

Mid-term Management Policy
BREAKTHROUGH 2024

The previous Mid-term Management Policy (FY2019 – FY2021)

We have formulated 3-years' Mid-term Management Policy "INNOVATION 2021" started FY2019 and worked on "Reformation of business portfolio" and "Reinforcement of business base" as core target to establish "Stable and profitable business base under any economic situation".

In FY2019, we established local subsidiary in China and formed global business base include Europe and United States. We reported record high profits in FY2019 due to high demand of artificial graphite electrode. In FY2020, our performance declined due to global economic stagnation with COVID-19 pandemic. However, sales of fine carbon products increased with recovery of semiconductor industry in FY2021 and our performance improved.

We were able to make profit continuously with reformation of business portfolio during 3 years of INNOVATION 2021.

Mid-term Management Policy (FY2022 – FY2024)

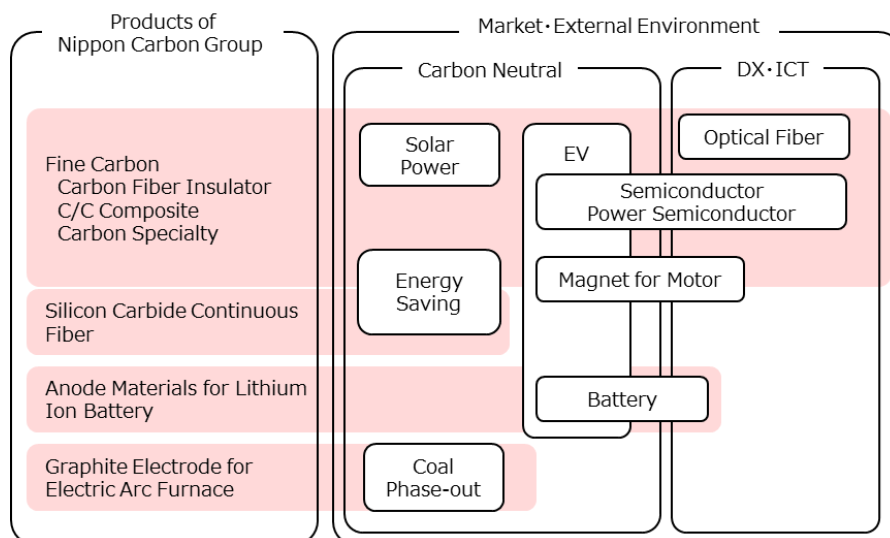
Based on progress of the previous Management Policy, we have formulated new Mid-term Management Policy "BREAKTHROUGH 2024" directing toward to the era of Carbon Neutral and Digital Transformation.

In the new Mid-term Management Policy, we set "Business structural reform" and "Improvement of corporate constitution" as core target toward great achievements of Nippon Carbon group and we will challenge to aggressive target with breaking the status quo.

In order to respond to the mandate from all stakeholders, we will aim to enhance profitability and corporate value with efforts of all Nippon Carbon Group.

External Environment and Products of Nippon Carbon Group

Nippon Carbon Group will contribute to realize Carbon Neutral and DX Society through supplying carbon materials for manufacturing solar power device, semiconductor and energy saving at various industries as show below.



Nippon Carbon Group Policy

1. Business structural reform

We will develop strategy focusing on growing market related to carbon neutral and digital transformation aiming to ensure stable earnings.



- (1) Maintaining top share and further expansion of carbon fiber products at the global market of high temperature furnace
 - Focusing on growing industries and executing sales promotion
 - Development of global market for C/C composite
 - Aggressive investment of management resources
- (2) Strengthening global competitiveness of artificial graphite electrode and anode materials for lithium-ion battery by reducing production costs
 - Cost reduction by thorough review of production process
- (3) Creation of new business
 - Development of new products focusing on growing market
- (4) Increase profitability of specialty carbon business
 - Obtaining growth demand mainly at semiconductor industry and cost reduction.
- (5) Business development of silicon carbide continuous fiber to meet global demand
 - Establishment of flexible production system to meet market conditions

2. Improvement of corporate constitution

We will aim to enhance organizational strength through securing and training of human resources and execution of diversified promotion.



We will advance work style reform as new normal tele-working and review function of our business locations to realize sustainable and strong corporate constitution.

- (1) Securing and training of human resources
- (2) Work style reform for new normal era

3. ESG management

We will advance ESG management with a mind to “Environment”, “Social” and “Governance” to realize sustainable society and improve corporate value.