NEWS RELEASE

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March 27, 2017

SDK to Apply for Extension of Deadline for Annual Securities Report

Showa Denko (SDK) (TOKYO: 4004) at its board of directors' meeting today decided to submit a written application to Kanto Local Finance Bureau, for approval to extend the deadline for submission of its annual securities report in accordance with paragraph 1, Article 15-2 of Cabinet Office Ordinance on Disclosure of Corporate Affairs. We sincerely apologize for any inconvenience caused to our shareholders, investors, and other parties concerned.

1. Annual securities report at issue
   Annual securities report for the 108th business term (From January 1 to December 31, 2016)

2. Deadline before extension
   Friday, March 31, 2017

3. Deadline after approval of extension
   Monday, May 1, 2017

4. Reasons that make the extension necessary
   As disclosed in our news release of March 1, 2017 entitled "SDK to Further Postpone Announcement of 2016 Financial Results," Shoko Co., Ltd. (Shoko), a consolidated subsidiary of SDK, is now required to undergo a detailed examination of transactions by one of Shoko's subsidiaries (the company concerned) with a specific customer. Specifically, it has been pointed out that there are doubts regarding the substance of the subject of such transactions.

   Thus, Shoko has started self-examination to check the substance of such transactions and relevant accounting procedures. In addition, Shoko has established a Special Examination Committee, including outside experts, and continued examinations with the assistance of a law firm and a professional research company. As a result, doubts regarding the substance of the subject have increased.

   The Special Examination Committee has earnestly conducted its examinations. No cooperation has been given by the specific customer. However, based on the data and information (including results of hearing sessions) obtained by the Special Examination Committee, there is a high possibility that the subject of such transactions had no substance.

   Meanwhile, it has been reported that, based on the results of examinations so far conducted, officers and employees of the company concerned did not have perception that the subject of such transactions had no substance. Thus, it will take some more time to clarify why the company concerned got involved in such transactions and continued them.

In view of the situation, it is also necessary to examine whether there are doubts regarding the substance of the subject of similar transactions before SDK can prepare appropriate financial statements. The Special Examination Committee is also conducting these examinations.

These examinations at Shoko will need some more time. Furthermore, depending on the results of the examinations, SDK's financial statements can be affected. It may become necessary to prepare an amendment of prior-year annual securities report, and undergo additional auditing by relevant auditing corporation concerning the amendment and the annual securities report for the 108th business term.

It is expected that the outcome of the examinations by the Special Examination Committee and audit reports on Shoko and SDK from the auditing corporation, based on the outcome of the examinations, will not be available by March 31, 2017, the deadline for submission of SDK's annual securities report for the 108th business term.

SDK therefore decided today to apply to Kanto Local Finance Bureau for the extension of the deadline for submission of the annual securities report for the 108th business term.

5. Schedules
   When this extension of the deadline for submission is approved, we will quickly make a disclosure about it.

For more information, contact:
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