

For immediate release

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**Notice Regarding Early Repayment of the Subordinated Loan
and Issuance of the Fourth Subordinated Hybrid Bonds**

Tokai Carbon Co., Ltd. ("Tokai Carbon") hereby announces that it decided to implement early repayment of the subordinated loan (the "Subordinated Loan") which Tokai Carbon borrowed on December 27, 2019 and to issue fourth subordinated hybrid bonds (the "Bonds") as replacement securities of the Subordinated Loan. Today, Tokai Carbon filed a revised shelf registration concerning the Bonds with the head of the Kanto Local Finance Bureau.

1. Background

In December 2019, Tokai Carbon implemented hybrid financing arrangements to maintain our financial soundness, including the Subordinated Loan, in connection with the acquisition of shares in COBEX HoldCo GmbH and its affiliate companies.

Regarding the financing, Tokai Carbon decided to make an early repayment of the entire amount of the Subordinated Loan, of which initial optional repayment date is scheduled on December 30, 2026, and plans to issue the Bonds as replacement securities of the Subordinated Loan.

2. Bond characteristics

The Bonds have intermediate characteristics of both capital and liabilities, with their liability aspects ensuring that stock dilution does not occur. On the other hand, they also have attributes and features resembling capital such as voluntary deferral of interest, extremely long-term redemption periods and subordination during liquidation or bankruptcy procedures. As a result, we expect to receive recognition from Rating and Investment Information, Inc. and Japan Credit Rating Agency, Ltd. for 50% of the capital procurement amount.

For an overview of the Bonds, please refer to the revised shelf registration submitted to the head of the Kanto Local Finance Bureau.

3. Schedule

Nomura Securities Co., Ltd. has been appointed as a lead manager for the issuance of the Bonds, with SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mizuho Securities Co., Ltd. serving as co-lead managing underwriters. The conditions including issue amount of the Bonds will be determined, after comprehensively taking into account market demand, interest-rate movement and other conditions, and we will announce these as soon as the determination has been made.

(Reference) Details of Early Repayment of the Subordinated Loan

Total amount to be procured	25 billion yen in cash
Early repayment date	December 30, 2026 (scheduled)
Early repayment amount	25 billion yen in cash

End of Notice

This press release relates to offerings of Japanese Yen-denominated Bonds ("the Bonds") that are intended to be directed into Japan and its residents thereof in accordance with the law, customary practices and documentation in Japan. This press release does not constitute an offer of any securities for sale in the United States. The Bonds have not been registered under the United States Securities Act of 1933, as amended (the "Act"), and may not be offered or sold in the United States absent registration or an application exemption from the registration requirements under the Act