

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

August 7, 2025

Company name: Tokai Carbon Co., Ltd.	Listing: Tokyo Stock Exchange Prime Market
Securities code: 5301	URL: https://www.tokaicarbon.co.jp/en/
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Scheduled date to file semi-annual report:	August 8, 2025
Scheduled date to commence dividend payments:	September 1, 2025
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 Second Quarter of the Fiscal Year Ending December 31, 2025 (January 1 to June 30, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Semi-annual Net Income Attributable to Owners of the Parent Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended June 30, 2025	158,076	(7.5)	13,956	65.7	13,874	31.9	8,538	133.2
Six months ended June 30, 2024	170,922	(4.2)	8,424	(61.2)	10,520	(56.4)	3,661	(77.0)

Note: Comprehensive income: Six months ended June 30, 2025: (10,276) million yen (-%)
Six months ended June 30, 2024: 51,175 million yen (-10.3%)

	Semi-annual Net Income per Share	Semi-annual Net Income per Share Fully Diluted
	Yen	Yen
Six months ended June 30, 2025	40.00	-
Six months ended June 30, 2024	17.17	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2025	606,571	308,046	45.3
As of December 31, 2024	640,753	325,158	45.2

For reference: Shareholders' capital: As of June 30, 2025: 274,564 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	341,000	(2.6)	23,300	20.2	22,000	(2.6)	11,000	-	51.53

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): Yes

Newly included: -

Excluded: 1 company (TOKAI ERFTCARBON GmbH)

(2) Application of accounting treatment specific to the preparation of semi-annual 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 June 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 June 30, 2025	11,436,182 shares	As of December 31, 2024	11,470,526 shares
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(c) Average number of shares during the period

Six months ended June 30, 2025	213,487,227 shares	Six months ended June 30, 2024	213,228,088 shares
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* The semi-annual financial results are not subject to audit by certified public accountants or audit firms.

* 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 semi-annual 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, August 8, 2025. The materials for this briefing will be posted on the corporate website on that day.

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1. Qualitative Information on the Semi-annual Financial Results

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

During the first six months of 2025 (from January 1 to June 30, 2025), the global economy was on a downward trend compared with the previous year, against the backdrop of the protectionist trade policies of the United States and heightened geopolitical risks. While the trade policy of the United States has a significant impact on the world through the global supply chain, the outlook for the global economy remains highly uncertain due to factors such as the U.S.-China conflict, 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 and measures 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,” undertaking efforts such as integrating our domestic production bases in Graphite Electrodes and the sale of a European subsidiary, and considering structural reforms in Smelting and Lining. From the perspective of medium- to long-term growth, we are advancing the relocation project of Carbon Black’s Thai plant and launching the joint project to promote production of recovered carbon black. Furthermore, due to impairment losses recognized in the fiscal year ended December 31, 2024, fixed costs such as depreciation expenses are decreasing from the fiscal year ending December 31, 2025.

As a result, net sales for the first six months of 2025 decreased by 7.5% year on year to 158,076 million yen. Operating income increased by 65.7% year on year to 13,956 million yen. Ordinary income increased by 31.9% year on year to 13,874 million yen. Semi-annual net income attributable to owners of the parent company increased by 133.2% year on year to 8,538 million yen.

Results by business segment were as follows:

Carbon Black

Sales volume varied by location but overall, it decreased year on year due to production adjustments among tire manufacturers, and both net sales and operating income decreased year on year.

As a result, net sales for the Carbon Black business decreased by 5.0% year on year to 75,571 million yen, while operating income decreased by 25.2% year on year to 8,148 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 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 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 4.7% year on year to 27,713 million yen, while operating income decreased by 28.8% year on year to 4,697 million yen.

Smelting and Lining

The sluggish demand for the relining of aluminum smelting furnaces continued, leading to a decline in selling prices. 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 9.6% year on year to 27,155 million yen, while operating income was 304 million yen (compared with operating loss of 7,555 million yen in the same period of the previous year).

Graphite Electrodes

The outlook for a recovery in the steel market remained uncertain due to oversupply by Chinese steel manufacturers and an influx of Chinese steel products into the international market. The market for electrodes also remained sluggish, particularly in Asia and Europe.

Under these circumstances, as part of structural reforms, 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 24.4% year on year to 18,451 million yen, and operating income was 494 million yen (compared with operating loss of 2,423 million yen for the same period of the previous year).

Industrial Furnaces and Related Products

Both net sales and operating income declined year on year due to continued delays in customer projects in the energy-related industry and continued stagnation in capital expenditures in the electronic component-related industry.

As a result, net sales for the Industrial Furnaces and Related Products business decreased by 18.0% year on year to 4,204 million yen, while operating income decreased by 21.3% year on year to 885 million yen.

Other Operations

Friction materials

Although sales to the construction machinery industry and mining industry were firm, customers in the agricultural machinery industry and industrial machinery industry continued with production adjustments.

As a result, net sales of friction materials decreased by 3.6% year on year to 4,000 million yen.

Anode materials

Demand for Energy Storage Systems (ESS) was sluggish.

As a result, net sales of anode materials decreased by 17.9% year on year to 914 million yen.

Others

Net sales from real estate leasing and other business decreased by 1.4% year on year to 63 million yen.

As a result, net sales in Other Operations decreased by 6.6% year on year to 4,979 million yen, while operating income decreased by 34.9% year on year to 286 million yen.

2. Semi-annual Consolidated Financial Statements and Notes

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of December 31, 2024)	First six months of the fiscal year under review (As of June 30, 2025)
Assets		
Current assets		
Cash and deposits	92,207	72,222
Notes and accounts receivable	69,175	65,363
Merchandise and finished goods	30,070	28,395
Work in progress	38,245	35,771
Raw materials and supplies	32,424	29,024
Other	9,680	11,160
Allowance for doubtful accounts	(1,439)	(1,442)
Total current assets	270,363	240,496
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	42,461	42,925
Machinery, equipment and vehicles, net	129,770	122,920
Land	12,016	11,423
Leased assets, net	7,341	7,629
Construction in progress	69,539	73,443
Other, net	3,452	3,226
Total tangible fixed assets	264,582	261,568
Intangible assets		
Goodwill	37,548	32,892
Customer-related assets	16,625	15,026
Other	12,167	11,821
Total intangible assets	66,341	59,740
Investments and other assets		
Investment securities	33,307	35,273
Long-term loans receivable	75	3,555
Net defined benefit asset	3,783	3,741
Deferred tax assets	1,048	1,046
Other	1,273	1,174
Allowance for doubtful accounts	(22)	(24)
Total investments and other assets	39,466	44,766
Total fixed assets	370,390	366,075
Total assets	640,753	606,571

(Millions of yen)

	Previous fiscal year (As of December 31, 2024)	First six months of the fiscal year under review (As of June 30, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable	23,085	19,933
Electronically recorded obligations	3,551	3,287
Short-term loans payable	6,216	7,467
Commercial papers	59,500	48,500
Current portion of bonds payable	-	10,000
Current portion of long-term loans payable	8,223	3,194
Income taxes payable	3,848	2,413
Contract liability	2,605	3,226
Provision for bonuses	3,297	1,893
Provision for business restructuring	7,596	1,610
Other	29,806	27,341
Total current liabilities	147,729	128,868
Long-term liabilities		
Bonds payable	65,000	55,000
Long-term loans payable	52,301	66,724
Lease obligations	7,870	7,658
Deferred tax liabilities	29,976	31,007
Retirement benefit liability	7,746	4,696
Provision for retirement benefits for directors	101	108
Provision for executive officers' retirement benefits	42	31
Provision for environment and safety measures	420	427
Other	4,406	4,002
Total long-term liabilities	167,865	169,657
Total liabilities	315,595	298,525
Net assets		
Shareholders' equity		
Capital stock	20,436	20,436
Capital surplus	10,690	10,121
Retained earnings	146,410	151,747
Treasury stock	(7,068)	(7,047)
Total shareholders' equity	170,469	175,257
Accumulated other comprehensive income		
Valuation difference on other securities	17,698	18,453
Deferred gains or losses on hedges	68	84
Foreign currency translation adjustments	98,536	78,739
Cumulative remeasurements of defined benefit plans	2,785	2,030
Total accumulated other comprehensive income	119,089	99,306
Non-controlling interests	35,600	33,481
Total net assets	325,158	308,046
Total liabilities and net assets	640,753	606,571

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statements of Income

(Millions of yen)

	First six months of the previous fiscal year (January 1 to June 30, 2024)	First six months of the fiscal year under review (January 1 to June 30, 2025)
Net sales	170,922	158,076
Cost of sales	132,331	118,669
Gross profit	38,591	39,407
Selling, general and administrative expenses	30,166	25,450
Operating income	8,424	13,956
Non-operating income		
Interest income	688	971
Dividend income	520	668
Share of profit of entities accounted for using equity method	362	-
Foreign exchange gains	1,824	-
Other	488	721
Total non-operating income	3,885	2,360
Non-operating expenses		
Interest expenses	760	1,149
Foreign exchange losses	-	616
Other	1,028	677
Total non-operating expenses	1,788	2,443
Ordinary income	10,520	13,874
Extraordinary income		
Reversal of provision for business restructuring	-	1,017
Gain on sale of investment securities	13	38
Gain on sales of fixed assets	25	2
Total extraordinary income	39	1,057
Extraordinary losses		
Loss on retirement of fixed assets	7	84
Loss on sales of fixed assets	1	0
Total extraordinary losses	8	84
Semi-annual net income before income taxes	10,551	14,847
Income taxes - current	4,493	3,555
Income taxes - deferred	485	1,165
Total income taxes	4,979	4,721
Semi-annual net income	5,572	10,126
Semi-annual net income attributable to non-controlling interests	1,911	1,587
Semi-annual net income attributable to owners of the parent company	3,661	8,538

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	First six months of the previous fiscal year (January 1 to June 30, 2024)	First six months of the fiscal year under review (January 1 to June 30, 2025)
Semi-annual net income	5,572	10,126
Other comprehensive income		
Valuation difference on other securities	4,593	753
Deferred gains or losses on hedges	(140)	15
Foreign currency translation adjustments	40,742	(20,417)
Remeasurements of defined benefit plans	191	(755)
Share of other comprehensive income of associates accounted for using equity method	215	-
Total other comprehensive income	45,603	(20,402)
Semi-annual comprehensive income	51,175	(10,276)
(Breakdown)		
Semi-annual comprehensive income attributable to owners of the parent company	47,328	(11,243)
Semi-annual comprehensive income attributable to non- controlling interests	3,847	966

(3) Notes to Semi-annual 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 six months of the previous fiscal year (January 1 to June 30, 2024)

1. 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 semi-annual 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	79,585	26,459	30,030	24,392	5,125	165,593	5,329	170,922	-	170,922
Intersegment sales/transfers	14	150	160	121	115	561	-	561	(561)	-
Total	79,599	26,609	30,190	24,513	5,241	166,154	5,329	171,484	(561)	170,922
Segment income (loss)	10,887	6,602	(7,555)	(2,423)	1,125	8,635	439	9,074	(650)	8,424

- 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 650-million-yen negative adjustment in segment income (loss) includes company-wide expenses of negative 756 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 Semi-annual Consolidated Statements of Income.

II First six months of the fiscal year under review (January 1 to June 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 semi-annual 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	75,571	27,713	27,155	18,451	4,204	153,097	4,979	158,076	-	158,076
Intersegment sales/transfers	12	122	149	77	28	390	-	390	(390)	-
Total	75,584	27,835	27,305	18,529	4,232	153,487	4,979	158,467	(390)	158,076
Segment income	8,148	4,697	304	494	885	14,529	286	14,816	(859)	13,956

- 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 859-million-yen negative adjustment in segment income includes company-wide expenses of negative 876 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 Semi-annual Consolidated Statements of Income.

2. Information on assets by reportable segment

During the first six months of the fiscal year under review, as a result of the transfer of all equity interests of TOKAI ERFTCARBON GmbH and its exclusion from the scope of consolidation, the amount of assets of reportable segments at the end of the first six 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.