Q1 FY2026
Earnings Presentation

2026/5/14

TOKAI CARBON CO., LTD.

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Q1 FY2026

Financial Summary

FY2026 Business Topics (January-March 2026)

Results / Financials / KPIs Billion JPY

Net Sales JPY 81.7 bn +1.7%

＋ Recovering demand for memory semiconductors, license revenue at S&L

ー Lower sales volumes in Carbon Black, the divestment effect of the German Graphite Electrode subsidiary

Operating Profit JPY 6.3 bn (8.9)%

＋ Positive impact of restructuring in the Graphite Electrodes business, license revenue at S&L

ー Higher depreciation expenses following the launch of the new Carbon Black plant in Thailand, along with sluggish demand for SiC power semiconductors

EBITDA

JPY 15.3 bn

+5.6pt

EBITDA margin

18.8 %

+0.7pt

FCF

JPY2.7 bn

JPY +6.2 bn

Peak-out of Major CAPEX, Planning to Boosting Returns

Adj. Net D/E Ratio

0.21x

Credit Ratings

JCR A+ (outlook stable)

R&I A (outlook stable)

※ FCF: Free Cash Flow FC: Fine Carbon IF: Industrial Furnaces & Related Products S&L: Smelting and Lining

Topics

S&L: Full Production of Cathodes Expected

- **Surge in Demand :** Urgent cathode relining demand has emerged for the slated restart of aluminum smelters in the Middle East, leading to multiple shipping requests.
- **Customer Prioritization:** Shifted from planned restructuring to a full-capacity production to prioritize the support for restarting customers.
- **Future Strategy:** Mid-to-long-term strategy will be recalibrated after the stabilization of the Middle East situation, reflecting a fresh analysis of market dynamics and our strategic positioning.

Upward Revision of FY2026 1H and Full-Year Forecasts

Upward revision of forecasts driven by improving business conditions in FC, IF, and S&L, amid a recovering/expanding semiconductor market and surging aluminum furnace relining demand in the Middle East.

Achieving PBR Above 1.0x: Challenges and Initiatives

Enhancing shareholder returns and optimization of capital efficiency through dividend hike (FY2026), reduction of cross-shareholdings, and 2026 May share repurchase.

Summary of Consolidated Results

(Millions of yen)

	Jan-Mar 2025	Jan-Mar 2026	YoY Change	%Change
Net sales	80,346	81,720	+1,374	+1.7%
Operating income	6,967	6,345	(622)	(8.9)%
Ordinary income	6,303	6,181	(122)	(1.9)%
Net income attributable to owners of the parent company	2,940	1,556	(1,384)	(47.1)%
EBITDA	14,536	15,348	+812	+5.6%
EBITDA margin	18.1%	18.8%	+0.7pt	—

Jan. to Mar. average exchange rates:

- 2025 USD1= JPY152.60 EUR1= JPY160.50
- 2026 USD1= JPY156.86 EUR1= JPY183.65

※ EBITDA = Operating income + Depreciation and Amortization including Goodwill

※ The figures for FY2025 have been retrospectively adjusted following the finalization of the provisional accounting for the business combinations with KBR, Inc. and MWI, Inc.

Net Sales, Operating Income and EBITDA by Segment

- Operating income increased in the Graphite Electrodes business due to the effect of structural reforms, and in the Smelting and Lining business due to license revenue.
- Operating income decreased in the Carbon Black business due to factors such as increased depreciation related to the site in Thailand, and in the Fine Carbon business due to weak demand in the SiC power semiconductor market.

(Millions of yen)

		Net sales			Operating income			EBITDA		
		Jan-Mar 2025	Jan-Mar 2026	YoY Change	Jan-Mar 2025	Jan-Mar 2026	YoY Change	Jan-Mar 2025	Jan-Mar 2026	YoY Change
Carbon Black		38,920	38,730	(190)	4,521	3,235	(1,286)	6,997	6,761	(236)
Fine Carbon		14,442	16,401	+1,958	2,825	2,264	(560)	5,350	4,782	(568)
Smelting and Lining		12,932	14,166	+1,234	160	658	+497	1,068	1,804	+736
Graphite Electrodes		9,383	7,845	(1,538)	(725)	251	+977	575	1,525	+949
Industrial Furnaces and Related Products		2,125	2,361	+236	470	327	(143)	555	479	(76)
Others	Friction Materials	1,960	2,172	+211	—	—	—	—	—	—
	Anode Materials, etc.	581	42	(538)	—	—	—	—	—	—
	Total	2,542	2,215	(326)	125	126	+1	235	224	(11)
Corporate & Other		—	—	—	(409)	(518)	(108)	(246)	(228)	+18
Total		80,346	81,720	+1,374	6,967	6,345	(622)	14,536	15,348	+812
Return on sales		—	—	—	8.7%	7.8%	(0.9)pt	18.1%	18.8%	+0.7pt

※ The figures for FY2025 have been retrospectively adjusted following the finalization of the provisional accounting for the business combinations with KBR, Inc. and MWI, Inc.

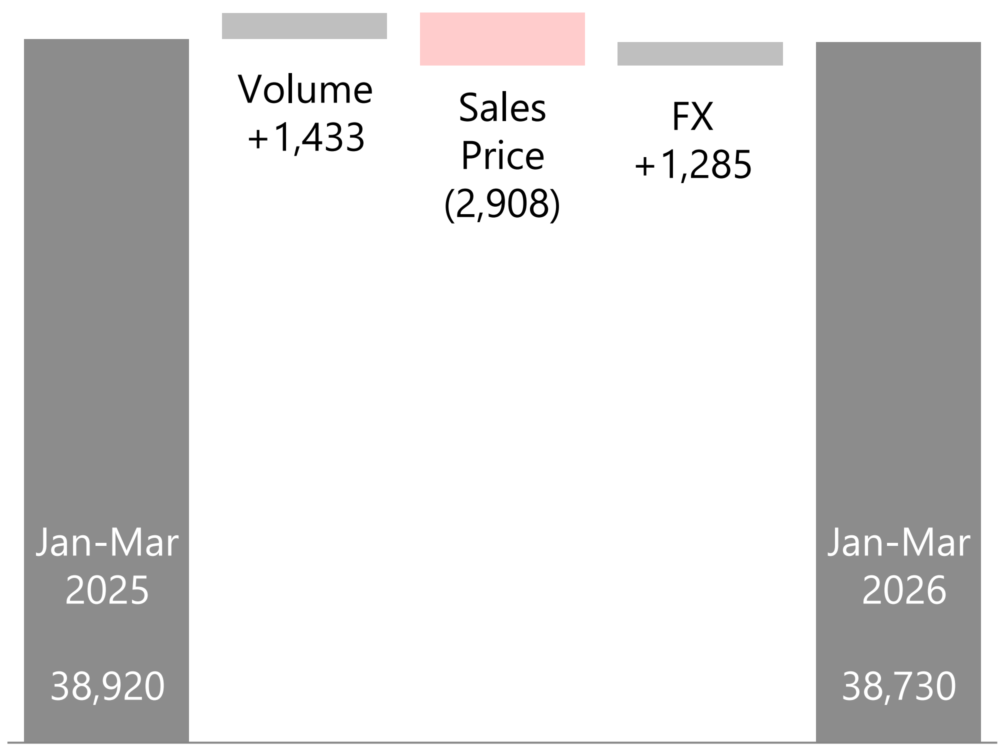
Carbon Black

- Both net sales and operating income decreased YoY due to declined sales volumes resulting from production adjustments among tire manufacturers and increased depreciation associated with the commencement of operations at the new plant in Thailand, which could not be fully offset by contributions from the newly consolidated subsidiary in Thailand from the fourth quarter of FY2025.

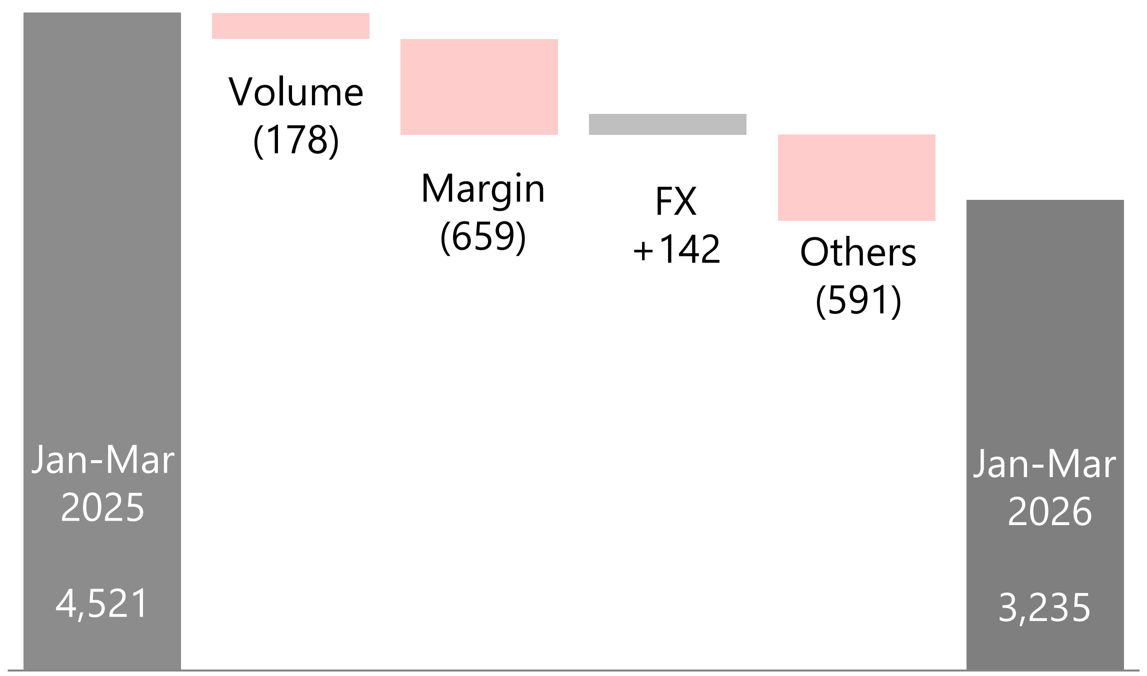
(Millions of yen)

	Jan-Mar 2025	Jan-Mar 2026	YoY Change	% Change
Net sales	38,920	38,730	(190)	(0.5)%
Operating income	4,521	3,235	(1,286)	(28.4)%
ROS	11.6%	8.4%		

Net Sales Difference



Operating Income Difference

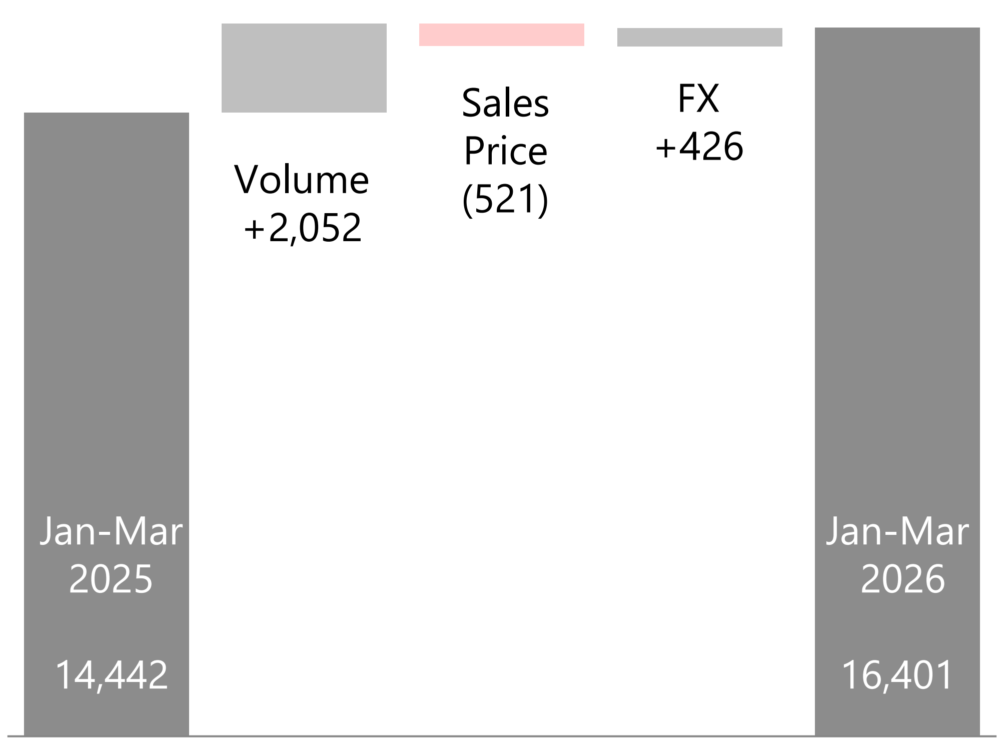


- Increased sales volume of Solid SiC focus rings for the memory semiconductor market, our core product, contributed to YoY increase in net sales.
- Operating income decreased YoY due to weak demand in the SiC power semiconductor market.

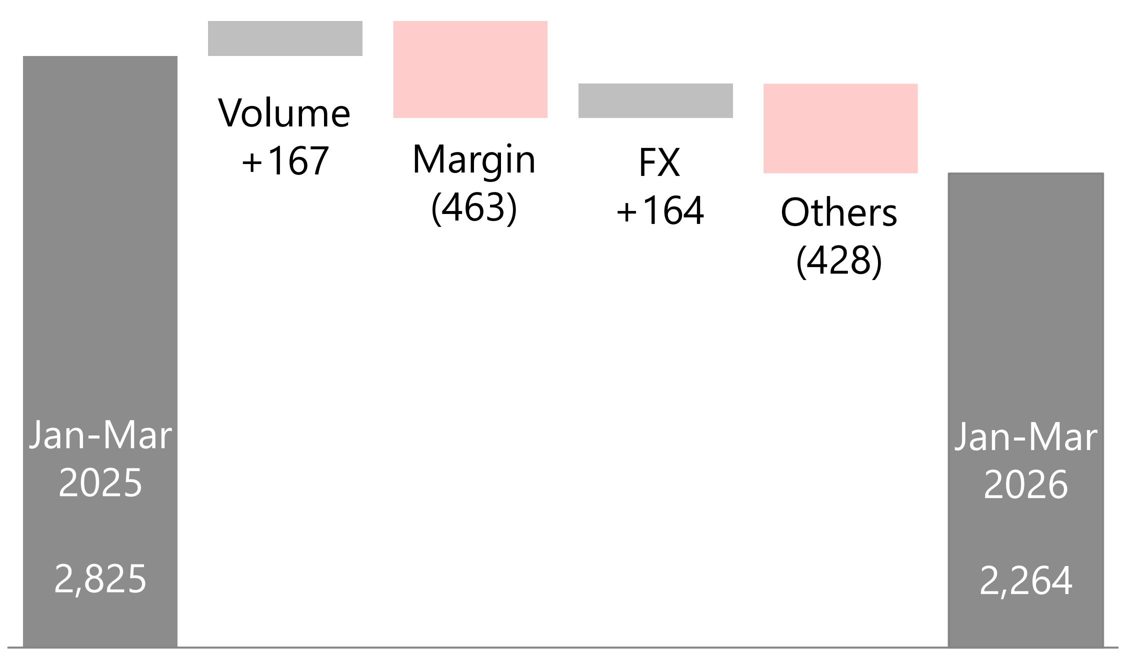
(Millions of yen)

	Jan-Mar 2025	Jan-Mar 2026	YoY Change	% Change
Net sales	14,442	16,401	+1,958	+13.6%
Operating income	2,825	2,264	(560)	(19.8)%
ROS	19.6%	13.8%		

Net Sales Difference



Operating Income Difference



※ The figures for FY2025 have been retrospectively adjusted following the finalization of the provisional accounting for the business combinations with KBR, Inc. and MWI, Inc.

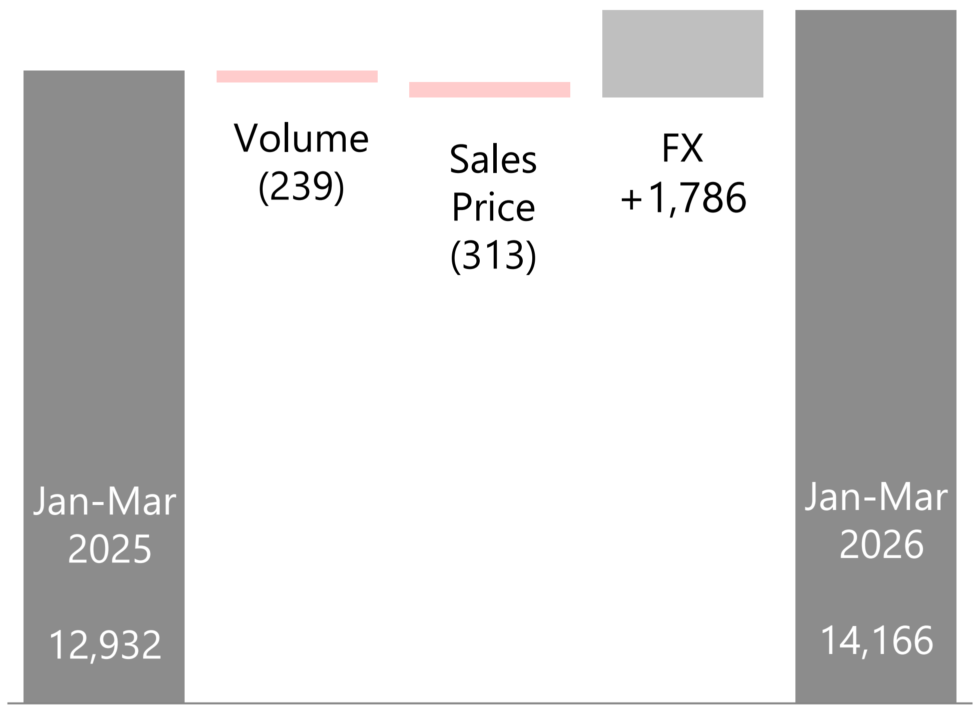
Smelting and Lining

- The milestone under the license agreement related to RuC© (Ready-to-Use Cathode), next-generation environmentally friendly cathode, was achieved. Both net sales and operating income increased YoY due to license revenue.
- Special demand for cathodes stemming from the situation in the Middle East is being anticipated, although shipment volumes are declining at present.

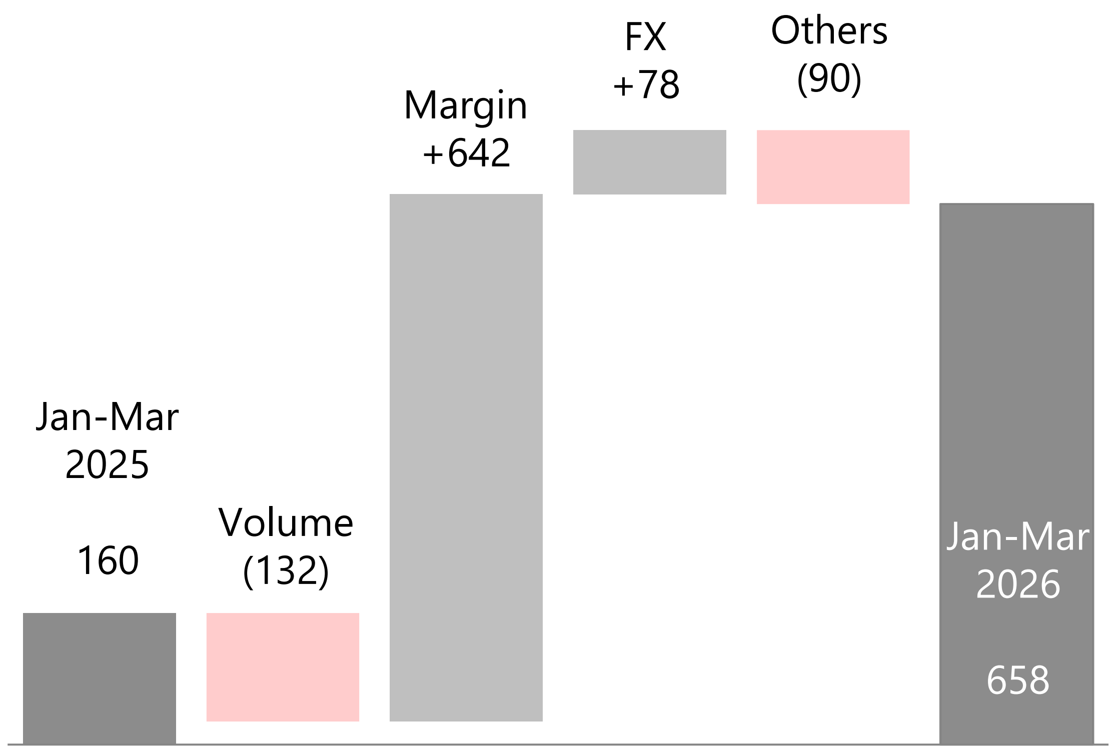
(Millions of yen)

	Jan-Mar 2025	Jan-Mar 2026	YoY Change	% Change
Net sales	12,932	14,166	+1,234	+9.5%
Operating income	160	658	+497	+310.5%
ROS	1.2%	4.6%		

Net Sales Difference



Operating Income Difference



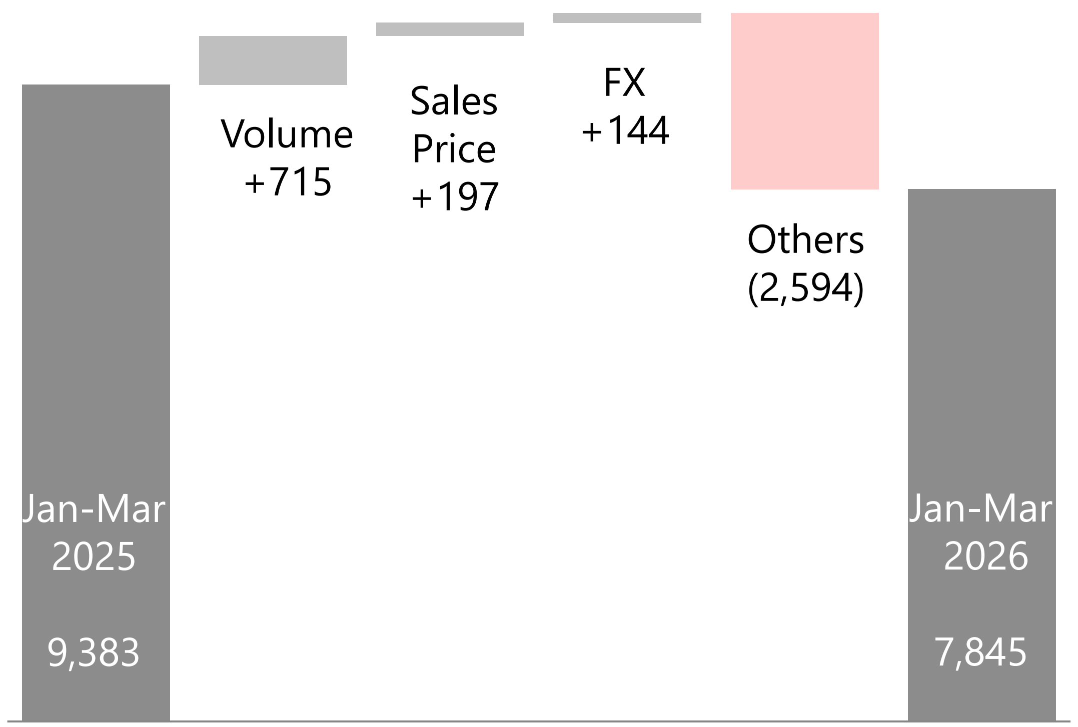
Graphite Electrodes

- Net sales decreased YoY due to sluggish electrode market conditions resulting from the stagnant steel market, in addition to the divestment of the German subsidiary (excluded from the scope of consolidation from the second quarter of FY2025).
- Operating income turned positive due to the effects of structural reforms, including the realization of production consolidation effects in Japan and the divestment of the German subsidiary.

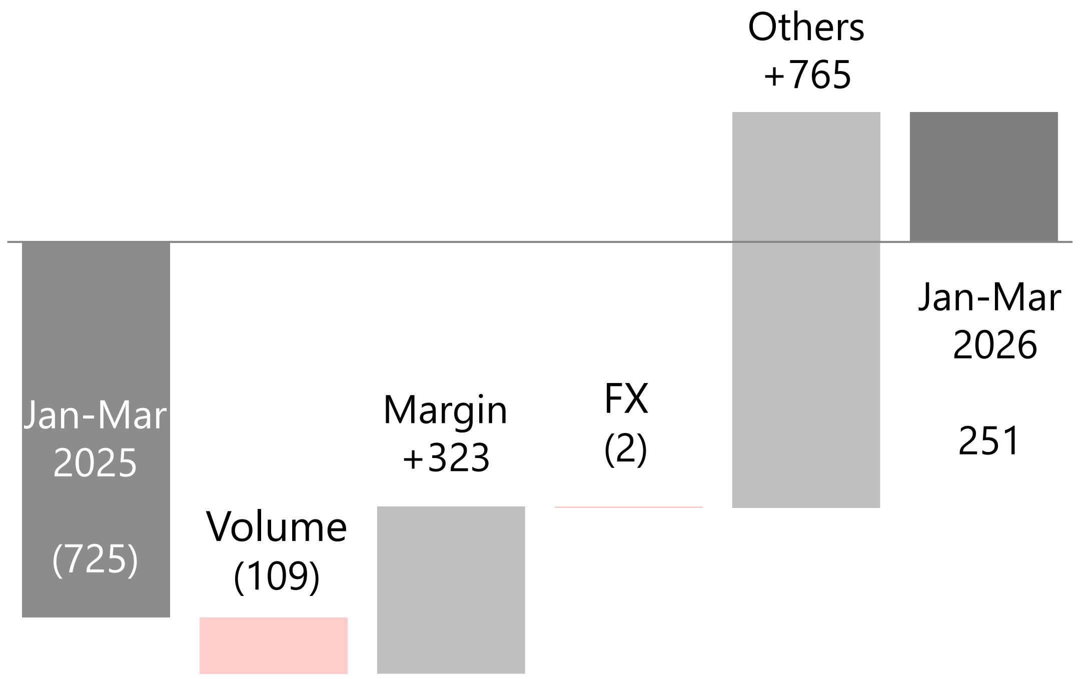
(Millions of yen)

	Jan-Mar 2025	Jan-Mar 2026	YoY Change	% Change
Net sales	9,383	7,845	(1,538)	(16.4)%
Operating income	(725)	251	+977	–
ROS	(7.7)%	3.2%		

Net Sales Difference



Operating Income Difference



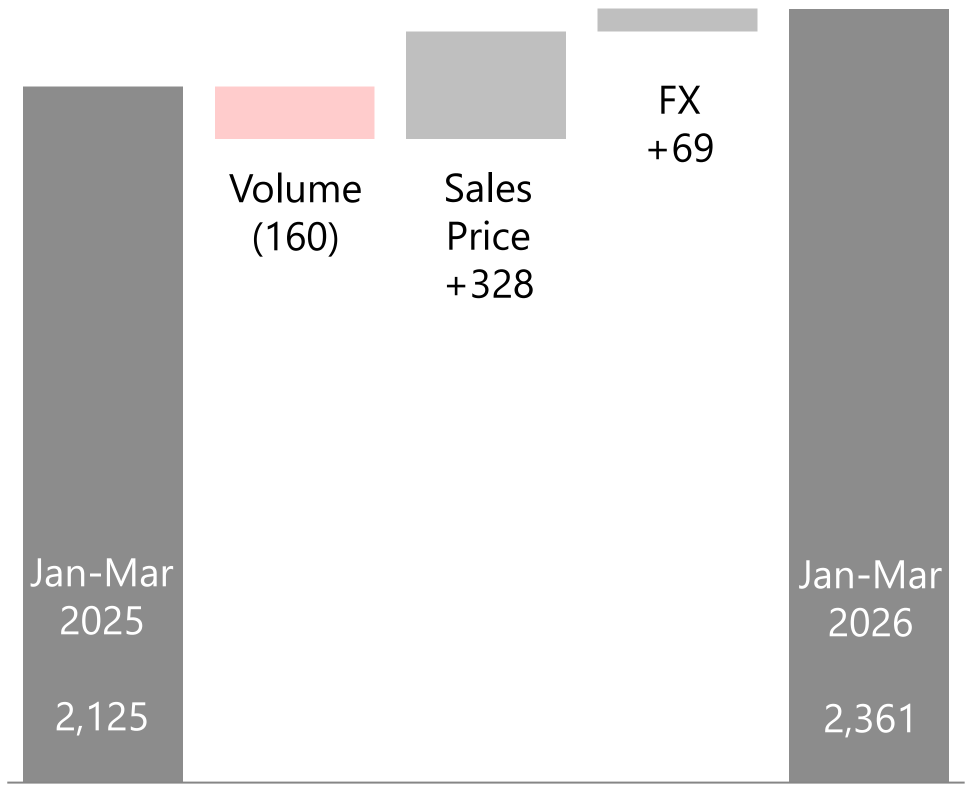
Industrial Furnaces and Related Products

- LiB-related CAPEX in the energy-related industries, the core markets for industrial furnaces and heating elements, remained sluggish. Meanwhile, demand for multi-layer ceramic capacitors (MLCCs) in the electronic device industries increased sharply, particularly for AI servers, and sales of resistors for power infrastructure remained strong against the backdrop of the progress in the development of global power transmission and distribution networks, contributing to YoY increase in net sales.
- Operating income decreased YoY due to the recording of non-recurring additional production costs associated with responding to specification adjustments for a large-scale industrial furnace project for which the order had already been received.

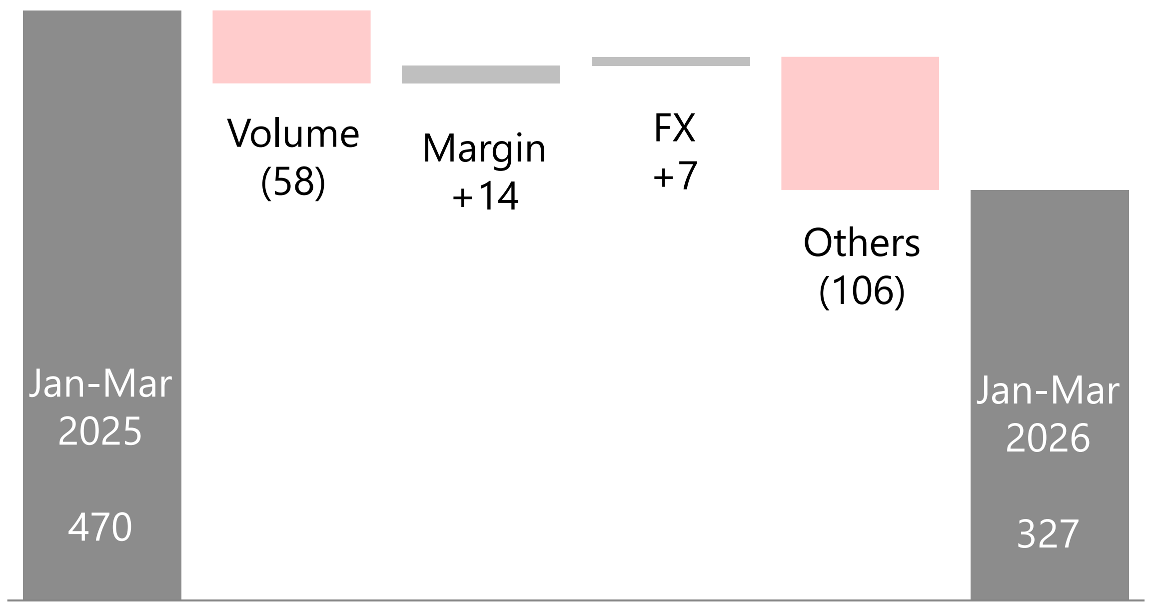
(Millions of yen)

	Jan-Mar 2025	Jan-Mar 2026	YoY Change	% Change
Net sales	2,125	2,361	+236	+11.1%
Operating income	470	327	(143)	(30.5)%
ROS	22.2%	13.8%		

Net Sales Difference



Operating Income Difference



Cash Flow

Major Cash Flow items

(Millions of yen)

	Jan-Mar 2025	Jan-Mar 2026	Summary
Cash flows from operating activities	5,676	11,102	
Net income (loss) before income taxes	6,255	6,189	
Depreciation and amortization	6,484	7,887	
Amortization on goodwill	1,084	1,115	
Decrease (increase) in trade receivables	1,670	2,048	Working capital: JPY+0.3 billion (Jan-Mar 2025 JPY-3.3 billion)
Decrease (increase) in inventories	(1,959)	(2,752)	
Increase (decrease) in trade payables	(3,097)	1,068	
Income tax paid	(4,760)	(4,454)	
Cash flows from investing activities	(9,108)	(8,309)	Free cash flow: JPY+2.7 billion (Jan-Mar 2025 JPY-3.4 billion)
Purchase of fixed assets	(13,427)	(7,488)	
Cash flows from financing activities	(910)	(6,999)	
Net increase (decrease) in short-term Loans payable (including CP)	3,879	(28,028)	
Corporate bond issuance and redemption	―	24,787	
Purchase of treasury shares of subsidiaries	(1,176)	―	Jan-Mar 2025: Acquisition of treasury shares by Tokai Carbon Korea (Ratio of voting rights held as of March 31, 2026: 52.6%)
Payment of dividends	(3,202)	(3,202)	
Cash and cash equivalents at end of period	59,092	60,714	

※ Working capital = Trade receivables + Inventories – Trade payables
※ The figures for FY2025 have been retrospectively adjusted following the finalization of the provisional accounting for the business combinations with KBR, Inc. and MWI, Inc.

Balance Sheet

Major Balance Sheet Items

(Millions of yen)

	December 31, 2025	March 31, 2026	Summary
Total assets	664,033	657,654	・Cash/monthly sales: 3.2 times (End of FY2025: 3.3 times) ・Inventory: (JPY+2.7 billion from End of FY2025) ・Tangible fixed assets: (JPY-1.8 billion from End of FY2025) ・Intangible fixed assets: (JPY-2.2 billion from End of FY2025)
Current assets	258,828	255,554	
Cash and cash equivalents	90,156	86,292	
Notes and accounts receivable	66,781	64,768	
Inventory	93,297	96,008	
Fixed assets	405,204	402,100	
Tangible fixed assets	290,429	288,602	
Intangible fixed assets	61,520	59,229	
Investments and other assets	53,255	54,268	
Total liabilities	311,187	306,440	・Net interest bearing debt: JPY108.7 billion (JPY+0.8 billion from End of FY2025) ・Interest bearing debt: JPY195.0 billion (JPY-3.0 bllion from End of FY2025) ・Direct funding ratio: 62.8% (End of FY2025: 61.6%), Long-term debt ratio: 79.0% (End of FY2025: 65.6%) ・Short-term credit line: JPY84.0 billion (JPY+0.0 billion from End of FY2025): JPY4.0 billion executed (JPY-2.0 billion from End of FY2025) ・CP issuance limit JPY60.0 billion (JPY+0.0 billion from End of FY2025): JPY22.5 billion executed (JPY-24.5 billion from End of FY2025)
Current liabilities	126,726	96,007	
Long-term liabilities	184,460	210,432	
Total net assets	352,846	351,214	・Capital to asset ratio: 48.2% (End of FY2025: 47.9%) ・Adjusted Capital to asset ratio*: 53.5% (End of FY2025: 53.2%) ・Net D/E ratio: 0.34 times (End of FY2025: 0.34 times) ・Adjusted Net D/E ratio: 0.21 times (End of FY2025: 0.21 times)
Shareholders' equity	183,111	181,465	
Accumulated other Comprehensive income	135,246	135,315	
Non-controlling interests	34,488	34,434	
Total liabilities and net assets	664,033	657,654	

※ Adjusted capital-to-asset ratio is the ratio that takes into account the equity qualifications of rating agencies in hybrid finance

II

FY2026

Earnings Forecast

Consolidated Earnings Forecast FY2026

- Net sales are projected to increase, reflecting the anticipated recovery of the Carbon Black business in the second half, special demand in the Middle East of the Smelting and Lining business, and the current strong business performance for the memory semiconductor market in the Fine Carbon business.
- Operating income is projected to increase overall, driven mainly by the Smelting and Lining and Fine Carbon businesses, despite negative factors including intensified price competition in the Graphite Electrodes business.

(Millions of yen)

	Previous Forecast (February 13)			Updated Forecast for FY 2026			Change from Previous Forecast		YoY Change	
	1H	2H	Full Year	1H	2H	Full Year	Amount	%	Amount	%
Net sales	168,300	178,400	346,700	170,400	199,600	370,000	+23,300	+6.7%	+47,039	+14.6%
Operating income	11,900	14,100	26,000	10,300	17,700	28,000	+2,000	+7.7%	+2,149	+8.3%
Ordinary income	11,100	12,900	24,000	9,500	16,500	26,000	+2,000	+8.3%	(312)	(1.2)%
Net income attributable to owners of the parent company	4,700	5,900	10,600	5,000	7,000	12,000	+1,400	+13.2%	(8,078)	(40.2)%

Average exchange rates:

- USD1= JPY 153 , EUR1= JPY 181

Consolidated Earnings Forecast FY2026 by Segment

(Millions of yen)

		Previous Forecast (February 13)			Updated Forecast for FY 2026			YoY Change	% Change
		1H	2H	Full year	1H	2H	Full year		
Net Sales		168,300	178,400	346,700	170,400	199,600	370,000	+23,300	+6.7%
Carbon Black		78,300	81,200	159,500	81,300	94,400	175,700	+16,200	+10.2%
Fine Carbon		28,400	33,800	62,200	31,500	33,800	65,300	+3,100	+5.0%
Smelting and Lining		33,000	33,200	66,200	32,000	42,300	74,300	+8,100	+12.2%
Graphite Electrodes		17,600	19,100	36,700	15,900	16,300	32,200	(4,500)	(12.3)%
Industrial Furnaces and Related Products		6,700	6,800	13,500	5,500	8,500	14,000	+500	+3.7%
Others	Friction Materials	4,200	4,200	8,400	4,100	4,200	8,300	(100)	(1.2)%
	Anode Materials, etc.	100	100	200	100	100	200	—	—%
	Total	4,300	4,300	8,600	4,200	4,300	8,500	(100)	(1.2)%
Operating Income		11,900	14,100	26,000	10,300	17,700	28,000	+2,000	+7.7%
Carbon Black		6,100	6,200	12,300	4,300	9,000	13,300	+1,000	+8.1%
Fine Carbon		3,000	4,300	7,300	4,100	4,300	8,400	+1,100	+15.1%
Smelting and Lining		1,500	1,400	2,900	1,300	3,200	4,500	+1,600	+55.2%
Graphite Electrodes		800	1,600	2,400	600	400	1,000	(1,400)	(58.3)%
Industrial Furnaces and Related Products		1,300	1,500	2,800	1,000	1,800	2,800	—	—%
Other Operations		200	100	300	100	100	200	(100)	(33.3)%
Corporate & Other		(1,000)	(1,000)	(2,000)	(1,100)	(1,100)	(2,200)	(200)	—%

III

Enhancing Shareholder Returns

- Driving growth strategies for achieving Vision 2030 and optimizing capital efficiency under our Mid-term Allocation Policy to maximize long-term shareholder value.

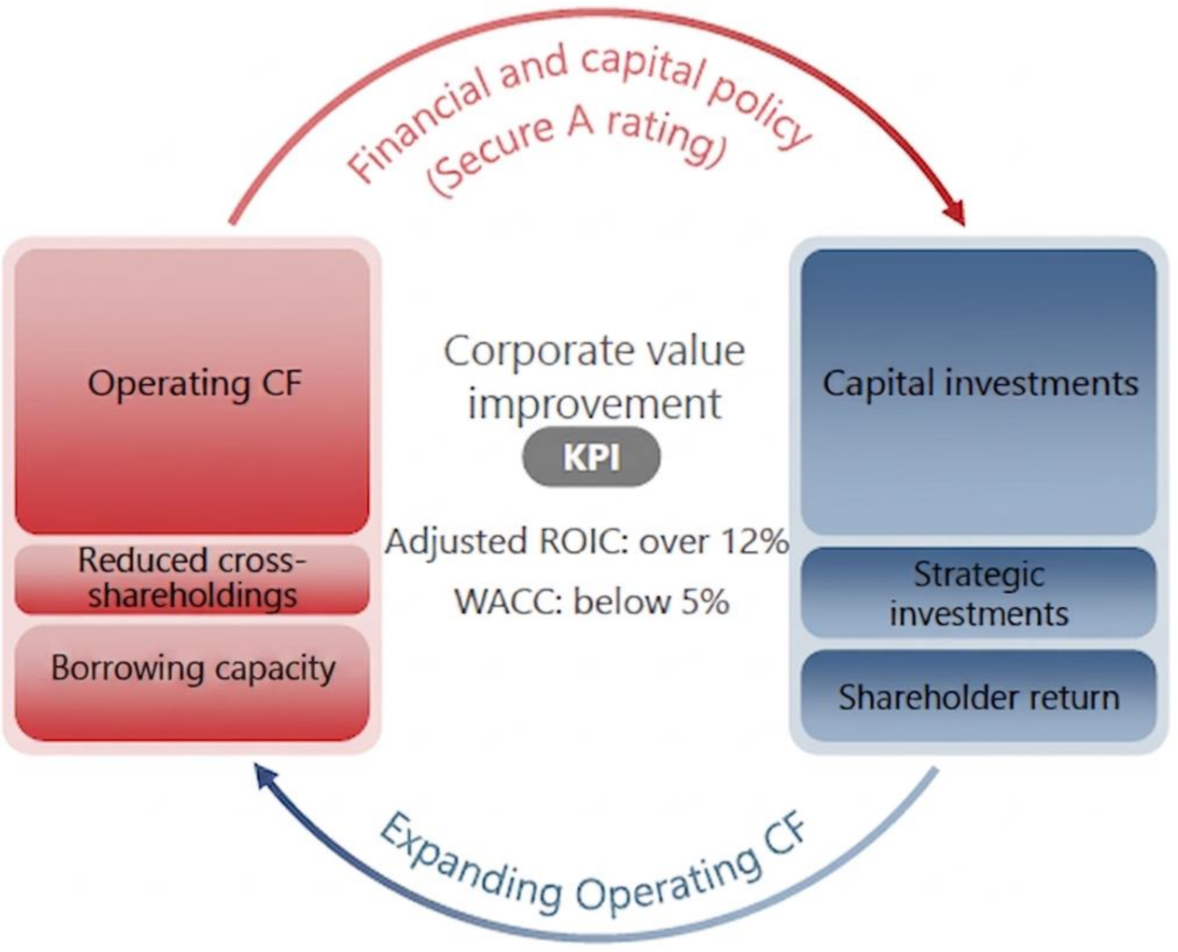
Business Environment and Initiatives Driving Mid-term CF Growth

- **CB:** Benefits from U.S. Tariff Policies and Thai Plant Relocation (From 2027)
- **FC/IF：**Capturing AI & DC market growth. Memory semi recovery driving SiC ring sales to a possible record-high in 2026.
- **S&L：**Capitalizing on cathode demand spike in the Middle East
- **GE：**Stabilized market conditions via Japan/US tariff measures and possible industry consolidation. Passing through higher needle coke costs to GE prices.

70% reduction by FY2028 end

Mid-term Allocation Policy（2026～2028）

From『Vision 2030 Update』Disclosed on Feb.13, 2026



Major CAPEX have peaked out

(Normalization from 2026 onwards)

Enhancing Shareholder Returns

- Dividend Increase (DPS JPY30⇒40)
- Progressive Dividend (Adj.DOE5% Target)
- Flexible Share Repurchases (Approx. JPY15 bn)

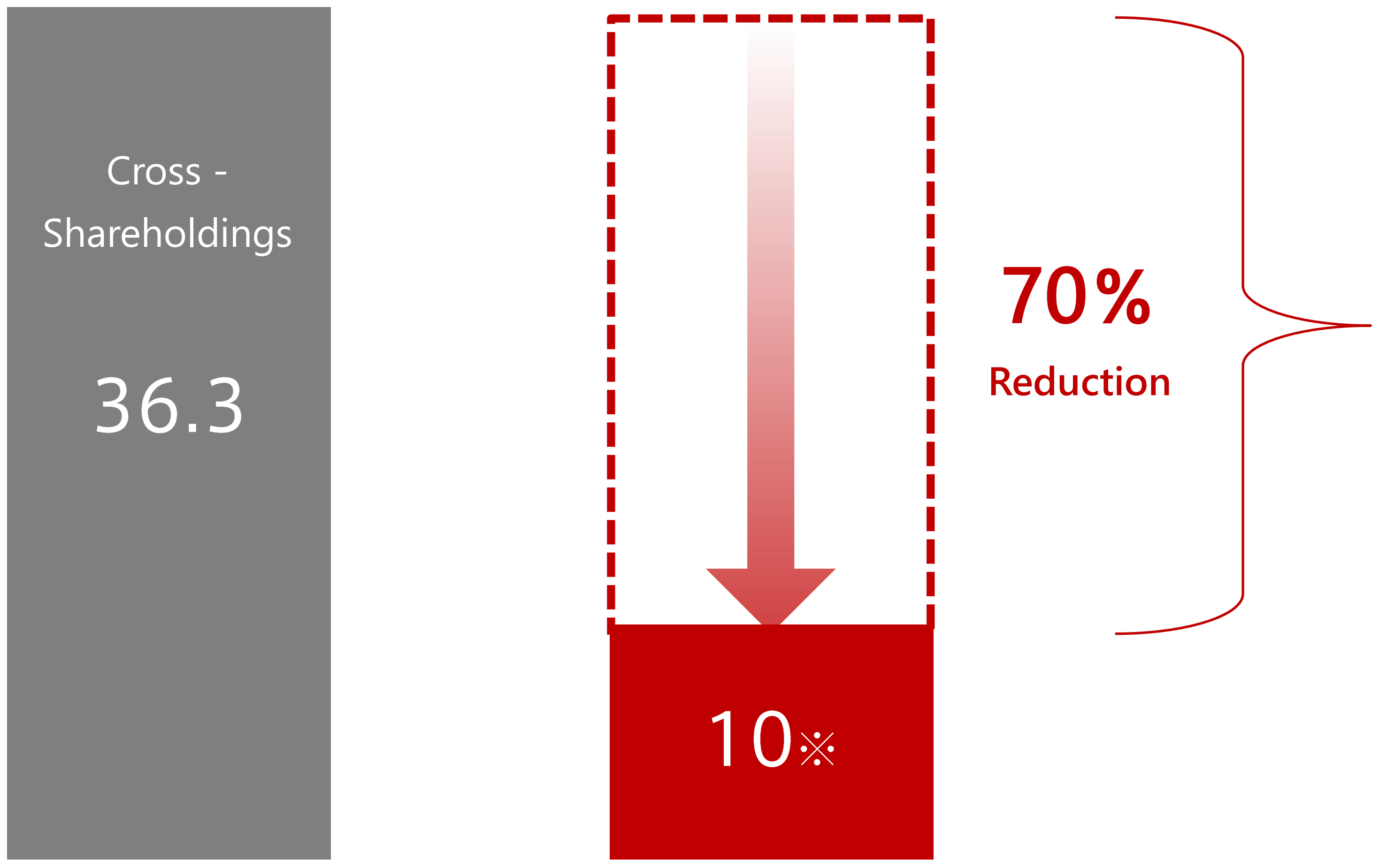
※ CF: Cash Flow CB: Carbon Black AI &DC: Artificial Intelligence and Data Center FC: Fine Carbon IF: Industrial Furnaces & Related Products S&L: Smelting and Lining GE: Graphite Electrodes

Cross-Shareholdings Reduction / Share Repurchases

- To enhance management conscious of stock price and cost of capital, cross-shareholdings shall be reduced from 10% to 3% vs net assets by FY2028 end.
- Utilizing divestment gains to front-load and expand shareholder returns, including share repurchases.

Policy on Reducing Cross-Shareholdings

(billion JPY)



※ Approximately JPY 10 billion：May increase / decrease depending on net assets fluctuation

Share Repurchases

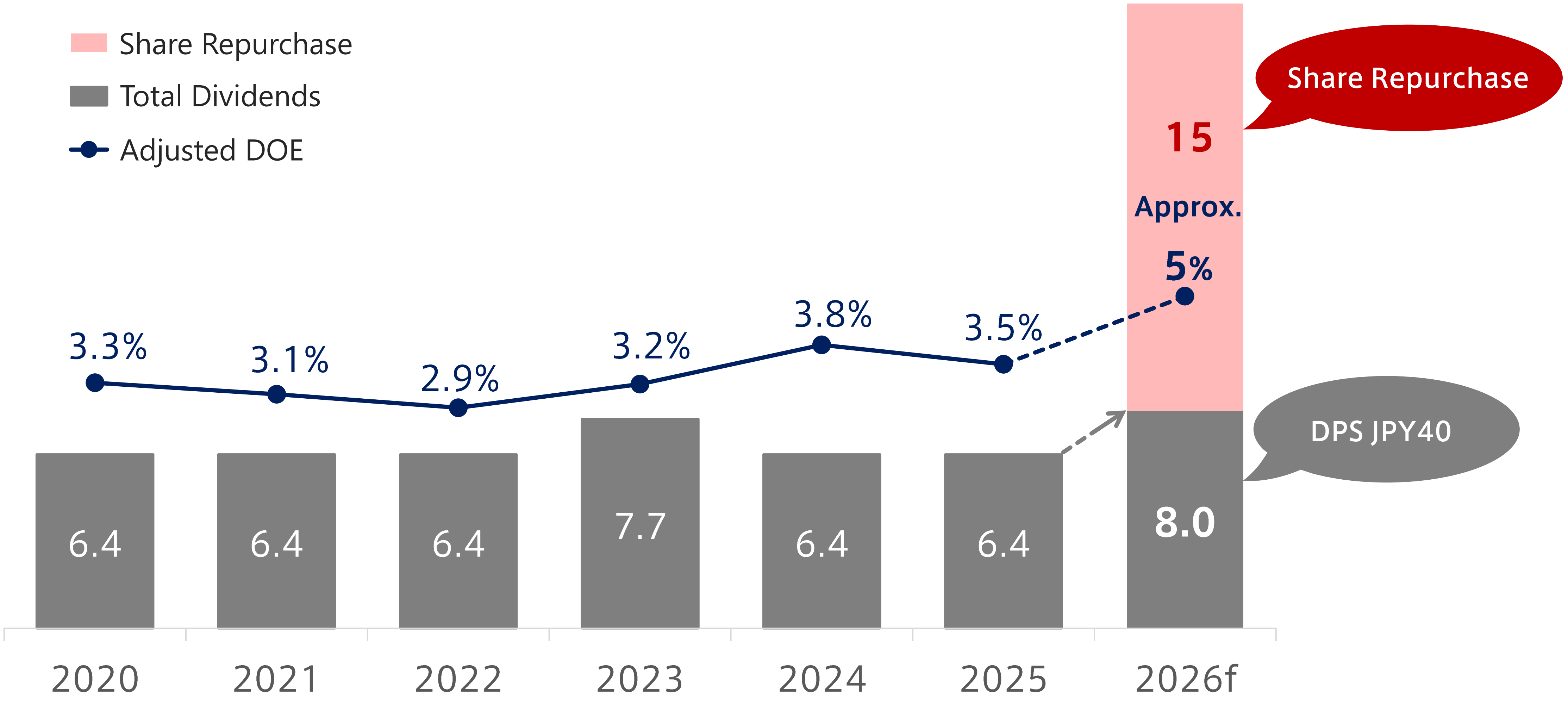
Acquisition Amount	JPY 15 bn（Maximum)
Acquisition Period	Full Repurchase on May 14, 2026
Acquisition Method*	Lump-sum Share Repurchase

- Adopted FCSR (Fully Committed Share Repurchase), a Japanese version of ASR (Accelerated Share Repurchase), to ensure the swift and certain execution of a JPY 15 bn share buyback.

Change in Shareholder Return Policy

- Adopt progressive dividend
- Select the higher of a consolidated dividend payout ratio of approximately 40% (formerly 30%) and a target adjusted DOE of 5% based on shareholders' equity
- Execute flexible share repurchases

Trend of Shareholder Return（2020～2026f : Billion JPY)



※ Adjusted DOE：Dividend Paid ÷ Shareholders' Equity at the End of the Previous Fiscal Year

New Shareholder Return Policy

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.

Reference Material

Key Indicators

(Millions of yen)　f=forecast	2022	2023	2024	2025	2026f
Net sales	340,371	363,946	350,114	322,960	370,000
Operating income	40,588	38,728	19,386	25,850	28,000
ROS（%）	11.9%	10.6%	5.5%	8.0%	7.6%
EBITDA	75,572	75,949	61,120	58,443	65,700
EBITDA margin（%）	22.2%	20.9%	17.5%	18.1%	17.8%
Net income Attributable to Owners of the Parent Company	22,418	25,468	(56,485)	20,078	12,000
ROE（%）	9.0%	8.6%	－%	6.6%%	3.8%
Adjusted ROIC（%）	14.3%	11.5%	6.8%	5.8%	5.4%
Capital Investment	48,150	53,316	56,715	36,854	43,100
Depreciation and Amortization	27,460	29,065	33,028	27,700	33,300
R&D Expenses	3,171	3,605	4,284	4,319	5,200
Interest bearing liabilities	171,452	166,642	191,241	198,111	－
Net D/E ratio	0.37	0.27	0.34	0.34	0.34
Adjusted Net D/E ratio	0.22	0.15	0.20	0.21	0.21
Number of Employees	4,378	4,427	4,625	4,436	－
Exchange Rate (JPY/USD)	131.43	140.56	151.58	149.71	153.00

※ EBITDA = Operating income + Depreciation and Amortization including Goodwill

※ Adjusted ROIC = Operating Profit after Tax adjusted for Goodwill amortization ÷ Invested Capital (Working Capital + Fixed Assets adjusted for Goodwill)

Quarterly Results by Segment

(Millions of yen)

		2025					2026			
		Q1	Q2	Q3	Q4	Full year	Q1	Q2f	H2f	Full year
Net sales		80,346	77,730	79,260	85,623	322,960	81,720	88,679	199,600	370,000
Carbon Black		38,920	36,650	35,353	36,168	147,093	38,730	42,569	94,400	175,700
Fine Carbon		14,442	13,271	14,362	13,892	55,969	16,401	15,098	33,800	65,300
Smelting and Lining		12,932	14,222	14,440	20,154	61,751	14,166	17,833	42,300	74,300
Graphite Electrodes		9,383	9,068	9,699	9,422	37,573	7,845	8,054	16,300	32,200
Industrial Furnaces and Related Products		2,125	2,079	2,940	3,583	10,728	2,361	3,138	8,500	14,000
Others	Friction Materials	1,960	2,040	1,955	2,028	7,984	2,172	1,927	4,200	8,300
	Anode Materials, etc.	581	396	507	373	1,859	42	57	100	200
	Total	2,542	2,437	2,462	2,401	9,843	2,215	1,984	4,300	8,500
Operating income		6,967	6,702	7,162	5,017	25,850	6,345	3,954	17,700	28,000
Carbon Black		4,521	3,626	3,530	1,457	13,135	3,235	1,064	9,000	13,300
Fine Carbon		2,825	1,585	1,886	1,406	7,704	2,264	1,835	4,300	8,400
Smelting and Lining		160	144	434	764	1,503	658	641	3,200	4,500
Graphite Electrodes		(725)	1,219	1,149	745	2,389	251	348	400	1,000
Industrial Furnaces and Related Products		470	414	431	951	2,268	327	672	1,800	2,800
Other Operations		125	160	158	172	617	126	(26)	100	200
Corporate & Other		(409)	(449)	(428)	(481)	(1,769)	(518)	(581)	(1,100)	(2,200)

※ The figures for FY2025 have been retrospectively adjusted following the finalization of the provisional accounting for the business combinations with KBR, Inc. and MWI, Inc.

Disclaimer Regarding Forward-looking Statements

- Forward-looking statements in this document are based on information obtainable at the time this document was published and assumptions as of the date of publication concerning elements of uncertainty that could affect future earnings.
- Actual results may differ substantially, depending on various future factors. Factors that affect business performance include, but are not limited to, economic conditions, trends in product demand and market prices, and fluctuation in exchange rates.
- The quantitative goals, reference values, investment amounts, and other numerical goals in this document only express the medium-term strategy and vision of the company; they are not performance forecasts. The company is not obligated to update such information.
- Please see the disclosures in the Consolidated Financial Results for the official earnings forecast, based on the rules of Tokyo Stock Exchange, Inc.

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