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For immediate release

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Notice Regarding Early Redemption of the First Subordinated Hybrid Bonds and Issuance of the Third Subordinated Hybrid Bonds

Tokai Carbon Co., Ltd. ("Tokai Carbon") hereby announces that it decided to implement early redemption of the first subordinated hybrid bonds which Tokai Carbon issued on December 10, 2019 (the "First Subordinated Hybrid Bonds") and to issue third subordinated hybrid bonds (the "Bonds") as replacement securities of the First Subordinated Hybrid Bonds. Today, Tokai Carbon filed a revised shelf registration concerning the Bonds with the head of the Kanto Local Finance Bureau.

1. Background

Tokai Carbon have implemented financial arrangements, including hybrid finance methods to secure stable liquidity and maintain our financial soundness for the acquisition of shares in COBEX HoldCo GmbH and its affiliate companies. As part of these arrangements, on December 10, 2019, Tokai Carbon have decided to issue the First Subordinated Hybrid Bonds of 25 billion yen and the hybrid loan of 25 billion yen intend to apply the net proceeds towards the repayment of indebtedness incurred in connection with its acquisition.

At this time, Tokai Carbon decided to make an early redemption the entire amount of the First Subordinated Hybrid Bonds, of which initial optional redemption date is scheduled on December 10, 2024, and plans to issue the Bonds as replacement securities of the First Subordinated Hybrid Bonds.

2. Bond characteristics

The Bonds have interim feature 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 capitals 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. 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) First Subordinated Hybrid Bonds

(1) Amount to Issue	25 billion yen in cash
(2) Payment Due Date	10 December, 2019
(3) Redemption Date	10 December, 2049
(4) Premature Redemption	On December 10, 2024 and interest payment dates from December 10, 2024 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.
(5) Optional Termination of Interest Payment	On an interest payment date, the Company may, at its discretion, carry over the payment of interest on the bonds in whole or in part.
(6) Equity	Class 3, equity 50% (Rating and Investment Information, Inc.)

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