

# **Quarterly Securities Report**

(For the First Quarter of the Fiscal Year ending December 31, 2024)

From January 1, 2024

To March 31, 2024

**Tokai Carbon Co., Ltd.**

(Translation) This document has been translated from the Japanese original for the convenience of overseas stakeholders. In the event of any discrepancy between this document and the Japanese original, the original shall prevail.

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# Quarterly Securities Report

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- 1 This document consists of output and printed data of the quarterly securities report filed via the Electronic Disclosure for Investors' NETwork (EDINET) as set forth in Article 27-30-2 of the Financial Instruments and Exchange Act, with a table of contents and page numbers.
- 2 Appended to the back of this document are the quarterly review report that was attached to the quarterly securities report when it was filed by the aforementioned method, and the confirmation letter filed at the same time as the quarterly securities report.

# Contents

|   |    |
|---|----|
| [Cover] .....   | 1  |
| Part I Company Information .....  | 2  |
| Section 1 Overview of the Company .....   | 2  |
| 1 Key Financial Data .....  | 2  |
| 2 Description of Business .....   | 2  |
| Section 2 Status of Business .....  | 3  |
| 1 Risk of Business, etc. ....   | 3  |
| 2 Management's Analysis of Financial Position, Operating Results, and Cash Flows..... | 3  |
| 3 Important Agreements for Operation, etc.....  | 5  |
| Section 3 Status of the Submitting Company .....                                      | 6  |
| 1 Status of Shares, etc. ....   | 6  |
| (1) Total number of shares, etc. ....   | 6  |
| 1) Total number of shares .....   | 6  |
| 2) Shares issued.....   | 6  |
| (2) Status of stock warrants .....  | 6  |
| 1) Stock option system .....  | 6  |
| 2) Status of other stock warrants, etc.....   | 6  |
| (3) Status of exercise, etc. of moving strike warrants .....                          | 6  |
| (4) Change in total number of shares issued and capital, etc. ....                    | 6  |
| (5) Major shareholders .....  | 7  |
| (6) Voting rights.....  | 7  |
| 1) Shares issued.....   | 7  |
| 2) Treasury stock, etc.....   | 7  |
| 2 Members of the Board and Audit & Supervisory Board Members .....                    | 7  |
| Section 4 Status of Accounting .....  | 7  |
| 1 Quarterly Consolidated Financial Statements, etc.....                               | 9  |
| (1) Quarterly consolidated balance sheets .....                                       | 9  |
| (2) Quarterly consolidated statements of income and comprehensive income .....        | 11 |
| Quarterly consolidated statements of income.....                                      | 11 |
| (First three-month period).....   | 11 |
| Quarterly consolidated statements of comprehensive income.....                        | 12 |
| (First three-month period).....   | 12 |
| Notes to Quarterly Consolidated Financial Statements .....                            | 12 |
| (Segment information, etc.).....  | 12 |
| 2 Other Information .....   | 17 |
| Part 2 Information on Submitting Company's Surety Company, etc. ....                  | 18 |

Quarterly Review Report

Confirmation Letter

[Cover]

|   |   |
|---|---|
| [Document submitted]                    | Quarterly securities report   |
| [Applicable law]                        | Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act   |
| [Submitted to]                          | Director of the Kanto Local Finance Bureau  |
| [Date submitted]                        | May 14, 2024  |
| [Accounting period]                     | First quarter of FY2024 (from January 1 to March 31, 2024)  |
| [Company name]                          | Tokai Carbon Co., Ltd.  |
| [Company name in English]               | TOKAI CARBON CO., LTD.  |
| [Name and title of representative]      | Hajime Nagasaka, President & Chief Executive Officer  |
| [Address of head office]                | 1-2-3, Kita Aoyama, Minato-ku, Tokyo  |
| [Telephone number]                      | 03-3746-5100 (Switchboard)  |
| [Contact person]                        | Akira Yamada, General Manager, General Affairs Department   |
| [Nearest place of contact]              | 1-2-3, Kita Aoyama, Minato-ku, Tokyo  |
| [Telephone number]                      | 03-3746-5100 (Switchboard)  |
| [Contact person]                        | Akira Yamada, General Manager, General Affairs Department   |
| [Place available for public inspection] | Tokai Carbon Co., Ltd. Osaka Branch<br><br>(Osaka Fukoku Seimei Bldg., 2-4 Komatsubaracho, Kita-ku, Osaka-shi, Osaka)<br><br>Tokai Carbon Co., Ltd. Nagoya Branch<br><br>(Nagoya International Center Bldg., 1-47-1 Nagono, Nakamura-ku, Nagoya, Aichi)<br><br>Tokyo Stock Exchange, Inc.<br><br>(2-1 Nihombashi Kabutocho, Chuo-ku, Tokyo) |

## Part I Company Information

### Section 1 Overview of the Company

#### 1 Key Financial Data

| Fiscal term   | First three months of<br>FY2023  | First three months of<br>FY2024  | FY2023                              |
|---|----------------------------------|----------------------------------|-------------------------------------|
| Accounting period   | (January 1 to March 31,<br>2023) | (January 1 to March 31,<br>2024) | (January 1 to December<br>31, 2023) |
| Net sales (Million yen)   | 86,530                           | 82,161                           | 363,946                             |
| Ordinary income (Million yen)   | 11,804                           | 4,687                            | 41,607                              |
| Profit attributable to owners of the<br>parent company (Million yen)            | 7,964                            | 1,627                            | 25,468                              |
| Quarterly comprehensive income or<br>comprehensive income (Million yen)         | 14,415                           | 24,854                           | 67,435                              |
| Net assets (Million yen)  | 312,082                          | 381,117                          | 360,103                             |
| Total assets (Million yen)  | 582,246                          | 660,242                          | 640,005                             |
| Quarterly net income per share or<br>net income per share (Yen)                 | 37.36                            | 7.63                             | 119.45                              |
| Quarterly diluted net income per<br>share or diluted net income per share (Yen) | -                                | -                                | -                                   |
| Equity ratio (%)  | 48.1                             | 52.1                             | 50.7                                |

Notes: 1. The Company prepares quarterly consolidated financial statements, and thus does not state changes in the key financial data of the company filing the report.

2. Diluted net income per share is not shown because there were no dilutive shares.

#### 2 Description of Business

There have been no significant changes in the business operations of the Group (the Company and its subsidiaries and associates) in the first quarter consolidated cumulative period.

There are also no changes in major subsidiaries or associates.

## Section 2 Status of Business

### 1 Risk of Business, etc.

Among the matters related to the business status, accounting status, etc. stated in this quarterly report for the first quarter consolidated cumulative period, there are no major risks that the management recognizes as having the potential to have a significant impact on the consolidated financial position, operating results, and cash flows. Also, there are no significant changes to the “Risk of Business, etc.” stated in the securities report of the previous fiscal year.

### 2 Management’s Analysis of Financial Position, Operating Results, and Cash Flows

The forward-looking statements contained herein are based on the judgments of the Group as of the end of the total period of the Quarterly Consolidated Financial Statements.

#### (1) Financial position and operating results

During the first three months of 2024 (from January 1 to March 31, 2024) the global economy continued to show a strong sense of stagnation due to the sluggish economy in Europe and the slow growth of the Chinese economy, despite the steady performance of the U.S. economy. There are concerns about the impact of heightened geopolitical risks, such as the deteriorating situation in the Middle East, on the outlook for the global economy.

Under these circumstances, in February this year, Tokai Carbon Group disclosed the rolling medium-term management plan “T-2026”, for the three-year period from 2024 to 2026. Based on the three basic policies of “Strengthening the earnings power of core businesses,” “Enhancing business portfolio management,” and “Pursuing sustainability management,” we aim to achieve quantitative targets of 458 billion yen in net sales, 53 billion yen in operating income, 12% in ROS, and 104 billion yen in EBITDA by 2026. We aim to increase our corporate value and promptly improve our PBR by reviewing our production system in Graphite Electrodes, actively investing in the growing businesses of fine carbon and industrial furnaces and focusing on various sustainability measures.

As a result, net sales for the first three months of 2024 decreased 5.0% year on year to 82,161 million yen. Operating income decreased 69.6% year on year to 3,489 million yen. Ordinary income decreased 60.3% year on year to 4,687 million yen. Quarterly net income attributable to owners of the parent company decreased 79.6% year on year to 1,627 million yen.

Results by business segment were as follows:

#### Carbon Black

Although sales volume decreased slightly year on year in replacement tires due to ongoing inventory adjustments by tire manufacturers, net sales increased year on year due to the impact of exchange rates and other factors. Operating income decreased in year on year due to an increase in depreciation costs resulting from the start of operations at large-scale environmental facilities in North America, which was completed at the end of the previous fiscal year, as well as higher raw materials prices.

As a result, net sales for the Carbon Black business increased 5.9% year on year to 39,602 million yen, while operating income decreased 1.1% year on year to 5,696 million yen.

#### Fine Carbon

Sales of the solid SiC focus ring, a key product for the memory semiconductors market, declined year on year due to the impact of export regulations in the U.S. and China as well as in customers' inventory adjustments due to a decline in demand for smartphones and personal computers. On the other hand, demand for products used in power semiconductors remained strong, and production and sales remained steady. As a result, the segment as a whole recorded increased sales and decreased profits year on year.

As a result, net sales for the Fine Carbon business increased 9.5% year on year to 12,537 million yen, while operating income decreased 0.8% year on year to 3,078 million yen.

### Smelting & Lining

Cathodes for aluminum electrolysis sales volume decreased year on year and selling prices also declined due to a decline in demand for replacements of aluminum smelting furnaces. Earnings were also squeezed by high raw materials and energy costs at our European location.

As a result, net sales for the Smelting and Lining business decreased by 27.0% year on year to 14,030 million yen, and operating loss, including the burden of amortization of goodwill, was 3,546 million yen (compared with 408 million yen in operating income in the same period of the previous year).

### Graphite Electrodes

Amid continued weakness in steel production, demand declined in the Company's main markets of Asia, North America and Europe, partly due to customers' inventory adjustments. As a result, sales volumes fell sharply year on year and selling prices continued to fall. Higher energy, labor and other costs, as well as lower operation rate prices, also contributed to lower sales and profits year on year.

As a result, net sales for the Graphite Electrodes business decreased 19.4% year on year to 10,874 million yen, while operating loss was 2,175 million yen (compared with 1,637 million yen in operating income for the same period of the previous year).

### Industrial Furnaces and Related Products

Demand recovered in China, although inventory adjustments and project delays continued in the energy-related industry and the electronic components industry, which are the main markets for industrial furnaces and heating elements. As a result, sales increased while profits decreased in year on year.

As a result, net sales for the Industrial Furnaces and Related Products business increased 1.5% year on year to 2,485 million yen, while operating income decreased 4.3% year on year to 511 million yen.

### Other Operations

#### *Friction materials*

Demand in the construction machinery and electromagnetic equipment markets declined due to a slowdown in the Chinese market, while demand in the mining machinery market declined due to a fall in the price of resources. As a result, net sales decreased in year on year. At the same time, the motorcycle market remained stable.

As a result, net sales of friction materials decreased 16.1% year on year to 2,064 million yen.

#### *Anode materials*

A recovery in sales of EVs and ESS (Energy Storage Systems), in which our materials are used, led to an increase in sales compared with the same period of the previous year.

As a result, net sales of anode materials increased significantly year on year to 535 million yen (compared with 29 million yen in net sales for the same period of the previous year).

#### *Others*

Net sales from real estate leasing and other business decreased 2.4% year on year to 32 million yen.

As a result, net sales for Other Operations increased 4.3% to 2,632 million yen, while operating income decreased 25.5% to 224 million yen.

Total assets at the end of the first quarter under review (March 31, 2024) increased by 20,236 million yen from the end of

previous fiscal year to 660,242 million yen due to an increase in tangible fixed assets. Liabilities decreased 776 million yen from the end of previous fiscal year to 279,125 million yen due to a decrease in trade payables such as accounts payable despite an increase in interest-bearing liabilities such as borrowings. Net assets increased by 21,013 million yen from the end of previous fiscal year to 381,117 million yen due to an increase in foreign currency translation adjustments. As a result, the Group's equity ratio was 52.1%, an increase of 1.4 points from the end of previous fiscal year.

(2) Accounting estimates and assumptions used in such estimates

There was no material change in the accounting estimates and assumptions used in such estimates stated in the "Management's analysis of financial position, operating results, and cash flows" of the Securities Report for the previous fiscal year.

(3) Business and financial issues to be addressed

During the first three months of the fiscal year under review, there was no material change in the Group's issues to be addressed stated in the Securities Report for the previous fiscal year.

(4) Research and development

The group-wide research and development activities for the first three months of the fiscal year under review costed 1,058 million yen.

During the first three months of the fiscal year under review, there was no material change in the Group research and development activities.

(5) Management policy, management strategy, etc.

During the first three months of the fiscal year under review, there was no material change in the Group management policy, management strategy, etc.

3 Important Agreements for Operation, etc.

Not applicable.



## Section 3 Status of the Submitting Company

### 1 Status of Shares, etc.

#### (1) Total number of shares, etc.

##### 1) Total number of shares

| Type          | Total number of shares authorized to be issued (Shares) |
|---------------|---|
| Common shares | 598,764,000   |
| Total         | 598,764,000   |

##### 2) Shares issued

| Type          | Number of shares issued as of end of the first quarter (Shares)<br>(As of March 31, 2024) | Number of shares issued as of date of submission (Shares)<br>(As of May 14, 2024) | Name of listed financial instruments exchange or registered authorized financial instruments exchange association | Details                |
|---------------|---|---|---|------------------------|
| Common shares | 224,943,104   | 224,943,104   | Tokyo Stock Exchange Prime Market   | Share unit: 100 shares |
| Total         | 224,943,104   | 224,943,104   | -   | -                      |

#### (2) Status of stock warrants

##### 1) Stock option system

Not applicable.

##### 2) Status of other stock warrants, etc.

Not applicable.

#### (3) Status of exercise, etc. of moving strike warrants

Not applicable.

#### (4) Change in total number of shares issued and capital, etc.

| Period                                  | Increase (decrease) in total number of shares issued (Shares) | Total number of shares issued (Shares) | Increase (decrease) in capital (Million yen) | Capital (Million yen) | Increase (decrease) in capital reserve (Million yen) | Capital reserve (Million yen) |
|---|---|--|--|-----------------------|--|-------------------------------|
| January 1, 2024 - March 31, 2024 (Note) | -   | 224,943,104                            | -  | 20,436                | -  | 17,502                        |

Note: The increase was due to the exercise of stock acquisition rights.

(5) Major shareholders

There are no matters to be stated as the period under review constitutes the first quarter of the fiscal year.

(6) Voting rights

“Information on voting rights” as of the end of the first quarter under review (March 31, 2024) is based on the list of shareholders as of the most recent record date (December 31, 2023), since the list as of March 31, 2024 is not available for confirmation.

1) Shares issued

(As of March 31, 2024)

| Category   | Number of shares (Shares)                    | Number of voting rights | Details                               |
|--|--|-------------------------|---------------------------------------|
| Non-voting shares  | -  | -                       | -                                     |
| Shares with limited voting rights (Treasury stock, etc.) | -  | -                       | -                                     |
| Shares with limited voting rights (Other)                | -  | -                       | -                                     |
| Shares with full voting rights (Treasury stock, etc.)    | (Treasury stock)<br>Common shares 11,727,600 | -                       | -                                     |
| Shares with full voting rights (Other)                   | Common shares 212,998,400                    | 2,129,984               | -                                     |
| Odd-lot shares   | Common shares 217,104                        | -                       | Shares below unit number (100 shares) |
| Total number of shares issued                            | 224,943,104                                  | -                       | -                                     |
| Total shareholder voting rights                          | -  | 2,129,984               | -                                     |

Note: The 1,000 shares (10 voting rights) held by the Japan Securities Depository Center are included under “Shares with full voting rights (Other).”

2) Treasury stock, etc.

(As of March 31, 2024)

| Name of holder                             | Address of holder                       | Number of shares held in own name (Shares) | Number of shares held under different names (Shares) | Total number of shares held (Shares) | Ownership ratio based on total number of shares issued (%) |
|--|---|--|--|--------------------------------------|--|
| (Treasury stock)<br>Tokai Carbon Co., Ltd. | 1-2-3, Kita Aoyama,<br>Minato-ku, Tokyo | 11,727,600                                 | -  | 11,727,600                           | 5.21   |
| Total                                      | -                                       | 11,727,600                                 | -  | 11,727,600                           | 5.21   |

2 Members of the Board and Audit & Supervisory Board Members

Not applicable.

## Section 4 Status of Accounting

### 1. Method of preparation for quarterly consolidated financial statements

The Company's quarterly consolidated financial statements are prepared in accordance with the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements (Cabinet Office Ordinance No. 64 of 2007).

### 2. Audit certificate

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, the Company has received a quarterly review from KPMG AZSA LLC in regard to the quarterly consolidated financial statements for the first quarter (January 1, 2024 to March 31, 2024) as well as cumulative first quarter (January 1, 2024 to March 31, 2024).

# 1 Quarterly Consolidated Financial Statements, etc.

## (1) Quarterly consolidated balance sheets

(Millions of yen)

|  | Previous fiscal year<br>(As of December 31, 2023) | First quarter of<br>the fiscal year under review<br>(As of March 31, 2024) |
|--|---|--|
| <b>Assets</b>                          |   |  |
| Current assets                         |   |  |
| Cash and deposits                      | 77,465  | 68,890   |
| Notes and accounts receivable          | 65,530  | 70,683   |
| Merchandise and finished goods         | 28,886  | 28,875   |
| Work in progress                       | 47,431  | 51,714   |
| Raw materials and supplies             | 33,014  | 32,725   |
| Other                                  | 11,463  | 9,912  |
| Allowance for doubtful accounts        | (900)   | (951)  |
| Total current assets                   | 262,890   | 261,850  |
| Fixed assets                           |   |  |
| Tangible fixed assets                  |   |  |
| Buildings and structures, net          | 37,895  | 42,194   |
| Machinery, equipment and vehicles, net | 107,187   | 127,474  |
| Land                                   | 12,291  | 12,487   |
| Construction in progress               | 58,187  | 48,583   |
| Other, net                             | 8,242   | 8,167  |
| Total tangible fixed assets            | 223,804   | 238,907  |
| Intangible assets                      |   |  |
| Goodwill                               | 49,212  | 48,823   |
| Customer-related assets                | 52,880  | 52,719   |
| Other                                  | 14,958  | 14,853   |
| Total intangible assets                | 117,051   | 116,396  |
| Investments and other assets           |   |  |
| Investment securities                  | 30,980  | 37,855   |
| Net defined benefit asset              | 3,811   | 3,792  |
| Deferred tax assets                    | 492   | 390  |
| Other                                  | 997   | 1,072  |
| Allowance for doubtful accounts        | (22)  | (22)   |
| Total investments and other assets     | 36,258  | 43,088   |
| Total fixed assets                     | 377,114   | 398,392  |
| Total assets                           | 640,005   | 660,242  |

(Millions of yen)

|   | Previous fiscal year<br>(As of December 31, 2023) | First quarter of<br>the fiscal year under review<br>(As of March 31, 2024) |
|---|---|--|
| <b>Liabilities</b>                                    |   |  |
| Current liabilities                                   |   |  |
| Notes and accounts payable                            | 25,663  | 22,295   |
| Electronically recorded obligations                   | 3,806   | 3,562  |
| Short-term loans payable                              | 7,000   | 6,000  |
| Commercial papers                                     | 60,000  | 50,000   |
| Current portion of loans payable                      | 3,218   | 8,222  |
| Income taxes payable                                  | 3,983   | 3,546  |
| Contract liability                                    | 2,550   | 2,993  |
| Provision for bonuses                                 | 4,432   | 2,326  |
| Other   | 26,315  | 25,481   |
| Total current liabilities                             | 136,971   | 124,428  |
| Long-term liabilities                                 |   |  |
| Bonds payable   | 55,000  | 65,000   |
| Long-term loans payable                               | 41,424  | 40,762   |
| Deferred tax liabilities                              | 30,251  | 32,795   |
| Retirement benefit liability                          | 7,720   | 8,044  |
| Provision for retirement benefits for directors       | 101   | 89   |
| Provision for executive officers' retirement benefits | 53  | 54   |
| Provision for environment and safety measures         | 461   | 477  |
| Other   | 7,918   | 7,471  |
| Total long-term liabilities                           | 142,930   | 154,696  |
| Total liabilities                                     | 279,902   | 279,125  |
| <b>Net assets</b>                                     |   |  |
| Shareholders' equity                                  |   |  |
| Capital stock   | 20,436  | 20,436   |
| Capital surplus                                       | 13,825  | 13,825   |
| Retained earnings                                     | 210,183   | 207,973  |
| Treasury stock  | (7,225)   | (7,226)  |
| Total shareholders' equity                            | 237,220   | 235,009  |
| Accumulated other comprehensive income                |   |  |
| Valuation difference on other securities              | 15,106  | 19,702   |
| Deferred gains or losses on hedges                    | 268   | 218  |
| Foreign currency translation adjustments              | 69,302  | 86,336   |
| Cumulative remeasurements of defined benefit plans    | 2,593   | 2,627  |
| Total accumulated other comprehensive income          | 87,271  | 108,885  |
| Non-controlling interests                             | 35,612  | 37,222   |
| Total net assets                                      | 360,103   | 381,117  |
| Total liabilities and net assets                      | 640,005   | 660,242  |

(2) Quarterly consolidated statements of income and comprehensive income

Quarterly consolidated statements of income

(First three-month period)

(Millions of yen)

|   | First three months of<br>the previous fiscal year<br>(January 1 to March 31, 2023) | First three months of<br>the fiscal year under review<br>(January 1 to March 31, 2024) |
|---|--|--|
| Net sales   | 86,530   | 82,161   |
| Cost of sales   | 60,844   | 63,700   |
| Gross profit  | 25,686   | 18,461   |
| Selling, general and administrative expenses                      | 14,192   | 14,971   |
| Operating income  | 11,493   | 3,489  |
| Non-operating income  |  |  |
| Interest income   | 345  | 355  |
| Dividend income   | 101  | 130  |
| Share of profit of entities accounted for using equity method     | 56   | 205  |
| Foreign exchange gains  | 218  | 959  |
| Other   | 267  | 268  |
| Total non-operating income  | 988  | 1,918  |
| Non-operating expenses  |  |  |
| Interest expenses   | 353  | 372  |
| Other   | 323  | 348  |
| Total non-operating expenses                                      | 677  | 721  |
| Ordinary income   | 11,804   | 4,687  |
| Extraordinary income  |  |  |
| Gain on sales of fixed assets                                     | 181  | 49   |
| Gain on sale of investment securities                             | 1  | 13   |
| Total extraordinary income  | 182  | 63   |
| Extraordinary losses  |  |  |
| Loss on retirement of fixed assets                                | 0  | 2  |
| Loss on sales of fixed assets                                     | 9  | -  |
| Total extraordinary losses  | 9  | 2  |
| Quarterly net income before income taxes                          | 11,977   | 4,747  |
| Income taxes - current  | 2,582  | 2,373  |
| Income taxes - deferred   | 546  | (151)  |
| Total income taxes  | 3,128  | 2,221  |
| Quarterly net income  | 8,848  | 2,525  |
| Quarterly net income attributable to non-controlling interests    | 884  | 898  |
| Quarterly net income attributable to owners of the parent company | 7,964  | 1,627  |

Quarterly consolidated statements of comprehensive income  
(First three-month period)

(Millions of yen)

|  | First three months of<br>the previous fiscal year<br>(January 1 to March 31, 2023) | First three months of<br>the fiscal year under review<br>(January 1 to March 31, 2024) |
|--|--|--|
| Quarterly net income   | 8,848  | 2,525  |
| Other comprehensive income   |  |  |
| Valuation difference on other securities   | 1,212  | 4,599  |
| Deferred gains or losses on hedges   | 19   | (49)   |
| Foreign currency translation adjustments   | 4,416  | 17,643   |
| Remeasurements of defined benefit plans  | (89)   | 33   |
| Share of other comprehensive income of associates<br>accounted for using equity method | 7  | 100  |
| Total other comprehensive income   | 5,566  | 22,328   |
| Quarterly comprehensive income   | 14,415   | 24,854   |
| (Breakdown)  |  |  |
| Quarterly comprehensive income attributable to owners of<br>the parent company         | 14,151   | 23,241   |
| Quarterly comprehensive income attributable to non-<br>controlling interests           | 264  | 1,612  |

# Notes to Quarterly Consolidated Financial Statements

## (Notes to quarterly consolidated statements of cash flows)

Quarterly consolidated statements of cash flows for the first three months of the fiscal year under review are not prepared. Depreciation and amortization (including amortization of intangible fixed assets except goodwill) and amortization of goodwill for the three months under review are as listed below:

|                               | First quarter of<br>the previous fiscal year<br>(January 1 to March 31, 2023) | First quarter of<br>the fiscal year under review<br>(January 1 to March 31, 2024) |
|-------------------------------|---|---|
| Depreciation and amortization | ¥6,679 million  | ¥8,051 million  |
| Amortization of goodwill      | ¥1,922 million  | ¥2,151 million  |

## (Notes to shareholders' equity, etc.)

### I First three months of the previous fiscal year (From January 1 to March 31 2023)

#### Amount of dividends paid

| Resolution   | Type of shares | Total dividend<br>(Million yen) | Dividend per<br>share (Yen) | Record date       | Effective date | Source of<br>dividends |
|--|----------------|---------------------------------|-----------------------------|-------------------|----------------|------------------------|
| March 30, 2023<br>Annual general<br>meeting of<br>shareholders | Common shares  | 3,197                           | 15.0                        | December 31, 2022 | March 31, 2023 | Retained<br>earnings   |

### II First three months of the fiscal year under review (From January 1 to March 31, 2024)

#### Amount of dividends paid

| Resolution   | Type of shares | Total dividend<br>(Million yen) | Dividend per<br>share (Yen) | Record date       | Effective date | Source of<br>dividends |
|--|----------------|---------------------------------|-----------------------------|-------------------|----------------|------------------------|
| March 28, 2024<br>Annual general<br>meeting of<br>shareholders | Common shares  | 3,837                           | 18.0                        | December 31, 2023 | March 29, 2024 | Retained<br>earnings   |



(Segment information)

Segment information

I First three months of the previous fiscal year (January 1 to March 31, 2023)

Information on net sales and amount of income by reportable segment

(Millions of yen)

|                              | Reportable segment |             |                     |                     |  |          | Other Operations<br>(Note 1) | Total  | Adjustments<br>(Note 2) | Amount recorded in the quarterly consolidated statements of income (Note 3) |
|------------------------------|--------------------|-------------|---------------------|---------------------|--|----------|------------------------------|--------|-------------------------|---|
|                              | Carbon Black       | Fine Carbon | Smelting and Lining | Graphite Electrodes | Industrial Furnaces and Related Products | Subtotal |                              |        |                         |   |
| Net sales                    |                    |             |                     |                     |  |          |                              |        |                         |   |
| External sales               | 37,406             | 11,444      | 19,218              | 13,486              | 2,449                                    | 84,006   | 2,523                        | 86,530 | -                       | 86,530  |
| Intersegment sales/transfers | 6                  | 19          | 72                  | 72                  | 43                                       | 214      | -                            | 214    | (214)                   | -   |
| Total                        | 37,413             | 11,464      | 19,291              | 13,558              | 2,493                                    | 84,221   | 2,523                        | 86,744 | (214)                   | 86,530  |
| Segment income               | 5,757              | 3,103       | 408                 | 1,637               | 534                                      | 11,442   | 301                          | 11,743 | (249)                   | 11,493  |

- Notes: 1. The Other Operations segment is a business segment that is not included among the reportable segments. It consists of the friction materials business, anode materials business, real estate leasing business, and other businesses.
2. The 249-million-yen negative adjustment in segment income includes company-wide expenses of 337 million yen that were not allocated to each reportable segment. Company-wide expenses consist of research and development expenses and other expenses not attributable to the reportable segments.
3. Segment income is reconciled to the operating income reported in the Quarterly Consolidated Statements of Income.

II First three months of the fiscal year under review (January 1 to March 31, 2024)

1. Information on net sales and amount of income or loss by reportable segment

(Millions of yen)

|                              | Reportable segment |             |                     |                     |  |          | Other Operations<br>(Note 1) | Total  | Adjustments<br>(Note 2) | Amount recorded in the quarterly consolidated statements of income (Note 3) |
|------------------------------|--------------------|-------------|---------------------|---------------------|--|----------|------------------------------|--------|-------------------------|---|
|                              | Carbon Black       | Fine Carbon | Smelting and Lining | Graphite Electrodes | Industrial Furnaces and Related Products | Subtotal |                              |        |                         |   |
| Net sales                    |                    |             |                     |                     |  |          |                              |        |                         |   |
| External sales               | 39,602             | 12,537      | 14,030              | 10,874              | 2,485                                    | 79,529   | 2,632                        | 82,161 | -                       | 82,161  |
| Intersegment sales/transfers | 6                  | 125         | 54                  | 46                  | 55                                       | 287      | -                            | 287    | (287)                   | -   |
| Total                        | 39,608             | 12,662      | 14,084              | 10,920              | 2,541                                    | 79,817   | 2,632                        | 82,449 | (287)                   | 82,161  |
| Segment income (loss)        | 5,696              | 3,078       | (3,546)             | (2,175)             | 511                                      | 3,565    | 224                          | 3,790  | (300)                   | 3,489   |

- Notes: 1. The Other Operations segment is a business segment that is not included among the reportable segments. It consists of the friction materials business, anode materials business, real estate leasing business, and other businesses.
2. The 300-million-yen negative adjustment in segment income (loss) includes company-wide expenses of negative 361 million yen that were not allocated to each reportable segment. Company-wide expenses consist of research and development expenses and other expenses not attributable to the reportable segments.
3. Segment income (loss) is reconciled to the operating income reported in the Quarterly Consolidated Statements of Income.

(Revenue recognition)

Breakdown of revenue from customer contracts

First three months of the previous fiscal year (From January 1 to March 31, 2023)

(Millions of yen)

|                               | Reportable segment |             |                     |                     |  |          | Other Operations (Note) | Total  |
|-------------------------------|--------------------|-------------|---------------------|---------------------|--|----------|-------------------------|--------|
|                               | Carbon Black       | Fine Carbon | Smelting and Lining | Graphite Electrodes | Industrial Furnaces and Related Products | Subtotal |                         |        |
| Japan                         | 10,331             | 1,519       | -                   | 1,833               | 1,330                                    | 15,015   | 2,114                   | 17,129 |
| Asia                          | 7,857              | 5,970       | 2,706               | 351                 | 925                                      | 17,811   | 215                     | 18,027 |
| North America                 | 18,272             | 2,943       | 1,803               | 8,236               | 133                                      | 31,389   | -                       | 31,389 |
| Europe                        | 592                | 946         | 3,880               | 2,866               | 38                                       | 8,342    | 181                     | 8,524  |
| Middle East and Other Regions | 353                | 46          | 10,828              | 197                 | 21                                       | 11,447   | 21                      | 11,459 |
| External sales                | 37,406             | 11,444      | 19,218              | 13,486              | 2,449                                    | 84,006   | 2,523                   | 86,530 |

Note: The Other Operations segment is a business segment that is not included among the reportable segments. It consists of the friction materials business, anode materials business, real estate leasing business, and other businesses.

First three months of the fiscal year under review (From January 1 to March 31, 2024)

(Millions of yen)

|                               | Reportable segment |             |                     |                     |  |          | Other Operations (Note) | Total  |
|-------------------------------|--------------------|-------------|---------------------|---------------------|--|----------|-------------------------|--------|
|                               | Carbon Black       | Fine Carbon | Smelting and Lining | Graphite Electrodes | Industrial Furnaces and Related Products | Subtotal |                         |        |
| Japan                         | 10,525             | 2,191       | -                   | 1,720               | 1,211                                    | 15,648   | 2,224                   | 17,872 |
| Asia                          | 7,979              | 6,177       | 4,517               | 365                 | 1,191                                    | 20,231   | 223                     | 20,454 |
| North America                 | 19,797             | 2,920       | 1,528               | 5,488               | 5  | 29,739   | -                       | 29,739 |
| Europe                        | 931                | 1,214       | 3,938               | 2,976               | 46                                       | 9,106    | 173                     | 9,280  |
| Middle East and Other Regions | 368                | 34          | 4,046               | 322                 | 31                                       | 4,802    | 11                      | 4,814  |
| External sales                | 39,602             | 12,537      | 14,030              | 10,874              | 2,485                                    | 79,529   | 2,632                   | 82,161 |

Note: The Other Operations segment is a business segment that is not included among the reportable segments. It consists of the friction materials business, anode materials business, real estate leasing business, and other businesses.

(Per share information)

The quarterly net income per share and basis for calculation are as follows.

|  | First three months of the previous fiscal year (January 1 to March 31, 2023) | First three months of the fiscal year under review (January 1 to March 31, 2024) |
|--|--|--|
| Quarterly net income per share   | 37.36 yen  | 7.63 yen   |
| (Basis for Calculation)  |  |  |
| Quarterly net income attributable to owners of the parent company (million yen)                          | 7,964  | 1,627  |
| Amount not attributable to common shareholders (million yen)   | -  | -  |
| Quarterly net income attributable to owners of the parent company related to common shares (million yen) | 7,964  | 1,627  |
| Average number of common shares during period (thousands of shares)                                      | 213,194  | 213,215  |

Note: Quarterly diluted net income per share is not shown because there were no dilutive shares.

(Significant Subsequent Events)

Not applicable.

2 Other Information

Not applicable.

Part 2 Information on Submitting Company's Surety Company, etc.

Not applicable.

## Independent Auditor's Quarterly Review Report

May 14, 2024

Tokai Carbon Co., Ltd.

To: The Board of Directors

KPMG AZSA LLC  
Tokyo Office

Designated Limited  
Liability Partner  
Engagement Partner

Certified Public  
Accountant

Ryoichi Isashi

Designated Limited  
Liability Partner  
Engagement Partner

Certified Public  
Accountant

Takeshi Nakatani

### Auditor's Conclusion

We have conducted a quarterly review of the quarterly consolidated financial statements of Tokai Carbon Co., Ltd. for the first quarter (January 1 to March 31, 2024) as well as cumulative first quarter (January 1 to March 31, 2024) of the fiscal year from January 1, 2024 through December 31, 2024, provided in "Section 4. Status of Accounting" in the Company's Quarterly Securities Report; that is, the quarterly consolidated balance sheets, quarterly consolidated statements of income, quarterly consolidated statements of comprehensive income, and related notes thereof, in accordance with Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

In our quarterly review, in all material respects, we did not find any matters that lead us to believe that these quarterly consolidated financial statements do not properly present the financial position of Tokai Carbon Co., Ltd. and its consolidated subsidiaries as of March 31, 2024, as well as their operating results and for the consolidated cumulative first quarter ended on that day, in accordance with the standard for preparation of quarterly consolidated financial statements generally accepted in Japan.

### Basis for Auditor's Conclusion

We conducted our quarterly review in accordance with the quarterly review standards that are generally accepted in Japan. Our responsibility under quarterly review standards is described in "Auditor's Responsibility for Conducting the Quarterly Review of Quarterly Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries and fulfill our other ethical responsibilities as an auditor in accordance with provisions of the Code of Professional Ethics in Japan. We believe that we have obtained evidence to provide a basis for our conclusion.

### Responsibilities of Management, Audit & Supervisory Board Members, and Audit & Supervisory Board for Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these quarterly consolidated financial statements in accordance with the standard for preparation of quarterly consolidated financial statements generally accepted in Japan. Responsibilities include those for designing and operating an internal control system as management deems necessary in order to prepare and properly present quarterly consolidated financial statements that are free from material misstatement due to fraud or error.

In preparing quarterly consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the same based on the going concern assumption, as well as for disclosing matters concerning a going concern if it is necessary to do so based on the standard for preparation of quarterly consolidated financial statements generally accepted in Japan.

Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of their duties in the development and operation of the financial reporting process.

### Auditor's Responsibility for Conducting the Quarterly Review of Quarterly Consolidated Financial Statements

Our responsibility is to express a conclusion on the quarterly consolidated financial statements in the quarterly review report from an independent standpoint and based on our quarterly review.

We shall, in accordance with quarterly review standards generally accepted in Japan, make professional judgments throughout the quarterly review process and, with professional skepticism, shall:

- Ask questions mostly to management, persons responsible for financial and accounting matters, and others, and perform analytical and other quarterly review procedures. The quarterly review procedures are more limited than those of the annual audit of financial statements that is performed in accordance with the audit standards generally accepted in Japan.
- Determine, based on the evidence obtained, whether there are matters that lead us to believe that the quarterly consolidated financial statements are not appropriately presented in accordance with the standard for preparation of quarterly consolidated financial statements generally accepted in Japan, if significant uncertainties are recognized concerning the events or circumstances that may raise significant doubt about the going concern assumptions. A quarterly review report shall be required to draw attention to the notes to the quarterly consolidated financial statements if significant uncertainties are recognized concerning the going concern assumptions, or the expression of a qualified or adverse conclusion on the quarterly consolidated financial statements shall be required if the notes to significant uncertainties in the quarterly consolidated financial statements are not appropriate. Our conclusions are based on the evidence obtained up to the date of the quarterly review report, but future events and circumstances may prevent the company from continuing as a going concern.
- Evaluate the presentation, composition, and content of the quarterly consolidated financial statements, including the related notes, and whether there are matters that lead us to believe that the quarterly consolidated financial statements do not appropriately present the transactions and accounting events on which they are based, as well as whether there are matters that lead us to believe that the presentation and notes to the quarterly consolidated financial statements do not conform to the standard for preparation of quarterly consolidated financial statements generally accepted in Japan.
- Obtain evidence on the financial information of the Company and its consolidated subsidiaries which serves as the basis for expressing a conclusion on the quarterly consolidated financial statements. We are responsible for directing, supervising and inspecting the quarterly review of the quarterly consolidated financial statements. An Auditor is solely responsible for the conclusion.

We shall report to the Audit & Supervisory Board Members and the Audit & Supervisory Board on the scope and timing of the planned quarterly review and material findings from the review.

We shall report to the Audit & Supervisory Board Members and the Audit & Supervisory Board on compliance with the provisions of the Code of Professional Ethics in Japan on independence, matters reasonably considered to affect the independence of the auditors, and the content of safeguards to remove or mitigate any impediments.

#### Interests in the Company

Our firm and engagement partners have no interest in the Company that should be disclosed under the provisions of the Certified Public Accountants Act of Japan.

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- (Notes) 1. The above is a digitized version of the original copy of the quarterly review report, which is held in the custody of the Company (the company filing this quarterly securities report).  
2. XBRL data is excluded from the scope of audit.