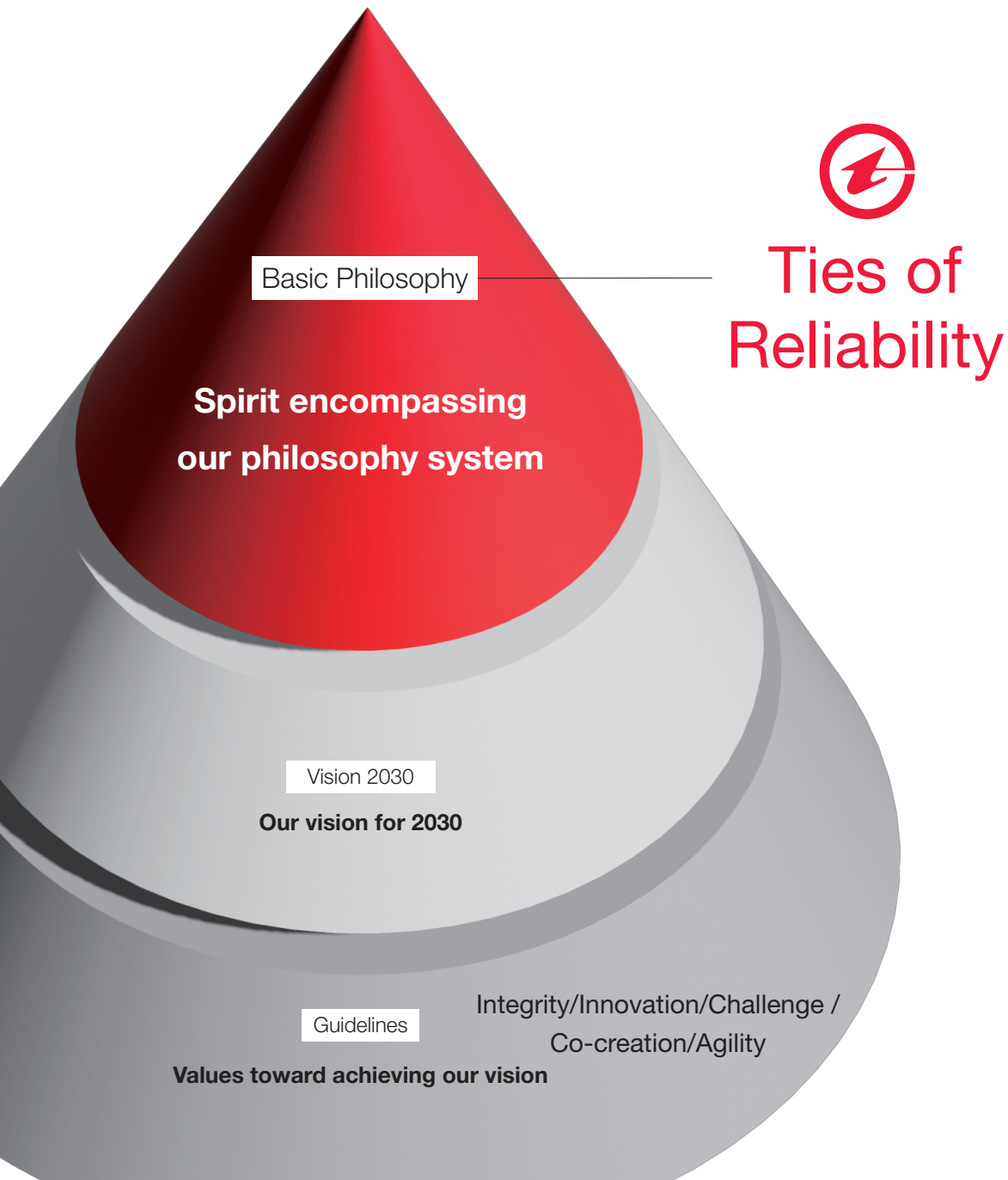


Philosophy

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Corporate Philosophy

The “Ties of Reliability” lasting for more than a century will be our driving force going forward.

Our value creation journey, spanning more than a century, has been built on the trusting relationships we have forged with all of our stakeholders. The basic philosophy underpinning our management is “Ties of Reliability,” which sets forth our values of acting with seriousness and integrity. An example of this philosophy in action is our relationships with customers—delivering high quality products, fostering long-term relationships, ensuring reliable supply, providing swift emergency response, offering expert technical services, and driving development of materials—to live up to their trust in our company.

Our materials, such as graphite electrodes indispensable for steel recycling, carbon black as a raw material for high-quality tires, and cutting-edge materials required for semiconductor manufacturing, are all essential for supporting industrial infrastructure and require a reliable, long-term supply. We have accumulated trust through co-creation with our customers, raw material suppliers, shareholders, business partners, employees, and society. With a number of global mergers and acquisitions, we have encountered partners that resonate with our philosophy of “Ties of Reliability,” and such partnerships have been instrumental in transforming us into a global company, generating roughly 80% of sales from international markets.

Our greatest pleasure is to know that our stakeholders believe “We can succeed together with Tokai Carbon”. Moving forward, we are committed to strengthening our unique, enduring competitive advantage “Ties of Reliability”. Through this process, we aspire to co-create and expand new value with our stakeholders.

History of Value Creation

As society changes, so do the values that are required. Over our century-plus history, the value we create has also evolved with the times. This evolution was achieved through the extraordinary dedication of our employees, coupled with the trust and inspiration of our customers and business partners.

Founded 1918-

Level.01

Contribution to Japan's industrialization



Founded in April 1918, our purpose was to achieving "self-sufficiency in quality electrodes" for electric arc furnace steel making, a venture initiated to utilize the then-excessively available hydroelectric power.

Ties of Reliability Episode 01

In 1934, we successfully manufactured the world's largest 18-inch diameter electrode. Repeated improvements and expansions of facilities helped meet the national mission of domestic self-sufficiency.

Level.02

Contribution to global infrastructure development



Our export ratio began to climb around 1955, driven primarily by increased demand of graphite electrodes from overseas.

In 1987, we established a local subsidiary, TOKAI CARBON AMERICA, in New York.

From around 1996, our Fine Carbon business initiated global market expansion through the establishment of processing and sales facilities in Europe, the U.S., and Asia.

Level.03

Expanding globally to realize localized production and consumption model

Five M&A deals totaling approximately 180 billion JPY since 2017 have increased our overseas sales ratio to roughly 80%.

Ties of Reliability Episode 02



Our M&As proceeded amicably, due to the resonance of our century-long history of operation and our core philosophy of "Ties of Reliability".

Level.04

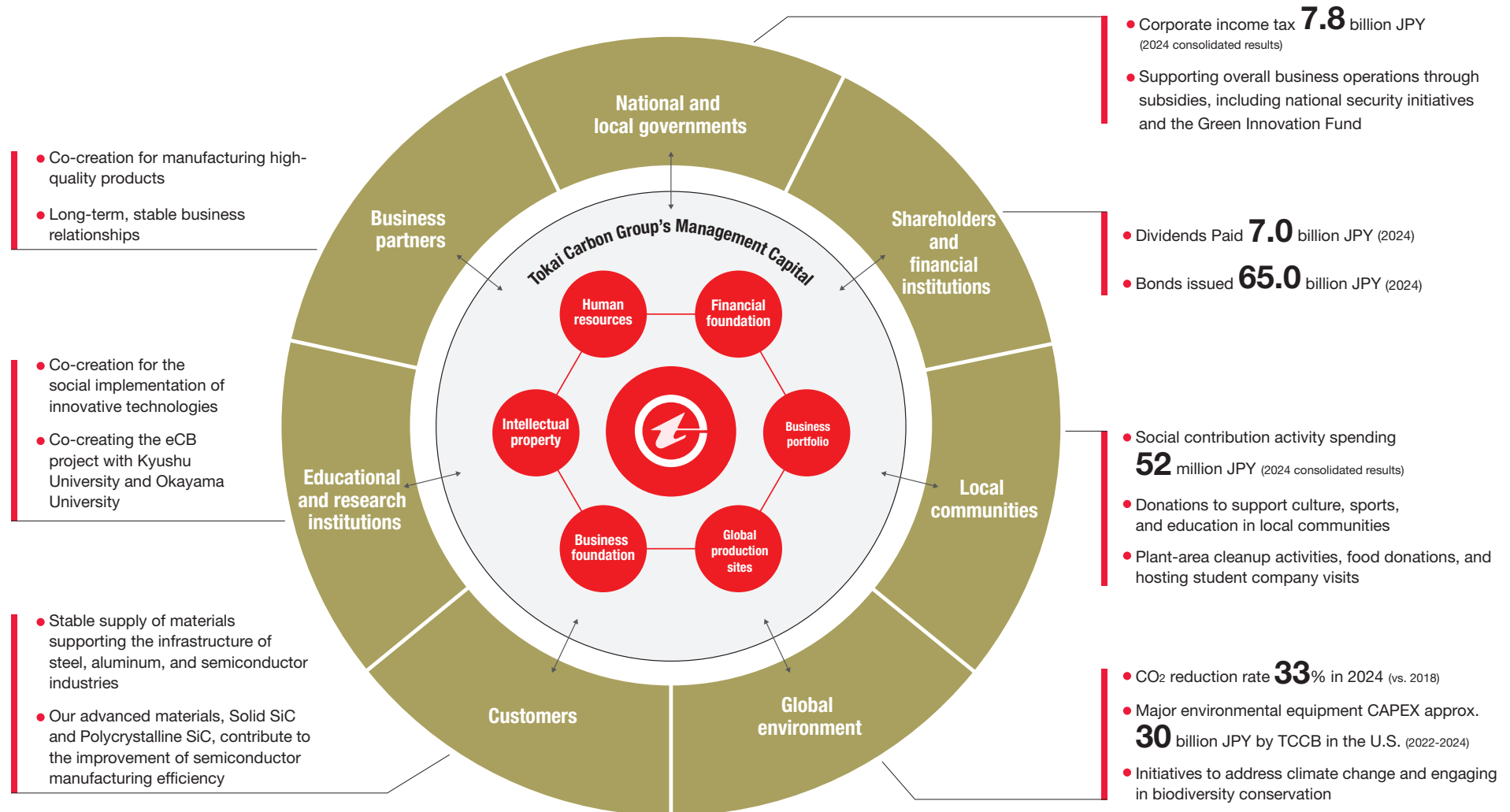
Offer solutions, services, and products for realizing a sustainable society as Core Values

Delivering value to future generations

Long-Term Vision
Vision 2030

Value Creation Process

Our value creation process is based on our basic philosophy: Ties of Reliability. Through co-creation and trusted relationships with our stakeholders, various forms of value are consistently generated from Tokai Carbon's management capital, thereby further strengthening these Ties of Reliability.



Management Capital

Our value creation stems from the management capital we've cultivated as our strength. This value circulates to people, society and the global environment, growing as it flows back into our management capital, leading to further value creation.

Human resources

Number of employees (consolidated)

4,625

Overseas employee ratio **71%**

Our people are the driving force behind our value creation. Internal briefings are held to instill our basic philosophy and long-term vision. Initiatives are implemented to boost employee loyalty and engagement.

Intellectual property

High-temperature heat treatment technology

Fine particle control technology

Advanced material development capabilities for semiconductor manufacturing equipment

Our accumulation of technologies that drive competitive advantage leads to our next wave of solution-based value provision. This includes the development of Solid SiC for semiconductor etching equipment as well as our surface treatment technology for fine-particle carbon black which has led to the development of carbon black for inkjet printers.

Business foundation

107 years since founding

Ties of Reliability with customers, suppliers and partners

Our quality and technical expertise, honed through long-term co-creation with customers and raw material manufacturers, have accumulated its value based on the culture of our basic philosophy—"Ties of Reliability."

Financial foundation

Total assets **640.7 billion JPY**

Net D/E ratio **0.34 times**

Rating & Investment Information, Inc. (R&I)

A

Japan Credit Rating Agency. Ltd. (JCR)

A+

We maintain and enhance a stable financial foundation to support our business strategies. By allocating capital within the scope of our investment capacity, guided by an optimal capital structure and hurdle rate consideration, we strive to expand business profits.

Business portfolio

Business segments **6 Business Divisions**

Optimizing capital allocation through ROIC management

Target for company-wide economic spread

7% or more

While aiming to maintain and improve ROIC spread to enhance ROIC corporate value of each business division, we simultaneously aim to allocate management resources to maximize overall economic profit

Global production sites

Manufacturing sites **40 or more**

Overseas sales ratio **79%**

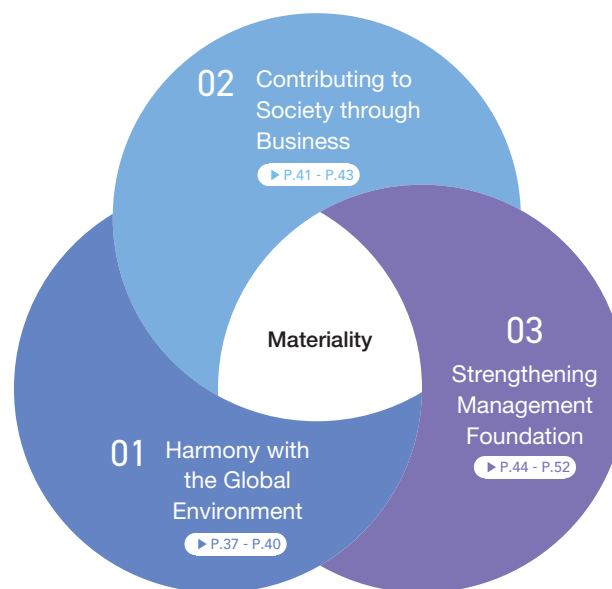
Sales ratio to U.S. **33%**

Establish global manufacturing sites in demand centers for our core businesses of Carbon Black, Fine Carbon and Graphite Electrodes (local production for local consumption model) One of the world's largest high-temperature heat treatment facility production capacity: 213,000 tons (as of 2024 end)

Materiality

Tokai Carbon's Materiality

Tokai Carbon's long-term vision is to "contribute to a sustainable society through advanced materials and solutions" through co-creation with its stakeholders. We have identified materiality (key issues) by considering the challenges to society and to the Company. We will sincerely address each materiality, contribute to the realization of a sustainable society, and appropriately disclose the status of our efforts.



Materiality identification process



01

Reduction of environmental impact

Realizing a circular economy

Impact on Tokai Carbon/Society

- Reduce climate change risks and contribute to a carbon-neutral society
- Reduce environmental impacts through R&D and products
(Graphite Electrodes: Contribute to the reduction of CO₂ emissions during steel production)
- Curbing resource depletion
- Biodiversity conservation
- Mitigate the impact of climate change risks on business
- Increase sales through the creation of new businesses
- Respond to stricter environmental regulations
- Reduce the risk of operational decline due to the depletion of raw materials and energy

02

- Technological innovation
- Providing safe and secure products
- Supply chain management
- Respect for human rights
- Contributing to communities

Impact on Tokai Carbon/Society

- Contribute to industrial development through R&D and products
(CB: Support automotive safety and performance; FC: Support the advancement of the semiconductor industry; S&L: Support the development of the aluminum industry)
- Realize a diverse society
- Create local employment
- Social contribution through innovative technologies and new products
- Preventing misconduct such as human rights violations
- Build strong relationships with suppliers

* CB: Carbon Black, FC: Fine Carbon, S&L: Smelting and Lining

03

- Strengthening corporate governance
- Thorough enforcement of compliance
- Securing diverse talent
- Promoting occupational safety and health

Impact on Tokai Carbon/Society

- Nurture human resources who contribute to the realization of a sustainable society
- Mitigate the risk of misconduct
- Ensure employee health, safety, and basic standard of living
- Improve employee engagement through a comfortable and motivating workplace environment