

# Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 [Japanese GAAP]

February 12, 2026

|                                                                                                |                                                                                        |
|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| Company name: Tokai Carbon Co., Ltd.                                                           | Listing: Tokyo Stock Exchange Prime Market                                             |
| Securities code: 5301                                                                          | URL: <a href="https://www.tokaicarbon.co.jp/en/">https://www.tokaicarbon.co.jp/en/</a> |
| Representative: Hajime Nagasaka, President & Chief Executive Officer                           |                                                                                        |
| Inquiries: Naoki Hirai, Executive Officer and General Manager, Accounting & Finance Department |                                                                                        |
| Telephone: 81-3-3746-5100                                                                      |                                                                                        |
| Scheduled date of annual general meeting of shareholders:                                      | March 27, 2026                                                                         |
| Scheduled date to commence dividend payments:                                                  | March 30, 2026                                                                         |
| Scheduled date to file annual securities report:                                               | March 26, 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 Fiscal Year Ended December 31, 2025 (January 1 to December 31, 2025)

### (1) Consolidated Operating Results

(Percentages indicate year-on-year changes)

|                                        | Net Sales       |       | Operating Income |        | Ordinary Income |        | Net Income<br>Attributable to Owners<br>of the Parent Company |   |
|----------------------------------------|-----------------|-------|------------------|--------|-----------------|--------|---------------------------------------------------------------|---|
|                                        | Millions of yen | %     | Millions of yen  | %      | Millions of yen | %      | Millions of yen                                               | % |
| Fiscal year ended<br>December 31, 2025 | 322,960         | (7.8) | 25,850           | 33.3   | 26,312          | 16.5   | 20,078                                                        | - |
| Fiscal year ended<br>December 31, 2024 | 350,114         | (3.8) | 19,386           | (49.9) | 22,579          | (45.7) | (56,485)                                                      | - |

Note: Comprehensive income: Fiscal year ended December 31, 2025: 54,450 million yen (-%)  
Fiscal year ended December 31, 2024: (21,522) million yen (-%)

|                                        | Net Income<br>per Share | Net Income per Share<br>Fully Diluted | Return on<br>Equity | Ordinary<br>Income to<br>Total Assets<br>Ratio | Operating<br>Income to Net<br>Sales Ratio |
|----------------------------------------|-------------------------|---------------------------------------|---------------------|------------------------------------------------|-------------------------------------------|
|                                        | Yen                     | Yen                                   | %                   | %                                              | %                                         |
| Fiscal year ended<br>December 31, 2025 | 94.05                   | -                                     | 6.6                 | 4.0                                            | 8.0                                       |
| Fiscal year ended<br>December 31, 2024 | (264.77)                | -                                     | (18.4)              | 3.5                                            | 5.5                                       |

Reference: Share of profit (loss) of entities accounted for using equity method: Fiscal year ended December 31, 2025: - million yen  
Fiscal year ended December 31, 2024: 1,165 million yen

(Note) In the fiscal year ended December 31, 2025, the provisional accounting treatment for business combinations was finalized, and the figures for the fiscal year ended December 31, 2024 reflect the details of the finalization of the provisional accounting treatment.

### (2) Consolidated Financial Position

|                         | Total Assets    | Net Assets      | Equity Ratio | Net Assets Per Share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
|                         | Millions of yen | Millions of yen | %            | Yen                  |
| As of December 31, 2025 | 664,033         | 352,846         | 47.9         | 1,491.09             |
| As of December 31, 2024 | 643,517         | 324,740         | 44.9         | 1,354.46             |

Reference: Shareholders' capital: As of December 31, 2025: 318,357 million yen  
As of December 31, 2024: 289,139 million yen

(Note) In the fiscal year ended December 31, 2025, the provisional accounting treatment for business combinations was finalized, and the figures for the fiscal year ended December 31, 2024 reflect the details of the finalization of the provisional accounting treatment.

(3) Consolidated Cash Flows

|                                        | Cash Flows from<br>Operating Activities | Cash Flows from<br>Investing Activities | Cash Flows from<br>Financing Activities | Cash and Cash<br>Equivalents at End of<br>Period |
|----------------------------------------|-----------------------------------------|-----------------------------------------|-----------------------------------------|--------------------------------------------------|
|                                        | Millions of yen                         | Millions of yen                         | Millions of yen                         | Millions of yen                                  |
| Fiscal year ended<br>December 31, 2025 | 50,602                                  | (51,052)                                | (2,419)                                 | 64,327                                           |
| Fiscal year ended<br>December 31, 2024 | 64,471                                  | (70,777)                                | 9,410                                   | 65,135                                           |

(Note) In the fiscal year ended December 31, 2025, the provisional accounting treatment for business combinations was finalized, and the figures for the fiscal year ended December 31, 2024 reflect the details of the finalization of the provisional accounting treatment.

2. Dividends

|                                                    | Annual Dividends         |                          |                          |              |       | Total amount of<br>dividend<br>(full year) | Dividend<br>payout ratio<br>(consolidated) | Dividends to<br>net assets ratio<br>(consolidated) |
|----------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------|-------|--------------------------------------------|--------------------------------------------|----------------------------------------------------|
|                                                    | End of<br>1st<br>quarter | End of<br>2nd<br>quarter | End of<br>3rd<br>quarter | Year-<br>end | Total |                                            |                                            |                                                    |
|                                                    | Yen                      | Yen                      | Yen                      | Yen          | Yen   | Millions of yen                            | %                                          | %                                                  |
| Fiscal year ended<br>December 31, 2024             | -                        | 15.00                    | -                        | 15.00        | 30.00 | 6,400                                      | -                                          | 2.1                                                |
| Fiscal year ended<br>December 31, 2025             | -                        | 15.00                    | -                        | 15.00        | 30.00 | 6,405                                      | 31.9                                       | 2.1                                                |
| Fiscal year ending<br>December 31, 2026 (Forecast) | -                        | 15.00                    | -                        | 15.00        | 30.00 |                                            | 35.6                                       |                                                    |

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<br>Attributable to<br>Owners of the Parent<br>Company |        | Net Income per<br>Share |
|------------------|-----------------|-----|------------------|--------|-----------------|--------|------------------------------------------------------------------|--------|-------------------------|
|                  | Millions of yen | %   | Millions of yen  | %      | Millions of yen | %      | Millions of yen                                                  | %      |                         |
| First six months | 163,000         | 3.1 | 11,000           | (21.2) | 10,000          | (27.9) | 4,000                                                            | (53.2) | 18.73                   |
| Full year        | 336,000         | 4.0 | 25,000           | (3.3)  | 23,000          | (12.6) | 10,000                                                           | (50.2) | 46.84                   |

\*Notes:

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

(2) 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

(3) Number of shares issued (common stock)

(a) Number of shares issued at the end of the period (including treasury stock)

|                         |                    |                         |                    |
|-------------------------|--------------------|-------------------------|--------------------|
| As of December 31, 2025 | 224,943,104 shares | As of December 31, 2024 | 224,943,104 shares |
|-------------------------|--------------------|-------------------------|--------------------|

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

|                         |                   |                         |                   |
|-------------------------|-------------------|-------------------------|-------------------|
| As of December 31, 2025 | 11,436,605 shares | As of December 31, 2024 | 11,470,526 shares |
|-------------------------|-------------------|-------------------------|-------------------|

(c) Average number of shares during the period

|                                        |                    |                                        |                    |
|----------------------------------------|--------------------|----------------------------------------|--------------------|
| Fiscal year ended<br>December 31, 2025 | 213,496,222 shares | Fiscal year ended<br>December 31, 2024 | 213,341,075 shares |
|----------------------------------------|--------------------|----------------------------------------|--------------------|

(Reference) Overview of Non-Consolidated Financial Results

Non-Consolidated Financial Results for the Fiscal Year Ended December 31, 2025 (January 1 to December 31, 2025)

(1) Operating Results

(Percentages indicate year-on-year changes)

|                                        | Net Sales       |       | Operating Income |        | Ordinary Income |       | Net Income      |   |
|----------------------------------------|-----------------|-------|------------------|--------|-----------------|-------|-----------------|---|
|                                        | Millions of yen | %     | Millions of yen  | %      | Millions of yen | %     | Millions of yen | % |
| Fiscal year ended<br>December 31, 2025 | 73,560          | (5.7) | 4,770            | (4.8)  | 15,533          | (3.4) | 18,789          | - |
| Fiscal year ended<br>December 31, 2024 | 77,985          | (0.2) | 5,012            | (17.1) | 16,081          | 6.7   | (30,544)        | - |

|                                        | Net Income per<br>Share | Net Income per Share<br>Fully Diluted |
|----------------------------------------|-------------------------|---------------------------------------|
|                                        | Yen                     | Yen                                   |
| Fiscal year ended<br>December 31, 2025 | 88.01                   | -                                     |
| Fiscal year ended<br>December 31, 2024 | (143.17)                | -                                     |

(2) Financial Position

|                         | Total Assets    | Net Assets      | Equity Ratio | Net Assets per Share |
|-------------------------|-----------------|-----------------|--------------|----------------------|
|                         | Millions of yen | Millions of yen | %            | Yen                  |
| As of December 31, 2025 | 367,603         | 129,422         | 35.2         | 606.18               |
| As of December 31, 2024 | 352,912         | 113,221         | 32.1         | 530.38               |

Reference: Shareholders' capital: As of December 31, 2025: 129,422 million yen  
As of December 31, 2024: 113,221 million yen

\* The 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. Please refer to "1. Operating Results (4) Future Outlook" on page 5 of the Supplemental Materials for the assumptions used in the forecasts and notes on the use of the forecasts.

(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, February 13, 2026. The materials for this briefing will be posted on the corporate website on that day.

## Supplemental Materials

|                                                                                                |    |
|------------------------------------------------------------------------------------------------|----|
| 1. Operating Results .....                                                                     | 2  |
| (1) Operating Results for the Consolidated Fiscal Year Ended December 31, 2025.....            | 2  |
| (2) Financial Position at the End of the Consolidated Fiscal Year Ended December 31, 2025..... | 4  |
| (3) Cash Flows .....                                                                           | 4  |
| (4) Future Outlook.....                                                                        | 5  |
| 2. Basic Policy on Selecting Accounting Standards.....                                         | 6  |
| 3. Consolidated Financial Statements and Notes .....                                           | 7  |
| (1) Consolidated Balance Sheets .....                                                          | 7  |
| (2) Consolidated Statements of Income and Comprehensive Income .....                           | 9  |
| Consolidated Statements of Income .....                                                        | 9  |
| Consolidated Statements of Comprehensive Income.....                                           | 10 |
| (3) Consolidated Statements of Changes in Equity .....                                         | 11 |
| (4) Consolidated Statements of Cash Flows.....                                                 | 13 |
| (5) Notes to Consolidated Financial Statements.....                                            | 15 |
| (Notes on the Going-concern Assumption) .....                                                  | 15 |
| (Segment Information).....                                                                     | 15 |
| (Per Share Information) .....                                                                  | 19 |
| (Material Subsequent Events).....                                                              | 19 |

## 1. Operating Results

### (1) Operating Results for the Consolidated Fiscal Year Ended December 31, 2025

The global economy in the current fiscal year (from January 1, 2025 to December 31, 2025) was underpinned by the continued investment in AI, mainly in the U.S. However, protectionism and fragmentation accelerated due to significant tariff hikes and shifts in trade policies following the change of U.S. administration at the beginning of the year. In major countries, the outlook remains uncertain due to prolonged monetary tightening and growing signs of economic slowdown amid resurgent inflationary pressure, combined with the normalization of geopolitical risks.

Under these circumstances, in February 2025, the Group announced its long-term vision, “Vision 2030,” which focuses on our desired state in 2030 and initiatives 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 focus on three initiatives “Fundamental structural reforms,” “Commitment to growing markets,” and “Sustainable value creation.” We have completed structural reforms in Graphite Electrodes such as the integration of our domestic production bases and the sale of a European subsidiary and promoted cost improvements to strengthen the earnings base. We have placed Smelting and Lining under direct control of the Corporate Planning Department and are working to strengthen the governance system by dispatching several executive officers to the Europe Office. In addition, we are accelerating the formulation of plans for fundamental structural reforms. From the perspective of medium- to long-term growth and sustainability, in Carbon Black, our core business, we are advancing the relocation project of a Thai production base. We have also acquired a Thai carbon black production base from Bridgestone Corporation and are steadily progressing a project to recover carbon black from used tires and other materials. In this new business field, we are also working on the development and demonstration of functional solid carbon production technology with the aim of building a carbon recycling-oriented society, with support from the Ministry of the Environment.

As a result, net sales for the fiscal year under review decreased by 7.8% year on year to 322,960 million yen. Operating income increased by 33.3% year on year to 25,850 million yen. Ordinary income increased by 16.5% year on year to 26,312 million yen. Net income attributable to owners of the parent company was 20,078 million yen (compared with net loss of 56,485 million yen in the previous fiscal year). In the fiscal year ended December 31, 2025, the provisional accounting treatment for business combinations was finalized, and the figures for the fiscal year ended December 31, 2024 reflect the details of the finalization of the provisional accounting treatment.

Results by business segment were as follows:

#### Carbon Black

Sales volume declined due to production adjustments among tire manufacturers, the Company’s main customers, and both net sales and operating income decreased year on year.

As a result, net sales for the Carbon Black business decreased by 6.2% year on year to 147,093 million yen, while operating income decreased by 39.5% year on year to 13,135 million yen.

#### Fine Carbon

Sales volume of the main product for the memory semiconductor market, solid SiC focus rings, increased year on year. This growth, combined with the impact of consolidating U.S. graphite-processing companies KBR, Inc. and MWI, Inc. 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 market, intensified competition in the Chinese market and an increase in the amortization of goodwill associated with the consolidation of U.S. graphite-processing companies.

As a result, net sales for the Fine Carbon business increased by 3.9% year on year to 55,969 million yen, while operating income decreased by 38.1% year on year to 7,704 million yen.

## Smelting & Lining

Sales volume of cathodes for aluminum electrolytic furnaces declined as the sluggish demand for the relining of aluminum smelting furnaces and inventory adjustments by customers continued. 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 a significant improvement in operating income compared to the same period of the previous year, and a return to profitability.

As a result, net sales for the Smelting and Lining business decreased by 4.3% year on year to 61,751 million yen, while operating income was 1,503 million yen (compared with operating loss of 13,701 million yen in the previous fiscal year).

## Graphite Electrodes

Global steel production was generally sluggish due to production slowdowns in major regions, excluding India and the U.S. The market for electrodes also remained sluggish as excessive exports of steel materials from China weighed on peripheral markets.

As part of structural reforms, in Japan we discontinued production at the Shiga plant and concentrated production in the Hofu Plant. In addition, the stocks of TOKAI ERFTCARBON GmbH, a wholly owned subsidiary of the Company, were transferred and the subsidiary was excluded from the scope of consolidation from April 2025.

As a result, net sales for the Graphite Electrodes business decreased by 23.0% year on year to 37,573 million yen, and operating income was 2,389 million yen (compared with operating loss of 3,529 million yen in the same period of the previous fiscal year).

## Industrial Furnaces and Related Products

Stagnation continued in capital expenditures in the energy-related industry and electronic component-related industry, which are the main markets for industrial furnaces and heating elements.

As a result, net sales for the Industrial Furnaces and Related Products business decreased by 34.1% year on year to 10,728 million yen, while operating income decreased by 31.4% year on year to 2,268 million yen.

## Other Operations

### *Friction materials*

Demand for mining equipment declined toward the end of the period in Japan and Southeast Asia, however spot orders from the construction machinery industry increased and sales of products for motorcycles were also strong.

As a result, net sales of friction materials increased by 0.1% year on year to 7,984 million yen.

### *Anode materials*

Demand for Energy Storage Systems (ESS) was sluggish, however spot demand has emerged.

As a result, net sales of anode materials increased by 1.6% year on year to 1,731 million yen.

### *Others*

Net sales from real estate leasing and other business decreased by 1.5% year on year to 127 million yen.

As a result, net sales in Other Operations increased by 0.4% year on year to 9,843 million yen, while operating income increased by 52.9% year on year to 617 million yen.

## (2) Financial Position at the End of the Consolidated Fiscal Year Ended December 31, 2025

### (Assets, Liabilities and Net Assets)

#### (a) Assets

Total assets at the end of the consolidated fiscal year under review came to 664,033 million yen, an increase of 20,515 million yen from the end of the previous consolidated fiscal year.

Current assets amounted to 258,828 million yen, a decrease of 11,737 million yen from the end of the previous consolidated fiscal year, mainly due to decreases in inventories and accounts receivable. Fixed assets amounted to 405,204 million yen, an increase of 32,253 million yen from the end of the previous consolidated fiscal year, mainly due to an increase in intangible fixed assets.

#### (b) Liabilities

Total liabilities at the end of the consolidated fiscal year under review came to 311,187 million yen, a decrease of 7,590 million yen from the end of the previous consolidated fiscal year.

Current liabilities amounted to 126,726 million yen, a decrease of 21,411 million yen from the end of the previous consolidated fiscal year, mainly due to decreases in commercial papers and provision for business restructuring. Long-term liabilities amounted to 184,460 million yen, an increase of 13,821 million yen from the end of the previous consolidated fiscal year, mainly due to increases in long-term loans payable and deferred tax liabilities.

#### (c) Net assets

Total net assets at the end of the consolidated fiscal year under review came to 352,846 million yen, an increase of 28,106 million yen from the end of the previous consolidated fiscal year, mainly due to an increase in retained earnings and foreign currency translation adjustments.

As a result, the Group's equity ratio increased by 3.0 percentage points year on year to 47.9%

## (3) Cash Flows

At the end of the consolidated fiscal year under review, the Group's cash and cash equivalents totaled 64,327 million yen, a decrease of 808 million yen from the previous consolidated fiscal year. Cash flows and the major sources and uses of cash in the consolidated fiscal year under review are summarized as follows.

#### (a) Cash flows from operating activities

Operating activities provided net cash of 50,602 million yen, a decrease of 13,868 million yen from the previous consolidated fiscal year. This was mainly due to net income before income taxes and depreciation.

#### (b) Cash flows from investing activities

Investing activities used net cash of 51,052 million yen, a decrease of 19,725 million yen from the previous consolidated fiscal year. This was mainly due to the purchase of tangible fixed assets.

#### (c) Cash flows from financing activities

Financing activities used net cash of 2,419 million yen, compared with provided net cash of 9,410 million yen in the previous consolidated fiscal year. This was mainly due to the redemption of commercial papers and dividend payments.

#### (4) Future Outlook

We aim to achieve our long-term vision of “contributing to a sustainable society through advanced material solutions” through three initiatives: “fundamental structural reforms,” “commitment to growing markets,” and “sustainable value creation.”

Regarding “fundamental structural reforms,” we will promote initiatives to maximize the effects of reforms in Graphite Electrodes and in Smelting and Lining we will promptly formulate and implement fundamental structural reforms to improve profitability. Under “commitment to growing markets,” we will make capital investments that are essential for medium- to long-term growth in Carbon Black. In Fine Carbon and Industrial Furnaces, where growth is expected along with the semiconductor market, we will expand production capacity and develop markets including new applications. With regard to “sustainable value creation,” we have set the provision of solutions for achieving a sustainable society as our core value and we will work urgently towards carbon neutrality. At the same time, we will expand investment in human capital, which is the source of value creation, and will work to develop an organizational culture in which diverse human resources can play an active role.

Through these initiatives, we aim to achieve our 2030 vision: net sales of 500 billion yen, an EBITDA margin of 20%, and a ROIC of 12%.

## **2. Basic Policy on Selecting Accounting Standards**

In consideration of securing comparability of consolidated financial statements between fiscal years and companies, Tokai Carbon Group will prepare its consolidated financial statements in accordance with the Japanese accounting standards for the time being. In the meantime, the Group will appropriately apply the International Financial Reporting Standards (IFRS) in consideration of various circumstances in Japan and overseas.

### 3. Consolidated Financial Statements and Notes

#### (1) Consolidated Balance Sheets

(Millions of yen)

|                                        | Previous fiscal year<br>(As of December 31, 2024) | Fiscal year under review<br>(As of December 31, 2025) |
|----------------------------------------|---------------------------------------------------|-------------------------------------------------------|
| <b>Assets</b>                          |                                                   |                                                       |
| Current assets                         |                                                   |                                                       |
| Cash and deposits                      | 92,207                                            | 90,156                                                |
| Notes and accounts receivable          | 69,175                                            | 66,781                                                |
| Merchandise and finished goods         | 30,273                                            | 28,669                                                |
| Work in progress                       | 38,245                                            | 34,266                                                |
| Raw materials and supplies             | 32,424                                            | 30,361                                                |
| Other                                  | 9,680                                             | 10,309                                                |
| Allowance for doubtful accounts        | (1,439)                                           | (1,715)                                               |
| Total current assets                   | 270,566                                           | 258,828                                               |
| Fixed assets                           |                                                   |                                                       |
| Tangible fixed assets                  |                                                   |                                                       |
| Buildings and structures, net          | 42,733                                            | 49,519                                                |
| Machinery, equipment and vehicles, net | 130,926                                           | 179,933                                               |
| Land                                   | 12,041                                            | 12,878                                                |
| Leased assets, net                     | 7,341                                             | 9,360                                                 |
| Construction in progress               | 69,539                                            | 34,981                                                |
| Other, net                             | 3,488                                             | 3,755                                                 |
| Total tangible fixed assets            | 266,070                                           | 290,429                                               |
| Intangible assets                      |                                                   |                                                       |
| Goodwill                               | 30,416                                            | 26,684                                                |
| Customer-related assets                | 24,666                                            | 21,795                                                |
| Other                                  | 12,331                                            | 13,039                                                |
| Total intangible assets                | 67,414                                            | 61,520                                                |
| Investments and other assets           |                                                   |                                                       |
| Investment securities                  | 33,307                                            | 40,257                                                |
| Long-term loans receivable             | 75                                                | 3,878                                                 |
| Net defined benefit asset              | 3,783                                             | 6,227                                                 |
| Deferred tax assets                    | 1,048                                             | 1,645                                                 |
| Other                                  | 1,273                                             | 1,270                                                 |
| Allowance for doubtful accounts        | (22)                                              | (24)                                                  |
| Total investments and other assets     | 39,466                                            | 53,255                                                |
| Total fixed assets                     | 372,951                                           | 405,204                                               |
| Total assets                           | 643,517                                           | 664,033                                               |

(Millions of yen)

|                                                       | Previous fiscal year<br>(As of December 31, 2024) | Fiscal year under review<br>(As of December 31, 2025) |
|-------------------------------------------------------|---------------------------------------------------|-------------------------------------------------------|
| <b>Liabilities</b>                                    |                                                   |                                                       |
| Current liabilities                                   |                                                   |                                                       |
| Notes and accounts payable                            | 23,085                                            | 20,381                                                |
| Electronically recorded obligations                   | 3,551                                             | 3,029                                                 |
| Short-term loans payable                              | 6,216                                             | 7,814                                                 |
| Commercial papers                                     | 59,500                                            | 47,000                                                |
| Current portion of bonds payable                      | -                                                 | 10,000                                                |
| Current portion of long-term loans payable            | 8,223                                             | 3,282                                                 |
| Income taxes payable                                  | 3,848                                             | 2,508                                                 |
| Contract liability                                    | 2,605                                             | 2,089                                                 |
| Provision for bonuses                                 | 3,297                                             | 4,144                                                 |
| Provision for business restructuring                  | 7,596                                             | 1,503                                                 |
| Other                                                 | 408                                               | 24,973                                                |
| Total current liabilities                             | 118,331                                           | 126,726                                               |
| Long-term liabilities                                 |                                                   |                                                       |
| Bonds payable                                         | 65,000                                            | 65,000                                                |
| Long-term loans payable                               | 52,301                                            | 65,015                                                |
| Lease obligations                                     | 7,870                                             | 9,230                                                 |
| Deferred tax liabilities                              | 32,749                                            | 35,935                                                |
| Retirement benefit liability                          | 7,746                                             | 4,805                                                 |
| Provision for retirement benefits for directors       | 101                                               | 107                                                   |
| Provision for executive officers' retirement benefits | 42                                                | 36                                                    |
| Provision for environment and safety measures         | 420                                               | 406                                                   |
| Other                                                 | 4,406                                             | 3,923                                                 |
| Total long-term liabilities                           | 170,639                                           | 184,460                                               |
| Total liabilities                                     | 288,970                                           | 311,187                                               |
| <b>Net assets</b>                                     |                                                   |                                                       |
| Shareholders' equity                                  |                                                   |                                                       |
| Capital stock                                         | 20,436                                            | 20,436                                                |
| Capital surplus                                       | 10,690                                            | 9,388                                                 |
| Retained earnings                                     | 146,661                                           | 160,334                                               |
| Treasury stock                                        | (7,068)                                           | (7,047)                                               |
| Total shareholders' equity                            | 170,719                                           | 183,111                                               |
| Accumulated other comprehensive income                |                                                   |                                                       |
| Valuation difference on other securities              | 17,698                                            | 21,933                                                |
| Deferred gains or losses on hedges                    | 68                                                | 115                                                   |
| Foreign currency translation adjustments              | 97,867                                            | 109,130                                               |
| Cumulative remeasurements of defined benefit plans    | 2,785                                             | 4,066                                                 |
| Total accumulated other comprehensive income          | 118,420                                           | 135,246                                               |
| Non-controlling interests                             | 35,600                                            | 34,488                                                |
| Total net assets                                      | 324,740                                           | 352,846                                               |
| Total liabilities and net assets                      | 613,711                                           | 664,033                                               |

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

(Millions of yen)

|                                                                | Previous fiscal year<br>(January 1 to December 31, 2024) | Fiscal year under review<br>(January 1 to December 31, 2025) |
|----------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------|
| Net sales                                                      | 350,114                                                  | 322,960                                                      |
| Cost of sales                                                  | 269,478                                                  | 243,220                                                      |
| Gross profit                                                   | 80,635                                                   | 79,740                                                       |
| Selling, general and administrative expenses                   | 61,248                                                   | 53,890                                                       |
| Operating income                                               | 19,386                                                   | 25,850                                                       |
| Non-operating income                                           |                                                          |                                                              |
| Interest income                                                | 1,514                                                    | 1,845                                                        |
| Dividend income                                                | 1,045                                                    | 1,273                                                        |
| Share of profit of entities accounted for using equity method  | 1,165                                                    | -                                                            |
| Foreign exchange gains                                         | 2,023                                                    | 292                                                          |
| Other                                                          | 852                                                      | 1,082                                                        |
| Total non-operating income                                     | 6,601                                                    | 4,494                                                        |
| Non-operating expenses                                         |                                                          |                                                              |
| Interest expenses                                              | 1,965                                                    | 2,391                                                        |
| Other                                                          | 1,443                                                    | 1,640                                                        |
| Total non-operating expenses                                   | 3,409                                                    | 4,032                                                        |
| Ordinary income                                                | 22,579                                                   | 26,312                                                       |
| Extraordinary income                                           |                                                          |                                                              |
| Gain on sale of investment securities                          | 43                                                       | 4,199                                                        |
| Reversal of provision for business restructuring               | -                                                        | 938                                                          |
| Gain on sales of fixed assets                                  | 61                                                       | 14                                                           |
| Gain on step acquisitions                                      | 6,799                                                    | -                                                            |
| Total extraordinary income                                     | 6,904                                                    | 5,153                                                        |
| Extraordinary losses                                           |                                                          |                                                              |
| Impairment loss                                                | 68,134                                                   | 348                                                          |
| Loss on retirement of fixed assets                             | 725                                                      | 105                                                          |
| Demolition and removal costs                                   | -                                                        | 92                                                           |
| Loss on sale of fixed assets                                   | 1                                                        | 1                                                            |
| Business restructuring expenses                                | 8,016                                                    | -                                                            |
| Total extraordinary losses                                     | 76,878                                                   | 547                                                          |
| Net income (loss) before income taxes                          | (47,395)                                                 | 30,918                                                       |
| Income taxes - current                                         | 8,390                                                    | 7,935                                                        |
| Income taxes - deferred                                        | (3,086)                                                  | (290)                                                        |
| Total income taxes                                             | 5,304                                                    | 7,644                                                        |
| Net income (loss)                                              | (52,699)                                                 | 23,274                                                       |
| Net income attributable to non-controlling interests           | 3,786                                                    | 3,195                                                        |
| Net income (loss) attributable to owners of the parent company | (56,485)                                                 | 20,078                                                       |

# Consolidated Statements of Comprehensive Income

(Millions of yen)

|                                                                                        | Previous fiscal year<br>(January 1 to December 31, 2024) | Fiscal year under review<br>(January 1 to December 31,<br>2025) |
|----------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------------------------------------|
| Net income (loss)                                                                      | (52,699)                                                 | 23,274                                                          |
| Other comprehensive income                                                             |                                                          |                                                                 |
| Valuation difference on other securities                                               | 2,596                                                    | 2,596                                                           |
| Deferred gains or losses on hedges                                                     | (200)                                                    | (200)                                                           |
| Foreign currency translation adjustments                                               | 28,452                                                   | 28,452                                                          |
| Remeasurements of defined benefit plans                                                | 191                                                      | 191                                                             |
| Share of other comprehensive income of associates<br>accounted for using equity method | 136                                                      | 136                                                             |
| Total other comprehensive income                                                       | 31,176                                                   | 31,176                                                          |
| Comprehensive income                                                                   | (21,522)                                                 | 54,450                                                          |
| (Breakdown)                                                                            |                                                          |                                                                 |
| Comprehensive income attributable to owners of the parent<br>company                   | (24,667)                                                 | (24,918)                                                        |
| Comprehensive income attributable to non-controlling<br>interests                      | 3,145                                                    | 3,145                                                           |

## (3) Consolidated Statements of Changes in Equity

Previous fiscal year (January 1 to December 31, 2024)

(Millions of yen)

|                                                                                                | Shareholders' equity |                 |                   |                |                            |
|------------------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
|                                                                                                | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at beginning of period                                                                 | 20,436               | 13,825          | 210,183           | (7,225)        | 237,220                    |
| Change during period                                                                           |                      |                 |                   |                |                            |
| Dividends of surplus                                                                           |                      |                 | (7,036)           |                | (7,036)                    |
| Net income (loss) attributable to owners of the parent company                                 |                      |                 | (56,485)          |                | (56,485)                   |
| Purchase of treasury stock                                                                     |                      |                 |                   | (1)            | (1)                        |
| Disposal of treasury stock                                                                     |                      | 106             |                   | 159            | 265                        |
| Changes in the parent company's interest due to transactions with non-controlling shareholders |                      | (3,242)         |                   |                | (3,242)                    |
| Net changes of items other than shareholders' equity                                           |                      |                 |                   |                |                            |
| Total change in items during period                                                            | -                    | (3,135)         | (63,522)          | 157            | (66,500)                   |
| Balance at end of period                                                                       | 20,436               | 10,690          | 146,661           | (7,068)        | 170,719                    |

|                                                                                                | Accumulated other comprehensive income   |                                    |                                          |                                         |                                              | Non-controlling interests | Total net assets |
|------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------|------------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                                                                | Valuation difference on other securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of period                                                                 | 15,106                                   | 268                                | 69,302                                   | 2,593                                   | 87,271                                       | 35,612                    | 360,103          |
| Change during period                                                                           |                                          |                                    |                                          |                                         |                                              |                           |                  |
| Dividends of surplus                                                                           |                                          |                                    |                                          |                                         |                                              |                           | (7,036)          |
| Net income (loss) attributable to owners of the parent company                                 |                                          |                                    |                                          |                                         |                                              |                           | (56,485)         |
| Purchase of treasury stock                                                                     |                                          |                                    |                                          |                                         |                                              |                           | (1)              |
| Disposal of treasury stock                                                                     |                                          |                                    |                                          |                                         |                                              |                           | 265              |
| Changes in the parent company's interest due to transactions with non-controlling shareholders |                                          |                                    |                                          |                                         |                                              |                           | (3,242)          |
| Net changes of items other than shareholders' equity                                           | 2,592                                    | (200)                              | 29,234                                   | 191                                     | 31,818                                       | (11)                      | 31,806           |
| Total change in items during period                                                            | 2,592                                    | (200)                              | 29,234                                   | 191                                     | 31,818                                       | (11)                      | (34,694)         |
| Balance at end of period                                                                       | 17,698                                   | 68                                 | 98,536                                   | 2,785                                   | 119,089                                      | 35,600                    | 325,408          |

Fiscal year under review (January 1 to December 31, 2025)

(Millions of yen)

|                                                                                                | Shareholders' equity |                 |                   |                |                            |
|------------------------------------------------------------------------------------------------|----------------------|-----------------|-------------------|----------------|----------------------------|
|                                                                                                | Capital stock        | Capital surplus | Retained earnings | Treasury stock | Total shareholders' equity |
| Balance at beginning of period                                                                 | 20,436               | 10,690          | 146,661           | (7,068)        | 170,719                    |
| Change during period                                                                           |                      |                 |                   |                |                            |
| Dividends of surplus                                                                           |                      |                 | (6,404)           |                | (6,404)                    |
| Net income (loss) attributable to owners of the parent company                                 |                      |                 | 20,078            |                | 20,078                     |
| Purchase of treasury stock                                                                     |                      |                 |                   | (0)            | (0)                        |
| Disposal of treasury stock                                                                     |                      | 13              |                   | 21             | 34                         |
| Changes in the parent company's interest due to transactions with non-controlling shareholders |                      | (1,315)         |                   |                | (1,315)                    |
| Net changes of items other than shareholders' equity                                           |                      |                 |                   |                |                            |
| Total change in items during period                                                            | -                    | (1,302)         | 13,673            | 20             | 12,391                     |
| Balance at end of period                                                                       | 20,436               | 9,388           | 160,334           | (7,047)        | 183,111                    |

|                                                                                                | Accumulated other comprehensive income   |                                    |                                          |                                         |                                              | Non-controlling interests | Total net assets |
|------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------|------------------------------------------|-----------------------------------------|----------------------------------------------|---------------------------|------------------|
|                                                                                                | Valuation difference on other securities | Deferred gains or losses on hedges | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income |                           |                  |
| Balance at beginning of period                                                                 | 17,698                                   | 68                                 | 97,867                                   | 2,785                                   | 118,420                                      | 35,600                    | 324,740          |
| Change during period                                                                           |                                          |                                    |                                          |                                         |                                              |                           |                  |
| Dividends of surplus                                                                           |                                          |                                    |                                          |                                         |                                              |                           | (6,404)          |
| Net income (loss) attributable to owners of the parent company                                 |                                          |                                    |                                          |                                         |                                              |                           | 20,078           |
| Purchase of treasury stock                                                                     |                                          |                                    |                                          |                                         |                                              |                           | (0)              |
| Disposal of treasury stock                                                                     |                                          |                                    |                                          |                                         |                                              |                           | 34               |
| Changes in the parent company's interest due to transactions with non-controlling shareholders |                                          |                                    |                                          |                                         |                                              |                           | (1,315)          |
| Net changes of items other than shareholders' equity                                           | 4,235                                    | 47                                 | 11,263                                   | 1,280                                   | 16,826                                       | (1,111)                   | 15,714           |
| Total change in items during period                                                            | 4,235                                    | 47                                 | 11,263                                   | 1,280                                   | 16,826                                       | (1,111)                   | 28,106           |
| Balance at end of period                                                                       | 21,933                                   | 115                                | 109,130                                  | 4,066                                   | 135,246                                      | 34,488                    | 352,846          |

## (4) Consolidated Statements of Cash Flows

(Millions of yen)

|                                                                                                             | Previous fiscal year<br>(January 1 to December 31,<br>2024) | Fiscal year under review<br>(January 1 to December 31,<br>2025) |
|-------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------|
| Cash flows from operating activities                                                                        |                                                             |                                                                 |
| Net income (loss) before income taxes                                                                       | (47,395)                                                    | 30,918                                                          |
| Depreciation                                                                                                | 33,028                                                      | 27,700                                                          |
| Impairment losses                                                                                           | 68,134                                                      | 348                                                             |
| Business restructuring expenses                                                                             | 8,016                                                       | -                                                               |
| Loss (gain) on sale of investment securities                                                                | (43)                                                        | (4,199)                                                         |
| Loss (gain) on retirement / sales of tangible fixed assets                                                  | 665                                                         | 91                                                              |
| Amortization of goodwill                                                                                    | 8,705                                                       | 4,892                                                           |
| Increase (decrease) in allowance for doubtful accounts                                                      | 491                                                         | 108                                                             |
| Increase (decrease) in provision for bonuses                                                                | (1,366)                                                     | 708                                                             |
| Reversal of provision for business restructuring                                                            | -                                                           | (938)                                                           |
| Increase (decrease) in retirement benefit liability                                                         | (545)                                                       | 2,036                                                           |
| Decrease (increase) in retirement benefit asset                                                             | 28                                                          | (2,443)                                                         |
| Interest and dividend income                                                                                | (2,559)                                                     | (3,118)                                                         |
| Interest expenses                                                                                           | 1,965                                                       | 2,391                                                           |
| Bond issuance expenses                                                                                      | 255                                                         | 46                                                              |
| Foreign exchange losses (gains)                                                                             | (366)                                                       | (444)                                                           |
| Share of (profit) loss of entities accounted for using equity method                                        | (1,165)                                                     | -                                                               |
| Loss (gain) on step acquisitions                                                                            | (6,799)                                                     | -                                                               |
| Decrease (increase) in trade accounts receivable                                                            | (337)                                                       | 2,744                                                           |
| Decrease (increase) in inventories                                                                          | 14,210                                                      | 6,321                                                           |
| Increase (decrease) in notes and accounts payable - trade                                                   | (4,310)                                                     | (3,725)                                                         |
| Increase (decrease) in accounts payable - other                                                             | 202                                                         | (2,335)                                                         |
| Other                                                                                                       | 426                                                         | (114)                                                           |
| Subtotal                                                                                                    | 71,242                                                      | 60,988                                                          |
| Interest and dividends received                                                                             | 2,560                                                       | 2,949                                                           |
| Interest paid                                                                                               | (1,984)                                                     | (2,344)                                                         |
| Income taxes paid                                                                                           | (7,880)                                                     | (9,251)                                                         |
| Payment of special retirement expenses                                                                      | -                                                           | (238)                                                           |
| Payment of business restructuring expenses                                                                  | -                                                           | (2,354)                                                         |
| Other                                                                                                       | 534                                                         | 854                                                             |
| Cash flows from operating activities                                                                        | 64,471                                                      | 50,602                                                          |
| Cash flows from investing activities                                                                        |                                                             |                                                                 |
| Payments into time deposits                                                                                 | (27,987)                                                    | (24,874)                                                        |
| Proceeds from withdrawal of time deposits                                                                   | 21,147                                                      | 26,455                                                          |
| Purchase of tangible fixed assets                                                                           | (53,556)                                                    | (41,100)                                                        |
| Proceeds from sales of tangible fixed assets                                                                | 6,561                                                       | 102                                                             |
| Purchase of intangible assets                                                                               | (1,554)                                                     | (1,807)                                                         |
| Purchase of investment securities                                                                           | (22)                                                        | (559)                                                           |
| Proceeds from sales of investment securities                                                                | 61                                                          | 4,329                                                           |
| Purchase of shares of subsidiaries resulting in a change in the scope of consolidation                      | (15,418)                                                    | (8,529)                                                         |
| Proceeds from sales of investments in capital of subsidiaries resulting in change in scope of consolidation | -                                                           | (4,270)                                                         |
| Other                                                                                                       | (9)                                                         | (797)                                                           |
| Cash flows from investing activities                                                                        | (70,777)                                                    | (51,052)                                                        |

(Millions of yen)

|                                                                                                | Previous fiscal year<br>(January 1 to December 31,<br>2024) | Fiscal year under review<br>(January 1 to December 31,<br>2025) |
|------------------------------------------------------------------------------------------------|-------------------------------------------------------------|-----------------------------------------------------------------|
| Cash flows from financing activities                                                           |                                                             |                                                                 |
| Net increase (decrease) in short-term loans payable                                            | (789)                                                       | 1,456                                                           |
| Net increase (decrease) in commercial papers                                                   | (500)                                                       | (12,500)                                                        |
| Proceeds from long-term loans payable                                                          | 19,000                                                      | 16,000                                                          |
| Repayments of long-term loans payable                                                          | (3,151)                                                     | (8,291)                                                         |
| Proceeds from issuance of bonds                                                                | 34,744                                                      | 9,953                                                           |
| Redemption of bonds payable                                                                    | (25,000)                                                    | -                                                               |
| Dividends paid                                                                                 | (7,036)                                                     | (6,404)                                                         |
| Dividends paid to non-controlling interests                                                    | (824)                                                       | (852)                                                           |
| Payments for acquisition of shares of subsidiaries without<br>change in scope of consolidation | (5,886)                                                     | -                                                               |
| Other                                                                                          | (1,145)                                                     | (1,779)                                                         |
| Cash flows from financing activities                                                           | 9,410                                                       | (2,419)                                                         |
| Effect of exchange rate change on cash and cash equivalents                                    | 5,572                                                       | 2,060                                                           |
| Net increase (decrease) in cash and cash equivalents                                           | 8,676                                                       | (808)                                                           |
| Cash and cash equivalents at beginning of the period                                           | 56,459                                                      | 65,135                                                          |
| Cash and cash equivalents at end of the period                                                 | 65,135                                                      | 64,327                                                          |

(5) Notes to Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not Applicable

(Segment Information)

1. Overview of Reportable Segments

The Company's reportable segments are those components of the Company for which discrete financial information is available and that are subject to regular reviews by the Board of Directors to determine the allocation of management resources and to evaluate business performance.

The Company establishes product-specific divisions at the head office, and each division carries out business activities by formulating comprehensive domestic and overseas strategies for the products that it handles.

Accordingly, the Company is composed of product-specific segments based on divisions, and its five reportable segments are the Graphite Electrodes business, Carbon Black business, Fine Carbon business, Smelting and Lining business, and Industrial Furnaces and Related Products business.

The major products of each reportable segment are as follows:

| Reportable Segment                       | Major Products                                                                         |
|------------------------------------------|----------------------------------------------------------------------------------------|
| Carbon Black                             | Carbon black (for rubber products, black pigments, and conductive materials)           |
| Fine Carbon                              | Specialty graphite products, solid SiC, SiC coated graphite                            |
| Smelting and Lining                      | Cathodes for smelting aluminum, furnace linings, carbon electrodes, and other products |
| Graphite Electrodes                      | Artificial graphite electrodes for electric arc furnaces                               |
| Industrial Furnaces and Related Products | Industrial electric furnaces, silicon carbide heating elements                         |

2. Methods for calculating the amounts of net sales, operating income or loss, assets and other accounts items for each reportable segment

The accounting methods adopted for reportable business segments are in accordance with the accounting principles adopted for the preparation of consolidated financial statements.

Income for reportable segments consists of figures based on operating income.

The figure for inter-segment sales/transfer is based on the prevailing market value.

In the current fiscal year, the provisional accounting treatment for business combinations was finalized, and the figures for the previous fiscal year reflect the details of the finalization of the provisional accounting treatment.

3. Information on the amounts of net sales, operating income or loss, assets, and other account items for each reportable segment

Previous fiscal year (January 1 to December 31, 2024)

(Millions of yen)

|                                                  | Reportable Segment |             |                     |                     |                                          |          | Other Operations<br>(Note 1) | Total   | Adjustments<br>(Note 2) | Amount recorded in the consolidated financial statements<br>(Note 3) |
|--------------------------------------------------|--------------------|-------------|---------------------|---------------------|------------------------------------------|----------|------------------------------|---------|-------------------------|----------------------------------------------------------------------|
|                                                  | Carbon Black       | Fine Carbon | Smelting and Lining | Graphite Electrodes | Industrial Furnaces and Related Products | Subtotal |                              |         |                         |                                                                      |
| Net sales                                        |                    |             |                     |                     |                                          |          |                              |         |                         |                                                                      |
| External sales                                   | 156,793            | 53,890      | 64,512              | 48,818              | 16,291                                   | 340,306  | 9,807                        | 350,114 | -                       | 350,114                                                              |
| Intersegment sales/transfers                     | 28                 | 194         | 280                 | 248                 | 671                                      | 1,423    | -                            | 1,423   | (1,423)                 | -                                                                    |
| Subtotal                                         | 156,821            | 54,085      | 64,792              | 49,067              | 16,963                                   | 341,730  | 9,807                        | 351,538 | (1,423)                 | 350,114                                                              |
| Segment income (loss)                            | 21,706             | 12,437      | (13,701)            | (3,529)             | 3,304                                    | 20,218   | 403                          | 20,622  | (1,235)                 | 19,386                                                               |
| Segment assets                                   | 248,386            | 162,891     | 92,241              | 84,305              | 27,143                                   | 614,968  | 10,343                       | 625,311 | 18,205                  | 643,517                                                              |
| Other items                                      |                    |             |                     |                     |                                          |          |                              |         |                         |                                                                      |
| Depreciation                                     | 9,530              | 5,967       | 10,694              | 5,415               | 357                                      | 31,965   | 479                          | 32,445  | 583                     | 33,028                                                               |
| Impairment losses                                | -                  | -           | 61,239              | 6,895               | -                                        | 68,134   | -                            | 68,134  | -                       | 68,134                                                               |
| Increase in tangible and intangible fixed assets | 32,933             | 9,296       | 4,098               | 6,503               | 1,621                                    | 54,453   | 829                          | 55,283  | 1,431                   | 56,715                                                               |

- 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 adjustment amounts are as follows.
- (1) The 1,235-million-yen negative adjustment in segment income (loss) includes company-wide expenses of 1,215 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 reportable segments.
- (2) The adjustment of segment assets, which is 18,205 million yen, includes 33,838 million yen of corporate-wide assets that are not allocated to each reportable segment. The main components of the corporate-wide assets are surplus funds (e.g., cash and deposits) and investment securities, etc.
- (3) The adjustment of the increase in tangible fixed assets and intangible assets, which is 1,431 million yen, is the amount of capital expenditure of the corporate-wide assets that is not allocated to each reportable segment.
3. Segment income (loss) is reconciled to the operating income reported in the consolidated financial statements.

Fiscal year under review (January 1 to December 31, 2025)

(Millions of yen)

|                                                  | Reportable Segment |             |                     |                     |                                          |          | Other Operations<br>(Note 1) | Total   | Adjustments<br>(Note 2) | Amount recorded in the consolidated financial statements<br>(Note 3) |
|--------------------------------------------------|--------------------|-------------|---------------------|---------------------|------------------------------------------|----------|------------------------------|---------|-------------------------|----------------------------------------------------------------------|
|                                                  | Carbon Black       | Fine Carbon | Smelting and Lining | Graphite Electrodes | Industrial Furnaces and Related Products | Subtotal |                              |         |                         |                                                                      |
| Net sales                                        |                    |             |                     |                     |                                          |          |                              |         |                         |                                                                      |
| External sales                                   | 147,093            | 55,969      | 61,751              | 37,573              | 10,728                                   | 313,117  | 9,843                        | 322,960 | -                       | 322,960                                                              |
| Intersegment sales/transfers                     | 21                 | 157         | 259                 | 217                 | 1,030                                    | 1,687    | -                            | 1,687   | (1,687)                 | -                                                                    |
| Subtotal                                         | 147,115            | 56,127      | 62,010              | 37,790              | 11,759                                   | 314,804  | 9,843                        | 324,648 | (1,687)                 | 322,960                                                              |
| Segment income                                   | 13,135             | 7,704       | 1,503               | 2,389               | 2,268                                    | 27,001   | 617                          | 27,619  | (1,769)                 | 25,850                                                               |
| Segment assets                                   | 265,790            | 157,772     | 103,501             | 65,558              | 25,642                                   | 618,264  | 9,182                        | 627,447 | 36,323                  | 663,771                                                              |
| Other items                                      |                    |             |                     |                     |                                          |          |                              |         |                         |                                                                      |
| Depreciation                                     | 10,214             | 7,240       | 4,079               | 4,345               | 455                                      | 26,335   | 484                          | 26,820  | 802                     | 27,623                                                               |
| Impairment losses                                | -                  | -           | -                   | -                   | -                                        | -        | -                            | 348     | -                       | 348                                                                  |
| Increase in tangible and intangible fixed assets | 19,903             | 6,239       | 3,672               | 2,861               | 782                                      | 33,459   | 509                          | 33,969  | 2,884                   | 36,854                                                               |

- 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 adjustment amounts are as follows.
    - (1) The 1,769-million-yen negative adjustment in segment income includes company-wide expenses of 807 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 reportable segments.
    - (2) The adjustment of segment assets, which is 36,323 million yen, includes 48,048 million yen of corporate-wide assets that are not allocated to each reportable segment. The main components of the corporate-wide assets are surplus funds (e.g., cash and deposits) and investment securities, etc.
    - (3) The adjustment of the increase in tangible fixed assets and intangible assets, which is 2,884 million yen, is the amount of capital expenditure of the corporate-wide assets that is not allocated to each reportable segment.
  3. Impairment losses of 348 million yen in Other Operations is an impairment loss in the Friction Materials manufacturing facility.
  4. Segment income is reconciled to the operating income reported in the consolidated financial statements.

(Related Information)

Previous fiscal year (January 1 to December 31, 2024)

Information on each region

Net sales

(Millions of yen)

| USA     | Japan  | Asia   | Europe | Other regions | Total   |
|---------|--------|--------|--------|---------------|---------|
| 118,325 | 73,613 | 84,909 | 33,251 | 40,014        | 350,114 |

Note: Net sales are based on the locations of the customers and are classified into countries or regions.

Fiscal year under review (January 1 to December 31, 2025)

Information on each region

Net sales

(Millions of yen)

| USA     | Japan  | Asia   | Europe | Other regions | Total   |
|---------|--------|--------|--------|---------------|---------|
| 116,861 | 70,412 | 76,557 | 27,652 | 31,475        | 322,960 |

Note: Net sales are based on the locations of the customers and are classified into countries or regions.

(Per Share Information)

|                      | Previous fiscal year<br>(January 1 to December 31, 2024) | Fiscal year under review<br>(January 1 to December 31, 2025) |
|----------------------|----------------------------------------------------------|--------------------------------------------------------------|
| Net assets per share | 1,354.46 yen                                             | 1,491.09 yen                                                 |
| Net income per share | (264.77) yen                                             | 94.05 yen                                                    |

- Notes:
1. Net income per share - fully diluted is not listed, as there were no potential common shares at the end of the fiscal year.
  2. The basis of calculation of net income per share is as follows.
  3. In the current fiscal year, the provisional accounting treatment for business combinations was finalized, and the figures for the previous fiscal year reflect the details of the finalization of the provisional accounting treatment.

|                                                                                                             | Previous fiscal year<br>(January 1 to December 31, 2024) | Fiscal year under review<br>(January 1 to December 31, 2025) |
|-------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|--------------------------------------------------------------|
| Net income (loss) attributable to owners of the parent company (millions of yen)                            | (56,485)                                                 | 20,078                                                       |
| Amount not attributable to common shareholders (millions of yen)                                            | -                                                        | -                                                            |
| Net income (loss) available to common shares attributable to owners of the parent company (millions of yen) | (56,485)                                                 | 20,078                                                       |
| Average number of common shares during the period (thousands of shares)                                     | 213,341                                                  | 213,496                                                      |

(Material Subsequent Events)

Not Applicable