

FY2025
Earnings Presentation
2026/2/13



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I

FY2025

Financial Summary

- Regarding net sales during FY2025, while the Fine Carbon business saw a YoY increase due to factors such as the consolidation of U.S.-based subsidiaries and a recovery in demand for memory semiconductors, consolidated net sales decreased YoY mainly due to the divestment of the German site of the Graphite Electrodes business and declined sales prices / sales volumes in the Carbon Black business.
- Operating income increased YoY, driven by the significant turnaround to profitability in both the Graphite Electrodes and the Smelting and Lining businesses. This was primarily due to the structural reform in the Graphite Electrodes business and the prior-year impairment loss recorded in the Smelting and Lining business, in addition to ongoing contributions from improved production efficiency and cost reduction measures, despite non-recurring losses recorded in the Carbon Black business in the fourth quarter.
- While EBITDA decreased YoY, EBITDA margin improved, securing the upper 10% range.
- Net income attributable to owners of the parent company significantly increased and turned positive mainly due to the prior-year costs of structural reform and impairment losses have run their course, in addition to the gain on sale of investment securities aimed at improving capital efficiency.
- Net sales, operating income, ordinary income, and net income significantly exceeded the full-year earnings forecast announced on November 6, 2025, amid external environments changing significantly beyond initial anticipations, including U.S. tariff policies and global trade frictions.
- Strategic investments and capital investments necessary for future growth, exemplified by the consolidation of Bridgestone Corporation's carbon black manufacturing and sales subsidiary in Thailand, were carefully selected and continued. While interest-bearing debts increased slightly, an optimal capital structure was maintained through appropriate leverage and financial soundness and liquidity were maintained at a high level. The credit ratings have been maintained, with JCR: A+ (outlook stable) and R&I: A (outlook stable).
- The year-end dividend of JPY15 (no changes), the annual dividend of JPY30 (payout ratio of 31.9%)

Summary of Consolidated Results

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- Consolidated results saw YoY decreases in net sales, and increase in operating income
- Net sales JPY322.9 b (-7.8%), operating income JPY25.8 b (+33.3%), ROS 8.0% (+2.5points)
- EBITDA JPY58.4 b (-4.4%), EBITDA margin 18.1% (+0.6points)
- Net income significantly increased from a loss of JPY56.4 b in the prior fiscal year to JPY20.0 b, including the gain on sale of investment securities of JPY 4.1 b.

(Millions of yen)

	Jan-Dec 2024	Jan-Dec 2025	YoY Change	%Change
Net sales	350,114	322,960	(27,153)	(7.8)%
Operating income	19,386	25,850	+6,463	+33.3%
Ordinary income	22,579	26,312	+3,733	+16.5%
Net income attributable to owners of the parent company	(56,485)	20,078	+76,564	—%
EBITDA	61,120	58,443	(2,677)	(4.4)%
EBITDA margin	17.5%	18.1%	+0.6pt	—

Jan. to Dec. Average exchange rates:

- 2024 USD1= JPY151.58 EUR1= JPY163.95
- 2025 USD1= JPY149.71 EUR1= JPY169.00

※The figures for FY2024 have been retrospectively adjusted following the finalization of the provisional accounting for the business combinations with KBR, Inc. and MWI, Inc.

※EBITDA =Operating income + Depreciation + Amortization

Net Sales, Operating Income and EBITDA by Segment

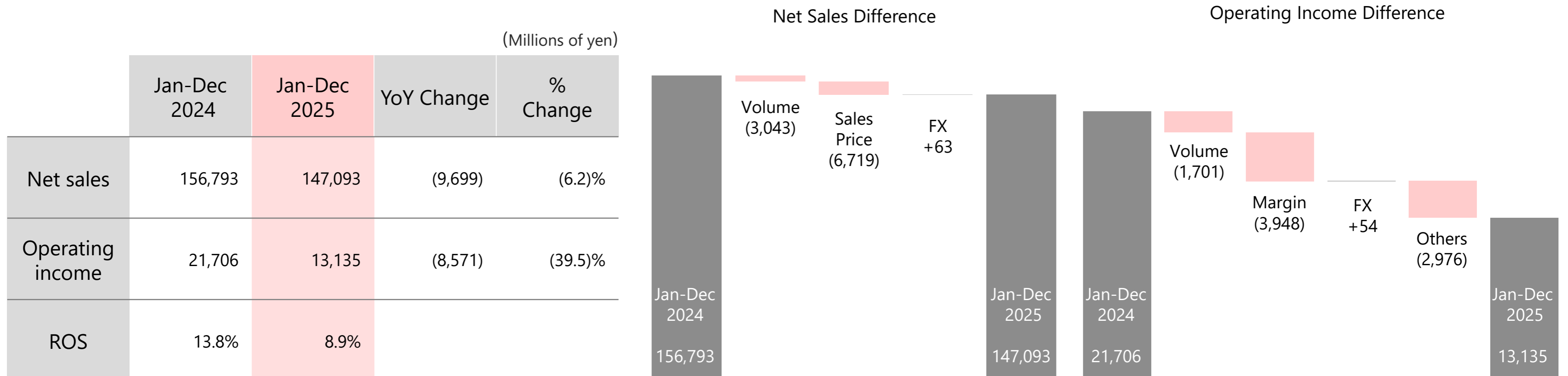
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- Operating income significantly increased YoY for the Smelting and Lining and the Graphite Electrodes businesses, accompanied by an EBITDA increase, due to factors including the non-recurring impairment losses recorded in the prior fiscal year and the effect of cost reduction measures.
- Meanwhile, the Carbon Black and Fine Carbon businesses, our core businesses, that drove growth in the prior fiscal year faced challenges.

(Millions of yen)

		Net sales			Operating income			EBITDA		
		Jan-Dec 2024	Jan-Dec 2025	YoY Change	Jan-Dec 2024	Jan-Dec 2025	YoY Change	Jan-Dec 2024	Jan-Dec 2025	YoY Change
Carbon Black		156,793	147,093	(9,699)	21,706	13,135	(8,571)	31,962	24,646	(7,315)
Fine Carbon		53,890	55,969	+2,078	12,437	7,704	(4,732)	20,253	17,951	(2,302)
Smelting and Lining		64,512	61,751	(2,761)	(13,701)	1,503	+15,204	2,449	5,582	+3,133
Graphite Electrodes		48,818	37,573	(11,245)	(3,529)	2,389	+5,918	2,562	7,403	+4,840
Industrial Furnaces and Related Products		16,291	10,728	(5,562)	3,304	2,268	(1,036)	3,661	2,723	(938)
Others	Friction materials	7,974	7,984	+10	—	—	—	—	—	—
	Anode materials, etc.	1,833	1,859	+25	—	—	—	—	—	—
	Total	9,807	9,843	+35	403	617	+213	883	1,102	+218
Corporate & Other		—	—	—	(1,235)	(1,769)	(533)	(651)	(966)	(314)
Total		350,114	322,960	(27,153)	19,386	25,850	+6,463	61,120	58,443	(2,677)
Return on sales		—	—	—	5.5%	8.0%	+2.5pt	17.5%	18.1%	+0.6pt

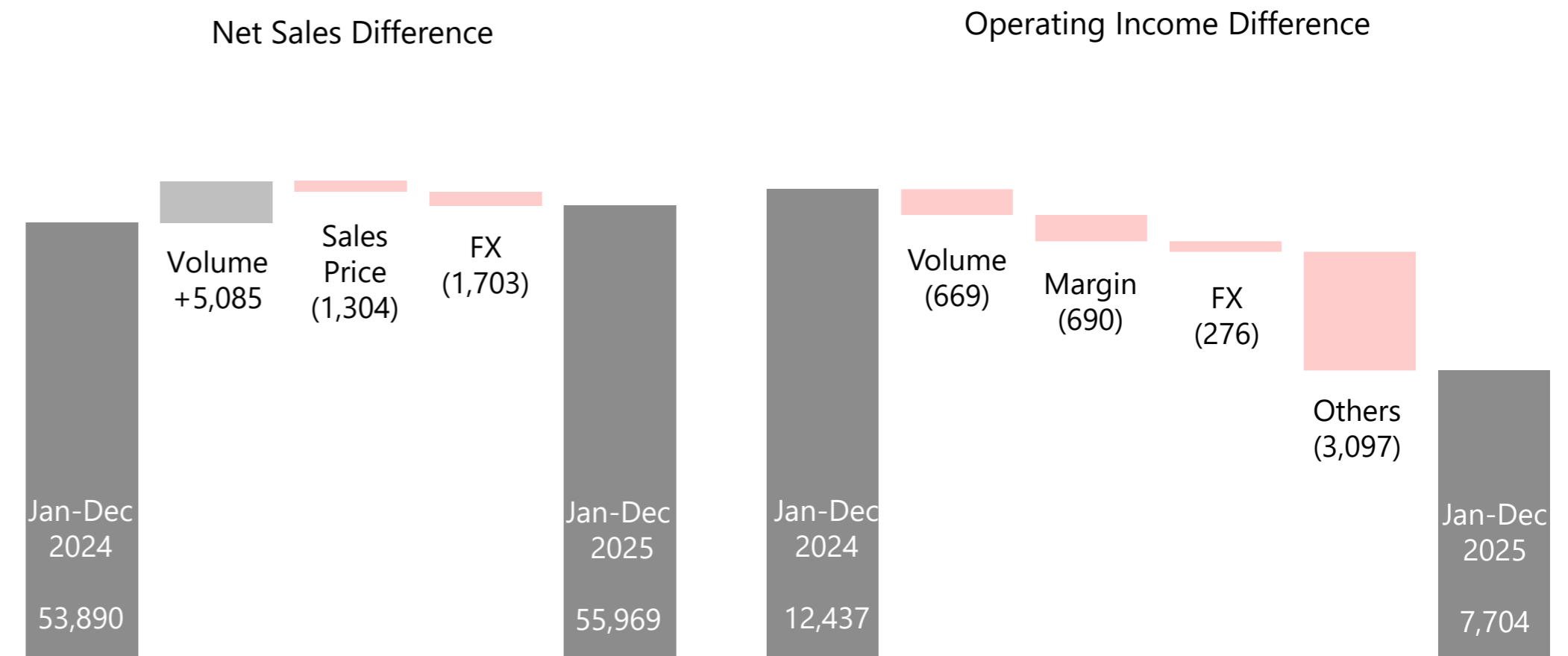
- Net sales decreased YoY due to declined sales volumes resulting from production adjustments among tire manufacturers, and declined sales prices.
- Operating income decreased YoY primarily due to declining margins and non-recurring losses resulting from the consolidation of Bridgestone Corporation's carbon black manufacturing and sales subsidiary in Thailand (consolidated from the fourth quarter of FY2025).



- Increased sales volume of Solid SiC focus rings, our core product, in line with the recovery of demand for memory semiconductors, and the consolidation of U.S.-based subsidiaries, contributed to YoY increase in net sales.
- Operating income decreased YoY due to factors such as the decelerated growth of the SiC power semiconductor market (driven by the global slowdown in EV growth), intensified competition in the Chinese market, etc.

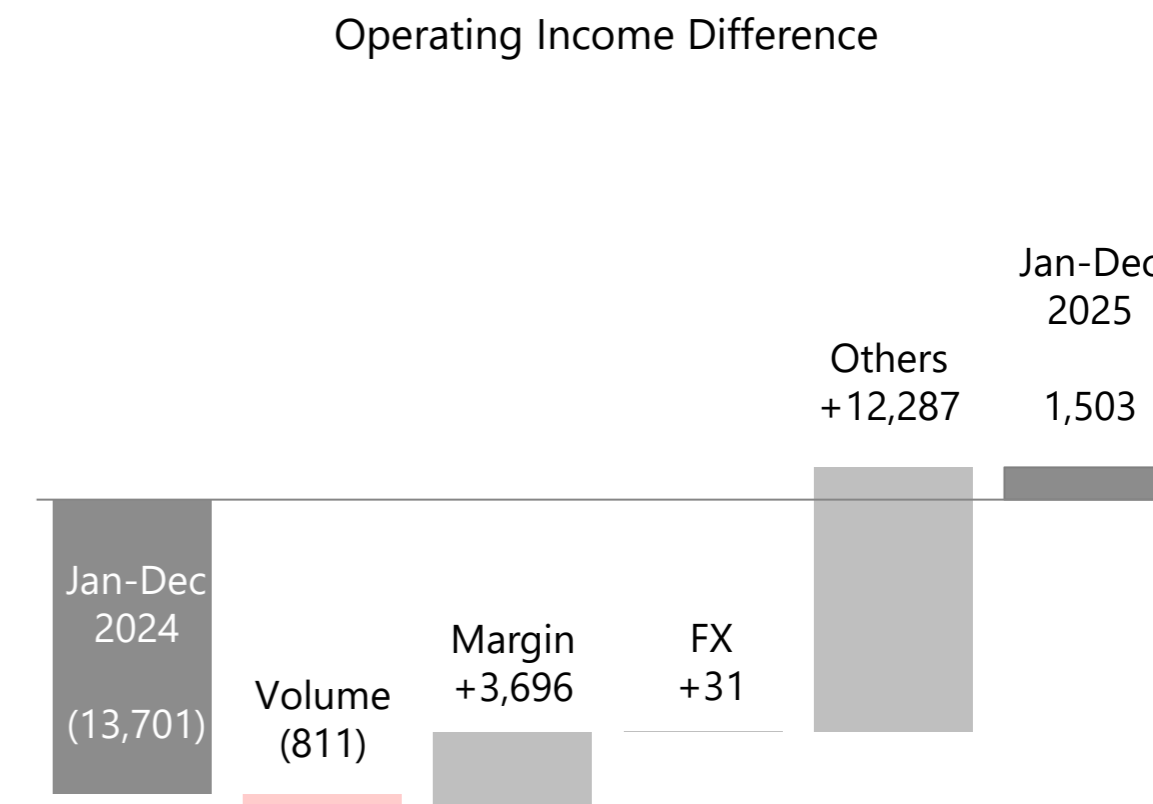
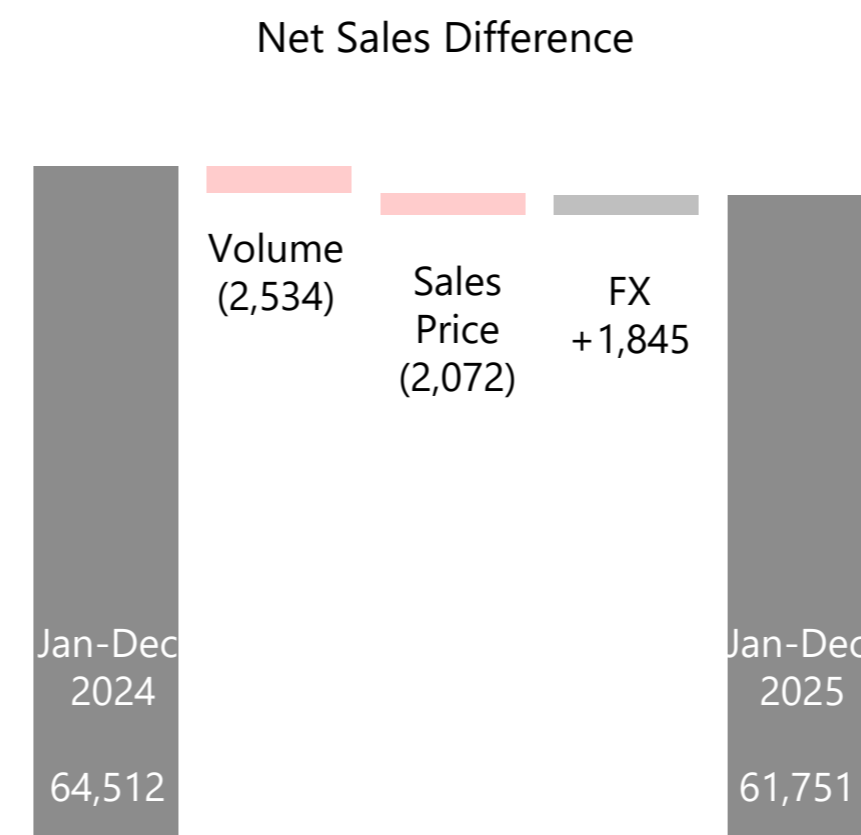
(Millions of yen)

	Jan-Dec 2024	Jan-Dec 2025	YoY Change	% Change
Net sales	53,890	55,969	+2,078	+3.9%
Operating income	12,437	7,704	(4,732)	(38.1)%
ROS	23.1%	13.8%		

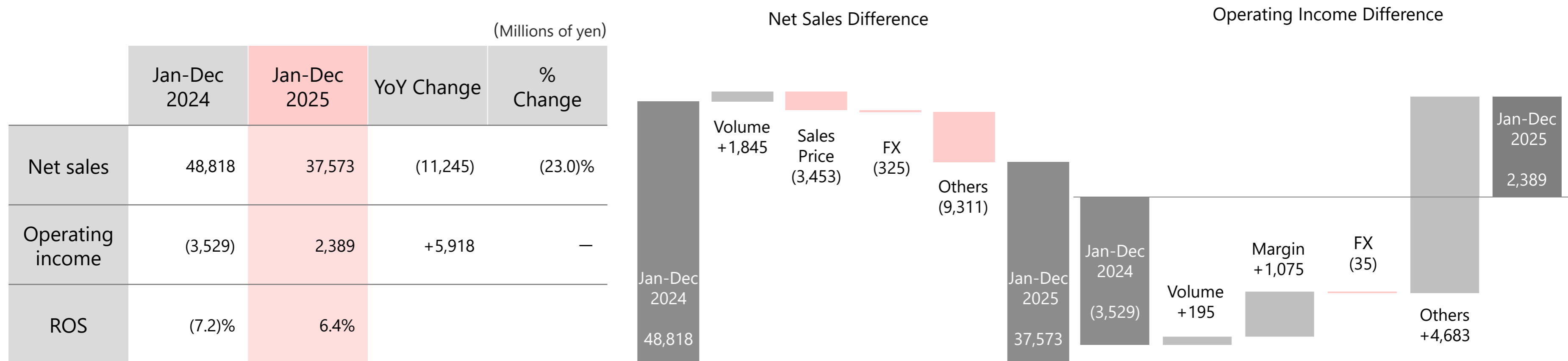


- Net sales decreased YoY due to a delay in the recovery of demand for relining of aluminum smelting furnaces and intensified competition with industry peers.
- Operating income significantly improved and turned positive due to cost reductions and decreased depreciation and amortization resulting from impairment losses on goodwill, etc. recorded in the prior fiscal year.
- Excluding the effect of decreased depreciation and amortization on goodwill, etc., the profit level stood at JPY+2.8 b YoY, indicating improved profitability.

	Jan-Dec 2024	Jan-Dec 2025	YoY Change	% Change
Net sales	64,512	61,751	(2,761)	(4.3)%
Operating income	(13,701)	1,503	+15,204	—
ROS	(21.2)%	2.4%		

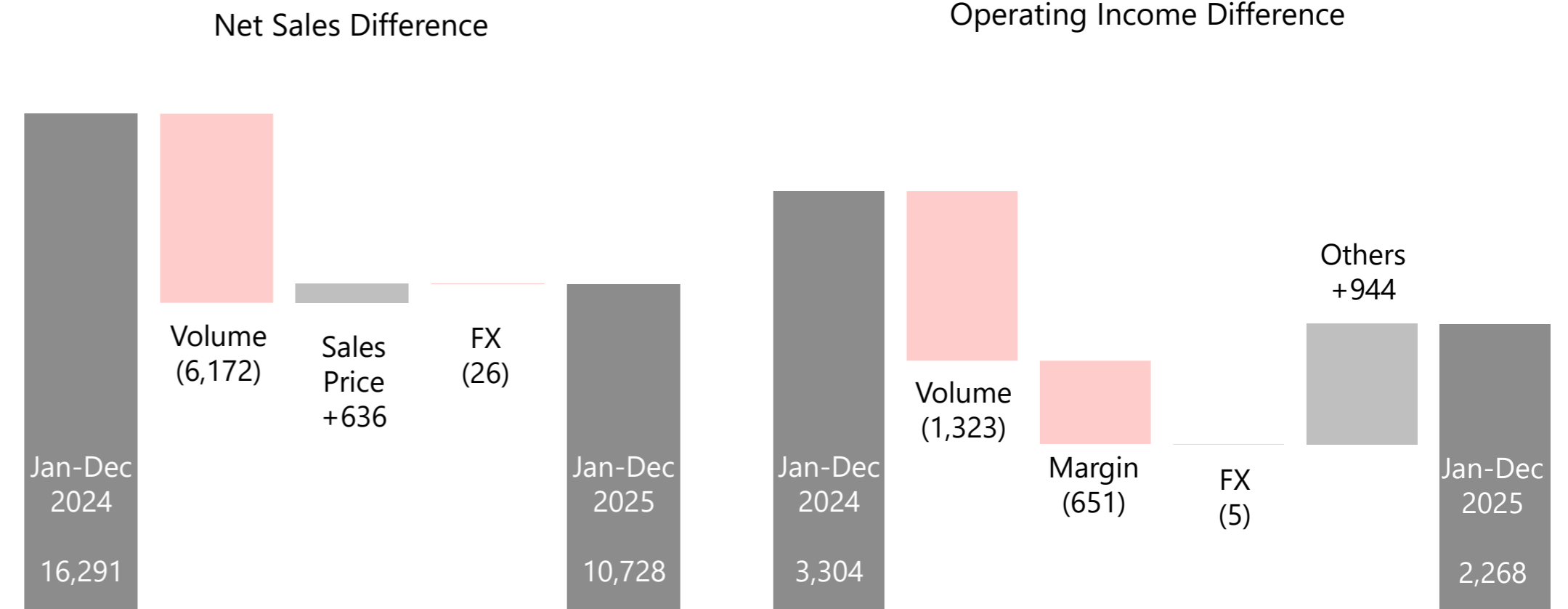


- Net sales decreased YoY due to sluggish electrode market conditions resulting from the stagnant steel market and excessive exports of steel products from China, in addition to the divestment of the German subsidiary (excluded from the scope of consolidation from the second quarter of FY2025).
- Operating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



- Demand for CAPEX in the electronic device industries, the core markets for industrial furnaces and heating elements, remained sluggish due to the globally decelerated growth of the LiB market and a delay in the recovery of the MLCC market.
- Both net sales and operating income decreased YoY due mainly to declined sales volumes, influenced by factors such as delivery delays stemming from customer circumstances.

	Jan-Dec 2024	Jan-Dec 2025	YoY Change	% Change
Net sales	16,291	10,728	(5,562)	(34.1)%
Operating income	3,304	2,268	(1,036)	(31.4)%
ROS	20.3%	21.1%		



Major Cash Flow items		(Millions of yen)	
	Jan-Dec 2024	Jan-Dec 2025	Summary
Cash flows from operating activities	64,471	55,872	Working capital: JPY+5.3 billion (Jan-Dec 2024 JPY+9.5 billion)
Net income (loss) before income taxes	(47,395)	30,918	
Depreciation and amortization	33,028	27,700	
Amortization on goodwill	8,705	4,892	
Decrease (increase) in trade receivables	(337)	2,744	
Decrease (increase) in inventories	14,210	6,321	
Increase (decrease) in trade payables	(4,310)	(3,725)	
Income tax paid etc.	60,570	(12,979)	
Cash flows from investing activities	(70,777)	(51,052)	
Purchase of fixed assets	(55,111)	(42,907)	Free cash flow: JPY+4.8 billion (Jan-Dec 2024 JPY-6.3 billion)
Acquisition of shares of subsidiaries accompanying changes in the scope of consolidation	(15,418)	(8,529)	Prior fiscal year: KBR/MWI, fiscal year under review: Thai Tokai Carbon Product Rojana and KBR/MWI adjustments
Cash flows from financing activities	9,410	(7,689)	
Net increase (decrease) in short-term Loans payable	14,558	(3,335)	
Corporate bond issuance and redemption	9,744	9,953	
Acquisition of share of subsidiaries	(5,886)	—	Additional acquisition of shares of Tokai Carbon Korea (Ratio of voting rights held: 47.4% → 50.4%)
Purchase of treasury shares of subsidiaries	—	(5,269)	Acquisition of treasury shares by Tokai Carbon Korea (Ratio of voting rights held: 50.4% → 52.6%)
Payment of dividends	(7,036)	(6,404)	
Cash and cash equivalents at end of period	65,135	64,327	

※The figures for FY2024 have been retrospectively adjusted following the finalization of the provisional accounting for the business combinations with KBR, Inc. and MWI, Inc.

※Working capital = Trade receivables + Inventories – Trade payables

Balance Sheet

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Major Balance Sheet Items

(Millions of yen)

	December 31, 2024	December 31, 2025	Summary
Total assets	643,517	664,033	
Current assets	270,566	258,828	
Cash and cash equivalents	92,207	90,156	
Notes and accounts receivable	69,175	66,781	· Cash/monthly sales: 3.3 times (End of FY2024: 3.2 times)
Inventory	100,943	93,297	· Inventory: JPY-7.6 billion from End of FY2024)
Fixed assets	372,951	405,204	· Tangible fixed assets: JPY+24.3 billion from End of FY2024)
Tangible fixed assets	266,070	290,429	· Intangible fixed assets: JPY-5.8 billion from End of FY2024)
Intangible fixed assets	67,414	61,520	
Investments and other assets	39,466	53,255	
Total liabilities	318,777	311,187	· Net interest-bearing debt: JPY107.9 billion (JPY+8.9 billion from End of FY2024)
Current liabilities	148,138	126,726	· Interest-bearing debt: JPY198.1 billion (JPY+6.8 billion from End of FY2024)
Long term liabilities	170,639	184,460	· Direct funding ratio: 61.6% (End of FY2024: 65.1%), Long-term debt ratio: 65.6% (End of FY2024: 61.3%)
Total net assets	324,740	352,846	· Short term credit line: JPY84.0 billion (JPY+18.0 billion from End of FY2024): JPY6.0 billion executed (JPY+0.0 billion from End of FY2024)
Shareholders' equity	170,719	183,111	· CP issuance limit JPY60.0 billion (JPY+0.0 billion from End of FY2024): JPY47.0 billion executed (JPY-12.5 billion from End of FY2024)
Accumulated other Comprehensive income	118,420	135,246	
Non-controlling interests	35,600	34,488	
Total liabilities and net assets	643,517	664,033	

※The figures for FY2024 have been retrospectively adjusted following the finalization of the provisional accounting for the business combinations with KBR, Inc. and MWI, Inc.

※The adjusted capital to asset ratio and adjusted net D/E ratio are the capital ratio and net D/E ratio that take into account the capital nature of hybrid finance recognized by rating agencies.

II

FY2026

Earnings Forecast

Consolidated Earnings Forecast FY2026

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- Net sales are projected to increase, except for the Graphite Electrodes business. Consolidated net sales are projected to increase by 7.4%.
- Operating income is projected to decline in the Carbon Black business due to an increase in depreciation associated with the commencement of full-scale operations at the new site in Thailand, and in the Fine Carbon business in anticipation of the decelerated growth of the power semiconductor market, while increases are expected in the Smelting and Lining and the Industrial Furnaces and Related Products businesses. Consolidated operating income is projected to remain almost flat, reflecting heightened global uncertainty.
- Dividend forecast: year-end dividend of JPY15, annual dividend of JPY30

(Millions of yen)

	FY2025 Results			FY2026 Forecast			YoY Change	% Change
	1H	2H	Full year	1H	2H	Full year		
Net sales	158,076	164,883	322,960	168,300	178,400	346,700	+23,739	+7.4%
Operating income	13,956	11,893	25,850	11,900	14,100	26,000	+149	+0.6%
Ordinary income	13,874	12,438	26,312	11,100	12,900	24,000	(2,312)	(8.8)%
Net income attributable to owners of the parent company	8,538	11,539	20,078	4,700	5,900	10,600	(9,478)	(47.2)%
EBITDA	28,815	29,627	58,443	30,700	33,000	63,700	+5,256	+9.0%
EBITDA margin	18.2%	18.0%	18.1%	18.2%	18.5%	18.4%	-	-
ROS	8.8%	7.2%	8.0%	7.1%	7.9%	7.5%	-	-
ROE	-	-	6.6%	-	-	3.2%	-	-

※Earnings Forecast FY2026 : Average exchange rates: (Full year) USD1=¥153 , EUR1=¥181

※For convenience, the retrospective adjustments to the figures for FY2025, following the finalization of the provisional accounting for the business combinations with KBR, Inc. and MWI, Inc., have been collectively reflected in the second half of FY2025.

Consolidated Earnings Forecast FY2026 by Segment

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(Millions of yen)

		FY2025 Results			FY2026 Forecast			YoY Change	% Change	
		1H	2H	Full year	1H	2H	Full year			
Net Sales			158,076	164,883	322,960	168,300	178,400	346,700	+23,739	+7.4%
	Carbon Black		75,571	71,522	147,093	78,300	81,200	159,500	+12,406	+8.4%
	Fine Carbon		27,713	28,255	55,969	28,400	33,800	62,200	+6,230	+11.1%
	Smelting and Lining		27,155	34,595	61,751	33,000	33,200	66,200	+4,448	+7.2%
	Graphite Electrodes		18,451	19,121	37,573	17,600	19,100	36,700	(873)	(2.3)%
	Industrial Furnaces and Related Products		4,204	6,524	10,728	6,700	6,800	13,500	+2,771	+25.8%
	Others	Friction Materials	4,000	3,983	7,984	4,200	4,200	8,400	+415	+5.2%
		Anode Materials, etc.	978	880	1,859	100	100	200	(1,659)	(89.2)%
Total		4,979	4,864	9,843	4,300	4,300	8,600	(1,243)	(12.6)%	
Operating Income		13,956	11,893	25,850	11,900	14,100	26,000	+149	+0.6%	
Carbon Black		8,148	4,987	13,135	6,100	6,200	12,300	(835)	(6.4)%	
Fine Carbon		4,697	3,006	7,704	3,000	4,300	7,300	(404)	(5.3)%	
Smelting and Lining		304	1,199	1,503	1,500	1,400	2,900	+1,396	+92.9%	
Graphite Electrodes		494	1,895	2,389	800	1,600	2,400	+10	+0.4%	
Industrial Furnaces and Related Products		885	1,382	2,268	1,300	1,500	2,800	+531	+23.4%	
Other Operations		286	331	617	200	100	300	(317)	(51.4)%	
Corporate & Other		(859)	(910)	(1,769)	(1,000)	(1,000)	(2,000)	(230)	-	

※For convenience, the retrospective adjustments to the figures for FY2025, following the finalization of the provisional accounting for the business combinations with KBR, Inc. and MWI, Inc., have been collectively reflected in the second half of FY2025.

Reference Material

Key Indicators

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(Millions of yen) f=forecast	2022	2023	2024	2025	2026f
Net sales	340,371	363,946	350,114	322,960	346,700
Operating income	40,588	38,728	19,386	25,850	26,000
ROS (%)	11.9%	10.6%	5.5%	8.0%	7.5%
EBITDA	75,572	75,949	61,120	58,443	63,700
EBITDA margin (%)	22.2%	20.9%	17.5%	18.1%	18.4%
Net income Attributable to Owners of the Parent Company	22,418	25,468	(56,736)	20,078	10,600
ROE (%)	9.0%	8.6%	—	6.6%	3.2%
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

※The figures for FY2024 have been retrospectively adjusted following the finalization of the provisional accounting for the business combinations with KBR, Inc. and MWI, Inc.

※EBITDA = Operating income+ Depreciation + Amortization

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

Quarterly Results by Segment

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(Millions of yen)

		2024					2025					
		Q1	Q2	Q3	Q4	Full year	Q1	Q2	Q3	Q4	Full Year	
Net sales		82,161	88,760	87,736	91,455	350,114	80,346	77,730	79,260	85,623	322,960	
	Carbon Black	39,602	39,983	39,793	37,414	156,793	38,920	36,650	35,353	36,168	147,093	
	Fine Carbon	12,537	13,922	14,131	13,299	53,890	14,442	13,271	14,362	13,892	55,969	
	Smelting and Lining	14,030	16,000	16,102	18,378	64,512	12,932	14,222	14,440	20,154	61,751	
	Graphite Electrodes	10,874	13,518	12,504	11,921	48,818	9,383	9,068	9,699	9,422	37,573	
	Industrial Furnaces and Related Products	2,485	2,640	3,037	8,128	16,291	2,125	2,079	2,940	3,583	10,728	
	Others	Friction Materials	2,064	2,086	1,818	2,005	7,974	1,960	2,040	1,955	2,028	7,984
		Anode Materials, etc.	568	610	347	306	1,833	581	396	507	373	1,859
	Total	2,632	2,696	2,165	2,312	9,807	2,542	2,437	2,462	2,401	9,843	
Operating income		3,489	4,934	6,786	4,175	19,386	7,136	6,820	7,344	4,548	25,850	
	Carbon Black	5,696	5,190	5,484	5,335	21,706	4,521	3,626	3,530	1,457	13,135	
	Fine Carbon	3,078	3,523	3,815	2,019	12,437	2,994	1,703	2,068	938	7,704	
	Smelting and Lining	(3,546)	(4,009)	(2,795)	(3,349)	(13,701)	160	144	434	764	1,503	
	Graphite Electrodes	(2,175)	(248)	86	(1,192)	(3,529)	(725)	1,219	1,149	745	2,389	
	Industrial Furnaces and Related Products	511	613	669	1,510	3,304	470	414	431	951	2,268	
	Other Operations	224	215	95	(131)	403	125	160	158	172	617	
	Corporate & Other	(300)	(349)	(569)	(16)	(1,235)	(409)	(449)	(428)	(481)	(1,769)	

※For convenience, the retrospective adjustments to the figures for FY2025, following the finalization of the provisional accounting for the business combinations with KBR, Inc. and MWI, Inc., have been collectively reflected in the Q4 of FY2025.

- 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, raw material prices, 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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TOKAI CARBON CO., LTD.