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For immediate release

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Notice on Procurement of Finance through a New Subordinated Loan

TOKAI CARBON CO.,LTD. ("TOKAI CARBON") hereby announces that, today, it concluded an agreement for procurement of finance totaling 25 billion yen through subordinated loan ("the Subordinated Loan") as follows:

1 . Purpose and Background of the Agreement on the Subordinated Loan

As described in our announcement on July 29, 2019 entitled "Tokai Carbon Completes Acquisition of COBEX HoldCo GmbH, a Carbon and Graphite Products Manufacturer, and its affiliate companies and Changes Company Names," TOKAI CARBON completed the acquisition of 100% shares in COBEX HoldCo GmbH and its affiliate companies COBEX GmbH, COBEX Polska sp. z o.o., and COBEX(Shanghai)Ltd.) ("COBEXs") and made the COBEXs its subsidiaries.

As described in our announcement on June 17, 2019 entitled "Notice on Acquisition of Shares in COBEX HoldCo GmbH, a Carbon and Graphite Products Manufacture," we have considered financial arrangements including hybrid finance methods in order to secure stable liquidity and maintain our financial soundness. As a result of the consideration, we decided to raise funds through the Subordinated Loan and intend to apply the proceeds towards the repayment of indebtedness incurred in connection with the acquisition of shares of the COBEXs.

As announced in the "Notice on public offering of hybrid bonds (subordinated bonds)" dated October 21, 2019, the company has issued 25 billion yen of subordinated bonds that the terms were finalized on December 4, 2019. The new 25 million yen Subordinated Loan will raise the aggregated amount of procurement of finance through the hybrid finance to

be 50 billion yen in total as planned.

2. Summary of the Subordinated Loan

(1) Total amount to be procured	25 billion yen in cash
(2) Date of agreement	24 December 2019
(3) Date of loan execution	27 December 2019
(4) Final repayment deadline	27 December 2049
(5) Premature redemption	On December 27, 2026 and interest payment dates from December 27, 2026 onward, or after the payment due date, premature redemption may occur at the discretion of the Company in the event of the incidence or continuation of reasons associated with taxes or equity-related changes.
(6) Replacement Restrictions	<p>Intended not to prepay the Subordinated Loan unless, procure finance the required amount for replacement within twelve months before the pre-deadline prepayment date, through refinanced securities (the amount divided by the value concerted into percentage the equity of the refinanced securities, by multiplying 50% to the principal amount of the Subordinated Loan to make pre-deadline prepayment)</p> <p>However, if the Subordinated Loan is to be prepaid on or after the interest payment date of December 27, 2026 yet before the final repayment deadline, if [1] below is met, an amount that meets [2] may be deducted from the amount equivalent to the assessed capital</p> <p>[1] The latest consolidated Net Debt Equity Ratio or Shareholder's equity ratio is less than 0 %</p> <p>[2]An amount equivalent to 50% of the amount of increase in the consolidated shareholder's equity (after deducting the amount if there is any subordinated bond or loan in which replacement is postponed) since the end of Sept., 2019.</p>
(7) Interest payment date	Every year on the last day of June and December, and the Maturity Date

(8) Optional Termination of Interest Payment	On an interest payment date, the Company may, at its discretion, carry over the payment of interest on the loans in whole or in part.
(9) Subordination provisions	<p>The creditor shall have a subordinated claim in liquidation proceedings, bankruptcy proceedings, corporate reorganization proceedings, or civil rehabilitation proceedings, or equivalent proceedings overseas by the Company.</p> <p>The individual provisions of this agreement must not be amended in any way that would be disadvantageous to any creditor of the Company other than the creditor of the subordinated claims (which are the claims with substantially the same subordinated conditions as the Subordinated Loan), in all respects.</p>
(10) Credit Rating	BBB(Rating and Investment Information, Inc.)
(11) Equity	Class 3, equity 50% (Rating and Investment Information, Inc.)
(12) Lender	MUFG Bank. Ltd., and Other 15 Lenders

End of notice