# Consolidated Statements of Income

**Showa Denko K.K. and Consolidated Subsidiaries**
For the years ended December 31, 2019 and 2018

| | Millions of yen | | Thousands of U.S. dollars (Note 5) |
|---|---|---|---|
| | **2019** | 2018 | **2019** |
| **Net sales** | **¥ 906,454** | ¥ 992,136 | **$ 8,273,583** |
| **Cost of sales** (Note 21) | **671,157** | 705,003 | **6,125,928** |
| Gross profit | **235,297** | 287,133 | **2,147,655** |
| **Selling, general and administrative expenses** (Notes 20 and 21) | **114,499** | 107,130 | **1,045,081** |
| Operating income | **120,798** | 180,003 | **1,102,574** |
| **Other income (expenses)** | | | |
| Interest and dividends income | **2,568** | 2,354 | **23,437** |
| Equity in earnings (losses) of unconsolidated subsidiaries and affiliates | **748** | 1,253 | **6,826** |
| Gain on sales of investment securities, net (Note 8) | **1,743** | 1,521 | **15,911** |
| Loss on valuation of investment securities (Note 8) | **(9)** | (2,583) | **(78)** |
| Foreign exchange gains (losses) | **(728)** | (347) | **(6,644)** |
| Rent income on non-current assets | **1,351** | 1,366 | **12,327** |
| Gain (loss) on sales of noncurrent assets, net | **615** | (141) | **5,614** |
| Interest expenses | **(2,255)** | (2,983) | **(20,587)** |
| Loss on retirement of noncurrent assets | **(5,070)** | (4,851) | **(46,279)** |
| Impairment loss (Note 14) | **(15,662)** | (22,573) | **(142,956)** |
| Environmental expenses | **(1,231)** | (462) | **(11,234)** |
| Loss on mothballing of operation | **(1,444)** | (1,479) | **(13,176)** |
| Gain on liquidation of subsidiaries | **—** | 361 | **—** |
| Gain on sale of businesses | **312** | — | **2,850** |
| Other, net | **(3,853)** | (5,931) | **(35,168)** |
| Total | **(22,915)** | (34,494) | **(209,159)** |
| **Income before income taxes and non-controlling interests** | **97,883** | 145,509 | **893,415** |
| **Income taxes** (Note 13) | | | |
| Current | **22,196** | 25,669 | **202,589** |
| Deferred | **386** | 3,087 | **3,527** |
| **Net income** | **75,300** | 116,752 | **687,299** |
| **Net income attributable to non-controlling interests** | **2,212** | 5,249 | **20,190** |
| **Net income attributable to owners of the parent** | **¥ 73,088** | ¥ 111,503 | **$ 667,108** |

| | Yen | | U.S. dollars (Note 5) |
|---|---|---|---|
| **Per share amounts** | | | |
| Net income – primary | **¥ 501.03** | ¥ 758.15 | **$ 4.57** |
| Cash dividends (applicable to the period) | **130.00** | 120.00 | **1.19** |

Note: Net income per share has been computed based on the average number of shares of common stock outstanding during the respective fiscal year.
Diluted net income per share for 2019 and 2018 were not disclosed because there were no dilutive shares.

See notes to financial statements.