

Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2025 [Japanese GAAP]

November 6, 2025

Company name: Tokai Carbon Co., Ltd. Listing: Tokyo Stock Exchange Prime Market
 Securities code: 5301 URL: <https://www.tokaicarbon.co.jp/en/>
 Representative: Hajime Nagasaka, President & Chief Executive Officer
 Inquiries: Naoki Hirai, Executive Officer and General Manager, Accounting & Finance Department
 Telephone: 81-3-3746-5100
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing: Yes (Conference call for analysts and institutional investors)

(Yen amounts are rounded down to millions, unless otherwise noted)

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2025 (January 1 to September 30, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Quarterly Net Income Attributable to Owners of the Parent Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended September 30, 2025	237,336	(8.2)	21,301	40.0	21,061	30.8	16,354	192.9
Nine months ended September 30, 2024	258,659	(3.4)	15,211	(48.9)	16,097	(51.3)	5,584	(73.9)

Note: Comprehensive income: Nine months ended September 30, 2025: 8,620 million yen (-44.4%)
 Nine months ended September 30, 2024: 15,505 million yen (-77.4%)

	Quarterly Net Income per Share	Quarterly Net Income per Share Fully Diluted
	Yen	Yen
Nine months ended September 30, 2025	76.61	-
Nine months ended September 30, 2024	26.18	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of September 30, 2025	629,258	321,790	45.9
As of December 31, 2024	640,753	325,158	45.2

For reference: Shareholders' capital: As of September 30, 2025: 288,942 million yen
 As of December 31, 2024: 289,558 million yen

2. Dividends

	Annual Dividends				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	15.00	-	15.00	30.00
Fiscal year ending December 31, 2025	-	15.00	-		
Fiscal year ending December 31, 2025 (Forecast)				15.00	30.00

Note: Amendment to most recently disclosed dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2025 (January 1 to December 31, 2025)

(Percentages represent year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of the Parent Company		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	321,000	(8.3)	24,000	23.8	23,800	(5.4)	18,000	-	84.31

Note: Amendment to most recently disclosed consolidated earnings forecast: Yes

* Notes:

- (1) Changes in significant subsidiaries during the period (changes in specific subsidiaries accompanying changes in the scope of consolidation): Yes

Newly included: 1 company (Thai Tokai Carbon Product Rojana Co., Ltd.)

Excluded: 1 company (TOKAI ERFTCARBON GmbH)

- (2) Application of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

- (3) Changes in accounting policy and changes and restatements of accounting estimates

(a) Changes in accounting policy accompanying the revision of accounting standards: None

(b) Changes in accounting policy other than those listed in (a): None

(c) Changes in accounting estimates: None

(d) Restatements: None

- (4) Number of shares issued (common stock)

- (a) Number of shares issued at the end of the period (including treasury stock)

As of September 30, 2025	224,943,104 shares	As of December 31, 2024	224,943,104 shares
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- (b) Number of treasury stock at the end of the period

As of September 30, 2025	11,436,331 shares	As of December 31, 2024	11,470,526 shares
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- (c) Average number of shares during the period

Nine months ended September 30, 2025	213,493,104 shares	Nine months ended September 30, 2024	213,301,608 shares
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- * Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

- * Appropriate use of earnings forecasts and other pertinent information

(Cautionary statement on forward-looking statements)

These materials contain various forward-looking statements and other forecasts regarding performance and other matters. Such statements are based on information available at the time of preparation as well as certain reasonable assumptions. Actual results may differ materially from those expressed or implied by forward-looking statements due to a range of factors.

(How to obtain the supplemental material on quarterly financial results)

Tokai Carbon has scheduled a briefing on financial results in the form of a telephone meeting for analysts and institutional investors on Friday, November 7, 2025. The materials for this briefing will be posted on the corporate website on that day.

Supplemental Materials

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1. Qualitative Information on the Quarterly Financial Results

(1) Operating Results for the Third Quarter of the Fiscal Year Ending December 31, 2025

During the first nine months of 2025 (from January 1, 2025 to September 30, 2025), the global economy remained highly uncertain due to factors such as the U.S.-China conflict, which was intensified by the protectionist trade policies of the United States, the prolonged war in Ukraine, and the multipolar and complex situation in the Middle East.

Under these circumstances, in February this year, the Group announced its long-term vision, “Vision 2030,” which focuses on our desired state in 2030 and initiatives to achieve it. In pursuit of our “Vision 2030” goals - net sales of 500 billion yen, EBITDA margin of 20%, and ROIC of 12% - we focus on three initiatives “Fundamental structural reforms,” “Commitment to growing markets,” and “Sustainable value creation.” We have completed planned structural reforms in Graphite Electrodes through the integration of our domestic production bases and the sale of a European subsidiary. For structural reforms in Smelting and Lining, we have placed the business under direct control of the Corporate Planning Department and are working to strengthen the governance system by dispatching several executive officers to the Europe Office. From the perspective of medium- to long-term growth and sustainability, in Carbon Black, our core business, we are advancing the relocation project of a Thai production base. We have also acquired a Thai carbon black production base from Bridgestone Corporation and are steadily progressing a project to recover carbon black from used tires and other materials.

As a result, net sales for the first nine months of 2025 decreased by 8.2% year on year to 237,336 million yen. Operating income increased by 40.0% year on year to 21,301 million yen. Ordinary income increased by 30.8% year on year to 21,061 million yen. Quarterly net income attributable to owners of the parent company increased by 192.9% year on year to 16,354 million yen.

Results by business segment were as follows:

Carbon Black

Sales volume declined due to production adjustments among tire manufacturers, the Company’s main customers, and both net sales and operating income decreased year on year.

As a result, net sales for the Carbon Black business decreased by 7.1% year on year to 110,925 million yen, while operating income decreased by 28.7% year on year to 11,678 million yen.

Fine Carbon

Sales volume of the main product for the memory semiconductor market, solid SiC focus rings, increased year on year. This growth, combined with the impact of consolidating U.S. graphite-processing companies KBR, Inc. and MWI, Inc. as subsidiaries led to a year-on-year increase in net sales. On the other hand, operating income declined year on year due to the impact of a slowdown in growth in the power semiconductor market, intensified competition in the Chinese market and an increase in the amortization of goodwill associated with the consolidation of U.S. graphite-processing companies.

As a result, net sales for the Fine Carbon business increased by 3.7% year on year to 42,076 million yen, while operating income decreased by 35.0% year on year to 6,766 million yen.

Smelting & Lining

Sales volume declined as the sluggish demand for the relining of aluminum smelting furnaces and inventory adjustments by customers continued. Meanwhile, our efforts to reduce costs and decreased depreciation expenses due to the impairment of goodwill and other assets in the previous fiscal year have resulted in improved profitability compared to the same period of the previous year.

As a result, net sales for the Smelting and Lining business decreased by 9.8% year on year to 41,596 million yen, while operating income was 738 million yen (compared with operating loss of 10,351 million yen in the same period of the previous fiscal year).

Graphite Electrodes

Crude steel production in China began to decline, however exports of Chinese steel products remained strong, and the steel market continued to be sluggish. The market for electrodes also remained sluggish due to the continued influx of low-priced Indian and Chinese products.

As part of structural reforms, in Japan we discontinued production at the Shiga plant and concentrated production in the Hofu Plant. In addition, the stocks of TOKAI ERFTCARBON GmbH, a wholly owned subsidiary of the Company, were transferred and the subsidiary was excluded from the scope of consolidation from April 2025.

As a result, net sales for the Graphite Electrodes business decreased by 23.7% year on year to 28,150 million yen, and operating income was 1,643 million yen (compared with operating loss of 2,336 million yen in the same period of the previous fiscal year).

Industrial Furnaces and Related Products

Stagnation continued in capital expenditures in the energy-related industry and electronic component-related industry, which are the main markets for industrial furnaces and heating elements.

As a result, net sales for the Industrial Furnaces and Related Products business decreased by 12.5% year on year to 7,145 million yen, while operating income decreased by 26.6% year on year to 1,316 million yen.

Other Operations

Friction Materials

Spot orders from the construction machinery industry increased and sales to the mining industry remained firm, however customers in other industries continued with production adjustments.

As a result, net sales of friction materials decreased by 0.2% year on year to 5,956 million yen.

Anode Materials

Demand for Energy Storage Systems (ESS) was sluggish, however recent spot demand has emerged.

As a result, net sales of anode materials decreased by 2.7% year on year to 1,389 million yen.

Others

Net sales from real estate leasing and other business decreased by 1.4% year on year to 95 million yen.

As a result, net sales in Other Operations decreased by 0.7% year on year to 7,442 million yen, while operating income decreased by 16.9% year on year to 444 million yen.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of December 31, 2024)	First nine months of the fiscal year under review (As of September 30, 2025)
Assets		
Current assets		
Cash and deposits	92,207	77,164
Notes and accounts receivable	69,175	66,230
Merchandise and finished goods	30,070	29,677
Work in progress	38,245	35,767
Raw materials and supplies	32,424	30,607
Other	9,680	9,868
Allowance for doubtful accounts	(1,439)	(1,484)
Total current assets	270,363	247,832
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	42,461	45,935
Machinery, equipment and vehicles, net	129,770	127,872
Land	12,016	12,387
Leased assets, net	7,341	9,223
Construction in progress	69,539	75,975
Other, net	3,452	3,621
Total tangible fixed assets	264,582	275,017
Intangible assets		
Goodwill	37,548	32,649
Customer-related assets	16,625	14,527
Other	12,167	12,184
Total intangible assets	66,341	59,360
Investments and other assets		
Investment securities	33,307	37,477
Long-term loans receivable	75	3,655
Net defined benefit asset	3,783	3,720
Deferred tax assets	1,048	1,074
Other	1,273	1,145
Allowance for doubtful accounts	(22)	(24)
Total investments and other assets	39,466	47,047
Total fixed assets	370,390	381,426
Total assets	640,753	629,258

(Millions of yen)

	Previous fiscal year (As of December 31, 2024)	First nine months of the fiscal year under review (As of September 30, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable	23,085	20,079
Electronically recorded obligations	3,551	3,543
Short-term loans payable	6,216	8,139
Commercial papers	59,500	58,000
Current portion of bonds payable	-	10,000
Current portion of long-term loans payable	8,223	3,288
Income taxes payable	3,848	1,683
Contract liability	2,605	3,278
Provision for bonuses	3,297	3,398
Provision for business restructuring	7,596	1,368
Other	29,806	23,103
Total current liabilities	147,729	135,885
Long-term liabilities		
Bonds payable	65,000	55,000
Long-term loans payable	52,301	65,843
Lease obligations	7,870	9,147
Deferred tax liabilities	29,976	32,012
Retirement benefit liability	7,746	4,837
Provision for retirement benefits for directors	101	112
Provision for executive officers' retirement benefits	42	34
Provision for environment and safety measures	420	436
Other	4,406	4,157
Total long-term liabilities	167,865	171,581
Total liabilities	315,595	307,467
Net assets		
Shareholders' equity		
Capital stock	20,436	20,436
Capital surplus	10,690	9,561
Retained earnings	146,410	156,360
Treasury stock	(7,068)	(7,047)
Total shareholders' equity	170,469	179,311
Accumulated other comprehensive income		
Valuation difference on other securities	17,698	20,031
Deferred gains or losses on hedges	68	30
Foreign currency translation adjustments	98,536	87,536
Cumulative remeasurements of defined benefit plans	2,785	2,033
Total accumulated other comprehensive income	119,089	109,631
Non-controlling interests	35,600	32,847
Total net assets	325,158	321,790
Total liabilities and net assets	640,753	629,258

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

First Nine-month Period

(Millions of yen)

	First nine months of the previous fiscal year (January 1 to September 30, 2024)	First nine months of the fiscal year under review (January 1 to September 30, 2025)
Net sales	258,659	237,336
Cost of sales	197,551	177,337
Gross profit	61,107	59,999
Selling, general and administrative expenses	45,896	38,698
Operating income	15,211	21,301
Non-operating income		
Interest income	1,079	1,332
Dividend income	641	805
Share of profit of entities accounted for using equity method	496	-
Foreign exchange gains	559	-
Other	632	880
Total non-operating income	3,410	3,018
Non-operating expenses		
Interest expenses	1,303	1,697
Foreign exchange losses	-	244
Other	1,220	1,316
Total non-operating expenses	2,523	3,258
Ordinary income	16,097	21,061
Extraordinary income		
Gain on sales of investment securities	39	4,163
Reversal of provision for business restructuring	-	1,078
Gain on sale of fixed assets	29	2
Total extraordinary income	68	5,244
Extraordinary losses		
Loss on retirement of fixed assets	13	197
Loss on sales of fixed assets	0	0
Total extraordinary losses	14	197
Quarterly net income before income taxes	16,151	26,108
Income taxes - current	6,761	6,192
Income taxes - deferred	955	1,211
Total income taxes	7,716	7,403
Quarterly net income	8,435	18,705
Quarterly net income attributable to non-controlling interests	2,850	2,350
Quarterly net income attributable to owners of the parent company	5,584	16,354

Quarterly Consolidated Statements of Comprehensive Income

First Nine-month Period

(Millions of yen)

	First nine months of the previous fiscal year (January 1 to September 30, 2024)	First nine months of the fiscal year under review (January 1 to September 30, 2025)
Quarterly net income	8,435	18,705
Other comprehensive income		
Valuation difference on other securities	1,441	2,325
Deferred gains or losses on hedges	(251)	(38)
Foreign currency translation adjustments	6,138	(11,620)
Remeasurements of defined benefit plans	(240)	(752)
Share of other comprehensive income of associates accounted for using equity method	(18)	-
Total other comprehensive income	7,069	(10,084)
Quarterly comprehensive income	15,505	8,620
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent company	12,943	6,897
Quarterly comprehensive income attributable to non- controlling interests	2,561	1,723

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going-Concern Assumption)

Not Applicable

(Notes on Significant Changes in Shareholders' Equity Amount)

Not Applicable

(Segment Information)

I First nine months of the previous fiscal year (January 1 to September 30, 2024)

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 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	119,379	40,590	46,133	36,896	8,163	251,164	7,495	258,659	-	258,659
Intersegment sales/transfers	21	163	217	171	259	832	-	832	(832)	-
Total	119,400	40,754	46,350	37,068	8,423	251,997	7,495	259,492	(832)	258,659
Segment income (loss)	16,371	10,417	(10,351)	(2,336)	1,794	15,895	535	16,430	(1,219)	15,211

- 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 1,219-million-yen negative adjustment in segment income (loss) includes company-wide expenses of 1,346 million yen that were not allocated to each reportable segment. Company-wide expenses consist of research and development expenses and other expenses not attributable to the reportable segments.
 3. Segment income (loss) is reconciled to the operating income reported in the Quarterly Consolidated Statements of Income.

II First nine months of the fiscal year under review (January 1 to September 30, 2025)

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 Furnace and Related Products	Subtotal				
Net sales										
External sales	110,925	42,076	41,596	28,150	7,145	229,894	7,442	237,336	-	237,336
Intersegment sales/transfers	16	139	193	182	34	567	-	567	(567)	-
Total	110,942	42,216	41,790	28,333	7,179	230,462	7,442	237,904	(567)	237,336
Segment income	11,678	6,766	738	1,643	1,316	22,144	444	22,589	(1,287)	21,301

- 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 1,287-million-yen negative adjustment in segment income includes company-wide expenses of 1,295 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 six months of the fiscal year under review, the Company transferred all equity interests of TOKAI ERFTCARBON GmbH and excluded it from the scope of consolidation. As a result, the amount of assets of reportable segments at the end of the first nine months 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.

(Notes on Statements of Cash Flows)

No quarterly consolidated statements of cash flows have been prepared for the first nine months of the fiscal year under review. The depreciation (including the depreciation of the intangible assets excluding goodwill) and amortization of goodwill in the first nine months of the fiscal year under review are as follows:

	First nine months of the previous fiscal year (January 1 to September 30, 2024)	First nine months of the fiscal year under review (January 1 to September 30, 2025)
Depreciation	25,009 million yen	18,967 million yen
Amortization of goodwill	6,549 million yen	3,737 million yen