

Integrated Report 2022



2030 Management Vision

“Creating products with unprecedented potential”
Becoming a leading company through Earth-friendly products and technologies

Company Policies

- | | | |
|---------------------------------|---------------------------------|---------------------------------|
| 1
Become a global
company | 2
For the world, for society | 3
Become a strong
company |
|---------------------------------|---------------------------------|---------------------------------|

Medium-Term Management Plan

P. 18

On the publication of the Integrated Report 2022

Embracing the challenge of even greater accomplishments in accordance with our 2030 Management Vision

The Toyo Tanso Group has newly compiled this Integrated Report so that customers, shareholders, investors, and other stakeholders can better understand its efforts to resolve social issues and increase its corporate value through its businesses.

We've also formulated the 2030 Management Vision as a new statement of the significance and meaning of the Group to society and of the value it provides, based on a painstaking review undertaken jointly by management and employees to pinpoint what the company can accomplish on behalf of society as we welcome an era of significant change. The document describes the Group's vision for itself while setting forth the general directions characterizing the challenges it will embrace as well as the nature of the value it provides to society. By clarifying the goals to which we ought to aspire, it will strengthen the Group's resolve as we embrace even greater challenges going forward.

Editorial policy

The Integrated Report 2022 provides a concise summary of the most important aspects of the Group's value-creating operations. More detailed information can be found on Toyo Tanso's sustainability website and on its IR website. In compiling the report, we have drawn on the recommendations of the International Integrated Reporting Council's International Integrated Reporting Framework and on "Guidance for Collaborative Value Creation," a publication of the Ministry of Economy, Trade and Industry.



Scope of coverage

The report covers Toyo Tanso Co., Ltd. and its domestic and overseas consolidated subsidiaries.

*Some non-consolidated information pertaining to Toyo Tanso Co., Ltd. alone is provided in notes.

Dates of coverage

FY2021 (January 1 to December 31, 2021)

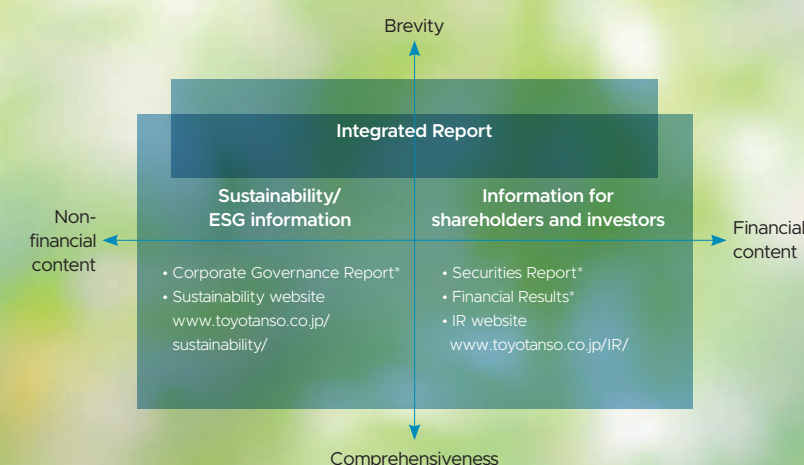
*The report also includes some information about activities undertaken during or after January 1, 2022.

Precautionary note concerning forward-looking statements

Forward-looking information contained in this report, for example forecasts of future performance, represent judgments made on the basis of information that was available at the time of their disclosure. Such information by its nature includes numerous sources of uncertainty, and actual performance may vary due to factors including changes in business conditions.

Information disclosure structures

*Documents disclosed in accordance with legal requirements
Documents disclosed in a timely manner



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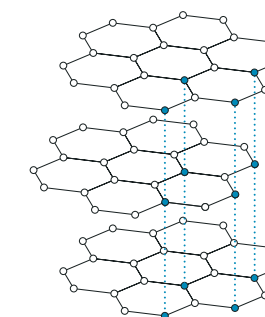
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Message from the CEO

We're working to realize sustainability growth by pursuing the potential of carbon and contributing to the resolution of social issues.

Naotaka Kondo

Representative Director
Chairman & President, CEO

Management Vision

“Creating products with unprecedented potential” Becoming a leading company through Earth-friendly products and technologies

Our goals in formulating the Management Vision and Toyo Tanso's strengths

The Management Vision outlines our vision for the Toyo Tanso Group going forward as well as the general direction of the challenges it will embrace. Our unique strengths will power the effort to realize the Vision.

As the only manufacturer dedicated exclusively to high-function carbon products, we supply our offerings to a broad range of industries, including the semiconductor, automotive and energy sectors. We realize unprecedented products by looking five or 10 years into the future to identify needs through dialog with customers and end-users and then leveraging processing technologies like machining, purification, and coating to add value as well as product design technologies and other techniques, starting at the material development stage. That's where our Management Vision of “Creating products with unprecedented potential” comes in.

Our products are helping reduce greenhouse gas emissions through use as manufacturing materials and components in a variety of fields, including renewable energy; power

semiconductors and other semiconductors, which serve as key components in saving energy; and electric vehicles. Recognizing that carbon can help reduce environmental impacts in a variety of ways, we will play a leading role in resolving environmental issues through manufacturing that pursues the potential of that element while refining the array of technologies that comprise our strengths, including development, processing, and design technologies. Our commitment “Becoming a leading company through Earth-friendly products and technologies” reflects this resolve.

By sharing this Management Vision with all affiliate companies worldwide, we will seek to cultivate a shared system of values and reinforce our sense of solidarity. Finally, reflecting our commitment to becoming a strong company, the entire Group will strive to achieve its targets and objectives going forward. We hope that all stakeholders will understand our firm commitment and resolve in this regard. It is for these reasons that we formulated the Management Vision.

Results of the previous Medium-Term Management Plan (2018 to 2021), which we implemented amidst major change in the business environment

A variety of unanticipated challenges arose during the plan's four years, including a global economic slowdown due to the COVID-19 pandemic and supply chain disruptions due to trade friction between the U.S. and China. As a result, we carefully assessed the business environment and determined that it was necessary to change course in line with a new plan. As a result, we concluded the previous Medium-Term Management Plan before its final fiscal year without having achieved its targets of net sales of 50 billion yen, operating profit of 8 billion yen, and ROE of 8%. Nonetheless, we enjoyed a certain amount of success under the plan, which will lead to future growth.

I believe the most noteworthy result was the establishment of a stable revenue base. During FY2020, we were able to realize a double-digit operating profit ratio despite the unstable circumstances of the pandemic, and various profitability-focused initiatives proved successful. Although apprehensions ran high during FY2021, the fourth year of the plan, reflecting factors including the effects of a slowdown in the automotive industry due to a semiconductor shortage and soaring resource prices, we benefited from robust demand in the semiconductor market, allowing us to realize operating profit that was substantially higher than during the previous year. That performance contributed to significant growth in products for SiC semiconductors. Applications that we had steadily

cultivated together with customers over a long period of time finally bore fruit, leaving us at last poised to reap the benefits after having positioned them to drive future profit.

Another result of the plan was that we were able to make aggressive capital investments despite the unstable environment. Despite a long period of time when capital investment was limited to the maintenance level at less than 3 billion yen per year, we determined that bold capital investment was necessary in order to take advantage of the momentum of the times, leading to total capital investment of 19.1 billion yen from FY2018 to FY2021. We were able to make this bold decision because salespeople and sales engineers with high levels of skill and expertise in their respective fields engaged in sustained dialog with customers, allowing us to precisely access medium- and long-term market trends and the trends in demand to which they would lead. I myself communicated directly with customers' leadership as necessary in an effort to take measure of market trends and technological directions. We developed demand forecasts based on this information and formulated a medium- and long-term capital investment plan that is informed by our product development roadmap. This planned and sustained approach to investment has allowed us to accommodate customers' orders even when demand changes abruptly, and it has ensured we do not miss key business opportunities.



Policies and strategies of the new Medium-Term Management Plan (2022 to 2026)

Changes in industry structure caused by changes in the external environment and the acceleration of digitalization provide major opportunities for our businesses. Our new Medium-Term Management Plan lays out a series of business strategies conceived to tap those opportunities to realize further growth as well as expansion of corporate value and societal value. During the plan's first year, FY2022, we've seen a series of unanticipated developments, including global geopolitical instability caused by Russia's invasion of Ukraine and lockdowns imposed by China as part of its zero-COVID policy. However, we must realize the goals of the Medium-Term Management Plan—net sales of 54.5 billion yen, operating profit of 11 billion yen, and ROE of 9%—despite such exigencies.

We will do so by unwaveringly advancing our businesses in accordance with strategies that derive from our three Company Policies of “become a global company,” “for the world, for society,” and “become a strong company.”

The first component of that strategy is “comprehensive global expansion and establishment of advantage in high-growth/high-value-added businesses.” Under this strategy, we will build advantages through the global supply of high-value-added products that help customers improve productivity in markets characterized by high, sustained rates of growth. Since we'll need not only a high level of technological capability, but also skills that let us engage in effective dialog with customers to do so, human resources education and development are treated as key priorities in the strategy.

We will also continue an active and strategic program of investment under the new Medium-Term Management Plan. We're planning capital investments totaling 37 billion yen over

the five years ending in 2026, and we plan to double supply capacity for SiC-coated graphite products, for which demand is surging, relative to 2019 during the plan's five-year period. We're also planning to actively pursue investments with a focus on the keywords of “high-growth,” “high-value-added,” and “global,” for example by enhancing equipment used to produce mechanical carbon products for next-generation automobiles and increasing the processing capacity of overseas subsidiaries so that they can increase the added value of their operations.

Furthermore, Japan's declining working population is an issue that must be addressed seriously and urgently by the Group. However, with many manufacturing sites requiring physically demanding labor, the current work environment is less than conducive to a diverse workforce. We're working to address this challenge by focusing on boosting productivity, for example by reducing operator headcount requirements by automating tasks wherever possible and introducing state-of-the-art equipment, and creating a workplace environment where a diverse workforce that includes female employees, senior citizens, and others can fully participate. Recognizing that Europe and the U.S. are facing the same hiring challenges as Japan, we'll apply initiatives that have been successful in Japan horizontally across the Group in an effort to boost production capacity globally. Our strategy of “greatly enhancing workplace capabilities through process innovations, labor savings / energy savings” seeks to address these labor shortage issues while boosting productivity.

By reliably implementing these strategies, I believe we'll be able to achieve our objectives.

Strengthening sustainability management

To date, the Group has contributed to the world by pursuing the potential of carbon and working to resolve a variety of social issues through its businesses. To advance such initiatives in a more strategic manner, we established the Sustainability Committee in June 2021, and I began serving as its chairperson. The committee's responsibilities range from formulating policies, strategies, and plans related to sustainability to

studying indicators and key performance indicators (KPIs) for adoption as targets and complying with various disclosure frameworks. In addition to those activities, I believe spreading awareness of our sustainability policies among employees and pursuing group-wide activities are also important missions. To steadily advance these initiatives, we've created three groups under the committee to implement ESG activities from the

standpoint of business activities, production activities, and human resources/organizations, and the Heads of each group are responsible for activities in its area. In July 2021, we affirmed our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and we're working to disclose information in line with the TCFD's disclosure framework. We also created the Sustainability Promotion Department in October 2021 to support the committee's activities and undertake similar efforts in a speedier manner.

As we put in place structures such as these and pursue a variety of initiatives, we must recognize that governance embodies the foundation upon which sustainability management rests. I believe it's important to strengthen governance throughout the entire group, not just in these structures. We're building group governance by assigning

We value partnerships, refine our technology and contribute to solving social problems

As a pioneer in high-function carbon, the Toyo Tanso Group has technologies that lead the world, and we've created “products with unprecedented potential” by further refining those technologies. We create new materials and products ourselves, not by copying others. Isotropic graphite, carbon products for general industries, and composite materials are all results of this approach.

As a material manufacturer with passion and tenacity, we respond to demanding requirements not by giving up, but rather by creating newer, better products while ensuring we see eye to eye with our customers. And we carefully think ideas through to their logical conclusion. It is robust partnerships with customers that enable the Group to refine its technologies and succeed in manufacturing. The adoption of products created in this way in a broad range of industries, including semiconductors, automobiles, rail, industrial machinery, aerospace, and medical care, has allowed us to grow and contribute to society. That these valued partnerships include both customers and suppliers has been critical in facilitating our growth and development.

Our workforce has underpinned our business activities, and human capital will remain an essential component of our success going forward. After all, it's people who make the company possible. At the risk of repeating myself, allow me to note again our desire to create an employee-friendly environment characterized by automated, labor-saving production and to provide opportunities for a diverse workforce to succeed. In addition, we will focus on human resources development and education as we strive to become a truly global company that can undertake more advanced manufacturing operations worldwide.

Moreover, I believe that helping solve the problems facing

Head Office personnel to serve as function-specific category leaders in areas such as contract conclusion, finance and accounting, human resources programs, environmental management, and compliance, and by having the Head Office carefully monitor affiliate companies' activities and work with them to advance related initiatives. This monitoring takes place from a variety of standpoints, asking for example whether quality is being maintained across our global operations, whether human resources policies are being implemented impartially, whether evaluations are free of bias, and whether a employee-friendly environment is being put in place. Having gained a keen appreciation of the importance of developing global capability for dealing with emergencies during the pandemic, we're also working to put in place a business continuity plan (BCP) for each of our affiliate companies.

society through our businesses and in particular supplying products that can help solve environmental problems are critical missions for Toyo Tanso. The business environment will surely continue to change at a dizzying rate. By accommodating whatever the environment may hold in a flexible manner while valuing robust partnerships with customers and all stakeholders, we will seek to become a company that exists on behalf of society.

I trust that the Toyo Tanso Group will continue to enjoy the support of all stakeholders in the future.



History of value creation

The Toyo Tanso Group has embraced the challenge of pursuing creative and innovative carbon specifically engineered for high-function applications in line with a pioneer spirit dedicated 'manufacturing completely unique products' which it has cultivated since its founding.

Going forward, we will continue to strive to make a broad contribution to society by realizing the full potential of carbon and supplying unique products that take advantage of it.

1960s and 1970s

An era of growth
The company establishes its business foundation.

- The company establishes production and development structures.
- The company creates isotropic graphite, which remains a flagship product today.

1961
The company establishes a production facility in Kagawa (present-day consolidated subsidiary Totan Kako Co., Ltd.).

1962
The company establishes a research lab at its Osaka Plant. Development of carbon products for general industries for mechanical applications ramps up.

1972
The company develops isotropic graphite.

1974
The company becomes the first manufacturer in the world to succeed in mass-producing isotropic graphite.



The company holds a dedication ceremony at its new Osaka Plant, which was completed in 1964.

1980s and 1990s

An era of development
The company accelerates product development and expands applications of its businesses.

- The company expands applications across a broad range of fields, starting with the semiconductor sector.
- It also expands its business foundation with a focus on Europe and the U.S.

1980
Isotropic graphite is officially used in a single-crystal silicon manufacturing equipment.

1981
The world's first graphite material for use in a high-temperature gas-cooled reactor is certified. The company starts manufacturing SiC-coated graphite products.

1985
The Takuma Plant (present-day Takuma Division) opens. The company strengthens its production structures.

1986
The company establishes a facility in the U.S. Subsequently, the company expands its global network to include facilities in France (1988); Italy, Germany, and Taiwan (1991); and China (1994).

1988
The company develops C/C composite products.



Takuma Plant

1940s and 1950s

Founding and laying of the foundation for the new company's business

1941
The company is founded at its current Head Office address (Nishiyodogawa-ku, Osaka). The company starts fabricating and selling carbon brushes for motors (carbon products for general industries for electrical applications).

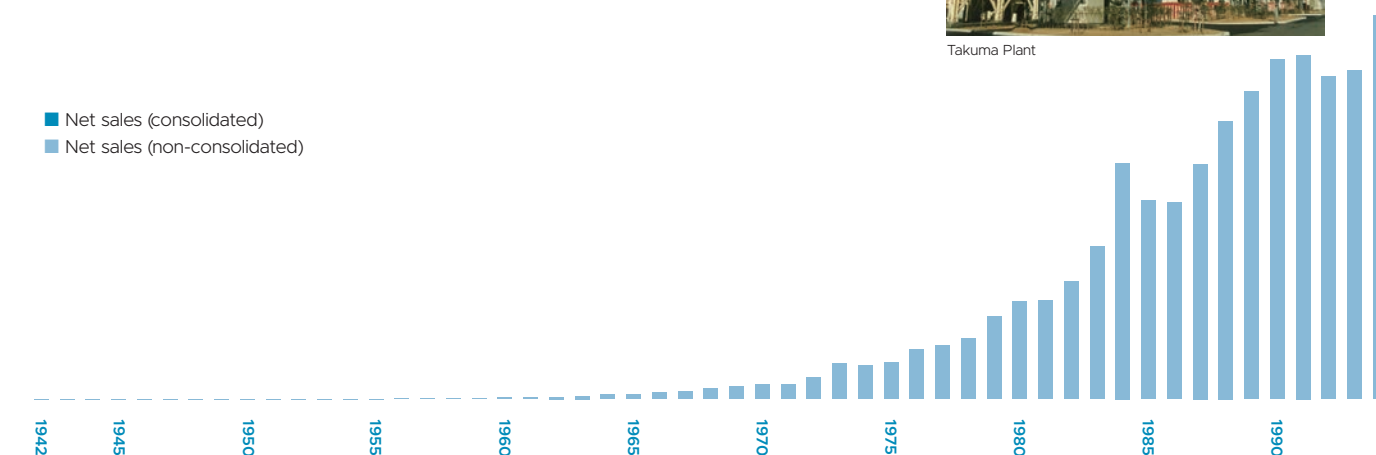
1950s
• Transition from a processor to a material manufacturer
The company starts developing materials for carbon brushes.

• The company expands sales facilities in Japan.



The Toyo Tanso Head Office at the time of its founding (with the Osaka Plant visible in the background)

■ Net sales (consolidated)
■ Net sales (non-consolidated)



*The end of the fiscal year changed from May 31 to December 31 starting with the fiscal year ended December 2013. Consequently, the fiscal year ended December 2013 is an irregular fiscal year insofar as it consisted of only seven months of operations (for some subsidiaries, nine months).

2000s

An era of rapid progress
Sales grow rapidly thanks to the company's robust business foundation.

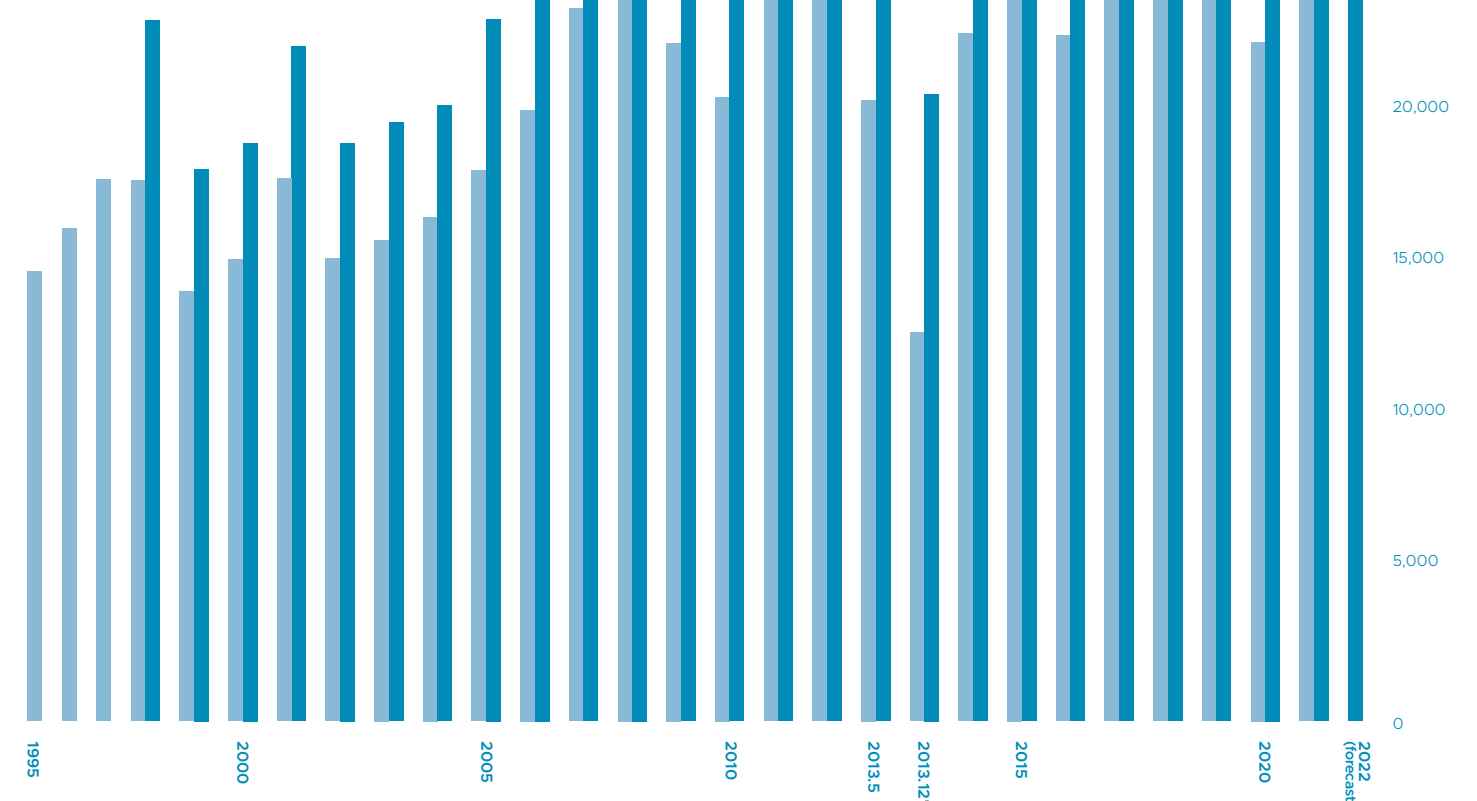
- The company accelerates development of its business in Asia.
- Its shares are listed on the Tokyo Stock Exchange.

2001
Founder Teruhisa Kondo is honored with the Order of the Sacred Treasure, Fourth Class, for meritorious invention.

2006
The company's shares are listed on (what was then) the First Section of the Tokyo Stock Exchange. The company establishes a facility in South Korea. Subsequently, it expands its network of facilities in Asia to include Thailand (2008) and Singapore (2010).



Founder Teruhisa Kondo
In light of his numerous accomplishments, including the development of isotropic high-density graphite, Kondo was honored with the Medal with Purple Ribbon (1982) and the Order of the Sacred Treasure, Fourth Class (2001).



2010s

An era of maturity
The company strengthens its production structures for value-added products.

- It builds robust business structures via a variety of means while accommodating changes in the market environment.

2010
The company establishes a new Plant No. 3 as part of its Takuma Division.

2012
The company increases its production capacity for SiC-coated graphite products.

2013
The company increases its production capacity for C/C composite products.

2019 and beyond
The company launches an effort to strengthen its production structures, particularly in the high-value-added segment of its portfolio (isotropic graphite, SiC-coated graphite products, etc.). Its active program of strategic investments continues today.

2022 and beyond
Growth × value expansion
The company strives to realize further growth as well as expansion of corporate and societal value.

Global network

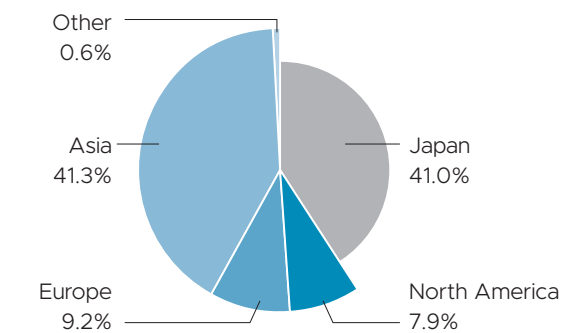
The Toyo Tanso Group operates by manufacturing carbon materials primarily at plants in Japan and processing them at facilities in destination markets. Consolidating material manufacturing allows us to pursue advantages of scale and cost competitiveness while maintaining stable quality, while processing products at facilities that are located close to customers allows us to quickly bring customers' needs to bear on products.

Japan
3 companies

Overseas
15 companies

Percentage of overseas sales
(FY2021)

59.0%



Business domains

The Toyo Tanso Group operates businesses in a broad range of domains, including electronics, energy, mobility, infrastructure, and life science.

As we've journeyed together with customers, our technologies have encountered numerous needs, giving rise to new products and spurring the expansion of our operations into new business domains.

Having been created in this manner, our product portfolio is helping solve social issues from a variety of perspectives, including saving energy, creating energy, and electrifying automobiles. Going forward, we will continue to focus on creating products with unprecedented potential and technologies and embracing the challenges of new domains while valuing our partnerships with customers.



Electronics

Electronics

Semiconductors	Components for crystal growth Components for wafer processing
Electronic components	Jigs for electronic component manufacturing







Energy

Energy

Power generation	Grounding brushes for power generators Components for solar power generation device manufacturing Core components for next-generation atomic reactors
Fuel cells	Catalyst carriers









Mobility

Mobility

Trains	Pantograph sliders
Aerospace	Engine parts manufacturing (Electrodes for EDM, jigs for heat treatment)
Automotive	Parts for various types of pumps Gaskets









Social infrastructure

Social infrastructure

Communications	Components for optical fiber manufacturing Components for cable manufacturing
General industry	Packings Seal rings and bearings







Life science

Life science

Medical care	Target materials for CT devices Analytical column filler
Home appliances	Components for LED manufacturing Carbon brushes for vacuum cleaners Components for compressor





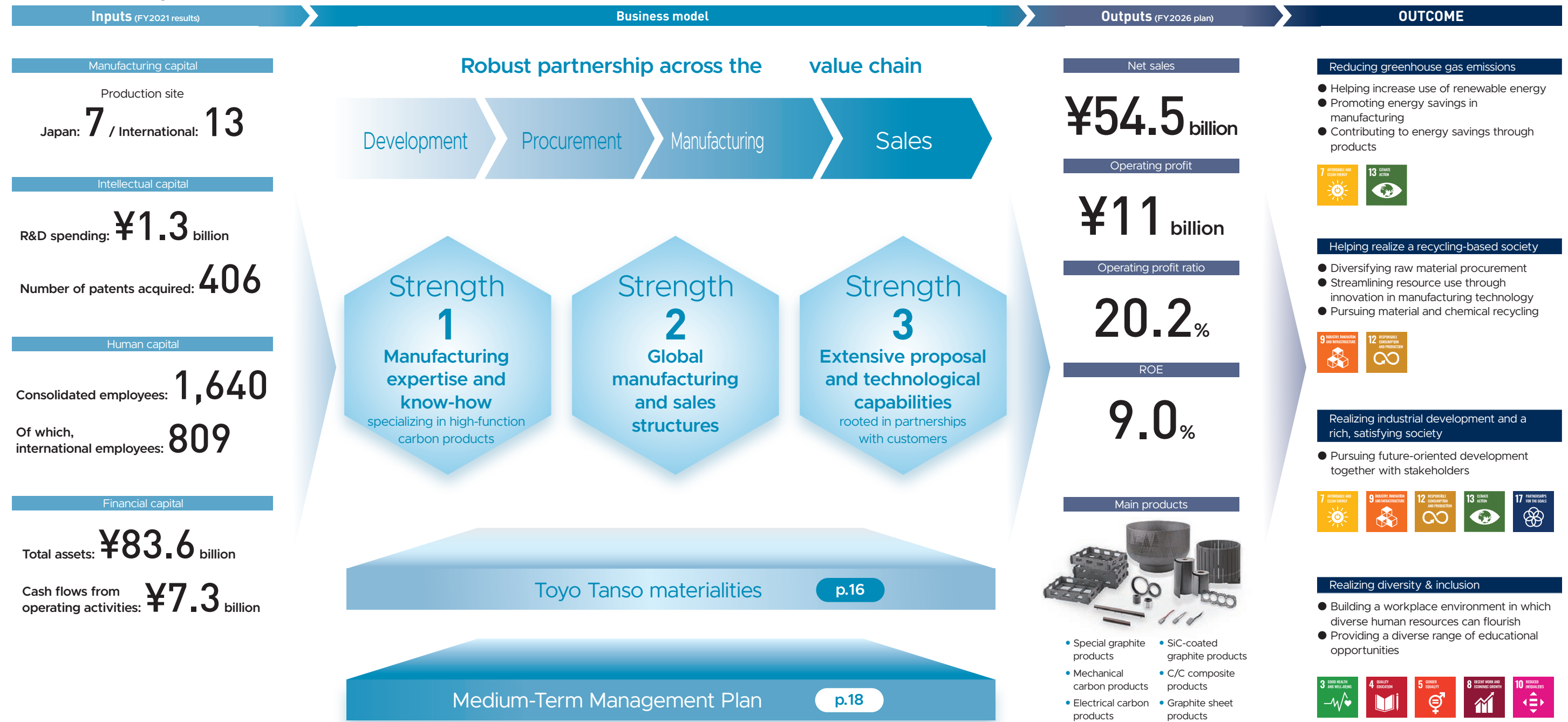

Value creation process

A variety of social problems, including increasingly serious environmental problems and a shrinking, aging population, are giving rise to a transformation in society and industry. The shift to a recycling-based society and computerization are examples of innovations inspired by these problems, indicating that we stand on the verge of an era of significant change. The Toyo Tanso Group sees changes like these in the external environment as opportunities, and we're working to contribute to the realization of a sustainable society while increasing our corporate value through the deployment of an extensive portfolio of management resources and a robust program of business strategies.

Global megatrends

Toyo Tanso Group 2030 Management Vision

“Creating products with
unprecedented potential”
Becoming a leading company through
Earth-friendly products and
technologies



Materialities and contributions to the resolution of social problems

The Toyo Tanso Group has identified materialities (key issues) related to sustainability and classified them into four categories. By accelerating initiatives to address these materialities, we are seeking both to increase our own sustainability and to expand our contributions to society and the environment.

Materiality identification process

To identify materialities, we extracted sustainability issues in each of the Group's value chains based on the relationships linking the Group, society, and the environment while referring to issues presented by international initiatives and guidelines under programs and entities such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), and Sustainable Development Goals (SDGs).

We then evaluated how the Group, society, and the environment impact one another in terms of these issues and identified impacts deemed likely to include serious effects as materialities.
























Going forward, we plan to periodically review these materialities so that we can respond flexibly to changes in the management environment and society while studying key performance indicators (KPIs) and targets and continuing dialog with stakeholders.



Organization of materialities

The Toyo Tanso Group has identified 14 key issues that it should address as a global material manufacturer as materialities and classified them into four categories.

Products developed, manufactured, and sold in line with society's and customers' needs in markets such as semiconductors and electronics, mobility, life science, and clean energy have particularly high potential to contribute to the realization of a sustainable society.

Category	Key issues	Related SDGs	E (Environment)	S (Social)	G (Governance)
Contribution to reducing climate change risk and environmental protection	Reducing greenhouse gas emissions, including through energy savings and creation		<input type="radio"/>		
	Contributing to the reduction of greenhouse gas emissions through products		<input type="radio"/>		
	Complying with various countries' environmental laws and regulations and reducing environmental impacts		<input type="radio"/>		
	Using earth-friendly raw materials and avoiding procurement risk	 	<input type="radio"/>		
Pursuing product development and manufacturing technologies to resolve social issues and customer needs	Developing products and improving manufacturing processes to help realize a recycling-based society	 	<input type="radio"/>		
	Complying with increasingly sophisticated quality requirements			<input type="radio"/>	<input type="radio"/>
	Developing new products and improving services in partnership with stakeholders	 	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Creating safe, secure workplace environments where all employees can flourish	Improving safe, healthy workplace environments and increasing productivity	 		<input type="radio"/>	
	Ensuring all stakeholders' human rights are respected	  		<input type="radio"/>	<input type="radio"/>
	Offering human resources development, training, and education programs			<input type="radio"/>	
	Respecting workforce diversity	  		<input type="radio"/>	
Undertaking corporate activities that inspire trust	Ensuring compliance			<input type="radio"/>	<input type="radio"/>
	Strengthening crisis management capabilities			<input type="radio"/>	<input type="radio"/>
	Undertaking community service activities	   		<input type="radio"/>	

Medium-term management plan (2022 to 2026)

The Toyo Tanso Group recently formulated a Medium-Term Management Plan (2022 to 2026) that starts in FY2022. Under the plan, the company is striving to realize further growth as well as expansion of corporate value and societal value by responding to changes in the external environment in an agile manner.

General direction

Growth × value expansion

Strive to realize further growth as well as expansion of corporate and societal value by treating changes in the external environment as opportunities.

Company Policies

Become a **global company**

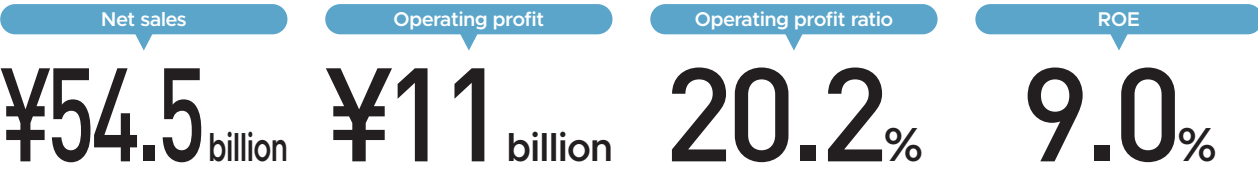
For the world, for society

Become a **strong company**

Strategies

1. Comprehensive global expansion and establishment of advantage in high-growth/ high-value-added businesses.
2. Sustainable growth and increased competitiveness in core businesses / stable businesses.
3. Greatly enhance workplace capabilities through process innovations, labor savings / energy savings.
4. Aggressively and strategically drive investment (including M&A).
5. Solidify governance structure and business foundation on a global basis.
6. Contribute to the environment and society through business (expansion of ESG-compliant products, etc.).
7. Strengthen development of global human resources to support these strategies.

Management targets (FY2026)



Capital investment (2022 to 2026)



- General direction**
- Increasing global production capacity in high-value-added businesses
 - Strengthening competitiveness in core businesses and stable businesses
 - Deploying labor and energy savings, process innovations, etc.

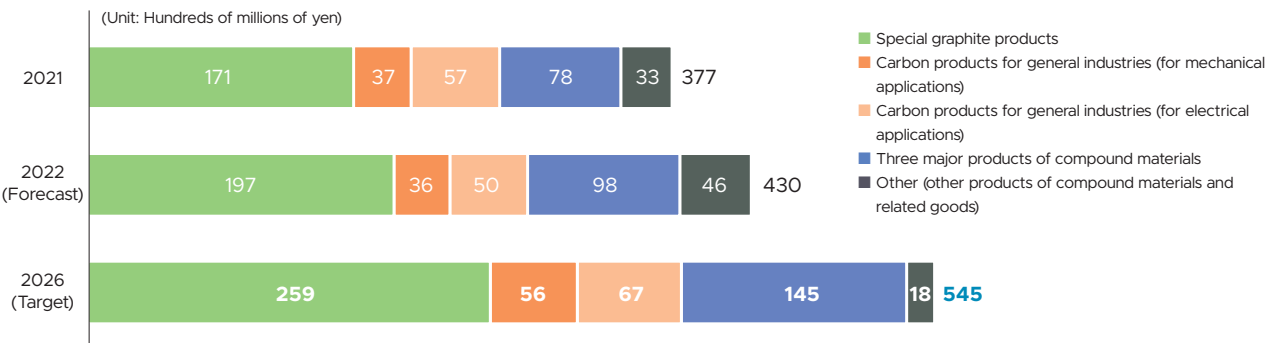
Policy on shareholder returns

Our policy is to deliver stable increases in dividends while maintaining a balance between returning profits to shareholders and making growth-oriented capital investments against a backdrop of sustained growth in profits.

A strong team dedicated to accomplishing plans

Product- and application-specific task force teams consisting of experts from across the organization drive the Group forward as it seeks to accomplish its plans by overseeing the formulation and execution of plans and strategies.

Net sales by product and application



Product- and application-specific strategies

Special graphite products

Working to strengthen competitiveness and ensure profitability by strengthening sales in the high-value-added domain

Electronics applications

- For single-crystal silicon manufacturing applications, working to significantly boost our market share by implementing region-specific strategies
- For compound semiconductor manufacturing applications, building a reliable position in growth markets by leveraging our global sales network to collect information about needs as quickly as possible
- For solar cell manufacturing applications, working to differentiate ourselves from Chinese graphite manufacturers, for example through the sale of value-added products, based on the precondition of profitability

General industry applications

- Working to differentiate ourselves from competitors and increase profits through the sale of high-value-added products (materials and machining)

Carbon products for general industries

For mechanical applications

Pooling the Group's resources to strengthen technological and production initiatives, for example to improve manufacturing technologies (materials, processing, etc.), automate manufacturing, and lower costs

- Recognizing an annual growth rate of about 5% in the market for automotive applications (and forecasts of even higher growth for EV-related applications), and positioning these as a focus area in covering a reduction in internal combustion engine-related applications
- Increasing overseas sales, which are currently characterized by low quantities, as a percentage of total sales

For electrical applications

Strengthening material development or production technologies such as automation in an effort to realize high quality and lower costs

- Recognizing ongoing firm demand for brush motors, which provide cost advantages, despite progress in adoption of brushless designs and reflecting our forecast of a slight increase in demand for carbon brushes for use in home appliances and power tools, leveraging our short lead times and service to increase market share in Asia
- Taking advantage of the opportunities posed by electrification of automobiles and growth in wind power generation to increase sales of products in automotive and industrial applications, where current sales volumes are low, for example by developing businesses that include alliances

Compound materials and other products

SiC-coated graphite products

Realizing substantial growth by taking full advantage of increased capacity (completed in 2021) as a core added-value business

- For Si-Epi application for semiconductor, establishing leading market share globally while meeting the high expectations of major customers
For SiC-Epi application, for which the market is growing rapidly, working to maintain and increase market share by capturing consumables demand, in addition to demand for installation in new devices
- For LED application, aggressively targeting large, mass-production-type MOCVD systems in the key Chinese market
- Pursuing manufacturing technology innovations geared towards realizing productivity, quality, and cost in order to significantly strengthen profitability and embracing the challenge of manufacturing technique and coating development that aligns with the needs we anticipate seeing 10 years from now
- Planning a significant increase in capacity during the period covered by the Medium-Term Management Plan

C/C composite products

Capturing latent demand and demand from switching from other materials by drawing on newly developed products and a proposal-oriented approach that includes design and usage methods, with a focus on the main three applications (semiconductors, solar cells, and industrial furnaces)

- In products for industrial furnace applications, C/C composite materials have better characteristics than the metal jigs most often used at present, and replacement will be boosted by the acceleration of labor-saving and automation
Despite some damage from a decline in the number of parts handled due to the shift to electrification of automobiles, we expect this to be more than offset by replacement demand

Graphite sheet products

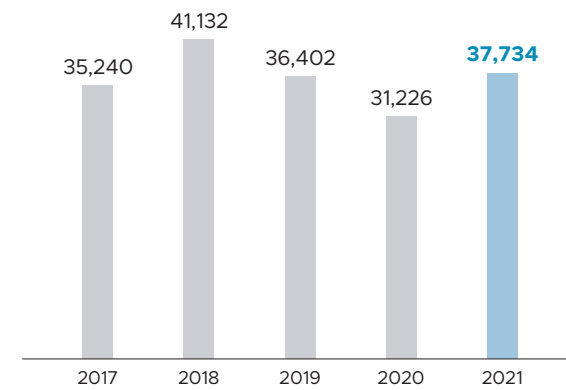
We will leverage our strength in "customization to customer specifications" to boost applications overseas and in heat dissipation application, where volumes are currently low, to meet and exceed market growth (automotive, manufacturing jig applications, etc.)

- We are engaged in improving thermally expandable graphite (raw material) at our JV (established in 2020) that produces raw materials, aiming to enhance quality and pioneer new applications

Financial and non-financial highlights

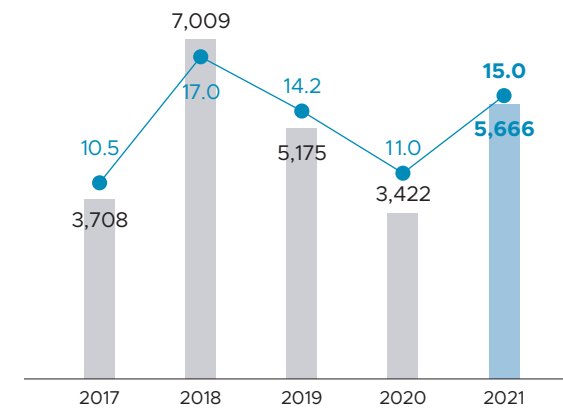
Net sales

(Millions of yen)



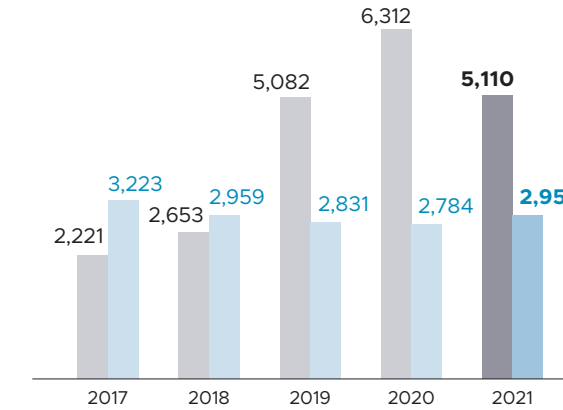
Operating profit and operating profit ratio

■ Operating profit (millions of yen) / ● Operating profit ratio (%)



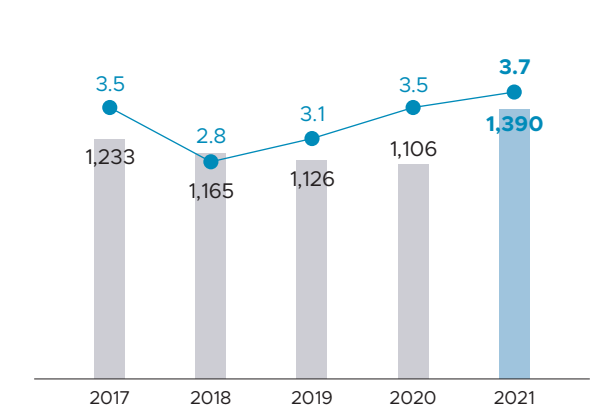
Capital investment / Depreciation

■ Capital investment (millions of yen) / ■ Depreciation (millions of yen)



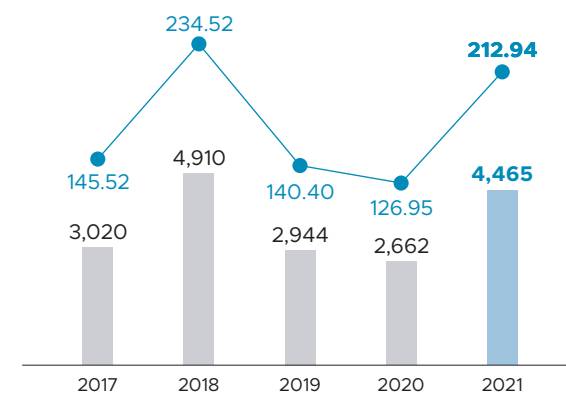
R&D expenses / Ratio of R&D expenses to net sales

■ R&D expenses (millions of yen) / ● Ratio of R&D expenses to net sales (%)



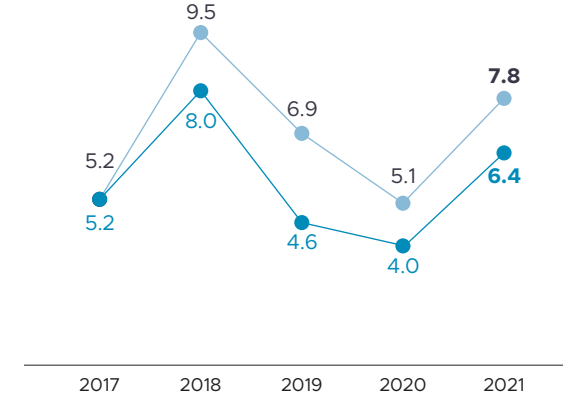
Net income / Profit per share

■ Net income (millions of yen) / ● Profit per share (yen)

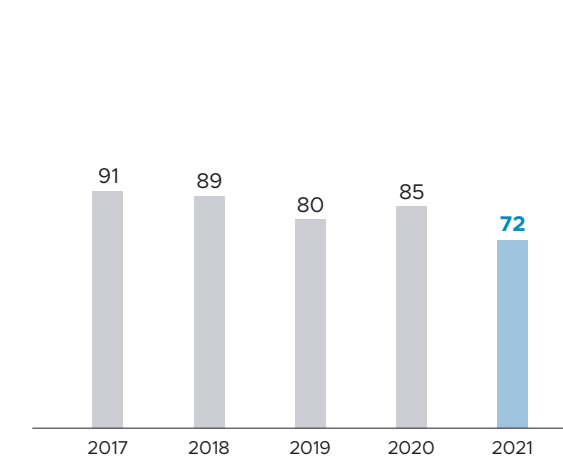


ROE / ROA

● ROE (%) / ● ROA (%)

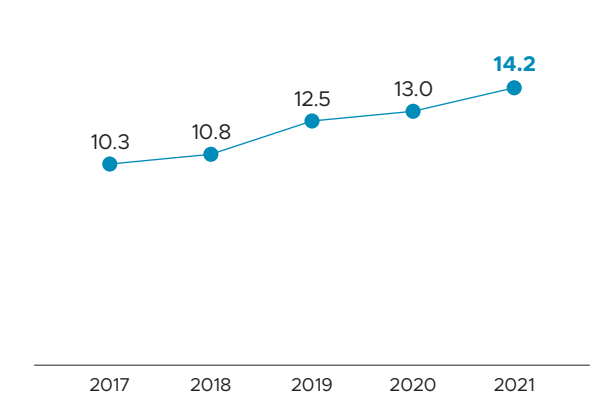


Number of R&D employees



Percentage of female employees ^{*1}

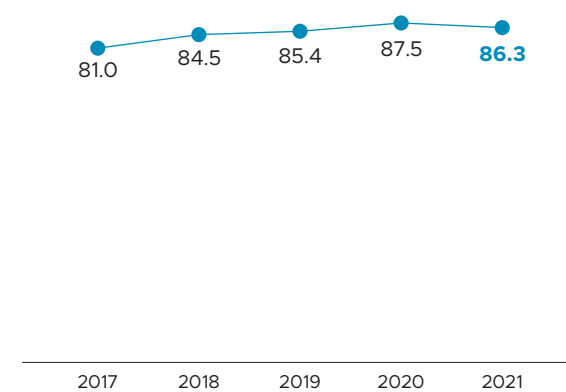
(%)



^{*1} Toyo Tanso Co., Ltd., non-consolidated basis.

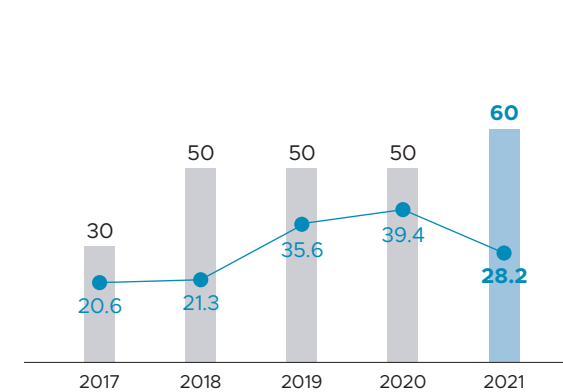
Equity ratio

(%)

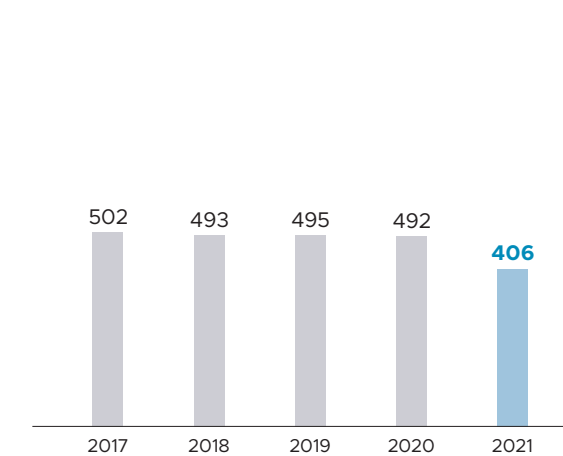


Dividends per share / Payout ratio

■ Dividends per share (millions of yen) / ● Payout ratio (%)



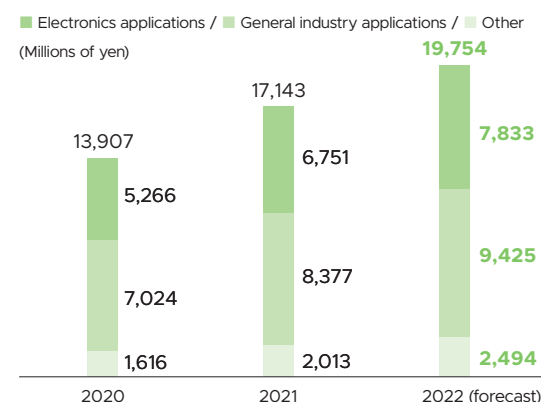
Number of patents held



Business overview

Special graphite products

Results and outlook



Main products



FY2021 overview

Sales in the electronics applications rose 28.2% from FY2020 thanks to significant growth in sales of products for single-crystal silicon manufacturing and compound semiconductor manufacturing (for example SiC semiconductors) applications and slightly higher sales of products for solar cell manufacturing application, where demand in China as well as inquiries from some other areas in Asia.

Sales in the general industries applications rose 19.3% from FY2020 thanks to significantly higher sales of products for metallurgical applications such as continuous casting and industrial furnaces as well as robust growth in sales of products for EDM electrodes.

Due to these factors, sales of special graphite products overall were up 23.3% year on year.

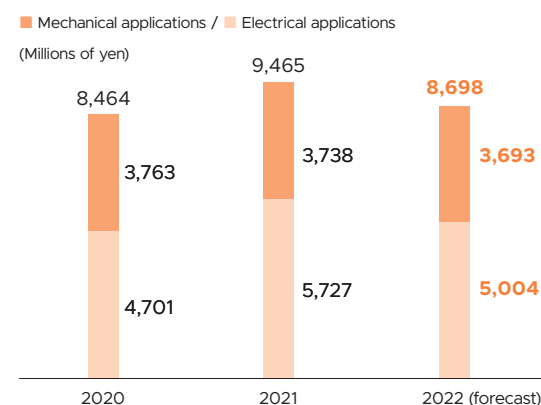
FY2022 outlook

In the electronics applications, vigorous demand for products for single-crystal silicon manufacturing application is expected to rise even more during the second half of the year, while strong demand for products for compound semiconductor manufacturing application is forecast to grow enough that sales will approach those of products for single-crystal silicon manufacturing applications. Tight supplies of graphite and other factors have led us to transition to a selective order footing for products for solar cell manufacturing application, and we plan to allocate product capacity to high-value-added projects, including for other applications, on a priority basis.

In the general industry applications, we expect to see record sales thanks to strong demand for EDM electrodes and products for metallurgical applications such as industrial furnaces and continuous casting applications.

Carbon products for general industries

Results and outlook



Main products



FY2021 overview

Sales of carbon products for mechanical applications were at around the same level as the previous fiscal year, with a decline of 0.7%, reflecting steady performance of bearings and sealing rings despite one-off demand in the first half of FY2020 was stripped, and solid result also of pantograph sliders.

Sales of carbon products for electrical applications increased by 21.8% year on year due to continued robust demand for compact motors for home appliances and electrical power tools.

Due to these factors, sales of carbon products for general industries overall rose 11.8% over the previous fiscal year.

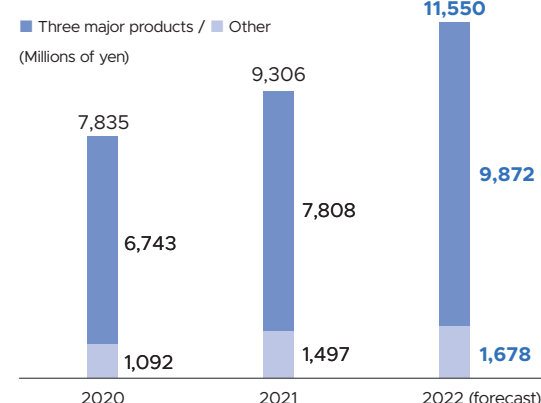
FY2022 outlook

In the mechanical applications, sales of bearings and seal rings are forecast to remain stable throughout the year.

In the electrical application, demand for small motors for use in home appliances and power tools is forecast to decline due to factors including the impact of stay-at-home demand having run its course and supply chain disruptions in China, and due to an expected slowdown in consumer spending in Europe, where the economy is stalling.

Compound materials and other products

Results and outlook



Main products



FY2021 overview

Sales of SiC-coated graphite products exceeded the previous fiscal year thanks to factors including significant growth in sales for SiC semiconductors and demand for Si semiconductors and LED use. Sales of C/C composite products also exceeded the previous fiscal year thanks to robust demand for industrial furnaces and favorable demand for semiconductor-use products. Sales of graphite sheet products also exceeded the previous fiscal year thanks to favorable demand for products for automotive and semiconductor applications.

Due to these factors, sales of the three major products rose 15.8% over the previous fiscal year, and sales of compound materials and other products increased 18.8% over the previous fiscal year.

FY2022 outlook

We expect to accommodate strong demand for SiC-coated graphite products as we take full advantage of the increase in capacity that was completed in 2021. Growth in SiC semiconductor applications is forecast to be particularly pronounced, with a high rate of growth expected to continue over the medium term.

Sales of C/C composite products are forecast to notch significant increases thanks to favorable demand for industrial furnace, semiconductor, and solar panel applications.

For graphite sheet products, favorable demand for semiconductor and metallurgical applications is forecast to make up for a decline in automotive applications.

Creating value through our businesses

Complying with increasingly sophisticated quality requirements



The Toyo Tanso Group is building group-wide quality control mechanisms around international standards like ISO 9001, which governs quality management systems. Recognizing the need to satisfy quality requirements that will become increasingly sophisticated in the future, 'we will improve customer satisfaction', 'deliver the highest standard of quality', and 'creating products with unprecedented potential' by carrying out quality improvement activities in every process, from design and development to production, sales, and service.

Quality management structures

The CEO, who has responsibility for, and authority over, our quality management system (QMS), sets quality policies and has general oversight over the QMS. Under the Group's quality management structures, quality control administrators are assigned, processes necessary for the QMS established, and quality control activities carried out in accordance with the Quality Manual. The manager of the Quality Assurance Department, who serves as the company's quality control administrator, holds regular meetings of a quality control conference to review the status of the QMS and works to enhance the education offered by the company in the area of quality control.

Toyo Tanso's quality policies

The Quality Assurance Policy details efforts that guarantee product quality resulting in customer satisfaction. In other words, we engage in efforts that achieve calculated, systematic quality management in order to guarantee quality that meets customer needs and demands.

1. All employees work together to improve customer satisfaction.
2. Engaging in efforts to achieve high quality, quick delivery, and low costs.
3. Engaging in initiatives for continued improvement of management systems.
4. Handling of complaints takes top priority to prevent reoccurrences of issues.

Facilities that have earned ISO certification

		ISO9001	ISO14001	IATF16949	ISO45001	ISO50001
Japan	Head Office, Toyo Tanso Co., Ltd.	January 1996, February 1997, October 2003, May 2004, December 2007, August 2014, October 2017	January 2017			
	Takuma Division, Toyo Tanso Co., Ltd.					
	Technology Center, Toyo Tanso Co., Ltd.	With progressive enlargements in the scope of certification				
	Hagiwara Plant, Toyo Tanso Co., Ltd.					
	Iwaki Plant, Toyo Tanso Co., Ltd.					
	Totan Kako Co., Ltd.	February 1998	April 2006			
	Ohwada Carbon Industry Co., Ltd.	January 2006				
China	SHANGHAI TOYO TANSO CO., LTD.	February 2006				
	SHANGHAI TOYO TANSO INDUSTRIAL CO., LTD.	November 2006	October 2007	November 2006		
	CHENGDU TOYO TANSO INDUSTRIAL CO., LTD.	April 2020				
Taiwan	TOYO TANSO TAIWAN CO., LTD.	February 2006				
China	SHANGHAI YONGXIN TOYO TANSO CO., LTD.	November 2009	November 2009	January 2012		
U.S.	TOYO TANSO USA, INC.	October 1995				
Germany	GTD GRAPHIT TECHNOLOGIE GmbH	May 2000	November 2003			December 2016
Italy	TOYO TANSO EUROPE S.p.A.	September 1995	September 2020		July 2015	
France	TOYO TANSO FRANCE S.A.	February 2013				

IATF 16949: Quality management systems for the automotive industry ISO 45001: Occupational health and safety management systems ISO 50001: Energy management systems

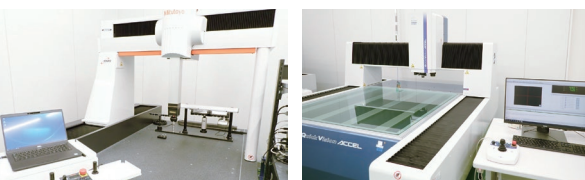
Preventing products with quality defects and enhancing quality management system education

The Toyo Tanso Group, whose management is founded on customer-first and quality-first philosophies, has earned customers' trust by consistently supplying products of stable quality made possible by the aggressive incorporation of quality throughout the manufacturing process. In the event a product with a quality defect is discovered, we not only undertake corrective action, but also put in place robust structures to ensure products with quality defects are not shipped and implement thorough preventive activities, for example by applying those initiatives to our program of preventive activities.

We also focus on human resources education to ensure our quality-first philosophy is followed throughout our operations, and we work to implement human resources development with a medium- and long-term orientation and to build skills throughout our organization.

Thorough, rigorous quality inspections

Our isotropic graphite manufacturing process includes computer-based central management and rigorous, process-specific quality inspections, which are carried out at a state-of-the-art, labor-saving plant that operates 24 hours a day. In addition to voluntary inspections by employees responsible for work tasks, product fabrication processes include rigorous inspections carried out by technical personnel using the latest measuring instruments as part of an elaborate management regime put in place to ensure finishing precision. Moreover, we use top-ranked devices to check quality and precision in every process. We believe that the ultimate level of quality derives not from a comparison with other companies, but from our own efforts.



The latest quality inspection devices

Developing new products and improving services in partnership with stakeholders



Developing products that anticipate needs while satisfying customers' expectations

As a pioneer of carbon products, the Toyo Tanso Group has led the industry in technology, building a technological foundation that allows it to introduce products that align with society's requirements in a timely manner while embracing the challenge of R&D that focuses on new applications and of developing carbon products that exceed the characteristics of past offerings.

In addition to digging deeper into customers' needs and verifying raw material and product characteristics, we've succeeded in creating products that comply with regulations on environmentally hazardous substances and establishing a level of quality that aligns with requirements in the clean energy market by searching for manufacturing technologies that lie beyond the trajectory of existing technologies. The unique, high-quality, high-value-added products that are the result of these efforts have earned high praise from customers.

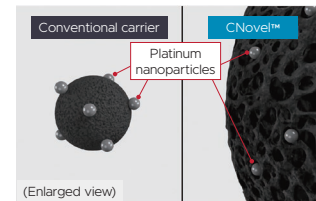
Examples of developed products

- Components for SiC semiconductor wafer manufacturing equipments
We're conducting R&D into products that will help improve wafer quality, with a view towards accommodating 8-inch wafer.



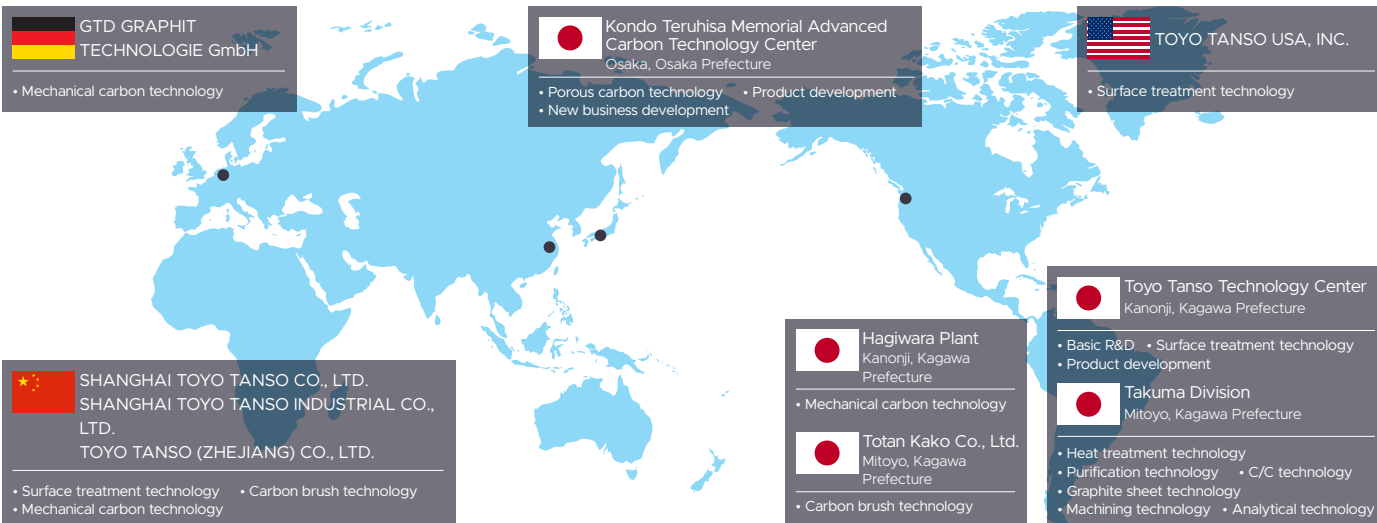
- CNovel® catalyst carriers for fuel cells

Experimental data indicates that CNovel® helps realize higher-performance, longer-lasting fuel cells compared to existing catalyst carriers, and the product is undergoing adoption testing in a variety of fuel cells, including for vehicle applications.



Building global R&D structures

Development projects are subject to a progressive series of examinations under the Toyo Tanso Group's unique management system, starting with an evaluation of technology and productivity and extending to a verification of business viability, volume-production testing, and initial flow (production). Systematic management of development extends throughout the entire Group.



Partnerships with research institutions

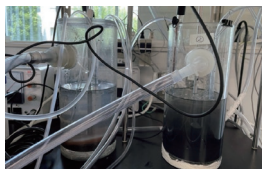
The Toyo Tanso Group conducts joint research into a variety of development topics with universities and research institutions in Japan and overseas.

Application research focused on an exit strategy

- Research into the evaluation of graphite refractory materials for use in SiC single-crystal growth (National Institute of Advanced Industrial Science and Technology)
- Research into biological wastewater treatment using recycled graphite powder (Toyo University)
- Joint research into CNovel® platinum carriers (Doshisha University)

Basic research

- Joint research into porous carbon (Oita University)
- Joint research into carbon brushes (Nippon Institute of Technology)



Research into biological wastewater treatment using recycled graphite powder

Service rooted in partnerships with customers

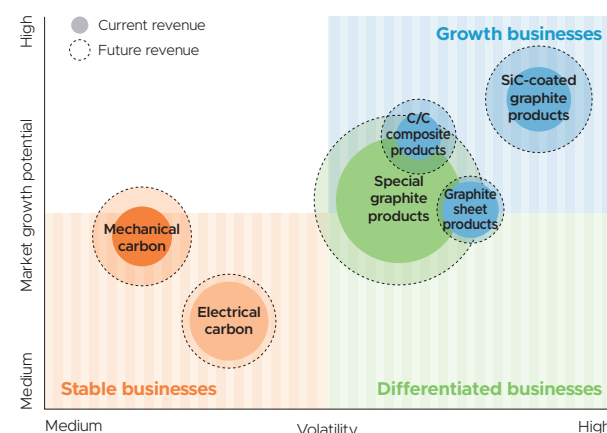
Reflecting the importance in which it holds partnerships with customers, the Toyo Tanso Group has consistently identified customers' challenges and latent issues by having sales engineers visit customers with sales coordinators to facilitate the supply of new products, technologies, and other solutions. Examples of the many products that have been created through such initiatives are crucibles and heaters for single-crystal silicon manufacturing equipment, both of which are main products of the Group.

Implement appropriate and well-balanced business strategies based on the Group's business portfolio

General direction of business strategies

The Toyo Tanso Group classifies its products into three business types based on market growth potential and business volatility: growth businesses, which drive profitability; differentiated businesses, whose development focuses on the high-value-added domain; and stable businesses, which are characterized by few fluctuations in demand and profitability and which contribute to the overall stability of the Group's businesses.

The Group considers special graphite products to be a growth and differentiated business; carbon products for general industries (mechanical carbon application and electrical carbon application), a stable business; and its three composite products (SiC-coated graphite products, C/C composite products, and graphite sheet products), a growth business. For each business, it pursues an implement appropriate and well-balanced strategy that takes into account that segment's characteristics.



Special graphite products: A growth and differentiated business

Business development focused on the high-value-added domain

- Growing market share in the high-value-added domain, for example in semiconductors, which are characterized by demanding quality requirements
- Working to strengthen cost flexibility and reduce the domestic manufacturing burden in the general-purpose domain, for example by outsourcing manufacturing



Carbon products for general industries: A stable business

Contributing to the stability of the Group's businesses with few fluctuations in demand and profitability

- Mechanical carbon application: Increasing cost competitiveness and strengthening sales in automotive applications and overseas markets
- Electrical carbon application: Working to increase share in growth markets (Asia, household appliances, and power tools) by leveraging strengths (lead times and service) in order to increase the extent of the segment's contribution



Three flagship composite products: A growth business

A high-growth business that drives profit

- SiC-coated graphite products: Reliably capturing demand by boosting production capacity
- C/C composite products: Increasing sales through technical services like design
- Graphite sheets: Improving customer satisfaction through customization



Developing new global markets

Initiatives to accelerate globalization

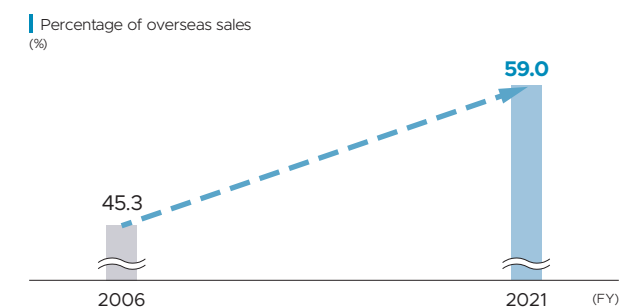
The Company Policy of becoming a global company has been an aim since the founding of the Toyo Tanso Group. As a result of having launched its globalization effort early on by establishing a number of facilities overseas, the Group currently posts international sales that account for about 60% of its total revenue.

From a global perspective, the Group's high-function, high-value-added carbon products represent a growth field. For example, the U.S. and Europe, where sales are forecast to grow significantly on a regional basis, comprise an important and appealing area, not least as the birthplace of state-of-the-art industries and technologies where there is a current, geopolitically-driven trend to restore manufacturing functionality.

Based on these facts, we're pursuing a variety of initiatives to accelerate globalization, for example by strengthening the development of our businesses in Europe and the U.S. In addition to working to strengthen and enhance processing capacity at overseas facilities, we're focusing on people as well as technical sales and service by accelerating efforts to assign human resources like sales engineers with extensive technical knowledge and experience from the Head Office. We're also

dedicating resources to global human resources development and education.

Furthermore, recognizing the need to shore up partnerships between overseas facilities and the Head Office, we're assigning category leaders to functional departments; centralizing processing technologies, quality assurance, and development worldwide; and integrating operations through function-specific horizontal management in areas such as sales, procurement, legal affairs, human resources, accounting, and information systems. The entire Group is striving to realize ongoing growth by working closely with facilities worldwide in accordance with the new Management Vision.



TOYO TANSO USA, INC. (U.S.)



GTD GRAPHIT TECHNOLOGIE GmbH (Germany)



Shanghai Toyo Tanso Co., Ltd. (China)

A domain in which we're strengthening operations so that we can capture growth markets

As we look to accelerate our globalization, we're giving priority to targets in areas where we can expect to achieve a high rate of growth and to areas where the high-value-added products that represent a key Toyo Tanso Group strength are likely to succeed. Furthermore, we're working to increase sales of products and applications which remain comparatively undeveloped overseas while using them to competitive advantage in the domestic market.

Specifically, we're developing businesses in market domains with a view towards the future, including the leading-edge electronics field, represented by rapid growing SiC semiconductors; the automotive field, a growth field which is undergoing structural changes including electrification and adoption of more electrical components; and the energy field, including renewable energy such as wind power and solar power as well as nuclear power.



Pursuing added value and strengthening competitiveness

Expanding value by creating high-value-added products

Most of the Toyo Tanso Group's products are custom-tailored to satisfy customers' requirements; they are creative products backed up by high quality and technical ingenuity, reflecting our belief that our most important mission is to supply products that create value for customers. Such creations, which are deeply rooted in customers' issues and needs, are high-value-added products with advanced functionality that derive from a labor-intensive commitment to maximize the exceptional characteristics and functionality of carbon.

At a time of rising sophistication and technical innovation in industries such as semiconductors as well as soaring resource and energy prices and emphasis on the United Nations Sustainable Development Goals (SDGs), there are growing expectations for our high-function carbon products as solutions that contribute to yield improvement and reduced



A C/C composite tray (left) and metal tray (right) used continuously in an industrial furnace under the same conditions, including processing temperature and duration. It's clear that the C/C composite provides superior durability compared to the metal tray. The material is well suited to automation.



energy use.

To take one recent example, we launched a newly developed C/C composite product with exceptional durability, automation and energy savings performance for industrial furnace applications. The product leverages the Group's elemental technologies and product capabilities to meet the sophisticated needs of customers as well as the current era. To accommodate customers' increasingly sophisticated requirements, we're also studying further equipment expansion for value-added processes, including highly purified products and coated products.

To resolve customers' challenges and expand their business value, the Toyo Tanso Group will continue to pursue added value going forward.

Strengthening competitiveness by improving production technology and productivity

Ensuring steady improvements in production technology and productivity is a top-priority and enduring theme, both in terms of our responsibility as a manufacturer and from the perspective of dealing with labor shortages and female and elderly employees empowerment. The Toyo Tanso Group is actively pursuing initiatives including aggressively improving intensity such as raw materials and energy, shortening lead times, automating operations through the digital transformation (DX) and by using artificial intelligence (AI), and introducing labor-saving equipment. In addition to such improvements, we're embracing the challenge of manufacturing process innovations that go beyond conventional experience and wisdom.

Put simply, these efforts are motivated by our desire to value and make full use of people, goods, energy and time to the maximum extent possible. We believe that creating the most value possible with the least amount of energy both helps reduce environmental impacts and contributes to the society's overall health.

The twin sources on which our manufacturing draws are valuable expertise and technical skill, both of which have developed through many years of trial and error and



experience. We will standardize, digitalize, and pass on this knowledge as formal knowledge, while also working to pass on technology to the next generation through educational programs focused on "people", thereby preserving the foundations fostered by our predecessors and continuing to pursue "creating products with unprecedented potential" with an awareness of QCD (quality, cost, delivery time) and to refine our competitiveness.

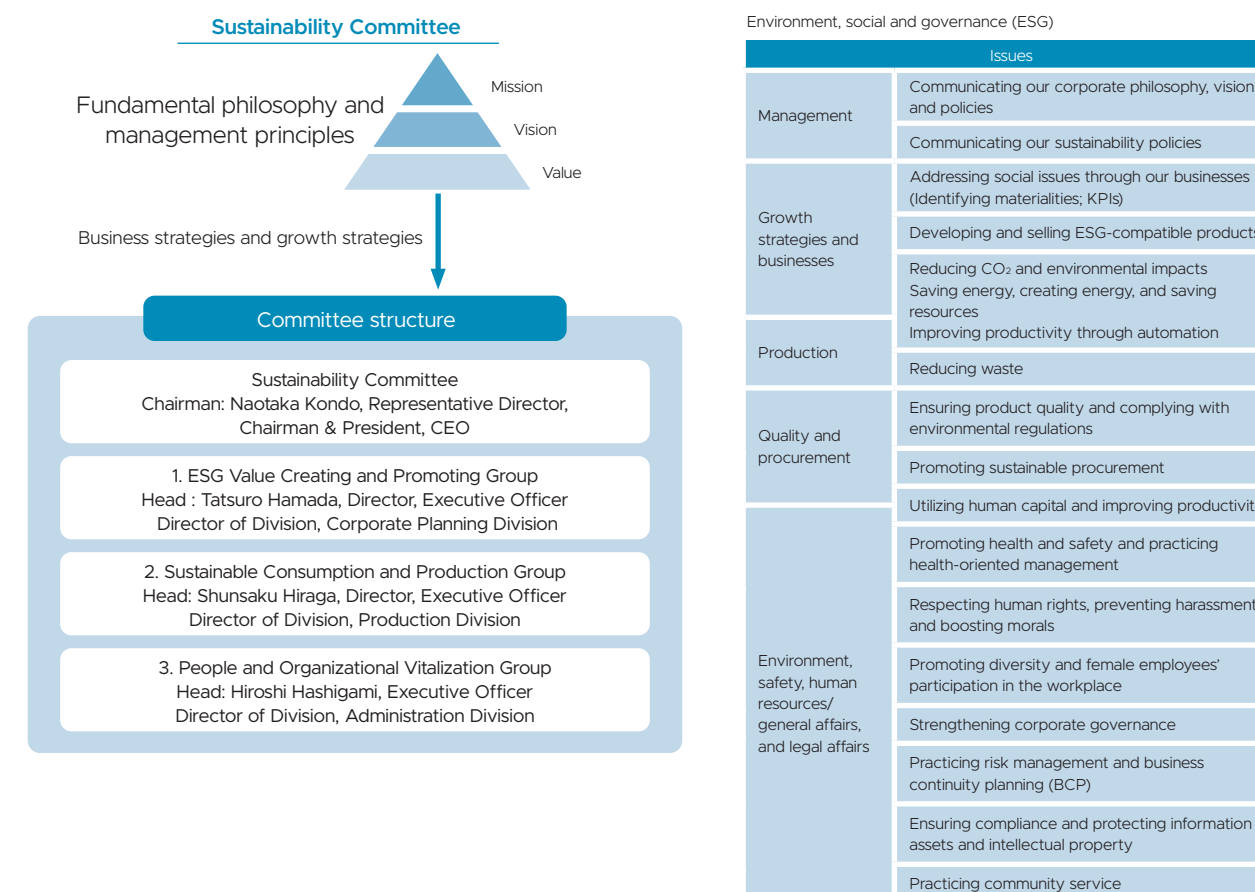
Sustainability structures

Sustainability policy

To ensure each and every employee can do their job with a sense of ownership and responsibility in line with governance policies adopted by the Board of Directors and provide the value expected by all stakeholders (including customers, business partners, the local community, shareholders and investors, and employees) and to enable it to help improve sustainability (in terms of both society's development and the global environment), the Toyo Tanso Group has adopted a policy of realizing steady development through its business activities and increasing the sustainability of the company itself.

In keeping with this policy, we undertake a full range of business activities throughout the value chain while adopting a basic stance founded on a strong awareness of the need to contribute to society and realize sustained growth, for example by creating value for society and customers through technological innovation and products, acting in an environmentally responsible manner, ensuring safety and health, practicing compliance and risk assessment, adhering to fair business practices, respecting human rights and diversity, and collaborating with and contributing to society.

Sustainability structures



Principal activities of the Sustainability Committee

- Formulating sustainability policies, strategies, and plans
- Formulating key performance indicators (KPIs) to use as targets
- Complying with various disclosure frameworks
- Spreading awareness of sustainability policies among employees
- Implementing sustainability activities throughout the Group
- Monitoring activities and practicing PDCA management

Messages from Sustainability Committee Group Heads

ESG Value Creating and Promoting Group

In addition to setting medium- and long-term management targets by focusing on increasing sales and development of products that help resolve environmental and social issues in keeping with the sales and development components of the company's business strategy, the ESG Value Creating and Promoting Group's principal role is to help realize a sustainable society by listening to the needs and issues of customers worldwide and resolving them with new technologies and products.

Our goal is to become a solution provider that completely understands how customers use its products and that contributes to ESG through those products.

Tatsuro Hamada

Director, Executive Officer, Director of Division, Corporate Planning Division



Sustainable Consumption and Production Group

The role of the Sustainable Consumption and Production Group is to formulate targets and plans relating to energy savings and energy creating activities such as the drive to reduce emissions of CO₂ and other greenhouse gases in line with social requirements related to climate change as imposed by the Kyoto Protocol and Paris Agreement, and resource-saving activities such as efforts to reduce industrial waste, and to oversee their companywide achievement.

Going forward, we will ensure that each and every employee understands that carbon materials require energy-intensive manufacturing processes as we work boldly and actively to save energy and resources.

Shunsaku Hiraga

Director, Executive Officer, Director of Division, Production Division



People and Organizational Vitalization Group

With regard to the social aspect of the company's operations, the People and Organizational Vitalization Group strives to cultivate a corporate culture rich in trust and creative collaboration and to create workplaces where employees can experience growth through a variety of measures, including respecting human rights and diversity, ensuring impartial evaluations, and fostering comprehensive compensation policies for improved motivation and engagement, all in keeping with a basic stance that emphasizes human capital. With regard to governance, we're working to create a company that inspires trust on the part of society by strengthening and pursuing policies in areas such as corporate governance, global management and governance, risk compliance and BCP structures, and global quality assurance structures.

We value harmony with society through interpersonal interactions, and we strive to contribute to the creation of sustainable social value.

Hiroshi Hashigami

Executive Officer, Director of Division, Administration Division



Environment

Environmental Policies

The Toyo Tanso Group recognizes that a business operating as part of 21st century industry must take environmental considerations into account. Carbon (C) is the second-most common element on Earth after silicon (Si), but resources are finite, and we believe it's important to develop our businesses in line with a constant focus on reuse.

In manufacturing technologies as well as research and development, we focus on how waste products emitted by manufacturing processes can be eliminated or reduced.

Departments responsible for environmental and safety

issues at the Group monitor the volume of waste produced by other departments as well as the reduction measures they implement in an effort to maintain the global environment. In addition, the Group is working to address the issue of how graphite waste can be effectively used in its research and development program while raising all employees' environmental awareness.

The Group sees its mission as pursuing environmental friendliness in its corporate activities day in and day out.

1. Protecting the global environment

We practice environmentally friendly manufacturing in order to safeguard the children of the future and our beautiful planet.

2. Reducing environmental impacts

We strive to design products with low environmental impacts and to save energy, save resources, and reduce and reuse waste.

3. Complying with laws and regulations

We comply with applicable environmental laws, ordinances, and other requirements to which we have agreed.

4. Realizing continuous improvements

We precisely assess all environmental impacts of our business activities, and we continually strive to prevent and reduce them to the extent that is technologically and economically feasible.

5. Raising environmental awareness

To implement these Environmental Policies smoothly and efficiently, we work to educate all employees on the environment and raise their environmental awareness.

6. Disclosing environmental information

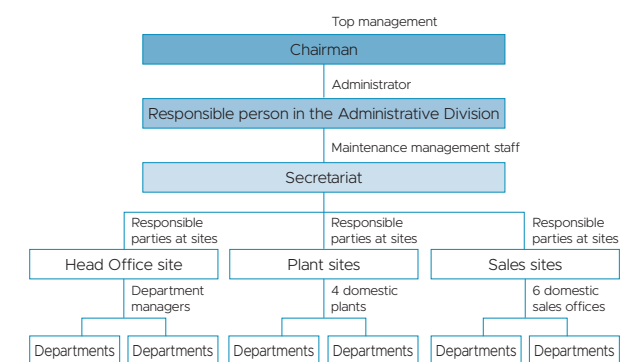
We communicate information about these Environmental Policies and related initiatives to all employees and interested parties, including by disclosing them to the public.

Environmental management system

The Toyo Tanso Group has integrated ISO 14001 certified environmental management system with other business processes as part of its business management system as it seeks to help realize a sustainable society by working to reduce environmental impacts, for example by limiting energy consumption.

As of 2021, six domestic facilities and overseas subsidiaries have obtained environmental management system certification.

Environmental management system organization and structures



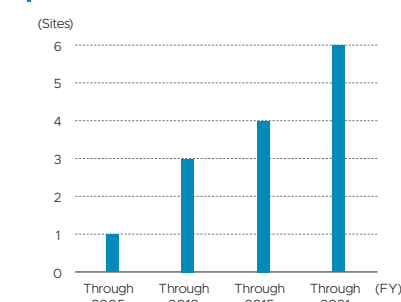
ISO 14001 initiatives

We're working to reduce energy use by boosting process capacity in concert with our ISO 9001 activities.

Safe, secure workplaces make possible coexistence with employees, marking a step forward in our drive to realize a sustainable society.



ISO 14001: Cumulative number of obtained certifications



Environment

Compliance with TCFD recommendations

In July 2021, the Toyo Tanso Group affirmed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and we are working to disclose information in line with the TCFD's disclosure framework.



1. Governance

The TCFD Compliance Project, which was established to support the Sustainability Committee, studies scenarios related to climate change action, analyzes risk and opportunities, and formulates measure in response while reporting on those activities to the Sustainability Committee.

Discussions held by the Sustainability Committee are reported to the Board of Directors for approval and instruction. Sustainability-related resolutions that are reported to and approved by the Board of Directors are propagated to business departments and group companies via the Sustainability Committee and applied to their respective business plans and operational management. Cooperation may be sought from business partners depending on the nature of the resolutions.

2. Strategies

In keeping with guidance recommended by the TCFD, we use techniques for applying scenario analysis to the business environment through 2040 to analyze and evaluate the impacts of climate change on Toyo Tanso.

Overview of scenario analysis

Scope	Consolidated subsidiaries of the Group	
Anticipated timeframe	Present to 2040 (for CO ₂ reduction targets, 2050)	
Scenario-building	A. 1.5°C scenario	B. 4°C scenario
	Scenario in which the average global temperature increase is kept within 1.5°C from levels prior to the Industrial Revolution Reference information IEA WEO2020 SDS scenario; SSP1-1.9 and 2.6 from the 1st Working Group Report of the IPCC 6th Assessment Report; others	Scenario in which the average global temperature rises 4°C from levels prior to the Industrial Revolution Reference information IEA WEO2020 STEPS scenario; SSP2-4.5, SSP3-7.9, SSP5-8.5 from the 1st Working Group Report of the IPCC 6th Assessment Report; A-PLAT S8 climate RCP 8.5; others

WEO: World Energy Outlook 2020 as published by the IEA
IPCC: Intergovernmental Panel on Climate Change
A-PLAT: Climate Change Adaptation Information Platform

Principal risks		Emergence timeframe	Principal opportunities		Emergence timeframe
Policies and regulations	Stringent greenhouse gas emission reduction standards will be put in place, necessitating investments and technological improvements in order to reduce emissions.	Short to long term	Policies and regulations	Demand for environment-related products such as renewable energy may rise.	Medium and long term
Changes in markets/customers	Demand for engine-related products will shrink due to the electrification of automobiles.	Medium and long term	Changes in markets/customers	Demand for graphite parts and materials, for example products related to power semiconductors, will rise as a result of the electrification of automobiles.	Medium and long term
	Widening adoption of next-generation solar panels will cause demand for products to shrink.	Long term		Demand for brushes used in power supply and grounding equipment will rise due to growing demand for wind power.	Medium and long term
Changes in the industry, for example in other companies in the same industry	Competition with competitors will intensify due to a review of the production system in consideration of the changing environment of the industry.	Medium and long term		Demand for graphite for use in nuclear power applications may rise as CO ₂ emissions are reduced.	Medium and long term
Procurement	Disruption in the balance between supply and demand for raw materials (coke and pitch) may cause prices to rise substantially.	Short to long term			
	The prices of procured products that comply with the introduction of a carbon tax and other environmental requirements may rise substantially.	Short to long term			
Manufacturing	Costs may increase due to factors such as stoppages in facility operations due to intensifying natural disasters.	Medium and long term			
	The cost of manufacturing process improvements required in order to comply with environmental requirements will rise.	Medium and long term			

3. Risk management

In keeping with its Basic Rules on Risk and Compliance, the Toyo Tanso Group has established the Risk and Compliance Committee (RCC) and given it responsibility for ensuring compliance with laws, regulations, Toyo Tanso's Articles of Incorporation, and corporate ethical guidelines and establishing risk management structures. The committee discusses important issues and makes decisions about policies related to risk and compliance. Principal departments are responsible for managing and addressing individual risks, and the RCC oversees those efforts.

Climate-related risks are managed by the Sustainability Committee, while the results of assessments and studies by the RCC are reported to the Board of Directors as part of Toyo Tanso's companywide risk management efforts.

4. Indicators and targets

The indicators and targets needed to manage risks and business opportunities are determined after formulating measures to address each.

Greenhouse gas emissions (Scopes 1 and 2, FY2021) have been verified by a third-party.

Greenhouse gas emissions for Toyo Tanso Co., Ltd. (non-consolidated, FY2021)

Greenhouse gas emissions (Scopes 1 and 2)		
Scope	Location standard [t-CO ₂ e]	Market standard [t-CO ₂ e]
Scope 1	27,010	-
Scope 2	50,359	62,099

Third-party verification report
https://www.toyotanso.com/sustainability/pdf/assurance_report_2022.pdf

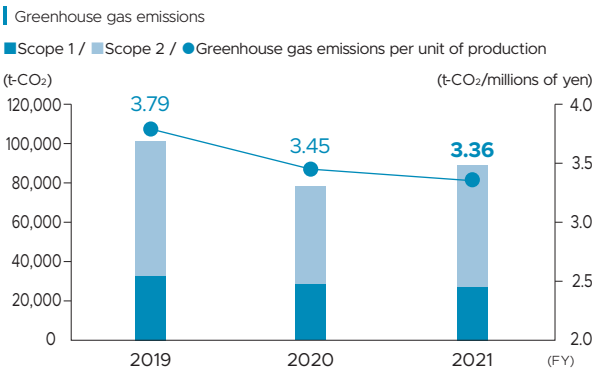
Reducing greenhouse gas emissions, including through energy savings and creation



Reducing greenhouse gas emissions in production activities

The Toyo Tanso Group has formulated a roadmap for reducing greenhouse gas emissions including the following: (1) deploying energy saving equipment, (2) introducing energy with a low CO₂ emission coefficient, (3) transitioning to firing furnaces that have low energy intensity, (4) optimizing furnace operating times, and (5) optimizing furnace loading efficiency. The roadmap sets forth measures for streamlining energy use and energy savings in production activities with a view towards reducing greenhouse gas emissions.

The Group is undertaking a variety of initiatives to reduce greenhouse gas emissions and accelerate energy savings activities.



Energy savings initiatives

In heat-treatment processes, we're working to reduce use of fossil fuels and to transition to fuels with low greenhouse gas emissions as part of an effort to lower energy intensity of production while reducing environmental impacts.

In addition, we're adopting manufacturing technologies that reduce waste volume in manufacturing processes, and we're working to put in place environmentally friendly production structures.



Baking furnace at Plant No. 3, Takuma Division
We're carrying out a variety of initiatives to reduce environmental impacts at production sites, for example by saving energy and reducing energy consumption.

Energy-creating initiatives

Effective April 2022, the Head Office building of Toyo Tanso Co., Ltd. switched to use of 100% electricity derived from effectively renewable energy. In addition, we joined the Kagawa Smart Green Bank J-credit program, under which we've contributed to environmental protection activities and other initiatives in Kagawa Prefecture while reducing emissions by 281 t-CO₂/year.

The Toyo Tanso Group has launched studies geared to facilitate installation of new solar power systems while continuing to make use of existing systems that have been installed at the Takuma Division and the Technology Center.



Solar panels at Plant No. 3, Takuma Division

Initiatives in offices

To help realize a sustainable society, we're giving priority to environmental friendliness in terms of recycling, energy savings, resource savings, and other considerations when purchasing supplies for both production processes and administrative work. These efforts include both actively adopting parts and materials that are free of hazardous chemical substances and promoting green procurement that helps reduce environmental impacts.

Environment

Contributing to the reduction of greenhouse gas emissions through products



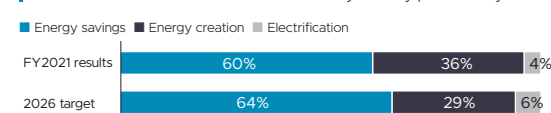
The Toyo Tanso Group has embraced the challenge of discovering the unlimited potential of carbon and pursuing carbon that's been specially engineered for use in high-function product segments. Our carbon products are currently used in a wide range of business domains that support everything from everyday life to industry, including the semiconductor, automotive, home appliance, medical care,

industrial machinery, and aerospace markets. At a time when environmental problems are becoming increasingly serious, we're committed to continuing to contribute to the protection of the global environment by striving to achieve coexistence and harmony between humankind, carbon, and nature through the supply of products in the areas of energy savings, energy creation, and electrification.

Environmentally friendly products as a percentage of net sales

FY2021 results **2026 target**
21.1% **▶ 30%**

Breakdown of net sales from environmentally friendly products by area



Definition of "environmentally friendly products"

Environmentally friendly products are products that are related to the areas of energy savings, energy creation, and electrification, as described below.

For some products and applications that are used in multiple end markets, we've set constituent sales percentages corresponding to the following environmental contribution areas for each application based on a range of statistical information and then multiplied those percentages by each product or application's net sales to calculate the above values.

- Energy savings: Products for use with power semiconductors (Si semiconductor and SiC semiconductor manufacturing materials, etc.) and LEDs (compound semiconductor manufacturing materials); industrial furnaces (C/C composite products)
- Energy creation: Products for use in wind power, hydropower, geothermal power, solar power, nuclear power, and fusion power
- Electrification: Pump parts for use in electric vehicles, products for use in fuel cells (Catalyst-supported CNovel®)

Energy savings

Power semiconductors are used to convert power. LEDs are used in lighting fixtures as well as organic EL and other displays. Both play an essential and familiar role in our daily lives, and both are representative power-saving products that

significantly reduce power consumption. The Toyo Tanso Group's graphite products play an essential role in those products' manufacturing processes.

Helping save energy in infrastructure and daily life: SiC semiconductors and LEDs

Power semiconductors, which convert voltage and frequency, convert DC and AC power, and control motor rotation, are used in a wide range of applications, including smartphones and home appliances like televisions and air conditioners, electric vehicles, and infrastructure such as in the transmission of power from power plants to ensure a stable supply of electricity and in rail transportation.

Because they can significantly reduce power consumption due to low power loss compared to silicon semiconductors, SiC semiconductors are expected to serve as next-generation power semiconductors. In particular, demand for these components is forecast to grow as electrification of automobiles progresses.

The Toyo Tanso Group's graphite products play an essential role in the manufacture of SiC semiconductors.

LEDs are semiconductors that emit light when a current passes through them. Thanks to longer service life and lower energy use than incandescent and fluorescent lights, LEDs play a familiar role in daily life as an environmentally friendly source of light. You're probably also familiar with them due to their use in televisions and computer displays. Graphite products with exceptional properties including high purity, heat resistance, electrical conductivity and chemical resistance are used in the manufacture of LEDs.

High-function graphite is being used in an ever-growing array of applications, for example as progress is made in commercializing deep-ultraviolet LEDs, which have proven benefits including sterilization, and mini-LEDs and micro-LEDs are developed for use in next-generation displays.



Graphite materials (susceptors) are used in the SiC semiconductor manufacturing process.



Energy creation

Renewable energy sources like solar power and hydropower are environmentally friendly. Graphite products are also intimately related to these energy sources. For example, graphite and carbon products are used as manufacturing materials in the solar panel manufacturing process and as components in wind power systems.

Graphite products are also used in high-temperature gas-cooled reactors, which are expected to serve as a highly safe, next-generation energy source, and in experimental fusion reactors, which are expected to be commercialized in the future.

The growing potential of next-generation energy sources: Nuclear and fusion power

Momentum for a global reassessment of nuclear power as a clean energy sources that emits no greenhouse gases is growing, spurring various countries worldwide to undertake studies. In addition, a variety of research into next-generation nuclear power technologies is underway. For example, high-temperature gas-cooled reactors provide excellent safety by using helium gas instead of water to cool the reactor core, which is made using graphite. In addition, high-temperature helium gas can be extracted from the reactor and used to provide energy for a variety of purposes, including to manufacture hydrogen, prompting high expectations with regard to potential uses outside of power generation. Graphite from the Toyo Tanso Group was used to manufacture the core in China's high-temperature gas-cooled reactor (HTR-PM), which is attracting attention as the world's first commercial reactor of its kind.

The Group has an extensive track record in the field of next-generation energy; for example, our graphite products are being used in experimental fusion reactors in research in Japan and overseas as part of an effort to "create a sun on Earth."



Electrification

Mechanical seals and bearings made of carbon with excellent heat and wear resistance are used in pumps, which play an important role in the electrification of automobiles. In addition,

platinum catalyst CNovel® is being used as electrode catalyst support in fuel cells.

Fuel cell vehicles: Environmentally friendly "eco-cars"

Fuel cell vehicles (FCVs) use hydrogen, a source of clean energy, as fuel. Developing fuel cells that deliver higher performance and last longer while costing less will be critical in allowing widespread adoption of the technology in the future. CNovel®, which allows efficient use of precious metal catalysts (like platinum), a key material in fuel cells, is attracting attention as a catalyst support with the potential to make a major contribution to addressing these issues.



CNovel®, which helps improve fuel cell functionality



Environment

Developing products and improving manufacturing processes to help realize a recycling-based society



Initiatives to reduce resource use

The Toyo Tanso Group is working to help reduce greenhouse gas emissions by realizing a circular economy, for example by developing material recycling technology for reusing cuttings and other waste products from the machining of materials in the carbon material manufacturing process as raw materials and by developing chemical recycling technology to allow such byproducts to be used as raw materials for non-carbon products through chemical treatment.

In the future, we anticipate recycling products used by customers, and we're working to develop the manufacturing technologies that will be required by that process, for example new pulverization and purification technologies.

Furthermore, we're working with outside research institutions to conduct research into technology for synthesizing solid carbon in the form of a fine powder using low-molecular-weight carbon compounds synthesized from atmospheric CO₂ as part of a worldwide drive to commercialize technologies related to the separation, capture and utilization of CO₂. That program remains at the pure research stage today, but we're exploring new potential from the perspective of CO₂ capture, utilization, and storage (CCUS) so that we can reduce resource use in the future. Going forward, we will continue to work to reduce resource use through resource recycling, both inside and outside the company.

Example of carbon material recycling

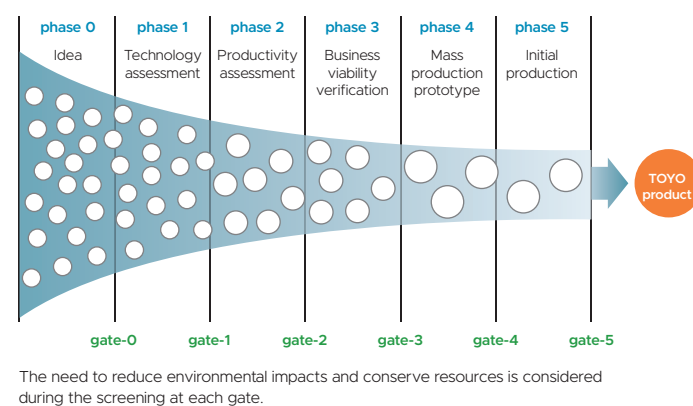


Managing the development of environmentally friendly products

We've introduced the technique of environmental assessment into the management of product development. The need to reduce environmental impacts and conserve resources is considered during the screening at each "gate" so that we can better develop environmentally friendly products. The principal assessment items are as follows:

- Use of environmentally harmful substances (REACH regulations, RoHS Directive, etc.)
- Energy savings (power consumption, production efficiency, etc.)
- Resource savings
- Life cycle (raw materials, product production, distribution/consumption, disposal/recycling, etc.)

Illustration of gate screenings



Developing products with high resource efficiency

Because the characteristics of the surface of graphite blocks manufactured today are often unstable, blocks that fail to meet the level of quality suitable for delivery to customers are disposed of as waste (some are recycled as a raw material). However, we're making improvements as needed based on our belief that instability of characteristics near the surface can be resolved by reassessing manufacturing processes, conditions, and other parameters.

In addition, because we provide products that have been machined into the shapes desired by customers, portions cut

from blocks inevitably end up as waste. To address this issue, we're working to minimize waste from machining by controlling processes in which carbon materials are shaped to be closer to the final product shape rather than a block shape. Since changing the block shape yields secondary benefits in the form of shortened baking and graphitization times, it also helps reduce greenhouse gas emissions.

In this way, we're working to reduce waste by increasing the percentage of resources that are incorporated into products by making improvements to manufacturing processes.

Using earth-friendly raw materials and avoiding procurement risk

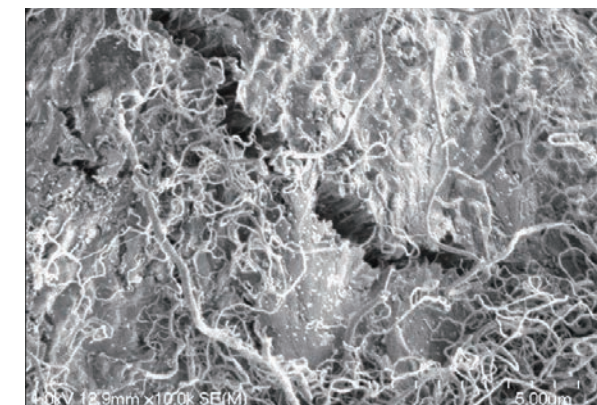
Using recyclable raw materials

The Toyo Tanso Group believes that initiatives that take into account environmental impacts from raw material procurement and use are an essential part of the effort to realize a carbon-neutral society.

The Group is developing technology for manufacturing solid carbon in the form of fine powder for use as a raw material in the production of carbon materials using hydrocarbon gases generated from CO₂ collected from the atmosphere through methanation. This technology remains at the pure research stage today, but we know that solidification at a variety of quality levels and in a variety of shapes is possible depending on the types of metal catalysts and hydrocarbon gases used, temperature, and other conditions. If it becomes possible to control such factors and use the resulting substances as raw materials, that capability will likely facilitate not only the solidification and effective use of CO₂, but also the development of carbon materials with new functionality.

We're also pursuing initiatives related to raw materials and other substances from a variety of angles in order to carry out production activities while valuing limited resources, for

example by realizing competitive advantages by establishing an internal circular economy that will collect CO₂ emitted from carbon material manufacturing processes and allow its use as a raw material in the future.



Electron micrograph of carbon material synthesized from hydrocarbons

Complying with various countries' environmental laws and regulations and reducing environmental impacts

Global management of products' chemical content

The need to manage chemical substances in products is increasing as international laws and regulations governing chemical substances, including the European RoHS Directive and REACH regulations and the U.S. TSCA are strengthened with each passing year, along with industry standards like IEC 62474 and GADSL and customer requirements.

The Toyo Tanso Group put in place a series of management standards for environmentally controlled substances following an effort led by its environmental management departments to collect and organize the latest information about related laws and regulations, industry standards, and customer standards. In addition to applying those standards to our Green Procurement Guidelines, we're building product chemical management structures that are integrated into our quality management system, for example by collecting related information into a product chemical content management list.

Sales departments serve as a point of contact for information about chemical substances contained in individual products at the time of order contracts, investigation requests, etc., and responds and answers to such requests.

Example investigations

- Certificate of non-use for substances prohibited by the RoHS Directive
- Certificate of SVHC non-use under REACH regulations
- chemSHERPA^{*1}

^{*1} A data authoring and support tool administered by the Joint Article Management Promotion Consortium with the goal of communicating information about the chemical substances contained in products throughout the supply chain in a smooth and efficient manner.

Reducing environmental impacts

The Toyo Tanso Group strives to design products with low environmental impacts and to save energy, save resources, and reduce and reuse waste. We're also working to monitor emissions of environmentally harmful substances from manufacturing processes in accordance with applicable environmental laws and regulations and to reduce environmental impacts. Going forward, we will work actively to reduce emissions of greenhouse gases.



Social

Offering human resources development, training, and education programs



Managing human capital

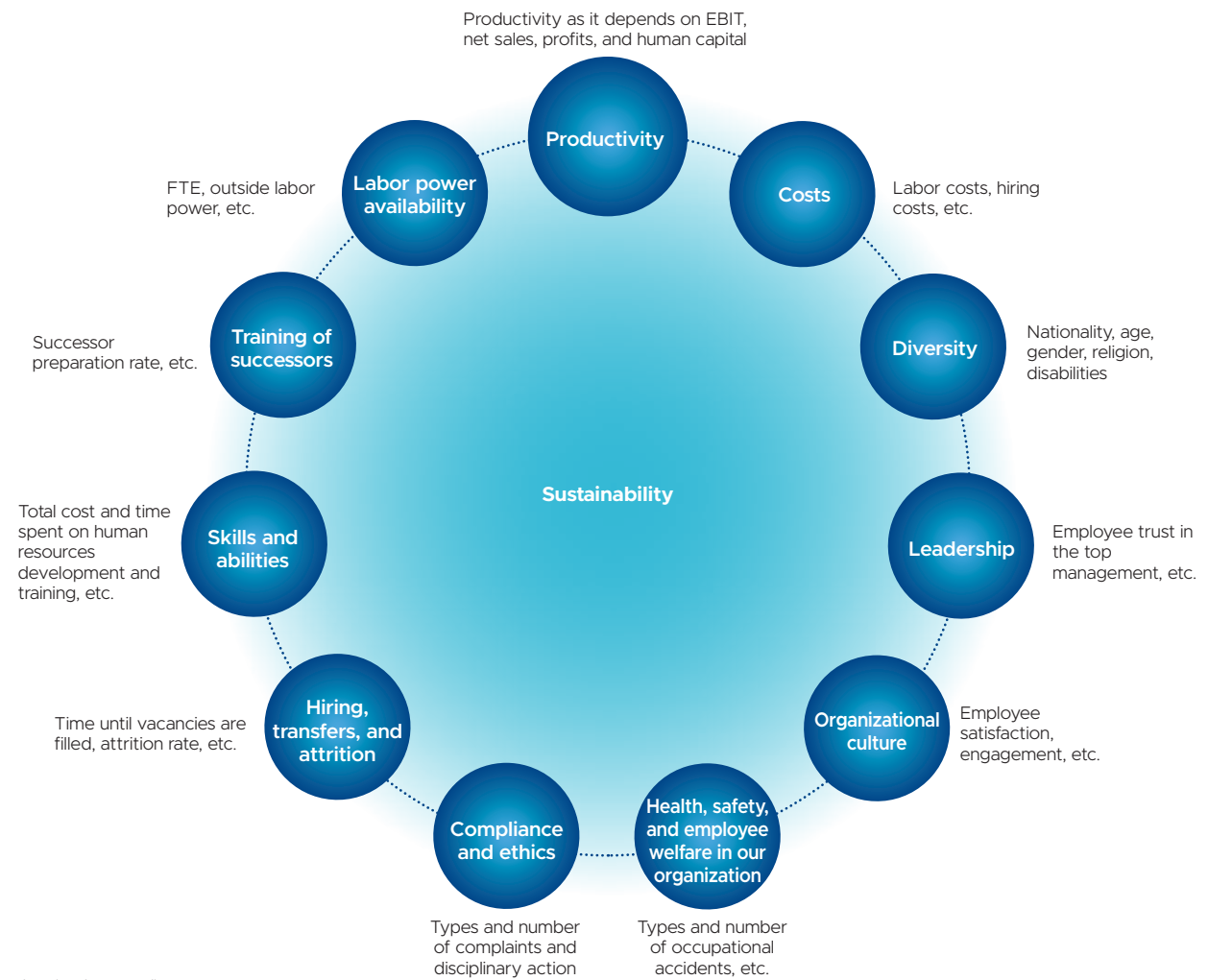
As the management environment continues to undergo dizzying changes, for example in the form of globalization, the shrinking of the working population in Japan due to the country's declining birthrate and aging population, the digital transformation (DX), and the transformation in workstyles, values, and business models being caused by the COVID-19 pandemic, the Toyo Tanso Group is striving to build a human resources environment that will contribute to the realization of a sustainable society.

Reflecting our goal of becoming a company whose employees have motivating, rewarding jobs, we're focusing on increasing engagement through respect for diversity, personnel assignments that prepare employees to make the most of their abilities, medium- and long-term human resources development, health-focused management, fair evaluations,

and comprehensive compensation policies.

In addition to maximizing the performance of people and our organization through human resources policies like these, we continue to provide a stage on which every employee can embrace the challenges of their job with passion and pride as we strive to realize a society that guarantees the safety and security of all people so that no one is left behind.

Reflecting our belief that human resources are our most important asset and that the growth of people is the driving force behind the company's development, we're helping realize a sustainable future by respecting diverse individuality that gives rise to creative thinking and fostering trust and creative collaboration between people based on human resources priorities across 11 categories.



Educational system diagram

	Management positions	Supervisor positions	General positions
Level-based training	Management position training	Leadership training	New-hire training
Selective training	Manufacturing training		
	Plant training for mid-career hires		
	Compliance training		
Training for all employees	Information security training		
	ISO training		
	Security export control training		



https://www.toyotanso.com/sustainability/esg-data.html

Respecting workforce diversity



Diversity & inclusion

We consider the pursuit of diversity and inclusion to be a key priority, and we believe that a diversity of ideas from a diverse workforce is the source of sustainable growth for both the company and society.

The Toyo Tanso Group fundamentally prohibits discrimination

Female empowerment

Toyo Tanso Co., Ltd. has formulated an action plan based on the Act on the Promotion of Female Participation and Career Advancement so that it can put in place an employment environment in which female employees can flourish professionally while ensuring that employees are assigned throughout the company so as to make the best use of their abilities.

The company has consistently worked to help employees balance the demands of their jobs and families. We've formulated an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, and we've acquired the next generation certification mark (Kurumin mark).

In addition, we hand out a Toyo Tanso original "Parenting Enjoyment Handbook" to male employees with newborn children and meet with them to explain available programs as part of our efforts to build an environment in which fathers can participate in parenting. We've expanded eligibility for our paid-time-off savings program (which lets employees accumulate expiring annual paid time off), and we've established a program that lets employees take up to three days off after their spouse gives birth. We also encourage employees to utilize available time off.

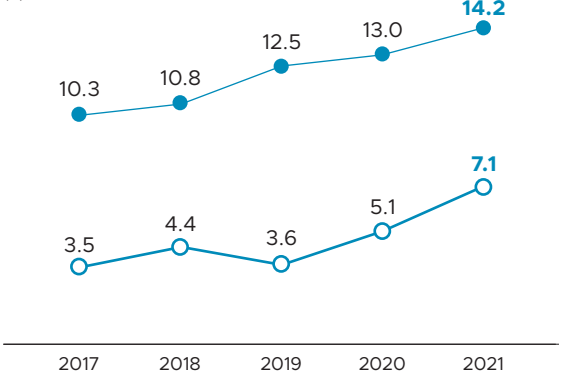
Moreover, we're working to create an environment in which employees can continue to work with peace of mind, for example by hosting group meetings for employees who are using our parenting programs so that they can share parenting concerns, anxiety about how to balance work with family responsibilities, and useful information that will help them support each other.

Going forward, we'll continue to help employees balance their work and parenting responsibilities while working to realize an employment environment in which a diverse workforce can make the most of their abilities.



Percentage of female employees and management positions filled by female employees

● Female employees ○ Management positions filled by female employees (%)



on the basis of gender, nationality, religion, age, disability, or any other characteristic, and we're striving to cultivate an organizational culture rich in trust and creative collaboration so that employees with different values and ideas will respect one another and feel motivated by their jobs.

March 25, 2021

Toyo Tanso Co., Ltd. Action Plan

Toyo Tanso Co., Ltd. has formulated this action plan so that it can put in place an employment environment in which female employees can flourish professionally and ensure that employees are assigned throughout the company so as to make the best use of their abilities.

1. Plan dates:

April 1, 2021, to March 31, 2024 (3 years)

2. Issues:

(1) Promoting women empowerment: We've put in place an environment in which male and female employees alike can work for a long period of time, but female employees tend to make up a smaller percentage of our workforce and of management positions (leaders).

(2) Putting in place a favorable employment environment: The paid-time-off utilization rate is falling even as the number of annual paid-time-off days granted to employees has risen due to changes to our internal programs.

3. Objectives, initiatives, and timing

Objective (1): Increasing the percentage of female hires to an average of at least 20%

[Initiatives]

Starting June 2021

Assess the status quo by identifying positions (departments) where there's imbalance in assignments of male and female employees.

Starting August 2021

Investigate the issues that would be anticipated if female employees were assigned and study measures to resolve them.

Starting October 2021

Share examples of activities of female role models with departments that have few female employees and have them actively consider assigning female employees.

Objective (2): Increasing the percentage of management positions filled by female employees to at least 7%

[Initiatives]

Starting September 2021

Offer training to male and female employees who are likely to become candidates for management positions in the future to increase their role awareness and management skills.

Starting October 2021

Survey female employees' awareness of their current jobs and future career plans and identify related issues.

Starting January 2022

Study measures to address the issues identified in the survey and undertake initiatives to put in place a more favorable environment and improve the organizational culture.

Objective (3): Increasing the paid-time-off utilization rate to at least 60%

[Initiatives]

Starting June 2021

Assess employees' utilization of paid time off, identify issues, and study the introduction of a program encouraging employees to utilize their paid time off in a systematic manner.

Starting December 2021

Spread awareness of the target paid-time-off utilization rate throughout the company and introduce a program encouraging employees to utilize their paid time off in a systematic manner.

Starting March 2022

Encourage employees to utilize their paid time off, for example by raising awareness.

Starting December 2023

Verify the results of the newly introduced program and study and implement measures to address any issues.

Social

Undertaking community service activities



Social welfare

We're working to address issues related to social welfare through the Red Feather Central Community Chest, for example by encouraging employees to donate blood and by providing food and other necessities to people who require assistance in their daily lives, for example economically disadvantaged people, elderly people without relatives, and people with physical disabilities.

- Participating in volunteer activities
- Offering food assistance to people in economic need
- Encouraging employees to donate blood



We donated 100 two-liter bottles of emergency water for use in the event of a natural disaster to Food Bank Kagawa.

Environmental conservation

We work to raise employee awareness and conserve the environment through a variety of programs, including by orchestrating clean-up activities near our plants, planting trees at our facility sites, and participating in river and beach clean-up events hosted by local governments and volunteer organizations.

- Clean-up (beautification) activities near business sites
- Clean-up activities at rivers and beaches
- Tree-planting activities



We participated in a prefectural beach clean-up drive organized by the Kagawa Prefecture Council on Addressing Beach Waste.



Volunteers clean areas near our business sites.

Natural disaster assistance

In the event of natural disasters like earthquakes and flooding due to extreme weather, we work with local governments to open our facilities (canteens, parking lots, etc.) to the public and provide emergency food, drinking water, and other necessities that we've stockpiled for this purpose to affected local residents.

- Providing space for storing supplies for use in the event of a natural disaster
- Providing shelter facilities for use in the event of a natural disaster
- Providing supplies for use in the event of a natural disaster



Iwaki Plant
The plant's parking lot can be used as a temporary shelter for local residents in the event of a natural disaster.

Developing human resource

By traveling to schools to offer classes, we help facilitate the growth of the young people who underpin local communities as well as human resources development while building interest in local companies and love of the local community. We also strive to build character among the next generation by operating Kondo Zaidan, a public interest foundation.

- Offering classes about carbon for elementary school students
- Traveling to local technical high schools to teach classes



Visiting lectures at school:
Providing opportunities to learn about carbon

Creating safe, secure communities

We're helping build safe, secure communities, for example by contributing people to improve local disaster preparedness, including by encouraging employees to join local volunteer fire departments and by participating in traffic safety and crime-prevention initiatives to protect children from traffic accidents and crime.

Contributing to local communities

We work with local partners to realize better communities, for example by sponsoring and supporting local events and revitalization programs, contributing actively to the resolution of local issues as a corporate citizen, and offering tours of our plants for local residents.

- Sponsoring local events and revitalization programs
- Hosting unique events (opening plants to the community)



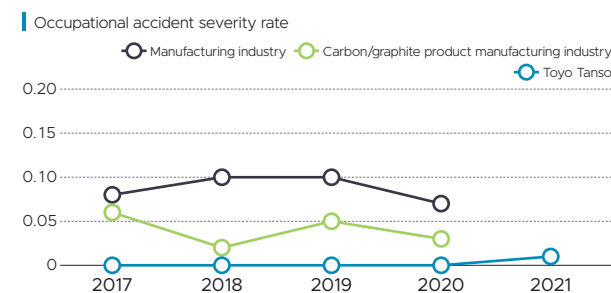
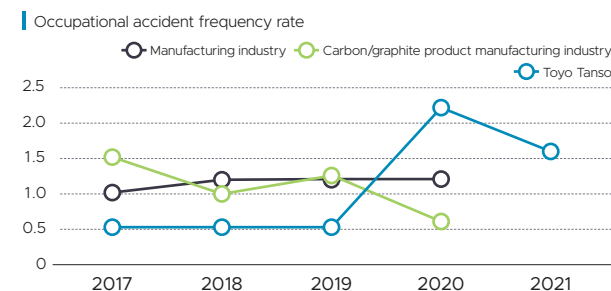
We support the "Hozan Lake Ball Park Dream Project," a program of the city of Mitoyo, Kagawa Prefecture.
We donated 20 million yen over two years as part of a "hometown tax" program for corporations.

Improving safe, healthy workplace environments and increasing productivity



Occupational health and safety initiatives

Working in accordance with its environmental, health, and safety policies and through its Environmental Health and Safety Committee, Toyo Tanso is striving to ensure that not only employees, but also everyone involved with its businesses can work in a safe and pleasant environment. To that end, we're realizing safe workplaces by making effective use of near-miss reports and risk assessments to nip potential hazards in the bud.



Employee health

Reflecting its belief that maintaining and improving employees' health is essential to sustainable growth, Toyo Tanso is working to create workplaces where each and every employee can do their job in a healthy, energetic, and motivated manner.

Examples of health management initiatives (Toyo Tanso, non-consolidated)

Visualizing working hours

We're putting in place an environment in which measures to prevent overwork, working hours, and overtime hours can be managed in an appropriate and reliable manner by visualizing employees' working hours and conditions through a comparison of clock-in and clock-out times from our attendance system with operational logs from computers stored on servers.

Introducing a health management system

Employees' health data is managed centrally in the cloud using capabilities like management of health checkup results, automatic determination of high-stress employees based on stress checks, recommendation of online interviews with occupational physicians, and automated risk visualization through group analysis.

Introducing a GLTD program

As part of an effort to put in place a workplace environment in which employees can do their jobs with peace of mind, we've introduced group long-term disability (GLTD) income indemnity insurance to supplement the income of employees who lose the ability to work due to illness or injury.



Ensuring the human rights of all stakeholders

Respect for human rights

Reflecting our belief that safeguarding the human rights of all people who are affected by our business activities is a key step in strengthening our sustainable management foundation, the Toyo Tanso Group is working to respect the human rights of all stakeholders, including employees, while supporting and respecting the UN Guiding Principles on Business and Human Rights.

Human rights helpline

The Toyo Tanso Group has created an internal helpline to serve as a point of contact for questions and problems involving human rights. In addition to providing multiple points of contact, including by creating both internal and external helpline for group companies, we accept anonymous reports. Information submitted via these helpline is treated in a strictly confidential manner, and conduct that could identify people using the helpline is prohibited. We also work to ensure that no employee is subject to disciplinary action or disadvantageous treatment because they contacted one of these helpline.

Offering education on human rights

The Toyo Tanso Group is deepening understanding of its efforts to create employee-friendly workplaces by offering year-round education, including workplace management training for employees in management positions, human rights awareness-raising training for all employees, and case studies examining a variety of harassment issues in the workplace.

Supply chain initiatives

To contribute to the realization of a sustainable society while building trusting relationships with suppliers through fair and impartial transactions and offering opportunities to participate in its procurement activities to would-be suppliers worldwide, the Toyo Tanso Group has adopted procurement policies that are designed to ensure its ability to protect the environment and fulfill its social responsibility across the supply chain.

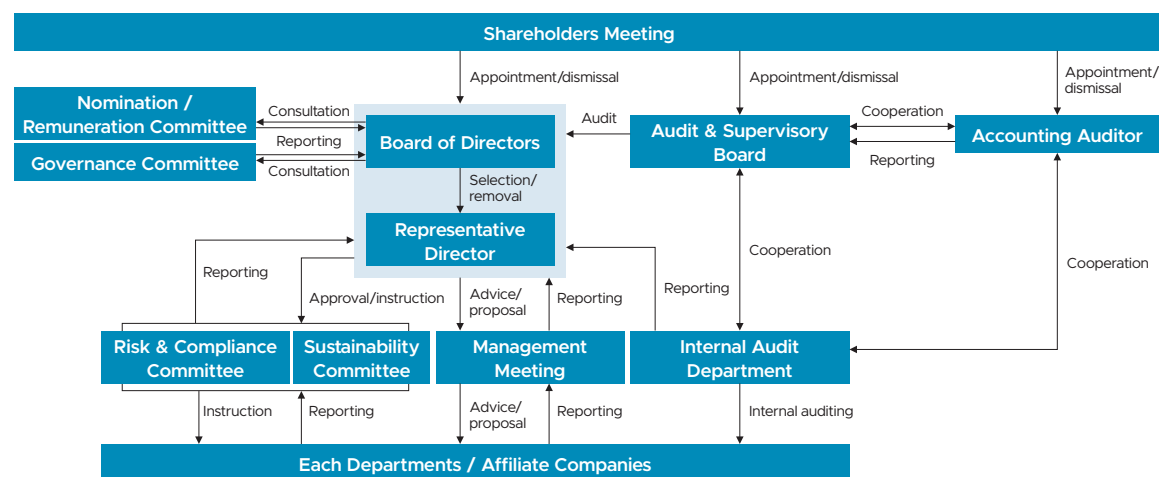
In addition, our Sustainable Procurement Guidelines, which suppliers are required to follow, set forth various requirements concerning human rights and labor, including prohibitions on child labor and forced labor. We conduct regular audits to verify supplier compliance.

Governance

Corporate governance structures

In order to respond to the trust placed in us by our stakeholders including shareholders, customers, employees and society, and to achieve sustainable growth and medium- to long-term corporate value, while following the fundamental philosophy and management policies below as our basic principle, the Toyo Tanso Group has built a structure of corporate governance aiming to make transparent, fair, quick and decisive decisions while keeping a balance between management supervision and the execution of duties.

Overview of corporate governance



Global management

The Toyo Tanso Group assigns category leaders to functional departments in the Head Office; centralizes processing technologies, quality assurance, and development worldwide; and integrates operations through function-specific horizontal management in areas such as legal affairs, human resources, procurement, and information systems. We've built a strong management structure that takes charge of central management of the management and governance of all 16 bases in Japan and overseas.



Implementation of management based on the subsidiary management standards

We standardize subsidiary management in accordance with the Management Book (Global Common Management Standards).

Principal meeting structures

Board of Directors

The Board of Directors, which consists of three Internal Directors (Naotaka Kondo, Shunsaku Hiraga, and Tatsuro Hamada) and three Outside Directors (Mune Iwamoto, Shusuke Matsuo, and Keiko Kosaka), is chaired by Representative Director, Chairman and President, and CEO Naotaka Kondo.

The Board meets once a month in regular session and in extraordinary sessions as necessary to make decisions concerning important matters such as the Group's management policies. We've adopted an Executive Officer structure in which daily operational matters are entrusted Executive Officers to speed decision-making and clarify responsibility. Executive Officers, who are appointed by the Board of Directors, carry out operations by directing the internal organization under their control and are responsible for ensuring that those operations are carried out in accordance with the company's management policies. In addition to overseeing Directors' execution of their responsibilities, the Board of Directors oversees Executive Officers' implementation of operations.

Management Meeting

The Management Council, which consists of officers (Directors and Audit & Supervisory Board Members), Executive Officers, and related executives, is chaired by Representative Director, Chairman and President, and CEO Naotaka Kondo.

The body, which in principle meets once a month, works to accelerate decision-making and strengthen the company's operational functions by deliberating important management matters and discussing matters that should be reported to the Board of Directors. It also ensures that decision-making on important matters is informed by good judgment.

Audit & Supervisory Board

The Audit & Supervisory Board, which consists of one Internal Auditor (Toshimi Boki) and two Outside Auditors (Kazuhiro Imai and Junko Uemura), is chaired by Auditor Toshimi Boki.

The body, which meets in regular session once a month and in extraordinary session as necessary, receives reports on the status of Auditors' execution of their responsibilities, shares information, and works to ensure the effectiveness of audits. An alternate Auditor is appointed to ensure the company has enough Auditors as required under the law.

Nomination / Remuneration Committee

The Nomination / Remuneration Committee, a voluntary advisory body that serves the Board of Directors, consists of one Internal Director (Naotaka Kondo) and two Outside Directors (Shusuke Matsuo and Keiko Kosaka) and is chaired by Outside Director Shusuke Matsuo.

The body deliberates human resources and remuneration matters concerning directors and other officers and reports to the Board of Directors in order to ensure the transparency of the discussion process related to human resources (appointments and dismissals) and compensation for Directors, Executive Officers, and Audit & Supervisory Board Members and strengthen the company's corporate governance structures.

Governance Committee

The Governance Committee, a voluntary advisory body that serves the Board of Directors consisting of one Internal Director (Naotaka Kondo) and two Outside Directors (Mune Iwamoto and Shusuke Matsuo), is chaired by Representative Director, Chairman and President, and CEO Naotaka Kondo.

The body, whose purpose is to increase the transparency and fairness of management while enhancing the Group's corporate governance in an ongoing manner from the perspective of all stakeholders, deliberates important matters related to corporate governance and reports to and advises the Board of Directors.

Evaluating the effectiveness of the Board of Directors

Toyo Tanso's Governance Committee plays the lead role in evaluating and analyzing the effectiveness of the Board of Directors as a whole and undertaking initiatives to address the issues identified as a result. An overview of the FY2021 evaluation follows.

Officer	Questionnaire format	Participants	Directors and Audit & Supervisory Board Members
Content	<p>Survey forms including the following principal evaluation items were handed out:</p> <ol style="list-style-type: none"> 1. Responsibilities and roles of the Board of Directors 2. Scale, composition, and structures of the Board of Directors 3. Administration of the Board of Directors 4. Relationships with stakeholders 		
Results	<p>The Board of Directors was found to be carrying out its roles and responsibilities in line with the Corporate Governance Code and to be functioning in a generally effective manner.</p>		

Areas where we will work to make improvements based on an awareness of the need for enhancements and additional development	Areas to be targeted by initiatives in 2022 and beyond
(1) Enhancing deliberation of topics such as the direction of corporate strategy and the Medium-Term Management Plan by the Board of Directors	<ul style="list-style-type: none"> • Progress and reassessment of the Medium-Term Management Plan (as appropriate) • Consideration of M&As • General discussion of capital policy
(2) Development and active use of sustainability-promoting structures	<ul style="list-style-type: none"> • Formulation of a CO₂ emissions reduction plan • Assurance of diversity in the promotion of core human resources, etc.
(3) Formulating successor plans	<ul style="list-style-type: none"> • Progress in successor plans

Governance

Policies on the determination of officer compensation

Our basic policy concerning the determination of officer compensation is that such remuneration should comprise a system that functions adequately as a robust incentive to encourage sustained improvement of corporate value and contributions to the sustainable development of society, reflects shareholder profits, and aligns with the Medium-Term Management Plan. Compensation for Executive Officers consists of a monthly salary as basic compensation and short- and medium-/long-term incentive compensation as a performance-based component. The indicators used to determine performance-based compensation are chosen with the goal of ensuring that those components of officers' remuneration more closely track the company's performance during the business year in question as well as its medium- and long-term performance. The compensation of Non-Executive Officers, who are responsible for oversight functions, consists exclusively of a monthly salary as basic compensation, determined on the basis of their job responsibilities. Audit & Supervisory Board Members compensation consists exclusively of basic compensation.

Total compensation and other remuneration by officer classification, total compensation and other remuneration by type, and number of officers

Officer classification	Total compensation and other remuneration (Millions of yen)	Total compensation and other remuneration by type (Millions of yen)		Number of eligible officers
		Basic remuneration	Performance-linked remuneration	
Directors (Excluding Outside Directors)	164	121	42	5
Outside Directors	21	21	—	3
Audit & Supervisory Board members (Excluding Outside Audit & Supervisory Board Members)	15	15	—	1
Outside Audit & Supervisory Board Members	10	10	—	2

Notes: 1. The above headcount and total compensation and other remuneration figures include one Director who retired owing to resignation effective July 31, 2021.
2. ROE and achievement rate of the operating profit target, which serve as indicators for evaluating performance, were 6.4% and 101%, respectively, during the business year under review.
3. Financial compensation for Directors was capped at 540 million yen per year by the 77th Ordinary General Shareholders Meeting held on March 28, 2019. As of the closing of that meeting, the company had eight Directors (of whom three were Outside Directors).
4. Financial compensation for Audit & Supervisory Board Members was capped at 36 million yen per year by the 77th General Shareholders Meeting held on March 28, 2019. As of the closing of that meeting, the company had three Auditors (of whom two were Outside Auditors).

Efforts to strengthen corporate governance

Recognizing that robust corporate management is a responsibility as well as a perennial topic of the highest importance for any corporation, the Toyo Tanso Group works to put in place and strengthen structures and initiatives to further enhance its corporate governance, and in doing so it considers the top priority to be ensuring that corporate

governance functions more effectively. To that end, we're working, first, to strengthen awareness-raising structures to ensure that all executives and employees maintain high awareness in this area, and, second, to further enhance corporate governance by taking feedback from shareholders and other stakeholders seriously.

Initiatives to strengthen corporate governance

	2016	2017	2018	2019	2020	2021	2022 and onward	
Number of Directors	8	7	7	8	8	7 ¹⁾	6	
(Outside Directors)	3	3	3	3	3	3	3	
(Female Directors)	0	0	0	0	0	0	1	
Number of Audit & Supervisory Board Members	3	3	3	3	3	3	3	
(Outside Audit & Supervisory Board Members)	2	2	2	2	2	2	2	
(Female Audit & Supervisory Board Members)	0	0	1	1	1	1	1	
Voluntary committees	Established the Nomination / Remuneration Committee (chaired by an Outside Director and consisting of 2/3 Outside Directors)							
		Established the Governance Committee (chaired by the CEO and consisting of 2/3 Outside Directors)						
Evaluation of the effectiveness of the Board of Directors	Evaluated the effectiveness of the Board of Directors							
Compensation programs			Introduced compensation program in the form of shares with restrictions on transfers		Revamped compensation programs (based on medium- and long-term performance)		Revamped policies	
Business strategies	Undertook business structure reforms			Formulated a new Medium-Term Management Plan	Fleshed out growth strategies and formulated action plans			New Medium-Term Management Plan
Development of governance structures				Transitioned to a functional headquarters system and strengthened global governance structures			Established the Sustainability Committee	

Note: ^{*1} Director headcount as of August 1, 2021 (reflecting one resignation effective July 31, 2021).

Officer training policy

Toyo Tanso Co., Ltd. provides, facilitates, and funds training opportunities designed to allow Directors, Audit & Supervisory Board Members, and Executive Officers to acquire necessary knowledge concerning the Group's businesses, finances, organization, and other characteristics and to develop a

sufficient understanding of the roles and responsibilities they are expected to fulfill at the time of their appointment and to update this knowledge on an ongoing basis while they serve in their positions.

Reasons for the appointment of officers

List of reasons for which officers were appointed

Position	Officer	Reason for appointment
Director, Chairman and President (Representative Director)	Naotaka Kondo	Naotaka Kondo has a wealth of experience and knowledge serving in management positions, exercising strong leadership since being appointed to the office of Representative Director of the Company in 2018, and he has driven initiatives to reinforce corporate governance and to implement the Company's growth strategy. Considering the above, he was nominated and appointed to serve as a Director because he is expected to appropriately execute duties as a Director of the Company and contribute to the increase of corporate value.
Director	Shunsaku Hiraga	Shunsaku Hiraga has a wealth of knowledge and experience related to carbon production, and he has contributed to improving production technology and business development initiatives after being appointed as Executive Officer of the Company in 2018. Considering the above, he was nominated and appointed to serve as a Director because he is expected to appropriately execute duties as a Director of the Company and contribute to the increase of corporate value.
Director	Tatsuro Hamada	Tatsuro Hamada was involved for many years in the development division of a tire manufacturer and has experience as both an Executive Officer and the head of a management division. Since joining the Company, he has contributed to reforms of technical development, business development and promoting management strategy. Considering the above, he was nominated and appointed to serve as a Director because he is expected to appropriately execute duties as a Director of the Company and contribute to the increase of corporate value.
Outside Director	Mune Iwamoto	Mune Iwamoto is expected to offer useful advice for the development of the Company's business, because he has experience serving in research roles and on the management at chemicals manufacturers, a wealth of knowledge concerning international activities, including the management and rebuilding of overseas subsidiaries, and experience as an Outside Director at the Company and other companies, and because he is expected to appropriately fulfill the role of overseeing the execution of business and contribute to the discussion and review of overall management strategy. Accordingly, he was nominated and appointed to serve as an Outside Director.
Outside Director	Shusuke Matsuo	Shusuke Matsuo is expected to offer useful advice for the development of the Company's business because he has experience serving on the management at chemicals manufacturers, experience as a manager at the overseas subsidiaries of a general trading company, extensive experience and a wealth of knowledge concerning management from a global perspective, and experience as an Outside Director at the Company, and he is expected to appropriately fulfill the role of overseeing the execution of business and contribute to the discussion and review of overall management strategy. Accordingly, he was nominated and appointed to serve as an Outside Director.
Outside Director	Keiko Kosaka	Although Keiko Kosaka does not have experience of being involved in corporate management other than being an outside officer, she has knowledge and experience with corporate law cultivated over many years as a lawyer in the area of corporate law. Furthermore, based on her experience of contributing to auditing at the Company as an Outside Audit & Supervisory Board Member since March 2018 and her experience as an Outside Director and Outside Audit & Supervisory Board Member at other companies, the Company expects that she will appropriately fulfill the role of overseeing the execution of business and contribute to the strengthening of the Company's corporate governance. Accordingly, she was nominated and appointed to serve as an Outside Director.
Audit & Supervisory Board Member (Full time)	Toshimi Boki	The Company expects that Toshimi Boki will appropriately execute his duties as an Audit & Supervisory Board Member based on his extensive knowledge and experience accumulated through his many years of experience in key positions in the finance and accounting divisions since joining the Company. Accordingly, he was nominated and appointed to serve as an Audit & Supervisory Board Member.
Audit & Supervisory Board Member (Outside)	Kazuhiro Imai	Although Kazuhiro Imai does not have experience being involved in corporate management, he has diverse knowledge and experience in finance and accounting as a certified public tax accountant. Moreover, it is considered that he will be able to execute duties as an Outside Audit & Supervisory Board Member appropriately. Accordingly, he was nominated and appointed to serve as an Outside Audit & Supervisory Board Member.
Audit & Supervisory Board Member (Outside)	Junko Uemura	Although Junko Uemura does not have experience being involved in corporate management, she has extensive knowledge and experience regarding law, with a focus on corporate law, gained as a lawyer. Accordingly, she was nominated and appointed to serve as an Outside Audit & Supervisory Board Member because she is expected to appropriately execute duties as an Outside Audit & Supervisory Board Member of the Company.

Directors' and Audit & Supervisory Board Members' areas of specialization

Skill matrix

Position	Area of responsibility	Name	Overall management	Key business/ industry experience (Materials industry)	Global management	Sales/ marketing	R&D/ production technology	Quality control/ procurement and logistics	Sustainability (ESG)	IT/AI/IoT/ DX	Legal affairs/ personnel/ risk management, etc.	Finance/ institutional accounting/ management accounting/ taxation
Director, Chairman and President (Representative Director)	Chief Executive Officer (CEO)	Naotaka Kondo	○	○	○	○	○	○	○	○	○	○
Director	Director of Division, Production Division In charge of Global R&D Division	Shunsaku Hiraga	○	○	○		○		○	○		
Director	Director of Division, Corporate Planning Division In charge of Global Sales Division	Tatsuro Hamada	○	○	○	○	○		○			
Director (Outside)		Mune Iwamoto	○	○			○				○	
Director (Outside)		Shusuke Matsuo	○	○	○	○						
Director (Outside)		Keiko Kosaka									○	
Audit & Supervisory Board Member (Full time)		Toshimi Boki						○		○		○
Audit & Supervisory Board Member (Outside)		Kazuhiro Imai										○
Audit & Supervisory Board Member (Outside)		Junko Uemura									○	

Governance

Officers

Directors



Naotaka Kondo
Representative Director,
Chairman and President
CEO

Number of the Company's shares held: 1,218,076

Status of attendance at Board of Directors Meetings: 17/17

Apr. 1980 Joined MITSUI & CO., LTD.
Dec. 1985 Joined the Company
Mar. 1994 Director
Nov. 2000 Managing Executive Officer
Aug. 2001 Director
Mar. 2002 Managing Director
Jul. 2003 Senior Managing Director
Sep. 2003 Senior Managing Executive Officer
Jan. 2007 Representative Director, NT Corporation (incumbent)
Aug. 2007 Representative Director, the Company, Senior Vice President, Executive Vice President, Assistant to President
Mar. 2008 Director of Division, Sales Division
Aug. 2009 President, Executive President
Jun. 2012 Senior Advisor
Jan. 2013 Director, Shizen Energy Inc.
May 2013 Retired from the Company
Nov. 2013 Representative Director, Chief Executive Officer, Via Mechanics, Ltd.
Dec. 2014 Chairman, Via Mechanics, Ltd.
Mar. 2015 Board Director, Japan Investment Adviser Co., Ltd.
May 2017 Audit & Supervisory Board Member, Shizen Energy Inc.
Mar. 2018 Chairman, the Company (incumbent)
Apr. 2018 Representative Director (incumbent), Chairman and Executive Officer (incumbent), Chief Executive Officer (CEO) (incumbent)
May 2018 President (incumbent), Executive President (incumbent)



Shunsaku Hiraga
Director
Director of Division,
Production Division
In charge of Global R&D
Division

Number of the Company's shares held: 3,100

Status of attendance at Board of Directors Meetings: 17/17

Jul. 1971 Joined Mitsubishi Kasei Corporation (current Mitsubishi Chemical Corporation)
Sep. 2003 Joined the Company
Managing Executive Officer
Jan. 2004 Director of Division, Production Division
Aug. 2004 Director
Aug. 2005 General Manager, Machining Department
Jan. 2006 General Manager, Production Department
Apr. 2007 General Manager, Mechanical Carbon Development & Production Department
Jun. 2007 General Manager, Planning Department
Dec. 2007 General Manager, Planning Division
Aug. 2009 Retired from the Company
Oct. 2011 Established CARBON ONE Co., Ltd. Representative Director
Apr. 2013 Established Carbon Material International Corporation (incumbent)
Executive Director (incumbent)
Jul. 2018 Joined the Company
Executive Officer (incumbent)
Business Unit Management Officer
Sep. 2018 Director of Division, Production Division (incumbent)
Mar. 2019 Director (incumbent)
Nov. 2021 In charge of Global R&D Division (incumbent)



Tatsuro Hamada
Director
Director of Division,
Corporate Planning Division
In charge of Global Sales
Division

Number of the Company's shares held: 1,800

Status of attendance at Board of Directors Meetings: 17/17

Apr. 1983 Joined Bridgestone Corporation
Feb. 1995 Lead Advisor, Akron Central Research Center, BRIDGESTONE/FIRESTONE, INC. (current BRIDGESTONE AMERICAS, INC.)
Apr. 2004 General Manager, Tire Materials Development Department, Tire Materials Development Division, Bridgestone Corporation
Jul. 2007 Director, Tire Materials Development Division, Bridgestone Corporation
Jul. 2009 Director, Internal Manufacturing Management Division, Bridgestone Corporation
Jul. 2010 Vice President and Officer, In charge of Internal Manufacturing Management, Bridgestone Corporation
May 2011 In charge of Tire Research and Material Development, Bridgestone Corporation
Jan. 2015 Assistant to Chief Technology Officer, Bridgestone Corporation
Jan. 2017 In charge of Central Research, Bridgestone Corporation
Sep. 2017 Joined the Company
Executive Officer (incumbent)
In charge of Technical Development Division
Apr. 2018 General Manager, Materials Development Department, Technical Development Division
Sep. 2018 Director of Division, Global R&D Division
Feb. 2019 Director of Division, Corporate Planning Division (incumbent)
Mar. 2019 In charge of Global R&D Division
Aug. 2021 Chairman, SHANGHAI TOYO TANSO CO., LTD. (incumbent)
Chairman, SHANGHAI TOYO TANSO INDUSTRIAL CO., LTD. (incumbent)
Chairman, TOYO TANSO (ZHEJIANG) CO., LTD. (incumbent)
Nov. 2021 In charge of Global Sales Division, the Company (incumbent)



Mune Iwamoto
Director (Outside,
Independent)

Number of the Company's shares held: 9,000

Status of attendance at Board of Directors Meetings: 17/17

Apr. 1976 Joined Mitsui Toatsu Chemicals, Inc. (current Mitsui Chemicals, Inc.)
Jun. 1995 General Manager, Polymers Division, Osaka R&D Center, Mitsui Toatsu Chemicals, Inc.
Oct. 1997 Assistant to General Manager, Polymeric Planning & Coordination Division, Mitsui Chemicals, Inc.
Jul. 1999 Director, General Manager, ABS Marketing & Sales Division, NIPPON A&L INC.
Jun. 2001 General Manager, Specialty Resins Division, Functional Materials Business Group, Mitsui Chemicals, Inc.
Jun. 2003 Senior Director, Mitsui Chemicals, Inc. Vice President, Japan Polystyrene, Inc.
Jun. 2004 President & CEO, Japan Polystyrene, Inc.
Apr. 2010 Councillor, Production & Technology Center, Mitsui Chemicals, Inc.
Jun. 2010 Chairperson, Energy and Climate Change Policy Committee, International Council of Chemical Associations (ICCA)
Jun. 2014 Director, Takiron Co., Ltd. (current C.I. TAKIRON Corporation)
Mar. 2016 Director, the Company (incumbent)



Shusuke Matsuo
Director (Outside,
Independent)

Number of the Company's shares held: 500

Status of attendance at Board of Directors Meetings: 17/17

Apr. 1971 Joined Marubeni-Iida Co., Ltd. (current Marubeni Corporation)
Apr. 1996 Vice President, Marubeni Germany plc
May 2001 Vice President, Marubeni Europe plc
May 2003 Joined RIKEN TECHNOS CORPORATION
Jun. 2004 Director, General Manager of Film Business, RIKEN TECHNOS CORPORATION
Jul. 2009 Joined KUREHA CORPORATION
Deputy General Manager of Advanced Materials Division
Apr. 2010 Vice President, General Manager of Advanced Materials Division, KUREHA CORPORATION
Apr. 2011 Senior Vice President, KUREHA CORPORATION
Jun. 2012 Director, KUREHA CORPORATION
Apr. 2013 General Manager of PGA Division, KUREHA CORPORATION
Apr. 2014 Managing Director of Advanced Materials and PGA Businesses, KUREHA CORPORATION
Jun. 2015 Special Advisor, KUREHA CORPORATION
Jun. 2017 Retired from KUREHA CORPORATION
Mar. 2020 Director, the Company (incumbent)



Keiko Kosaka
Director (Outside,
Independent)

Oct. 2002 Registered as lawyer
Joined Irokawa Law Office (current Irokawa Legal Professional Corporation)
Jan. 2009 Partner, Irokawa Law Office (current Irokawa Legal Professional Corporation) (incumbent)
Jun. 2016 Audit & Supervisory Board Member, Nihon Yamamura Glass Co., Ltd.
Jun. 2017 Director, Nihon Yamamura Glass Co., Ltd. (incumbent)
Audit & Supervisory Board Member, Asia and Pacific Trade Center Co., Ltd. (incumbent)
Mar. 2018 Audit & Supervisory Board Member, the Company
Jun. 2018 Audit & Supervisory Board Member, FALCO HOLDINGS Co., Ltd.
Jun. 2021 Director, FALCO HOLDINGS Co., Ltd. (incumbent)
Mar. 2022 Director, the Company (incumbent)

Number of the Company's shares held: 0

Status of attendance at Board of Directors Meetings: 17/17

Audit & Supervisory Board Members



Toshimi Boki
Audit & Supervisory Board
Member

Nov. 1996 Joined the Company
Feb. 2002 Director of Finance & Administration, TOYO TANSO USA, INC.
Jun. 2005 General Manager, Accounting Department, the Company
Aug. 2006 Executive Officer
May 2015 Registered as U.S. certified public accountant
Jul. 2017 Vice President, SHANGHAI TOYO TANSO CO., LTD.
Vice President, SHANGHAI TOYO TANSO INDUSTRIAL CO., LTD.
Vice President, TOYO TANSO (ZHEJIANG) CO., LTD.
Jan. 2020 Deputy Director General, General Administration Division, the Company
Mar. 2020 Administration Officer, Deputy Director General, General Administration Division
Mar. 2022 Audit & Supervisory Board Member, the Company (incumbent)

Number of the Company's shares held: 2,200



Kazuhiro Imai
Audit & Supervisory Board
Member (Outside,
Independent)

Apr. 1970 Joined Osaka Regional Taxation Bureau
Jul. 1995 Chief Examiner, First Corporation Taxation Group, Oyodo Tax Office
Jul. 2003 District Director, Tanabe Tax Office
Jul. 2011 General Manager, Revenue Management and Collection Department, Osaka Regional Taxation Bureau
Jul. 2012 Retired as General Manager, Revenue Management and Collection Department, Osaka Regional Taxation Bureau
Aug. 2012 Registered as certified public tax accountant
Established Imai Certified Tax Accountant Office (to the present)
Certified public tax accountant (incumbent)
Mar. 2022 Audit & Supervisory Board Member, the Company (incumbent)

Number of the Company's shares held: 0



Junko Uemura
Audit & Supervisory Board
Member (Outside,
Independent)

Dec. 2008 Registered as lawyer
Joined City-Yuwa Partners
Oct. 2011 Joined Kansai Law & Patent Office
Jan. 2018 Partner, Kansai Law & Patent Office (incumbent)
Mar. 2022 Audit & Supervisory Board Member, the Company (incumbent)

Number of the Company's shares held: 0

*1 Numbers of shares held by Directors and their status of attendance at Board of Directors Meetings are accurate as of December 31, 2021.
*2 The attendance of Keiko Kosaka at Board of Directors Meetings is presented in her capacity of Audit & Supervisory Board Member.
*3 No information concerning the status of attendance at Board of Directors Meetings and Audit & Supervisory Board Meetings are provided for Toshimi Boki, Kazuhiro Imai, or Junko Uemura as they were newly appointed at the 80th Ordinary General Shareholders Meeting held on March 29, 2022.

Executive Officers (as of August 1, 2022)

Position	Name	Area of responsibility
*Chairman and Executive Officer Executive President	Naotaka Kondo	Chief Executive Officer (CEO)
*Executive Officer	Shunsaku Hiraga	Director of Division, Production Division
*Executive Officer	Tatsuro Hamada	Director of Division, Corporate Planning Division
Executive Officer	Hiroshi Hashigami	Director of Division, Administration Division General Manager, Office of the Executive Secretariat
Executive Officer	Akira Sasaki	Director of Division, Global Sales Division General Manager of Domestic Sales Department
Executive Officer	Hideki Kiku	Deputy Director of Division, Corporate Planning Division General Manager of Market Strategy Department Deputy Director of Division, Global Sales Division
Executive Officer	Manabu Takata	Deputy Director of Division, Corporate Planning Division General Manager of Planning Department
Executive Officer	Tadashi Shimada	In Charge of Chinese Business
Executive Officer	Megumu Doi	Deputy Director of Division, Production Division
Executive Officer	Takahiro Morishita	Director of Division, Global R&D Division
Executive Officer	Kiyofumi Sone	Deputy Director of Division, Production Division General Manager, Machining Department
Executive Officer	Hiroshi Machino	Deputy Director of Division, Production Division

Executive Officers whose position is preceded by an asterisk also serve as Directors.

Governance

Messages from Outside Directors



A company with major potential to grow in niche domains: Helping realize a sustainable society

Mune Iwamoto
Outside Director

Toyo Tanso is a unique company that manufactures specialty products.

By forming a variety of chemical and three-dimensional structures, carbon imparts a diverse range of properties and functions. Toyo Tanso is a technological pioneer that led the industry in developing isotropic graphite. Having honed chemical and physical control technologies for carbon and created performance that cannot be attained with other substances, we now supply materials that are essential in resolving challenges faced in leading-edge industries like semiconductors, nuclear power, electric vehicles, rail, and solar power. Our products are essential in the building of a sustainable society, and they're making a major contribution to society.

Toyo Tanso's Board of Directors emphasizes the perspective of sustainability as it leads the way in monitoring management and giving medium- and long-term direction to the company's administration. To accomplish that mission, it regularly receives information about the analysis of medium- and long-term market issues as well as proposals and plans at product subcommittee meetings, and about strategies for the categories that have been established for each management function. This information contributes to discussions about governance policies, nomination and determination of

compensation for Directors, and discussions about important investment opportunities. Monthly reports on sales status and finances are made not only on a consolidated basis, but for individual subsidiaries.

Since the enactment of the Corporate Governance Code (CGC), Toyo Tanso has been working to strengthen its governance. The company has created a Governance Committee and a Nomination / Remuneration Committee to play an advisory role, and growth strategies are supported by sort of the transparent, fair, timely, and decisive decision-making that is the goal of the CGC. The Board of Directors and Management Meeting both cultivate free and open discussions. Proposals from executives exhibit enthusiasm for reform, for example in their appetite for reforming the basis of production and implementing global strategies.

The role of Outside Directors has grown in importance since the enactment of the CGC, and Directors ask themselves on a daily basis whether they're fulfilling their responsibility to ensure the company's growth while reflecting on their own performance. Behind the Board of Directors' deliberations lies a belief that it's important to clearly define risks and take such risks as are necessary. With regard to the policies of sustainability management, I believe it's important to ensure alignment with growth strategies and to contribute to society through our business activities when determining the direction of our operations from a long-term perspective. As far as I'm concerned, the current Medium-Term Management Plan exhibits such alignment. As a result, we're seeing progress in initiatives designed to contribute to society and address challenges in the business environment. Toyo Tanso's enormous potential fuels expectations of growth in niche domains, and I believe it will make a major contribution to the building of a sustainable society.

Going forward, I hope to be able to contribute to the company's growth from an objective perspective while visiting plant, sales, and R&D sites to ensure I have a good feel for operations in the field.



I will contribute to the strengthening of governance structures from a medium-/long-term and neutral perspective.

Shusuke Matsuo
Outside Director

I worked for many years at a trading company and was extensively involved in establishing and managing businesses overseas. My experiences, which have included litigation involving race issues, have taught me that adopting a multifaceted and flexible approach based on factors such as race, history, and national structures is particularly necessary when operating businesses overseas. I was subsequently involved in managing the domestic and international operations of two chemical manufacturers, and I feel I was able to cultivate a perspective that differed from my time at the trading company since management decisions undertaken by manufacturing companies about topics like investments and determining when to exit businesses require thinking about operations over longer spans of time. I look forward to taking advantage of these experiences and expertise to oversee operations and offer advice that's helpful to the development of Toyo Tanso's businesses as an Outside Director.

I've attended major meetings like the Board of Directors and Management Meeting and participated in management since being appointed to serve as an Outside Director at Toyo Tanso in 2020, and through those experiences I've seen how the company has made significant improvements and enhancements in numerous areas, including to its organization, human resources, and governance, under the current

leadership team. I think it's remarkable that the company has been able to carry out such a variety of reforms in such a short period of time. Field operations are apt not to keep up with some aspects of this kind of change, so I believe it will be vital to give sufficient consideration to that possibility.

Meetings of Toyo Tanso's Board of Directors are characterized by active discussions in an atmosphere that allows participants to speak their minds freely. I plan to focus particularly on two areas while drawing on my experience as an Outside Director to date. The first is adopting a medium- and long-term as well as neutral perspective when thinking where the company should head in the future. The second is thoroughly discussing governance structures and their effectiveness.

It is Outside Directors' responsibility to increase corporate value from stakeholders' perspective. To fulfill that responsibility, I believe that Outside Directors must be willing, when necessary, to give voice to opinions that the company's top management and leadership may find uncomfortable.



I'll work to contribute to the company's growth in a sustained way by taking advantage of my expertise as a legal professional and my perspective as a woman.

Keiko Kosaka
Outside Director

I've served four years as an Outside Audit & Supervisory Board Member, and starting this fiscal year I'll be participating in the Board of Directors from the perspective as an Outside Director. I plan to think about our vision for Toyo Tanso's future from my perspective as an attorney in the field of corporate law and my new perspective as a female Director to help ensure the company will continue to grow in the future by taking advantage of its originality and its long history as a leading company in the field of high-function carbon.

While technological capability is a core strength whose further enhancement will be an essential part of ensuring future growth, I believe that one key to such development will be increasing the company's market presence by moving ahead with efforts to automate and streamline production to accommodate the shrinking of the working population due to the aging of the country's population and its declining birthrate, by establishing production processes that impose fewer environmental impacts and that can be overseen by female

employees, and increasing the level of sophistication of the Group's management and deepening collaboration among group companies, and by implementing integrated business strategies as a global company.

The Board of Directors hears regular reports on the status of operations in each department and the status of group companies, as well as on initiatives to study strategies and problem areas that cut across functional departments. Based on such information, the body engages in deep discussions across a wide range of topics, including plant design and investment in machinery and equipment, the development of organizational structures, and M&A proposals. Outside Directors receive a range of highly dense information through a variety of opportunities, including not only Board of Directors Meetings, but also Management Meetings and round-table discussions that include all executives. It's also possible to gain a concrete understanding of issues being faced in the field by communicating with department managers and other

personnel, and I look forward to valuing such communication.

As a result of my personal area of specialization, I'm particularly interested in risk management structures and the percentage of positions held by female employees in the company. I feel that initiatives to strengthen risk management, for example through legal checks and checks of global environmental regulations, are making progress at Toyo Tanso, and that interest in increasing the percentage of female employees and of female employees in management positions is growing. Strengthening corporate governance and promoting diversity serve to increase the corporate capability of Toyo Tanso, and these priorities will be an important part of growing as a company that's even more appealing to all stakeholders, including shareholders, business partners, and employees. I look forward to playing my role as an Outside Director in a reliable manner so that effective measures can be undertaken to achieve those goals.

Governance

Ensuring compliance

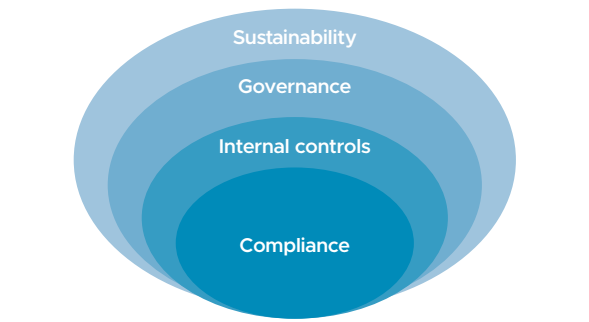
Basic approach to compliance

The Toyo Tanso Group considers compliance activities to consist not only of obeying the law, but also accommodating requirements imposed by society, including in the form of social and ethical norms. Our approach to compliance activities lies in encouraging individual employees to reform their conduct so that awareness of compliance percolates through our corporate culture.

In addition to enacting a Compliance Guidebook to foster compliance awareness, the Group works to spread that awareness by undertaking a variety of initiatives such as daily education and awareness-raising so that employees unconsciously reflect these principles in their conduct.

In addition, the Risk & Compliance Committee surveys the

risk of compliance violations by the company and its affiliate companies on a quarterly basis as part of an ongoing monitoring program.



Educational and awareness-raising activities (FY2021)	Participants	Number of trainees
New-hire training	Newly hired graduates	5
Training to prepare employees for overseas postings	Prospective employees to be posted overseas	6
Regular compliance training	Employees who have been with the company for less than one year	29
Training for newly assigned managers	New managers	5
Compliance Enhancement Month	Employees of Toyo Tanso Co., Ltd. and its domestic affiliate companies	All employees
Compliance training for overseas subsidiaries	Employees of overseas affiliate companies	638

Compliance Guidebook
https://www.toyotanso.com/sustainability/pdf/compliance_guidebook_en.pdf

Compliance awareness-raising and education

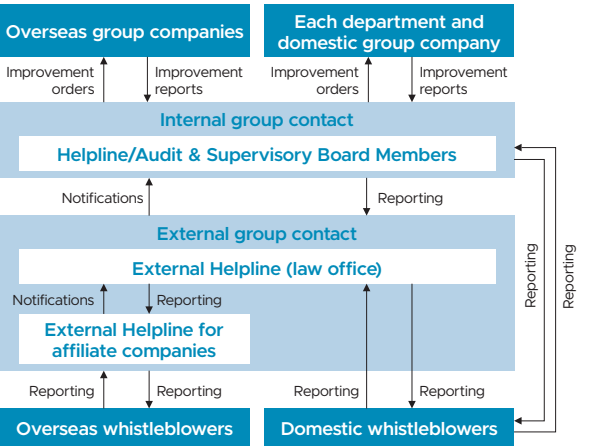
To foster compliance awareness, we've declared October "Compliance Enhancement Month," and we regularly offer education and awareness-raising programs based on our Compliance Guidebook.

The Compliance Guidebook has been translated into multiple languages and distributed to affiliate companies' employees as well so that all of the Group's employees can do their jobs with a proper awareness of the central importance of compliance. Education and awareness-raising activities include group readings of the Compliance Guidebook, group discussions on topics related to compliance, and other programs developed for employees in specific ranks and fields of work.

Internal reporting system

The Toyo Tanso Group has established internal helplines to serve as points of contact for consultations and tips related to compliance violations and corporate ethics issues. To encourage broad utilization, multiple points of contact have been established in the form of internal and external helplines for group companies, and anonymous reportings are accepted.

Information received via these helplines is kept confidential, and the results of any investigations are relayed to whistleblowers. It is prohibited to engage in conduct that would identify or scrutinize whistleblowers, who are protected against disciplinary action and other disadvantageous treatment as a result of their having contacted the helpline.



Strengthening crisis management capabilities

Basic approach to risk management

The Risk & Compliance Committee identifies, calculates, and evaluates serious risks in the company's management; determines which deserve to be addressed on a priority basis; creates a risk map based on the results of that process; and orchestrates a groupwide effort to take steps to reduce risks.

In the event of an unforeseen contingency that could have a

major impact on operations, for example a large-scale disaster or pandemic, the Group take steps to ensure the safety and security of employees, their families, and the local community, giving top priority to physical safety while fulfilling its social responsibility as a company by safeguarding customer value through the continuation of its business operations.

Global business continuity plan (BCP)

We've formulated a business continuity plan (BCP) to minimize the impact of any stoppage in operations for main products due to an earthquake. We're taking various steps under this plan, including to increase the seismic resistance of buildings and production equipment and ensure safety in anticipation of an earthquake of a certain size, to implement structures for backing up our information systems, and to continue supplying products from inventory.

In addition, to prepare for an infectious disease pandemic, we've formulated a basic plan for the entire Group as well as an action plan corresponding to warning phases based on guidance from organizations including the Cabinet Office; Ministry of Heath, Labour and Welfare; Ministry of Foreign Affairs; local governments; and the World Health Organization (WHO).

Information security management structures

Reflecting our belief that confidential information from customers, personal data, internal technical data, and other sensitive information constitute an important asset for the company, we're working to prevent system interruptions due to infection of our information systems with computer viruses or cyberattacks and to avoid external leaks. In addition to formulating internal standards such as basic policies and rules on information security management to augment applicable laws and regulations and putting in place information security structures based on standards and rules, we strive to review structures in light of advances in technology and changes in information security risks and to strengthen countermeasures.

Strengthening cybersecurity

We consider the growing risk posed by cyberattacks targeting companies to be a serious management challenge, and we're working to strengthen associated structures. During 2021, we carried out a groupwide information security assessment to strengthen cybersecurity. In addition to strengthening monitoring of website security, networks, and other information infrastructure, we're putting in place structures to ensure we can deal quickly with any information security accidents that might occur.

Privacy Policy

Toyo Tanso works aggressively to comply with corporate ethics and applicable laws and regulations, and we recognize that safeguarding personal data from customers, which comprises an important asset, is a major component of our social responsibility. As a result, we've formulated the following Privacy Policy:

1. We comply with the Act on the Protection of Personal Information and other related laws, regulations, and best practices. We've formulated Personal Data Protection Rules to ensure personal data is used in an appropriate manner and protected, and we work to thoroughly implement and maintain them and to improve them on an ongoing basis.
2. In addition to establishing management structures related to the protection of personal data, we work to spread awareness of the Personal Data Protection Rules among officers and employees and to ensure that the rules are followed.
3. We use personal data within the scope of the indicated purpose of use. In addition, we do not disclose or provide personal data provided by customers to any third parties unless the owner of that information has given their consent or there is a legitimate reason for doing so.
4. We strive to prevent unauthorized access to personal data as well as the loss, corruption, alteration, and unauthorized disclosure of personal data.
5. We accommodate inquiries and requests for disclosure or other action quickly and in a spirit of good faith.

10-year financial and non-financial summary

		2013*1	2014	2015	2016	2017	2018	2019	2020	2021	2022 (forecast)
Performance (millions of yen)	Net sales	20,542	34,066	35,558	32,464	35,240	41,132	36,402	31,226	37,734	43,000
	Operating profit	1,035	1,140	790	652	3,708	7,009	5,175	3,422	5,666	7,300
	Ordinary profit	1,303	1,501	917	759	3,719	7,057	5,207	3,877	6,264	7,600
	Profit attributable to owners of parent	(111)	1,327	402	284	3,020	4,910	2,944	2,662	4,465	5,300
Financial position (millions of yen)	Total assets	74,229	75,831	72,990	69,797	74,223	74,951	76,082	76,075	83,655	—
	Net assets	58,552	60,918	59,487	58,182	60,986	64,096	65,706	66,622	72,256	—
Cash flows (millions of yen)	Cash flows from operating activities	3,496	7,374	6,797	5,120	6,972	5,759	5,149	7,020	7,328	—
	Cash flows from investing activities	(1,442)	(2,314)	(5,235)	(4,127)	(5,951)	(4,318)	(4,017)	1,011	(6,252)	—
	Cash flows from financing activities	(1,464)	(3,406)	(3,167)	(1,270)	(1,216)	(1,169)	(1,372)	(2,099)	(1,261)	—
	Cash and cash equivalents at end of period	6,871	9,061	7,147	6,424	6,361	6,414	6,101	12,093	12,470	—
Per-share data	Net assets (millions of yen)	2,733.13	2,850.98	2,803.69	2,741.06	2,884.66	3,019.47	3,097.00	3,174.52	3,442.80	—
	Profit (millions of yen)	(5.39)	64.02	19.40	13.71	145.52	234.52	140.40	126.95	212.94	252.71
	Dividends (yen)	11.50	22.00	25.00	25.00	30.00	50.00	50.00	50.00	60.00	70.00
Indicators	Operating profit/net sales	5.0%	3.3%	2.2%	2.0%	10.5%	17.0%	14.2%	11.0%	15.0%	17.7%
	Return on equity (ROE)	(0.2%)	2.3%	0.7%	0.5%	5.2%	8.0%	4.6%	4.0%	6.4%	7.0%
	Return on Assets (ROA)	1.8%	2.0%	1.2%	1.1%	5.2%	9.5%	6.9%	5.1%	7.8%	—
	Equity ratio	76.3%	78.0%	79.6%	81.4%	81.0%	84.5%	85.4%	87.5%	86.3%	—
	D/E ratio	0.13	0.08	0.04	0.03	0.02	0.01	0.00	0.00	0.00	—
	Payout ratio	—	34.4%	128.9%	182.4%	20.6%	21.3%	35.6%	39.4%	28.2%	27.7%
Capital investment, depreciation, and testing/R&D expenses	Capital investment (millions of yen)	855	2,591	2,958	2,662	2,221	2,653	5,082	6,312	5,110	4,281
	Depreciation (millions of yen)	2,251	3,935	3,673	3,414	3,223	2,959	2,831	2,784	2,952	3,165
	R&D expenses (millions of yen)	718	1,790	1,490	1,458	1,233	1,165	1,126	1,106	1,390	1,129
	Ratio of R&D expenses / net sales	3.5%	5.3%	4.2%	4.5%	3.5%	2.8%	3.1%	3.5%	3.7%	2.6%
Non-financial information	Number of employees	1,959	1,969	1,986	1,903	1,710	1,678	1,700	1,658	1,640	—
	(Average number of temporary employees)	164	167	176	153	214	230	254	275	282	—
	Percentage of female employees ^{*2}	9.7%	10.2%	9.5%	9.8%	10.3%	10.8%	12.5%	13.0%	14.2%	—
	Average years of service ^{*2}	13.8	14.6	14.5	15.4	17.0	17.7	17.1	17.9	18.1	—
	Percentage of Outside Independent Directors	0.0%	12.5%	25.0%	37.5%	42.9%	42.9%	37.5%	37.5%	42.9%	50.0%
	Percentage of female officers ^{*3}	14.3%	9.1%	9.1%	0.0%	0.0%	10.0%	9.1%	9.1%	10.0%	22.2%
	Number of R&D employees	87	99	142	111	91	89	80	85	72	—
	Number of patents held	455	491	549	573	502	493	495	492	406	—
	Number of newly acquired patents	64	61	93	52	51	62	54	46	17	—

*1 The end of the fiscal year changed from May 31 to December 31 starting with the fiscal year ended December 31, 2013. Consequently, this fiscal year is an irregular fiscal year insofar as it consisted of only seven months of operations.

*2 Non-consolidated basis.

*3 Directors and Audit & Supervisory Committee members.

Consolidated financial statements

Consolidated balance sheet

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	13,632	15,364
Notes and accounts receivable - trade	11,389	14,198
Securities	2,999	2,999
Merchandise and finished goods	7,495	7,477
Work in progress	5,454	5,722
Raw materials and supplies	2,725	2,823
Other	707	526
Allowance for doubtful accounts	(150)	(103)
Total current assets	44,253	49,009
Non-current assets		
Property, plant and equipment		
Buildings and structures	21,505	23,384
Accumulated depreciation	(11,325)	(12,155)
Buildings and structures, net	10,180	11,229
Machinery, equipment and vehicles	49,846	53,108
Accumulated depreciation	(42,558)	(43,819)
Machinery, equipment and vehicles, net	7,287	9,289
Land	5,821	5,891
Leased assets	1,024	1,543
Accumulated depreciation	(237)	(309)
Leased assets, net	786	1,233
Construction in process	3,414	2,181
Other	4,648	5,125
Accumulated depreciation	(3,690)	(3,904)
Other, net	958	1,221
Total property, plant and equipment	28,448	31,046
Intangible assets	198	283
Investments and other assets		
Investment securities	342	384
Deferred tax assets	1,114	977
Net defined benefit asset	531	618
Other	1,313	1,476
Allowance for doubtful accounts	(127)	(141)
Total investments and other assets	3,174	3,316
Total non-current assets	31,821	34,645
Total assets	76,075	83,655

(Millions of yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,587	2,225
Electronically recorded obligations - operating	788	968
Short-term loans payable	215	191
Accounts payable - other	1,831	2,041
Income taxes payable	365	852
Provision for bonuses	379	602
Provision for directors' bonuses	20	29
Other	3,260	3,233
Total current liabilities	8,450	10,145
Non-current liabilities		
Long-term loans payable	39	8
Deferred tax liabilities	126	124
Net defined benefit liability	140	150
Asset retirement obligations	265	269
Other	430	700
Total non-current liabilities	1,003	1,252
Total liabilities	9,453	11,398
Net assets		
Shareholders' equity		
Capital stock	7,947	7,947
Capital surplus	9,609	9,609
Retained earnings	48,331	51,748
Treasury shares	(60)	(60)
Total shareholders' equity	65,828	69,245
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	131	159
Foreign currency translation adjustment	628	2,833
Remeasurements of defined benefit plans	(9)	(33)
Total accumulated other comprehensive income	749	2,959
Non-controlling interests	43	52
Total net assets	66,622	72,256
Total liabilities and net assets	76,075	83,655

Consolidated financial statements

Consolidated statement of income and consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Net sales	31,226	37,734
Cost of sales	21,705	25,352
Gross profit	9,521	12,382
Selling, general and administrative expenses	6,098	6,716
Operating profit	3,422	5,666
Non-operating income		
Interest income	68	79
Dividend income	67	53
Foreign exchange gains	—	248
Share of profit of entities accounted for using equity method	65	83
Subsidies for employment adjustment	226	42
Revenue from sales of electric power	41	41
Other	115	122
Total non-operating income	585	671
Non-operating expenses		
Interest expenses	11	28
Foreign exchange losses	81	—
Depreciation	16	16
Contracted research expenses	—	18
Other	20	9
Total non-operating expenses	130	72
Ordinary profit	3,877	6,264
Extraordinary income		
Gain on sales of non-current assets	23	4
Subsidy income	24	14
Total extraordinary income	48	18
Extraordinary losses		
Loss on sales of non-current assets	—	0
Loss on retirement of non-current assets	169	152
Loss on valuation of shares of subsidiaries and associates	14	—
Loss on liquidation of subsidiaries and associates	15	—
Total extraordinary losses	198	153
Profit before income taxes	3,726	6,130
Income taxes - current	895	1,278
Income taxes for prior periods	—	189
Income taxes - deferred	128	192
Total income taxes	1,024	1,660
Profit	2,702	4,470
Profit attributable to non-controlling interests	39	4
Profit attributable to owners of parent	2,662	4,465

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Profit	2,702	4,470
Other comprehensive income		
Valuation difference on available-for-sale securities	17	28
Foreign currency translation adjustment	182	2,102
Remeasurements of defined benefit plans, net of tax	(10)	(23)
Share of other comprehensive income of entities accounted for using equity method	10	108
Total other comprehensive income	199	2,215
Comprehensive income	2,901	6,685
Comprehensive income attributable to		
Owners of parent	2,854	6,675
Non-controlling interests	47	10

Consolidated statement of changes in equity

Previous consolidated fiscal year (From January 1, 2020, to December 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,947	9,789	46,717	(60)	64,394
Changes of items during period					
Dividends of surplus			(1,048)		(1,048)
Profit attributable to owners of parent			2,662		2,662
Purchase of treasury shares				(0)	(0)
Additional purchase of shares of subsidiaries		(179)			(179)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(179)	1,613	(0)	1,433
Balance at end of period	7,947	9,609	48,331	(60)	65,828

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	114	442	1	558	753	65,706
Changes of items during period						
Dividends of surplus						(1,048)
Profit attributable to owners of parent						2,662
Purchase of treasury shares						(0)
Additional purchase of shares of subsidiaries						(179)
Net changes of items other than shareholders' equity	17	185	(10)	191	(709)	(518)
Total changes of items during period	17	185	(10)	191	(709)	915
Balance at end of period	131	628	(9)	749	43	66,622

Current consolidated fiscal year

Current consolidated fiscal year (from January 1, 2021, to December 31, 2021)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,947	9,609	48,331	(60)	65,828
Changes of items during period					
Dividends of surplus			(1,048)		(1,048)
Profit attributable to owners of parent			4,465		4,465
Purchase of treasury shares				(0)	(0)
Additional purchase of shares of subsidiaries		—			—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	3,417	(0)	3,416
Balance at end of period	7,947	9,609	51,748	(60)	69,245

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	131	628	(9)	749	43	66,622
Changes of items during period						
Dividends of surplus						(1,048)
Profit attributable to owners of parent						4,465
Purchase of treasury shares						(0)
Additional purchase of shares of subsidiaries						—
Net changes of items other than shareholders' equity	28	2,204	(23)	2,209	8	2,217
Total changes of items during period	28	2,204	(23)	2,209	8	5,634
Balance at end of period	159	2,833	(33)	2,959	52	72,256

Consolidated financial statements

Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended December 31, 2020	Fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	3,726	6,130
Depreciation	2,784	2,952
Share of (profit) loss of entities accounted for using equity method	(65)	(83)
Increase (decrease) in net defined benefit asset or liability	(131)	(116)
Increase (decrease) in provision for bonuses	(20)	196
Increase (decrease) in provision for directors' bonuses	(11)	9
Increase (decrease) in allowance for doubtful accounts	(67)	(63)
Interest and dividend income	(136)	(132)
Interest expenses	11	28
Foreign exchange losses (gains)	12	(229)
Loss (gain) on sale of non-current assets	(23)	(4)
Loss on retirement of non-current assets	169	152
Decrease (increase) in notes and accounts receivable - trade	2,844	(2,093)
Decrease (increase) in inventories	(229)	221
Increase (decrease) in notes and accounts payable - trade	(328)	465
Other, net	(515)	769
Subtotal	8,019	8,203
Interest income and dividend income received	155	151
Interest expenses paid	(11)	(28)
Income taxes (paid) refund	(1,142)	(997)
Net cash provided by (used in) operating activities	7,020	7,328
Cash flows from investing activities		
Payments into time deposits	(6,864)	(6,861)
Proceeds from withdrawal of time deposits	14,356	5,832
Purchase of property, plant and equipment	(6,190)	(5,076)
Proceeds from sales of property, plant and equipment	44	5
Purchase of intangible assets	(86)	(101)
Other, net	(248)	(51)
Net cash provided by (used in) investing activities	1,011	(6,252)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(18)	(30)
Repayments of long-term loans payable	(30)	(32)
Repayments of finance lease obligations	(64)	(146)
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(1,048)	(1,048)
Dividends paid to non-controlling interests	(42)	(2)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(894)	—
Net cash provided by (used in) financing activities	(2,099)	(1,261)
Effect of exchange rate change on cash and cash equivalents	59	561
Net increase (decrease) in cash and cash equivalents	5,992	376
Cash and cash equivalents at beginning of period	6,101	12,093
Cash and cash equivalents at end of period	12,093	12,470

Company Profile

Name	Toyo Tanso Co., Ltd.
Founded	February 11, 1941
Incorporated	July 31, 1947
Capital stock	7.9 billion yen (as of June 30, 2022)
Representative	Naotaka Kondo Representative Director Chairman & President, CEO
Fiscal year end	December 31
Principal businesses	Manufacture and sale of high-function carbon products and related processing
Business sites	Domestic facilities: 13 Domestic subsidiaries: 2 Overseas subsidiaries and affiliates: 16 (U.S.A., Italy, France, Germany, China, Taiwan, South Korea, Thailand, Singapore, Indonesia, Mexico)
Annual net sales	Consolidated: 37.7 billion yen (fiscal year ended December 31, 2021) Non-consolidated: 26.5 billion yen (fiscal year ended December 31, 2021)
Employees	Consolidated: 1,640 (fiscal year ended December 31, 2021) Non-consolidated: 831 (fiscal year ended December 31, 2021)

Share information

Share data

(As of June 30, 2022)

Number of shares outstanding	20,992,588
Share unit	100 shares
Number of shareholders	6,504

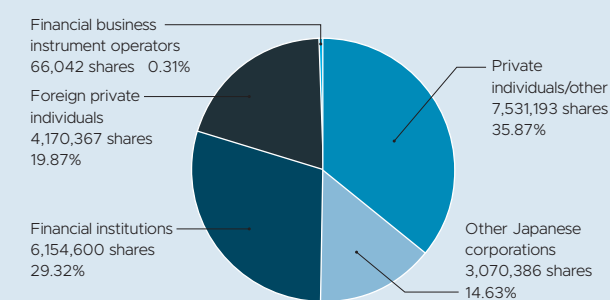
Major shareholders

(As of June 30, 2022)

Shareholder name	Number of shares held (Thousands of shares)	Percentage of total (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2,353	11.22
Custody Bank of Japan, Ltd. (trust account)	2,102	10.03
Tomoko Kondo	1,560	7.44
Naotaka Kondo	1,218	5.81
Kondo Holdings Co., Ltd.	1,165	5.55
Junko Morita	943	4.50
Kondo Zaidan Public Interest Foundation	834	3.98
NT Corporation, Ltd.	626	2.98
Takako Kondo	620	2.96
THE BANK OF NEW YORK 133652	441	2.10

Note: Treasury stock (20,078 shares) has been excluded in calculations of share ownership percentages.

Distribution of shares by owner (As of June 30, 2022)



Distribution of shareholders by type (As of June 30, 2022)

