May 13, 2026

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Representative: Hajime Nagasaka, President & CEO
(Stock Code: 5301 TSE Prime Market)
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Notice Regarding Change in Shareholder Return Policy, Revision of Dividend Forecast (Dividend Increase), and Policy to Reduce Cross-Shareholdings

TOKAI CARBON CO.,LTD. (the "Company") hereby announces that its Board of Directors, at a meeting held today, resolved to change the shareholder return policy, revise the dividend forecast (dividend increase), and establish a policy to reduce cross-shareholdings.

1. Change in Shareholder Return Policy
   (1) Details of Changes

Before Change	After Change
The Company will implement stable and continuous dividends with a target consolidated dividend payout ratio of 30%, taking into consideration the business performance and outlook of each period, investment plans, cash flow conditions, and other factors.	The Company will implement stable and continuous dividends by selecting the higher of a consolidated dividend payout ratio of approximately 40% and a target adjusted DOE of 5% based on shareholders' equity at the end of the previous fiscal year (progressive dividend), taking into consideration the business performance and outlook of each period, investment plans, cash flow conditions, and other factors. In addition, the Company will flexibly execute share repurchases, etc. with an awareness of achieving a high Total Shareholder Return.

   (2) Reason for Change

The Company strives to enhance corporate value by strengthening a sound financial foundation through appropriate retained earnings, while further enriching shareholder returns. To further enhance management conscious of capital efficiency and the cost of equity, and to ensure stable, sustainable dividends resilient to temporary factors such as exchange rate fluctuations, we have introduced adjusted DOE (the ratio of annual dividends to shareholders' equity at the previous fiscal year-end) as our new standard dividend indicator.

Additionally, in order to strengthen shareholder returns and improve capital efficiency and execute flexible capital policies, we have decided to pursue agile share repurchases and other measures.

   (3) Effective Date

It will be applied from fiscal year 2026 (the fiscal year ending December 2026).

2. Revision of Dividend Forecast

(1) Revised Dividend Forecast for the Fiscal Year Ending December 2026 (January 1, 2026–December 31, 2026)

	Annual Dividend per Share (JPY)		
	End of 2nd Quarter	Year-end	Total
Previous Forecast (February 12, 2026)	15.00	15.00	30.00
Revised Forecast	20.00	20.00	40.00
Current Year Results			
Previous Year Results (Fiscal Year Ending December 2025)	15.00	15.00	30.00

(2) Reason of Revision

In accordance with the previously mentioned '1. Change in Shareholder Return Policy,' and reflecting our current performance and the future business environment, we have revised our annual ordinary dividend forecast for the fiscal year ending December 2026 to JPY 40 per share. This represents an increase of JPY 10 from the previous forecast of JPY 30 announced on February 12, 2026.

3. Policy on Reducing Cross-Shareholdings

(1) Approach to Cross-Shareholdings

The Company retains cross-shareholdings deemed essential for contribution to the Company's sustainable growth and the enhancement of corporate value over the medium to long term. In addition, the Board of Directors assesses the appropriateness of each individual holding by evaluating both its purpose and its rationale. Regarding the reduction of cross-shareholdings, we are striving to lower their ratio to net assets by reallocating funds toward growth investments and other strategic uses. This initiative is based on our measures to promote management conscious of capital costs and stock prices; accordingly, we have been executing partial sales of held shares since the fiscal year ending December 2025.

(2) Future Policy

As of December 31, 2025, our cross-shareholdings totaled JPY36.3 billion, representing 10% of net assets. At today's Board of Directors meeting, the Company discussed the social demands surrounding cross-shareholdings, further clarified our policy to reduce cross-shareholdings, and decided to proceed with the reduction. Specifically, our policy is to reduce cross-shareholding balance by approximately 70% by the end of December 2028 compared to the end of December 2025 levels, thereby lowering the ratio to consolidated net assets to approximately 3%. The non-recurring extraordinary gains generated from this divestment will be utilized for share repurchases, aiming to enhance capital efficiency and facilitate the execution of flexible capital policies.

(3) Future Outlook

Moving forward, we will execute the divestments in accordance with the aforementioned policy. To strengthen shareholder returns, we will expedite share repurchases on a flexible basis.

We intend to engage in constructive dialogue with the issuers of the shares targeted for sale to ensure a full understanding of our policy. Furthermore, we will ensure prompt notification, should any divestment necessitate timely disclosure as a result of this policy.