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Long-Term Earnings Summary (2012–2022, consolidated)

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Statements of Income												
Net sales	(Millions of yen)	98,704	100,935	114,576	104,864	88,580	106,252	231,302	262,028	201,542	258,874	340,371
Gross profit	(Millions of yen)	18,560	15,267	18,651	19,960	16,529	27,451	99,378	92,840	49,555	70,732	94,052
Selling, general and administrative expenses	(Millions of yen)	12,859	13,611	14,947	15,871	15,398	16,358	26,312	38,495	41,696	46,085	53,463
Operating income	(Millions of yen)	5,700	1,655	3,703	4,088	1,131	11,093	73,065	54,344	7,858	24,647	40,588
Ordinary income	(Millions of yen)	6,470	3,114	4,180	4,317	1,702	12,855	72,991	52,986	6,262	24,770	42,521
Net income before income taxes	(Millions of yen)	3,992	2,926	4,345	6,726	(7,938)	15,533	95,811	51,226	6,116	23,354	42,111
Income taxes	(Millions of yen)	2,142	1,802	1,749	4,345	(67)	2,740	21,543	17,175	2,283	3,248	14,782
Net income	(Millions of yen)	1,993	1,213	2,562	2,484	(7,929)	12,603	74,268	34,050	3,833	20,106	27,329
EBITDA	(Millions of yen)	16,084	12,470	13,845	14,581	10,616	17,740	85,374	77,053	35,262	54,518	75,572
Sales ratio												
Gross profit	(%)	18.8	15.1	16.3	19.0	18.7	25.8	43.0	35.4	24.6	27.3	27.6
Selling, general and administrative expenses	(%)	13.0	13.5	13.0	15.1	17.4	15.4	11.4	14.7	20.7	17.8	15.7
Operating income (ROS)	(%)	5.8	1.6	3.2	3.9	1.3	10.4	31.6	20.7	3.9	9.5	11.9
Ordinary income	(%)	6.6	3.1	3.6	4.1	1.9	12.1	31.6	20.2	3.1	9.6	12.5
Net income before income taxes	(%)	4.0	2.9	3.8	6.4	(9.0)	14.6	41.4	19.5	3.0	9.0	12.4
Net income	(%)	2.0	1.2	2.2	2.4	(9.0)	11.6	32.1	13.0	1.9	7.8	8.0
EBITDA	(%)	16.3	12.4	12.1	13.9	12.0	16.7	36.9	29.4	17.5	21.1	22.2
Investment-related												
Capital expenditure	(Millions of yen)	12,287	9,007	6,830	5,301	6,013	4,282	11,794	24,341	28,873	30,347	48,150
Depreciation	(Millions of yen)	8,712	8,656	8,629	9,242	8,124	6,647	10,390	18,503	20,890	22,900	27,460
R&D expenses	(Millions of yen)	1,961	1,800	1,882	1,822	2,249	1,482	1,883	2,460	2,682	2,823	3,171
Cash flow												
Operating cash flows	(Millions of yen)	8,828	11,606	11,983	20,613	17,505	10,543	44,109	41,664	55,022	38,072	41,205
Investment cash flows	(Millions of yen)	(12,770)	(10,791)	(24,027)	3,189	(3,622)	(14,039)	(53,849)	(99,159)	(44,301)	(35,282)	(49,900)
Free cash flows	(Millions of yen)	(3,941)	815	(12,043)	23,802	13,883	(3,496)	(9,740)	(57,495)	10,721	2,790	(8,695)
Financing cash flows	(Millions of yen)	(3,611)	1,441	9,728	(14,926)	(7,613)	(4,534)	29,677	64,568	927	1,211	(10,629)
Increase (decrease) in cash and cash equivalents	(Millions of yen)	(6,674)	4,155	(1,307)	8,180	5,602	(6,376)	18,979	5,318	11,284	6,707	(15,057)
Exchange rate*	(USD/JPY)	79.82	97.65	105.85	121.05	108.85	112.19	110.43	109.05	106.82	109.80	131.43

* Corporate exchange rate

* Figures have been revised retrospectively.

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Balance Sheet												
Total current assets	(Millions of yen)	86,879	90,984	94,685	87,968	77,645	85,444	164,220	196,446	177,678	215,149	246,691
On-hand liquidity	(Millions of yen)	11,891	16,048	14,862	23,045	28,528	22,152	46,797	52,695	67,174	78,858	70,909
Accounts receivables	(Millions of yen)	28,259	30,075	33,972	26,897	24,220	30,265	55,137	50,648	41,438	56,668	65,197
Inventory	(Millions of yen)	42,993	41,507	41,299	34,253	20,734	27,564	58,789	86,380	63,797	72,479	101,330
Other current assets	(Millions of yen)	3,734	3,352	4,551	3,771	4,162	5,463	3,945	6,722	5,266	7,143	9,254
Total fixed assets	(Millions of yen)	79,788	92,443	115,753	96,106	81,178	99,286	165,648	266,425	282,031	297,353	329,773
Tangible fixed assets	(Millions of yen)	58,169	61,985	67,581	56,629	43,122	51,405	80,312	101,343	125,007	144,165	181,948
Intangible fixed assets	(Millions of yen)	438	464	14,103	11,324	10,534	16,343	61,805	141,966	133,349	123,349	118,839
Investment and other assets	(Millions of yen)	21,179	29,994	34,069	28,153	27,521	31,537	23,529	23,115	23,674	29,838	28,986
Total assets	(Millions of yen)	166,668	183,427	210,439	184,074	158,824	184,730	329,868	462,872	459,709	512,503	576,465
Total current liabilities	(Millions of yen)	38,050	42,385	44,897	31,126	29,028	36,870	91,654	117,541	92,656	130,418	146,696
Short-term interest-bearing liabilities	(Millions of yen)	14,636	20,718	21,576	9,537	12,910	14,074	41,709	68,363	51,879	74,710	80,745
Accounts payables	(Millions of yen)	16,145	14,179	16,051	11,397	9,591	14,522	26,001	28,936	18,648	26,229	32,272
Other current liabilities	(Millions of yen)	7,268	7,488	7,269	10,191	6,525	8,274	23,944	20,241	22,129	29,478	33,676
Total long-term liabilities	(Millions of yen)	15,351	17,809	33,198	27,976	16,806	20,728	30,381	112,355	142,237	125,514	128,900
Long-term interest-bearing liabilities	(Millions of yen)	6,191	5,044	16,713	14,398	4,137	2,068	8,000	79,666	106,764	93,539	90,706
Other long-term liabilities	(Millions of yen)	9,160	12,765	16,484	13,577	12,669	18,660	22,381	32,689	35,473	31,974	38,190
Total liabilities	(Millions of yen)	53,401	60,195	78,096	59,103	45,834	57,599	122,035	229,896	234,894	255,932	275,596
Total net assets	(Millions of yen)	113,266	123,232	132,343	124,971	112,989	127,130	207,833	232,975	224,815	256,570	300,868
Shareholder's capital	(Millions of yen)	106,887	106,807	108,006	108,910	99,693	110,089	179,500	203,819	196,543	206,269	218,761
Total liabilities and net assets	(Millions of yen)	166,668	183,427	210,439	184,074	158,824	184,730	329,868	462,872	459,709	512,503	576,465
Ratio analysis												
ROA	(%)	3.9	1.8	2.1	2.2	1.0	7.5	30.0	13.4	1.4	5.1	7.8
ROE	(%)	1.9	1.0	2.0	2.0	(6.8)	10.4	46.8	16.0	0.5	7.5	9.0
Capital-to-asset ratio	(%)	66.1	66.0	61.8	66.8	69.9	68.4	56.7	45.8	43.8	44.7	46.6
Indicator per share												
EPS	(yen)	9	6	12	12	(37)	58	344	150	4.78	75.55	105.16
BPS	(yen)	516	567	610	577	521	593	878	994	944.16	1,075.19	1,260.95
Dividend	(yen)	7	6	6	6	6	12	24	48	30	30	30
Dividend payout ratio	(%)	75	106	50	52	—	21	7	32	627	40	29

Performance by Business Segment (2020–2022, consolidated)

		2020	2021	2022
Graphite Electrodes				
Net sales	(Millions of yen)	37,879	40,619	59,630
Operating income	(Millions of yen)	(5,766)	(400)	8,032
Operating income to sales	(%)	(15.2)	(1.0)	13.5
EBITDA	(Millions of yen)	(2,274)	4,162	13,549
EBITDA Margin	(%)	(6.0)	10.2	22.7
Carbon Black				
Net sales	(Millions of yen)	70,754	99,491	138,484
Operating income	(Millions of yen)	3,192	8,783	12,282
Operating income to sales	(%)	4.5	8.8	8.9
EBITDA	(Millions of yen)	10,171	14,868	20,491
EBITDA Margin	(%)	14.4	14.9	14.8
Fine Carbon				
Net sales	(Millions of yen)	31,775	39,125	49,393
Operating income	(Millions of yen)	6,647	9,611	14,825
Operating income to sales	(%)	20.9	24.6	30.0
EBITDA	(Millions of yen)	11,802	15,199	21,270
EBITDA Margin	(%)	37.1	38.8	43.1
Smelting and Lining				
Net sales	(Millions of yen)	36,421	49,696	65,203
Operating income	(Millions of yen)	1,161	1,925	1,345
Operating income to sales	(%)	3.2	3.9	2.1
EBITDA	(Millions of yen)	11,564	14,097	14,829
EBITDA Margin	(%)	31.8	28.4	22.7
Industrial Furnaces and Related Products				
Net sales	(Millions of yen)	13,873	18,019	16,272
Operating income	(Millions of yen)	3,765	5,396	4,475
Operating income to sales	(%)	27.1	29.9	27.5
EBITDA	(Millions of yen)	3,997	5,701	4,797
EBITDA Margin	(%)	28.8	31.6	29.5
Other				
Net sales	(Millions of yen)	10,837	11,922	11,387
Operating income	(Millions of yen)	298	754	1,108
Operating income to sales	(%)	2.8	6.3	9.7
EBITDA	(Millions of yen)	832	1,313	1,589
EBITDA Margin	(%)	7.7	11.0	14.0

Non-financial Indicators

		2020	2021	2022
Greenhouse gas emissions ¹	(thousand tCO ₂)	2,232	2,409	2,408
Scope1	(thousand tCO ₂)	1,825	2,070	2,018
Scope2	(thousand tCO ₂)	406	339	391
Water intake (consolidated)	(thousand m ³)	7,836	9,006	8,726
Waste generation ²	(t)	9,400	7,749	6,854
Waste recycling rates ²	(%)	89	85	87
Waste consigned for processing ²	(t)	5,052	3,724	3,250
Waste sent for final disposal ²	(%)	17	19	18
No. of Patents including Applications (non-consolidated)	(case)	88	81	80
Number of employees (consolidated)	(people)	4,178	4,289	4,378
Number of employees (non-consolidated)	(people)	778	760	763
Overseas employee ratio	(%)	68.9	70.4	70.7
Percentage of female employees (non-consolidated)	(%)	8.5	8.3	9.6
Employment rate for people with disabilities (non-consolidated)	(%)	2.53	2.55	2.36
Average acquisition rate of annual paid holidays (non-consolidated)	(%)	62.9	69.3	*3
Percentage of employees returning from childcare leave (non-consolidated)	(%)	100	100	100
Average overtime hours per month (non-consolidated)	(hours)	7.9	11.2	*3
Occupational accident frequency rate (consolidated)		1.22	1.30	1.20

¹ See page 50 for calculation details

² Scope: Tokai Carbon Co., Ltd. and its principal subsidiaries in Japan (i.e., Tokai Konetsu Kogyo Co., Ltd., Tokai Fine Carbon Co., Ltd., and Tokai Material Co., Ltd.)

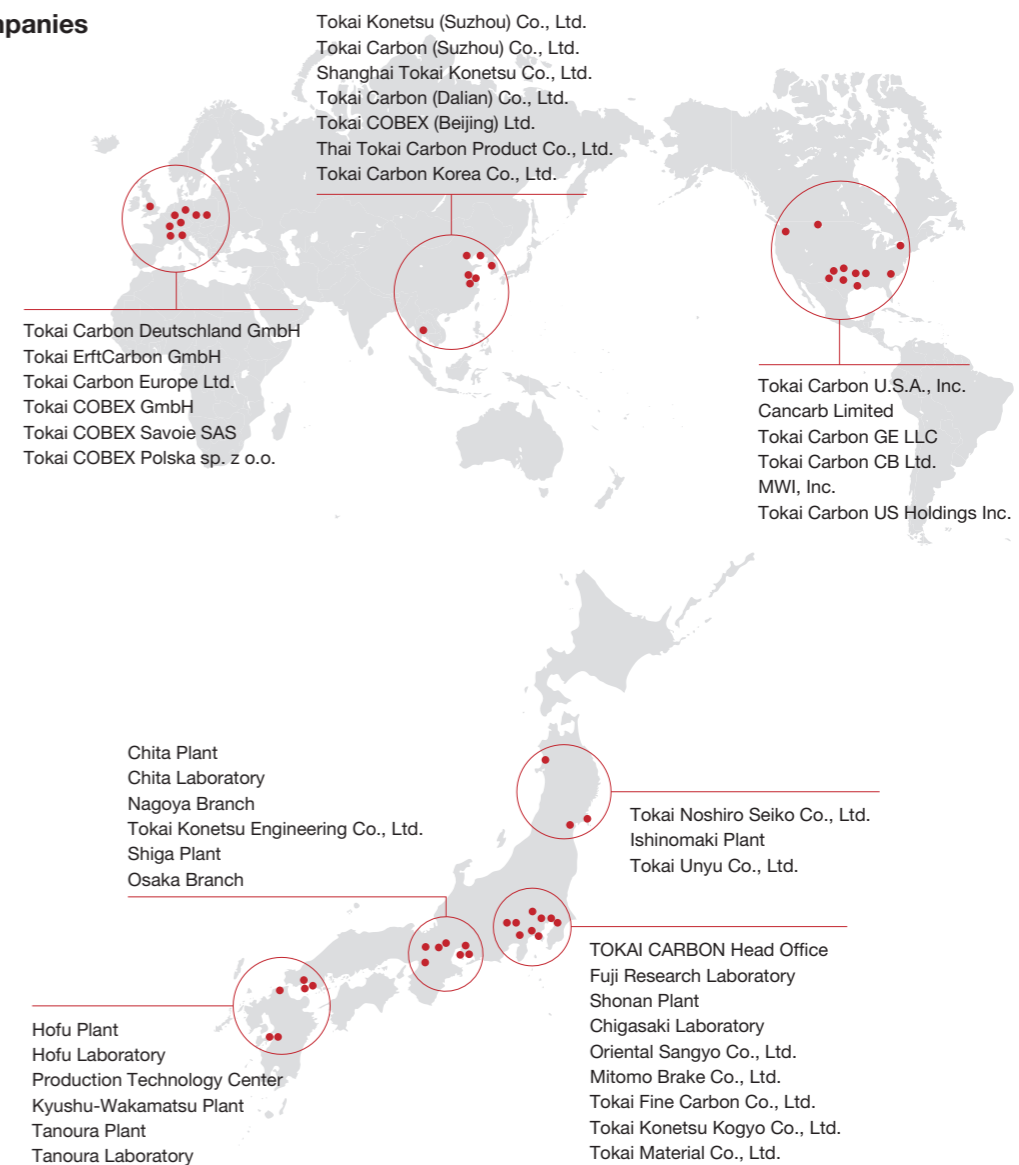
³ We plan to provide this data on our website around July 2023

Company Overview (As of April 1, 2023)

Company Overview

Trade Name	TOKAI CARBON CO., LTD.
Head Office	Aoyama Building, 1-2-3 Kita-Aoyama, Minato-ku, Tokyo 107-8636, Japan Tel: +81-3-3746-5100 (Switchboard)
Established	1918
Representative	Hajime Nagasaka, President and CEO
Accounting Period	January 1 to December 31
Fiscal Year	December
Capital Stock	20,436 million yen
Number of Employees	763 (4,378 including group companies) (as of December 2022)
Operations	Manufacture and sales in the following business segments: Graphite Electrodes, Carbon Black, Fine Carbon, Smelting and Lining, Friction Materials, Anode Materials, Industrial Furnaces and Related Products

Group Companies



Stock Information (As of December 31, 2022)

Stock Summary

Stock Exchange Listing	Prime Market of Tokyo Stock Exchange, Inc.
Securities Code	5301
General Meeting of Shareholders	March
Shareholder Record Date	General Meeting of Shareholders: December 31 Year-End Dividend of Surplus: December 31 Interim Dividend: June 30 (when applicable)
Share Unit	100 shares
Shareholder Registry Administrator	Mitsubishi UFJ Trust and Banking Corporation
Method of Public Notice	Electronic notice (If unavoidable circumstances prevent notice from being given electronically, notice shall be posted in the Nikkei.)

Stock Figures

Total number of shares issued by the company	598,764,000
Total number of outstanding shares (including treasury stock)	224,943,104
Total number of shareholders	88,650

Major Shareholders

Name	Number of shares held (1,000 shares)	Shareholding ratio (%)*
The Master Trust Bank of Japan, Ltd. (Trust Account)	43,878	20.58
Custody Bank of Japan, Ltd. (Trust Account)	22,397	10.51
MUFG Bank, Ltd.	5,827	2.73
Mitsubishi UFJ Trust and Banking Corporation	4,609	2.16
JP Morgan Securities Japan Co., Ltd.	3,614	1.70
STATE STREET BANK WEST CLIENT - TREATY 505234	2,541	1.19
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2,426	1.14
JP MORGAN CHASE BANK 385781	2,267	1.06
SSBTC CLIENT OMNIBUS ACCOUNT	2,205	1.03
Meiji Yasuda Life Insurance Company	2,032	0.95

(Note 1) Tokai Carbon holds 11,748,000 shares of treasury stock but has not been listed among the major shareholders above.

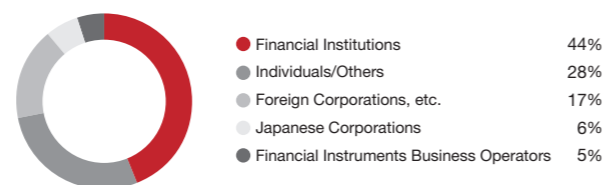
(Note 2) The shareholding ratio was calculated excluding treasury stock.

* Ratio of the number of shares owned to the total number of issued shares (excluding treasury stock)

Share Owner Information

Shareholder	Number of shares held (1,000 shares)
Financial Institutions	93,865
Individuals/Others	59,729
Foreign Corporations, etc.	36,593
Japanese Corporations	12,535
Financial Instruments Business Operators	10,470
Total	213,194

Shareholding ratio (%)*



(Note) The shareholding ratio was calculated excluding treasury stock.

* Ratio of the number of shares owned to the total number of issued shares (excluding treasury stock)

Independent Third-Party Assurance Report



Independent Assurance Report

To the President and CEO of Tokai Carbon Co., Ltd.

We were engaged by Tokai Carbon Co., Ltd. (the “Company”) to undertake a limited assurance engagement of the environmental performance indicators marked with a star ★ (the “Indicators”) for the period from January 1, 2022 to December 31, 2022 included in its Integrated Report 2022 (the “Integrated Report”) for the fiscal year ended December 31, 2022.

The Company’s Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the Integrated Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Integrated Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the Integrated Report and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.
- Visiting the Company’s Hofu Plant selected on the basis of a risk analysis.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Integrated Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Integrated Report.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Kazuhiko Saito, Partner, Representative Director

KPMG AZSA Sustainability Co., Ltd.

Tokyo, Japan

July 7, 2023