Q2 FY2026
Earnings Presentation

2026/8/6

TOKAI CARBON CO., LTD.

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Q2 FY2026

Financial Summary

FY2026 Business Topics (January-June 2026)

Results / Financials / KPIs Billion JPY

Net Sales JPY 173.7 bn +9.9%

＋ Contribution of the consolidation of Bridgestone Corporation's CB subsidiary in Thailand, significant increase in sales volume of SiC products for memory semiconductors

ー Production adjustment of CB tire customers, divestment of the German Graphite Electrode subsidiary

Operating Profit JPY 15.1 bn +10.5%

＋ Recording of license revenue at S&L, increased revenue at IF, and positive impact of restructuring at GE

ー Higher depreciation expenses following the launch of the new CB plant in Thailand

EBITDA

JPY 33.3 bn

+16.1%

EBITDA margin

19.2 %

+1.0pt

FCF

JPY3.6 bn

JPY +7.2 bn

Peak-out of Major CAPEX

Adj. Net D/E Ratio

0.24x

Credit Ratings

JCR A+ (outlook stable)

R&I A (outlook stable)

Topics

Strong Performance of Memory Semiconductor and MLCC Markets,

- **Sales Volume Increase: Due to the strong performance of the memory semiconductor market, sales volume of Solid SiC focus rings significantly increased and is expected to reach a record high for the current fiscal year.**
- **Sharp Increase in Orders:** With the strong performance of the MLCC market, orders of consumable materials for industrial furnaces, ceramic heaters, etc. sharply increased.

Surging Demand for Aluminum Electrolysis Cathodes for the Middle East, Turnaround Momentum in U.S. Graphite Electrode Market

- **Surge in Demand:** Demand for cathodes surged for the slated restart of aluminum smelters in the Middle East.
- **Full Production:** A full production setup for cathodes was established in the second quarter for shipment from the second half of FY2026.
- **GE Turnaround**: Countervailing duties (from mid-August) and anti-dumping duties (from September) is expected to be preliminarily imposed on graphite electrodes imported from India and China. Needle cokes price increase and price increases by major graphite electrode suppliers is leading to a heightened turnaround momentum in the market.

Next Steps after Resolving PBR below 1x

- **Stock Price Improvement:** After bottoming out in line with increases in semiconductor-related stock prices, the Company's stock price saw a further increase as a result of the May 13th announcement: the increased dividend forecasts, the enhancement of shareholder returns and optimization of capital efficiency through reduction of cross-shareholdings and share repurchase.
- **Next Steps after Resolving PBR below 1x:** Sustainable enhancement of corporate value and achievement of Vision 2030.

※ 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.

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

Summary of Consolidated Results

(Millions of yen)

	Jan-Jun 2025	Jan-Jun 2026	YoY Change	%Change
Net sales	158,076	173,728	+15,651	+9.9%
Operating income	13,670	15,102	+1,431	+10.5%
Ordinary income	13,587	14,845	+1,258	+9.3%
Net income attributable to owners of the parent company	8,415	7,235	(1,179)	(14.0)%
EBITDA	28,720	33,353	+4,633	+16.1%
EBITDA margin	18.2%	19.2%	+1.0pt	—

Jan. to Jun. Average exchange rates:

- 2025 USD1= JPY148.60 EUR1= JPY162.15
- 2026 USD1= JPY158.18 EUR1= JPY184.52

※ 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 Smelting and Lining business due to license revenue, in the Graphite Electrodes business due to the effect of structural reforms, and in the Industrial Furnaces & Related Products business due to strong performance of products for MLCC.
- Operating income decreased in the Carbon Black business as margins deteriorated due to higher depreciation expenses following the launch of the new plant in Thailand.

(Millions of yen)

		Net sales			Operating income			EBITDA		
		Jan-Jun 2025	Jan-Jun 2026	YoY Change	Jan-Jun 2025	Jan-Jun 2026	YoY Change	Jan-Jun 2025	Jan-Jun 2026	YoY Change
Carbon Black		75,571	83,480	+7,908	8,148	7,239	(908)	13,071	14,345	+1,274
Fine Carbon		27,713	33,016	+5,302	4,410	4,716	+305	9,393	9,885	+491
Smelting and Lining		27,155	30,649	+3,493	304	2,020	+1,716	2,210	4,328	+2,117
Graphite Electrodes		18,451	16,878	(1,572)	494	792	+298	2,985	3,359	+374
Industrial Furnaces and Related Products		4,204	5,409	+1,205	885	1,213	+328	1,057	1,525	+467
Others	Friction Materials	4,000	4,138	+137	—	—	—	—	—	—
	Anode Materials, etc.	978	154	(823)	—	—	—	—	—	—
	Total	4,979	4,293	(685)	286	64	(222)	513	385	(127)
Corporate & Other		—	—	—	(859)	(944)	(85)	(511)	(476)	+35
Total		158,076	173,728	+15,651	13,670	15,102	+1,431	28,720	33,353	+4,633
Return on sales		—	—	—	8.6%	8.7%	+0.1pt	18.2%	19.2%	+1.0pt

※ 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.

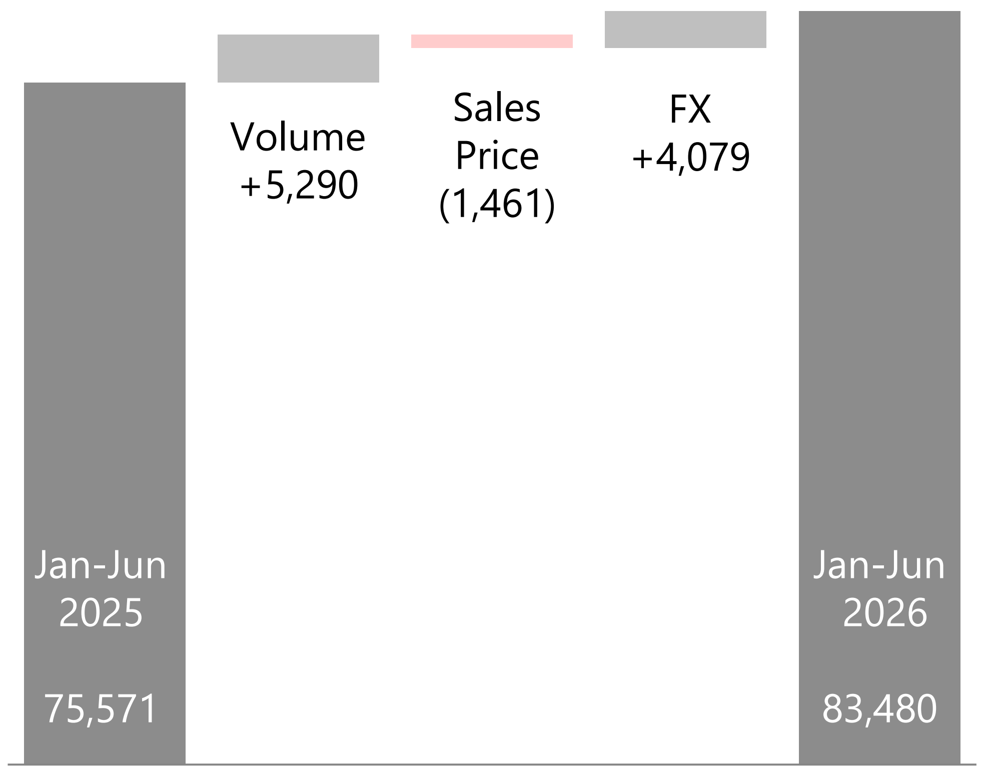
Carbon Black

- While sales volume decreased due to the production adjustment among tire manufacturers, net sales increased YoY as a result of the contribution of Bridgestone Corporation's subsidiary in Thailand, which was newly consolidated in the second half of FY2025, and the efforts to develop new customers and acquire spot orders.
- Operating income decreased YoY due to the impact of the increased depreciation associated with the commencement of operations at the new plant in Thailand.

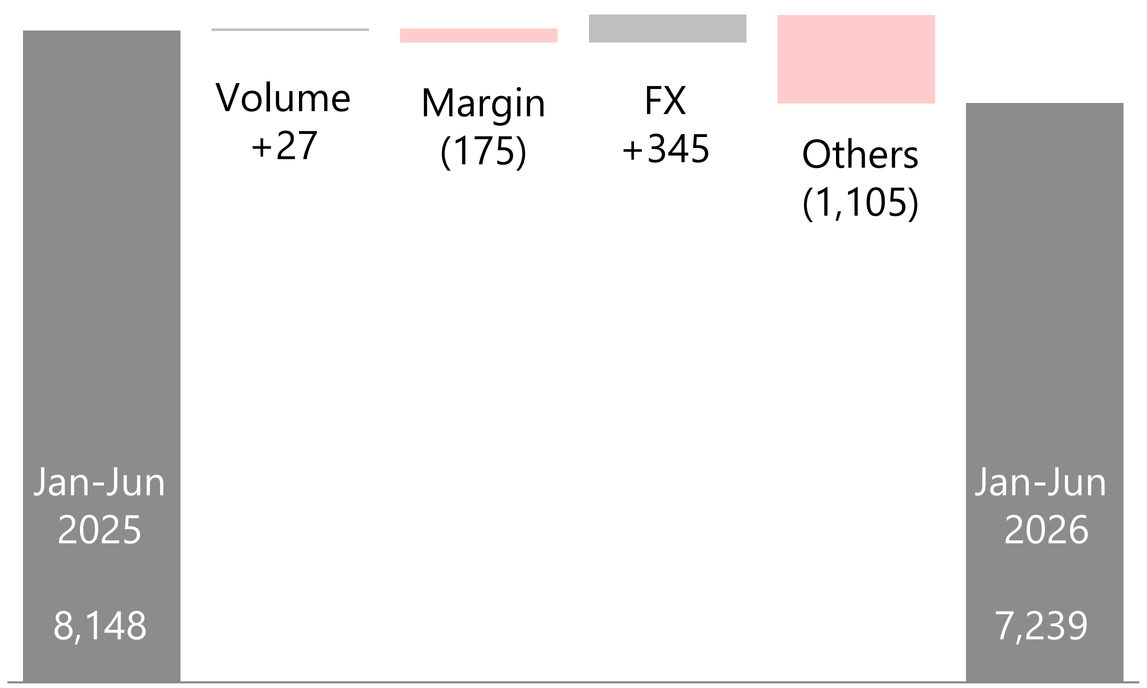
(Millions of yen)

	Jan-Jun 2025	Jan-Jun 2026	YoY Change	% Change
Net sales	75,571	83,480	+7,908	+10.5%
Operating income	8,148	7,239	(908)	(11.1)%
ROS	10.8%	8.7%		

Net Sales Difference



Operating Income Difference



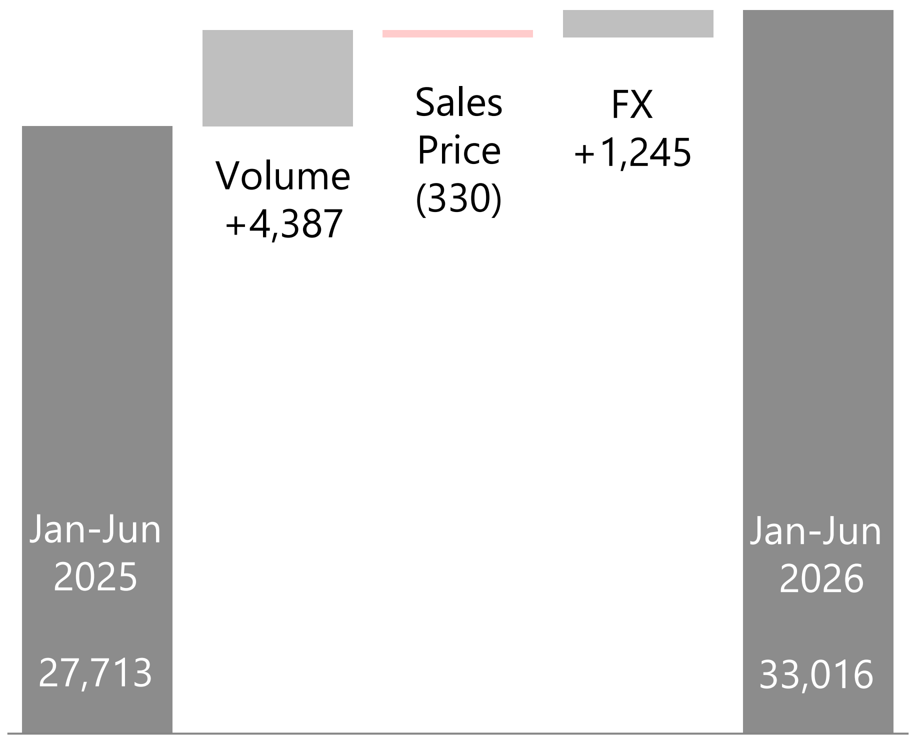
Fine Carbon

- Driven by strong performance of the memory semiconductor market, sales volumes of Solid SiC focus rings, a core product line, rose significantly.
- Both net sales and operating income increased YoY, as the underperformance of products for SiC power semiconductors was offset by the growth of Solid SiC focus rings.

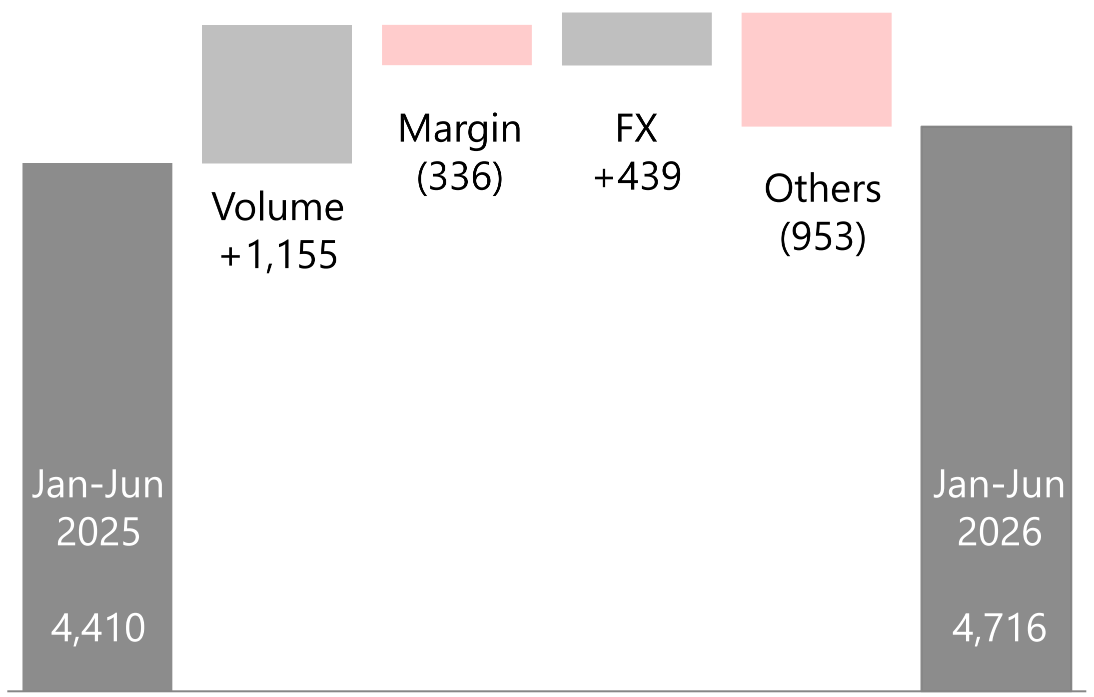
(Millions of yen)

	Jan-Jun 2025	Jan-Jun 2026	YoY Change	% Change
Net sales	27,713	33,016	+5,302	+19.1%
Operating income	4,410	4,716	+305	+6.9%
ROS	15.9%	14.3%		

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.

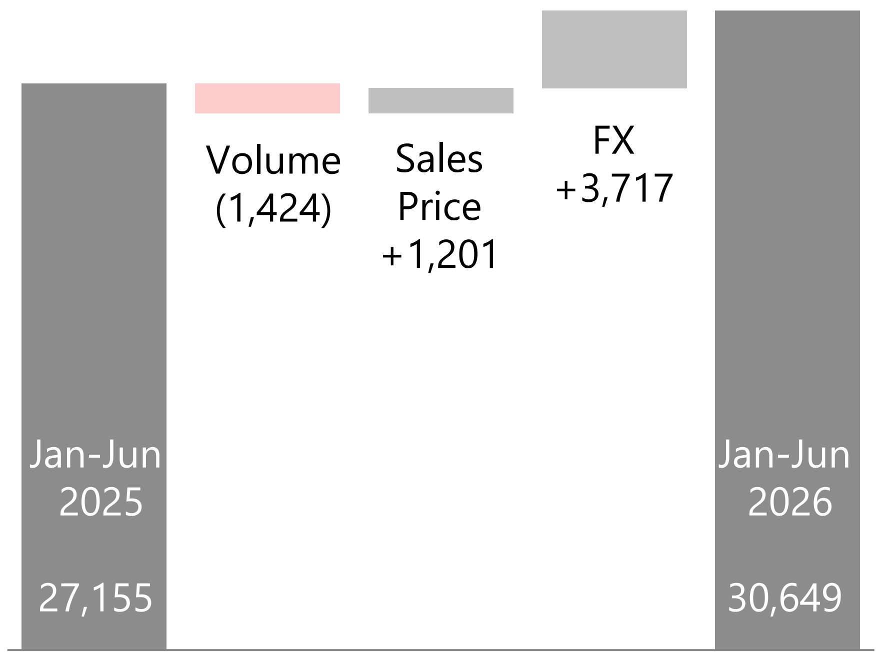
Smelting and Lining

- Although shipment volumes declined due to logistics disruption caused by the situation in the Middle East and other factors, both net sales and operating income increased YoY, driven by license revenue related to RuC© (Ready-to-Use Cathode), next-generation environmentally friendly cathode.
- Full production is underway to meet the surge in demand for cathodes stemming from the situation in the Middle East.

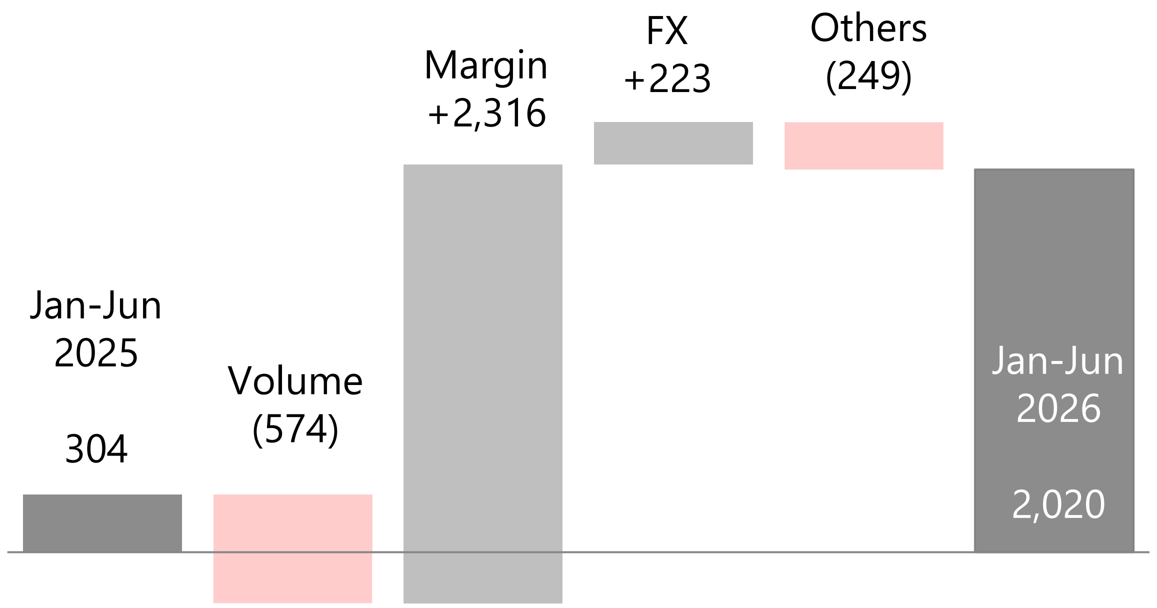
(Millions of yen)

	Jan-Jun 2025	Jan-Jun 2026	YoY Change	% Change
Net sales	27,155	30,649	+3,493	+12.9%
Operating income	304	2,020	+1,716	+563.9%
ROS	1.1%	6.6%		

Net Sales Difference



Operating Income Difference



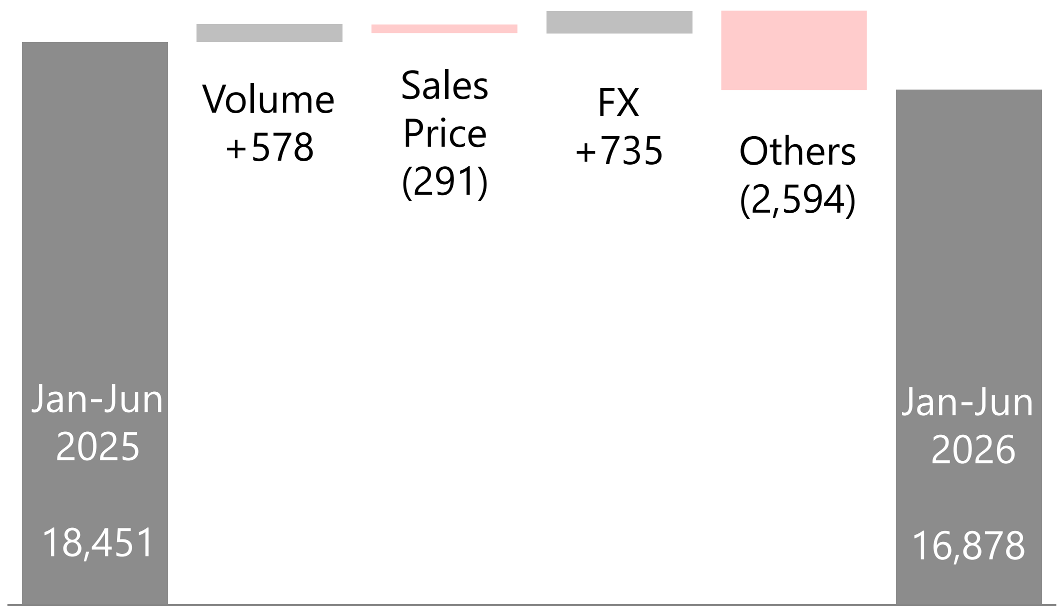
Graphite Electrodes

- Production of electric-arc furnace steel remained firm in the U.S. and decreased only slightly in Japan. However, net sales decreased YoY due to the impact of the divestment of the German subsidiary (excluded from the scope of consolidation from the second quarter of FY2025).
- Operating income increased YoY as a result of the structural reforms including the divestment of the unprofitable German subsidiary which had been weighing on the consolidated results.

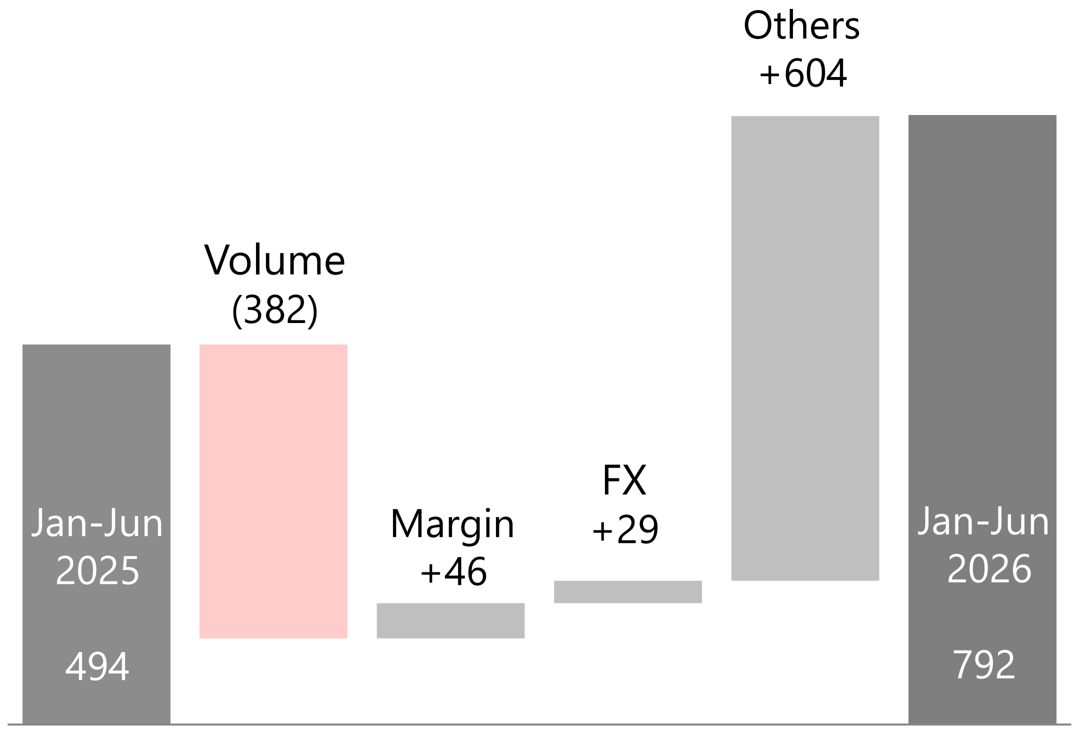
(Millions of yen)

	Jan-Jun 2025	Jan-Jun 2026	YoY Change	% Change
Net sales	18,451	16,878	(1,572)	(8.5)%
Operating income	494	792	+298	+60.3%
ROS	2.7%	4.7%		

Net Sales Difference



Operating Income Difference



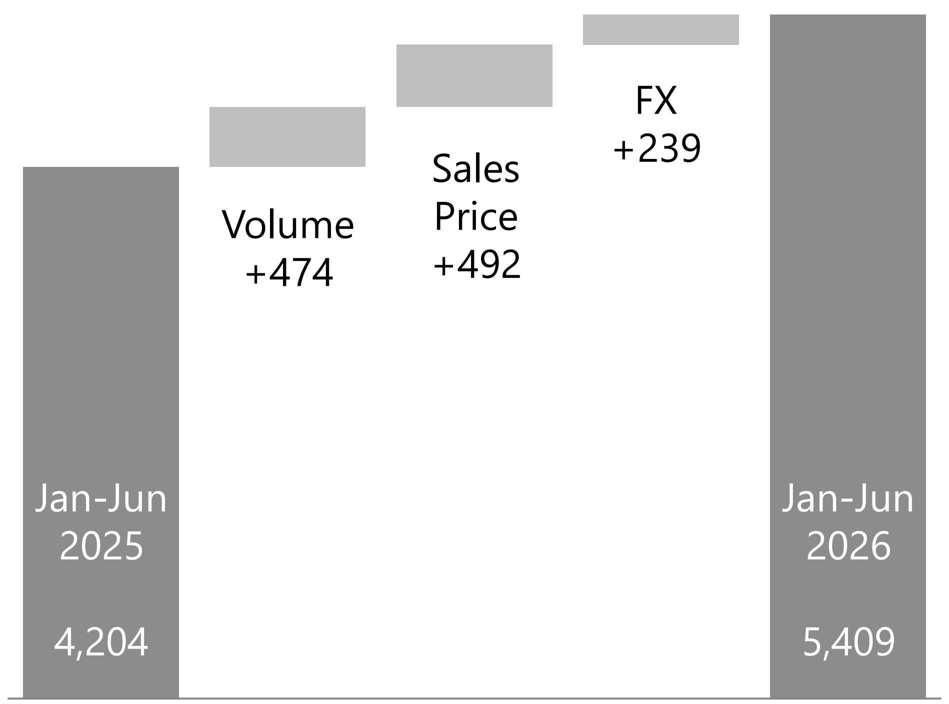
Industrial Furnaces and Related Products

- Among the core markets for industrial furnaces and heating elements, demand for multi-layer ceramic capacitors (MLCCs), driven mainly by AI data centers, increased, while LiB-related CAPEX in the energy-related sector remained continuously sluggish.
- Sales of resistors used mainly for power infrastructure remained strong against the backdrop of the progress in the development of global power transmission and distribution networks, contributing to YoY increases in both net sales and operating income.

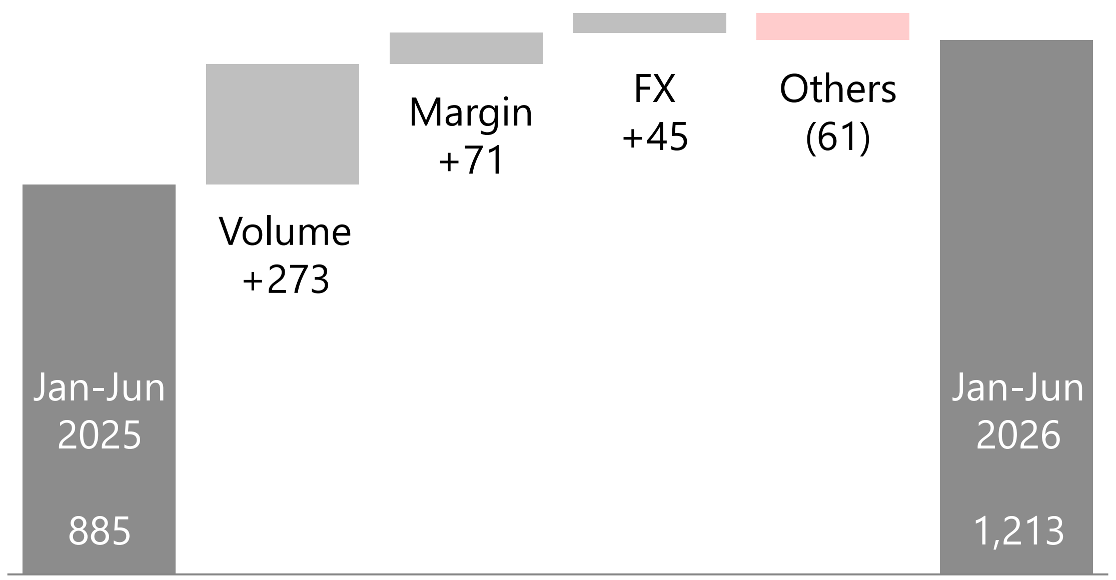
(Millions of yen)

	Jan-Jun 2025	Jan-Jun 2026	YoY Change	% Change
Net sales	4,204	5,409	+1,205	+28.7%
Operating income	885	1,213	+328	+37.0%
ROS	21.1%	22.4%		

Net Sales Difference



Operating Income Difference



Cash Flow

Major Cash Flow items

(Millions of yen)

		Jan-Jun 2025	Jan-Jun 2026	Summary
Cash flows from operating activities		19,856	19,070	
	Net income (loss) before income taxes	14,560	15,686	
	Depreciation and amortization	12,918	16,014	
	Amortization on goodwill	2,131	2,237	
	Decrease (increase) in trade receivables	113	(3,474)	Working capital: JPY(9.3) billion (Jan-Jun 2025 JPY-3.1 billion)
	Decrease (increase) in inventories	(1,280)	(7,298)	
	Increase (decrease) in trade payables	(1,937)	1,444	
	Income tax paid	(6,649)	(5,540)	
Cash flows from investing activities		(23,461)	(15,434)	Free cash flow: JPY+3.6 billion (Jan-Jun 2025 JPY-3.6 billion) Including JPY 1,642 million in proceeds from the sale of cross-shareholdings
	Purchase of fixed assets	(23,239)	(14,428)	
Cash flows from financing activities		(8,027)	(10,143)	
	Net increase (decrease) in short-term Loans payable (including CP)	(359)	(4,758)	
	Corporate bond issuance and redemption	—	14,787	
	Payment of dividends	(3,202)	(3,202)	
	Purchase of treasury shares	(0)	(15,002)	
	Purchase of treasury shares of subsidiaries	(2,835)	—	Jan-Jun 2025: Acquisition of treasury shares by Tokai Carbon Korea (Ratio of voting rights held as of June 30, 2026: 52.6%)
Cash and cash equivalents at end of period		50,765	59,044	

※ 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	June 30, 2026	Summary
Total assets	664,033	683,300	・Cash/monthly sales: 3.0 times (End of FY2025: 3.3 times) ・Inventory: (JPY+8.1 billion from End of FY2025) ・Tangible fixed assets: (JPY-0.7 billion from End of FY2025) ・Intangible fixed assets: (JPY-4.0 billion from End of FY2025)
Current assets	258,828	267,457	
Cash and cash equivalents	90,156	86,404	
Notes and accounts receivable	66,781	70,807	
Inventory	93,297	101,399	
Fixed assets	405,204	415,843	
Tangible fixed assets	290,429	289,701	
Intangible fixed assets	61,520	57,512	
Investments and other assets	53,255	68,629	
Total liabilities	311,187	327,093	・Net interest bearing debt: JPY121.9 billion (JPY+13.9 billion from End of FY2025) ・Interest bearing debt: JPY208.3 billion (JPY+10.2 billion from End of FY2025) ・Direct funding ratio: 63.6% (End of FY2025: 61.6%), Long term debt ratio: 71.0% (End of FY2025: 65.6%) ・Short term credit line: JPY84.0 billion (JPY+0.0 billion from End of FY2025): JPY6.0 billion executed (JPY+0.0 billion from End of FY2025) ・CP issuance limit JPY60.0 billion (JPY+0.0 billion from End of FY2025): JPY42.5 billion executed (JPY-4.5 billion from End of FY2025)
Current liabilities	126,726	119,072	
Long-term liabilities	184,460	208,020	
Total net assets	352,846	356,207	・Capital to asset ratio: 47.0% (End of FY2025: 47.9%) ・Adjusted Capital to asset ratio*: 52.2% (End of FY2025: 53.2%) ・Net D/E ratio: 0.38 times (End of FY2025: 0.34 times) ・Adjusted Net D/E ratio*:0.24 times (End of FY2025:0.21 times)
Shareholders' equity	183,111	172,180	
Accumulated other Comprehensive income	135,246	149,293	
Non-controlling interests	34,488	34,733	
Total liabilities and net assets	664,033	683,300	

※ 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

- Full-year forecasts announced in May were further revised upward (net sales: +19.5% YoY, operating income: +35.4% YoY). This reflects the bottoming-out of operations in the tire and automotive sectors alongside price adjustments to pass through cost increase caused by Middle East disruptions in Carbon Black, increased sales volume of SiC and specialty graphite products driven by semiconductor market expansion in Fine Carbon, and a recovering trend of the graphite electrode market mainly in the U.S.
- Driven by an extraordinary gain on the sale of cross-shareholdings, net income attributable to owners of the parent company is expected to reach ¥22.0 billion (+9.6% YoY), an increase of ¥10.0 billion from the previous forecast.

(Millions of yen)

	Previous Forecast (May 13)			Updated Forecast for FY 2026			Change from Previous Forecast		YoY Change	
	1H	2H	Full Year	1H	2H	Full Year	Amount	%	Amount	%
Net sales	170,400	199,600	370,000	173,728	212,271	386,000	+16,000	+4.3%	+63,039	+19.5%
Operating income	10,300	17,700	28,000	15,102	19,897	35,000	+7,000	+25.0%	+9,149	+35.4%
Ordinary income	9,500	16,500	26,000	14,845	19,454	34,300	+8,300	+31.9%	+7,987	+30.4%
Net income attributable to owners of the parent company	5,000	7,000	12,000	7,235	14,764	22,000	+10,000	+83.3%	+1,921	+9.6%
EBITDA	29,100	36,600	65,700	33,353	39,046	72,400	+6,700	+10.2%	+13,956	+23.9%
EBITDA margin	17.1%	18.3%	17.8%	19.2%	18.4%	18.8%	+1.0pt	—	+0.7pt	—

1H Average exchange rates:
- USD1= JPY 158.18 , EUR1= JPY 184.52

Whole year average exchange rates:
- USD1= JPY 159.25 , EUR1= JPY 183.86

Consolidated Earnings Forecast FY2026 by Segment

(Millions of yen)

		Previous Forecast (May 13)			Updated Forecast for FY 2026			YoY Change	% Change
		1H	2H	Full year	1H	2H	Full year		
Net Sales		170,400	199,600	370,000	173,728	212,271	386,000	+16,000	+4.3%
Carbon Black		81,300	94,400	175,700	83,480	97,519	181,000	+5,300	+3.0%
Fine Carbon		31,500	33,800	65,300	33,016	37,683	70,700	+5,400	+8.3%
Smelting and Lining		32,000	42,300	74,300	30,649	44,350	75,000	+700	+0.9%
Graphite Electrodes		15,900	16,300	32,200	16,878	19,121	36,000	+3,800	+11.8%
Industrial Furnaces and Related Products		5,500	8,500	14,000	5,409	9,290	14,700	+700	+5.0%
Others	Friction Materials	4,100	4,200	8,300	4,138	4,261	8,400	+100	+1.2%
	Anode Materials, etc.	100	100	200	154	45	200	—	—%
	Total	4,200	4,300	8,500	4,293	4,306	8,600	+100	+1.2%
Operating Income		10,300	17,700	28,000	15,102	19,897	35,000	+7,000	+25.0%
Carbon Black		4,300	9,000	13,300	7,239	8,760	16,000	+2,700	+20.3%
Fine Carbon		4,100	4,300	8,400	4,716	6,083	10,800	+2,400	+28.6%
Smelting and Lining		1,300	3,200	4,500	2,020	2,579	4,600	+100	+2.2%
Graphite Electrodes		600	400	1,000	792	2,107	2,900	+1,900	+190.0%
Industrial Furnaces and Related Products		1,000	1,800	2,800	1,213	1,786	3,000	+200	+7.1%
Other Operations		100	100	200	64	135	200	—	—%
Corporate & Other		(1,100)	(1,100)	(2,200)	(944)	(1,555)	(2,500)	(300)	—%

Reference Material

Key Indicators

(Millions of yen)　f=forecast	2022	2023	2024	2025	2026f
Net sales	340,371	363,946	350,114	322,960	386,000
Operating income	40,588	38,728	19,386	25,850	35,000
ROS（%）	11.9%	10.6%	5.5%	8.0%	9.1%
EBITDA	75,572	75,949	61,120	58,443	72,400
EBITDA margin（%）	22.2%	20.9%	17.5%	18.1%	18.8%
Net income Attributable to Owners of the Parent Company	22,418	25,468	(56,485)	20,078	22,000
ROE（%）	9.0%	8.6%	－%	6.6%	6.8%
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	0.33
Adjusted Net D/E ratio	0.22	0.15	0.20	0.21	0.20
Number of Employees	4,378	4,427	4,625	4,436	－
Exchange Rate (JPY/USD)	131.43	140.56	151.58	149.71	159.25

※ 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	Q2	H2f	Full year
Net sales		80,346	77,730	79,260	85,623	322,960	81,720	92,007	212,271	386,000
Carbon Black		38,920	36,650	35,353	36,168	147,093	38,730	44,750	97,519	181,000
Fine Carbon		14,442	13,271	14,362	13,892	55,969	16,401	16,614	37,683	70,700
Smelting and Lining		12,932	14,222	14,440	20,154	61,751	14,166	16,482	44,350	75,000
Graphite Electrodes		9,383	9,068	9,699	9,422	37,573	7,845	9,033	19,121	36,000
Industrial Furnaces and Related Products		2,125	2,079	2,940	3,583	10,728	2,361	3,048	9,290	14,700
Others	Friction Materials	1,960	2,040	1,955	2,028	7,984	2,172	1,966	4,261	8,400
Others	Anode Materials, etc.	581	396	507	373	1,859	42	112	45	200
Others	Total	2,542	2,437	2,462	2,401	9,843	2,215	2,078	4,306	8,600
Operating income		6,967	6,702	7,162	5,017	25,850	6,345	8,756	19,897	35,000
Carbon Black		4,521	3,626	3,530	1,457	13,135	3,235	4,004	8,760	16,000
Fine Carbon		2,825	1,585	1,886	1,406	7,704	2,264	2,451	6,083	10,800
Smelting and Lining		160	144	434	764	1,503	658	1,362	2,579	4,600
Graphite Electrodes		(725)	1,219	1,149	745	2,389	251	540	2,107	2,900
Industrial Furnaces and Related Products		470	414	431	951	2,268	327	886	1,786	3,000
Other Operations		125	160	158	172	617	126	(62)	135	200
Corporate & Other		(409)	(449)	(428)	(481)	(1,769)	(518)	(426)	(1,555)	(2,500)

※ 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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Building a Future of Technology and Trust

TOKAI CARBON CO., LTD.