consent of the Global Coordinator, it will not issue any capital stock of the Company or any securities convertible into, or exercisable or exchangeable for, or that serve as rights to acquire or receive, capital stock of the Company, etc. (excluding the Japanese Public Offering, the International Offering, the Third-Party Allotment, the issuance of new shares through a stock split, and delivery of the shares of common stock of the Company pursuant to the Board Benefit Trust (BBT), etc.).

The Global Coordinator, at its discretion, is authorized to partially or wholly waive such agreements even during the Lock-up Period.

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