Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending December 31, 2026 [Japanese GAAP]

November 5, 2026

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		
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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, 2026 (January 1 to September 30, 2026)

(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, 2026	273,674	15.3	27,507	32.0	26,148	27.0	16,259	0.8
Nine months ended September 30, 2025	237,336	(8.2)	20,832	37.0	20,592	27.9	16,129	188.8

Note: Comprehensive income: Nine months ended September 30, 2026: 25,897 million yen (208.8%)
Nine months ended September 30, 2025: 8,386 million yen (-45.9%)

	Quarterly Net Income per Share	Quarterly Net Income per Share Fully Diluted
	Yen	Yen
Nine months ended September 30, 2026	78.02	-
Nine months ended September 30, 2025	75.55	-

Note: 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 nine months ended September 30, 2025 reflect the finalization of the provisional accounting treatment.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of September 30, 2026	683,561	355,632	46.3
As of December 31, 2025	664,033	352,846	47.9

For reference: Shareholders' capital: As of September 30, 2026: 316,571 million yen
As of December 31, 2025: 318,357 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, 2025	-	15.00	-	15.00	30.00
Fiscal year ending December 31, 2026	-	20.00	-		
Fiscal year ending December 31, 2026 (Forecast)				20.00	40.00

Note: Amendment to most recently disclosed dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2026 (January 1 to December 31, 2026)

(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	386,000	19.5	35,000	35.4	34,300	30.4	22,000	9.6	108.73

Note: Amendment to most recently disclosed consolidated earnings forecast: None

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries accompanying changes in the scope of consolidation): None
Newly included: -
Excluded: -

(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, 2026	216,111,904 shares	As of December 31, 2025	224,943,104 shares

(b) Number of treasury stock at the end of the period

As of September 30, 2026	11,397,109 shares	As of December 31, 2025	11,436,605 shares

(c) Average number of shares during the period

Nine months ended September 30, 2026	208,400,913 shares	Nine months ended September 30, 2025	213,493,104 shares

* 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 6, 2026. 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, 2026

During the first nine months of 2026 (from January 1 to September 30, 2026), while the expansion of global demand for and investment in technology-related products associated with the progress and spread of AI strongly drove economic activity, inflationary pressure continued, such as persistently high oil and energy prices due to tension in the Middle East including the prolonged blockade of the Strait of Hormuz, coupled with interest rate hikes and rising interest rates in major countries, and the outlook for the global economy remained uncertain.

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, in August 2026, we further revised upward our earnings forecast. This was in response to a rapid increase in demand for products used in AI manufacturing equipment, such as solid SiC Focus Rings, a key product of Fine Carbon, due to sharp growth in the demand for semiconductors, and the growing momentum for a recovery and reversal of demand in Graphite Electrodes, mainly in the United States, due to the U.S. tariff policy on China and changes in market conditions.

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 nine months of 2026 increased by 15.3% year on year to 273,674 million yen. Operating income increased by 32.0% year on year to 27,507 million yen. Ordinary income increased by 27.0% year on year to 26,148 million yen. Quarterly net income attributable to owners of the parent company increased by 0.8% year on year to 16,259 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 nine months ended September 30, 2025 reflect the finalization of the provisional accounting treatment.

Results by business segment were as follows:

Carbon Black

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 and operating income increased due to the contribution of the Thai base, which was newly consolidated in the latter half of 2025.

As a result, net sales for the Carbon Black business increased by 16.6% year on year to 129,366 million yen, while operating income increased by 6.4% year on year to 12,430 million yen.

Fine Carbon

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, and demand in China for the SiC power semiconductor market recovered.

As a result, net sales for the Fine Carbon business increased by 24.5% year on year to 52,391 million yen, while operating income increased by 27.4% year on year to 8,020 million yen.

Smelting & Lining

In cathodes for aluminum electrolytic furnaces, in addition to increased demand due to the situation in the Middle East, we recorded license revenue generated from our next-generation low-impact cathode, RuC® (Ready-to-use Cathode).

As a result, net sales for the Smelting and Lining business increased by 21.6% year on year to 50,588 million yen, while operating income increased by 448.9% year on year to 4,053 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 crude steel production in Japan declined only slightly. In addition, the price of electrodes in the United States rose even higher in the third quarter due to rising prices of raw materials and other factors. 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 5.5% year on year to 26,610 million yen, while operating income increased by 31.9% to 2,168 million yen.

Industrial Furnaces and Related Products

The multilayer ceramic capacitor (MLCC) market expanded due to strong demand for AI datacenters, and sales of heating elements in Japan and China drove performance. In addition, sales of resistors for power infrastructure remained strong in line with global progress in power grid upgrades.

There was a sense that investment in LiB-related facilities in the energy sector, one of our key markets, had run its course, however, we were able to make up for this shortfall. As a result, net sales for the Industrial Furnaces and Related Products business increased by 16.0% year on year to 8,285 million yen, while operating income increased by 63.6% year on year to 2,153 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 4.8% year on year to 6,244 million yen.

Anode Materials and Others

Net sales of anode materials and others, including real estate leasing, decreased by 87.4% year on year to 187 million yen.

As a result, net sales in Other Operations decreased by 13.6% year on year to 6,432 million yen, while operating income decreased by 94.5% year on year to 24 million yen.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of December 31, 2025)	First nine months of the fiscal year under review (As of September 30, 2026)
Assets		
Current assets		
Cash and deposits	90,156	93,470
Notes and accounts receivable	66,781	76,846
Merchandise and finished goods	28,669	31,383
Work in progress	34,266	36,655
Raw materials and supplies	30,361	32,090
Other	10,309	8,986
Allowance for doubtful accounts	(1,715)	(1,657)
Total current assets	258,828	277,776
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	49,519	49,171
Machinery, equipment and vehicles, net	179,933	177,049
Land	12,878	12,749
Leased assets, net	9,360	8,590
Construction in progress	34,981	30,582
Other, net	3,755	4,218
Total tangible fixed assets	290,429	282,361
Intangible assets		
Goodwill	26,684	23,708
Customer-related assets	21,795	20,013
Other	13,039	11,918
Total intangible assets	61,520	55,639
Investments and other assets		
Investment securities	40,257	54,584
Long-term loans receivable	3,878	3,484
Net defined benefit asset	6,227	6,147
Deferred tax assets	1,645	1,961
Other	1,270	1,629
Allowance for doubtful accounts	(24)	(23)
Total investments and other assets	53,255	67,783
Total fixed assets	405,204	405,784
Total assets	664,033	683,561

(Millions of yen)

	Previous fiscal year (As of December 31, 2025)	First nine months of the fiscal year under review (As of September 30, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable	20,381	24,322
Electronically recorded obligations	3,029	3,007
Short-term loans payable	7,814	8,884
Commercial papers	47,000	42,000
Current portion of bonds payable	10,000	-
Current portion of long-term loans payable	3,282	8,774
Income taxes payable	2,508	3,220
Contract liability	2,089	2,703
Provision for bonuses	4,144	4,238
Provision for business restructuring	1,503	2
Other	24,973	24,555
Total current liabilities	126,726	121,708
Long-term liabilities		
Bonds payable	65,000	90,000
Long-term loans payable	65,015	57,070
Lease obligations	9,230	8,430
Deferred tax liabilities	35,935	42,729
Retirement benefit liability	4,805	4,601
Provision for retirement benefits for directors	107	90
Provision for executive officers' retirement benefits	36	32
Provision for environment and safety measures	406	419
Other	3,923	2,846
Total long-term liabilities	184,460	206,221
Total liabilities	311,187	327,929
Net assets		
Shareholders' equity		
Capital stock	20,436	20,436
Capital surplus	9,388	9,227
Retained earnings	160,334	158,356
Treasury stock	(7,047)	(10,863)
Total shareholders' equity	183,111	177,156
Accumulated other comprehensive income		
Valuation difference on other securities	21,933	32,178
Deferred gains or losses on hedges	115	21
Foreign currency translation adjustments	109,130	103,471
Cumulative remeasurements of defined benefit plans	4,066	3,743
Total accumulated other comprehensive income	135,246	139,415
Non-controlling interests	34,488	39,060
Total net assets	352,846	355,632
Total liabilities and net assets	664,033	683,561

(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, 2025)	First nine months of the fiscal year under review (January 1 to September 30, 2026)
Net sales	237,336	273,674
Cost of sales	177,733	203,236
Gross profit	59,603	70,437
Selling, general and administrative expenses	38,770	42,929
Operating income	20,832	27,507
Non-operating income		
Interest income	1,332	1,363
Dividend income	805	837
Foreign exchange gains	-	181
Other	880	520
Total non-operating income	3,018	2,901
Non-operating expenses		
Interest expenses	1,697	2,419
Foreign exchange losses	244	-
Other	1,316	1,841
Total non-operating expenses	3,258	4,261
Ordinary income	20,592	26,148
Extraordinary income		
Gain on sales of investment securities	4,163	3,001
Gain on sale of fixed assets	2	11
Reversal of provision for business restructuring	1,078	-
Total extraordinary income	5,244	3,013
Extraordinary losses		
Extra retirement payments	-	611
Loss on disaster	-	160
Loss on retirement of fixed assets	197	65
Loss on sales of fixed assets	0	0
Total extraordinary losses	197	837
Quarterly net income before income taxes	25,639	28,323
Income taxes - current	6,192	6,987
Income taxes - deferred	967	1,686
Total income taxes	7,159	8,673
Quarterly net income	18,480	19,649
Quarterly net income attributable to non-controlling interests	2,350	3,390
Quarterly net income attributable to owners of the parent company	16,129	16,259

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, 2025)	First nine months of the fiscal year under review (January 1 to September 30, 2026)
Quarterly net income	18,480	19,649
Other comprehensive income		
Valuation difference on other securities	2,325	10,201
Deferred gains or losses on hedges	(38)	(93)
Foreign currency translation adjustments	(11,628)	(3,538)
Remeasurements of defined benefit plans	(752)	(322)
Total other comprehensive income	(10,093)	6,247
Quarterly comprehensive income	8,386	25,897
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent company	6,663	20,428
Quarterly comprehensive income attributable to non-controlling interests	1,723	5,469

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going-Concern Assumption)

Not Applicable.

(Notes on Significant Changes in Shareholders' Equity Amount)

Based on the resolution of the Board of Directors meeting held on May 13, 2026, the Company acquired 11,210,700 shares of treasury stock for 15,001 million yen using a Commitment-type Share Repurchase (FCSR), and disposed of 2,379,500 shares of treasury stock on August 4, 2026, due to a post-adjustment. Furthermore, based on the resolution of the Board of Directors meeting held on August 24, 2026, the Company cancelled 8,831,200 shares of treasury stock on August 31, 2026. As a result of the disposal and cancellation of the said treasury stock, capital surplus and treasury stock each decreased by 11,163 million yen. In addition, since the balance of other capital surplus became a negative value, other capital surplus was reduced to zero, and the negative amount was deducted from other retained earnings. As a result of these transactions, at the end of the current third quarter consolidated accounting period, capital surplus stood at 9,227 million yen, retained earnings at 158,356 million yen, and treasury stock at 10,863 million yen.

(Segment Information)

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

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

(Millions of yen)

	Reportable segment						Other Operations (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly consolidated statements of income (Note 3)
	Carbon Black	Fine Carbon	Smelting and Lining	Graphite Electrodes	Industrial Furnaces 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	6,297	738	1,643	1,316	21,675	444	22,120	(1,287)	20,832

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.

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 the figures for the nine months ended September 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, 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.

II First nine months of the fiscal year under review (January 1 to September 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	129,366	52,391	50,588	26,610	8,285	267,241	6,432	273,674	—	273,674
Intersegment sales/transfers	13	70	293	45	135	558	—	558	(558)	—
Total	129,380	52,462	50,881	26,655	8,420	267,800	6,432	274,232	(558)	273,674
Segment income	12,430	8,020	4,053	2,168	2,153	28,827	24	28,851	(1,343)	27,507

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 1,343-million-yen negative adjustment in segment income includes company-wide expenses of 1,347 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.

(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, 2025)		First nine months of the fiscal year under review (January 1 to September 30, 2026)	
Depreciation	19,696	million yen	24,371	million yen
Amortization of goodwill	3,334	million yen	3,382	million yen

Note: 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 nine months ended September 30, 2025 reflect the finalization of the provisional accounting treatment.