

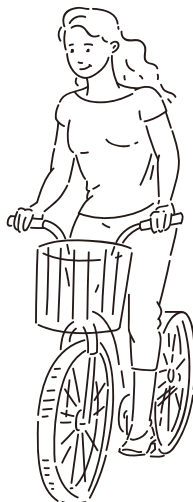
Materials that spread joy

To everything that makes us smile

To industries that enrich our lives

To a future that is kind to us and to our planet

You may not know it, but we've already met



INTRODUCTION

- 2 Tokai Carbon is Helping out behind the Scenes
- 4 Tokai Carbon's Seven Businesses
- 6 At a Glance

Tokai Carbon Value Creation

- 8 Message from the President
- 14 History of Tokai Carbon Value Creation
- 16 Tokai Carbon's Value Creation Model
- 18 2020 Performance Data

Strategy for Value Creation

- 20 2020 Highlights | Solid SiC Products to Support the Evolution of Semiconductors
- 22 Business Overview | Graphite Electrodes
- 24 | Carbon Black
- 26 | Fine Carbon
- 28 | Smelting and Lining
- 30 | Industrial Furnaces and Related Products
- 31 | Other Businesses (Friction Materials, Anode Materials)

Foundation that Supports Corporate Value

- 32 ESG Management
- 34 Environmental Management
- 36 Respect for Human Rights
- 37 Human Resources Development
- 38 Occupational Safety and Health
- 39 Reliable Product Supply / CSR Procurement
- 40 Corporate Governance

Financial Section & Corporate Data

- 46 Financial Strategy
- 48 Long-Term Earnings Summary (2010–2020)
- 50 Financial Statements
- 57 Company Overview
- 58 Group Companies
- 60 Stock Information



The Tokai Carbon Group pursues medium- to long-term business strategies to realize its long-term vision of being “A Global Carbon Company Contributing to a Better Society.” This Integrated Report presents our business results and outlook, and overviews of individual businesses, from both financial and non-financial perspectives.

Our website presents the latest information and details on our businesses and on environmental and social matters. We invite you to visit it to learn more about Tokai Carbon.

WEB <https://www.tokaicarbon.co.jp/en/>

Issue Date August 2021

Reporting Scope This report applies to Tokai Carbon Co., Ltd. and affiliated companies. The scope of applicability for reports with a limited reporting scope shall be indicated separately.

Reporting Period Excluding content with specific dates, this report reflects activities between January 1, 2020 and December 31, 2020.

Tokai Carbon is Helping out behind the Scenes



1

Steel frames of buildings and bridges

Most steel beams are recycled in electric arc furnaces using graphite electrodes.

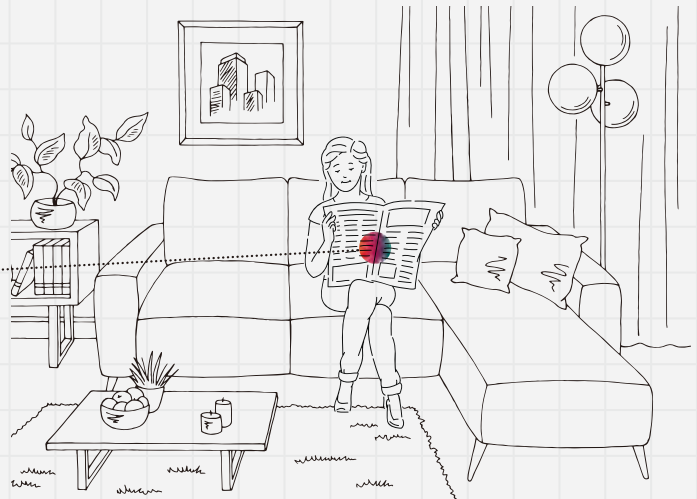
Graphite Electrodes

2

Black ink

Carbon black is used pigment ink for daily newspapers and coloring plastics.

Carbon Black

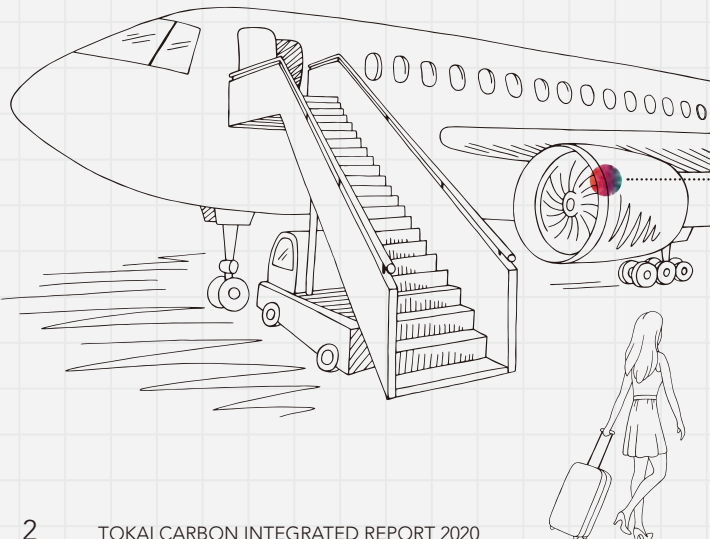


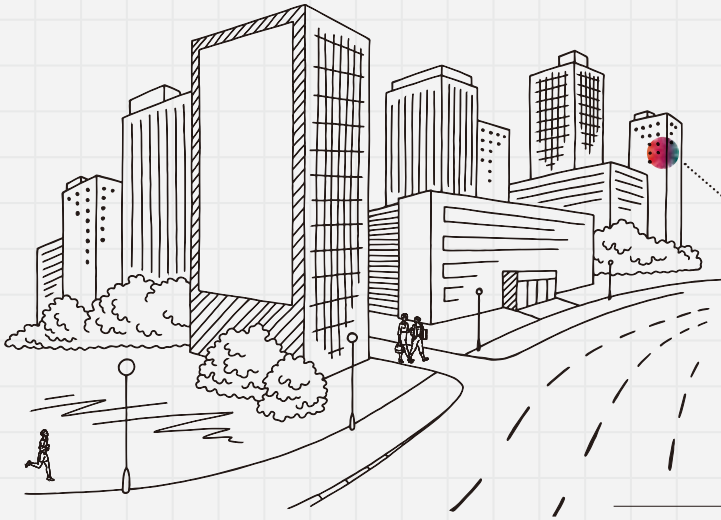
3

Aviation engine parts

Fine carbon products are used in the manufacturing process of engine parts.

Fine Carbon





4

Building glass

The surface is processed in industrial furnaces using EREMA heating elements.

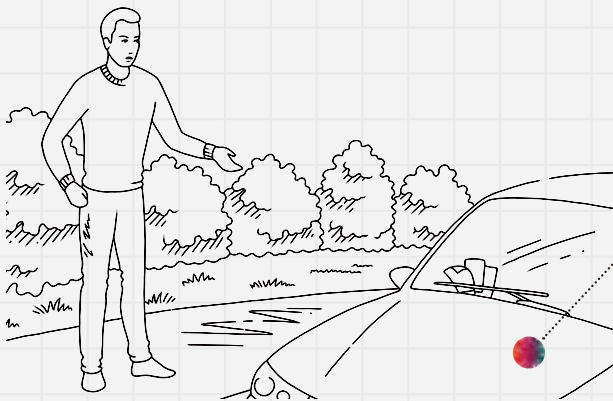
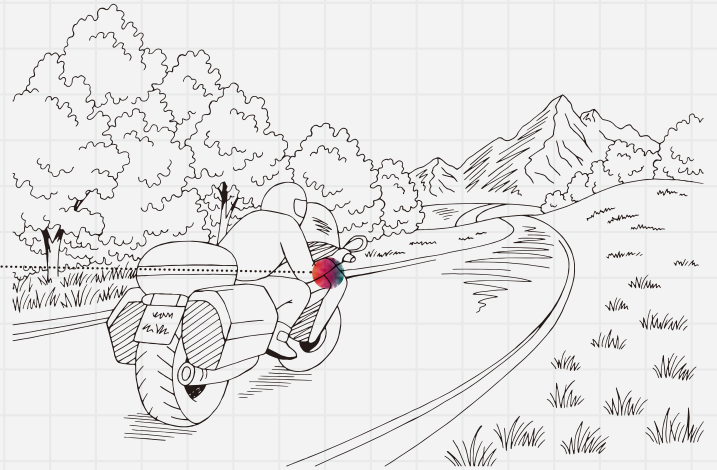
Industrial Furnaces and Related Products

5

Brakes/Clutches

Our components are widely used in motorcycles, agricultural machinery, construction equipment, and industrial robots.

Friction Materials



6

Electric vehicle battery

We are helping to boost lithium-ion battery performance to popularize electric vehicles.

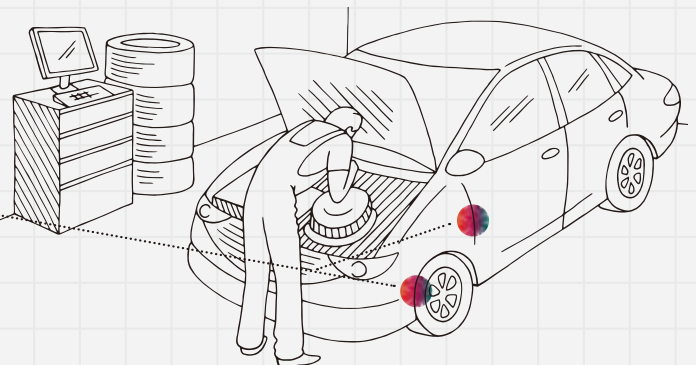
Anode Materials

7

Vehicles and wheels

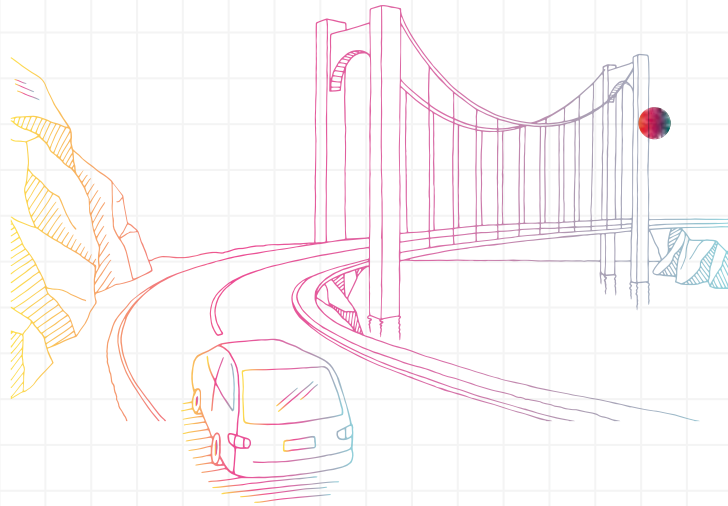
We support the growing demand of aluminum for lighter weight products by providing cathodes for its smelter.

Smelting and Lining

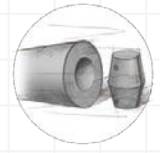


Tokai Carbon's Seven Businesses

Tokai Carbon operates a portfolio of seven businesses lead by the two core businesses of graphite electrodes and carbon black.



1 Graphite Electrodes

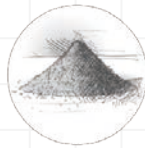


Graphite electrodes are indispensable to the process of melting scrap steel in an electric arc furnace and recycling it into steel beams and other products. The graphite electrodes work as electrical conductors in such furnaces. We supply high-quality electrodes to the electric arc furnace, which has significantly lower CO₂ emissions compared to the blast furnace steel making method. Tokai Carbon is helping to curb climate change and recycle resources behind the scenes.

Electric arc furnaces emit 1/4 the CO₂ compared to blast furnaces

► P.22

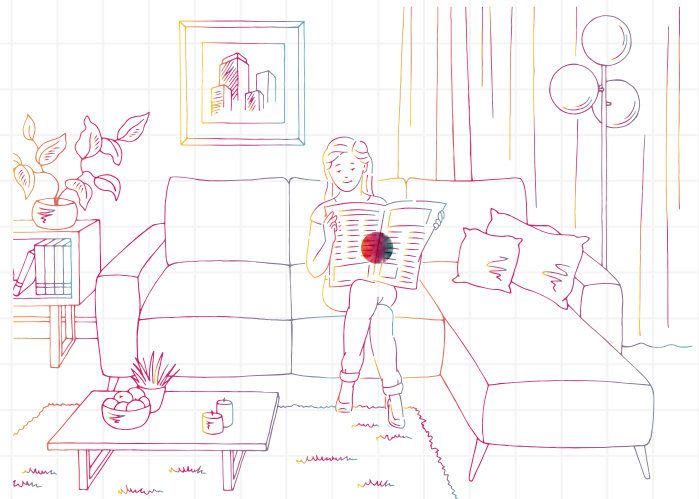
2 Carbon Black



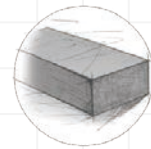
Carbon black is used as a reinforcing agent to enhance the strength and extend the life of tires. It is made from residual oil and accounts for nearly 30% of the weight of tires. It is also widely used in black pigment inks, in resins, and as a wire coating material.

When you see black items, it's carbon black.

► P.24



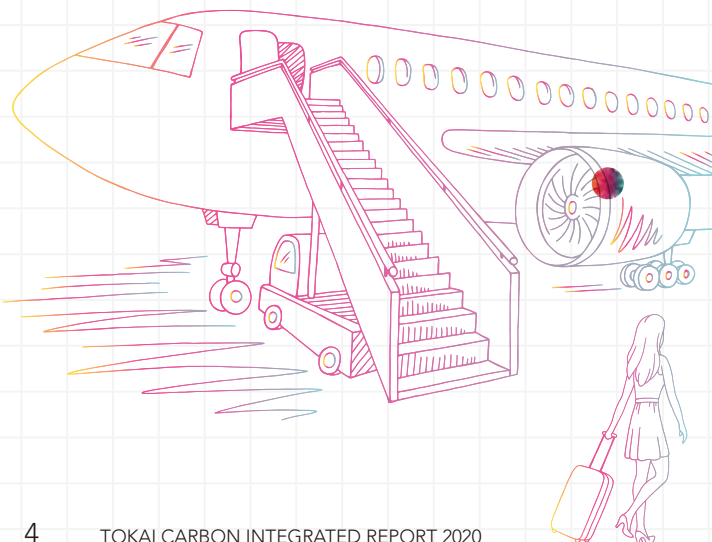
3 Fine Carbon

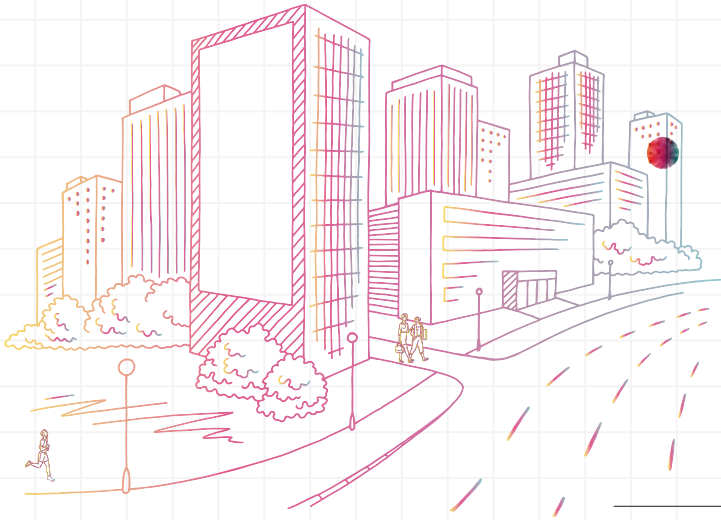


With its superior heat resistance and electrical conductivity characteristics, fine carbon is used in a wide range of industries including semiconductors, smartphones and satellites. Tokai Carbon Group's lineup features a wide range of world class products, including glassy carbon and solid SiC products, which we pioneered.

From semiconductors to solar panels for satellites

► P.26





4 Industrial Furnaces and Related Products



This business supplies custom-made furnaces for heating ceramics, glass, metals, powders, secondary battery materials, and electronic components. We also develop and manufacture the heating elements (EREMA brand) to take care of the overall technology and development needs of industrial furnaces.

Responsible for heat treatment processes in a wide range of industries

► P.30

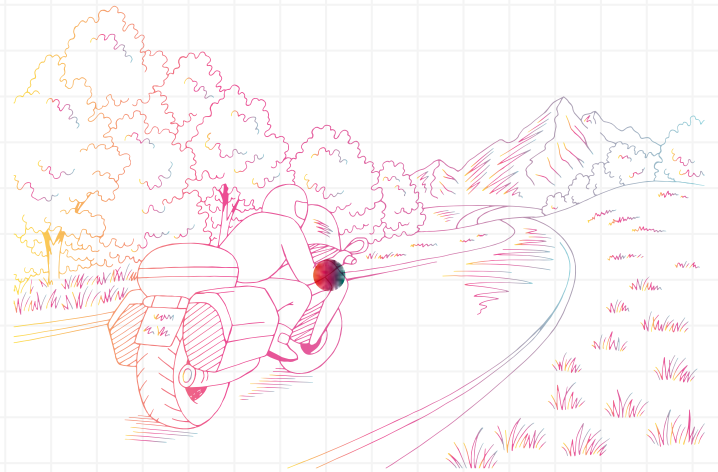
5 Friction Materials



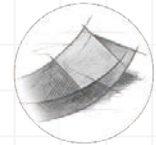
Friction materials play an important role in brake/clutch mechanisms that support power control in various applications such as motorcycles, agricultural and construction machinery, industrial robots, and wind power systems. Our highly regarded material design technology is based on our thorough knowledge of carbon (the products' raw material).

Contributing to every field from agriculture and construction to industrial robots

► P.31



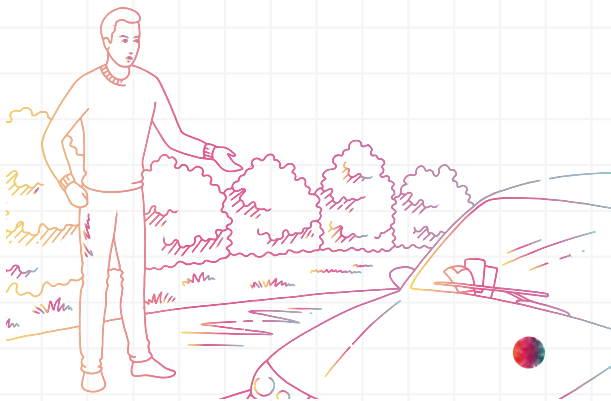
6 Anode Materials



Lithium-ion batteries for electric vehicles require the highest performance in quality and safety. The carbon anode material we produce determines the performance of the lithium-ion batteries. We contribute to batteries that are compact in size, large in capacity, and longer in service life.

Impacting the driving performance of electric vehicles

► P.31



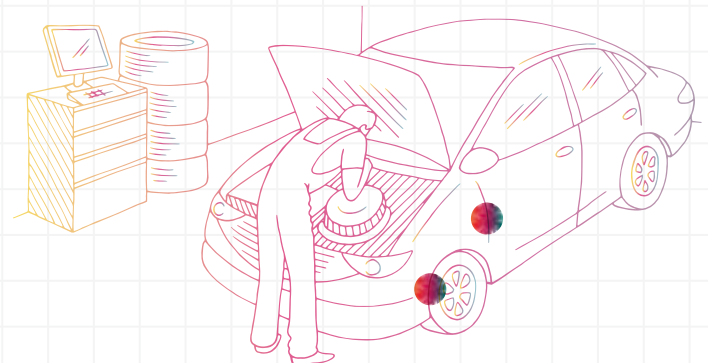
7 Smelting and Lining



We are a top-tier supplier of cathodes used in aluminum smelters, furnace linings for blast furnaces, and carbon electrodes used in smelting silicon metal and other metals. Our high-quality cathode blocks support the rising demand for aluminum for lighter weight applications.

Supporting demand for aluminum for lighter weight applications

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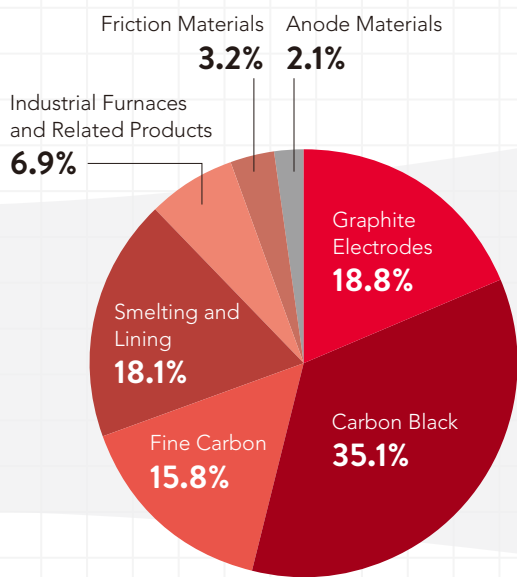


At a Glance

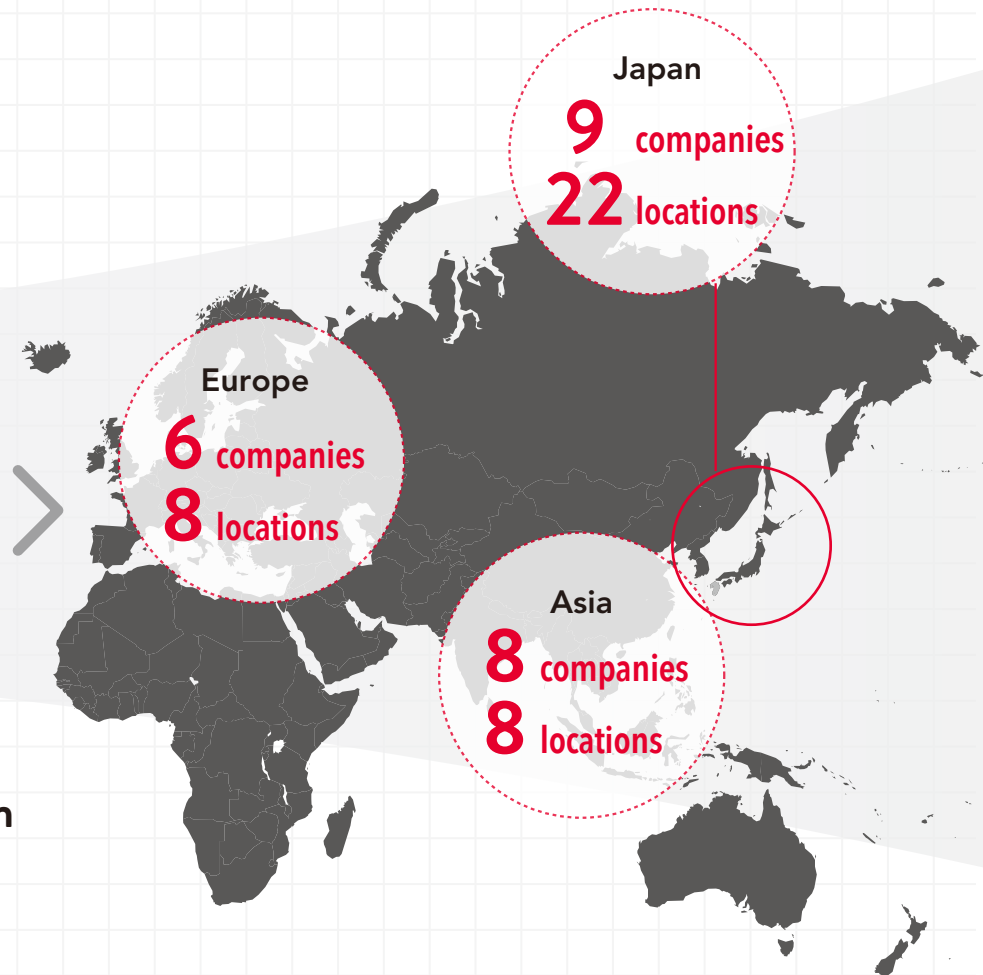
Sales by Division

Global Business Organization

(FY2020)



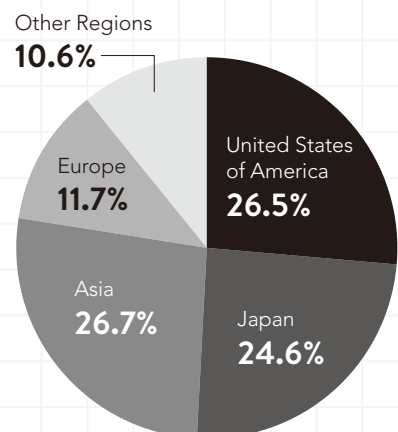
FY2020 **¥201.5 billion**



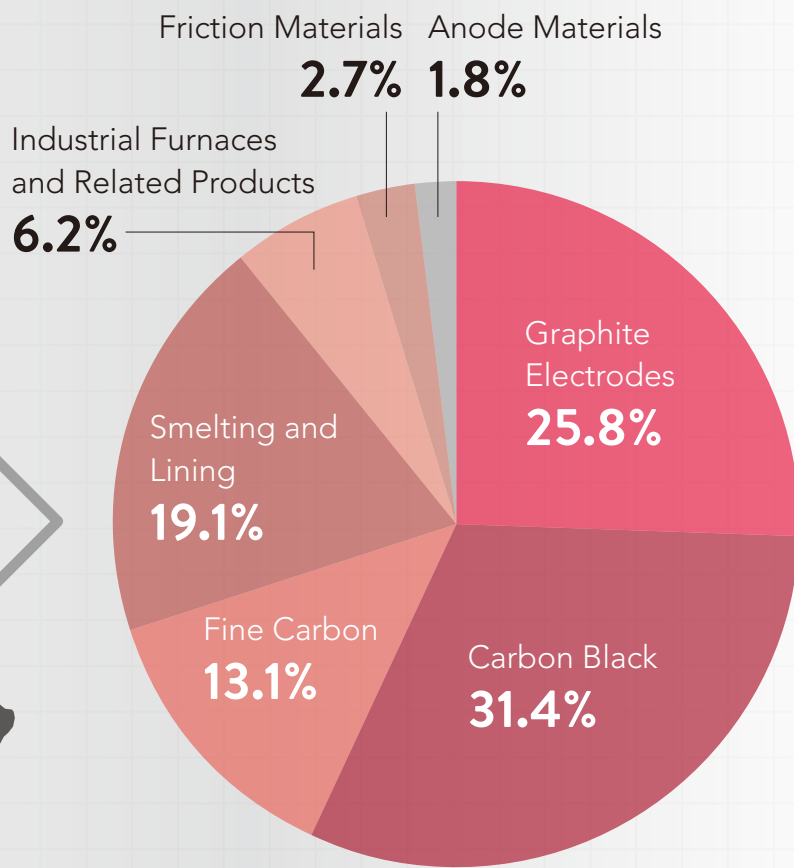
Building a balanced business portfolio

The Group has long relied on two businesses, Graphite Electrodes and Carbon Black. Seeking a more stable earnings structure, we expanded our Fine Carbon business, which supplies the fast-growing semiconductor industry. Meanwhile, the Group has also set its sights on the aluminum market, which is projected to overtake the growth of the steel market, and acquired its smelting and lining business through M&A in 2019. As a result, our revenue streams are now diversified. Our three-year medium-term management plan "T-2023" targeting 2023 aims to strengthen the revenue base of each business and further optimize our business portfolio.

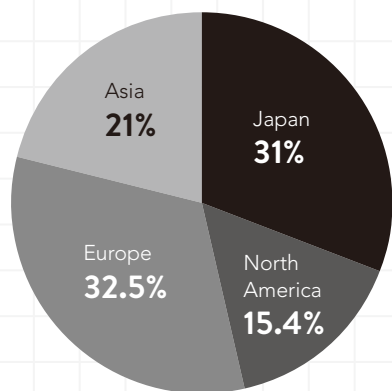
Sales by Region (FY2020)



Sales by Division (Target)



Workforce Structure by Region (FY2020)



FY2023 Target **¥320.0 billion**