

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending December 31, 2025 [Japanese GAAP]

May 14, 2025

Company name: Tokai Carbon Co., Ltd. Listing: Tokyo Stock Exchange Prime Market
 Securities code: 5301 URL: <https://www.tokaicarbon.co.jp/en/>
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 Scheduled date to commence dividend payments: -
 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 First Quarter of the Fiscal Year Ending December 31, 2025 (January 1 to March 31, 2025)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes)

	Net Sales		Operating Income		Ordinary Income		Quarterly Net Income Attributable to Owners of the Parent Company	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2025	80,346	(2.2)	7,136	104.5	6,472	38.1	3,026	85.9
Three months ended March 31, 2024	82,161	(5.0)	3,489	(69.6)	4,687	(60.3)	1,627	(79.6)

Note: Comprehensive income: Three months ended March 31, 2025: (13,651) million yen (-%)
 Three months ended March 31, 2024: 24,854 million yen (72.4%)

	Quarterly Net Income per Share	Quarterly Net Income per Share Fully Diluted
	Yen	Yen
Three months ended March 31, 2025	14.18	-
Three months ended March 31, 2024	7.63	-

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Millions of yen	Millions of yen	%
As of March 31, 2025	617,993	307,144	44.3
As of December 31, 2024	640,753	325,158	45.2

For reference: Shareholders' capital: As of March 31, 2025: 273,479 million yen
 As of December 31, 2024: 289,558 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, 2024	-	15.00	-	15.00	30.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (Forecast)		15.00	-	15.00	30.00

Note: Amendment to most recently disclosed dividend forecast: None

3. Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2025
(January 1 to December 31, 2025)

(Percentages indicate 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
First six months	169,500	(0.8)	10,400	23.4	10,000	(5.0)	6,000	63.9	28.11
Full year	341,000	(2.6)	23,300	20.2	22,000	(2.6)	11,000	-	51.53

Note: Amendment to most recently disclosed consolidated earnings forecast: None

* Notes:

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

(2) Application of accounting treatment specific to the preparation of quarterly 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 March 31, 2025	224,943,104 shares	As of December 31, 2024	224,943,104 shares
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(b) Number of treasury stock at the end of the period

As of March 31, 2025	11,470,819 shares	As of December 31, 2024	11,470,526 shares
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(c) Average number of shares during the period

Three months ended March 31, 2025	213,472,411 shares	Three months ended March 31, 2024	213,215,241 shares
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* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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 quarterly 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, May 15, 2025. The materials for this briefing will be posted on the corporate website on that day.

Supplemental Materials

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1. Qualitative Information on the Quarterly Financial Results

(1) Operating Results for the First Quarter of the Fiscal Year Ending December 31, 2025

During the first three months of 2025 (from January 1 to March 31, 2025), the global economy maintained moderate growth, however, there are concerns that geopolitical tensions such as the Ukraine crisis and the situation in the Middle East, U.S. - China relations, and uncertainty surrounding the tariff policy of the Trump administration in particular, pose downside risks to global economic growth.

Under these circumstances, in February this year, the Group announced its long-term vision, “Vision 2030,” which focuses on our desired state in 2030 and initiatives and measures to achieve it. In pursuit of our “Vision 2030” goals - net sales of 500 billion yen, EBITDA margin of 20%, and ROIC of 12% we focused on three initiatives “Drastic structural reforms,” “Commitment to growing markets,” and “Sustainable value creation.”, undertaking efforts such as promoting structural reforms in Graphite Electrodes, considering the details of structural reforms of Smelting and Lining, advancing the relocation project of Carbon Black’s Thai plant, and launching the joint project to advance performance properties and production of recovered carbon black. Furthermore due to impairment losses recognized in the fiscal year ended December 31, 2024, fixed costs such as depreciation expenses are decreasing from the fiscal year ending December 31, 2025.

As a result, net sales for the first three months of 2025 decreased by 2.2% year on year to 80,346 million yen. Operating income increased by 104.5% year on year to 7,136 million yen. Ordinary income increased by 38.1% year on year to 6,472 million yen. Quarterly net income attributable to owners of the parent company increased by 85.9% year on year to 3,026 million yen.

Results by business segment were as follows:

Carbon Black

Although sales volume varied by location, overall it remained at the same level as the previous year. However, primarily due to a decline in selling prices, both net sales and operating income decreased year on year.

As a result, net sales for the Carbon Black business decreased by 1.7% year on year to 38,920 million yen, while operating income decreased by 20.6% in year on year to 4,521 million yen.

Fine Carbon

As demand for memory semiconductors recovered, sales volume of the main product, solid SiC focus rings, increased year on year. This growth, combined with the impact of consolidating U.S. graphite-processing companies as subsidiaries led to a year on year increase in net sales. On the other hand, operating income declined year on year due to the impact of a slowdown in growth in the power semiconductor-related business.

As a result, net sales for the Fine Carbon business increased by 15.2% year on year to 14,442 million yen, while operating income decreased by 2.8% year on year to 2,994 million yen.

Smelting and Lining

Sluggish demand for relining of aluminum smelting furnaces lead to a decline in selling prices. Meanwhile, our efforts to reduce costs and decreased depreciation expenses due to the impairment of goodwill and other assets in the previous fiscal year have resulted in improved profitability compared to the same period of the previous year.

As a result, net sales for the Smelting and Lining business decreased by 7.8% year on year to 12,932 million yen, while operating income amounted to 160 million yen (compared with operating loss of 3,546 million yen in the same period of the previous year).

Graphite Electrodes

There were no bright signs in the global steel market, with steel production remaining weak, and the electrode market was sluggish.

As a result, net sales for the Graphite Electrodes business decreased by 13.7% year on year to 9,383 million yen, and operating loss was 725 million yen (compared with operating loss of 2,175 million yen for the same period of the previous year).

Industrial Furnaces and Related Products

Capital expenditures and demand for consumables stagnated in the energy-related industry and the electronic components industry, which are the main markets for industrial furnaces and heating elements, and sales declined year on year.

As a result, net sales for the Industrial Furnaces and Related Products business decreased by 14.5% year on year to 2,125 million yen, while operating income decreased by 8.0% year on year to 470 million yen.

Other Operations

Friction materials

Although sales to the mining industry were firm, sales to the mainstay motorcycle industry declined due to a decline in demand in Europe. In addition, customers in the agricultural machinery industry and industrial machinery industry continued on production adjustments.

As a result, net sales of friction materials decreased by 5.0% year on year to 1,960 million yen.

Anode materials

There was a temporary increase in demand in anode materials for Energy Storage Systems (ESS).

As a result, net sales of anode materials increased by 2.6% year on year to 549 million yen.

Others

Net sales from real estate leasing and other business decreased by 1.3% year on year to 32 million yen.

As a result, net sales for Other Operations decreased by 3.4% year on year to 2,542 million yen, and operating income decreased by 44.0% to 125 million yen.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	Previous fiscal year (As of December 31, 2024)	First three months of the fiscal year under review (As of March 31, 2025)
Assets		
Current assets		
Cash and deposits	92,207	80,459
Notes and accounts receivable	69,175	65,592
Merchandise and finished goods	30,070	29,099
Work in progress	38,245	38,590
Raw materials and supplies	32,424	31,972
Other	9,680	9,998
Allowance for doubtful accounts	(1,439)	(1,410)
Total current assets	270,363	254,303
Fixed assets		
Tangible fixed assets		
Buildings and structures, net	42,461	41,688
Machinery, equipment and vehicles, net	129,770	123,142
Land	12,016	11,642
Leased assets, net	7,341	7,793
Construction in progress	69,539	74,214
Other, net	3,452	3,313
Total tangible fixed assets	264,582	261,794
Intangible assets		
Goodwill	37,548	34,336
Customer-related assets	16,625	15,179
Other	12,167	11,714
Total intangible assets	66,341	61,230
Investments and other assets		
Investment securities	33,307	34,733
Net defined benefit asset	3,783	3,762
Deferred tax assets	1,048	984
Other	1,349	1,204
Allowance for doubtful accounts	(22)	(22)
Total investments and other assets	39,466	40,663
Total fixed assets	370,390	363,689
Total assets	640,753	617,993

(Millions of yen)

	Previous fiscal year (As of December 31, 2024)	First three months of the fiscal year under review (As of March 31, 2025)
Liabilities		
Current liabilities		
Notes and accounts payable	23,085	19,800
Electronically recorded obligations	3,551	3,008
Short-term loans payable	6,216	10,387
Commercial papers	59,500	60,000
Current portion of long-term loans payable	8,223	3,216
Income taxes payable	3,848	3,005
Contract liabilities	2,605	2,461
Provision for bonuses	3,297	2,044
Provision for business restructuring	7,596	6,466
Other	29,806	28,678
Total current liabilities	147,729	139,069
Long-term liabilities		
Bonds payable	65,000	65,000
Long-term loans payable	52,301	56,478
Lease obligations	7,870	7,898
Deferred tax liabilities	29,976	30,548
Retirement benefit liability	7,746	7,300
Provision for retirement benefits for directors	101	104
Provision for executive officers' retirement benefits	42	39
Provision for environment and safety measures	420	406
Other	4,406	4,002
Total long-term liabilities	167,865	171,779
Total liabilities	315,595	310,848
Net assets		
Shareholders' equity		
Capital stock	20,436	20,436
Capital surplus	10,690	10,475
Retained earnings	146,410	146,234
Treasury stock	(7,068)	(7,068)
Total shareholders' equity	170,469	170,077
Accumulated other comprehensive income		
Valuation difference on other securities	17,698	18,458
Deferred gains or losses on hedges	68	118
Foreign currency translation adjustments	98,536	82,198
Cumulative remeasurements of defined benefit plans	2,785	2,626
Total accumulated other comprehensive income	119,089	103,401
Non-controlling interests	35,600	33,665
Total net assets	325,158	307,144
Total liabilities and net assets	640,753	617,993

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

First Three-month Period

(Millions of yen)

	First three months of the previous fiscal year (January 1 to March 31, 2024)	First three months of the fiscal year under review (January 1 to March 31, 2025)
Net sales	82,161	80,346
Cost of sales	63,700	60,339
Gross profit	18,461	20,007
Selling, general and administrative expenses	14,971	12,870
Operating income	3,489	7,136
Non-operating income		
Interest income	355	465
Dividend income	130	127
Share of profit of entities accounted for using equity method	205	-
Foreign exchange gains	959	-
Other	268	204
Total non-operating income	1,918	796
Non-operating expenses		
Interest expenses	372	543
Foreign exchange losses	-	572
Other	348	345
Total non-operating expenses	721	1,461
Ordinary income	4,687	6,472
Extraordinary income		
Gain on sale of investment securities	13	38
Gain on sales of fixed assets	49	0
Total extraordinary income	63	38
Extraordinary losses		
Loss on retirement of fixed assets	2	86
Total extraordinary losses	2	86
Quarterly net income before income taxes	4,747	6,424
Income taxes - current	2,373	1,876
Income taxes - deferred	(151)	611
Total income taxes	2,221	2,487
Quarterly net income	2,525	3,936
Quarterly net income attributable to non-controlling interests	898	910
Quarterly net income attributable to owners of the parent company	1,627	3,026

Quarterly Consolidated Statements of Comprehensive Income

First Three-month Period

(Millions of yen)

	First three months of the previous fiscal year (January 1 to March 31, 2024)	First three months of the fiscal year under review (January 1 to March 31, 2025)
Quarterly net income	2,525	3,936
Other comprehensive income		
Valuation difference on other securities	4,599	759
Deferred gains or losses on hedges	(49)	50
Foreign currency translation adjustments	17,643	(18,238)
Remeasurements of defined benefit plans	33	(159)
Share of other comprehensive income of associates accounted for using equity method	100	-
Total other comprehensive income	22,328	(17,587)
Quarterly comprehensive income	24,854	(13,651)
(Breakdown)		
Quarterly comprehensive income attributable to owners of the parent company	23,241	(12,661)
Quarterly comprehensive income attributable to non- controlling interests	1,612	(989)

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not Applicable

(Notes on Significant Changes in Shareholders' Equity Amount)

Not Applicable

(Segment Information)

I First three months of the previous fiscal year (January 1 to March 31, 2024)

Information on net sales and amount of income or loss by reportable segment

(Millions of yen)

	Reportable segment						Other Operations (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly 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	39,602	12,537	14,030	10,874	2,485	79,529	2,632	82,161	-	82,161
Intersegment sales/transfers	6	125	54	46	55	287	-	287	(287)	-
Total	39,608	12,662	14,084	10,920	2,541	79,817	2,632	82,449	(287)	82,161
Segment income (loss)	5,696	3,078	(3,546)	(2,175)	511	3,565	224	3,790	(300)	3,489

- 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 300-million-yen negative adjustment in segment income (loss) includes company-wide expenses of negative 361 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 (loss) is reconciled to the operating income reported in the Quarterly Consolidated Statements of Income.

II First three months of the fiscal year under review (January 1 to March 31, 2025)

Information on net sales and amount of income or loss by reportable segment

(Millions of yen)

	Reportable segment						Other Operations (Note 1)	Total	Adjustments (Note 2)	Amount recorded in the quarterly 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	38,920	14,442	12,932	9,383	2,125	77,804	2,542	80,346	-	80,346
Intersegment sales/transfers	6	78	118	12	8	223	-	223	(223)	-
Total	38,926	14,520	13,050	9,395	2,134	78,027	2,542	80,569	(223)	80,346
Segment income (loss)	4,521	2,994	160	(725)	470	7,420	125	7,546	(409)	7,136

- 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 409-million-yen negative adjustment in segment income (loss) includes company-wide expenses of negative 431million 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 (loss) is reconciled to the operating income reported in the Quarterly Consolidated Statements of Income.

(Notes on Quarterly Consolidated Statements of Cash Flows)

No quarterly consolidated statements of cash flows have been prepared for the first three months of the fiscal year under review. Depreciation (including the amortization of intangible assets excluding goodwill) and amortization of goodwill for the first three months of the fiscal year under review are as follows:

	First three months of the previous fiscal year (January 1 to March 31, 2024)	First three months of the fiscal year under review (January 1 to March 31, 2025)
Depreciation	8,051 million yen	6,234 million yen
Amortization of goodwill	2,151 million yen	1,214 million yen