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Progress report on "Vision 2030" and measures to achieve management that is conscious of the cost of capital and stock price

Tokai Carbon Co., Ltd. hereby announces the progress of its long-term management vision, "Vision 2030," which describes the ideal state of the TOKAI CARBON Group in 2030 and strategies to achieve it (announced in February last year), as well as the enhancement of initiatives to achieve management that is conscious of the cost of capital and stock price, as follows:

1. Vision 2030

"Contribute to a sustainable society through advanced materials and solutions."

2. Financial Targets for 2030

	FY2025	FY2026 (Forecast)	2030 (Forecast)
Net Sales	JPY 323 billion	JPY 347 billion	JPY 500 billion
EBITDA[*1]	18%	18%	20%
ROIC[*2]	6%	5%	12%

[*1] EBITDA : Earnings Before Interest, Taxes, Depreciation and Amortization

[*2] ROIC : Return on Invested Capital
ROIC after adjustments taking into account goodwill and goodwill amortization is used

3. Three Initiatives toward "Vision 2030"

(1) Commitment to growth markets
- We will respond to surging demand driven by AI market expansion to offset the ongoing impact of EV market deceleration through 2026.
- In the Industrial Furnaces business, EREMA heating elements are returning to a growth trajectory. We will expand production capacity for both Fine Carbon and Industrial Furnaces while exploring new business domains.

(2) Sustainable value creation
- Producing new eco Carbon Black (eCB) from end-of-life tires
- Developing technology to convert CO2 from municipal solid waste treatment into solid carbon material for producing conductive carbon products

(3) Drastic structural reforms
- Swiftly transform the Smelting & Lining business into a value-creating business through structural reform.

4. Measures to achieve management that is conscious of the cost of capital and stock price

We are enhancing specific measures to improve corporate value and achieve a PBR (Price-to-Book Ratio) of 1.0x or higher at an early date. To this end, we aim to maintain and improve ROE (Return on Equity) to levels that exceed the cost of capital—a key driver of the low PBR—and to achieve sustainable improvement in PER (Price-to-Earnings Ratio) by fostering market expectations for future growth.

Specifically, we are promoting measures to improve ROIC by business segment and to reduce WACC (Weighted Average Cost of Capital) through capital structure optimization, including the effective use of interest-bearing debt. We quarterly evaluate the performance of each business segment from the perspective of capital efficiency (Economic Profit = [ROIC - WACC] × Invested Capital) to strategically allocate management resources.

Through continued reinforcement of business portfolio management and disciplined inorganic growth strategies while maintaining high credit ratings, we remain committed to enhancing corporate value. Furthermore, we will strive for the early realization of a PBR exceeding 1.0x by ensuring appropriate and enhanced disclosure of financial and non-financial information and further strengthening our IR activities.

For details, please refer to the progress report on “Vision 2030”.

(End)