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## Notice Concerning the Early Repayment of an Existing Subordinated Loan

Tokuyama Corporation (hereinafter “the Company,” “Tokuyama” or “we”) has decided at a Board of Directors’ meeting held on July 27, 2023 to prepay an existing subordinated loan (hereinafter the “Existing Subordinated Loan”) totaling ¥60 billion procured on September 20, 2018. Brief details are presented as follows.

### 1. Background of the Early Repayment

- (1) The Company took out the Existing Subordinated Loan to fund the early repayment of the Subordinated Loan procured on March 20, 2014 in an effort to maintain its financial soundness, increase the agility and flexibility of its financial strategy by diversifying its refinancing instruments, and reduce financial expenses.
- (2) The Company formulated its Medium-Term Management Plan 2025 in February 2021, and has been working to improve its financial position, and build and grow new businesses.
- (3) As a result, the criteria for exceptions (i) and (ii) set forth in “Replacement Clause” in “3. Overview of the Existing Subordinated Loan” below have been achieved (\*1), and the loan will be repaid early using cash on hand and borrowings. Of note, the impact of this prepayment on the Company's consolidated earnings for the fiscal year ending March 31, 2024 will be minor.

\*1: Consolidated shareholders’ equity as of June 30, 2023 was ¥219.0 billion, and the consolidated D/E ratio was 0.62 times.

### 2. Details of Early Repayment of the Existing Subordinated Loan

Early repayment date	20 September, 2023
Early repayment amount	¥60 billion
Circumstances surrounding early repayment	The Subordinated Loan will be repaid in accordance with the prepayment clause of the Subordinated Loan.

### 3. Overview of the Existing Subordinated Loan

Total amount of the funds to be procured (planned):	¥60 billion
Date of agreement execution:	September 13, 2018
Drawdown date:	September 20, 2018
Application of funds:	Early repayment of the Existing Subordinated Loan
Final repayment date:	September 20, 2078 However, Tokuyama may make an early repayment of all or a portion of the principal of the New Subordinated Loan on any interest payment date on a date five years or later after the drawdown of the New Subordinated Loan.
Replacement clause:	In the case of an early repayment of the New Subordinated Loan, Tokuyama intends to procure funds, within a six-month period before the date on which it will make that early repayment, that have been approved by ratings agencies as having equity credit attributes equal to or greater than the New Subordinated Loan. However, the Company may make an early repayment of the New Subordinated Loan five years or later after the drawdown of the New Subordinated Loan except in those cases that satisfy any of the following: (1) The amount of shareholders' equity in the Company's most recent consolidated balance sheet at the time the announcement to make an early repayment is made stands at ¥179.2 billion or more, and (2) The Company's D/E ratio based on its most recent consolidated balance sheet at the time the announcement to make an early repayment is made comes in at 0.9 times or less
Applicable interest rate:	A floating rate of interest based on three-month JPY TIBOR from September 20, 2018 to September 20, 2023; stepped up floating rate (1% higher) from September 20, 2023.
Mandatory suspension of interest:	The interest payable on the relevant interest payment date shall be deferred in full when (a) the EBITDA margin is less than 8% for the most recent two consecutive fiscal years with respect to the Company's annual consolidated financial statements, or (b) when the ratio of net liabilities to total capital exceeds 70% with respect to the Company's annual or interim period consolidated financial statements.

	In addition to the aforementioned, interest payable shall be deferred either in part or in full when the distributable amount is less than the required amount.
Optional suspension of interest:	Tokuyama may, at its discretion, suspend payment of all or a portion of the interest.
Subordination:	In the event liquidation proceedings are commenced, the decision to commence bankruptcy proceedings is made, or the decision to commence corporate reorganization, civil rehabilitation, or any other proceedings is made against the Company, the provider of the New Subordinated Loan may request repayment under the agreement after the repayment of all liabilities in full excluding other liabilities of a similar nature including preferred stock and the New Subordinated Loan. Any change to the terms and conditions of the New Subordinated Loan that disadvantage any creditors of the aforementioned liabilities shall not be recognized.
Equity credit attributes of the New Subordinated Loan evaluated by ratings agencies:	Class 4 / 70% (Ratings and Investment Information, Inc.) High / 75% (Japan Credit Rating Agency, Ltd.)
Investors (lenders) participating in the New Subordinated Loan:	MUFG Bank, Ltd. Mizuho Bank, Ltd. The Yamaguchi Bank, Ltd. Three other banks

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