



February 12, 2025

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Notice Regarding the Recognition of Extraordinary Losses and Differences between Earnings Forecasts and Actual Results for Fiscal Year Ended December 31, 2024

Tokai Carbon Co., Ltd. hereby announce that we have recorded an extraordinary loss for the fiscal year ended December 31, 2024 (January 1, 2024 – December 31, 2024), and that there is a discrepancy between the full-year consolidated earnings forecast announced on February 13, 2024, and the actual results, as outlined below.

1. Recognition of Impairment Loss and Loss on Valuation of Shares in Affiliates

Due to a decline in profitability of the Smelting and Lining business within our group, the recoverable amount of the asset group, including goodwill, fell below its book value. Accordingly, we have recognized an impairment loss of JPY 61,239 million as an extraordinary loss, including the unamortized balance of goodwill and customer-related assets recorded at the time of acquisition.

Additionally, due to the above factors, we have recorded a loss on the valuation of shares in affiliates amounting to JPY 31,861 million as an extraordinary loss in our non-consolidated financial statements. However, since this valuation loss is eliminated in the consolidated financial statements, it has no impact on consolidated profit and loss.

2. Recognition of Business Restructuring Expenses and Impairment Loss

In connection with the planned cessation of production at the Shiga Plant (Ōmihachiman City, Shiga Prefecture) in July 2025, we have estimated dismantling and removal costs for graphite electrode manufacturing equipment and recorded JPY 4,101 million as a business restructuring expense under extraordinary losses. Additionally, as the recoverable amount of these assets fell below their book value, we have recorded an impairment loss of JPY 2,646 million as an extraordinary loss.

3. Difference between the consolidated forecast and the actual results for the Fiscal Year Ended December 31, 2024 (January 1, 2024 – December 31, 2024)

	Net sales	Operating income (loss)	Ordinary income (loss)	Net income (loss) attributable to owners of the parent company	Net income (loss) per share
Unit	Million Yen	Million Yen	Million Yen	Million Yen	Yen per share
Previous forecast (A)	370,000	23,000	23,000	15,000	70.35
Actual results (B)	350,114	19,386	22,579	(56,736)	(265.94)
Change (B-A)	(19,885)	(3,613)	(420)	(71,736)	
Change (%)	(5.4)	(15.7)	(1.8)	—	
Reference: Previous FY (2023)	363,946	38,728	41,607	25,468	119.45

4. Reason for the differences

The business environment deteriorated due to sluggish steel market conditions, intensified price competition from emerging competitors, declining demand for aluminum electrolysis cathodes, and aggressive pricing strategies by competitors. These factors resulted in lower-than-expected net sales, operating income, and ordinary income.

Furthermore, net income attributable to owners of the parent significantly fell short of the forecast due to the recognition of extraordinary losses related to the Smelting and Lining business and graphite electrode business, resulting in a net loss of JPY 56,736 million for the period.

For details regarding the extraordinary losses, please refer to Sections 1 and 2 above.