[Translation]

April 21, 2020

To whom it may concern,

Name of Listed Company:	Showa Denko K.K.
Code Number:	4004 TSE First Section
Representative:	Kohei Morikawa, President & CEO
Contact:	Yunia Kagawa Manager of the CSR & Corporate Communication Office TEL(03)-5470-3235
Name of Company:	HC Holdings K.K.
Name of Representative:	Eishi Wakutsu, Representative Officer
Contact:	Same as above

Announcement Regarding Fundraising, Capital Reduction of the Consolidated Subsidiary and Change in the Specified Subsidiary Company

At its board of directors meeting held on April 21, 2020, Showa Denko K.K. ("Showa Denko") decided to execute a money consumption loan agreement with Mizuho Bank, Ltd. ("Mizuho Bank") for fundraising purposes.

In addition, with respect to Showa Denko and its wholly-owned subsidiary, HC Holdings K.K. ("HC Holdings"), Showa Denko's board of directors and HC Holdings' representative officer also decided, on the same date, that a money consumption loan agreement will be executed between Mizuho Bank and HC Holdings, that HC Holdings will issue preferred shares by means of a third-party share allotment (the "Issuance of the Preferred Shares") and Mizuho Bank and Development Bank of Japan Inc. ("Development Bank of Japan") will subscribe for all of such preferred shares, and a preferred share investment agreement will be executed among Mizuho Bank, Development Bank of Japan, Showa Denko, and HC Holdings, and that HC Holdings will issue common shares by means of a third-party share allotment (the "Issuance of Common Shares") and Showa Denko will subscribe for all of such common shares. Accordingly, we hereby announce the following information.

We also hereby announce that through the Issuance of the Preferred Shares and the Issuance of the Common Shares, the amount of HC Holdings' stated capital will be equivalent to 10% or more of the amount of Showa Denko's stated capital, and that HC Holdings will constitute Showa Denko's specified subsidiary company; however, thereafter, and as a result of the capital reduction, HC Holdings will cease to be the specified subsidiary company.

I. Fundraising

1. Reasons for Fundraising

As announced in "Announcement Regarding the Commencement of Tender Offer for Shares in Hitachi Chemical Company, Ltd. (Securities Code 4217)" on March 23, 2020, and "Announcement Regarding Results of Tender Offer for Shares in Hitachi Chemical Company,

Ltd. (Securities Code 4217) and Change in the Subsidiary (a Second-tier Subsidiary Company)" on April 21, 2020, as part of the transactions to make Hitachi Chemical Company, Ltd. ("Hitachi Chemical") a wholly-owned subsidiary of HC Holdings (the "Transactions"), Showa Denko and HC Holdings carried out a tender offer for common shares in Hitachi Chemical. It was decided that HC Holdings will obtain a loan from Mizuho Bank in order to allocate such loan to the fund for the Transactions (for the outline, please see "2. Outline of the Non-recourse Loan Agreement" below), and that HC Holdings will issue Class A preferred shares, which will be subscribed for by Mizuho Bank and Development Bank of Japan (for the outline, please see "3. Outline of Issuance of the Preferred Shares" below) and will also issue common shares, which will be subscribed for by Showa Denko (for the outline, please see "4. Outline of Issuance of the Common Shares" below).

Furthermore, Showa Denko decided that it will take a loan from Mizuho Bank in order to raise the funds necessary for Showa Denko to subscribe for HC Holdings' common shares with respect to the Issuance of the Common Shares (for the outline, please see "5. Outline of Senior Loan Agreement" below).

2. Outline of the Non-recourse Loan Agreement

	Term Loan A	Term Loan B	Commitment Line
(1) Borrower	HC Holdings		
(2) Lender	Mizuho Bank		
(3) Loan amount	50 billion yen	350 billion yen	90 billion yen
(4) Interest rate	Variable interest rate based on JBA Japanese Yen TIBOR		
(5) Repayment method	Repayment in installments	Repayment in a batch at the due date	Repayment in a batch at the due date
(6) Implementation date	April 27, 2020		
(7) Final due date	April 27, 2025 (However, if such date is not a business day, the final due date will be the next business day or, if the next business day falls in the next month, the preceding business day.)		After one week to six months from the implementation of individual loan.
(8) Securities	Shares of Hitachi Chemical and others		

3. Outline of Issuance of the Preferred Shares

(1) Issuer	HC Holdings
(2) Number of shares to be issued	275 billion shares
(3) Issuance value	One yen per share
(4) Subscribers	Mizuho Bank 185 billion shares Development Bank of Japan 90 billion shares
(5) Amount to be paid (total amount)	275 billion yen
(6) Due date for payment	April 27, 2020
(7) Condition for acquisition	After the fifth anniversary of the due date for payment, the preferred shares can be purchased
(8) Capital characteristics (to be fixed)	"Medium/50%" (Japan Credit Rating Agency, Ltd.)
(9) Others	No voting rights

(Note) If HC Holdings acquires the preferred shares by exercising the condition for acquisition, or if Showa Denko purchases the preferred shares, the fund is intended to be raised by a method determined by a rating agency to have capital characteristics equivalent to or higher than those of the preferred shares. However, if it satisfies certain financial indicators, replacement can be omitted.

4. Outline of Issuance of the Common Shares

(1) Issuer	HC Holdings
(2) Number of shares to be issued	295 billion shares
(3) Issuance value	One yen per share
(4) Subscriber	Showa Denko
(5) Amount to be paid	295 billion yen
(6) Due date for payment	April 27, 2020

5. Outline of the Senior Loan Agreement

(1) Borrower	Showa Denko
(2) Lender	Mizuho Bank
(3) Loan amount	295 billion yen
(4) Interest rate	Variable interest rate based on JBA Japanese Yen TIBOR
(5) Repayment method	Repayment in a batch at the due date
(6) Implementation Date	April 27, 2020
(7) Final due date	April 27, 2027 (However, if such date is not a business day, the final due date will be the next business day or, if the next business day falls in the next month, the preceding business day.)

(For reference) Outline of the subordinated commitment-type syndicated loan agreement

Showa Denko plans to execute the subordinated commitment-type syndicated loan agreement, whose outline is as follows, with Mizuho Bank and Development Bank of Japan by April 27, 2020.

(1) Borrower	Showa Denko
(2) Lender	Mizuho Bank, Development Bank of Japan
(3) Total commitment amount	275 billion yen
(4) Commencement date of the commitment period (to be fixed)	April 27, 2020
(5) Expiration date of the commitment period (to be fixed)	April 27, 2025
(6) Final due date	April 27, 2055
(7) Repayment before the due date	All or part of the principal can be repaid on each interest payment date after April 2025, even before the due date.
(8) Capital characteristics (to	“Medium/50%” (Japan Credit Rating Agency, Ltd.)

be fixed)	
(9) Purpose of use of the fund	Fund for purchase by Showa Denko of the preferred shares, or source for Showa Denko to invest and lend the purchase fund for acquisition by HC Holdings of the preferred shares by exercising the condition for acquisition.

(Note) In the case of repayment before the due date, the fund is intended to be raised by a method determined by a rating agency to have the capital characteristics equivalent to or higher than those of a loan based on the subordinated commitment-type syndicated loan agreement. However, if it satisfies certain financial indicators, replacement can be omitted.

6. Future Outlook

The impact of this fundraising on Showa Denko's consolidated results is currently under review. If modification of the financial forecast is required, or if any matters to be announced arise, they will be promptly disclosed.

II. Capital Reduction of the Consolidated Subsidiary and Change in the Specified Subsidiary Company

1. Reason for Capital Reduction of the Consolidated Subsidiary and Change in the Specified Subsidiary Company

Through the Issuance of the Preferred Shares and the Issuance the Common Shares as stated above, on April 27, 2020 (due date for payment of the Issuance of the Preferred Shares and the Issuance of the Common Shares), the amount of HC Holdings' stated capital will be equivalent to 10% or higher of the amount of Showa Denko's stated capital, and HC Holdings will constitute Showa Denko's specified subsidiary company. However, in order to optimize the capital structure in consideration of the business contents of HC Holdings, HC Holdings plans to reduce the amount of its stated capital by 284.9 billion 1 yen, under the condition that as of April 30, 2020, the amount of stated capital of HC Holdings is 285 billion 1 yen and the amount of its capital reserves is 285 billion yen, which will be effectuated as of May 1, 2020. As a result, the amount of the stated capital of HC Holdings will be 100 million yen and HC Holdings will cease to be the specified subsidiary company of Showa Denko.

2. Outline of the Consolidated Subsidiary (the Subsidiary to Be Changed)

(1) Name	HC Holdings K.K.	
(2) Location	13-9, Shiba Daimon 1-Chome, Minato-ku, Tokyo	
(3) Title and Name of Representative	Eishi Wakutsu, Representative Officer	
(4) Description of Business	Pure holding company	
(5) Stated Capital	One yen (as of April 21, 2020 (Note 1))	
(6) Date of Incorporation	December 9, 2019	
(7) Major Shareholders and Shareholding Ratio	Showa Denko 100% (as of April 21, 2020 (Note 2))	
(8) Relationship between the Listed Company and the Subsidiary	Capital Relationship	Showa Denko holds all of the outstanding shares of this subsidiary (one share (as of April 21, 2020 (Note 3))).
	Personnel Relationship	As of today, Mr. Eishi Wakutsu, who is Showa Denko's Corporate Officer and General Manager of Corporate

		Strategy Department, also serves as the Representative Officer of this subsidiary.
	Business Relationship	N/A
	Status as Related Party	HC Holdings is the consolidated subsidiary of Showa Denko and constitutes Showa Denko's related party.

(Note 1) Though the Issuance of the Preferred Shares and the Issuance of the Common Shares, the amount of the stated capital will increased by 285 billion yen to 285 billion 1 yen. In addition, through issuance of shares for subscription, HC Holdings plans to reduce the amount of its stated capital by 284.9 billion 1 yen, under the condition that as of April 30, 2020, the amount of HC Holdings' stated capital is 285 billion 1 yen and the amount of its capital reserves is 285 billion yen. As a result, the amount of HC Holdings' stated capital will be 100 million yen.

(Note 2) Through the Issuance of the Preferred Shares and the Issuance of the Common Shares, Showa Denko will become the common shareholder, and Mizuho Bank and Development Bank of Japan will become the preferred shareholders. Because such preferred shares do not have voting rights, the ratio of the voting rights of Showa Denko will remain 100%, even after the Issuance of the Preferred Shared and the Issuance of the Common Shares.

(Note 3) Through the Issuance of the Common Shares, the total number of the outstanding shares pertaining to the tender offeror's common shares will be 295 billion 1 shares, all of which will be held by Showa Denko.

3. Outline of Capital Reduction

(1) Amount of Reduction in Stated Capital and Capital Reserves

The amount of stated capital, 285 billion 1 yen, will be reduced by 284.9 billion 1 yen to 100 million yen.

The amount of capital reserves, 285 billion yen, will be reduced by 284 billon 975 million yen to 25 million yen.

(2) Method of Capital Reduction

The number of issued shares will not be reduced and the amount of stated capital and capital reserves will be reduced without any refunds.

4. Schedule of Capital Reduction

(1) Date of Public Notice	March 31, 2020
(2) Period for Creditor's Objections	From April 1, 2020 to April 20, 2020
(3) Date of HC Holdings Shareholders' Meeting	April 21. 2020
(4) Effective Date of Capital reduction	May 1, 2020 (To Be Fixed)

5. Date of Change (To Be Fixed)

(1) Date of Constituting the Specified Subsidiary Company	April 27, 2020
(2) Date of Ceasing to be the Specified Subsidiary Company	May 1, 2020

6. Future Outlook

The impact on Showa Denko's consolidated results due to capital reduction of the consolidated subsidiary and this change to the specified subsidiary company is currently under review. If modification of the financial forecast is required, or if any matters to be announced arise, they will be promptly disclosed.

End

This document is a press release to publicly announce the fundraising by Showa Denko and HC Holdings and has not been prepared for solicitation for investment or any act similar thereto.