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

May 13, 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 financial results: Yes
Holding of 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 First Quarter of the Fiscal Year Ending December 31, 2026 (January 1 to March 31, 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	%
Three months ended March 31, 2026	81,720	1.7	6,345	(8.9)	6,181	(1.9)	1,556	(47.1)
Three months ended March 31, 2025	80,346	(2.2)	6,967	99.7	6,303	34.5	2,940	80.7

Note: Comprehensive income: Three months ended March 31, 2026: 1,568 million yen (-%)
Three months ended March 31, 2025: (13,741) million yen (-%)

	Quarterly Net Income per Share	Quarterly Net Income per Share Fully Diluted
	Yen	Yen
Three months ended March 31, 2026	7.29	-
Three months ended March 31, 2025	13.78	-

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 three months ended March 31, 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 March 31, 2026	657,654	351,214	48.2
As of December 31, 2025	664,033	352,846	47.9

For reference: Shareholders' capital: As of March 31, 2026: 316,780 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	-				
Fiscal year ending December 31, 2026 (Forecast)		20.00	-	20.00	40.00

Note: Amendment to most recently disclosed dividend forecast: Changed

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

(Percentages indicate 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
First six months	170,400	7.8	10,300	(24.7)	9,500	(30.1)	5,000	(40.6)	23.87
Full year	370,000	14.6	28,000	8.3	26,000	(1.2)	12,000	(40.2)	58.62

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

* Notes:

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

(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 March 31, 2026	224,943,104 shares	As of December 31, 2025	224,943,104 shares

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

As of March 31, 2026	11,436,911 shares	As of December 31, 2025	11,436,605 shares

  (c) Average number of shares during the period

Three months ended March 31, 2026	213,506,339 shares	Three months ended March 31, 2025	213,472,411 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 Thursday, May 14, 2026. The materials for this briefing will be posted on the corporate website on that day.

Supplemental Materials

1. Qualitative Information on the Quarterly Financial Results

(1) Operating Results for the First Quarter of the Fiscal Year Ending December 31, 2026

During the first three months of 2026 (from January 1 to March 31, 2026), the global economy continued to grow, driven by demand for investment in AI, which has continued since the previous fiscal year. However, the outlook for the global economy remained uncertain due to worsening Japan-China relations, the impact of the U.S. tariff policy, inflationary pressure caused by the tense Middle Eastern situation, and concerns about an economic downturn.

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 them, we are conducting activities to improve productivity and quality, reduce costs, and secure sustainable and stable profits, with the aim of achieving net sales of 500 billion yen, EBITDA margin of 20%, and ROIC of 12%, as our "Vision 2030" goals. In addition, from the perspective of medium - to long-term growth and sustainability, the Company is steadily promoting a project to recover carbon black from used tires and other materials, while continuing to promote the Thai production base relocation project in Carbon Black, which is our core business. 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 three months of 2026 increased by 1.7% year on year to 81,720 million yen. Operating income decreased by 8.9% year on year to 6,345 million yen. Ordinary income decreased by 1.9% year on year to 6,181 million yen. Quarterly net income attributable to owners of the parent company decreased by 47.1% year on year to 1,556 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 three months ended March 31, 2025 reflect the finalization of the provisional accounting treatment.

Results by business segment were as follows:

Carbon Black

Both net sales and operating income decreased year on year. The contribution of the newly consolidated Thai subsidiary from the fourth quarter of 2025 was not enough to offset the decline in sales volume due to the production adjustments of a tire manufacturer and the increase in depreciation due to the start of operations at the new Thai plant.

As a result, net sales for the Carbon Black business decreased by 0.5% year on year to 38,730 million yen, while operating income decreased by 28.4% year on year to 3,235 million yen.

Fine Carbon

Net sales increased year on year due to an increase in sales volume of solid SiC focus rings for the memory semiconductor market, a main product. On the other hand, operating income decreased year on year due to sluggish demand in the SiC power semiconductor market.

As a result, net sales for the Fine Carbon business increased by 13.6% year on year to 16,401 million yen, while operating income decreased by 19.8% year on year to 2,264 million yen.

Smelting and Lining

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

As a result, net sales for the Smelting and Lining business increased by 9.5% year on year to 14,166 million yen, while operating income increased by 310.5% year on year to 658 million yen.

Graphite Electrodes

Crude steel production remained sluggish in major regions such as Asia, including China, and the EU, and there were no signs of a recovery in demand for electrodes, although crude steel production remained strong in India and the U.S.
As part of the structural reforms implemented in the previous fiscal year, the Group terminated production in the Shiga Plant and concentrated production in the Hofu Plant. The Group also transferred the stock of TOKAI ERFTCARBON GmbH, a wholly owned German subsidiary, and excluded it from the scope of consolidation in April 2025.

As a result, net sales for the Graphite Electrodes business decreased by 16.4% year on year to 7,845 million yen, and operating income was 251 million yen (compared with operating loss of 726 million yen for the same period of the previous year).

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. Conversely, demand for multi-layer ceramic capacitors (MLCCs) in the electronic components industry surged, driven primarily by the rapid expansion of AI servers. Sales of resistors for power infrastructure also performed strongly, backed by the global progress in power grid upgrades, leading to an increase in year-on-year revenue. On the other hand, operating income declined compared to the same period last year. This was due to the recording of one-time additional expenses arising from specification changes in previously contracted large-scale industrial furnace projects.
As a result, net sales for the Industrial Furnaces and Related Products business increased by11.1% year on year to 2,361 million yen, while operating income decreased by 30.5% year on year to 327 million yen.

Other Operations

Friction materials

Sales of mining equipment were sluggish due to a decline in demand in Indonesia, but sales of products for motorcycles were strong. In addition, sales of products for construction machinery were strong due to an increase in demand in China, and sales of products for industrial machinery and agricultural machinery were also strong.
As a result, net sales of friction materials increased by 10.8% year on year to 2,172 million yen.

Anode materials and others

Net sales of anode materials and others, including real estate leasing, decreased by 92.6% year on year to 42 million yen.

As a result, net sales in Other Operations decreased by 12.9% year on year to 2,215 million yen, and operating income increased by 1.0% to 126 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 three months of the fiscal year under review (As of March 31, 2026)
Assets		
Current assets		
Cash and deposits	90,156	86,292
Notes and accounts receivable	66,781	64,768
Merchandise and finished goods	28,669	29,349
Work in progress	34,266	34,995
Raw materials and supplies	30,361	31,664
Other	10,309	10,210
Allowance for doubtful accounts	(1,715)	(1,725)
Total current assets	258,828	255,554
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	49,519	49,159
Machinery, equipment and vehicles, net	179,933	182,290
Land	12,878	12,699
Leased assets, net	9,360	9,357
Construction in progress	34,981	30,946
Other, net	3,755	4,148
Total tangible fixed assets	290,429	288,602
Intangible assets		
Goodwill	26,684	25,581
Customer-related assets	21,795	20,884
Other	13,039	12,763
Total intangible assets	61,520	59,229
Investments and other assets		
Investment securities	40,257	41,580
Long-term loans receivable	3,878	3,858
Net defined benefit asset	6,227	6,200
Deferred tax assets	1,645	1,199
Other	1,270	1,453
Allowance for doubtful accounts	(24)	(24)
Total investments and other assets	53,255	54,268
Total fixed assets	405,204	402,100
Total assets	664,033	657,654

(Millions of yen)

	Previous fiscal year (As of December 31, 2025)	First three months of the fiscal year under review (As of March 31, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable	20,381	21,406
Electronically recorded obligations	3,029	3,097
Short-term loans payable	7,814	5,105
Commercial papers	47,000	22,500
Current portion of bonds payable	10,000	10,000
Current portion of long-term loans payable	3,282	3,264
Income taxes payable	2,508	2,770
Contract liabilities	2,089	2,404
Provision for bonuses	4,144	2,216
Provision for business restructuring	1,503	538
Other	24,973	22,702
Total current liabilities	126,726	96,007
Long-term liabilities		
Bonds payable	65,000	90,000
Long-term loans payable	65,015	64,197
Lease obligations	9,230	9,189
Deferred tax liabilities	35,935	37,951
Retirement benefit liability	4,805	4,803
Provision for retirement benefits for directors	107	84
Provision for executive officers' retirement benefits	36	31
Provision for environment and safety measures	406	439
Other	3,923	3,735
Total long-term liabilities	184,460	210,432
Total liabilities	311,187	306,440
Net assets		
Shareholders' equity		
Capital stock	20,436	20,436
Capital surplus	9,388	9,388
Retained earnings	160,334	158,688
Treasury stock	(7,047)	(7,048)
Total shareholders' equity	183,111	181,465
Accumulated other comprehensive income		
Valuation difference on other securities	21,933	22,896
Deferred gains or losses on hedges	115	(0)
Foreign currency translation adjustments	109,130	108,403
Cumulative remeasurements of defined benefit plans	4,066	4,015
Total accumulated other comprehensive income	135,246	135,315
Non-controlling interests	34,488	34,434
Total net assets	352,846	351,214
Total liabilities and net assets	664,033	657,654

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

First Three-month Period

(Millions of yen)

	First three months of the previous fiscal year (January 1 to March 31, 2025)	First three months of the fiscal year under review (January 1 to March 31, 2026)
Net sales	80,346	81,720
Cost of sales	60,475	61,404
Gross profit	19,871	20,316
Selling, general and administrative expenses	12,903	13,971
Operating income	6,967	6,345
Non-operating income		
Interest income	465	455
Dividend income	127	129
Foreign exchange gains	-	606
Other	204	198
Total non-operating income	796	1,390
Non-operating expenses		
Interest expenses	543	654
Foreign exchange losses	572	-
Other	345	900
Total non-operating expenses	1,461	1,554
Ordinary income	6,303	6,181
Extraordinary income		
Gain on sale of investment securities	38	32
Gain on sales of fixed assets	0	8
Total extraordinary income	38	41
Extraordinary losses		
Loss on retirement of fixed assets	86	32
Total extraordinary losses	86	32
Quarterly net income before income taxes	6,255	6,189
Income taxes - current	1,876	1,558
Income taxes - deferred	527	1,947
Total income taxes	2,403	3,506
Quarterly net income	3,851	2,683
Quarterly net income attributable to non-controlling interests	910	1,126
Quarterly net income attributable to owners of the parent company	2,940	1,556

Quarterly Consolidated Statements of Comprehensive Income

First Three-month Period

(Millions of yen)

	First three months of the previous fiscal year (January 1 to March 31, 2025)	First three months of the fiscal year under review (January 1 to March 31, 2026)
Quarterly net income	3,851	2,683
Other comprehensive income		
Valuation difference on other securities	759	945
Deferred gains or losses on hedges	50	(116)
Foreign currency translation adjustments	(18,243)	(1,894)
Remeasurements of defined benefit plans	(159)	(50)
Total other comprehensive income	(17,593)	(1,114)
Quarterly comprehensive income	(13,741)	1,568
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent company	(12,752)	1,625
Quarterly comprehensive income attributable to non-controlling interests	(989)	(57)

(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 three months of the previous fiscal year (January 1 to March 31, 2025)

Information on net sales and amount of income or 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	38,920	14,442	12,932	9,383	2,125	77,804	2,542	80,346	-	80,346
Intersegment sales/transfers	6	78	118	12	8	223	-	223	(223)	-
Total	38,926	14,520	13,050	9,395	2,134	78,027	2,542	80,569	(223)	80,346
Segment income (loss)	4,521	2,825	160	(725)	470	7,251	125	7,377	(409)	6,967

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 409-million-yen negative adjustment in segment income (loss) includes company-wide expenses of negative 431 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.
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 three months ended March 31, 2025 reflect the finalization of the provisional accounting treatment.

II First three months of the fiscal year under review (January 1 to March 31, 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	38,730	16,401	14,166	7,845	2,361	79,505	2,215	81,720	-	81,720
Intersegment sales/transfers	4	36	41	9	30	123	-	123	(123)	-
Total	38,734	16,437	14,208	7,855	2,392	79,628	2,215	81,843	(123)	81,720
Segment income	3,235	2,264	658	251	327	6,736	126	6,863	(518)	6,345

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 518-million-yen negative adjustment in segment income includes company-wide expenses of negative 536 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 Quarterly Consolidated Statements of Cash Flows)

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

	First three months of the previous fiscal year (January 1 to March 31, 2025)	First three months of the fiscal year under review (January 1 to March 31, 2026)
Depreciation	6,484 million yen	7,887 million yen
Amortization of goodwill	1,084 million yen	1,115 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 three months ended March 31, 2025 reflect the finalization of the provisional accounting treatment.