



October 3, 2018

To whom it may concern

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## Early Repayment of Subordinated Loan

Showa Denko K.K. (SDK) hereby announces that it made an early repayment of JPY 24 billion that it raised in a subordinated loan (the “Subordinated Loan”) on April 3, 2014.

### 1. Background and Objective of the Early Repayment

The Subordinated Loan, with a 75% equity credit acknowledged by Japan Credit Rating Agency, Ltd., has contributed to improvement of SDK’s financial strength.

Since the financing through the Subordinated Loan, SDK has advanced structural reform and expanded its individualized businesses, resulting in stronger business foundation and higher profitability, and also achieved financial level targeted in its medium-term business plan. These accomplishments led to SDK’s conclusion that it has completed the important task of enhancing its financial standing with the Subordinated Loan. SDK made an early repayment of the JPY 24 billion in the Subordinated Loan, with the consent of all the lenders, based on its judgment that the early repayment reduces financial costs and makes its financial strategy more flexible, which will increase shareholder value.

### 2. Details of the Early Repayment

1.	Date	October 3, 2018
2.	Amount	JPY 24 billion
3.	Impact on SDK performance	SDK expects only minimal impact of the early repayment on its forecast for the consolidated business performance of the fiscal year ending December 2018.