Consolidated Financial Results for the Second Quarter of the Fiscal Year Ending December 31, 2026 [Japanese GAAP]

August 5, 2026

Company name: Tokai Carbon Co., Ltd. Listing: Tokyo Stock Exchange Prime Market
Securities code: 5301 URL: https://www.tokaicarbon.co.jp/en/
Representative: Hajime Nagasaka, President & Chief Executive Officer
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Scheduled date to file semi-annual report:	August 7, 2026
Scheduled date to commence dividend payments:	September 1, 2026
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, 2026 (January 1 to June 30, 2026)

(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, 2026	173,728	9.9	15,102	10.5	14,845	9.3	7,235	(14.0)
Six months ended June 30, 2025	158,076	(7.5)	13,670	62.3	13,587	29.1	8,415	129.9

Note: Comprehensive income: Six months ended June 30, 2026: 22,424 million yen (-%)
Six months ended June 30, 2025: (10,453) million yen (-%)

	Semi-annual Net Income per Share	Semi-annual Net Income per Share Fully Diluted
	Yen	Yen
Six months ended June 30, 2026	34.40	34.29
Six months ended June 30, 2025	39.42	–

1. The Company finalized the provisional accounting treatment for business combinations in the fourth quarter of the consolidated accounting period ended December 31, 2025, and figures for the six months ended June 30, 2025 reflect the finalization of the provisional accounting treatment.
2. Quarterly net income per share fully diluted for the six months ended June 30, 2025 is not listed because there are no dilutive shares.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of June 30, 2026	683,300	356,207	47.0
As of December 31, 2025	664,033	352,846	47.9

For reference: Shareholders' capital: As of June 30, 2026: 321,473 million yen
As of December 31, 2025: 318,357 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, 2025	-	15.00	-	15.00	30.00
Fiscal year ending December 31, 2026	-	20.00			
Fiscal year ending December 31, 2026 (Forecast)			-	20.00	40.00

Note: Amendment to most recently disclosed dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2026 (January 1 to December 31, 2026)

(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	386,000	19.5	35,000	35.4	34,300	30.4	22,000	9.6	108.73

Note: Amendment to most recently disclosed consolidated earnings forecast: Yes

* Notes:

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries accompanying changes in the scope of consolidation): None

Newly included: -

Excluded: -

(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, 2026	224,943,104 shares	As of December 31, 2025	224,943,104 shares

(b) Number of treasury stock at the end of the period

As of June 30, 2026	22,607,330 shares	As of December 31, 2025	11,436,605 shares

(c) Average number of shares during the period

Six months ended June 30, 2026	210,320,521 shares	Six months ended June 30, 2025	213,487,227 shares

* 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 Thursday, August 6, 2026. The materials for this briefing will be posted on the corporate website on that day.

Supplemental Materials

1. Qualitative Information on the Semi-annual Financial Results

(1) Operating Results for the Second Quarter of the Fiscal Year Ending December 31, 2026

During the first six months of 2026 (from January 1 to June 30, 2026), while the expansion of global demand for technology-related products associated with the progress and spread of AI strongly drove economic activity, the outlook for the global economy remained uncertain due to continued tension in the Middle East in which the situation once showing signs of abating has become unstable again.

Under these circumstances, in the Group, based on "Vision 2030," the long-term vision we announced in February 2025 that lays out our desired state in 2030 and the initiatives we will take to achieve it, we are aiming to achieve net sales of 500 billion yen, EBITDA margin of 20%, and ROIC of 12% as our "Vision 2030" goals. In May 2026, we announced an upward revision of our consolidated earnings forecast for the fiscal year ending December 31, 2026 and an increase in dividends. At the same time, we announced measures to strengthen management and shareholder returns that are conscious of cost of capital and stock prices, including an increase in dividend payout ratio and the introduction of a DOE indicator (progressive dividends) as well as reduction policies for cross shareholdings and the purchase of treasury stock, developing our activities to achieve further growth and sustainable enhancement of corporate value.

In addition, from the perspective of medium- to long-term growth and sustainability, in our core Carbon Black business, the Company constructed a new Thai plant installed with state-of-the-art flue gas desulfurization and denitrification equipment with the aim of reducing the environmental impact and continues to promote the relocation project. At the same time, we are steadily promoting a project to recover carbon black from used tires and other materials. In the new business field, with support from the Ministry of the Environment, we are also developing and verifying production technologies for functional solid carbons with the aim of establishing a carbon recycling-oriented society.

As a result, net sales for the first six months of 2026 increased by 9.9% year on year to 173,728 million yen. Operating income increased by 10.5% year on year to 15,102 million yen. Ordinary income increased by 9.3% year on year to 14,845 million yen. Semi-annual net income attributable to owners of the parent company decreased by 14.0% year on year to 7,235 million yen. The Company finalized the provisional accounting treatment for business combinations in the fourth quarter of the consolidated accounting period ended December 31, 2025, and the figures for the six months ended June 30, 2025 reflect the finalization of the provisional accounting treatment.

Results by business segment were as follows:

Carbon Black

A decline in sales volume due to the production adjustments of a tire manufacturer was offset by the development of new customers and spot transactions. Net sales increased due to the contribution of the Thai base, which was newly consolidated in the latter half of 2025. On the other hand, operating income decreased year on year due to an increase in depreciation following the start of operations at the new Thai plant and worsening margins resulting from high raw oil prices caused by the Middle East situation.

As a result, net sales for the Carbon Black business increased by 10.5% year on year to 83,480 million yen, while operating income decreased by 11.1% year on year to 7,239 million yen.

Fine Carbon

Both net sales and operating income increased year on year due to a significant increase in sales volume of solid SiC focus rings for the memory semiconductor market, a main product, despite sluggish demand in the SiC power semiconductor market.

As a result, net sales for the Fine Carbon business increased by 19.1% year on year to 33,016 million yen, while operating income increased by 6.9% year on year to 4,716 million yen.

Smelting & Lining

In cathodes for aluminum electrolytic furnaces, earnings were underpinned by the promotion of cost reductions and the license revenue generated from our next-generation low-impact cathode RuC® (Ready-to-use Cathode), despite some disruptions in transportation against the backdrop of the volatile situation in the Middle East.

As a result, net sales for the Smelting and Lining business increased by 12.9% year on year to 30,649 million yen, while operating income increased by 563.9% year on year to 2,020 million yen.

Graphite Electrodes

Despite sluggish crude steel production worldwide, electric arc furnace steel production in the United States, our main market, was strong, and production in Japan declined only slightly. As part of the structural reforms implemented in the previous fiscal year, the Group excluded TOKAI ERFTCARBON GmbH, a wholly-owned German subsidiary, from the scope of consolidation in April 2025. This led to a decrease in net sales, but operating income increased due in part to the effects of the structural reforms.

As a result, net sales for the Graphite Electrodes business decreased by 8.5% year on year to 16,878 million yen, and operating income increased by 60.3% year on year to 792 million yen.

Industrial Furnaces and Related Products

In the energy-related sector, a key market for industrial furnaces and heating elements, capital investment for lithium-ion batteries (LiBs) remained stagnant, but demand for multilayer ceramic capacitors (MLCC), mainly for AI datacenters, increased. In addition, sales of resistors for power infrastructure also performed strongly, backed by global progress in power grid upgrades.

As a result, net sales for the Industrial Furnaces and Related Products business increased by 28.7% year on year to 5,409 million yen, while operating income increased by 37.0% year on year to 1,213 million yen.

Other Operations

Friction materials

Sales for mining equipment were sluggish due to a decline in coal mining volume in Indonesia, but sales of products for motorcycles were strong. Sales of products for industrial machinery, construction machinery and agricultural machinery were also strong.

As a result, net sales of friction materials increased by 3.4% year on year to 4,138 million yen.

Anode materials and others

Net sales of anode materials and others, including real estate leasing, decreased by 84.2% year on year to 154 million yen.

As a result, net sales in Other Operations decreased by 13.8% year on year to 4,293 million yen, while operating income decreased by 77.6% year on year to 64 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, 2025)	First six months of the fiscal year under review (As of June 30, 2026)
Assets		
Current assets		
Cash and deposits	90,156	86,404
Notes and accounts receivable	66,781	70,807
Merchandise and finished goods	28,669	29,436
Work in progress	34,266	37,110
Raw materials and supplies	30,361	34,852
Other	10,309	10,562
Allowance for doubtful accounts	(1,715)	(1,717)
Total current assets	258,828	267,457
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	49,519	49,821
Machinery, equipment and vehicles, net	179,933	181,458
Land	12,878	12,730
Leased assets, net	9,360	9,006
Construction in progress	34,981	32,469
Other, net	3,755	4,214
Total tangible fixed assets	290,429	289,701
Intangible assets		
Goodwill	26,684	24,688
Customer-related assets	21,795	20,293
Other	13,039	12,530
Total intangible assets	61,520	57,512
Investments and other assets		
Investment securities	40,257	56,174
Long-term loans receivable	3,878	3,621
Net defined benefit asset	6,227	6,173
Deferred tax assets	1,645	1,076
Other	1,270	1,607
Allowance for doubtful accounts	(24)	(24)
Total investments and other assets	53,255	68,629
Total fixed assets	405,204	415,843
Total assets	664,033	683,300

(Millions of yen)

	Previous fiscal year (As of December 31, 2025)	First six months of the fiscal year under review (As of June 30, 2026)
Liabilities		
Current liabilities		
Notes and accounts payable	20,381	22,338
Electronically recorded obligations	3,029	2,769
Short-term loans payable	7,814	9,166
Commercial papers	47,000	42,500
Current portion of loans payable	10,000	-
Current portion of long-term loans payable	3,282	8,772
Income taxes payable	2,508	2,884
Contract liability	2,089	2,435
Provision for bonuses	4,144	2,571
Provision for business restructuring	1,503	9
Other	24,973	25,625
Total current liabilities	126,726	119,072
Long-term liabilities		
Bonds payable	65,000	90,000
Long-term loans payable	65,015	57,885
Lease obligations	9,230	8,874
Deferred tax liabilities	35,935	43,214
Retirement benefit liability	4,805	4,766
Provision for retirement benefits for directors	107	87
Provision for executive officers' retirement benefits	36	29
Provision for environment and safety measures	406	433
Other	3,923	2,728
Total long-term liabilities	184,460	208,020
Total liabilities	311,187	327,093
Net assets		
Shareholders' equity		
Capital stock	20,436	20,436
Capital surplus	9,388	9,402
Retained earnings	160,334	164,367
Treasury stock	(7,047)	(22,025)
Total shareholders' equity	183,111	172,180
Accumulated other comprehensive income		
Valuation difference on other securities	21,933	33,091
Deferred gains or losses on hedges	115	23
Foreign currency translation adjustments	109,130	112,231
Cumulative remeasurements of defined benefit plans	4,066	3,946
Total accumulated other comprehensive income	135,246	149,293
Non-controlling interests	34,488	34,733
Total net assets	352,846	356,207
Total liabilities and net assets	664,033	683,300

(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, 2025)	First six months of the fiscal year under review (January 1 to June 30, 2026)
Net sales	158,076	173,728
Cost of sales	118,891	130,527
Gross profit	39,185	43,200
Selling, general and administrative expenses	25,515	28,098
Operating income	13,670	15,102
Non-operating income		
Interest income	971	874
Dividend income	668	718
Foreign exchange gains	-	795
Other	721	366
Total non-operating income	2,360	2,754
Non-operating expenses		
Interest expenses	1,149	1,462
Foreign exchange losses	616	-
Other	677	1,547
Total non-operating expenses	2,443	3,010
Ordinary income	13,587	14,845
Extraordinary income		
Gain on sale of investment securities	38	1,452
Gain on sales of fixed assets	2	9
Reversal of provision for business restructuring	1,017	-
Total extraordinary income	1,057	1,461
Extraordinary losses		
Extra retirement payments	-	556
Loss on retirement of fixed assets	84	63
Loss on sales of fixed assets	0	1
Total extraordinary losses	84	621
Semi-annual net income before income taxes	14,560	15,686
Income taxes - current	3,555	3,750
Income taxes - deferred	1,002	2,475
Total income taxes	4,558	6,225
Semi-annual net income	10,002	9,460
Semi-annual net income attributable to non-controlling interests	1,587	2,224
Semi-annual net income attributable to owners of the parent company	8,415	7,235

Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	First six months of the previous fiscal year (January 1 to June 30, 2025)	First six months of the fiscal year under review (January 1 to June 30, 2026)
Semi-annual net income	10,002	9,460
Other comprehensive income		
Valuation difference on other securities	753	11,127
Deferred gains or losses on hedges	15	(92)
Foreign currency translation adjustments	(20,469)	2,048
Remeasurements of defined benefit plans	(755)	(119)
Total other comprehensive income	(20,455)	12,964
Semi-annual comprehensive income	(10,453)	22,424
(Breakdown)		
Semi-annual comprehensive income attributable to owners of the parent company	(11,419)	21,282
Semi-annual comprehensive income attributable to non-controlling interests	966	1,142

(3) Notes to Semi-annual Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not Applicable

(Notes on Significant Changes in Shareholders’ Equity Amount)

The Company has acquired 11,210,700 shares of treasury stock based on the resolution of the Board of Directors held on May 13, 2026. As a result, during the first six months of the fiscal year under review, treasury stock increased by 14,977 million yen, and treasury stock at the end of the first six months of the fiscal year under review increased to 22,025 million yen.

(Segment Information)

I First six months of the previous fiscal year (January 1 to June 30, 2025)

1. 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 (loss)	8,148	4,410	304	494	885	14,243	286	14,529	(859)	13,670

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 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.
4. The Company finalized the provisional accounting treatment for business combinations in the fourth quarter of the consolidated accounting period ended December 31, 2025, and the figures for the six months ended June 30, 2025 reflect the finalization of the provisional accounting treatment.

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.

II First six months of the fiscal year under review (January 1 to June 30, 2026)

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	83,480	33,016	30,649	16,878	5,409	169,434	4,293	173,728	—	173,728
Intersegment sales/transfers	8	53	192	23	74	353	—	353	(353)	—
Total	83,488	33,070	30,842	16,901	5,484	169,787	4,293	174,081	(353)	173,728
Segment income	7,239	4,716	2,020	792	1,213	15,982	64	16,046	(944)	15,102

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 944-million-yen negative adjustment in segment income includes company-wide expenses of 951 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.