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For immediate release

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Notice on Revision of Earnings Forecast and Dividend Forecast

Tokai Carbon has revised its consolidated earnings forecast for fiscal year ended December 31, 2020(from January 1, 2020 to December 31, 2020) that was announced on May 11, 2020, based on earnings trends to date.

1. Revision of the Earnings Forecast

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent company	Net income per share (EPS)
	JPY in millions	JPY in millions	JPY in millions	JPY in millions	Yen
Previous forecast (A)	251,200	28,200	27,800	16,600	77.88
Revised forecast (B)	190,000	6,100	5,000	1,000	4.69
Difference (B-A)	△61,200	△22,100	△22,800	△15,600	—
Rate of change (%)	△24.4	△78.4	△82.0	△94.0	—
(Reference)FY2019 result	262,028	54,344	52,986	31,994	150.10

2. Reasons for the revision

At the present stage, it is impossible to predict what the novel coronavirus (COVID-19) throughout the world will be, or when the outbreak will be winding down.

Moreover, the sharpening US-China confrontation may further deepen the turmoil in the plunged world economy. In consideration of sharp decrease in sales mainly in overseas

markets and the uncertainty of the future market environment, Tokai Carbon group is adjusting production in some of the global manufacturing site.

The sales of our core business such as graphite electrode and carbon black have declined and the production adjustments led to a higher fixed cost with higher sales-cost ratio. As a result, net sales, operating income, ordinary income and net income attributable to owners of the parent company are expected to fall below the previously announced forecast.

3. Revision to the Projected Dividend

	Dividend per share		
	Second quarter-end	Fiscal year-end	Total
Previous forecast (Announced on May 11, 2020)	Yen 24.00	Yen 24.00	Yen 48.00
Revised forecast		15.00	30.00
Actual	15.00		
Previous year results (Fiscal 2019)	24.00	24.00	48.00

4. Reasons for the revision

The Company views returning profits to shareholders as an important managerial issue for lifting its corporate value over the medium-to-long term and endeavors to provide steady dividends on a continued basis, targeting a consolidated dividend payout ratio of 30% while also giving due consideration to factors such as its annual operating results and outlook, investment plans, and cash flows.

As stated above, Tokai Carbon has made downward revisions to its full-year consolidated financial forecast, and it has therefore decided its projected year-end dividend for fiscal 2020 to 15 yen per share. This will result in a total annual dividend of 30 yen per share.

* The above-mentioned forecasts are based on the information currently available to the company and certain assumptions judged to be reasonable. Note that actual performance may differ significantly due to a variety of factors.

End of notice