

Quarterly Securities Report

(For the First Quarter of the Fiscal Year ending December 31, 2023)

From January 1, 2023

To March 31, 2023

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.

Quarterly Securities Report

- 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.

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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 12, 2023
[Accounting period]	First quarter of FY2023 (from January 1 to March 31, 2023)
[Company name]	Tokai Carbon Co., Ltd.
[Company name in English]	TOKAI CARBON CO., LTD.
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[Telephone number]	03-3746-5100 (Switchboard)
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[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 (Osaka Fukoku Seimei Bldg., 2-4 Komatsubaracho, Kita-ku, Osaka-shi, Osaka) Tokai Carbon Co., Ltd. Nagoya Branch (Nagoya International Center Bldg., 1-47-1 Nagono, Nakamura-ku, Nagoya, Aichi) Tokyo Stock Exchange, Inc. (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 FY2022	First three months of FY2023	FY2022
Accounting period		(January 1 to March 31, 2022)	(January 1 to March 31, 2023)	(January 1 to December 31, 2022)
Net sales	(Million yen)	69,512	86,530	340,371
Ordinary income	(Million yen)	8,406	11,804	42,521
Profit attributable to owners of the parent company	(Million yen)	4,044	7,964	22,418
Quarterly comprehensive income or comprehensive income	(Million yen)	19,183	14,415	56,689
Net assets	(Million yen)	272,553	312,082	300,868
Total assets	(Million yen)	526,630	582,246	576,465
Quarterly net income per share or net income per share	(Yen)	18.97	37.36	105.16
Quarterly diluted net income per share or diluted net income per share	(Yen)	-	-	-
Equity ratio	(%)	46.1	48.1	46.6

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 third 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 2023 (from January 1 to March 31, 2023), while the recovery of the Chinese economy is a positive factor, the outlook for the global economy remains uncertain due to factors such as the prolonged crisis in Ukraine, financial system instability triggered by rapid interest rate hikes in the United States and Europe, and concerns about capital outflows from emerging markets.

Under these circumstances, in February this year, we announced the Group’s rolling medium-term management plan “T-2025,” which covers the three years from 2023 to 2025. Under the continued three basic policies of “Returning core businesses to a path of growth,” “Optimizing the business portfolio (selection and concentration),” and “Establishing a sustainable management base,” we aim to achieve net sales of 484 billion yen, operating income of 69 billion yen, ROS of 14%, and EBITDA of 113 billion yen as quantitative targets in 2025. Focusing on our core graphite electrode and carbon black businesses, we are working to ensure reasonable profits by raising sales prices to adjust the increases in raw materials and other costs to sales prices. At the same time, we are steadily improving productivity and expanding production capacity in anticipation of future demand growth. With the aim of achieving carbon neutrality, we are working to reduce CO₂ emissions on a consolidated basis, mainly through the Carbon Neutral Committee, which was established in February 2022. At the same time, we are exploring and investigating relevant technologies.

As a result, net sales for the first three months of 2023 increased 24.5% year on year to 86,530 million yen. Operating income increased 44.8% year on year to 11,493 million yen. Ordinary income increased 40.4% year on year to 11,804 million yen. Quarterly net income attributable to owners of the parent company increased 96.9% year on year to 7,964 million yen.

Results by business segment were as follows:

Graphite Electrodes

Production and sales in Europe declined due to rising energy costs in response to the global slowdown in the steel industry. On the other hand, shipments of large-diameter electrodes increased mainly in North America. This resulted in higher average selling price

As a result, net sales for the Graphite Electrodes business increased 9.1% year on year to 13,486 million yen, and operating income increased 30.1% year on year to 1,637 million yen.

Carbon Black

Sales volumes were at the same level as the same period of the previous year, despite inventory adjustments by some tire manufacturers under the impact of shortages of semiconductors and other materials. Sales and profit increased year-on-year due to the partial compensation of the depreciation charges on investments in environmental equipment resulting from price revisions mainly in the United States.

As a result, net sales for the Carbon Black business increased 27.1% year on year to 37,406 million yen, while operating income increased 88.8% year on year to 5,757 million yen.

Fine Carbon

In the semiconductor market, some demand for production equipment is slowing due to lower demand for smartphones and PCs as well as the impact of the U.S. policy toward China. On the other hand, demand for SiC (Silicon Carbide) semiconductors and other power semiconductors increased, and sales of graphite and SiC products in this segment remained firm, resulting in increased sales and profit.

As a result, net sales for the Fine Carbon business increased 4.7% year on year to 11,444 million yen, while operating income increased 6.6% year on year to 3,103 million yen.

Smelting & Lining

Sales of cathodes for aluminum electrolytic furnaces were strong as smelters in other regions compensated for the shutdown of operations and reduced production in European smelters by the rising energy prices. The raw material and energy costs significantly increased due to the crisis in Ukraine. Against these circumstances, effort for price hikes and other measures were made to maintain profitability.

As a result, net sales for the Smelting and Lining business increased 65.6% year on year to 19,218 million yen, while operating income increased 506.4% year on year to 408 million yen.

Industrial Furnaces and Related Products

Sales decreased year-on-year due to a lack of market recovery in the electronic component-related industry, although demand for energy-related products remained firm.

As a result, net sales for the Industrial Furnaces and Related Products business decreased 2.9% year on year to 2,449 million yen, while operating income decreased 29.9% year on year to 534 million yen.

Other Operations

Friction materials

Demand for motorcycles and electromagnetic equipment, which are our main applications, continued to be strong, although there were some negative factors such as a slowdown in the construction equipment market and supply chain disruptions.

As a result, net sales of friction materials increased 7.4% year on year to 2,460 million yen.

Anode materials

Sales decreased year on year due to sluggish sales of EV and ESS (Energy Storage System) products using the Company's materials.

As a result, net sales of anode materials decreased 91.0% year on year to 29 million yen.

Others

Net sales from real estate leasing and other business decreased 2.8% year on year to 33 million yen.

As a result, net sales in Other Operations, decreased 5.0% year on year to 2,523 million yen, while operating income increased 49.3% year on year to 301 million yen.

Total assets as of the end of the third quarter under review (September 30, 2022) increased by 5,781 million yen from the end of the previous fiscal year to 582,246 million yen due to increases in inventories and tangible fixed assets. Liabilities decreased by 5,432 million yen from the end of previous fiscal year to 270,163 million yen due to a decrease in accounts payable. Net assets increased by 11,214 million yen from the end of previous fiscal year to 312,082 million yen due to an increase in foreign currency translation adjustments.

As a result, the Group's equity ratio was 48.1%, an increase of 1.5 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 cost 784 million yen.

As of March 30, 2023, the Company abolished the Chigasaki Branch Office of the Fuji Research Laboratories and newly

established the Chigasaki Research Laboratory and the Tanoura Research Laboratory.

(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) (As of March 31, 2023)	Number of shares issued as of date of submission (Shares) (As of May 12, 2023)	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, 2023 - March 31, 2023	-	224,943,104	-	20,436	-	17,502

(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, 2023) is based on the list of shareholders as of the most recent base date (December 31, 2022), since the list as of March 31, 2023 is not available for confirmation.

1) Shares issued

(As of March 31, 2023)

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) Common shares 11,748,100	-	-
Shares with full voting rights (Other)	Common shares 212,992,800	2,129,928	-
Odd-lot shares	Common shares 202,204	-	Shares below unit number (100 shares)
Total number of shares issued	224,943,104	-	-
Total shareholder voting rights	-	2,129,928	-

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, 2023)

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) Tokai Carbon Co., Ltd.	1-2-3, Kita Aoyama, Minato-ku, Tokyo	11,748,100	-	11,748,100	5.22
Total	-	11,748,100	-	11,748,100	5.22

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 as well as cumulative first quarter (January 1, 2023 to March 31, 2023).

1 Quarterly Consolidated Financial Statements, etc.

(1) Quarterly consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	First quarter of the fiscal year under review (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	70,909	63,425
Notes and accounts receivable	65,197	62,911
Merchandise and finished goods	26,198	28,392
Work in progress	41,584	48,234
Raw materials and supplies	33,548	32,046
Other	9,528	10,750
Allowance for doubtful accounts	(274)	(278)
Total current assets	246,691	245,482
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	30,944	31,024
Machinery, equipment and vehicles, net	90,597	89,465
Land	8,035	8,050
Construction in progress	44,366	52,512
Other, net	8,004	8,280
Total tangible fixed assets	181,948	189,334
Intangible assets		
Goodwill	52,837	51,604
Customer-related assets	55,724	54,673
Other	10,276	10,327
Total intangible assets	118,839	116,605
Investments and other assets		
Investment securities	22,548	24,352
Net defined benefit asset	2,927	2,907
Deferred tax assets	2,210	2,519
Other	1,325	1,069
Allowance for doubtful accounts	(25)	(24)
Total investments and other assets	28,986	30,823
Total fixed assets	329,773	336,763
Total assets	576,465	582,246

(Millions of yen)

	Previous fiscal year (As of December 31, 2022)	First quarter of the fiscal year under review (As of March 31, 2023)
Liabilities		
Current liabilities		
Notes and accounts payable	28,119	24,308
Electronically recorded obligations	4,153	3,628
Short-term loans payable	10,940	11,084
Commercial papers	60,000	60,000
Current portion of loans payable	9,805	3,120
Income taxes payable	5,673	5,098
Contract liability	2,271	2,863
Provision for bonuses	3,887	1,939
Other	21,845	19,373
Total current liabilities	146,696	131,416
Long-term liabilities		
Bonds payable	55,000	55,000
Long-term loans payable	35,706	43,785
Deferred tax liabilities	24,171	25,658
Retirement benefit liability	6,567	6,741
Provision for retirement benefits for directors	105	95
Provision for executive officers' retirement benefits	58	51
Provision for environment and safety measures	315	322
Other	6,974	7,091
Total long-term liabilities	128,900	138,747
Total liabilities	275,596	270,163
Net assets		
Shareholders' equity		
Capital stock	20,436	20,436
Capital surplus	13,811	13,811
Retained earnings	191,750	196,516
Treasury stock	(7,236)	(7,237)
Total shareholders' equity	218,761	223,527
Accumulated other comprehensive income		
Valuation difference on other securities	9,587	10,798
Deferred gains or losses on hedges	274	294
Foreign currency translation adjustments	37,681	42,727
Cumulative remeasurements of defined benefit plans	2,521	2,432
Total accumulated other comprehensive income	50,065	56,252
Non-controlling interests	32,041	32,302
Total net assets	300,868	312,082
Total liabilities and net assets	576,465	582,246

(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 the previous fiscal year (January 1 to March 31, 2022)	First three months of the fiscal year under review (January 1 to March 31, 2023)
Net sales	69,512	86,530
Cost of sales	49,560	60,844
Gross profit	19,952	25,686
Selling, general and administrative expenses	12,013	14,192
Operating income	7,938	11,493
Non-operating income		
Interest income	96	345
Dividend income	103	101
Share of profit of entities accounted for using equity method	39	56
Foreign exchange gains	705	218
Other	157	267
Total non-operating income	1,103	988
Non-operating expenses		
Interest expenses	268	353
Other	366	323
Total non-operating expenses	635	677
Ordinary income	8,406	11,804
Extraordinary income		
Gain on sales of fixed assets	23	181
Gain on sale of investment securities	-	1
Total extraordinary income	23	182
Extraordinary losses		
Loss on sales of fixed assets	0	9
Loss on retirement of fixed assets	64	0
Loss on sale of equity invested in associates	30	-
Loss on sale of investment securities	0	-
Total extraordinary losses	94	9
Quarterly net income before income taxes	8,335	11,977
Income taxes - current	1,949	2,582
Income taxes - deferred	1,171	546
Total income taxes	3,121	3,128
Quarterly net income	5,214	8,848
Quarterly net income attributable to non-controlling interests	1,170	884
Quarterly net income attributable to owners of the parent company	4,044	7,964

Quarterly consolidated statements of comprehensive income

(First three-month period)

(Millions of yen)

	First three months of the previous fiscal year (January 1 to March 31, 2022)	First three months of the fiscal year under review (January 1 to March 31, 2023)
Quarterly net income	5,214	8,848
Other comprehensive income		
Valuation difference on other securities	356	1,212
Deferred gains or losses on hedges	11	19
Foreign currency translation adjustments	13,663	4,416
Remeasurements of defined benefit plans	(5)	(89)
Share of other comprehensive income of associates accounted for using equity method	(57)	7
Total other comprehensive income	13,968	5,566
Quarterly comprehensive income	19,183	14,415
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent company	16,847	14,151
Quarterly comprehensive income attributable to non- controlling interests	2,335	264

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 the previous fiscal year (January 1 to March 31, 2022)	First quarter of the fiscal year under review (January 1 to March 31, 2023)
Depreciation and amortization	¥5,951 million	¥6,679 million
Amortization of goodwill	¥1,762 million	¥1,922 million

(Notes to shareholders' equity, etc.)

I First three months of the previous fiscal year (From January 1 to March 31, 2022)

Amount of dividends paid

Resolution	Class of shares	Total dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
March 30, 2022 Annual general meeting of shareholders	Common shares	3,197	15.0	December 31, 2021	March 31, 2022	Retained earnings

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

Amount of dividends paid

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

(Segment information, etc.)

Segment information

I First three months of the previous fiscal year (January 1 to March 31, 2022)

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

(Millions of yen)

	Reportable segment						Other Operations (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly consolidated statements of income (Note 3)
	Graphite Electrodes	Carbon Black	Fine Carbon	Smelting and Lining	Industrial Furnaces and Related Products	Subtotal				
Net sales										
External sales	12,362	29,430	10,935	11,605	2,523	66,856	2,655	69,512	-	69,512
Intersegment sales/transfers	61	13	19	43	83	221	-	221	(221)	-
Total	12,423	29,444	10,954	11,649	2,606	67,078	2,655	69,734	(221)	69,512
Segment income	1,258	3,049	2,912	67	763	8,051	201	8,253	(314)	7,938

- 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 314-million-yen negative adjustment in segment income includes company-wide expenses of 314 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.

2. Information on assets by reportable segment

During the first three months of the fiscal year under review, as a result of the transfer of all equity interests of the Tokai Carbon (Tianjin) Co., Ltd. and the exclusion from the scope of consolidation, the amount of assets of reportable segments at the end of the first quarter of the of the fiscal year under review decreased by 5,977 million yen in the Carbon Black segment compared with the end of the previous fiscal year.

II First three months of the fiscal year under review (January 1 to March 31, 2023)

Information on net sales and amount of income by reportable segment

(Millions of yen)

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

(Revenue recognition)

Breakdown of revenue from customer contracts

First three months of the previous fiscal year under review (From January 1 to March 31, 2022)

Information on net sales by reportable segment

(Millions of yen)

	Reportable segment						Other Operations (Note 1)	Total
	Graphite Electrodes	Carbon Black	Fine Carbon	Smelting and Lining	Industrial Furnaces and Related Products	Subtotal		
Japan	2,217	7,723	1,251	-	1,502	12,693	2,280	14,947
Asia	364	6,951	5,328	1,223	945	14,814	237	15,051
North America	5,125	13,814	3,633	1,498	45	24,117	-	24,117
Europe	3,446	480	689	3,382	26	8,025	130	8,155
Other regions	1,208	460	32	5,500	3	7,206	8	7,214
External sales	12,362	29,430	10,935	11,605	2,523	66,856	2,655	69,512

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, 2023)

Information on net sales by reportable segment

(Millions of yen)

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

(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, 2022)	First three months of the fiscal year under review (January 1 to March 31, 2023)
Quarterly net income per share	18.97 yen	37.36 yen
(Basis for Calculation)		
Quarterly net income attributable to owners of the parent company (million yen)	4,044	7,964
Amount not attributable to common shareholders (million yen)	-	-
Quarterly net income attributable to owners of the parent company related to common shares (million yen)	4,044	7,964
Average number of common shares during period (thousands of shares)	213,180	213,194

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 12, 2023

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
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Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Takeshi Nakatani
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Auditor's Conclusion

We have conducted a quarterly review of the quarterly consolidated financial statements of Tokai Carbon Co., Ltd. for the first quarter as well as cumulative first quarter (January 1 to March 31, 2023) of the fiscal year from January 1, 2023 through December 31, 2023, 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, 2023, as well as their operating results 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 for the purpose of expressing a conclusion on the quarterly consolidated financial statements. We are responsible for directing, supervising and implementing 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.