



**TOYO TANSO**  
Inspiration for Innovation

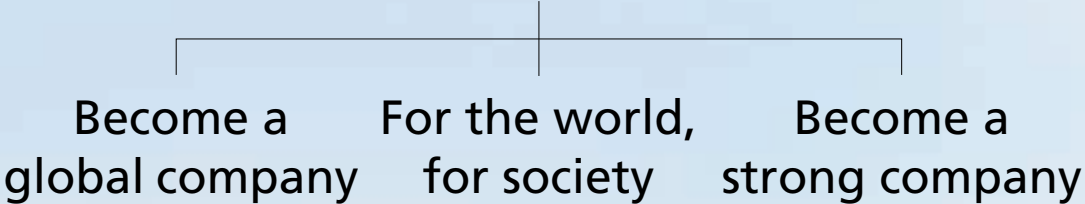
# Integrated Report 2025



# “Creating products with unprecedented potential”

## Becoming a leading company through Earth-friendly products and technologies

### Company Policies



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### Become a strong company through transformation and challenge

#### On the publication of the Integrated Report 2025

We have published the Toyo Tanso Integrated Report 2025 with the aim of comprehensively communicating to all stakeholders the Toyo Tanso Group's contributions to addressing social issues and increasing its corporate value through its businesses.

Under the 2030 Management Vision, "Creating products with unprecedented potential-becoming a leading company through Earth-friendly products and technologies," the Group relentlessly pursues added value by honing its technical expertise and creating products that closely align with customer needs. This report introduces Toyo Tanso's initiatives, including its unwavering challenge-seeking spirit of "manufacturing completely unique products" since its founding and its ability to adapt flexibly to changing times by transforming itself.

We hope that this report will help all stakeholders to gain a deeper understanding of the Group.

#### Editorial policy

The Integrated Report 2025 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

FY2024 (January 1, 2024 to December 31, 2024)

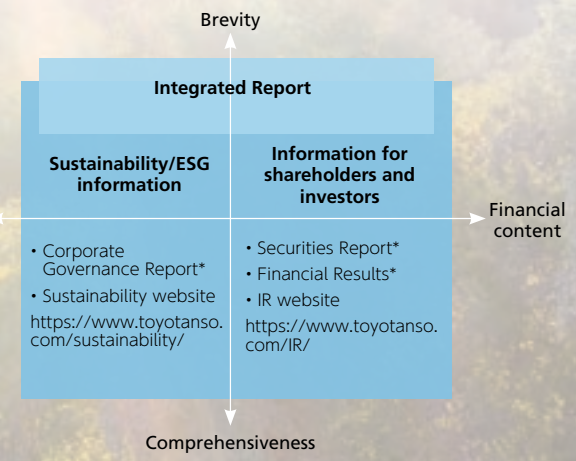
\* The report also includes some information about activities undertaken during or after January 1, 2025.

#### Precautionary note concerning forward-looking statements

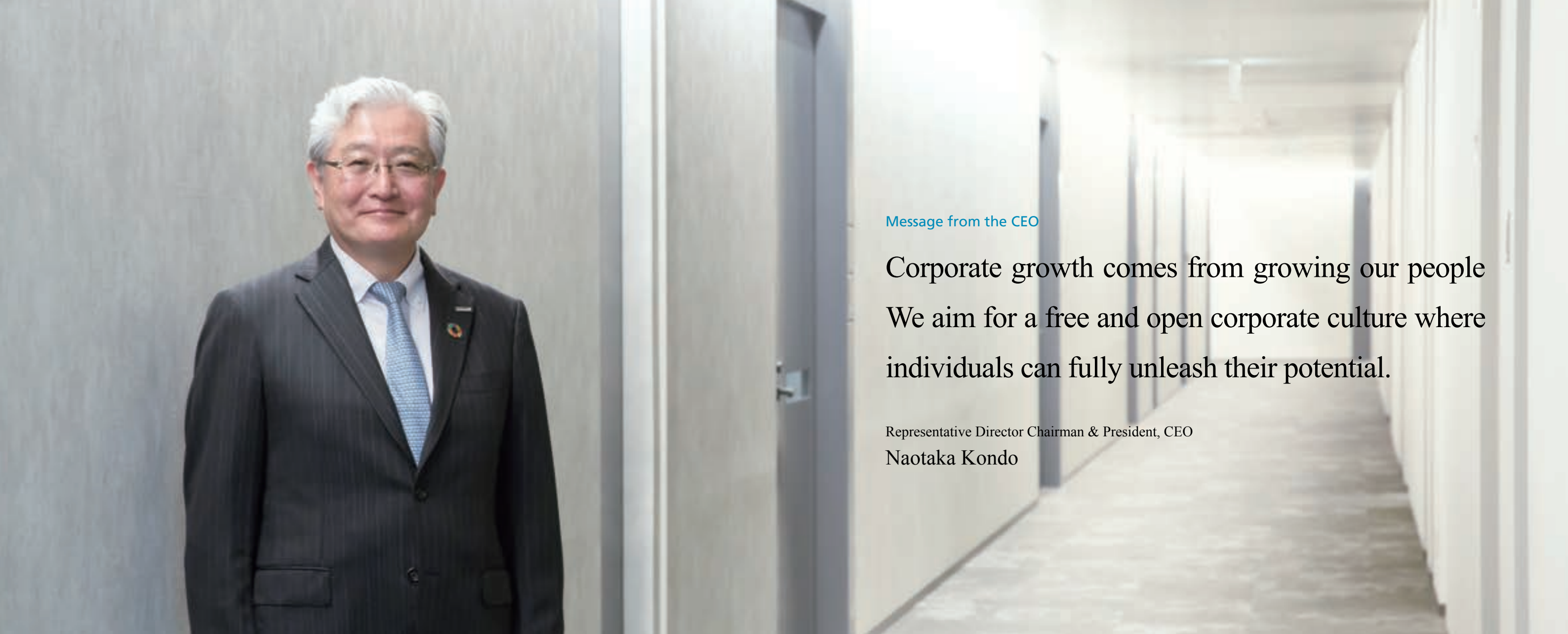
Forward-looking information contained in this report, for example forecasts of future performance, represent judgments made on the basis of information that was available at the time of their disclosure. Such information by its nature includes numerous sources of uncertainty, and actual performance may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







#### Message from the CEO

Corporate growth comes from growing our people  
We aim for a free and open corporate culture where  
individuals can fully unleash their potential.

Representative Director Chairman & President, CEO  
Naotaka Kondo

#### FY2024 performance reached a record high, driven by semiconductor applications

In FY2024 (the 83rd fiscal year), we achieved record-high net sales and profits. Furthermore, operating profit surpassed the 10 billion yen mark, and the operating profit ratio exceeded 20%. The primary driver of these achievements was our products for semiconductor applications. Notably, SiC-coated graphite products for SiC power semiconductors experienced substantial growth, contributing to the increase in profit levels. We achieved this success by focusing on high-value-added products, including making aggressive capital investments to enhance

production capacity. We believe this has satisfied our customers.

Among products for non-semiconductor applications, special graphite products, general industries applications for metallurgical applications as well as carbon products for general industries, for electrical applications saw year-on-year increases. In the compound materials and other products, not only SiC-coated graphite products but also C/C composite products with excellent lightweight and high-strength features, and graphite sheet products used in various applications including automobiles and semiconductors were adopted by many customers. As a result, the compound materials and other products significantly outperformed those of the previous year.

#### Flexibility is essential in these uncertain times.

In FY2025, we anticipate a slowdown in the semiconductor segment, particularly the SiC power semiconductor applications, due to weakening demand electric vehicle (EV). Silicon semiconductor applications are expected to be propped up by demand for leading-edge products such as generative AI. That said, the overall business environment, including other segments, is becoming increasingly uncertain, so we are facing a very difficult task to steer our business.

The Toyo Tanso Group's business is fundamentally based on local production and local consumption.

We produce graphite materials in Japan and sell them after adding value through processes such as machining and surface coating at our facilities, which are located near our domestic and overseas customers. In this sense, we believe that U.S. tariff measures will not have much of a direct impact because they apply to unprocessed graphite materials shipped from Japan to our U.S. subsidiaries. However, changes in sales trends and end-market demand among customers in various countries will indirectly affect us. In fact, our customers also find it difficult to predict the future outlook. Therefore, we must act based on the information we have at the moment. Fortunately, we can flexibly control what to produce at which plant in which region according to changes in demand and shifts in the supply chain. Flexibility is the top priority in management.

As we saw during the COVID-19 pandemic, we are living in an era where it is increasingly difficult to implementing business plans, as unpredictable events can occur one after another, often significantly changing the situation in a short period of time. Then, we frequently hold a top-level meeting with our customers and suppliers. During these meetings, we receive in-depth information about current and future industry trends, what is expected of the Toyo Tanso Group, and other opinions. Based on this information, we scrutinize our business plans and take the necessary measures.

## Building a robust and comprehensive framework for developing and implementing meticulous business strategies

The Global Business Strategy Department and the Global Supply Chain Promotion Department are key players in business strategies. [▶ P.16](#)

The Global Business Strategy Department organizes task force by market, product, and application. Members of the department's engineering, production, and sales teams work closely with affiliate companies to investigate current trends and demand of the global market. Through active discussions, they formulate and implement strategies. Meanwhile, the Global Supply Chain Promotion Department monitors capacities and operating statuses of manufacturing facilities to optimize Group-wide production control and coordination among manufacturing facilities for the efficient use of raw and remaining materials. They also allocate production across facilities according to fluctuations in customer demand. The Global Business Promotion Department provides comprehensive supports from both operational and governance perspectives to ensure the smoothly

functioning of these two departments.

## Engineering departments reorganized Bold ideas driving Innovative manufacturing

In April 2025, we reorganized the departments involved in engineering and research & development to establish the Advanced Technology Division. The reorganization aimed to provide innovative solutions to issues in the rapidly changing manufacturing industry. To achieve this, we decided to centralize our technological foundation to enable organic cooperation among the personnel involved in engineering, including material development, product development, and production technology. [▶ P.16](#)

In manufacturing, we believe it is necessary to evolve equipment, production methods, and all other aspects. If we did the same thing for decades, we would fall behind the world's needs. Changing things requires courage, but someone must do it. The Advanced Technology Division is also a unit that drives such transformation. Failure is acceptable. Documenting failures in a database turns them into valuable information or an asset. The worst thing is to do nothing. As the world keeps moving forward, doing nothing means falling behind. One of the Toyo Tanso Group's guiding principles is "fighting spirit and the willingness to take on challenges." I believe this mindset is very important.

Under this philosophy, production engineering is addressing "automation", including process integration. This effort is driven by labor shortages resulting from a declining birthrate and an aging population, as well as changes in work styles that prioritize work-life balance. For instance, one person can now handle work that previously required three people. Nighttime operations may be performed by robots. We are developing

systems to facilitate these changes. We consider this a form of transformation as well.

## As a true partner, we strive to deeply understand our customers' core needs and develop solutions that truly address them

When a customer requests, "Make something like this," I instruct the members of the Advanced Technology Division to determine why the customer needs it and understand the underlying need before working on development. If the customer says the information is confidential because it involves manufacturing technology, we may sometimes have to back down. However, without a deeper understanding, neither we nor the customer can truly grow our business together. I often share this way of thinking at top-level meetings. Eventually, customers understand and agree to enter into a non-disclosure agreement to disclose the information. That is what a trust relationship and business partners mean.

In many cases, the development of materials and products often originates from societal needs. However, this tends to be limited to improving or creating variations of existing products. This does not align with the Group's Management Vision,

"Creating products with unprecedented potential—Becoming a leading company through Earth-friendly products and technologies." Therefore, we decided to use our former headquarters, the birthplace of our company, as a research base. We introduced cutting-edge measurement and analysis equipment there to conduct fundamental research and pursue innovative manufacturing. Our material recycling project was adopted as a research program by the New Energy and Industrial Technology Development Organization (NEDO) only after we created this environment.

[▶ P.18](#) We intend to continue investing generously in research and development that will lead to the next generation.

## Enhancing the personnel system to boost employee motivation

One of the new human resources development initiatives is job rotation. While many employees stayed in similar jobs for 10 or 20 years. However we have heard the opinion that younger employees, in particular, should gain diverse experience to broaden their perspectives. Therefore, we decided to hold Directors of Division, General Managers, and Section Managers responsible for developing an individual's career plan and making substantial changes to personnel assignments based on these





plans. Managers review personnel assignments every six months to assess individuals' performance during that period. They also discuss work and assignments with individuals to determine their preferred job, their desired tasks abroad if they want to be expatriates, and how they can build their career as local staff members if they do not want to leave their current location.

## Enhancing communications to boost engagement

In recent years, the Toyo Tanso Group has prioritized enhancing communication. This is also the purpose behind the integration of our engineering

departments. We encourage engineers to deepen their communication and exchange ideas across specialized fields to promote innovation. As a company-wide initiative, we publish an in-house newsletter called "C dash Kawara-ban" to share various information about the company's current activities and our colleagues. We deliberately publish this newsletter in paper format so that it can be distributed to all employees, including those who do not use computers for work. However, we have found that it is not being read as much as we had hoped. Therefore, we are taking steps to enhance employees' sense of belonging to the company. For example, supervisors hand out the newsletter to their subordinates to encourage them to actively participate as readers or contributors.

In the newsletter, employees stationed overseas sometimes share stories about their work and life in their countries. Many say that living abroad is a good

experience for children, and they want to become expatriates again, even after repatriation. Some even say that they want to stay abroad forever. While this is encouraging, we must firmly tell them to return, as we have to follow human resources development plans. In fact, the number of employees who want to work abroad is increasing compared with the past. However, some still feel uneasy about bringing their families to foreign countries. We hope that feedback from those already stationed abroad help alleviate these concerns.

## Engaging in social contribution activities across various fields including next-generation development support and regional revitalization

In line with its company policy of "For the world, for society," the Toyo Tanso Group carries out a variety of social contribution activities. [▶ P.45](#) One such activity is supporting the development of the next generation. We actively donate to universities to help them establish research institutes and provide need-based scholarships. We also donate to Iwaki City in Fukushima Prefecture, where our plant is located, to help address regional issues. These funds are allocated to the Municipal Hospital Physician Training Scholarship Program to address the shortage of doctors. Furthermore, in Marugame City, Kagawa Prefecture, we acquired naming rights for a facility equipped with a skateboard area and basketball courts. We hope sports will foster interaction among local residents and that the participation of young people will revitalize the community. To promote environmental conservation, we aim to increase the ratio of environmentally friendly products to net sales to 35% by FY2030. We are also working to reduce energy usage in our production

activities and use energy more efficiently. [▶ P.36](#)

As part of our effort to reduce CO<sub>2</sub> emissions, we are actively adopting renewable energy sources, such as installing solar panels on our plant roofs. We are also moving forward with the plan in which a power generation company will install solar panels on land adjacent to our Takuma Division and supply us with a large amount of electricity generated there. [▶ P.35](#)

## Goal of the Toyo Tanso Group

Although we anticipate that the uncertain outlook will persist, we will invest in production facilities, new product development, and research and development to drive our future growth after carefully examining their necessity. Furthermore, we will provide solid returns to our shareholders. Although we expect a decrease in profits for the current fiscal year, we plan to maintain the dividend at 145 yen per share, the same level as last year. We intend to continue providing stable returns to shareholders with a payout ratio of at least 30%. [▶ P.22](#)

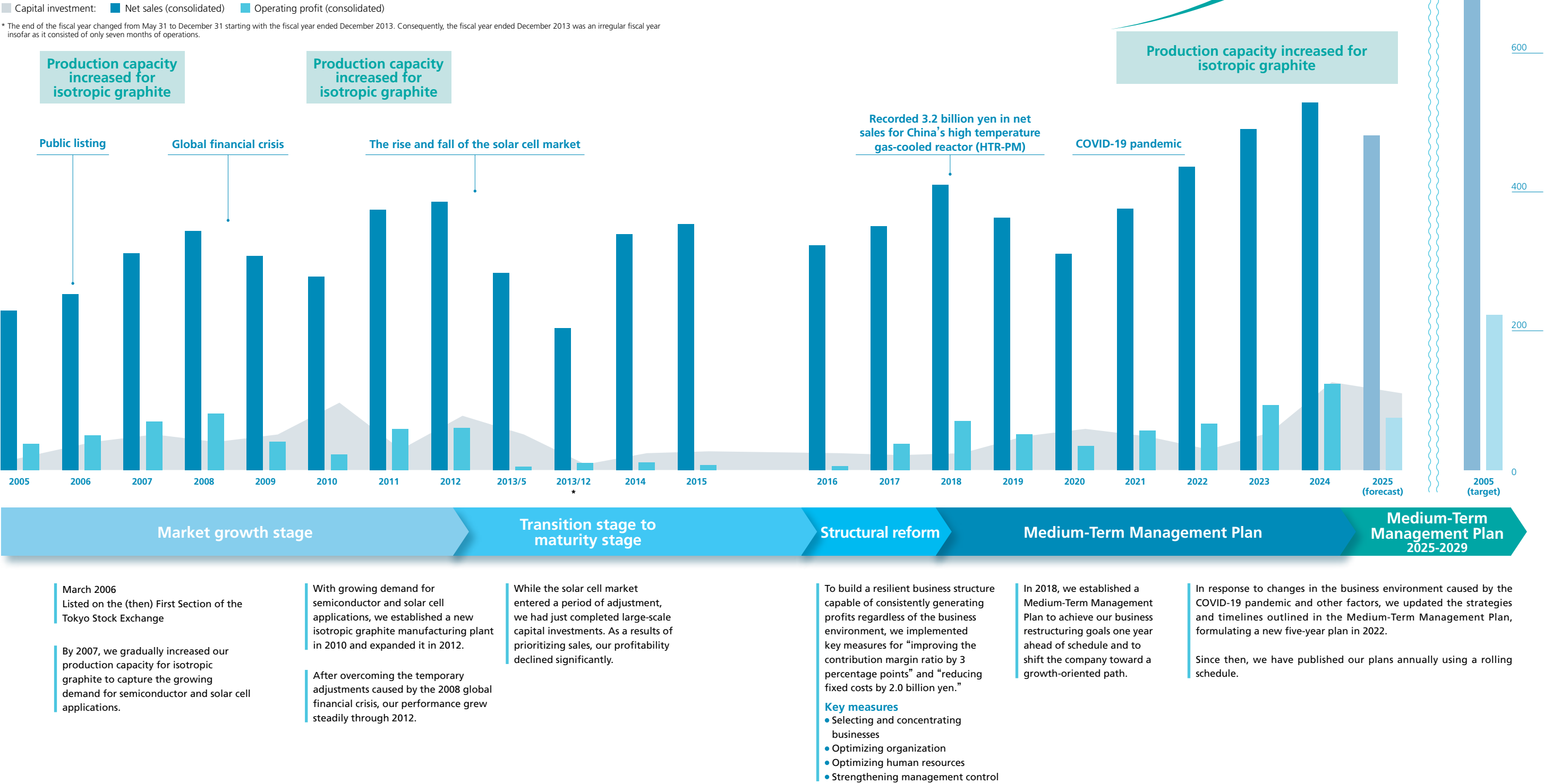
I believe that enhancing medium- and long-term corporate value requires prioritizing human growth. If employees have any questions or concerns during their workday, they should notify their colleagues and supervisors to discuss and resolve the issues. Then, employees will enjoy working and naturally aspire to do more. The business environment surrounding our company is currently undergoing a temporary adjustment phase. Precisely because of this, we should cultivate a free and open culture so that employees can deepen their communication and fully unleash their potential. This will allow us to achieve high-value manufacturing that has never been seen before. Please look forward to the future of the Toyo Tanso Group.



# Background of value creation

## 20-year journey of the Toyo Tanso Group

Next year, Toyo Tanso will celebrate its 20th year of being listing on the Tokyo Stock Exchange. The journey has not always been easy. It was only after overcoming rough seas and strengthening our management foundation that we were able to put the company on a growth trajectory. The following presents the 20-year journey of the Toyo Tanso Group.



# Business domains

Since its founding, the Toyo Tanso Group has expanded its operations into a wide range of businesses, including electronics, energy, mobility, social infrastructure, and life sciences. As we have journeyed together with customers, our technologies have encountered numerous needs, giving rise to new products and expanding our reach across the world.

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

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



## Energy

Power generation	Grounding brushes for power generators
	Components for solar power generation device manufacturing
	Components for next-generation nuclear reactor structures
Fuel cells	Catalyst support



## Mobility

Railway	Contact strips for pantograph
Aerospace	Engine parts manufacturing materials (Electrodes for EDM, jigs for heat treatment)
Automobiles and ships	Parts for various types of pumps Gaskets



## Social infrastructure

Telecommunications	Components for manufacturing optical fiber Components for manufacturing cables
General industry	Packings Seal rings and bearings



## Life science

Healthcare	CT machine target materials Analysis column fillers
Home appliances	Components for manufacturing LED Carbon brushes for vacuum cleaners Components for compressors



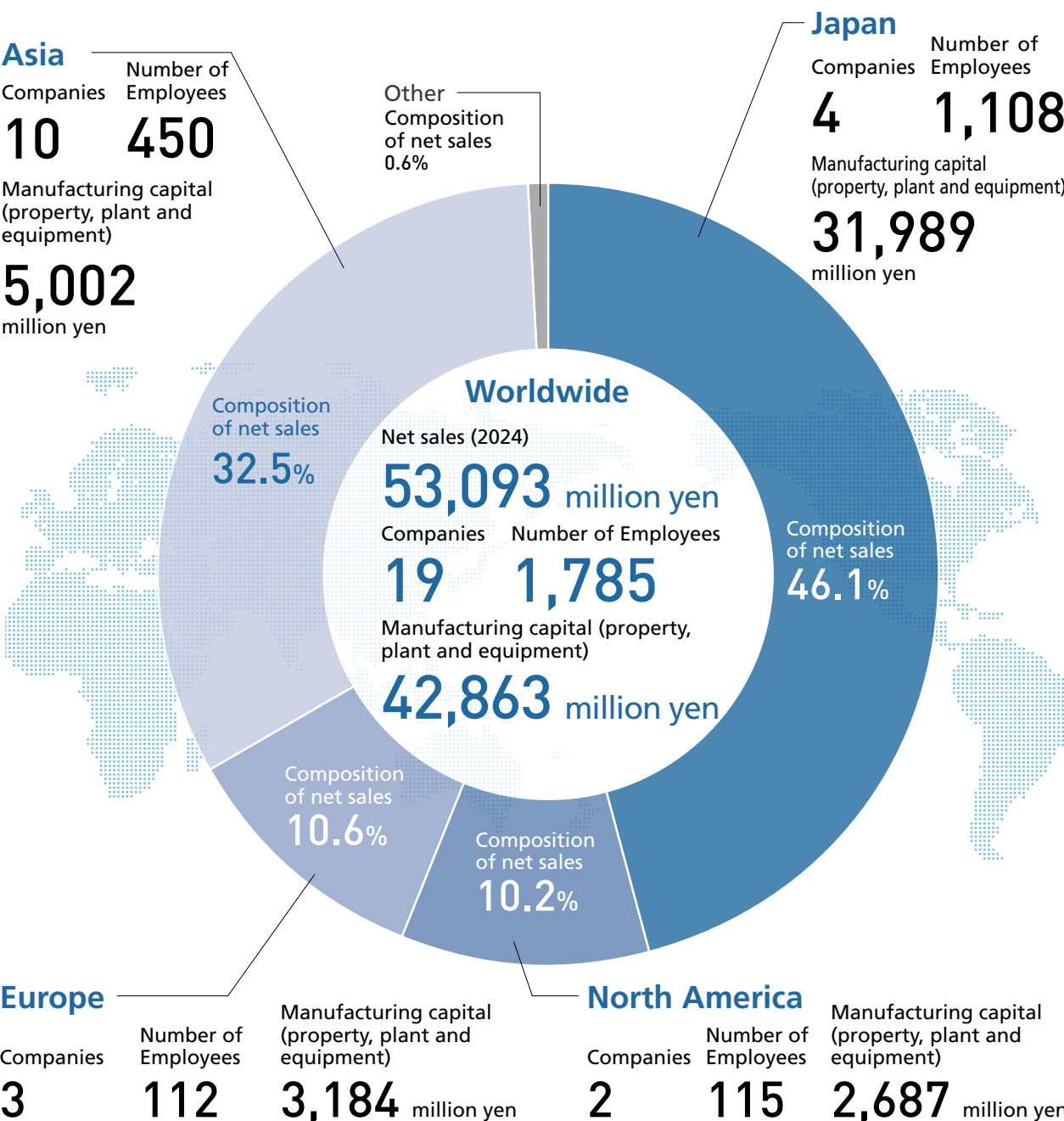
# At a Glance

The Toyo Tanso Group operates under a business model of local production for local consumption, aligning closely with our customers. We primarily manufacture carbon materials at our plants in Japan, shipping them to various domestic and international facilities for local processing. Consolidating material manufacturing allows us to pursue advantages of scale and cost competitiveness while maintaining stable quality. Processing products at facilities close to customers enables us to reliably incorporate their needs into the products.

Customers: **Over 3,900 companies**

**Graphite materials for single-crystal silicon manufacturing applications** **No. 1 in Global Market Share**

**Graphite materials for silicon/SiC epitaxial growth equipment** **No. 1 in Global Market Share** \* Estimate by Toyo Tanso

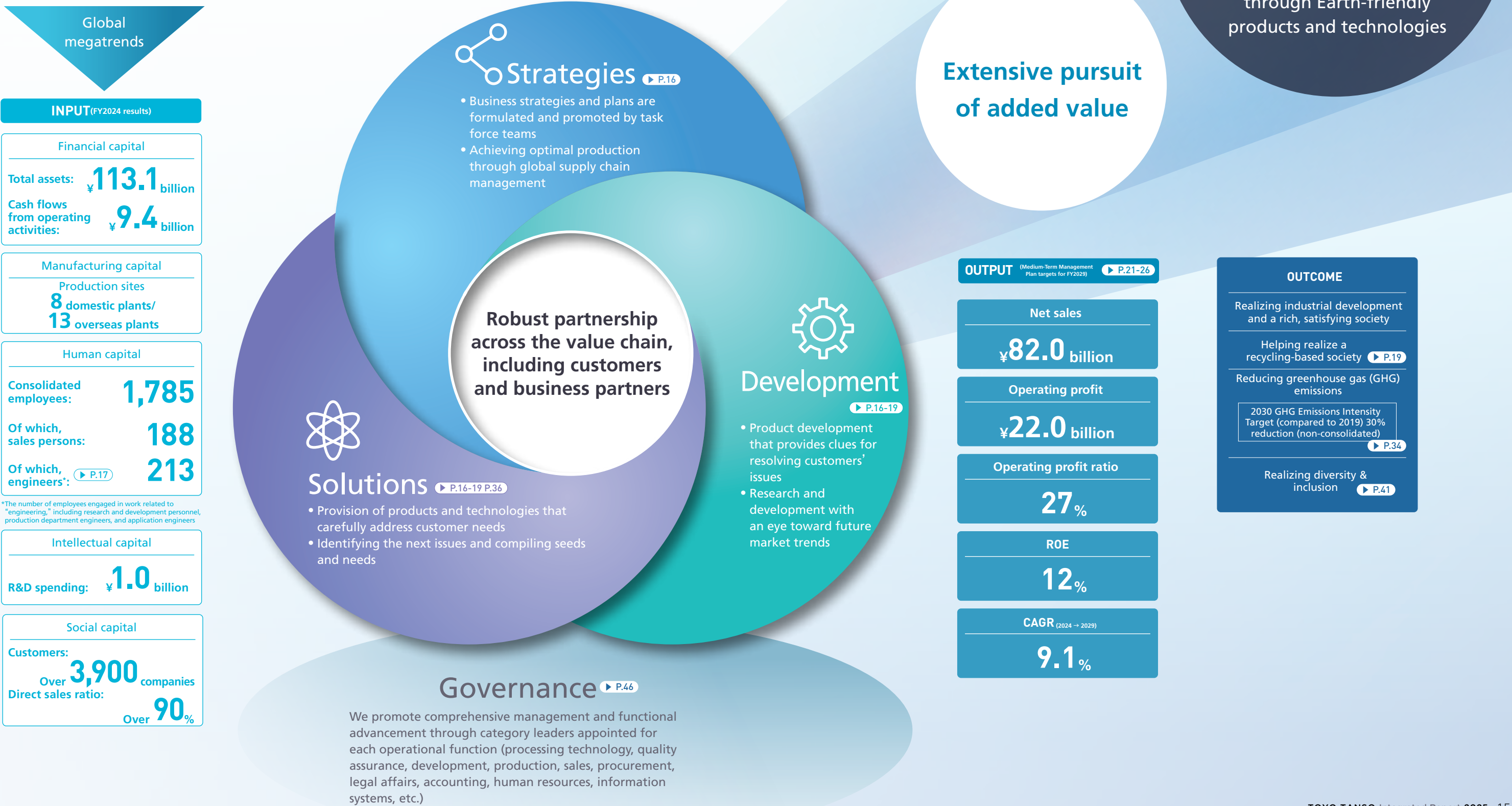




# Toyo Tanso's value creation story

## Value creation process

A variety of issues, including increasingly serious environmental issues and a shrinking, aging population, are giving rise to a transformation in society and industry. The shift to a recycling-based society and digitalization are examples of innovations inspired by these issues, indicating that we stand on the verge of an era of significant change. Seeing these changes in the external environment as an opportunity, the Toyo Tanso Group aims to further increase its corporate value by thoroughly pursuing added value using its abundant management resources and the unique strengths of the Group and contributing to solving social issues.





## Sources of value creation

The value creation of the Toyo Tanso Group is based on five types of capital (financial, manufacturing, human, intellectual, and social/relational). Starting from strong partnerships within the value chain including customers and business partners, it leads to “strategies,” “development,” and “solutions.”

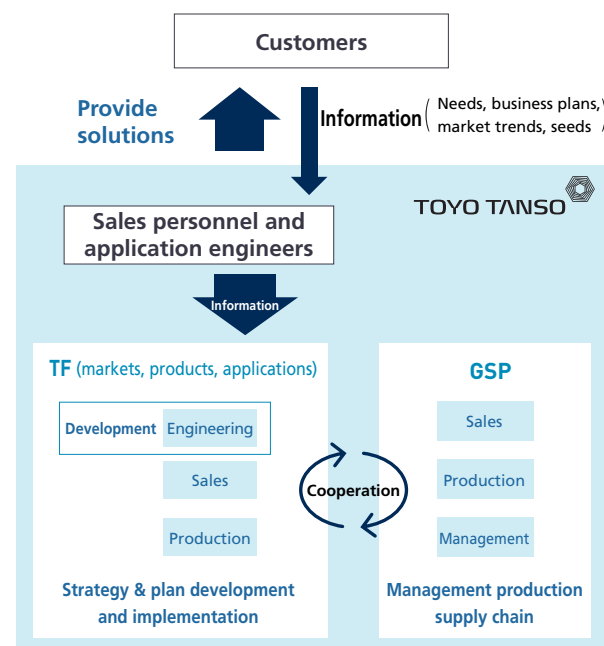
## Strategies

### Business strategies and global supply chain management

At the Toyo Tanso Group, our domestic and international sales personnel and application engineers maintain close communication with customers to gather information on market and technology trends, customer needs, and their business plans. This information is shared with a task force (TF) consisting of engineering, production, and sales members, who use it to develop strategies and plans. The TF conducts detailed analyses of demand and market trends and is responsible for developing and executing medium- to long-term strategies and plans related to sales, production, investment, and human resources.

Alongside the TF, another key player in strategy implementation is the Global Supply Chain Promotion (GSP) department. The GSP cooperates with the TF and sales and manufacturing departments to manage production activities across the Group. This includes controlling carbon material inventory, managing processing capabilities, and verifying capital investments to ensure optimal production according to changes in demand.

The TF and the GSP collaborate to develop and implement strategies, enabling the Group to carry out development and create solutions.



## Development & solutions

### Technological strategy for sustainable growth

The Toyo Tanso Group has integrated the diverse technologies it has accumulated in the fields of electronics, energy, mobility, social infrastructure, and life sciences by integrating technologies across fields. Aiming to become the “Quality Leader in the field of carbon,” we have pursued a technological strategy of “Agile development through small-scale starts.” This approach enables us to swiftly identify and commercialize customer needs specific to the region.

Furthermore, we strategically strengthened our development system by reorganizing our engineering departments in April 2025. This reorganization enabled us to move away from conventional technological development organized by business domain. We are now trying to build a new development framework that integrates customer needs, material development, and production engineering

organically and consistently. Because we believe that swiftly responding to customer needs in the rapidly changing business environment will create added value. Consistently managing not only the development of isotropic graphite materials but also their processing and analysis technologies will accelerate the generation of synergies between different fields, including semiconductor manufacturing equipment parts and aerospace materials.



## Toyo Tanso's “engineers”

To realize the technological strategy of the Toyo Tanso Group, it is essential to develop “engineers”, who serve as the foundation of our strategy, and strengthen their technical capabilities. According to the Japan Standard Occupational Classification established by the Ministry of Internal Affairs and Communications, “engineers” are defined as “persons who apply scientific and specialized knowledge and methods to production, and engage in scientific and technical work, such as planning, management, supervision, and research in production.” Our company defines “engineers” as employees engaged in work related to “engineering,” including research and development personnel, production department engineers, and application engineers.

Based on our recognition that developing such engineers is the source of value creation, we focus on improving the growth speed of individual engineers and helping them acquire globally applicable skills and qualities.

Therefore, we actively provide opportunities for them to gain diverse experience through technological collaboration with stakeholders and job rotations to develop the qualifications and capabilities necessary for our company. Through these initiatives, we will further enhance our engineers’ ability to provide value and continually improve our technical capabilities.



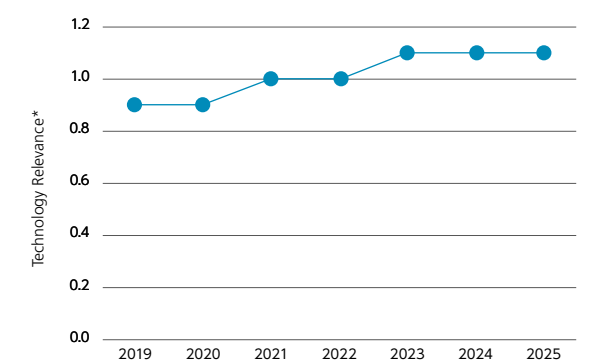
## Intellectual capital management—Focusing on the comprehensive strength of intellectual capital rather than the number of intellectual property rights

With its vision of “Creating products with unprecedented potential,” the Toyo Tanso Group provides globally competitive technologies and products. This foundation is supported not only by intellectual property rights including patents, but also by all “intellectual capital” accumulated over decades, such as human resources, know-how, and customer relations.

Technological capabilities are often measured by the number and value of their patents, but products with a 20-year-plus lifecycle, such as our isotropic graphite, cannot be properly evaluated by patents alone. Our isotropic graphite business, developed in 1974, has continued to grow even after the patents expired. This is because patents were filed according to a strategically planned, technical phase-based schedule. We have also obtained intellectual property rights as well as the combined strength of our intellectual capital, including human resources, know-how, and trust relationships with customers, which has allowed us to maintain our competitiveness. The value of our patents has remained stable or even increased slightly.

Going forward, we will enhance our patent portfolio in growth areas and strengthen its contribution to development

and business strategies by leveraging intellectual property intelligence. In mature areas, we will maintain and expand our first-mover advantages by improving manufacturing processes and managing know-how, while practicing strategic and focused intellectual property management. Through collaboration among applicable departments to promote these efforts, we aim to maximize the value of intangible assets and create sustainable value.



\*One of the patent asset indicators provided by PatentSight®. It is calculated based on the number of forward citations, taking into account the practices of patent offices and the age of the patent. The average value in the same technical field is set to 1.

## Pursuing product development and manufacturing technologies to resolve social issues and customer needs

Developing new products and improving services in partnership with stakeholders

### Enhancing our technological foundation to respond to customer needs in a timely manner and expanding evaluation and analysis techniques

As carbon professionals, the Toyo Tanso Group is committed to diligently addressing the carbon-related issues our customers face and working with them to find solutions. To that end, we have developed a variety of analytical equipment and evaluation and analysis techniques to help identify the root causes of customer issues, and we are constantly refining these in-house technologies. The unique, high-quality, high-value-added products and solutions that were generated using these technologies have earned high praise from customers.

As a pioneer of carbon products, the Group has led the industry in technology. To build a solid technological foundation that allows it to introduce products that align with society's requirements in a timely manner, we are working to streamline, accelerate, and formalize experiment and analysis cycles by leveraging machine learning technology, targeting the technological development and design processes within the manufacturing engineering chain\*. Advanced modeling that makes full use of data and cutting-edge technologies such as AI makes it possible to

easily optimize parameters under multiple constraints, as well as perform impact analysis and performance prediction in experiments and analyses. This makes it possible to streamline the trial-and-error process that previously required considerable time and cost.

\* Refers to the series of linked business processes in manufacturing, starting from planning and continuing to development, design, production preparation, production, and after-sales service.



### Collaboration with research institutes

At the Toyo Tanso Group, we believe that in order to increase competitiveness in the market and provide innovative products and services, it is important to acquire technologies that are ahead of our competitors by conducting challenging research and development. Based on the belief that speed is also important in responding to today's rapid market changes, the Toyo Tanso Group does not conduct all research and development in-house. Instead, it deepens collaboration with universities and research institutes through joint research, commissioned research, and open innovation, and actively promotes value co-creation.

In recent years, we have participated in a program selected by the New Energy and Industrial Technology Development Organization (NEDO) [▶ P.19](#). In addition, we have conducted basic research with the National Institute for Materials Science (NIMS), the Tsukuba Power Electronics Constellations (TPEC), Nippon Institute of Technology, Ritsumeikan University, and Gifu University/Kyushu University/Kyoto Institute of Technology on lithium-air batteries,

graphite materials for SiC semiconductor manufacturing, carbon brush materials, yttrium oxide composite materials, and resource recycling technologies, respectively. We are utilizing these results for next-generation products and processes while focusing on brand building via efforts that include promoting "Toyo Tanso as a company of technology" through academic conference.



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

### Product development that reduces environmental impact and supply chain initiatives

The Toyo Tanso Group contributes to reducing environmental impacts for customers and society as a whole by developing graphite products that save energy and extend product life. We develop and supply products that achieve energy savings and a longer life in various industrial applications, including high-durability graphite components for semiconductor manufacturing equipment. These products help customers improve equipment operating efficiency and reduce waste generation. We are also implementing initiatives to reduce CO2 emissions throughout the supply chain, from raw material procurement and manufacturing to physical distribution, including the introduction of renewable energies and improvements to logistics efficiency. We will continue to strengthen our cooperation with suppliers and customers to contribute to the realization of a sustainable society.



### Challenges in developing non-fossil resource-derived materials for a carbon neutral society

Under the New Energy and Industrial Technology Development Organization (NEDO) program adopted for FY2024, we are promoting the development of "green pitch\* synthesis technology" (hereinafter, the "Research") with the National Institute of Advanced Industrial Science and Technology, SEC Carbon, I' MSEP and Nippon Steel Chemical & Material to shift the raw materials for graphite materials away from fossil resources. Graphite materials are widely used in applications such as electrodes for electric furnace steelmaking and crucibles for semiconductor manufacturing. They are a core material for a carbon-neutral society. However, concerns have been raised about the future availability of their raw materials, including coal tar. The Research aims to establish a breakthrough technology that transforms the industrial structure itself by utilizing four major alternative resources to fossil fuels (used graphite, woody biomass, waste plastics, and CO2) as raw materials.

In the Research, which consists of two pillars—"base material conversion technology" and "property control technology"—for green pitch synthesis, Toyo Tanso is responsible for recycling used graphite. By combining pulverization and exfoliation technology with chemical oxidation treatment, we were able to break the crystal structure of used graphite and achieved the generation of

graphite decomposition products through hydrocracking, thus satisfying the project targets ahead of schedule. This has opened up the possibility of creating a system that recycles waste materials into new raw materials.

The greatest strength of the research is that it can utilize existing manufacturing facilities. Once the green pitch synthetic technology is established, conventional carbonization and graphitization processes can be applied, enabling early industrialization. The Toyo Tanso Group will fulfill its responsibility as a materials manufacturer by accelerating the development of core technologies for innovation to realize a recycling-based society.

\*A precursor to carbon materials derived from coal or petroleum.





# Complying with increasingly sophisticated quality requirements

## Basic principles concerning product quality

The Toyo Tanso Group has established a unified quality control system throughout the entire Group, based on international standards such as ISO 9001 (quality management systems). These mechanisms include quality policies and quality management systems. By raising employee awareness of quality through training, the

Group aims to improve quality and enforce global quality standards throughout all processes, including design, production, sales, and service. This enables us to pursue customer satisfaction and trust, and “creating products with unprecedented potential.”

2030 target Number of serious complaints : 0 (consolidated)



## To maintain and improve quality through environmental development and organizational capacity building

The Toyo Tanso Group actively enhances the work environment, including upgrading equipment, not only to enhance operational efficiency but also to ensure consistent quality. For example, we introduced automated equipment designed in-house for measurement and inspection tasks to achieve higher operational efficiency while maintaining quality. This contributes to consistent quality assurance.

Furthermore, to maintain high-quality standards, we emphasize the transfer and accumulation of knowledge, skills, and know-how. We have implemented a mentoring program in which experienced employees support newer hires. We also offer periodic training and education programs to help us keep pace with the latest technologies and industry trends. These efforts enable us to develop skilled personnel throughout the organization.



## Ensuring global quality

The Toyo Tanso Group has unified its quality standards across all global sites to ensure consistent quality across all affiliates. Headquarters staff regularly conduct quality training sessions at each site.

In 2024, the Group provided quality guidance to four overseas affiliates, verified compliance with quality standards, and promoted improvement initiatives as needed. Twenty-eight local staff members from nine overseas sites came to Japan to participate in training programs. Through these initiatives, the Group strives to enhance knowledge and skills in quality management and help ensure quality throughout the Group.



# Medium-Term Management Plan (2025-2029)

The Medium-Term Management Plan announced in February 2025 is as follows.

## Summary

- POINT.1** FY2029 targets—net sales: 82.0 billion yen, operating profit: 22.0 billion yen, operating profit margin: 27%, ROE: 12%
- The adjustment phase in the SiC semiconductor market will cause delay in the sales plan
  - Under this plan, net sales for FY2028 are just about 10% lower than under the previous plan\* (excluding the impact of exchange rates)
  - An increase in sales of SiC-coated graphite products and other high-added-value products will contribute to improving profitability
- POINT.2** Control the balance of businesses in line with market changes and promote the establishment of new applications
- Pioneer new applications centered on semiconductor and metallurgical fields and strengthen business for next generation nuclear power applications (high temperature gas-cooled reactors) and other applications, while controlling the balance of applications to respond to market changes
- POINT.3** Capital investment to total 57.0 billion yen over five years
- Continue to make capital investments in high-added-value domains in preparation for the medium- and long-term growth of the semiconductor market
  - Strengthen and optimize production capacity Group-wide and maintain a top-level market share
- POINT.4** Optimize cash allocation
- Pay enhanced shareholder returns with a dividend minimum payout ratio of 30%
  - Implement sound and steady capital investment aimed at business expansion and profit growth
  - Make effective use of funds, utilizing financial leverage through borrowings, and optimize cash allocation

\* Medium-Term Management Plan (2024–2028) announced February 2024.

## Management targets

	FY2024	FY2025 (forecast)	FY2029 (target)
Net sales	¥53.0 billion	¥48.0 billion	¥82.0 billion
Operating profit	¥12.2 billion	¥7.5 billion	¥22.0 billion
Operating profit ratio	23.1%	15.6%	27%
ROE	11.2%	5.3%	12%

▶ EBITDA (operating profit + depreciation) in FY2029 of approximately ¥31.5 bn (EBITDA margin of approximately 35%)

## Semiconductor market outlook

### Silicon semiconductor market

- ▶ Cutting-edge products for AI will continue to sell briskly in the device market.
- ▶ Growth is expected to continue throughout the term of the Medium-Term Management Plan due to demand for AI, 5G, data centers, automotive, and other applications.

### SiC semiconductor market

- ▶ The SiC semiconductor market will enter an adjustment phase in FY2025 due mainly to a slowdown in BEV demand.
- ▶ In the medium to long term, we expect a return to a growth trajectory, with growth expected in areas such as xEVs, automotive electrification, and the energy sector.

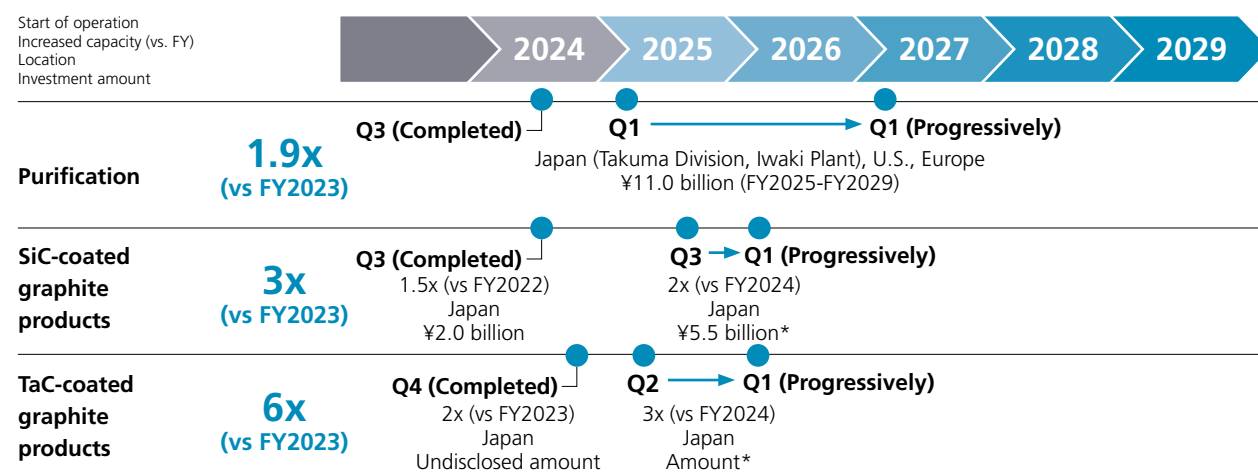
## Capital investment

For isotropic graphite materials / machining / high-added-value processes and processing capacity at subsidiaries, we will build robust production systems to ensure that we capture demand for semiconductor applications.

### Direction of capital investments based on the strategies of the Medium-Term Management Plan

- Increasing global production capacity in high-value-added businesses, including semiconductor applications
- Strengthening competitiveness in core businesses and stable businesses
- Labor and energy saving, process consolidation, automation, process innovation, etc.

Total capital investment amount  
(2025-2029)  
**¥57.0 billion**

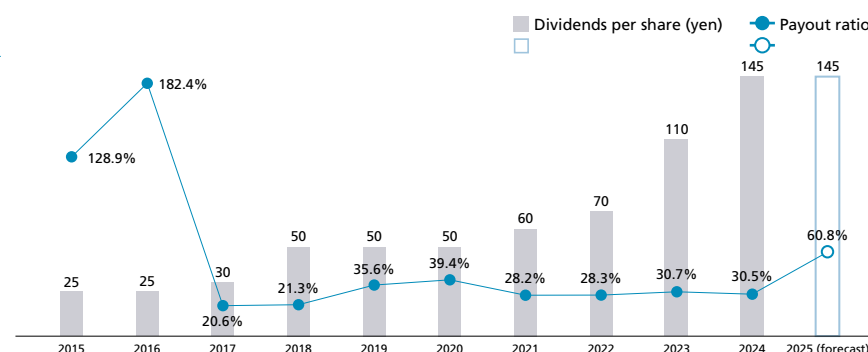


▶ In addition, we have decided on or are considering a range of investments to boost our supply capacity and competitive strength in strategic applications, such as the development of innovative methods for manufacturing isotropic graphite materials and processing capacity enhancements in Japan and overseas.

\* The amount of investment for SiC-coated graphite products scheduled to enter production in 2025-2026 includes the investment for TaC-coated graphite products scheduled to enter production in 2025-2026.

## Policy on shareholder returns

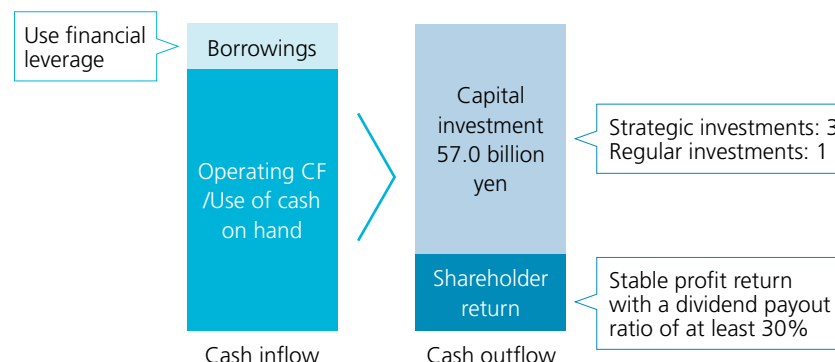
We will return profits to shareholders in a stable fashion, maintaining a dividend payout ratio of at least 30%, balanced with capital investment geared to growth against a backdrop of ongoing profit gains.



## Cash allocation

We will implement shareholder returns and strategic investments in business expansion through the cash generated from our high earning capacity and the use of financial leverage.

- Achieve business expansion and profit growth and enhance capital efficiency through the effective use of cash for strategic investment, etc.



## Business strategies based on the Group's business portfolio

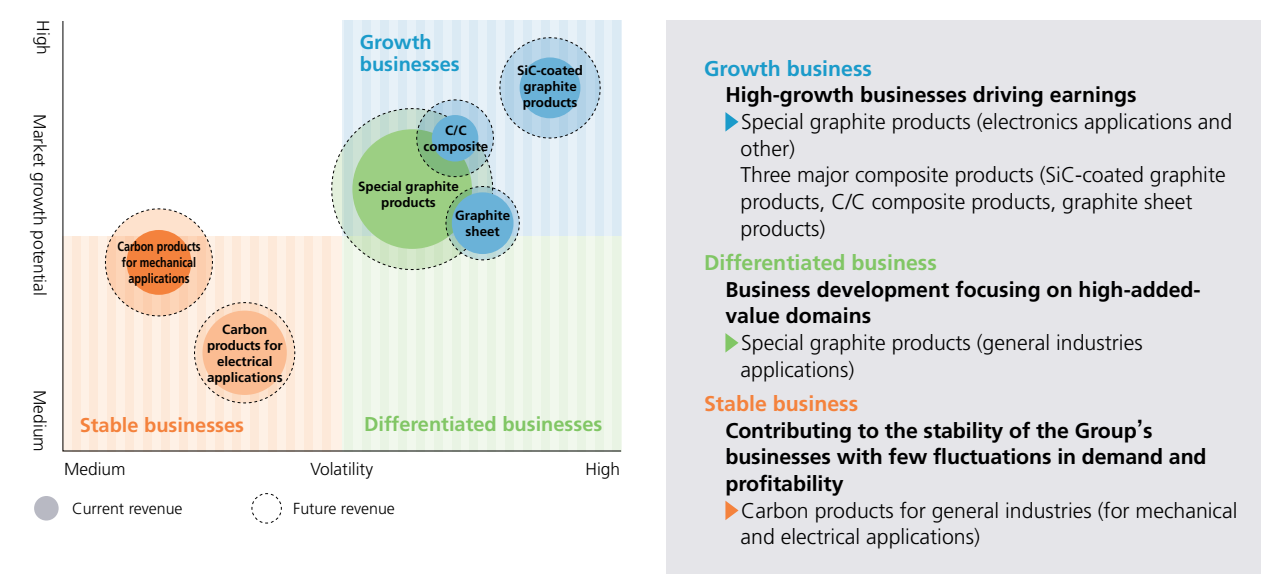
### General direction of business strategies

The Toyo Tanso Group categorizes its products into three business types based on market growth potential and business volatility, and executes well-defined strategies according to the characteristics of each business.

In our growth businesses, we are implementing strategies to further increase added value, including reinforcing our supply capabilities through strategic capital investment and strengthening our competitiveness. In our Medium-Term Management Plan (2025-2029), special graphite products and composite SiC-coated graphite products are positioned as revenue drivers and occupy a key position among our growth businesses. Additionally, the Group examines business feasibility, including profitability and future potential, on a per-application and per-project basis, focusing on maintaining stable and differentiated businesses, and reviews strategies, determines whether to continue a business, and restructures its portfolio as necessary.

Thus, we control the balance of the business portfolio through restructuring and respond to change through the flexible implementation of strategies suited to the business environment.

### Business portfolio



### Composition of net sales

	Special graphite products 46.2%			Carbon products for general industries 20.1%		Compound materials and other products 26.9%		6.8% Related goods
2022	18.5% Electronics applications	21.9% General industries applications	5.8% Other products	9.1% Carbon products for mechanical applications	11.0% Carbon products for electrical applications	22.7% Three major products	4.2% Other products	
2023	21.5% Electronics applications	22.0% General industries applications	5.3% Other products	8.4% Carbon products for mechanical applications	9.1% Carbon products for electrical applications	24.8% Three major products	3.9% Other products	5.1% Related goods
2024	19.6% Electronics applications	21.1% General industries applications	4.5% Other products	7.7% Carbon products for mechanical applications	9.4% Carbon products for electrical applications	29.9% Three major products	4.3% Other products	3.4% Related goods

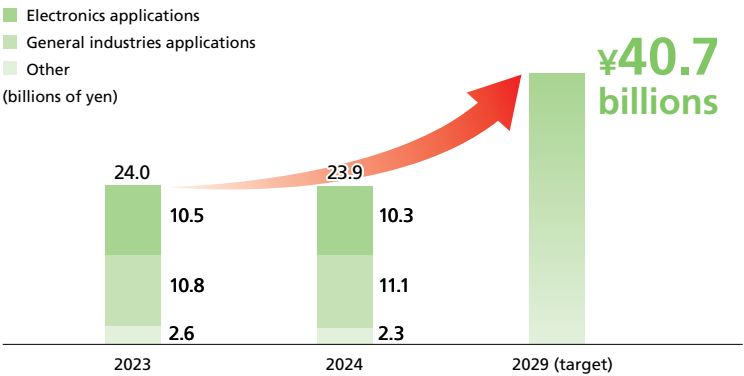
\* Sales distribution ratios are rounded to one decimal place.



Product Overview

Special graphite products

Net sales targets



CAGR  
2024 ▶ 2029  
**11.2%**

Main products



Main applications

Electronics applications	
For single-crystalline silicon manufacturing applications	Crucibles and heaters for single-crystalline silicon pulling furnaces
For compound semiconductors manufacturing applications	MOCVD system susceptors, LPE system boats, and internal materials for SiC crystal growth furnaces
For solar cell manufacturing applications	Crucibles for single-crystal and poly-crystal silicon manufacturing furnaces, as well as heaters and carriers for anti-reflective coating
General industries applications	
	Continuous casting dies, EDM electrodes, heaters and structural materials for various industrial furnaces
Other	
Manufacture of advanced processing equipment applications	Electrodes for ion implantation equipment, glass sealing jigs
Nuclear, aerospace, and medical applications	Core materials for high-temperature gas-cooled reactors, wall materials for nuclear fusion reactors, rocket parts, and CT scan parts

Strategies

**Reinforcing competitiveness and ensuring profitability by strengthening sales in high-value-added domain**

<Electronics applications>

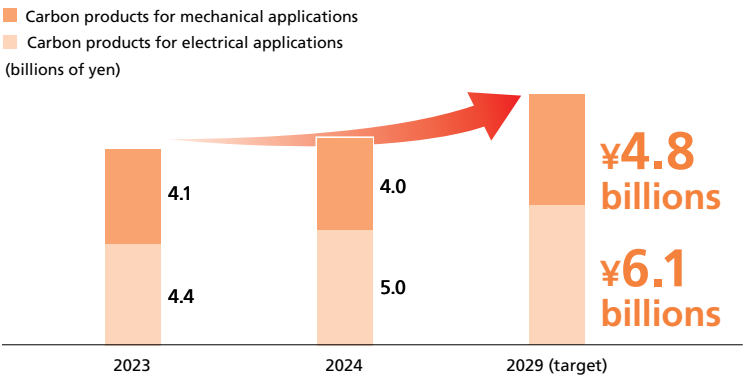
- For silicon wafers (used to single-crystalline silicon manufacturing applications), we aim to maintain our high global market share while further increasing it through strategic developments tailored to each region.
- For SiC wafers (products for compound semiconductor manufacturing applications), we will build a foothold by providing products with high technological added value.

<General industries applications>

- We will differentiate ourselves from other companies and increase profits by selling value-added products (materials and processing).
- <Other>
- We aim to enhance the business's contribution by expanding our market share of semiconductor applications (electrodes for ion implantation equipment, etc.) and focusing on next generation nuclear power applications (high-temperature gas cooled reactors).

Carbon products for general industries

Net sales targets



CAGR

2024 ▶ 2029  
**3.6%**  
**4.2%**

Main products



Main applications

Carbon products for mechanical applications	
General industrial machinery applications	Bearings and seal rings for pumps and compressors
Transportation equipment applications	Contact strips for pantograph, automotive parts
Carbon products for electrical applications	
Small motor applications	Carbon brushes for vacuum cleaners, carbon brushes for power tools
Large motor applications	Large motor brushes, carbon brushes for wind power generation

Strategies

<Carbon products for mechanical applications>

**Strengthen cost competitiveness through measures such as quality improvement and automation, and promote the development of new applications and customers, primarily overseas**

- We aim to acquire new customers and develop new applications through stronger cost competitiveness.
- We will also raise the proportion of overseas sales from its current low level, and strengthen the processing capabilities of local subsidiaries.
- We strive for higher profitability through cost reductions and pursue appropriate resource allocation with a focus on profitability and market trends.

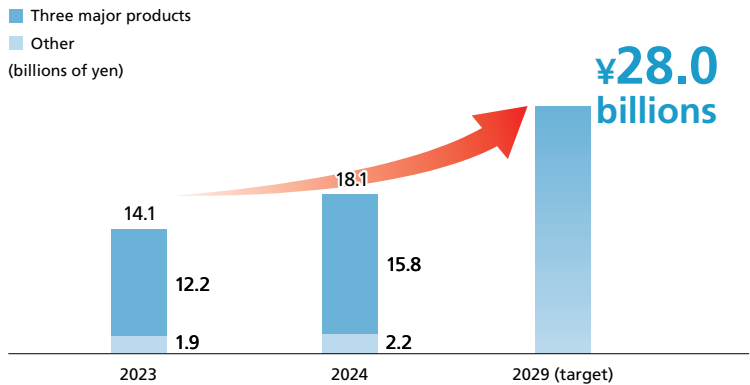
<Carbon products for electrical applications>

**Strengthen production technologies, including materials development and automation, to achieve high quality and low costs**

- We will leverage our strengths in delivery and services to expand market share through the global optimization of systems for materials development, production, etc.
- For automotive and industrial applications, we will progressively provide our unique engineering services centered on xEVs and renewable energy (wind power, hydroelectric power, etc.). At the same time, we are considering business expansion, including alliances, to boost the scale of sales.

Compound materials and other products

Net sales targets



Main products



Main applications

Three major products	
SiC-coated graphite products	Susceptors for Si-Epi growth equipment, susceptors for SiC-Epi growth equipment, and susceptors for MOCVD equipment
C/C composite products	Components for industrial furnaces, crucibles for single-crystalline silicon pulling furnaces, components for solar cell manufacturing, and reactor wall materials for nuclear fusion reactors
Graphite sheet products	Automotive gaskets

Strategies

<SiC-coated graphite products>

**Increase net sales from core value-added businesses through an increase in production capacity**

- For Si-epitaxial, we aim to maintain and expand our global top market share, responding to the technological demands of our main customers.
- For SiC-epitaxial, demand may decline in the short term due to market adjustments in the xEV sector, but we will maintain and expand our market share by capturing demand for consumables from users in addition to existing commercial channels, with a focus on medium- to long-term demand.
- For LED applications, we will expand our market share, targeting large MOCVD equipment (GaN-epitaxial) for mass production in the key Chinese market.
- We will continue to strengthen our SiC/TaC coated products in preparation for a recovery in demand. We will maintain a high market share through our industry-leading capabilities.
- We will promote innovations in manufacturing techniques in pursuit not only of quality but also cost saving and productivity, in anticipation of the next decade

<C/C composite products>

**For our focus applications (industrial furnaces and semiconductors), we will use a proposal-based approach, including development, design, and usage methods, together with stronger cost competitiveness, to capture demand for substitutes for other materials and potential demand.**

- 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 energy savings, labor savings, and automation. Soaring energy prices will provide a tailwind for the shift to C/C composite materials, which enable more efficient manufacturing.

<Graphite sheet products>

**We will leverage our strength in customization to expand high-added-value products and new applications.**

- We are engaged in improving thermally expandable graphite (raw material) at our joint venture company that produces raw materials. This will lead to improved quality and the development of new applications.

# Sustainability

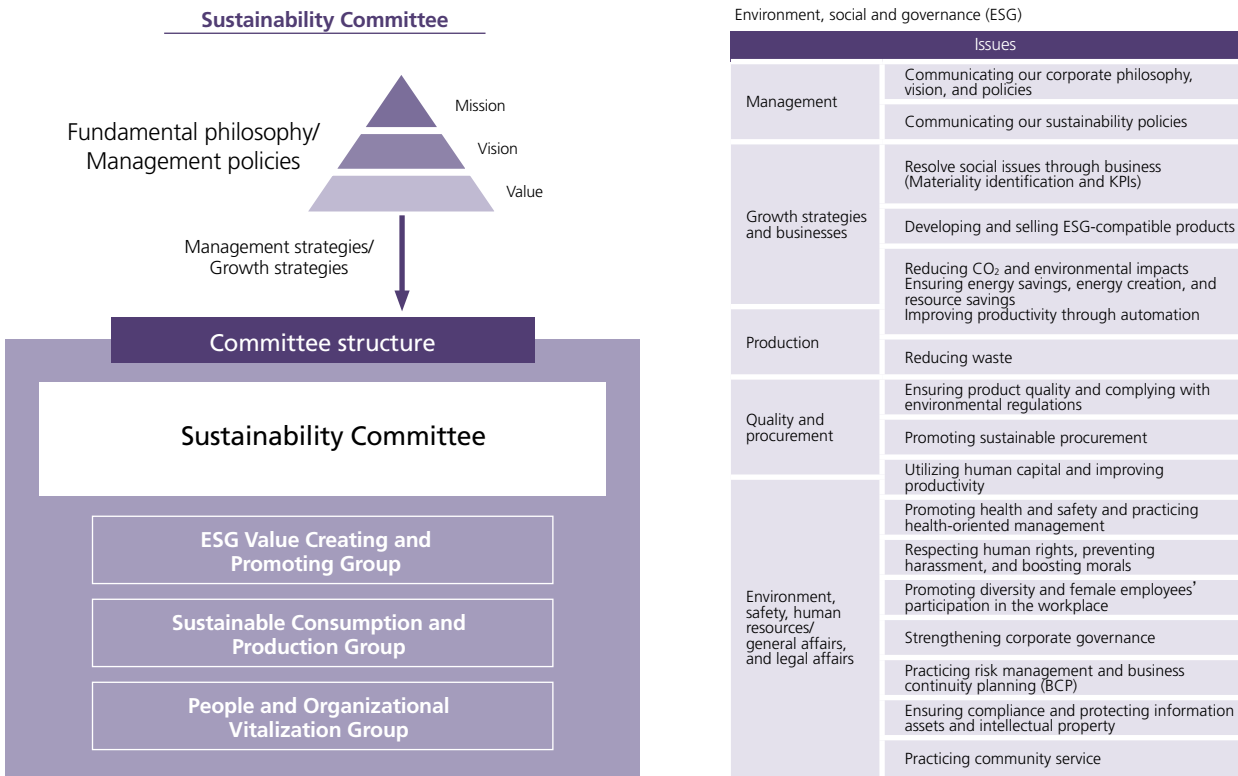
## Sustainability structures

### Sustainability policy

At the Toyo Tanso Group, all employees shall carry out their duties with independence and a sense of responsibility based on the governance policy established by the Board of Directors. They shall strive to provide the value that is expected by all stakeholders (customers, suppliers, local communities, shareholders and investors, and employees). So that we can be a company that continually contributes to improving sustainability (sustainable societal growth and preservation of the global environment), our policy is to achieve continual advancements through our business activities while increasing the sustainability of corporate growth.

Based on this policy, we will conduct all business activities throughout our value chain with a basic approach that is strongly focused on contributing to society while achieving continued growth. This includes technological innovations and creation of value for society and customers through our products, as well as consideration for the global environment, ensuring safety and health, compliance and risk management, fair business practices, respect for human rights and diversity, and harmony with society through social contribution activities.

### Sustainability structures



### Principal activities of the Sustainability Committee

Number of meetings in FY2024: 4

- Discussion of KPIs and targets for materiality (key issues)
- Discussion of information disclosure on human rights due diligence (non-consolidated)
- Report on third-party verification of GHG protocols
- Scoring report by ESG rating agency



Materialities and contributions to the resolution of social issues

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.

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 other electronics, mobility, life science, and clean energy have particularly high potential to contribute to the realization of a

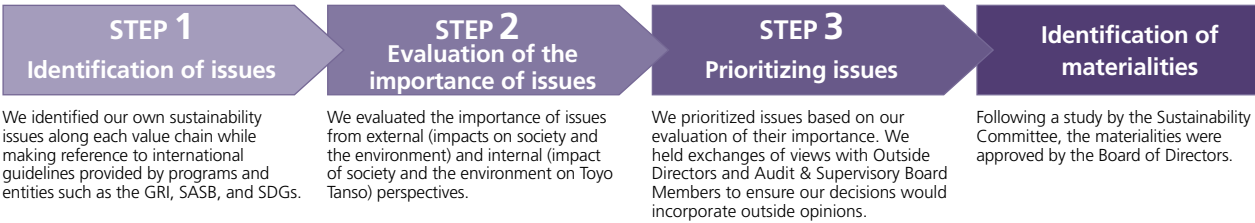
sustainable society.

We are currently setting targets for FY2030 for some of our 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.

Matrix analysis of material issues

Importance to external parties	Importance to the company		
	Basic		Critical
	Critical		
	Basic		
		<ul style="list-style-type: none"><li>Respond to environmental laws and regulations in relevant countries and reduce environmental burdens</li></ul>	<ul style="list-style-type: none"><li>Reduce greenhouse gas emissions (including energy saving and energy creation)</li><li>Contribute, through products, to reduction of greenhouse gas emissions</li><li>Improve product development and manufacturing process towards a recycling-based society</li><li>Use green raw materials and avoid procurement risks</li><li>Create safe and sound work environments and improve productivity</li><li>Respond to increasing quality demand</li></ul>
• Manage water and wastewater		<ul style="list-style-type: none"><li>Enhance information disclosure</li><li>Maintain management’s financial soundness</li><li>Manage supply chain (evaluate it to ESG)</li><li>Ensure suppliers’ and subcontractors’ stable management and provide them with technical assistance and necessary information</li><li>Preserve and restore biodiversity</li></ul>	<ul style="list-style-type: none"><li>Compliance</li><li>Enhance crisis management abilities</li><li>Promote all stakeholders’ human rights</li><li>Develop human resources and provide training and education</li><li>Respecting workforce diversity</li><li>Work with stakeholders to develop new products and improve services</li><li>Promote social contribution activities</li></ul>
• Conduct appropriate marketing and promotion activities		• Ensure customer privacy	

Materiality identification process



Category	Material issue	FY2030 Target	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 <a href="#">▶ P.34</a>	30% reduction* (compared to FY2019, non-consolidated)		○		
	Contributing to the reduction of greenhouse gas emissions through products <a href="#">▶ P.36</a>	Ratio of environmentally friendly products to net sales: 35% (consolidated basis)		○		
	Using Earth-friendly raw materials and avoiding procurement risk <a href="#">▶ P.35</a>			○		
	Complying with various countries' environmental laws and regulations and reducing environmental impacts <a href="#">▶ P.36</a>	Number of violations of environmental laws and regulations: 0 (non-consolidated)		○		
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 <a href="#">▶ P.19</a>			○		
	Complying with increasingly sophisticated quality requirements <a href="#">▶ P.20</a>	Number of serious complaints: 0 (consolidated basis)			○	○
	Developing new products and improving services in partnership with stakeholders <a href="#">▶ P.18</a>			○	○	○
Creating safe, secure workplace environments where all employees can flourish	Improving safe, healthy workplace environments and increasing productivity <a href="#">▶ P.38</a>				○	
	Ensuring all stakeholders' human rights are respected <a href="#">▶ P.39</a>				○	○
	Offering human resources development, training, and education programs <a href="#">▶ P.40</a>				○	
	Respecting workforce diversity <a href="#">▶ P.41</a>				○	
Undertaking corporate activities that inspire trust	Compliance <a href="#">▶ P.43</a>				○	○
	Strengthening crisis management capabilities <a href="#">▶ P.44</a>				○	○
	Undertaking community service activities <a href="#">▶ P.45</a>				○	

\*Greenhouse gas emissions per unit of net sales (Scope 1 and Scope 2)

## Message from the Group Heads of Sustainability Committee



Group owner message

### ESG Value Creating and Promoting Group

Director, Senior Managing Executive Officer,  
Director of Division, Corporate Planning Division  
Tatsuro Hamada

#### Promoting environmentally friendly products

The ESG Value Creating and Promoting Group develops and expands sales of products that contribute to solving environmental and social issues. In FY2024, the ratio of environmentally friendly products to net sales was 29.7%, which resulted in a significant increase in the share of SiC power semiconductor products within environmentally friendly products that contribute to energy savings. This increase was thanks to a marked year-on-year growth in sales of these products, although growth slowed in the second half of the year due to a decline in electric vehicle (EV) demand. Power semiconductors can significantly help reduce power consumption due to their high energy conversion efficiency. Increasing their sales will enhance environmental contribution. Furthermore, we are identifying additional growth areas, such as power semiconductor applications for AI servers.

In terms of “energy creation,” we are developing markets for products that target wind, hydro, and geothermal power generation. We have received several inquiries for products intended for next-generation nuclear reactors. Following the orders from a French company in 2024, we aim to achieve tangible results. Regarding “electrification,” CNovel® is under evaluation by automobile manufacturers as a potential product for use in fuel cells. These products have great potential for the medium to long term, while their environmental contribution is currently low.

#### Taking on the challenge of material recycling through cooperation with external organizations

One of the sustainability-related material issues is “Using Earth-friendly raw materials and avoiding procurement risk.” The Toyo Tanso Group uses petroleum- and coal-derived raw materials and is challenged to develop alternative raw materials that do not rely on fossil resources, in order to reduce CO<sub>2</sub> emissions. We are addressing this issue by engaging in material recycling efforts: converting previously discarded used graphite back into raw materials using pulverization control and other technologies developed for carbon product manufacturing. This approach also helps reduce waste. The New Energy and Industrial Technology Development Organization (NEDO) selected this initiative as a research program titled “Research and development of non-fossil raw materials for graphite materials” for FY2024. Four organizations, including our company, are conducting separate R&D projects and have already achieved notable results.

Such R&D and related technologies, including collaborations with external organizations, form the core of our business growth. To further strengthen our technological capabilities, we have reorganized our structure to centralize our technical foundation and have assigned numerous engineers to this unit. In terms of patents, particularly those related to manufacturing processes, it is difficult to detect infringement. As a strategic choice, we deliberately keep certain technologies confidential. We carefully consider the significance of patent ownership in relation to its value.

#### Realizing a sustainable society with products and technologies that break away from current trends

The Toyo Tanso Group updates its Medium-Term Management Plan annually. In these rapidly changing times, it is crucial to thoroughly evaluate how the changes in the external environment, including the supply chain, affects us and our customers before developing strategies and incorporating them into our plans. As the department responsible for this role, we established the Global Business Strategy Department in 2024. Within the department, we have organized task force by product, market, and application. Members from sales, development, production, and application engineering survey each market and formulate strategic scenarios.

Based on the market information obtained by these task forces, the ESG Value Creating and Promoting Group analyzes future needs and potential seeds to enable the development of new products and technologies that break away from current trends. As a manufacturing company, we aim to create a sustainable society.

► P.16-17 P.19 P.36



Group owner message

### People and Organizational Vitalization Group

Managing Executive Officer, Director of  
Division, General Administration Division  
Hiroshi Hashigami

#### Enhancing the work environment with diverse initiatives

The People and Organizational Vitalization Group, which aims to create a pleasant work environment for everyone, implements various initiatives centered on the following six categories based on a management strategy that emphasizes human capital.

(1) Human resources development and education: Based on “personal sheets” (career plans submitted by employees) and “career sheets” (career plans submitted by supervisors for their subordinates), we are developing a system that supports the development of each employee’s capabilities through appropriate job rotations.

(2) Work environment and welfare benefits: We reviewed the heating and cooling facilities and refurbished the restrooms in each plant in 2024 to enhance working environments. We also installed powder rooms in some plants to provide a more comfortable working environment for female employees.

(3) Diversity and inclusion: Our plants actively hire foreign nationals and introduce barrier-free designs to support employees with disabilities, fostering a workplace where diverse talent can thrive.

(4) Health and safety: The environmental, Health and Safety Committee implemented programs to maintain and promote health, along with follow-up support for mental health.

(5) Recruitment and retention: We continue to strive to secure talented

individuals. We are also working to enhance our recognition not only in the Kansai area, where our head office is located, but also in the Kanto area, to strengthen the recruitment of students.

(6) Employee engagement: As one of our communication tools, we distribute an in-house newsletter. Since some employees do not use computers at work, we intentionally use a paper format to ensure accessibility for everyone. The newsletter shares updates on company activities and highlights people across the organization, helping employees feel more connected.

#### The Group shares its corporate direction and human rights risks across entities

While the in-house newsletter plays a role as a communication tool, a global engagement survey targeting all Toyo Tanso Group employees revealed that corporate culture and policies have not permeated as expected. Consequently, the Group decided to share with employees what the CEO remarks in the weekly Directors of Division meeting. These discussions cover a wide range of areas, including management policies, performance trends, and the latest market and customer information obtained through top-level meetings. These topics are critical. Directors of Divisions fully grasp this information and disseminate it to General Managers, who then communicate it to all employees through the organizational hierarchy. Through this process, we aim to gradually

embed our policies and foster a stronger corporate culture.

Additionally, since FY2024, we have implemented human rights due diligence. Starting with standalone entity, we plan to expand the scope to include domestic and international Group companies and suppliers. First, we provided educational sessions to executives and managers, followed by a detailed risk survey using questionnaires to deepen their understanding. We are progressively addressing the identified risks through preventive and corrective measures and disclosing the information on our website.

#### Human capital management: the key to achieving the management vision

What do employees need to find their work meaningful and rewarding and be more engaged? While monetary measures, such as salary increases, are certainly important, we believe that non-monetary measures, such as enhancing welfare programs, also need to be further refined. In order to achieve the Toyo Tanso Group management vision of “Creating products with unprecedented potential,” developing human resources is indispensable. Corporate growth comes from employee growth. As human capital management becomes more significant, we will steadily promote human resource strategies linked to our management strategies.

► P.38-42



# Environment

## Environmental policy and management structure

### Environmental Policy

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 is 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.

The Group's environmental management departments monitor the volume of waste produced by other departments as well as the reduction measures they implement in an effort to protect the global environment. The Group is also working to address the issue of how graphite waste can be effectively used in its research and development programs while raising all employees' environmental awareness.

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

**Toyo Tanso Group Environmental Policy**  
We shall aim to coexist in a state of harmony with people, carbon technologies, and the natural environment and engage in corporate activities that will contribute to the conservation of the global environment.

#### 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, reduce greenhouse gases, 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 the Toyo Tanso Group has 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

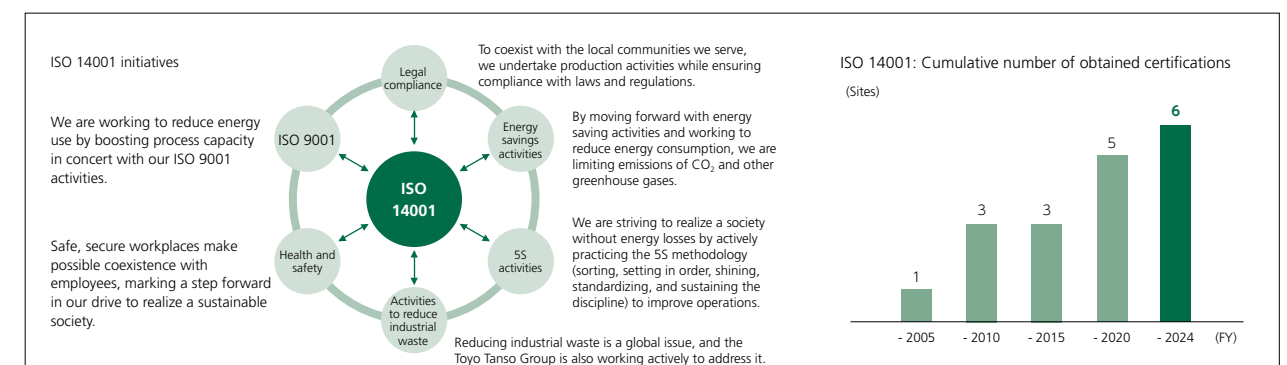
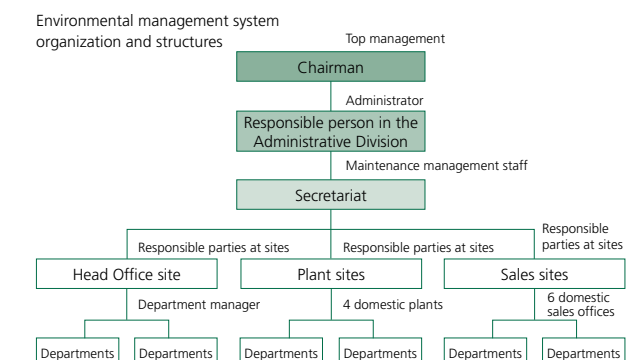
To implement these Environmental Policies smoothly and efficiently, we work to educate all employees on the environment and raise their environmental awareness.

#### 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 the ISO 14001 certified environment 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 2024, six domestic and overseas facilities/subsidiaries have obtained environmental management system certification.



### Initiatives for energy savings and creation are steadily progressing

As of April 2025, I assumed the role of Owner of the Sustainable Consumption and Production Group. I am determined to continue working closely with relevant departments to invigorate the energy-saving and energy-creation activities and promote our initiatives. Our goal is to achieve the 2030 target of reducing greenhouse gas (GHG) emissions per unit of sales, including CO<sub>2</sub> generated in our production activities, by 30% from the FY2019 level.

Our group's main activities include, for "energy savings," reducing energy consumption per production unit through equipment upgrades in heat treatment processes, as well as switching to LED lighting. For "energy creation," we actively use renewable energy, for example by installing solar power generation systems. During our quarterly CO<sub>2</sub> reduction activity progress report meetings, we share the status and challenges of these initiatives to outline subsequent activities. Furthermore, we have established organizational frameworks to promote these initiatives that are tailored to specific challenges or themes. These include establishing the Energy Saving Committee and the Industrial Waste Reduction Committee for production facilities.

Through the accumulation of these steady activities and concrete initiatives,

we were able to reliably reduce GHG emissions in FY2024, achieving our targets.

### Ideas for energy-saving initiatives derived from the manufacturing site

In the Toyo Tanso Group, employees familiar with deep knowledge of on-site operations actively carry out the 5S activities and propose improvements. These activities often lead to energy-saving ideas. One example is visualization of air leakage. When compressed air leaks from the piping, the power consumption increases, but the leakage cannot be visually detected. We introduced a special camera that can visualize air leakage, enabling quick maintenance and proving its effectiveness. This case was reported in an improvement proposal presentation and disseminated in different plants. In addition, we have various improvement proposal systems to increase productivity and yields for energy savings. Effective measures are shared and rolled out across all factories through committees. Outstanding improvement proposals are recognized with the Chairman's Award and the Directors of Division Award, which motivates employees.

### Achieving CO<sub>2</sub> reduction and lean production

One initiative we are focusing on during FY2025 is leveraging AI to formulate

production plans. By using AI, task that previously took dozens of hours can now be completed in just a few. AI will also eliminate human-dependent factors, stabilizing production and increasing efficiency. This will lead to CO<sub>2</sub> reduction and lean production. Manufacturing sites will optimize furnace operating times, shorten overall operation times, reduce defects, improve furnace loading efficiency, and increase the yield rate of products machined from graphite blocks. We will also manufacture materials as close to the final product shape as possible, thereby shortening machining times and reducing excess remaining materials and machining chips.

The entire Toyo Tanso Group will make effort toward the effective use of graphite materials. The Group manufactures graphite materials domestically and processes them at domestic and overseas facilities close to our customers before selling. Therefore, we will strengthen inventory management by visualizing the remaining materials to enable the facilities to share graphite materials flexibly based on their operational and sales conditions. This will further increase production efficiency and we are aiming to contribute to energy savings.

► P.16 P.34 P.35

## Contribution to reducing climate change risk and environmental protection

### Reducing greenhouse gas emissions, including through energy savings and creation

#### Reducing greenhouse gas emissions in production activities

Toyo Tanso has formulated roadmaps for reducing greenhouse gas (GHG) emissions in promoting various measures with the aim of reducing GHG emissions (Scope 1 and Scope 2) per unit of sales by 30% (non-consolidated) in FY2030 compared to FY2019 (Figure 1).

Figure 1: Progress on the roadmap for reducing GHG Emissions

Large = 50% or more Medium = 30% to less than 50% Small = less than 30%  
 ◎ = 100% or more ● = 90% or more ▲ = 80% to less than 90% × = Less than 80%

Target Indicators	Load factor in 2030 emission reductions	FY2024 actual target achievement level	Examples of measures
(1) Introduction of energy-saving equipment	Small	◎	• Introduction of high-efficiency compressors • Installation of LED lighting
(2) Introduction of energy with low CO <sub>2</sub> emission coefficient	Large	◎	• Purchase and introduction of electricity from renewable energy sources (solar power generation, etc.) • Purchase of electricity from renewable energy sources (J-Credits, etc.)
(3) Switching to baking furnace with smaller energy units	Small	—*1	• Fuel conversion • Furnace renewal
(4) Optimization of furnace operation time	Small	◎	• Promotion of energy conservation • Improvement of existing facilities
(5) Optimization of furnace loading efficiency	Small	Trial operations and evaluations to be conducted in 2025*2	• Improvement of yield • Optimization of furnace loading with AI*2

\*1. The “—” in the fiscal year target achievement levels will be implemented sequentially from FY2025 onwards.

#### Energy saving initiatives roadmap (1): Visualizing air leakage

Toyo Tanso holds quarterly Energy Savings Committee meetings to share progress on energy savings activities and related information at each facility, thereby promoting company-wide measures. Furthermore, we strive to strengthen company-wide energy savings activities by horizontally deploying effective initiatives implemented at one facility to others.

One such initiative is visualizing air leakage. Our plants use air compressors to generate compressed air for various processes. If there is an air leak, the relevant compressors operate at a higher ratio, resulting in higher power consumption. Previously, our plants relied on workers listening for sounds to detect air leakage during equipment shutdowns. The introduction of air leakage detection cameras now enables inspection while the equipment is running, substantially improving detection accuracy and convenience. This has enabled more effective improvement.

As a result of these and other continual energy savings activities, we achieved our targets for FY 2023. This achievement was recognized in the Periodic Report under the Energy Conservation Act (submitted in 2024), and the Agency for Natural Resources and Energy (ANRE), Ministry of Economy, Trade and Industry (METI), classified us as an “S Class” business operator for excellent in energy savings.



2030 GHG Emissions Intensity Target  
 (compared to 2019)

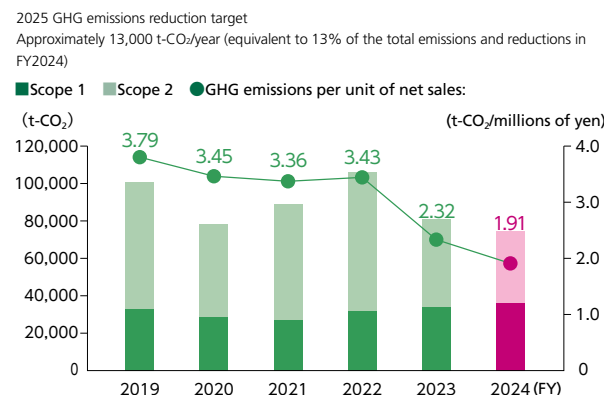
**30% reduction (non-consolidated)**



We have implemented various measures to increase energy efficiency and reduce labor in production activities. As a result, we achieved our FY2024 GHG emissions reduction target (per unit) (Figure 2).

We aim to continue to promote initiatives that will help us achieve our 2030 targets and contribute to carbon neutrality.

Figure 2: Greenhouse gas emissions (non-consolidated)



#### Energy creation initiatives roadmap (2): Utilizing renewable energy

The Toyo Tanso Group is actively adopting renewable energy as part of its efforts to reduce CO<sub>2</sub> emissions. At our plant in Kagawa Prefecture, which serves as our main production facility, the actual usage rate of electricity derived from renewable energy sources (renewable energy usage rate) has increased by 7 percentage points from FY2023 to 47%.

To further increase our renewable energy usage rate, we have decided to introduce electricity derived from renewable energy sources via an on-site power purchase agreement (PPA) starting in 2027. Under this agreement, an electricity generator will install a ground-mounted, self-consumption solar power generation system on land owned by Toyo Tanso adjacent to its Takuma Division. All electricity generated by this system will be supplied to the Takuma Division. The system will have a generation capacity of approximately 20 MW and an estimated annual generation of around 26.68 million kWh. This will partially cover the division's facility's annual electricity demand and is expected to reduce CO<sub>2</sub> emissions by approximately 11,258 t-CO<sub>2</sub> annually.

In addition, we use demand response services, which are mechanisms that allow electricity consumers to control their power usage and help balance electricity supply and

demand. This contributes to more stable power supply and promotes the adoption of electricity derived from renewable energy sources.

Furthermore, through the use of the Kagawa Smart Green Bank's J-Credit scheme, we achieved a reduction in greenhouse gas emissions of 1,167 t-CO<sub>2</sub>/year in FY2024, demonstrating continued effectiveness following the reduction of 1,046 t-CO<sub>2</sub>/year in FY2023.

We intend to continue increasing our renewable energy usage rate to achieve the 2030 targets.



Expected appearance of the power plant

#### Energy saving initiative roadmap (5): Optimizing production with AI

Isotropic graphite products are used in a wide range of industries, including semiconductors, automobiles, healthcare, and aerospace. As customer needs become more sophisticated and diverse, the sizes and materials of graphite products are becoming more variable. Furthermore, fluctuations in the global market can cause significant changes in demand over short periods. To reliably respond effectively to these market changes, the Toyo Tanso Group revises its production plan as necessary. However,

manufacturing isotropic graphite materials requires six months or more and consumes substantial energy during production, necessitating precise and optimal production planning. We use artificial intelligence (AI) to achieve more sophisticated production planning. Optimizing production reduces energy consumption and lowers environmental impact.

### Using Earth-friendly raw materials and avoiding procurement risk

In order to achieve a carbon-neutral society, we must consider the environmental impact of procuring and using raw materials. As carbon materials are made using raw materials derived from fossil resources such as petroleum and coal, the Toyo Tanso Group must address the important issue of developing raw materials that do not rely on fossil resources. We are advancing an initiative that focuses on used graphite. **P.19**





Contributing to the reduction of greenhouse gas emissions through products

CNovel® contributing to clean energy

Fuel cells (FCs) are power generation systems that obtain electricity directly through the chemical reaction of hydrogen and oxygen. Because the only byproduct of this chemical reaction is water, FCs are ideal energy devices that emit no carbon dioxide (CO<sub>2</sub>) or other harmful substances. They are receiving attention as a clean energy source. The development of FC systems has recently become more active both domestically and overseas. They are expected to be widely adopted around 2030. In particular, the mobility sector considers fuel cell vehicles (FCVs) a potential contributor to reducing CO<sub>2</sub> emissions. Alongside battery-powered electric vehicles (EVs), FCVs are recognized as a solution for reducing greenhouse gas emissions. Although EVs, which represent one side of the solution, are ahead in practical application, relying solely on battery power can sometimes make it difficult to supply enough energy for driving. Therefore, FC systems are particularly effective for mobility used for large-scale, long-distance travel, such as commercial motor vehicles (heavy-duty vehicles, or HDVs). To overcome the issue of fueling infrastructure development for HDVs, can be addressed by installing hydrogen stations at bus and truck terminals. Thus, FC systems are expected to be commercialized earlier for HDVs than for passenger cars.

The porous carbon (CNovel®) developed by Toyo Tanso is used as a catalyst support (a substrate for fixing nano-sized catalytic metals (e.g., platinum) for fuel cells. CNovel® has numerous fine pores internally. This structure enables high dispersion of the catalyst and exhibits a “cage effect” that protects the catalyst within the pores. This effect suppresses catalyst degradation more effectively than existing supports (carbon black). Therefore, CNovel® is expected to be a key material that could accelerate the adoption of FC systems, as it can contribute to the fuel cells with high output and high durability required for HDVs. Furthermore, products developed by the Group can deliver their performance in potential applications such as devices that “use hydrogen” like FC systems, as well as devices that “produce hydrogen”, which will be essential for the upcoming hydrogen society.



2030 target: Ratio of environmentally friendly products to net sales  
**35% (consolidated)** (2024 result: 29.7%)



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

Toyo Tanso put in place a series of management standards for chemical substances in products following an effort led by its department managing chemical substances in products 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 are 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.

In FY2024, there were no violations of environmental laws and regulations at Toyo Tanso.

2030 target: Violation of environmental laws and regulations  
**0 (non-consolidated)**



Reducing environmental impacts

Toyo Tanso strives to design products with low environmental impacts and to save energy and resources while reducing and reusing waste. We are 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. Furthermore, we hold quarterly Energy Savings Committee meetings to share the initiatives and achievements of energy savings activities in each manufacturing department. These meetings promote energy savings activities and strive to reduce greenhouse gas emissions.

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). We are working to disclose information in line with the TCFD’s disclosure framework, as well as identify the financial impacts of principal risks and opportunities related to the response to climate change. Going forward, we will continue to enhance our response to risks and opportunities.



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 measures 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 <sub>2</sub> reduction targets, 2050)	
Scenario-building	<b>(1) 1.5°C scenario</b> Scenario in which the average global temperature increase is kept within 1.5°C from levels prior to the Industrial Revolution <b>Reference information</b> From the IEA WEO2020 SDS Scenario, 1st Working Group Report of the IPCC 6th Assessment Report SSP1-1.9,2.6/Other	<b>(2) 4°C scenario</b> Scenario in which the average global temperature rises 4°C from levels prior to the Industrial Revolution <b>Reference information</b> 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: IEA’s World Energy Outlook 2020; IPCC: Intergovernmental Panel on Climate Change  
A-PLAT: Climate Change Adaptation Information Platform

Principal risks		Emergence timeframe	Financial impacts
Policies and regulations	Strict greenhouse gas emission reduction standards will be put in place, necessitating investments and technological improvements in order to reduce emissions.	Short to long term	–
Changes in markets/customers	Demand for engine-related products will shrink due to the electrification of automobiles.	Medium to long term	Small
	Widening adoption of next-generation solar panels will cause demand for products to shrink.	Long term	Small
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 to long term	Medium
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	Medium
	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	Small
Manufacturing	Costs may increase due to factors such as stoppages in facility operations due to intensifying natural disasters.	Medium to long term	Small
	The cost of manufacturing process improvements required in order to comply with environmental requirements will rise.	Medium to long term	Medium

3. Risk management

In keeping with its Basic Rules on Risk and Compliance, the Toyo Tanso Group has established the Risk & Compliance Committee (RC Committee) 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 RC Committee oversees those efforts.

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

Principal opportunities		Emergence timeframe	Financial impacts
Policies and regulations	Demand for environment-related products such as renewable energy may rise.	Medium to 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 to long term	Large
	Demand for brushes used in power supply and grounding equipment will rise due to growing demand for wind power.	Medium to long term	Small
	Demand for graphite for use in nuclear power applications may rise as CO <sub>2</sub> emissions are reduced.	Medium to long term	Small

Financial impacts (small: 0 to less than 1.0 billion yen; medium: 1.0 billion yen to less than 10.0 billion yen; large: 10.0 billion yen or more)

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 to 3, FY2024) have been verified by a third-party.

GHG emissions for Toyo Tanso Co., Ltd. (FY2024)  
(GHG emissions)  
Scope 1 (consolidated): 37,608 t-CO<sub>2</sub>e  
Scope 2 (consolidated): Location-based: 76,135 t-CO<sub>2</sub>e, market-based: 53,967 t-CO<sub>2</sub>e  
Scope 3 (non-consolidated): 98,134 t-CO<sub>2</sub>e  
  
Breakdown (t-CO<sub>2</sub>e)  
Category 1: 55,694  
Category 2: 20,077  
Category 3: 16,742  
Category 4: 4,275  
Category 5: 561  
Category 6: 148  
Category 7: 454  
Category 13: 84  
Category 15: 98

Third-party verification report

Scope 1 and 2  
[https://www.toyotanso.com/sustainability/pdf/independent\\_assurance\\_report\\_2025.pdf](https://www.toyotanso.com/sustainability/pdf/independent_assurance_report_2025.pdf)

Scope 3  
[https://www.toyotanso.com/sustainability/pdf/independent\\_assurance\\_report\\_2025\\_scope3.pdf](https://www.toyotanso.com/sustainability/pdf/independent_assurance_report_2025_scope3.pdf)

Creating safe, secure workplace environment where all employees can flourish

Improving safe, healthy workplace environments and increasing productivity



Promoting occupational health and safety

Toyo Tanso adheres to the principle that “safety takes precedence over all else.” To this end, the company holds Environmental, Health and Safety Committee meetings to ensure occupational safety and health and to create a comfortable work environment. These efforts include safety

meetings and education at each workplace. Additionally, Environmental, Health and Safety Committee members and managers perform safety prayers at the company’s Inari shrine, working to enhance the safety awareness among all employees.

Eliminating occupational accidents

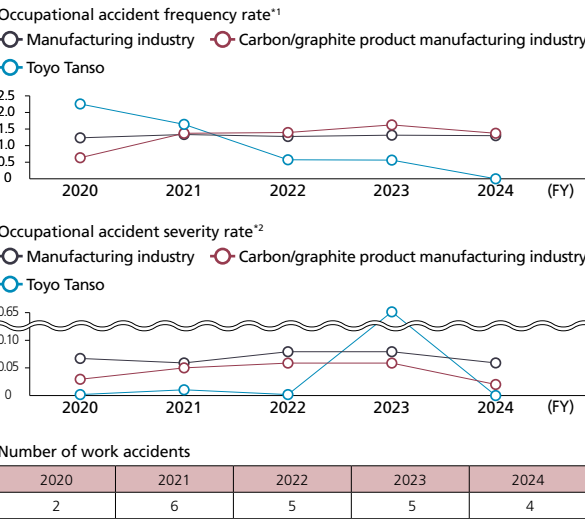
To eliminate work accidents in the workplace, we have set a target of zero incidents. In 2024, there were four work accidents.

When an occupational accident occurs at Toyo Tanso, we share a company-wide accident report within 24 hours. All members of the Environmental, Health and Safety Committee conduct an on-site investigation. We thoroughly investigate the cause, implement measures, and verify their effectiveness to prevent recurrence.

Our lost-time injury frequency rate is zero, which is favorable level even compared to the domestic manufacturing industry.

\*1 Frequency rate: An index expressing the frequency of accidents in terms of the number of casualties due to occupational accidents per one million hours of actual labor. Frequency rate = number of casualties due to occupational accidents/hours of actual labor x 1,000,000

\*2 Severity rate: An index expressing the severity of an accident in terms of the number of lost labor days per one thousand hours of actual labor. Severity rate = number of lost labor days/hours of actual labor x 1,000



Activities of the Environmental, Health and Safety Committee

We hold a monthly meeting of the Environmental, Health and Safety Committee at each facility to discuss and develop measures for preventing occupational hazards, identify causes of work accidents and develop recurrence prevention measures, and deliberate and formulate safety education plans. Additionally, with advice from our occupational

physician, we discuss work environment improvements based on workplace inspections and health-related topics.

- Reporting safety results (work accidents, traffic accidents), monthly activity results/planning, and results of patrols by industrial physicians and committee members
- Presenting cases of near misses and risk assessments
- Reporting on safety activity topics

Implementation of safety patrols

To prevent work accidents and incidents at production sites, we conduct regular “safety patrols” led by Industrial Health Supervisor and members of the Environmental Safety and Health Committee.

The patrols inspect the site from multiple perspectives,

including identifying hazardous areas, verifying compliance with safety rules and work procedures, detecting unsafe conditions or unsafe acts, assessing equipment and machinery safety, and evaluating production area management based on the 3S principles (Sort, Set in order, Shine).

Safety management for partner companies

We ask that all of our partner companies, including contractors, to comply with their obligations under the Labor Standards Act, the Industrial Safety and Health Act, and other applicable laws and regulations. They must also

adhere to our company’s Safety and Health Standards. In collaboration with them, we promote safety and health activities to prevent accidents and disasters.

Ensuring all stakeholders’ human rights are respected



Basic approach to human rights

The Toyo Tanso Group’s fundamental philosophy of “Contribute to the world through the pursuit of the possibilities inherent in carbon (C)” is in itself a contribution to the advancement of a sustainable society. Under this philosophy, we carry out numerous initiatives, which include supporting the SDGs through our products and business activities, aimed at resolving social issues.

Our initiatives are aimed at realizing a society that provides a safe and enriching lifestyle to people around the world. Indispensable to these initiatives is a respect for

human rights.

With a sincere understanding of the impacts that the Toyo Tanso Group’s business activities have on human rights, we make it our social mission to deal appropriately with these impacts. The Toyo Tanso Group Human Rights Policy was thus enacted as the ultimate guideline towards fulfilling this mission.

Acting on this policy, we seek to work with our stakeholders to make society even more sustainable.

Human rights due diligence

Toyo Tanso believes that respecting the human rights of all stakeholders involved in its corporate activities is integral to its development.

Based on this belief, we began implementing human rights due diligence since 2024. This process investigates apparent and potential risks of human rights violations in our business activities and aims to prevent and rectify such violations.

Implementation plan			
	Non-consolidated	Within Group	Main primary suppliers
Domestic	2024	2025	2025
Overseas	—	2026 2027	2027

Overview of human rights risk assessment (conducted in 2024)

We conducted the assessment with reference to the United Nations’ “Universal Declaration of Human Rights,” the International Labour Organization’s “Declaration on Fundamental Principles and Rights at Work,” the UN “Guiding Principles on Business and Human Rights,” and the Ministry of Justice Human Rights Bureau’s “Areas of Human Rights that Companies Should Respect.”

1. Scope

Domestic facilities of Toyo Tanso (standalone entity)

2. Survey methods

- (1) Questionnaire survey to determine system status:  
We surveyed relevant internal departments to determine the need for improvement in human rights-related systems and the status of activities aimed at preventing human rights violations.
- (2) Questionnaire survey to understand working conditions:  
We conducted an anonymous survey of all employees to assess potential human rights issues and workplace safety conditions.
- (3) Interview survey with employees:  
Based on the results of the survey (2), departments and employees were selected through sampling for interviews conducted by external professionals. The aim was to verify the validity of the results and to identify any potential human rights violations inferred from the findings.

3. Human rights risk assessment and identification

Based on the survey findings, we conducted risk assessments and identification for each human rights risk area. The risk assessment combines two perspectives: “severity” and “likelihood of occurrence.” “Severity” is further assessed from the viewpoints of “degree of infringement,” “scope,” and “restorability.” “Likelihood of occurrence” is evaluated from the viewpoints of “actual or potential occurrence” and “preventive measures.” To ensure objectivity, external experts were involved in this

assessment process. The human rights risks identified in this assessment are as follows:

- Understanding and dissemination of the human rights policy
  - Internal reporting system
  - Treatment of temporary employees
  - Harassment
  - Workplace safety
  - Human rights in the context of climate change
- 4. Initiatives to prevent and eliminate human rights risks**
- We undertake the following preventive and corrective measures for each identified human rights risk, and progressively expand them across the Group, beginning with cases deemed scalable.
- Understanding and dissemination of the human rights policy
  - Understanding and dissemination of the internal reporting system
  - Verification of the actual treatment of temporary employees
  - Prevention of harassment
  - Ensuring workplace safety
  - Promotion and internal dissemination of climate change responses

**Respect for human rights**  
<https://www.toyotanso.com/sustainability/society/respect.html>



Human resource strategies

Managing human capital

We are experiencing rapidly changing management environment, from globalization to declining workforce due to a shrinking and aging population, the wave of digital transformation (DX), and transformations into new modes of work, new values, and new business models. Amid these changes, the Toyo Tanso Group is promoting initiatives to maximize the value of human capital to fulfill its responsibilities as a company that will contribute to the realization of a sustainable society.

Naturally, we want to be a company where employees feel a sense of value in their work, but we also emphasize respect for diversity, promotion of health management, optimal placement of talent, medium- to long-term human capital development, enhancement in employee engagement through fair evaluations and an overall compensation policy.

Through these human resource policies, we will provide an environment where employees can thrive where each and every employee can take on challenges with passion and pride, maximize the performance of both individuals and the organization, and work towards a society where No One Is Left Behind and everyone is guaranteed safety and security.

ESG data collection

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

Human resources development

The Toyo Tanso Group recognizes human resources as our most important asset and that human growth is the driving force behind the development of the company. Based on the following human resource development policies, we provide various training programs. Furthermore, we support employees’ self-development through subsidies for English conversation lessons and online courses.

**Human resources development policy**

To realize the 2030 Management Vision, we are dedicated to fostering human resources who resonate with our corporate philosophy and equip with strong language proficiency and a global perspective, as well as competencies in communication, leadership, problem-solving abilities, proactiveness, and initiative, in order to achieve our Company Policies of “Become a global company,” “For the world, for society,” and “Become a strong company.”

**Total number of participants in certifications, lectures, etc.: Goal of 500 or more (non-consolidated)**  
(Results in 2024)

- Number of participants: 614/122.8% achievement
- Example of training programs conducted: Mid-level employee training (level-based training)

A two-day training program was conducted for newly promoted employees to facilitate the acquisition and comprehension of leadership and followership competencies expected of mid-level employees.

Initiatives in managing human capital

Category	Contents
Human resources development and education	Employee skills development programs
	Execution of education and training
	Career development and securing promotion opportunities
Occupational environment and welfare benefits	Execution of improvement measures for occupational environment
	Execution of welfare benefit programs
	Promotion of work-life balance
Diversity & inclusion	Acceptance and promotion of diversity
	Increase in diversity index related to sex, age, ethnicity, and presence/absence of disability
Employee engagement	Execution of engagement surveys
	Concrete initiatives for enhancing engagement
Health and safety	Occupational health and safety management
	Execution of health maintenance/improvement programs
	Mental health measures
Compensation and evaluation	Guaranteeing transparency in the compensation system
	Link between performance evaluation and compensation
	Introduction of an incentive system
Recruitment and retention	Hiring strategies and results
	On-boarding process for new hires
	Reduced turnover rate and countermeasures

Educational system diagram

	Management positions	Supervisor positions	General positions
Level-based training	Management position training	Leadership training	New-hire training
Selective training	Next-generation leadership training		
	Global mindset training		
Department-based training	Compliance training		
	Information security training		
	ISO training		
	Security export control training		
	OJT		
Self-development training	Seminars		
	Online English lessons		
	Online courses		
	e-learning		

Respecting workforce diversity

Diversity & inclusion

The pursuit of diversity and inclusion is a key priority. A diversity of ideas from a diverse workforce is the source of sustainable growth for both the company and society.

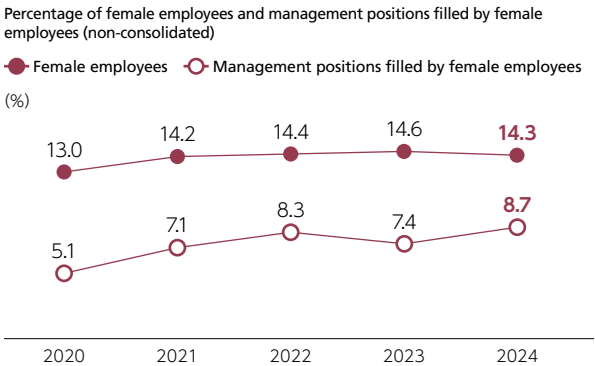
The Toyo Tanso Group fundamentally prohibits discrimination on the basis of gender, nationality, religion, age, disability, or any other characteristic, and we are striving to cultivate an organizational culture rich in trust and creative collaboration so that employees with different values and ideas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

Female empowerment

Toyo Tanso is committed to establishing a work environment that enables employees to balance professional responsibilities with childcare, thereby fostering a workplace in which women can fully leverage their capabilities and thrive. As a result, we have recently seen an increase in the percentage of female employees and women in managerial positions compared to FY 2020.

Additionally, we have formulated an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on the Promotion of Women’s Active Engagement in Professional Life, and are moving forward with systematic initiatives.

We recruit talent in accordance with a personnel plan linked to the business strategies of the Medium-Term Management Plan. Additionally, we ensure diversity in our workforce by hiring talented human resources regardless of nationality; thereby building a foundation for our Company Policy of “Become a global company.” Therefore, evaluation and promotion of employees are based on the same criteria regardless of nationality, or status as new graduate or mid-career hire. So we do not set targets for appointments or promotions of foreign nationals or mid-career hires.



Goal	Initiatives (January 1, 2024 to December 31, 2024)	Achievements	Initiatives (plan) (January 1, 2025 to December 31, 2025)
Utilization rate for employees with 60% or higher annual paid leave (group's overall average)	Grasp utilization conditions of annual paid leave and construct measures to encourage utilization · Perform monthly check on utilization rate to understand conditions · Encourage acquisition through periodic posting on internal bulletin boards and work at increasing acquisition rate	· Formed a three-shift team which enables all members are able to take five days of paid leave	▶ Continue monthly check on utilization leave rate ▶ Continue department-level initiatives ▶ Regularly visualize and communicate leave utilization conditions to eliminate an atmosphere that discourages taking leave
Create an environment where it is easy to utilize childcare-related leave	Alert the entire Company to laws, ordinances and internal regulations, and create an environment where all employees who have a baby or are expecting one can easily take childcare-related leave. · Enhance welfare benefits and create an environment that facilitated tasking childcare leave · Use the "Parenting Enjoyment Handbook" to interview people who have a baby or are expecting one · Explain the childcare leave system (at birth) and vacation system and encourage them to proactively get involved in child-rearing so they can enjoy fulfillment in both public and private life	· Introduced a lump-sum childbirth benefit system for employees on childcare leave	▶ Provide lump-sum childbirth benefit for employees on childcare leave ▶ Implement interviews using the "Parenting Enjoyment Handbook" ▶ Visualize company-wide utilization rates and ensure thorough awareness of the system
Support in forming and developing career visions following maternity and childcare responsibilities	Execute internal training to increase awareness of formation of a career vision for female employees who have a child in 6th grade of elementary school or younger and for female employees who wish to receive training · From September 2024 - Execute internal training and take a survey · From March 2024 - Assess the current conditions by identifying positions (departments) where there is imbalance in assignments of male and female employees	· Held career development seminars for female employees, providing an opportunity to consider actionable strategies for harmonizing career progression with parenting obligations	▶ Establish, promote, and disseminate internal systems based on the Act on Advancement of Measures to Support Raising Next-Generation Children ▶ Execute various education and training programs ▶ Support the formation of networks by providing opportunities for women to interact based on job level
Percentage of departments (across the company) with female employees exceeding 80%, resulting from recruitment and internal transfers	· From May 2024 - Implement a survey to discover potential issues when placing a female employee, examine measures to solve those problems, and proactively promote placement of a female employee	· Renovated restrooms and changing rooms · Promoted automation for heavy lifting and transportation jobs	▶ Continue enhancing facilities for woman ▶ Introduce training on workplace culture awareness (gender placement, development, evaluation, promotion, role division within the organization)

# Governance

## Childcare support

Toyo Tanso has consistently worked to help employees balance the demands of their jobs and families. We have formulated an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, and we have acquired the Kurumin mark.

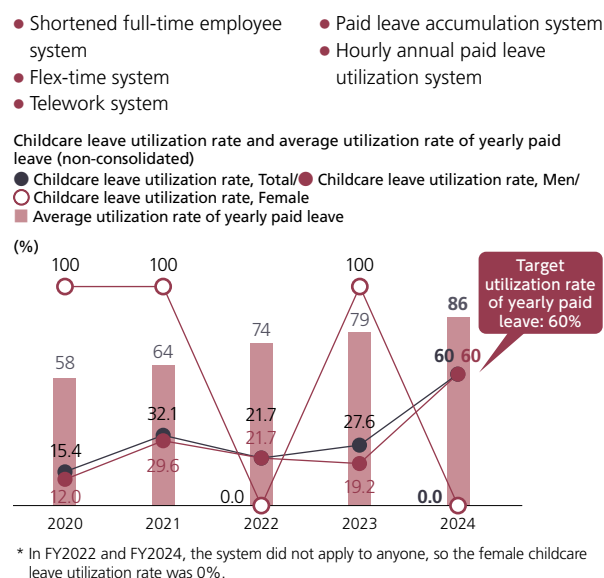
In addition, to encourage not only women but also men to participate in parenting, we hand out a Toyo Tanso original “Parenting Enjoyment Handbook” to male employees with newborn children and meet with them to explain available programs. We have expanded eligibility for our paid leave accumulation system and have let employees take up to three days of leave following their spouse’s childbirth.

As shown in the figure on the right, we have consistently achieved our target where 100% of female employees who have given birth utilize childcare leave. The utilization rate among male employees in FY2024 significantly exceeded the target of 30%.

Moreover, we are working to create an environment in which employees can continue to work with peace of mind, for example by hosting exchange meetings for employees who are using our parenting programs so that they can share parenting concerns, and anxiety about how to balance work with family responsibilities while building supportive relationships with each other.

## Promotion of work-life balance (WLB)

We aim to create a workplace environment where men and women can continually work with a sense of purpose, and all employees can grow together with the Company. We have prepared a range of systems, such that employees can work flexibly and efficiently, and balance work and lifestyle.



## Undertaking corporate activities that inspire trust

### 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 embed awareness of compliance into our corporate culture and climate.

#### Compliance structure

We are implementing compliance activities with the Risk & Compliance Committee, composed of committee members assigned from among Directors and Executive Officers, as the highest organization. The Risk & Compliance Committee also, in addition to forming policies for and

examining important issues in compliance, surveys the risk of compliance violations by the company and its affiliate companies on a quarterly basis as part of an ongoing monitoring program.

#### Education and awareness-raising activities

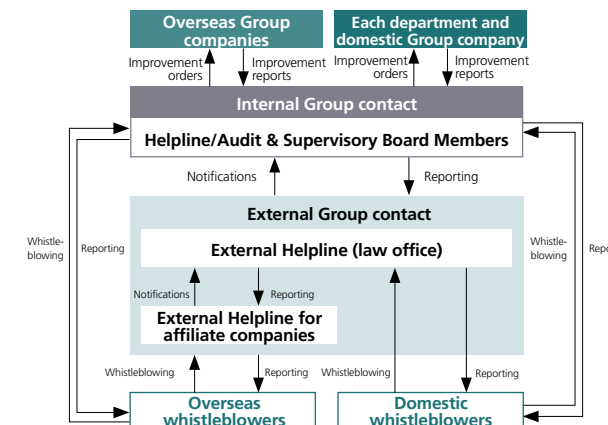
In addition to enacting a Compliance Guidebook to foster compliance awareness, the Toyo Tanso Group has established October as annual “Compliance Enhancement Month” and work to educate and raise awareness among all employees so that the principles be expressed in their conduct. Additionally, we are expanding into education and awareness-raising activities for each level and each field, as indicated on the right.

The Compliance Guidebook has been translated into ten languages and distributed to affiliate companies’ employees as well.

Educational and awareness-raising activities (2024)	Participants	Number of trainees
New-hire training (April)	Newly hired graduates	34
Training to prepare employees for overseas postings	Prospective employees to be posted overseas	3
Officer compliance training (July)	Directors, Audit & Supervisory Board Members, Executive Officers	16
Regular compliance training (August)	Employees who have been with the company for less than one year	146
Compliance Enhancement Month (October)	Company employees and domestic affiliates’ employees	All employees
Training for newly assigned managers (December)	New managers	9

#### 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 the Group companies, and anonymous reporting is 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.



## VOICE

After turning 40, I had my long-awaited first child and took two months of childcare leave through the Postpartum Paternity Leave program. When my child turned one and became more demanding, the physical demands on my wife increased. To help reduce her burden, I utilized all available programs, including the flex-time system, which allowed me to start work one hour later each morning.

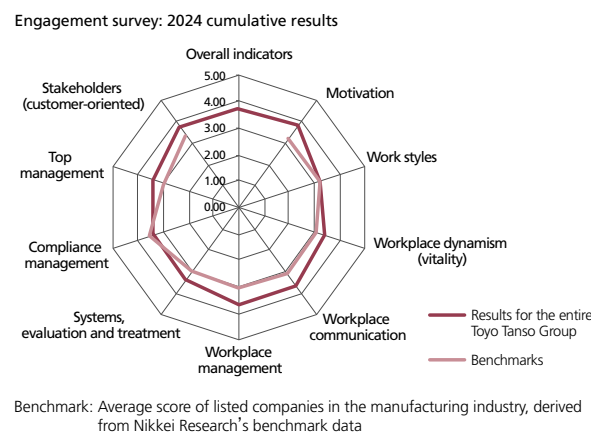
Using these programs enabled us to share the childcare burden. I was also able to closely observe my child’s growth and witness important milestones, such as the first time my child rolled over, stood up, and said their first meaningful words. Consequently, my child did not exhibit the “shy of daddy” behavior often observed in children whose fathers work long hours and rarely see them. Instead, my child would often cry, “Don’t go!” every morning when I left for work. Fortunately, I was able to experience my child’s growth firsthand while working in an environment that supports work-life balance. I will continue to engage deeply with my child, hoping to become a proper “father,” not just a “hands-on dad” in name only.

Brush Development Group, Engineering  
Development Dept., Advanced Technology Division  
Masaharu Yoshino



## Increasing employee engagement

Based on our belief that enhancing the engagement of each and every employee leads to growth for both the corporation and the employee, the Toyo Tanso Group places job satisfaction as an important indicator of sustainable growth. We have been implementing the global engagement survey for all Toyo Tanso Group employees. Based on the results, we promote various initiatives to enhance engagement. Starting in 2025, we have set engagement enhancement initiatives as a target within managers’ MBO evaluations, establishing a mechanism to promote continual, company-wide action.





Strengthening crisis management capabilities



Basic policy on risk management

The Toyo Tanso Group enhances its management of risks associated with its business activities by using its Risk & Compliance Committee serving as the promotional organization. This helps to minimize damage in the event of an emergency or disaster that may significantly affect the Group.

1. To ensure the Group's sustainable development, achieve management goals, and fulfill corporate social responsibilities, the Group establishes and operates a risk management structure. This structure comprehensively manages various risks related to business activities from a global perspective, thereby enhancing corporate value.
2. The structure collects risk information, analyzes risks, and takes measures to prevent risks from materializing and to avoid, reduce, and transfer losses.
3. If a risk materializes, the structure promptly activates a response system that prioritizes saving human life and minimizing damage. It also strives for early recovery, identifies the causes, and implements measures to prevent recurrence.
4. The Group enhances its resilience to risks and social trust by continually revising this policy and the risk management structure, as well as by implementing education and awareness-raising activities for all Directors, Officers and employees.

Global business continuity plan (BCP)

The Toyo Tanso Group has established a common, all-hazard BCP approach against earthquakes, wind and floods, and infectious diseases, and has formulated a global BCP to prevent business interruptions that could significantly impact society.

Additionally, in the event of a large-scale disaster, we actively ensure the safety of the region and actively support the local community (in the form of saving lives, providing goods and facilities, contributing to society and other support.)

Disaster prevention initiatives

We conduct disaster drills every year at our domestic production sites based on our Initial Response Plan. In the 2024 drill, we simulated a fire caused by an earthquake and successfully performed the essential sequence of firefighting procedures safely, accurately, and swiftly.

We also conduct periodic safety confirmation drills by

using an employee safety confirmation system that identifies employee safety and recovery response possibilities in the event of a disaster, major accident, or emergency.

We will continue to enhance our disaster resilience and maintain high disaster awareness.

Personal information protection measures

Toyo Tanso is aware that appropriately safeguarding the personal information of all people involved with Toyo Tanso, including customers, is an important social responsibility. With the protection of individual rights and interests as our number one priority, we comply with Japan's Personal Information Protection Act and other laws and guidelines, and protect personal information based on the Basic Privacy Policy.

Basic Privacy Policy

1. We comply with the Personal Information Protection Act and other related laws and regulations, and use personal information appropriately.
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 it is permitted by law or regulation.
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 of personal information or other action quickly and in a spirit of good faith.

Undertaking community service activities



Community service policy

The Toyo Tanso Group hopes that by voluntarily engaging in community service as a member of the local community, each and every one of our employees will feel that they are contributing not only to the development of the local community but also that the awareness and sense of fulfillment they gain through facing social issues will lead to an increase in their own sense of purpose in life and work.

1. Through our business activities, we create a society in which the local community and the company can coexist.
2. We work with the local community to promote ongoing activities based on an understanding of requests, expectations, and needs.
3. We raise a sense of volunteering among our employees and encourage and support their activities in the community.

Supporting efforts to address social welfare issues

- Participating in volunteer activities
- Food drive activity

\* The paid leave accumulation system (up to two days) can be used to participate in volunteer activities.

Contributing to the creation of a rich environment

- Clean-up (beautification) activities near business sites



- Clean-up activities at rivers and beaches



In November 2024, Toyo Tanso carried out a clean-up activity at Ariake Beach as part of the 11th prefectural beach clean-up drive organized by Kagawa Prefecture and the Kagawa Prefecture Council on Addressing Beach Waste. This marks our fifth time participating in the drive. Despite strong winds and cloudy conditions, employees and their families from our facilities in Kagawa Prefecture participated in the event, cleaning a 2-km stretch of Ariake Beach with trash bags and tongs.

Unlike past events, when the beach had only scattered garbage thanks to local residents' efforts, a large amount of trash had been washed up across the entire Ariake Beach area this time, probably due to strong winds that had started the previous day. It was actually very hard work collecting garbage and putting it in trash bags while being buffeted by strong winds under the cold, late-fall sky. However, when I saw the many bags lined up at the end, I realized that, as a resident of the Seto Inland Sea coast, I could contribute to the community. That feeling made all the fatigue disappear.

I will continue to strive to create a rich environment through coastal clean-up activities.

Ryosuke Takayanagi, Facility Plan Management Section, Plant Project Planning and Development Department, General Administration Division

Natural disaster assistance in cooperation with local governments

- 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

Supporting the development of human resources and the growth of youth who will carry on the local society

- Developing next-generation human resources through operational support from Kondo Zaidan Public Interest Foundation
- Plant tour for high-school students

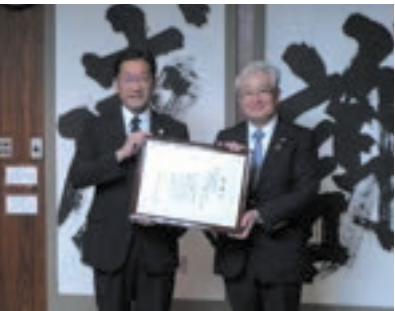


Contributing to safe, secure communities

- Encouraging employees to join local volunteer fire departments

Supporting initiatives for regional revitalization and resolution of regional issues

- Sponsoring in community events and revitalization initiatives
- Donations to Iwaki City, Fukushima Prefecture (corporate version of the hometown tax system)



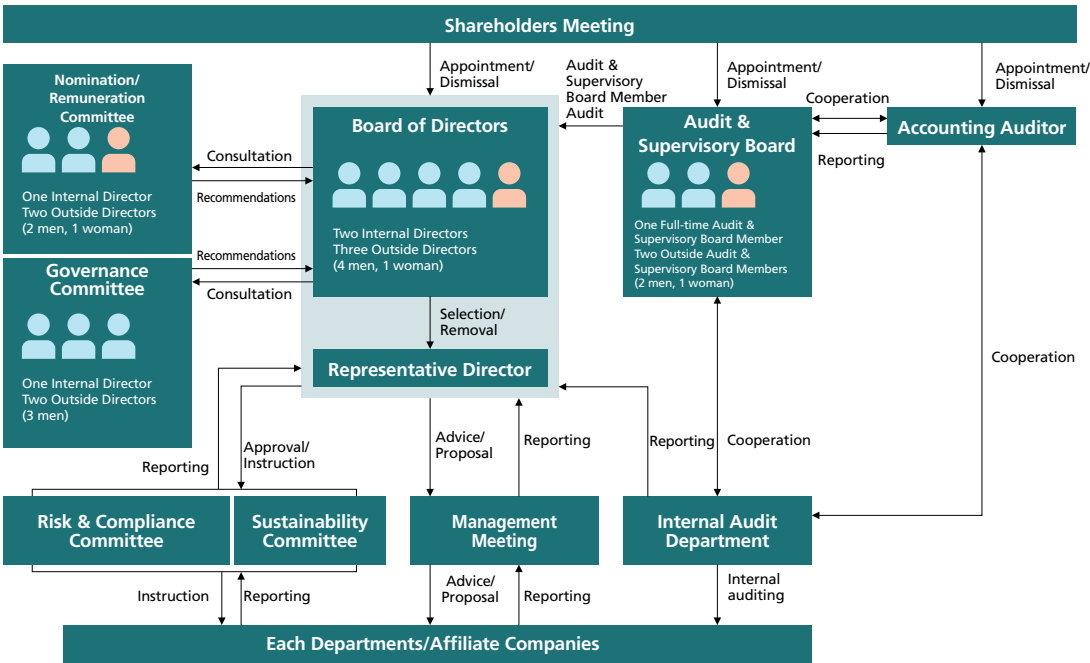
Acceptance of donations and presentation of certificates of appreciation at Iwaki City Hall

Corporate governance

Corporate governance structures

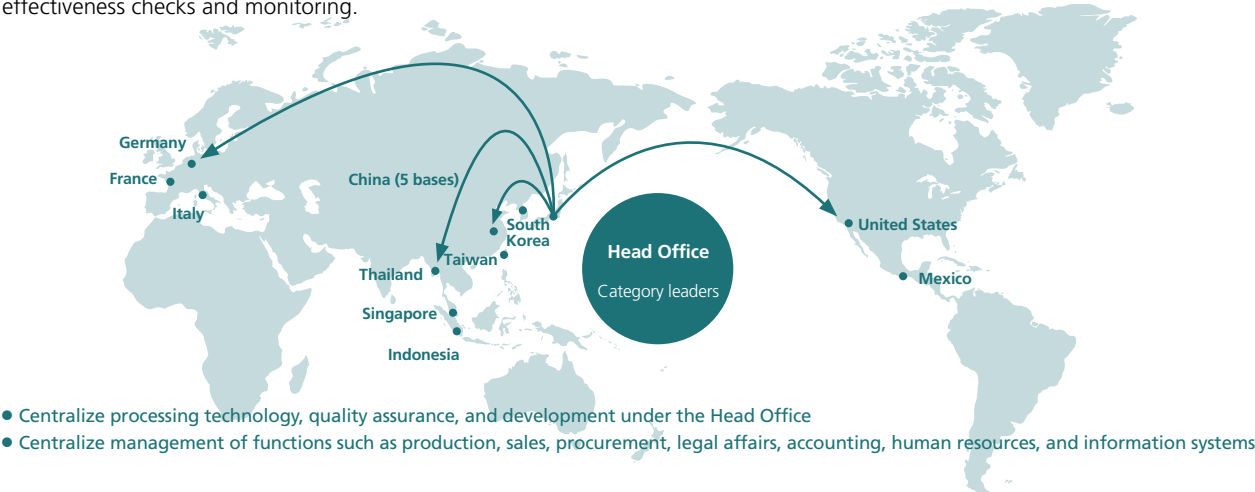
In order to respond to the trust placed in us by our stakeholders including shareholders, customers, employees and society, and to achieve sustainable growth and medium- to long-term corporate value, while following the fundamental philosophy and management policies below as our basic principle, the 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

With regard to governance of domestic and overseas affiliates, category leaders in the Global Business Promotion Department (experts in each functional department) are working to integrate processing technologies, quality assurance, and product development, while also centralizing management functions such as production, sales, procurement, legal affairs, accounting, human resources, and information systems. In this way, we have built a management system for the entire Group and are making efforts to further enhance our management system. In accordance with the Management Book (Group Common Management Standards), the Group is working to standardize subsidiary management, ensure operational consistency, and conducting effectiveness checks and monitoring.











- Centralize processing technology, quality assurance, and development under the Head Office
- Centralize management of functions such as production, sales, procurement, legal affairs, accounting, human resources, and information systems

Principal meeting structures

<p><b>Board of Directors</b></p> <p><b>Chairperson:</b> Naotaka Kondo, Representative Director, Chairman &amp; President, CEO</p> <p><b>Members:</b> Two Internal Directors (Naotaka Kondo, Tatsuro Hamada) Three Outside Directors (Shusuke Matsuo, Keiko Kosaka, Makio Naito)</p> <p>The Board meets once a month in regular session and in extraordinary sessions as necessary to make decisions concerning important matters such as our management policies. We have adopted an Executive Officer structure in which daily operational matters are entrusted to 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.</p> <p><b>Key agenda items for FY2024:</b> Convening of the General Shareholders Meeting and matters to be resolved; matters concerning overall management, financial results, finances, and internal controls; matters concerning personnel and organizational structure, including Directors and management; matters concerning affiliate companies; matters concerning sustainability; etc.</p>	<p><b>Governance Committee</b></p> <p><b>Chairperson:</b> Naotaka Kondo, Representative Director, Chairman &amp; President, CEO</p> <p><b>Members:</b> One Internal Director (Naotaka Kondo) Two Outside Directors (Shusuke Matsuo, Makio Naito)</p> <p>As a voluntary advisory body to the Board of Directors, the committee, whose purpose is to enhance transparency and fairness in management while continuously strengthening the Group's corporate governance, taking into account the perspective of all stakeholders. The committee deliberates on important matters related to corporate governance and provides recommendations, advise or reports to the Board of Directors.</p> <p><b>Key agenda items for FY2024:</b> Matters concerning the effectiveness assessment of the Board of Directors, matters concerning the cost of capital, matters concerning the Corporate Governance Report, etc.</p>
<p><b>Audit &amp; Supervisory Board</b></p> <p><b>Chairperson:</b> Toshimi Boki, Audit &amp; Supervisory Board Member</p> <p><b>Members:</b> One Full-time Audit &amp; Supervisory Board Member (Toshimi Boki) Two Outside Audit &amp; Supervisory Board Members (Kazuhiro Imai, Junko Uemura)</p> <p>The body, which meets in regular session once a month and in extraordinary session as necessary, receives reports on the status of Audit &amp; Supervisory Board Members' execution of their responsibilities, shares information, and works to ensure the effectiveness of audits.</p> <p><b>Specific matters to be considered:</b> Audit implementation policy for each fiscal year (basic audit policy, key audit focus areas, implementation plan); Evaluation of the accounting auditor, approval of reappointment and remuneration; Content of reports from the accounting auditor regarding audit plans and results; Verification of Directors' performance of duties; Verification of the establishment and operation of the internal control system, etc.</p>	<p><b>Risk &amp; Compliance Committee</b></p> <p><b>Chairperson:</b> Hiroshi Hashigami, Managing Executive Officer, Director of Division, General Administration Division</p> <p><b>Members:</b> Committee members appointed by the Representative Director from among the Directors and Executive Officers</p> <p>Under the supervision of the Board of Directors, the committee deliberates on important issues related to risk and compliance and determines policies for both with the purpose of ensuring that the Group is in compliance with laws, regulations, the Articles of Incorporation, and corporate ethics and establishing risk management.</p>
<p><b>Management Meeting</b></p> <p><b>Chairperson:</b> Naotaka Kondo, Representative Director, Chairman &amp; President, CEO</p> <p><b>Members:</b> Five Directors, three Audit &amp; Supervisory Board Members, nine Executive Officers (excluding those also serving as Directors), and related officers and employees</p> <p>The Management Meeting, which in principle meets once a month, works to accelerate decision-making and strengthen the company's operational functions by deliberating on 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.</p>	<p><b>Sustainability Committee</b></p> <p><b>Chairperson:</b> Naotaka Kondo, Representative Director, Chairman &amp; President, CEO</p> <p><b>Members:</b> The Committee and three promotion groups (ESG Value Creating and Promoting Group, Sustainable Consumption and Production Group, and People and Organizational Vitalization Group)</p> <p>The committee deliberates on important issues related to sustainability and determines policies for the purpose of establishing the Group's sustainability promotion structures, maintaining the sustainable development of society and the global environment, and advancing the sustainable growth of the Group. The heads of each promotion group are appointed by the Chairperson.</p>
<p><b>Nomination/Remuneration Committee</b></p> <p><b>Chairperson:</b> Shusuke Matsuo, Outside Director</p> <p><b>Members:</b> One Internal Director (Naotaka Kondo) Two Outside Directors (Shusuke Matsuo, Keiko Kosaka)</p> <p>As a voluntary advisory body to the Board of Directors, the committee deliberates on matters concerning the appointment, dismissal, and remuneration of Directors and other Officers and recommendations to the Board of Directors in order to ensure the transparency of the discussion process related to human resources (appointments and dismissals) and remuneration for Directors, Executive Officers, and Audit &amp; Supervisory Board Members, as well as to strengthen the company's corporate governance structures. In addition, the Nomination/Remuneration Committee deliberates and examines its policies and roles, as well as the criteria for the appointment and dismissal of Directors, as appropriate.</p> <p><b>Key agenda items for FY2024:</b> Matters concerning Director candidates, matters concerning Director compensation, etc.</p>	<p><b>Internal Audit Department</b></p> <p>The Internal Audit Department, under the direct supervision of the President, conducts audits including the appropriateness of the Group's operations, the reliability of financial reporting, management efficiency, and compliance. Audit &amp; Supervisory Board Members and the Accounting Auditor exchange information as appropriate, and strive to conduct effective audits in cooperation with each other by sharing information and other means.</p>



Officers

		Director			Audit & Supervisory Board Member				
		 <div><b>Naotaka Kondo</b> Representative Director, Chairman &amp; President Chief Executive Officer (CEO) In charge of General Administration Division and Global Sales Division ● Number of shares held: 1,219,908</div>	 <div><b>Tatsuro Hamada</b> Director Director of Division, Corporate Planning Division In charge of Advanced Technology Division and Production Division ● Number of shares held: 2,940</div>	 <div><b>Shusuke Matsuo</b> Director (Outside, Independent) ● Number of shares held: 1,006</div>	 <div><b>Keiko Kosaka</b> Director (Outside, Independent) ● Number of shares held: 730</div>	 <div><b>Makio Naito</b> Director (Outside, Independent) ● Number of shares held: 105</div>	 <div><b>Toshimi Boki</b> Audit &amp; Supervisory Board Member (Full time) ● Number of shares held: 2,200</div>	 <div><b>Kazuhiro Imai</b> Audit &amp; Supervisory Board Member (Outside, Independent) ● Number of shares held: 0</div>	 <div><b>Junko Uemura</b> Audit &amp; Supervisory Board Member (Outside, Independent) ● Number of shares held: 0</div>
Years of service		7 years	6 years	5 years	3 years	2 years	3 years	3 years	3 years
Reason for appointment		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. He has driven initiatives to reinforce corporate governance and to implement the Company's growth strategy, and is expected to appropriately execute his duties and contribute to enhancing corporate value.	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 in technological development, business development and promoting management strategy, is therefore expected to appropriately execute his duties and contribute to enhancing corporate value.	Shusuke Matsuo is expected to offer useful advice for the development of the Company's business because he has experience serving in management roles at chemical 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.	Keiko Kosaka has extensive experience as an Outside Director and Outside Audit & Supervisory Board Member at the Company and other companies. She is expected to appropriately fulfill the role of overseeing the execution of business and contribute to the strengthening of the Company's corporate governance based on her knowledge and experience cultivated over many years as an attorney in the area of corporate law.	Makio Naito has a wealth of academic experience as a specialist, serving in research and management at industrial machinery manufacturers, and with many years of engagement in research relating to powder engineering at Osaka University, where he serves as a professor. He is expected to appropriately fulfill his supervisory function with respect to executing the Company's business from an objective standpoint with respect to the Company's overall management, and to contribute to discussing and reviewing the Company's overall management.	Toshimi Boki has extensive knowledge and experience gained through serving in key positions in the finance and accounting divisions since joining the Company.	As a tax accountant, Kazuhiro Imai has extensive knowledge and experience in finance and accounting.	As an attorney, Junko Uemura has extensive knowledge and experience in legal affairs, primarily corporate law.
Committee Affiliation and Attendance Rate	Board of Directors	Attended all 17 meetings (chairperson)	Attended all 17 meetings	Attended all 17 meetings	Attended all 17 meetings	Attended all 17 meetings	Attended all 17 meetings	Attended all 17 meetings	Attended all 17 meetings
	Audit & Supervisory Board	—	—	—	—	—	Attended all 14 meetings (chairperson)	Attended all 14 meetings	Attended all 14 meetings
	Nomination/Remuneration Committee	Attended all 5 meetings	—	Attended all 5 meetings (Committee Chairman)	Attended all 5 meetings	—	—	—	—
	Governance Committee	Attended all 4 meetings (Committee Chairman)	—	Attended all 4 meetings	—	Attended all 4 meetings	—	—	—
Skills Matrix	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	●		●			●	●	

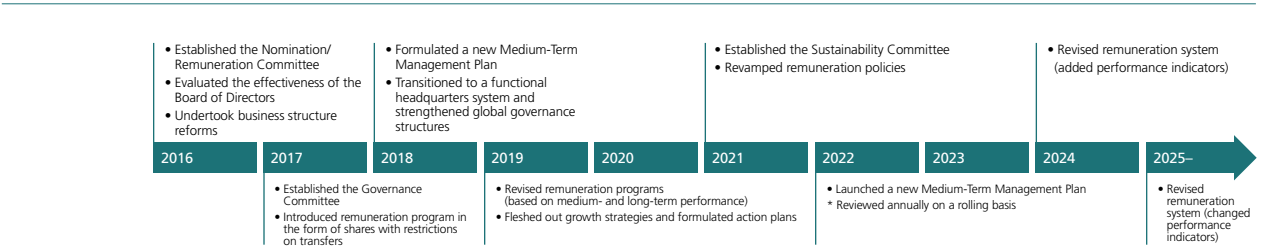
\* The number of shares of the Company held by each Director and Audit & Supervisory Board Member, as well as their attendance at meetings of the Board of Directors, Audit & Supervisory Board, and each committee are accurate as of December 31, 2024.

Executive Officers (as of April 1, 2025)

Position	Name	Area of responsibility
Chairman & President Executive Officer	Naotaka Kondo*	Chief Executive Officer (CEO) In charge of General Administration Division and Global Sales Division
Senior Managing Executive Officer	Tatsuro Hamada*	Director of Division, Corporate Planning Division In charge of Advanced Technology Division and Production Division
Managing Executive Officer	Hiroshi Hashigami	Director of Division, General Administration Division, General Manager of Secretarial Department In charge of Human Resources Department, General Affairs and Legal Department, Trade Control Department, Finance and Accounting Department, and Information System Department
Managing Executive Officer	Akira Sasaki	Director of Division, Global Sales Division In charge of Sales Management Department
Senior Operating Officer	Tadashi Shimada	Director of Division, Advanced Technology Division In charge of Materials Development Department and Process Engineering Development Department
Executive Officer	Hideki Kiku	Deputy Director General of Division, Global Sales Division In charge of Domestic Sales Department, International Sales Department, and Industrial Brush Sales Promotion Department
Executive Officer	Manabu Takata	Deputy Director General of Division, Corporate Planning Division, and General Manager of Planning Department In charge of Global Supply Chain Promotion Department, Global Business Strategy Department, and Sustainability Promotion Department
Executive Officer	Yusuke Murata	Deputy Director General of Division, Advanced Technology Division, General Manager of Development Planning Department In charge of Analytical Research Department and Engineering Development Department
Executive Officer	Kiyofumi Sone	Director of Division, Production Division In charge of Production Department and PF Production Department
Executive Officer	Hiroshi Machino	Deputy Director General of Division, Advanced Technology Division, General Manager of Advanced Materials Development Department In charge of Application Engineering Department
Executive Officer	Akiyoshi Zushi	Deputy Director General of Division, Production Division In charge of Machining Department, Production Coordination Department, and Advanced Energy Department

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

Efforts to strengthen corporate governance



Change in the number of Directors

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025–
Directors	8	7	7	8	8	7*	6	6	5	5
Outside Directors	3	3	3	3	3	3	3	3	3	3
Female Directors	0	0	0	0	0	0	1	1	1	1
Audit & Supervisory Board Members	3	3	3	3	3	3	3	3	3	3
Outside Audit & Supervisory Board Members	2	2	2	2	2	2	2	2	2	2
Female Audit & Supervisory Board Members	0	0	1	1	1	1	1	1	1	1

\* Director headcount as of August 1, 2021 (reflecting one resignation effective July 31, 2021).

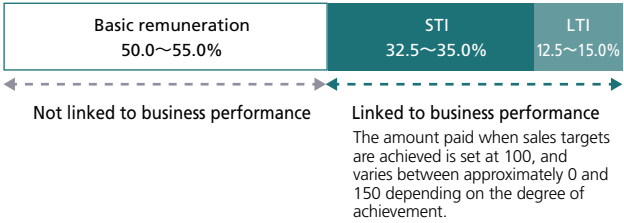
Officer remuneration

Our basic policy concerning the determination of officer remuneration 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. Remuneration for Executive Officers consists of a monthly salary as basic remuneration and short- and medium-/long-term incentive remuneration as a performance-based component. Performance indicators are selected to ensure alignment 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. Remuneration for Non-Executive Officers who perform oversight functions consists exclusively of a monthly salary as basic remuneration, determined on the basis of their job responsibilities. Audit & Supervisory Board Member remuneration consists exclusively of basic remuneration.

At the Board of Directors meeting held on March 28, 2025, a resolution was passed to change the performance indicators and remuneration composition ratio to short-term incentive remuneration.

Remuneration composition ratio

Remuneration composition ratio are determined according to position. The higher the position, the higher the proportion of variable remuneration.



Short-term incentive (STI) remuneration

- Achievement rate of net sales target
- Achievement rate of operating profit target
- Self assessment by individual officers

Medium- to long-term incentive (LTI) remuneration

- ▶ **Performance indicators**
  - Operating profit
  - Company stock growth rate
  - ROE
  - Net sales
- ▶ **ESG Indicators**
  - CDP Climate Change Score
  - Global Engagement Survey

Total remuneration by officer classification, total remuneration by type, and number of officers (FY2024)

Officer classification	Total remuneration (Millions of yen)	Total remuneration by type (Millions of yen)		Number of eligible officers
		Basic remuneration	Performance-linked remuneration	
Directors (Excluding Outside Directors)	106	81	24	3
Outside Director	23	23	—	3
Audit & Supervisory Board Members (Excluding Outside Audit & Supervisory Board Members)	17	17	—	1
Outside Audit & Supervisory Board Members	12	12	—	2

\* The number of officers and total amount of remuneration listed on the left includes one Director (not an Outside Director) who retired due to the expiration of his/her term of service at the conclusion of the Ordinary General Meeting of Shareholders held on March 28, 2024.

\* The actual results for ROE and achievement rate of the operating profit target, which are key performance indicators for the fiscal year under review, were 11.2% and 112.3%, respectively.

\* Financial remuneration 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).

\* Financial remuneration 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 Audit & Supervisory Board Members (of whom two were Outside Audit & Supervisory Board Members).

Officer training policy

Toyo Tanso 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.

As a specific initiative, we conducted training programs on compliance and the promotion of digital transformation (DX) for Directors, Audit & Supervisory Board Members, and Executive Officers, as well as for executive candidates as necessary.

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 FY2024 evaluation follows.

Method	Questionnaire format	Participants	Directors and Audit & Supervisory Board Members	Areas where we will work to make improvements based on an awareness of the need for enhancements and additional development	Areas to be targeted for initiatives in 2025 onwards
Contents	Survey forms including the following principal evaluation items were handed out: 1. Responsibilities and roles of the Board of Directors 2. Scale, composition, and structures of the Board of Directors 3. Operation of the Board of Directors 4. Relationships with stakeholders			(1) Formulating successor plans	• Review and progress in successor plans
Results	The Board of Directors has been fulfilling its roles and responsibilities in accordance with the principles of the Corporate Governance Code, and its effectiveness has been generally ensured.			(2) Progress in addressing issues identified in evaluating the effectiveness of the Board of Directors last year, and improvements for those issues	• Progress and reassessment of the Medium-Term Management Plan • Progress in initiatives related to (1)

Roundtable discussion among Outside Directors

Outside Director  Outside Director  Outside Director

Shusuke Matsuo Keiko Kosaka Makio Naito



What is your impression of Toyo Tanso’s Board of Directors?

**Matsuo** Although many of Toyo Tanso’s employees are serious, they have created an informal and friendly corporate culture. Accordingly, the Board of Directors engages in active and in-depth discussions. While the Company’s products and technologies are complex and difficult to understand, we work hard to grasp the current management environment and actively voice our opinion at the Board meetings.

**Kosaka** I have an impression that the Board fosters an atmosphere in which attendees can easily ask questions and shows a sincere attitude toward addressing areas for improvement. Although the business is difficult to understand, the Board shares various information beforehand. In addition, on the day of the meeting, the personnel in charge of each matter provide detailed explanations and facilitate roundtable sessions for information sharing and discussion.

**Naito** As Outside Directors, we have a variety of skills and knowledge thanks to our different areas of expertise. We fulfill our roles by cooperating with each other, consulting one another about things we don’t fully understand, and leveraging our specialties. Mr. Matsuo, with his extensive experience in management, provides insights that encompass the entire business. Ms. Kosaka, an attorney, offers governance insights from a

legal perspective. I, as a researcher specializing in powder engineering, which forms the foundation of manufacturing, mainly speak about engineering, research, and development. Previously fragmented development departments were reorganized into production technology, technological development, and basic research from 2023 to 2024 to clearly define these functions. With the respective managers attending the Board’s meetings, the Board can discuss technological strategies from a medium- to long-term perspective connected to management. In 2025, production technology and technological development integrated their functions to enable more organic cooperation. I anticipate more in-depth discussions moving forward.

**Matsuo** I believe Chairman Kondo’s leadership has played a key role in the organization’s and governance’s evolution over the past few years.

**Naito** I think he is providing effective leadership without a top-down approach. First, he encourages people on the site to think for themselves and share their thoughts. Then, he provides an overview of the whole before presenting his own vision. Finally, he moves into execution.

Please share your thoughts on the current management issues and their resolutions.

**Matsuo** Toyo Tanso is operating in a rapidly changing management environment. We kept producing,



but demand always outpaced our supply for SiC power semiconductors. Now, due to stagnant demand for electric vehicles (EVs), we are facing a severe situation. This is a major turning point for us. I think we should take another look at other applications and products from a medium- to long-term perspective. While Toyo Tanso tends to prioritize product-driven development, I think the Company could benefit from using market-in approaches. In other words, the Company may need to consider business strategies based on the size of the global market, its position in the market, and how much business potential we have in that market.



**Naito** The materials business is only viable when there is customer demand, so it is subject to economic fluctuations. Although carbon materials are highly applicable in a wide range of industries, companies tend to concentrate on high-margin businesses. While Toyo Tanso's strategy also emphasizes focusing on high-profit sectors, nurturing the next generation of growth opportunities is equally important. This may be the perfect opportunity to do so. As Mr. Matsuo mentioned, I hope the Company will explore various business development possibilities to lead to the discovery of new customers.

**Kosaka** Given the various issues, including conflicts and trade friction, it is essential to accurately assess the situation and regularly update business strategies. I would also like to focus on human capital. Clearly, the labor shortage problem will only worsen. How can we efficiently improve our business results with limited human capital? How can individuals fully realize their potential? These perspectives will be very important. I believe it is essential to make improvements by paying close attention to details such as factory automation and streamlining routine office tasks, especially during times like these.

**Naito** The Company has developed an AI-powered system that automatically generates production plans for its plants. This system enables the Company to develop plans efficiently in a short period of time, ensuring optimal production. It will also lead to reduced energy consumption. In addition to effectively using such tools, strengthening the development of production and fundamental technologies will further the Company's business.

### These are the “offensive” aspects of management. Are there any challenges related to “defensive” initiatives, such as risk management?

**Kosaka** Of course, the Company develops a business continuity plan (BCP) and ensures information security. Additionally, it thoroughly analyzes potential risks before making considerations on risk management. These are my honest impressions. The head office established a function to manage overseas affiliates to swiftly identify and respond to issues. The Company is also steadily addressing human rights due diligence and is thoroughly working on governance.

**Matsuo** For its size, Toyo Tanso has many overseas affiliates. One of the challenges was determining how the Company should establish governance across its affiliates. However, various initiatives led by the responsible departments have likely led to considerable progress. The main factors include the popularity of remote meetings facilitated by the pandemic, which allow for close communication between domestic and overseas members.

### What are your thoughts on the technological strengths and new initiatives of Toyo Tanso?

**Naito** I find its proprietary technologies remarkable. It is a textbook example of a long-standing Japanese enterprise by steadily protecting and developing its technologies. However, the labor population will gradually decrease. Now is the time to systematically develop what we have accumulated over time through experience by leveraging data science and other tools. In fact, Toyo Tanso is promoting such initiatives. In this sense, I believe Toyo Tanso is a company with great potential and one that deserves attention. The question is how Toyo Tanso should appeal its technologies to potential customers and investors. Information dissemination will also become increasingly important.



**Kosaka** The newly established Advanced Technology Division is expected to communicate the Company's technologies and products in an even more understandable way. In addition to this organizational change, various human resource initiatives are underway, including revisions to the wage system and the introduction of job rotation aimed at placing the right people in the right roles. Job rotation can be challenging for both individuals and their teams. Nevertheless, I believe it is also significant as part of the management candidates development program with an eye on the future.

**Matsuo** The more experienced employees are, supervisors are reluctant to transfer them. Junior staff also tend to rely on them, which keeps them in the same department. On the other hand, one management challenge for companies is increasing efficiency with limited human resources. Now, it feels like we are finally starting to take concrete steps to address this challenge. Moving forward, I believe it is essential to promote multi-skilled workforce development so that one can perform a wide range of tasks. As a member of the Governance Committee, I have recently had more opportunities to discuss specific initiatives.

**Naito** The evaluation of the Board of Directors' effectiveness has also shown that the measures and initiatives to address challenges are progressing. As previously mentioned, certain initiatives for developing management candidates are underway. Looking ahead, we would like to further discussion about the Company's long-term vision and direction.

### Please share your thoughts on Toyo Tanso's future outlook and your own aspirations for it.

**Matsuo** Toyo Tanso has only a few major competitors, both in and outside of Japan. Nevertheless, as in other industries, it is necessary to closely monitor the activities of Chinese competitors. They are improving their technologies as well. To further enhance its competitive advantage, the Company

must further enhance its competitive advantage by improving products' quality and other aspects.

**Naito** Carbon materials involve highly complex manufacturing processes and technologies, making it extremely difficult to replicate them perfectly, especially in terms of quality. Still, we must not let our guard down.

**Matsuo** The European and American markets are large and offer significant potential for sales expansion. It would be beneficial if, over the next few years, we could establish a clear direction of expanding our business scale in these markets and how we will go about achieving it.

**Kosaka** Three years have passed since I assumed the role of Outside Director. Compared to when I first took office, I feel that initiatives to overcome challenges have steadily taken root, and our management strategies have become clearer. While we cannot eliminate the impact of external factors, I hope to engage in discussions with the Board Members, placing emphasis on the perspective of strengthening the Company's fundamental capabilities, so that we can pursue forward-looking business development even under challenging external conditions.



**Naito** I specialize in fields related to materials manufacturing technology, researching all kinds of materials including ceramics, metals, and polymers. I aim to leverage a cross-disciplinary perspective to highlight and enhance the excellence and appeal of carbon materials. For instance, collaborating with other fields of materials can expand carbon's potential. It is often said that human networks are indispensable to business. By leveraging my connections at international academic conferences and within the global industrial community, I can contribute to the expansion of global business. Additionally, I would like to advise on how Toyo Tanso's technologies can contribute to the Company policy of “For the world, for society.”

# Financial and non-financial information

## Financial and non-financial highlights



\*1 The number of employees engaged in work related to "engineering," including research and development personnel, production department engineers, and application engineers  
\*2 Considering the actual nature of work and other factors, engineers in the production department have been added to the scope of aggregation since FY2024, in addition to research and development personnel. Accordingly, the figures from FY2020 through FY2023 have been recalculated using the same criteria.

\* Toyo Tanso Co., Ltd., non-consolidated basis

\* Toyo Tanso Co., Ltd., non-consolidated basis



## 11-year financial and non-financial summary

		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025 (forecast)
Performance (millions of yen)	Net sales	35,558	32,464	35,240	41,132	36,402	31,226	37,734	43,774	49,251	53,093	48,000
	Operating profit	790	652	3,708	7,009	5,175	3,422	5,666	6,667	9,283	12,238	7,500
	Ordinary profit	917	759	3,719	7,057	5,207	3,877	6,264	7,369	10,182	13,480	7,000
	Profit attributable to owners of parent	402	284	3,020	4,910	2,944	2,662	4,465	5,181	7,506	9,960	5,000
Financial position (millions of yen)	Total assets	72,990	69,797	74,223	74,951	76,082	76,075	83,655	89,432	96,612	113,190	
	Net assets	59,487	58,182	60,986	64,096	65,706	66,622	72,256	77,200	84,524	94,205	
Cash flows (millions of yen)	Cash flows from operating activities	6,797	5,120	6,972	5,759	5,149	7,020	7,328	5,625	6,216	9,489	
	Cash flows from investing activities	(5,235)	(4,127)	(5,951)	(4,318)	(4,017)	1,011	(6,252)	(5,253)	(2,693)	(6,312)	
	Cash flows from financing activities	(3,167)	(1,270)	(1,216)	(1,169)	(1,372)	(2,099)	(1,261)	(1,388)	(1,970)	(2,563)	
	Cash and cash equivalents at end of period	7,147	6,424	6,361	6,414	6,101	12,093	12,470	11,773	13,601	14,652	
Per-share data (yen)	Net assets per share	2,803.69	2,741.06	2,884.66	3,019.47	3,097.00	3,174.52	3,442.80	3,678.50	4,027.70	4,489.13	
	Earnings per share	19.40	13.71	145.52	234.52	140.40	126.95	212.94	247.08	357.91	474.95	238.41
	Diluted earnings per share	19.38	—	145.25	—	—	—	—	—	—	—	
	Dividend per share	25.00	25.00	30.00	50.00	50.00	50.00	60.00	70.00	110.00	145.00	145.00
Indicators (%)	Equity ratio	79.6	81.4	81.0	84.5	85.4	87.5	86.3	86.3	87.4	83.2	
	Return on equity (ROE)	0.7	0.5	5.2	8.0	4.6	4.0	6.4	6.9	9.3	11.2	5.3
	Return on assets (ROA)	1.2	1.1	5.2	9.5	6.9	5.1	7.8	8.5	10.9	12.9	
	Percentage of overseas sales	61.4	58.7	60.2	63.0	54.8	56.9	59.0	58.3	56.3	53.9	
	Operating profit/net sales	2.2	2.0	10.5	17.0	14.2	11.0	15.0	15.2	18.8	23.1	15.6
	D/E ratio	0.04	0.03	0.02	0.01	0.00	0.00	0.00	0.00	0.00	0.00	
	Payout ratio	128.9	182.4	20.6	21.3	35.6	39.4	28.2	28.3	30.7	30.5	60.8
Capital investments, depreciation, R&D expenses (millions of yen)	Capital investment	2,958	2,662	2,221	2,653	5,082	6,312	5,110	3,004	5,660	13,213	10,953
	Depreciation	3,673	3,414	3,223	2,959	2,831	2,784	2,952	3,153	3,375	3,725	4,490
	R&D expenses	1,490	1,458	1,233	1,165	1,126	1,106	1,390	1,121	1,043	1,089	1,355
	Ratio of R&D expenses/net sales (%)	4.2	4.5	3.5	2.8	3.1	3.5	3.7	2.6	2.1	2.1	2.8
Non-financial information	Number of employees	1,986	1,903	1,710	1,678	1,700	1,658	1,640	1,690	1,736	1,785	
	(average number of temporary employees)	176	153	214	230	254	275	282	288	292	298	
	Percentage of female employees*1 (%)	9.5	9.8	10.3	10.8	12.5	13.0	14.2	14.4	14.6	14.3	
	Average years of service (years)*1	14.5	15.4	17.0	17.7	17.1	17.9	18.1	18.0	17.6	16.2	
	Percentage of Outside Independent Directors (%)	25.0	37.5	42.9	37.5	37.5	37.5	42.9	50.0	50.0	60.0	60.0
	Percentage of female officers*2 (%)	9.1	0.0	0.0	9.1	9.1	9.1	9.1	22.2	22.2	25.0	25.0
	Number of engineers*3	204	205	186	184	196	176	183	196	205	213	
	(Number of R&D employees*4)	159	128	106	102	93	106	94	68	67	69	
	Technical value of patents*5	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.1	1.1	
	Greenhouse gas emissions (Scope 1 and Scope 2)*1 (t-CO <sub>2</sub> )					100,987	78,280	89,109	106,206	81,168	74,737	
	Greenhouse gas emission per unit of net sales (Scope 1 and Scope 2)*1 (t-CO <sub>2</sub> /millions of yen)					3.79	3.45	3.36	3.43	2.32	1.91	

\*1 Non-consolidated basis

\*2 Directors and Audit &amp; Supervisory Committee Members

\*3 The number of employees engaged in work related to "engineering," including research and development personnel, production department engineers, and application engineers

\*4 Considering the actual nature of work and other factors, engineers in the production department have been added to the scope of aggregation since FY2024, in addition to research and development personnel. Accordingly, the figures from FY2015 through FY2023 have been recalculated using the same criteria.

\*5 One of the patent asset indicators by PatentSight®. It is calculated based on the number of forward citations, taking into account the practices of patent offices and the age of the patent. The average value in the same technical field is set to 1.

## Consolidated financial statements

### Consolidated balance sheet

(Millions of yen)

	Previous consolidated fiscal year (As of December 31, 2023)	Current consolidated fiscal year (As of December 31, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	15,132	16,000
Notes and accounts receivable - trade	17,494	17,609
Securities	2,999	2,499
Merchandise and finished goods	9,440	11,642
Work in progress	8,145	9,597
Raw materials and supplies	4,220	5,577
Other	726	1,316
Allowance for doubtful accounts	(61)	(131)
<b>Total current assets</b>	<b>58,099</b>	<b>64,112</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,553	25,904
Accumulated depreciation	(13,846)	(14,675)
Buildings and structures, net	10,706	11,229
Machinery, equipment and vehicles	58,196	63,822
Accumulated depreciation	(47,108)	(49,272)
Machinery, equipment and vehicles, net	11,087	14,550
Land	6,104	7,204
Leased assets	1,693	2,442
Accumulated depreciation	(544)	(663)
Leased assets, net	1,148	1,778
Construction in process	3,104	6,897
Other	5,711	6,125
Accumulated depreciation	(4,619)	(4,921)
Other, net	1,091	1,203
<b>Total property, plant and equipment</b>	<b>33,243</b>	<b>42,863</b>
Intangible assets	488	849
Investments and other assets		
Investments securities	503	533
Deferred tax assets	1,491	1,334
Retirement benefit asset	685	848
Other	2,272	2,840
Allowance for doubtful accounts	(171)	(191)
<b>Total investments and other assets</b>	<b>4,781</b>	<b>5,365</b>
<b>Total non-current assets</b>	<b>38,513</b>	<b>49,078</b>
<b>Total assets</b>	<b>96,612</b>	<b>113,190</b>

(Millions of yen)

	Previous consolidated fiscal year (As of December 31, 2023)	Current consolidated fiscal year (As of December 31, 2024)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	2,718	2,202
Electronically recorded obligations - operating	831	1,024
Accounts payable - other	2,523	4,065
Income taxes payable	1,675	2,274
Provision for bonuses	772	1,028
Provision for bonuses for directors (and other officers)	32	24
Other	2,557	6,740
<b>Total current liabilities</b>	<b>11,111</b>	<b>17,359</b>
Non-current liabilities		
Deferred tax liabilities	129	148
Retirement benefit liability	174	192
Asset retirement obligations	278	605
Other	394	679
<b>Total non-current liabilities</b>	<b>976</b>	<b>1,625</b>
<b>Total liabilities</b>	<b>12,088</b>	<b>18,985</b>
Net assets		
Shareholders' equity		
Capital stock	7,947	7,947
Capital surplus	9,609	9,609
Retained earnings	61,710	69,364
Treasury shares	(61)	(61)
<b>Total shareholders' equity</b>	<b>79,206</b>	<b>86,859</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	222	243
Foreign currency translation adjustment	5,053	7,012
Remeasurements of defined benefit plans	(11)	32
<b>Total accumulated other comprehensive income</b>	<b>5,264</b>	<b>7,288</b>
Non-controlling interests	53	57
<b>Total net assets</b>	<b>84,524</b>	<b>94,205</b>
<b>Total liabilities and net assets</b>	<b>96,612</b>	<b>113,190</b>



Consolidated statement of income

(Millions of yen)

	Previous consolidated fiscal year (January 1, 2023 to December 31, 2023)	Current consolidated fiscal year (January 1, 2024 to December 31, 2024)
Net sales	49,251	53,093
Cost of sales	31,528	31,603
Gross profit	17,722	21,489
Selling, general and administrative expenses	8,439	9,251
Operating profit	9,283	12,238
Non-operating income		
Interest income	90	85
Dividend income	69	54
Foreign exchange gains	361	555
Share of profit of entities accounted for using equity method	304	440
Revenue from sales of electric power	38	38
Other	86	141
Total non-operating income	952	1,315
Non-operating expenses		
Interest expenses	25	35
Depreciation	16	15
Other	10	22
Total non-operating expenses	52	73
Ordinary profit	10,182	13,480
Extraordinary income		
Gain on sales of non-current assets	87	6
Subsidy income	382	442
Total extraordinary income	470	449
Extraordinary losses		
Loss on sales of non-current assets	0	0
Loss on retirement of non-current assets	215	193
Impairment loss	120	—
Total extraordinary losses	336	194
Profit before income taxes	10,317	13,734
Income taxes - current	2,849	3,546
Income taxes - deferred	(40)	224
Total income taxes	2,809	3,771
Profit	7,507	9,962
Profit attributable to non-controlling interests	0	2
Profit attributable to owners of parent	7,506	9,960

Consolidated statement of comprehensive income

(Millions of yen)

	Previous consolidated fiscal year (January 1, 2023 to December 31, 2023)	Current consolidated fiscal year (January 1, 2024 to December 31, 2024)
Profit	7,507	9,962
Other comprehensive income		
Valuation difference on available-for-sale securities	104	21
Foreign currency translation adjustment	1,058	1,703
Remeasurements of defined benefit plans, net of tax	71	43
Share of other comprehensive income of entities accounted for using equity method	54	257
Total other comprehensive income	1,289	2,026
Comprehensive income	8,796	11,989
Comprehensive income attributable to		
Owners of parent	8,791	11,984
Non-controlling interests	4	4

Consolidated statement of changes in equity

Previous consolidated fiscal year (From January 1, 2023 to December 31, 2023)

(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	55,672	(60)	73,168
Changes of items during period					
Dividends of surplus			(1,468)		(1,468)
Profit attributable to owners of parent			7,506		7,506
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	6,038	(0)	6,037
Balance at end of period	7,947	9,609	61,710	(61)	79,206

	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	117	3,944	(83)	3,978	53	77,200
Changes of items during period						
Dividends of surplus						(1,468)
Profit attributable to owners of parent						7,506
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	104	1,109	71	1,285	0	1,285
Total changes of items during period	104	1,109	71	1,285	0	7,323
Balance at end of period	222	5,053	(11)	5,264	53	84,524

Consolidated statement of changes in equity

Current consolidated fiscal year (From January 1, 2024 to December 31, 2024)

(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	61,710	(61)	79,206
Changes of items during period					
Dividends of surplus			(2,306)		(2,306)
Profit attributable to owners of parent			9,960		9,960
Purchase of treasury shares				(0)	(0)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	7,653	(0)	7,652
Balance at end of period	7,947	9,609	69,364	(61)	86,859

	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	222	5,053	(11)	5,264	53	84,524
Changes of items during period						
Dividends of surplus						(2,306)
Profit attributable to owners of parent						9,960
Purchase of treasury shares						(0)
Net changes of items other than shareholders' equity	21	1,958	43	2,023	3	2,027
Total changes of items during period	21	1,958	43	2,023	3	9,680
Balance at end of period	243	7,012	32	7,288	57	94,205

# Corporate information

## Company profile

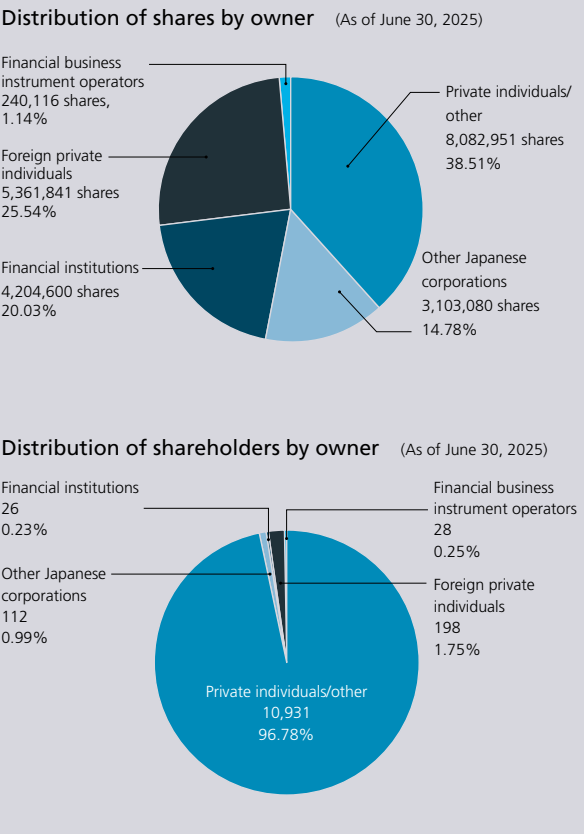
Name	Toyo Tanso Co., Ltd.	Website	<a href="https://www.toyotanso.com/">https://www.toyotanso.com/</a>
Founded	February 11, 1941	For inquiries	Relations and Public Relations Group, Planning Department, Corporate Planning Division 16th Floor Osaka Umeda Twin Towers South, 1-13-1 Umeda, Kita-ku, Osaka-shi, Osaka <a href="https://www.toyotanso.com/Contact/">https://www.toyotanso.com/Contact/</a>
Incorporated	July 31, 1947		
Capital stock	7.9 billion yen		
Representative	Naotaka Kondo Representative Director, Chairman & President, CEO		

## Stock information

Stock data		(As of June 30, 2025)
Number of shares outstanding	20,992,588	
Share unit	100 shares	
Number of shareholders	11,295	

Major shareholders			(As of June 30, 2025)
Shareholder name	Number of shares held (thousands of shares)	Percentage of total (%)	
The Master Trust Bank of Japan, Ltd. (trust account)	1,898	9.05	
Tomoko Kondo	1,560	7.44	
Naotaka Kondo	1,218	5.81	
Kondo Holdings Co., Ltd.	1,165	5.55	
Kondo Zaidan Public Interest Foundation	834	3.98	
BNYMSANV RE BNYMIL RE MIL MCINROY AND WOOD BALANCED FUND	668	3.19	
NT Corporation, Ltd.	626	2.98	
Takako Kondo	620	2.96	
Custody Bank of Japan, Ltd. (trust account)	609	2.90	
Junko Morita	600	2.86	

\* Treasury stock (20,372 shares) has been excluded in calculations of share ownership percentages.



### Consolidated statement of cash flows

(Millions of yen)

	Previous consolidated fiscal year (January 1, 2023 to December 31, 2023)	Current consolidated fiscal year (January 1, 2024 to December 31, 2024)
Cash flows from operating activities		
Profit before income taxes	10,317	13,734
Depreciation	3,375	3,725
Impairment loss	120	—
Share of loss (profit) of entities accounted for using equity method	(304)	(440)
Increase (decrease) in retirement benefit asset or liability	(0)	(93)
Increase (decrease) in provision for bonuses	(16)	227
Increase (decrease) in provision for bonuses for directors (and other officers)	(80)	(8)
Increase (decrease) in allowance for doubtful accounts	(45)	62
Interest and dividend income	(159)	(139)
Interest expenses	25	35
Foreign exchange losses (gains)	(385)	(635)
Loss (gain) on sale of non-current assets	(86)	(5)
Loss on retirement of non-current assets	215	193
Decrease (increase) in trade receivable	(459)	478
Decrease (increase) in inventories	(2,883)	(4,205)
Increase (decrease) in trade payable	(65)	(738)
Other	(692)	63
Subtotal	8,871	12,254
Interest and dividend received	249	304
Interest paid	(24)	(43)
Income taxes refund (paid)	(2,879)	(3,025)
Cash flows from operating activities	6,216	9,489
Cash flows from investing activities		
Payments into time deposits	(5,722)	(5,910)
Proceeds from withdrawal of time deposits	8,018	6,827
Purchase of property, plant and equipment	(4,698)	(6,708)
Proceeds from sales of property, plant and equipment	108	15
Purchase of intangible assets	(276)	(449)
Other	(123)	(88)
Cash flows from investing activities	(2,693)	(6,312)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(297)	—
Repayments of long-term borrowings	(9)	—
Repayments of finance lease liabilities	(191)	(256)
Purchase of treasury shares	(0)	(0)
Dividends paid	(1,467)	(2,305)
Dividends paid to non-controlling interests	(4)	(0)
Cash flows from financing activities	(1,970)	(2,563)
Effect of exchange rate change on cash and cash equivalents	276	437
Net increase (decrease) in cash and cash equivalents	1,828	1,051
Cash and cash equivalents at beginning of period	11,773	13,601
Cash and cash equivalents at end of period	13,601	14,652



