Semi-Annual Securities Report

(Fiscal Year ending December 31, 2026)

From January 1, 2026
To June 30, 2026

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.

Semi-Annual Securities Report

1 This document consists of output and printed data of the semi-annual 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 semi-annual review report that was attached to the semi-annual securities report when it was filed by the aforementioned method, and the confirmation letter filed at the same time as the semi-annual securities report.

Contents

[Cover]

[Document submitted]	Semi-annual securities report
[Applicable law]	Item 1 of the table in Article 24-5, Paragraph 1 of the Financial Instruments and Exchange Act
[Submitted to]	Director of the Kanto Local Finance Bureau
[Date submitted]	August 7, 2026
[Accounting period]	Second quarter of FY2026 (from January 1 to June 30, 2026)
[Company name]	Tokai Carbon Co., Ltd.
[Company name in English]	TOKAI CARBON CO., LTD.
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[Place available for public inspection]	Tokai Carbon Co., Ltd. Osaka Branch
	(2-4 Komatsubaracho, Kita-ku, Osaka-shi, Osaka)
	Tokai Carbon Co., Ltd. Nagoya Branch
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	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 six months of FY2025	First six months of FY2026	FY2025
Accounting period		(January 1 to June 30, 2025)	(January 1 to June 30, 2026)	(January 1 to December 31, 2025)
Net sales	(Million yen)	158,076	173,728	322,960
Ordinary income	(Million yen)	13,587	14,845	26,312
Semi-annual profit (loss) attributable to owners of the parent company	(Million yen)	8,415	7,235	20,078
Semi-annual comprehensive income or comprehensive income	(Million yen)	(10,453)	22,424	40,577
Net assets	(Million yen)	308,120	356,207	352,846
Total assets	(Million yen)	609,399	683,300	664,033
Semi-annual net income per share	(Yen)	39.42	34.40	94.05
Semi-annual diluted net income per share or diluted net income per share	(Yen)	-	34.29	-
Equity ratio	(%)	45.1	47.0	47.9
Cash flows from operating activities	(Million yen)	19,856	19,070	55,872
Cash flows from investing activities	(Million yen)	(23,461)	(15,434)	(51,052)
Cash flows from financing activities	(Million yen)	(8,027)	(10,143)	(7,689)
Cash and cash equivalents at end of the period	(Million yen)	50,765	59,044	64,327

Notes: 1. The Company prepares semi-annual 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 for the first six months of FY2025 and for FY2025 is not shown because there were no dilutive shares.
3. The Company finalized the provisional accounting treatment for business combinations in the fourth quarter of the consolidated accounting period ended December 31, 2025, and figures for the six months ended June 30, 2025 reflect the finalization of the provisional accounting treatment.

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 second quarter consolidated cumulative period.
Changes in major subsidiaries or associates are as follows.

(Fine Carbon)
In the second quarter consolidated cumulative period, Oriental Sangyo Co., Ltd., which was a consolidated subsidiary of the Company, was excluded from the scope of consolidation because it ceased to exist as of January 1, 2026 as a result of an absorption-type merger with Tokai Fine Carbon Co., Ltd., a consolidated subsidiary of the Company, as the surviving company.
MWI, Inc. and KBR, Inc. ceased to exist as of January 1, 2026 as a result of an absorption-type merger with Tokai Carbon U.S.A., Inc., a consolidated subsidiary of the Company, as the surviving company. Tokai Carbon U.S.A., Inc. changed its trade name to Tokai Carbon GS, Inc. on the same date.

As a result, as of June 30, 2026, the Group consists of the Company, 28 consolidated subsidiaries, and one non-consolidated subsidiary.

Section 2 Status of Business

1 Risk of Business, etc.

Among the matters related to the business status, accounting status, etc. stated in this semi-annual report for the second 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 second quarter consolidated cumulative period.

(1) Financial position and operating results

During the first six months of 2026 (from January 1 to June 30, 2026), while the expansion of global demand for technology-related products associated with the progress and spread of AI strongly drove economic activity, the outlook for the global economy remained uncertain due to continued tension in the Middle East in which the situation once showing signs of abating has become unstable again.

Under these circumstances, in the Group, based on “Vision 2030,” the long-term vision we announced in February 2025 that lays out our desired state in 2030 and the initiatives we will take to achieve it, we are aiming to achieve net sales of 500 billion yen, EBITDA margin of 20%, and ROIC of 12% as our “Vision 2030” goals. In May 2026, we announced an upward revision of our consolidated earnings forecast for the fiscal year ending December 31, 2026 and an increase in dividends. At the same time, we announced measures to strengthen management and shareholder returns that are conscious of cost of capital and stock prices, including an increase in dividend payout ratio and the introduction of a DOE indicator (progressive dividends) as well as reduction policies for cross shareholdings and the purchase of treasury stock, developing our activities to achieve further growth and sustainable enhancement of corporate value.

In addition, from the perspective of medium- to long-term growth and sustainability, in our core Carbon Black business, the Company constructed a new Thai plant installed with state-of-the-art flue gas desulfurization and denitrification equipment with the aim of reducing the environmental impact and continues to promote the relocation project. At the same time, we are steadily promoting a project to recover carbon black from used tires and other materials. In the new business field, with support from the Ministry of the Environment, we are also developing and verifying production technologies for functional solid carbons with the aim of establishing a carbon recycling-oriented society.

As a result, net sales for the first six months of 2026 increased by 9.9% year on year to 173,728 million yen. Operating income increased by 10.5% year on year to 15,102 million yen. Ordinary income increased by 9.3% year on year to 14,845 million yen. Semi-annual net income attributable to owners of the parent company decreased by 14.0% year on year to 7,235 million yen. The Company finalized the provisional accounting treatment for business combinations in the fourth quarter of the consolidated accounting period ended December 31, 2025, and the figures for the six months ended June 30, 2025 reflect the finalization of the provisional accounting treatment.

Results by business segment were as follows:

<u>Carbon Black</u>

A decline in sales volume due to the production adjustments of a tire manufacturer was offset by the development of new customers and spot transactions. Net sales increased due to the contribution of the Thai base, which was newly consolidated in the latter half of 2025. On the other hand, operating income decreased year on year due to an increase in depreciation following the start of operations at the new Thai plant and worsening margins resulting from high raw oil prices caused by the Middle East situation.

As a result, net sales for the Carbon Black business increased by 10.5% year on year to 83,480 million yen, while operating income decreased by 11.1% year on year to 7,239 million yen.

<u>Fine Carbon</u>

Both net sales and operating income increased year on year due to a significant increase in sales volume of solid SiC focus rings for the memory semiconductor market, a main product, despite sluggish demand in the SiC power semiconductor market.

As a result, net sales for the Fine Carbon business increased by 19.1% year on year to 33,016 million yen, while operating income increased by 6.9% year on year to 4,716 million yen.

Smelting & Lining

In cathodes for aluminum electrolytic furnaces, earnings were underpinned by the promotion of cost reductions and the license revenue generated from our next-generation low-impact cathode RuC® (Ready-to-use Cathode), despite some disruptions in transportation against the backdrop of the volatile situation in the Middle East.

As a result, net sales for the Smelting and Lining business increased by 12.9% year on year to 30,649 million yen, while operating income increased by 563.9% year on year to 2,020 million yen.

Graphite Electrodes

Despite sluggish crude steel production worldwide, electric arc furnace steel production in the United States, our main market, was strong, and production in Japan declined only slightly. As part of the structural reforms implemented in the previous fiscal year, the Group excluded TOKAI ERFTCARBON GmbH, a wholly-owned German subsidiary, from the scope of consolidation in April 2025. This led to a decrease in net sales, but operating income increased due in part to the effects of the structural reforms.

As a result, net sales for the Graphite Electrodes business decreased by 8.5% year on year to 16,878 million yen, and operating income increased by 60.3% year on year to 792 million yen.

Industrial Furnaces and Related Products

In the energy-related sector, a key market for industrial furnaces and heating elements, capital investment for lithium-ion batteries (LiBs) remained stagnant, but demand for multilayer ceramic capacitors (MLCC), mainly for AI datacenters, increased. In addition, sales of resistors for power infrastructure also performed strongly, backed by global progress in power grid upgrades.

As a result, net sales for the Industrial Furnaces and Related Products business increased by 28.7% year on year to 5,409 million yen, while operating income increased by 37.0% year on year to 1,213 million yen.

Other Operations

Friction materials

Sales for mining equipment were sluggish due to a decline in coal mining volume in Indonesia, but sales of products for motorcycles were strong. Sales of products for industrial machinery, construction machinery and agricultural machinery were also strong.
As a result, net sales of friction materials increased by 3.4% year on year to 4,138 million yen.

Anode materials and others

Net sales of anode materials and others, including real estate leasing, decreased by 84.2% year on year to 154 million yen.
As a result, net sales in Other Operations decreased by 13.8% year on year to 4,293 million yen, while operating income decreased by 77.6% year on year to 64 million yen.

Total assets at the end of the second quarter under review (June 30, 2026) increased by 19,266 million yen from the end of previous fiscal year to 683,300 million yen due to an increase in investment securities. Liabilities increased by 15,905 million yen from the end of previous fiscal year to 327,093 million yen due to an increase in interest-bearing liabilities such as bonds payable. Net assets increased by 3,361 million yen from the end of previous fiscal year to 356,207 million yen due to an increase in valuation difference on other securities.
As a result, the Group’s equity ratio was 47.0%, a decrease of 0.9 points from the end of previous fiscal year.

(2) Cash Flows

Cash and cash equivalents for the first six months of the fiscal year under review decreased by 5,282 million yen from the end of the previous fiscal year to 59,044 million yen.
Cash flows and the major sources and uses of cash in the first six months of the fiscal year under review are summarized as follows:

(Cash flows from operating activities)
Cash flows from operating activities in the first six months of the fiscal year under review recorded revenue of 19,070 million yen, a decrease of 785 million yen year on year.
This was mainly due to depreciation and semi-annual net income before income tax.

(Cash flows from investing activities)
Cash flows from investing activities in the first six months of the fiscal year under review recorded an expenditure of 15,434 million yen, a decrease in expenditure of 8,026 million yen year on year.
This is mainly due to purchase of tangible fixed assets.

(Cash flows from financing activities)
Cash flows from financing activities in the first six months of the fiscal year under review recorded an expenditure of 10,143 million yen, an increase in expenditure of 2,115 million yen year on year.
This was mainly due to the purchase of treasury shares.

(3) 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.

(4) Business and financial issues to be addressed

During the first six 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.

(5) Research and development

The group-wide research and development activities for the first six months of the fiscal year under review cost 2,258 million yen.
During the first six months of the fiscal year under review, there was no material change in the Group's research and development activities.

(6) Management policy, management strategy, etc.

During the first six 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

Note: The Company's articles of incorporation stipulate that the total number of shares authorized to be issued is 598,764,000 shares.

2) Shares issued

Type	Number of shares issued as of end of the second quarter (Shares) (As of June 30, 2026)	Number of shares issued as of date of submission (Shares) (As of August 7, 2026)	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.

At the Board of Directors' meeting held on May 13, 2026, the Company resolved matters pertaining to the acquisition of treasury shares and the specific method thereof in order to enhance shareholder returns, improve capital efficiency, and implement a flexible capital policy, in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to Article 165, Paragraph 3 of the same act.

On May 14, 2026, the Company acquired its own shares through the Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) and completed the acquisition.

Details of the acquisition

(1) Type of shares acquired	Common shares
(2) Total number of shares acquired	11,210,700 shares (5.25% of the total number of shares outstanding, excluding treasury shares)
(3) Total acquisition cost of shares	14,999,916,600 yen
(4) Acquisition date	May 14, 2026
(5) Acquisition method	Purchased via Tokyo Stock Exchange Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)

Based on the Fully Committed Share Repurchase (FCSR) method as explained below, the Company commissioned the purchase through the Tokyo Stock Exchange's Off-Auction Own Share Repurchase Trading System (ToSTNeT-3) at 8:45AM on May 14, 2026, at the closing price (including the final special quote) on May 13, 2026 of 1,338.0 yen (the "Benchmark Price"), acquiring 15 billion yen (the "anticipated total acquisition amount") worth of treasury shares. The purchase order will be valid only during this trade session.

Issuance of stock acquisition rights via Fully Committed Share Repurchase (FCSR)

1. Overview of offering

(1) Date of allotment	May 28, 2026
(2) Total number of share acquisition rights	1
(3) Amount to be paid	No payment of money shall be required in exchange for the share acquisition rights.
(4) Exercisable shares	Exercisable shares: 11,210,700 shares (maximum)* * The maximum number of exercisable shares is based on the assumption that there are no sell orders from general shareholders in this purchase, and the number of shares acquired at average price in (ii) below is zero.
(5) Investment amount upon exercise	1 yen
(6) Number of exercisable shares	Number of exercisable shares = (i) Number of shares acquired – (ii) Number of shares acquired at average price *Odd-lot shares shall be rounded down, and if it is less than zero, it shall be zero. (i) “Number of shares acquired” shall be the same number of shares (not exceeding 11,210,700 shares) that the Company purchased from Nomura Securities Co., Ltd. when the Company repurchased its own shares through the Tokyo Stock Exchange’s (hereinafter “TSE”) Off-Auction Own Share Repurchase Trading System on May 14, 2026. (ii) The “Number of shares acquired at average price” is the number of shares (rounded down to the nearest whole share) calculated as follows. $\text{Number of shares acquired at average price} = \dfrac{\text{① Repurchase amount}}{\text{② Average price}}$ ① The “Repurchase amount” shall be the same amount (up to 15 billion yen) as the amount of shares purchased by the Company from Nomura Securities Co., Ltd. through the TSE’s Off-Auction Own Share Repurchase Trading System on May 14, 2026. ② The average price is calculated by multiplying the average VWAP (arithmetic mean of the VWAP of ordinary trades of the Company’s common shares displayed on 5301_JT Equity AQR screen (or any substitute screen or service) released by Bloomberg L.P. on each trading day during the period for calculating the average price) by 100.176%. The period for calculating the average price shall be the period from May 15, 2026 to the day before the date of exercising the stock acquisition right.
(7) Method of offering or allotment (Planned allottee)	Through third-party allotment to Nomura Capital Investment Co., Ltd.

Information as of the end of the first six months of the fiscal year under review (June 30, 2026)

After the end of the first six months of the fiscal year under review, due to the completion of an ex post facto adjustment on August 4, 2026, 2,379,500 treasury shares were issued through the exercise of these share acquisition rights. As the number of share acquisition rights as of the end of the month before the submission date has not changed from the end of the first six months of the fiscal year under review, the description as of the end of the month before the submission date has been omitted.

(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, 2026 - June 30, 2026	-	224,943,104	-	20,436	-	17,502

(5) Major shareholders

(As of June 30, 2026)

Name	Location	Number of shares held (Thousand shares)	Percentage to the total issued shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (trust account)	AKASAKA INTERCITY AIR, 1-8-1, Akasaka, Minato-ku, Tokyo	41,098	20.31
Custody Bank of Japan, Ltd. (trust account)	1-8-12, Harumi, Chuo-ku, Tokyo	17,051	8.43
STATE STREET BANK AND TRUST COMPANY 505223 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	6,733	3.33
MUFG Bank, Ltd.	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	5,827	2.88
Mitsubishi UFJ Trust and Banking Corporation (Standing proxy: The Master Trust Bank of Japan, Ltd.)	1-4-5, Marunouchi, Chiyoda-ku, Tokyo (AKASAKA INTERCITY AIR, 1-8-1, Akasaka, Minato-ku, Tokyo)	4,609	2.28
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	2-2-2, Otemachi, Chiyoda-ku, Tokyo	3,758	1.86
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	3,116	1.54
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM (Shinagawa Intercity Building A, 2-15-1, Konan, Minato-ku, Tokyo)	2,869	1.42
Morgan Stanley MUFG Securities Co., Ltd. (Standing proxy: Sumitomo Mitsui Banking Corporation)	Otemachi Financial City South Tower, 1-9-7, Otemachi, Chiyoda-ku, Tokyo (1-1-2, Marunouchi, Chiyoda-ku, Tokyo)	2,069	1.02
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1-9-2, Otemachi, Chiyoda-ku, Tokyo	2,052	1.01
Total	-	89,187	44.08

Notes: 1. In addition to the above, the Company holds 22,607,000 shares of treasury stock (10.05%).

2. Of the above number of shares held, the number of shares related to the trust services is as follows:

Name	Number of shares held (Thousand shares)
The Master Trust Bank of Japan, Ltd. (trust account)	41,098
Custody Bank of Japan, Ltd. (trust account)	17,051

3. In the Change Report made available for public inspection on June 23, 2026, it is stated that Nomura Securities Co., Ltd. and its group hold the shares indicated below as of June 16, 2026. However, as the Company cannot confirm the actual number of shares held as of June 30, 2026, they are not included in the above “Major shareholders”. The details of the Change Report are as follows:

Name	Location	Number of shares held (Thousand shares)	Shareholding ratio (%)
Nomura Securities Co., Ltd.	1-13-1, Nihonbashi, Chuo-ku, Tokyo	277	0.12
NOMURA INTERNATIONAL PLC	1 Angel Lane, London, EC4R 3AB, United Kingdom	35	0.02
Nomura Asset Management Co., Ltd.	2-2-1, Toyosu, Koto-ku, Tokyo	19,983	8.78
Nomura Capital Investment Co., Ltd.	2-2-2, Otemachi, Chiyoda-ku, Tokyo	2,530	1.11

4. In the Change Report made available for public inspection on May 21, 2026, it is stated that Sumitomo Mitsui Trust Bank, Limited and its joint holders hold the shares indicated below as of May 15, 2026. However, as the Company cannot confirm the actual number of shares held as of June 30, 2026, they are not included in the above “Major shareholders”. The details of the Change Report are as follows:

Name	Location	Number of shares held (Thousand shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1-1, Shibakoen, Minato-ku, Tokyo	5,459	2.43
Amova Asset Management Co., Ltd.	9-7-1, Akasaka, Minato-ku, Tokyo	8,795	3.91

5. In the Change Report made available for public inspection on May 8, 2026, it is stated that Mitsubishi UFJ Financial Group, Inc. and its joint holders hold the shares indicated below as of April 27, 2026. However, as the Company cannot confirm the actual number of shares held as of June 30, 2026 except for MUFG Bank, Ltd., they are not included in the above “Major shareholders”. The details of the Change Report are as follows:

Name	Location	Number of shares held (Thousand shares)	Shareholding ratio (%)
MUFG Bank, Ltd.	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	5,827	2.59
Mitsubishi UFJ Trust and Banking Corporation	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	8,101	3.60
Mitsubishi UFJ Asset Management Co., Ltd.	1-9-1, Higashishinbashi, Minato-ku, Tokyo	4,305	1.91

(6) Voting rights

1) Shares issued

(As of June 30, 2026)

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 22,607,300	-	-
Shares with full voting rights (Other)	Common shares 202,099,800	2,020,998	-
Odd-lot shares	Common shares 236,004	-	Shares below unit number (100 shares)
Total number of shares issued	224,943,104	-	-
Total shareholder voting rights	-	2,020,998	-

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 June 30, 2026)

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	22,607,300	-	22,607,300	10.05
Total	-	22,607,300	-	22,607,300	10.05

2 Members of the Board and Audit & Supervisory Board Members

Not applicable

Section 4 Status of Accounting

1. Method of preparation for semi-annual consolidated financial statements

   The Company's semi-annual consolidated financial statements are prepared in accordance with the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements (Ordinance of the Ministry of Finance No. 28 of 1976. Hereinafter "Ordinance on Consolidated Financial Statements").

   In addition, the Company falls under the companies listed in the left column of Item 1 of the table of Article 24-5, Paragraph 1 of the Financial Instruments and Exchange Act, and has prepared a Type 1 semi-annual consolidated financial statements pursuant to the provisions of Part I and Part III of the Ordinance on Consolidated Financial Statements.

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 semi-annual review from KPMG AZSA LLC in regard to the semi-annual consolidated financial statements for the cumulative second quarter (January 1, 2026 to June 30, 2026).

1 Semi-Annual Consolidated Financial Statements, etc.

(1) Semi-annual consolidated balance sheets

(Millions of yen)

	Previous fiscal year (As of December 31, 2025)	First six months of the fiscal year under review (As of June 30, 2026)
Assets		
Current assets		
Cash and deposits	90,156	86,404
Notes and accounts receivable	66,781	70,807
Merchandise and finished goods	28,669	29,436
Work in progress	34,266	37,110
Raw materials and supplies	30,361	34,852
Other	10,309	10,562
Allowance for doubtful accounts	(1,715)	(1,717)
Total current assets	258,828	267,457
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	49,519	49,821
Machinery, equipment and vehicles, net	179,933	181,458
Land	12,878	12,730
Leased assets, net	9,360	9,006
Construction in progress	34,981	32,469
Other, net	3,755	4,214
Total tangible fixed assets	290,429	289,701
Intangible assets		
Goodwill	26,684	24,688
Customer-related assets	21,795	20,293
Other	13,039	12,530
Total intangible assets	61,520	57,512
Investments and other assets		
Investment securities	40,257	56,174
Long-term loans receivable	3,878	3,621
Net defined benefit asset	6,227	6,173
Deferred tax assets	1,645	1,076
Other	1,270	1,607
Allowance for doubtful accounts	(24)	(24)
Total investments and other assets	53,255	68,629
Total fixed assets	405,204	415,843
Total assets	664,033	683,300

(Millions of yen)

	Previous fiscal year (As of December 31, 2025)	First six months of the fiscal year under review (As of June 30, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable	20,381	22,338
Electronically recorded obligations	3,029	2,769
Short-term loans payable	7,814	9,166
Commercial papers	47,000	42,500
Current portion of bonds payable	10,000	-
Current portion of long-term loans payable	3,282	8,772
Income taxes payable	2,508	2,884
Contract liability	2,089	2,435
Provision for bonuses	4,144	2,571
Provision for business restructuring	1,503	9
Other	24,973	25,625
Total current liabilities	126,726	119,072
Long-term liabilities		
Bonds payable	65,000	90,000
Long-term loans payable	65,015	57,885
Lease obligations	9,230	8,874
Deferred tax liabilities	35,935	43,214
Retirement benefit liability	4,805	4,766
Provision for retirement benefits for directors	107	87
Provision for executive officers' retirement benefits	36	29
Provision for environment and safety measures	406	433
Other	3,923	2,728
Total long-term liabilities	184,460	208,020
Total liabilities	311,187	327,093
Net assets		
Shareholders' equity		
Capital stock	20,436	20,436
Capital surplus	9,388	9,402
Retained earnings	160,334	164,367
Treasury stock	(7,047)	(22,025)
Total shareholders' equity	183,111	172,180
Accumulated other comprehensive income		
Valuation difference on other securities	21,933	33,091
Deferred gains or losses on hedges	115	23
Foreign currency translation adjustments	109,130	112,231
Cumulative remeasurements of defined benefit plans	4,066	3,946
Total accumulated other comprehensive income	135,246	149,293
Non-controlling interests	34,488	34,733
Total net assets	352,846	356,207
Total liabilities and net assets	664,033	683,300

(2) Semi-annual consolidated statements of income and comprehensive income

Semi-annual consolidated statements of income

(First six-month period)

(Millions of yen)

	First six months of the fiscal year under review (January 1 to June 30, 2025)	First six months of the fiscal year under review (January 1 to June 30, 2026)
Net sales	158,076	173,728
Cost of sales	118,891	130,527
Gross profit	39,185	43,200
Selling, general and administrative expenses	*1 25,515	*1 28,098
Operating income	13,670	15,102
Non-operating income		
Interest income	971	874
Dividend income	668	718
Foreign exchange gains	-	795
Other	721	366
Total non-operating income	2,360	2,754
Non-operating expenses		
Interest expenses	1,149	1,462
Foreign exchange losses	616	-
Other	677	1,547
Total non-operating expenses	2,443	3,010
Ordinary income	13,587	14,845
Extraordinary income		
Gain on sale of investment securities	38	1,452
Gain on sales of fixed assets	2	9
Reversal of provision for business restructuring	*2 1,017	-
Total extraordinary income	1,057	1,461
Extraordinary losses		
Extra retirement payments	-	556
Loss on retirement of fixed assets	84	63
Loss on sales of fixed assets	0	1
Total extraordinary losses	84	621
Semi-annual net income before income taxes	14,560	15,686
Income taxes - current	3,555	3,750
Income taxes - deferred	1,002	2,475
Total income taxes	4,558	6,225
Semi-annual net income	10,002	9,460
Semi-annual net income attributable to non-controlling interests	1,587	2,224
Semi-annual net income attributable to owners of the parent company	8,415	7,235

Semi-annual consolidated statements of comprehensive income

(First six-month period)

(Millions of yen)

	First six months of the fiscal year under review (January 1 to June 30, 2025)	First six months of the fiscal year under review (January 1 to June 30, 2026)
Semi-annual net income	10,002	9,460
Other comprehensive income		
Valuation difference on other securities	753	11,127
Deferred gains or losses on hedges	15	(92)
Foreign currency translation adjustments	(20,469)	2,048
Remeasurements of defined benefit plans	(755)	(119)
Total other comprehensive income	(20,455)	12,964
Semi-annual comprehensive income	(10,453)	22,424
(Breakdown)		
Semi-annual comprehensive income attributable to owners of the parent company	(11,419)	21,282
Semi-annual comprehensive income attributable to non-controlling interests	966	1,142

(3) Semi-annual consolidated statements of cash flows

(Millions of yen)

	First six months of the previous fiscal year (January 1 to June 30, 2025)	First six months of the fiscal year under review (January 1 to June 30, 2026)
Cash flows from operating activities		
Semi-annual net income before income taxes	14,560	15,686
Depreciation	12,918	16,014
Loss (gain) on sale of investment securities	(38)	(1,452)
Loss (gain) on retirement / sales of tangible fixed assets	74	55
Amortization of goodwill	2,131	2,237
Increase (decrease) in allowance for doubtful accounts	(30)	(9)
Increase (decrease) in provision for bonuses	(1,282)	(1,589)
Reversal of provision for business restructuring	(1,017)	-
Increase (decrease) in retirement benefit liability	(300)	(403)
Decrease (increase) in retirement benefit asset	41	54
Interest and dividend income	(1,639)	(1,592)
Interest expenses	1,149	1,462
Foreign exchange losses (gains)	157	(116)
Decrease (increase) in notes and accounts receivable - trade	113	(3,474)
Decrease (increase) in inventories	(1,280)	(7,298)
Increase (decrease) in notes and accounts payable - trade	(1,937)	1,444
Other	932	(610)
Subtotal	24,552	20,408
Interest and dividends received	1,614	1,495
Interest paid	(852)	(974)
Income taxes paid	(4,948)	(2,835)
Payment for business restructuring expenses	(1,209)	(4)
Other	699	980
Cash flows from operating activities	19,856	19,070
Cash flows from investing activities		
Payments into time deposits	(4,489)	(7,255)
Proceeds from withdrawal of time deposits	9,709	4,588
Purchase of tangible fixed assets	(22,426)	(13,793)
Proceeds from sales of tangible fixed assets	33	73
Purchase of intangible assets	(812)	(634)
Proceeds from sale of investment securities	72	1,642
Payments for sale of investments in subsidiaries resulting in change in scope of consolidation	(4,270)	-
Other	(1,277)	(54)
Cash flows from investing activities	(23,461)	(15,434)

(Millions of yen)

	First six months of the previous fiscal year (January 1 to June 30, 2025)	First six months of the fiscal year under review (January 1 to June 30, 2026)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	1,262	1,383
Net increase (decrease) in commercial papers	(11,000)	(4,500)
Proceeds from long-term loans payable	16,000	-
Repayments of long-term loans payable	(6,622)	(1,642)
Proceeds from issuance of bonds	-	24,787
Redemption of bonds	-	(10,000)
Repayments of finance lease obligations	(812)	(1,105)
Purchase of treasury shares	(0)	(15,002)
Purchase of treasury shares of subsidiaries	(2,835)	-
Dividends paid	(3,202)	(3,202)
Dividends paid to non-controlling interests	(852)	(899)
Other	34	38
Cash flows from financing activities	(8,027)	(10,143)
Effect of exchange rate change on cash and cash equivalents	(2,736)	1,224
Net increase (decrease) in cash and cash equivalents	(14,370)	(5,282)
Cash and cash equivalents at beginning of the period	65,135	64,327
Cash and cash equivalents at end of the period	* 50,765	* 59,044

Notes to Semi-annual Consolidated Financial Statements

(Notes to semi-annual consolidated statements of income)

*1 Major items included in selling, general and administrative expenses and their amounts are as follows:

	First six months of the previous fiscal year (January 1 to June 30, 2025)	First six months of the fiscal year under review (January 1 to June 30, 2026)
Warehousing and shipping expenses	6,072 million yen	7,175 million yen
Salaries and allowances	5,711	6,016
Additions to provision for bonuses	460	770
Retirement benefit expenses	99	31

*2 Reversal of provision for business restructuring

First six months of the previous fiscal year (January 1, 2025 - June 30, 2025)

A portion of the provision for business restructuring recorded in the previous fiscal year was reversed. The reversal related to the Company's Graphite Electrodes was 523 million yen and the reversal related to consolidated subsidiaries was 493 million yen.

First six months of the fiscal year under review (January 1, 2026 - June 30, 2026)

Not applicable

3. The Group has applied Paragraph 7 of the "Practical Solution on the Accounting and Disclosure of Income Taxes for Global Minimum Taxation" (PITF No. 46, March 22, 2024) and has not recorded income taxes for the international minimum tax amount for the fiscal year including the first six months of the fiscal year under review.

(Notes to semi-annual consolidated statements of cash flows)

* Relationship between the balance of cash and cash equivalents at end of the period and the amounts listed on consolidated balance sheets

	First six months of the previous fiscal year (January 1 to June 30, 2025)	First six months of the fiscal year under review (January 1 to June 30, 2026)
Cash and deposits	72,222 million yen	86,404 million yen
Time deposits with original maturities of more than three months	(21,457)	(27,359)
Cash and cash equivalents	50,765	59,044

(Notes to shareholders' equity, etc.)

I First six months of the previous fiscal year (From January 1 to June 30, 2025)

(1) Amount of dividends paid

Resolution	Type of shares	Total dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
March 27, 2025 Annual general meeting of shareholders	Common shares	3,202	15.0	December 31, 2024	March 28, 2025	Retained earnings

(2) Dividends for which the record date falls within the first six months of the previous fiscal year but for which the effective date is after the end of said period.

Resolution	Type of shares	Total dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
August 7, 2025 Board of Directors' meeting	Common shares	3,202	15.0	June 30, 2025	September 1, 2025	Retained earnings

II First six months of the fiscal year under review (From January 1 to June 30, 2026)

(1) Amount of dividends paid

Resolution	Type of shares	Total dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
March 27, 2026 Annual general meeting of shareholders	Common shares	3,202	15.0	December 31, 2025	March 30, 2026	Retained earnings

(2) Dividends for which the record date falls within the first six months of the fiscal year under review but for which the effective date is after the end of said period.

Resolution	Type of shares	Total dividend (Million yen)	Dividend per share (Yen)	Record date	Effective date	Source of dividends
August 5, 2026 Board of Directors' meeting	Common shares	4,046	20.0	June 30, 2026	September 1, 2026	Retained earnings

(3) Significant changes in shareholders' equity

The Company has acquired 11,210,700 shares of treasury stock based on the resolution of the Board of Directors held on May 13, 2026. As a result, during the first six months of the fiscal year under review, treasury stock increased by 14,977 million yen, and treasury stock at the end of the first six months of the fiscal year under review increased to 22,025 million yen.

(Segment information)

Segment information

I First six months of the previous fiscal year (January 1 to June 30, 2025)

1. Information on net sales and amount of income (loss) by reportable segment (Millions of yen)

	Reportable segment						Other Operations (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the semi-annual 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	75,571	27,713	27,155	18,451	4,204	153,097	4,979	158,076	-	158,076
Intersegment sales/transfers	12	122	149	77	28	390	-	390	(390)	-
Total	75,584	27,835	27,305	18,529	4,232	153,487	4,979	158,467	(390)	158,076
Segment income (loss)	8,148	4,410	304	494	885	14,243	286	14,529	(859)	13,670

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 859-million-yen negative adjustment in segment income includes company-wide expenses of 876 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 Semi-Annual Consolidated Statements of Income.
4. The Company finalized the provisional accounting treatment for business combinations in the fourth quarter of the consolidated accounting period ended December 31, 2025, and figures for the six months ended June 30, 2025 reflect the finalization of the provisional accounting treatment.

2. Information on assets by reportable segment

During the first six months of the fiscal year under review, as a result of the transfer of all equity interests of TOKAI ERFTCARBON GmbH and the exclusion from the scope of consolidation, the amount of assets of reportable segments at the end of the second quarter of the fiscal year under review decreased by 13,175 million yen in the Graphite Electrodes segment compared with the end of the previous fiscal year.

II First six months of the fiscal year under review (January 1 to June 30, 2026)

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)
	Carbon Black	Fine Carbon	Smelting and Lining	Graphite Electrodes	Industrial Furnaces and Related Products	Subtotal				
Net sales										
External sales	83,480	33,016	30,649	16,878	5,409	169,434	4,293	173,728	−	173,728
Intersegment sales/transfers	8	53	192	23	74	353	−	353	(353)	−
Total	83,488	33,070	30,842	16,901	5,484	169,787	4,293	174,081	(353)	173,728
Segment income	7,239	4,716	2,020	792	1,213	15,982	64	16,046	(944)	15,102

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 944-million-yen negative adjustment in segment income includes company-wide expenses of 951 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 Semi-Annual Consolidated Statements of Income.

(Business Combination etc.)

Finalization of provisional accounting treatment for business combinations

In the first six months of the previous fiscal year, the Company provisionally accounted for the business combinations with KBR, Inc. and MWI, Inc. carried out by Tokai Carbon U.S.A., Inc. (trade name changed to Tokai Carbon GS, Inc. on January 1, 2026) of the United States, a consolidated subsidiary of the Company, on December 18, 2024 (deemed acquisition date December 31, 2024). The provisional accounting was finalized at the end of the previous fiscal year.

Accordingly, a significant revision to the initially allocated acquisition cost was reflected in the consolidated financial statements of the fiscal year ended December 31, 2024. As a result of the allocation of 1,487 million yen to tangible fixed assets, 8,040 million yen to customer-related assets, which is an intangible asset, 163 million yen to other intangible assets, 203 million yen to merchandise and finished goods, and 2,773 million yen to deferred tax liabilities, the provisionally calculated amount of 21,403 million yen of goodwill decreased by 7,131 million yen to 14,271 million yen.

As a result, in the semi-annual consolidated statements of income for the first six months of the previous fiscal year, gross profit decreased by 222 million yen, operating income, ordinary income, and profit before income taxes each decreased by 286 million yen, and profit attributable to owners of parent decreased by 123 million yen. Goodwill has a useful life of 12 years and customer-related assets has a useful life of 12 years.

(Revenue recognition)

Breakdown of revenue from customer contracts

First six months of the previous fiscal year (From January 1 to June 30, 2025)

(Millions of yen)

	Reportable segment						Other Operations (Note 1)	Total
	Carbon Black	Fine Carbon	Smelting and Lining	Graphite Electrodes	Industrial Furnaces and Related Products	Subtotal		
Japan	21,388	2,928	-	3,170	2,870	30,358	4,334	34,692
Asia	14,672	12,636	6,863	234	1,213	35,619	430	36,049
North America	36,915	9,938	5,423	12,006	10	64,294	-	64,294
Europe	1,706	2,150	7,446	2,865	82	14,252	197	14,449
Middle East and other regions	888	59	7,421	174	27	8,572	16	8,589
External sales	75,571	27,713	27,155	18,451	4,204	153,097	4,979	158,076

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 six months of the fiscal year under review (From January 1 to June 30, 2026)

(Millions of yen)

	Reportable segment						Other Operations (Note 1)	Total
	Carbon Black	Fine Carbon	Smelting and Lining	Graphite Electrodes	Industrial Furnaces and Related Products	Subtotal		
Japan	21,828	2,293	0	3,951	2,804	30,878	3,601	34,479
Asia	17,768	15,151	10,612	215	2,471	46,219	548	46,767
North America	40,004	13,753	3,810	12,131	8	69,708	−	69,708
Europe	2,772	1,766	7,049	579	89	12,257	138	12,396
Middle East and other regions	1,105	51	9,176	−	37	10,370	5	10,376
External sales	83,480	33,016	30,649	16,878	5,409	169,434	4,293	173,728

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 semi-annual net income per share and basis for calculation are as follows.

	First six months of the previous fiscal year (January 1 to June 30, 2025)	First six months of the fiscal year under review (January 1 to June 30, 2026)
(1) Semi-annual net income per share	39.42 yen	34.40 yen
(Basis for Calculation)		
Semi-annual net income attributable to owners of the parent company (million yen)	8,415	7,235
Amount not attributable to common shareholders (million yen)	-	-
Semi-annual net income attributable to owners of the parent company related to common shares (million yen)	8,415	7,235
Average number of common shares during period (thousands of shares)	213,487	210,320
(2) Dilutive semi-annual net income per share	-	34.29 yen
(Basis for Calculation)		
Adjusted semi-annual net income attributable to owners of the parent company (million yen)	-	-
Increase in common shares (Thousand shares)	-	666
A summary of dilutive shares that were not included in the calculation of diluted semi-annual net income per share due to their non-dilutive effect and for which there were significant changes from the end of the previous fiscal year	-	-

Notes: 1. Semi-annual diluted net income per share for the first six months of the previous fiscal year is not shown because there were no dilutive shares.

2. The Company finalized the provisional accounting treatment for business combinations in the fourth quarter of the consolidated accounting period ended December 31, 2025, and figures for the six months ended June 30, 2025 reflect the finalization of the provisional accounting treatment.

(Significant Subsequent Events)

Not applicable

2 Other Information

At the Board of Directors' meeting held on August 5, 2026, the Company made a resolution to pay interim dividends for fiscal 2026 to shareholders listed or recorded in the final register of shareholders as of June 30, 2026, as follows:

(i) Total amount of interim dividends:	4,046 million yen
(ii) Dividend per share:	20.00 yen
(iii) Effective date of the right to claim payment and commencement date of payment:	September 1, 2026

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

Not applicable.

Independent Auditor's Interim Review Report

August 7, 2026

Tokai Carbon Co., Ltd.
To: The Board of Directors

KPMG AZSA LLC
Tokyo Office

Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Toshiyuki Tamura
Designated Limited Liability Partner Engagement Partner	Certified Public Accountant	Takeshi Nakatani

Auditor's Conclusion

We have conducted an interim review of the semi-annual consolidated financial statements of Tokai Carbon Co., Ltd. for the cumulative second quarter (January 1 to June 30, 2026) of the fiscal year from January 1, 2026 through December 31, 2026, provided in "Section 4. Status of Accounting" in the Company's Semi-Annual Securities Report; that is, the semi-annual consolidated balance sheets, semi-annual consolidated statements of income, semi-annual 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 interim review, in all material respects, we did not find any matters that lead us to believe that these semi-annual consolidated financial statements do not properly present the financial position of Tokai Carbon Co., Ltd. and its consolidated subsidiaries as of June 30, 2026, as well as their operating results and for the consolidated cumulative second quarter ended on that day, in accordance with the standard for preparation of semi-annual consolidated financial statements generally accepted in Japan.

Basis for Auditor's Conclusion

We conducted our interim review in accordance with the interim review standards that are generally accepted in Japan. Our responsibility under interim review standards is described in "Auditor's Responsibility for Conducting the Interim Review of Semi-Annual 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 including those applicable to the audit of financial statements of entities with a high degree of social impact. 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 Semi-Annual Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these semi-annual consolidated financial statements in accordance with the standard for preparation of semi-annual 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 semi-annual consolidated financial statements that are free from material misstatement due to fraud or error.

In preparing semi-annual 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 semi-annual 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 Interim Review of Semi-Annual Consolidated Financial Statements

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

We shall, in accordance with interim review standards generally accepted in Japan, make professional judgments throughout the interim 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 interim review procedures. The interim 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 semi-annual consolidated financial statements are not appropriately presented in accordance with the standard for preparation of semi-annual 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. An interim review report shall be required to draw attention to the notes to the semi-annual consolidated financial statements if significant uncertainties are recognized concerning the going concern assumptions, or the expression of a qualified or adverse conclusion on the semi-annual consolidated financial statements shall be required if the notes to significant uncertainties in the semi-annual consolidated financial statements are not appropriate. Our conclusions are based on the evidence obtained up to the date of the interim 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 semi-annual consolidated financial statements, including the related notes, and whether there are matters that lead us to believe that the semi-annual 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 believe that the presentation and notes to the semi-annual consolidated financial statements do not conform to the standard for preparation of semi-annual 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 semi-annual consolidated financial statements. We are responsible for directing, supervising and implementing the interim review of the semi-annual 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 interim 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.

(Notes) 1. The above is a digitized version of the original copy of the interim review report, which is held in the custody of the Company (the company filing this semi-annual securities report).

2. XBRL data is excluded from the scope of audit.