



February 2, 2021

To All Concerned Parties

Company name	Mitsubishi Materials Corporation
Representative	Naoki Ono, Chief Executive Officer (Securities code: 5711, First Section, Tokyo Stock Exchange)
Contact for inquiries	Yuji Omura, General Manager, Corporate Communications Dept. (Tel: +81-3-5252-5206)

Notice Regarding Hybrid Loan (Subordinated Loan)

Mitsubishi Materials Corporation (hereinafter referred to as “the Company”) announces that it executed an agreement concerning financing of JPY 100 billion through hybrid loan (subordinated loan, hereinafter referred to as the “Loan”). Details are as follows:

1. Purpose of financing

The Company has examined means for raising funds necessary for aggressively developing growth strategies and making investments on a continuous basis. The Company decided to implement financing through the Loan since the Loan is enable the Company to effectively strengthen its financial structure without diluting any of its equity.

2. Outline of the Loan

The Loan has an intermediate nature between equity and liabilities. While it is debt financing which does not cause dilution of stock value per share, it has similar nature and characteristics to those of equity including optional deferral of interest payments, ultra-long-term repayment term and subordination nature in liquidation and bankruptcy proceedings. The Company, therefore, expects each of Rating and Investment Information, Inc.(R&I) and Japan Credit Rating Agency, Ltd.(JCR) to recognize an equity content on 50% of the amount of financing.

(1) Amount of financing	JPY 100 billion
(2) Date of agreement	February 2, 2021
(3) Date of loan execution	February 5, 2021
(4) Final repayment date	February 5, 2056 However, the Company may repay before the due date all or part of the principal on each interest payment date on or after February 5, 2026.
(5) Replacement restrictions	In the event of a prepayment of the Loan before the due date, the Company intends to raise funds through issuance of common stock or subordinated loan or other means within 12 months prior to the prepayment date such that the amount of capitalization which is recognized as having an equity content, is equal to or greater than the recognized equity content of the principal amount to be repaid. Provided, however, that where the most recent consolidated net D/E ratio is 1.0 times or less at the time of prepayment, the Company may deduct the amount of an increase in consolidated shareholders' equity since the end of September 2020 multiplied by 50%, from the principal amount which is recognized as equity content of the principal amount to be repaid.
(6) Constraint on interest payments	The Company may defer payment of all or part of interest on the Loan at its discretion, except when the Company distributes dividends on its common stock.

(7) Subordination clause	In the event that liquidation, bankruptcy, corporate reorganization, or civil rehabilitation proceedings are commenced against the Company, the lenders of the Loan shall have the right to receive payment after all claims other than subordinated claims (which refer to claims under the Loan and claims which have the terms and conditions substantially same as the claims of the Laon; the same applies hereinafter) are repaid in full. No provision of the agreement concerning the Loan may be amended in any way that is disadvantageous to creditors other than the creditors of subordinated claims.
(8) Equity credit rating by rating agencies (prospect)	Rating and Investment Information, Inc.(R&I): Class 3, 50% Japan Credit Rating Agency, Ltd.(JCR): Middle Level, 50%
(9) Lenders	MUFG Bank, Ltd., Development Bank of Japan Inc. Mizuho Bank, Ltd., the Norinchukin Bank