



July 2, 2024

For immediate release

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Notice of Acquisition of 100% shares in Graphite Machining Companies in the U.S.

Tokai Carbon Co., Ltd. (hereinafter "Tokai Carbon" or "we") is pleased to announce that an extraordinary board meeting was held today and that we have resolved to acquire 100% shares in KBR, Inc. (hereinafter "KBR"), a graphite machining company in the United States, which holds a 59.8% stake of MWI, Inc. (hereinafter, "MWI"), our affiliated company accounted for by the equity-method, through its consolidated subsidiary Tokai Carbon U.S.A., Inc. (hereinafter, "TCU"), and to make both KBR and MWI its consolidated subsidiaries (conversion to sub-subsidiaries, hereafter, "this transaction"). Tokai Carbon has entered into a stock purchase agreement with the counterparty of the share acquisition on the same date.

1. Reason for Share Acquisition

In 1990, we decided to establish MWI, a graphite machining company, as a joint venture with KBR, and TCU, our wholly owned subsidiary, invested 40.2% in MWI to manage its business. The agreement was reached with the founding family of KBR to acquire all shares of KBR, which owns 59.8% of MWI shares, and to make MWI and KBR consolidated our subsidiaries.

Both MWI and KBR have a strong customer base in the U.S. and provide a wide variety of high-quality carbon products to customers in the power semiconductor, aerospace, high temperature, and other industries through their advanced graphite machining technologies.

Our T-2026 Mid-Term Management Plan announced in February 2024 has "enhancing business portfolio management (selection and concentration based on growth potential and return on capital)" as one of its basic policies. We believe that this transaction will contribute to the establishment of our position as one of the global players in the fine carbon business in the United States, a major market for fine carbon. By integrating the two companies as the Tokai Carbon Group, we aim to further expand our fine carbon business in the U.S. market.

2. Overview of TCU

(1) Name of Company	Tokai Carbon U.S.A., Inc.
(2) Location	Hillsboro, Oregon, U.S.A.
(3) Representative	Kazuyoshi Haino
(4) Business Description	Manufacturing and sale of SiC coated and high-purity graphite products, import and sale of fine carbon products
(5) Capital	USD 16,200,000
(6) Year Established	1996
(7) Major Shareholders and Ownership Ratio	Tokai Carbon Co., Ltd. (100%)

3. Overview of KBR

(1) Name of Company	KBR, Inc. (Registered as Electro-Tech Machining, Inc. in California)
(2) Location	Long Beach, California, U.S.A. (Registered in Rochester, New York)
(3) Representative	Ryan McMahon
(4) Business Description	Production and sales of processed graphite products
(5) Capital	USD 4,990
(6) Year Established	1936
(7) Major Shreholders and Ownership Ratio	Founding family (100%)
(8) Net Sales	USD 13.7 million (the fiscal year ended December 31, 2023)
(9) Number of Employees	38

(notes) The number of shares acquired and the amount are not disclosed.due to the confidentiality obligations with the counterparty.

4. Overview of MWI

(1) Name of Company	MWI, Inc.
(2) Location	Rochester, New York, U.S.A.
(3) Representative	Brian McMahon
(4) Business Description	Production and sales of processed graphite products
(5) Capital	USD 10,000
(6) Year Established	1990
(7) Major Shreholders and Ownership Ratio	KBR Inc. (59.8%) Tokai Carbon U.S.A., Inc. (40.2%)
(8) Net Sales	USD 53.5 million (the fiscal year ended March 31, 2024)
(9) Number of Employees	152

5. Transaction schedule

(1) Execution of the Share Purchase Agreement	July, 1, 2024
(2) Completion of the share acquisition	September, 2024 (scheduled)

The Schedule of the Transaction is tentative as of July 1, 2024 and may differ from the above depending on the approval status from relevant authorities and fulfillment of other closing conditions.

6. Outlook

The impact of the Transaction on our consolidated performance for the fiscal year ending in December 2024 will be minimal. Any material impact that may give to our future performance will be disclosed as soon as identified.

End of Notice