NIPPON CARBON
日本カーボン

Mid-term Management Policy
GO BEYOND 2030

Review of the previous Mid-term Management policy *"BREAKTHROUGH 2024"*

We have formulated a 3-year Mid-term Management policy "*BREAKTHROUGH 2024*" in FY2022, when economic activity was restricted due to the spread of COVID-19, and have been working to establish a corporate structure that can secure profits under any economic environment.

In the field of Fine carbon-related products, we have been actively investing in facilities with the aim of expanding our business, and have also been developing sales activities both in Japan and overseas, focusing on growth industries. In the field of Electrode-related products, we have been working to reduce costs and strengthen our global competitiveness, despite the difficult external environment of rising energy and material prices, and a fall in market prices for artificial graphite electrodes in particular due to sluggish demand. In the field of silicon carbide-related products, we have been steadily capturing a recovery in demand from the aviation industry, and have put in place a system to ensure profitability. Furthermore, with the aim of creating new businesses, we have developed new products for the power semiconductor industry and are promoting their development in the market.

We have succeeded in transforming our business structure over the past three years to ensure stable earnings.

				BREAKTHROUGH 2024		
FY		**2020**	**2021**	**2022**	**2023**	**2024**
Net Sales	Billions of yen	26.8	31.6	**35.8**	**37.9**	**38.0**
Operating profit	Billions of yen	3.0	3.7	**4.8**	**6.6**	**6.3**
	%	11	12	**13**	**17**	**17**
Ordinary profit	Billions of yen	3.6	4.4	**5.0**	**7.1**	**6.7**
	%	13	14	**14**	**19**	**18**
ROE	%	4.1	6.1	**7.1**	**8.5**	**8.0**

Mid-term Management Policy "*GO BEYOND 2030*" (FY2025-FY2030)

In recent years, due to the rapid evolution of new technologies such as AI and IoT, as well as the rise of geopolitical risk, companies need to have the resilience to adapt to the changing times. Based on the results of our previous Mid-term management policy, we have formulated a new Mid-term management policy "*GO BEYOND 2030*".

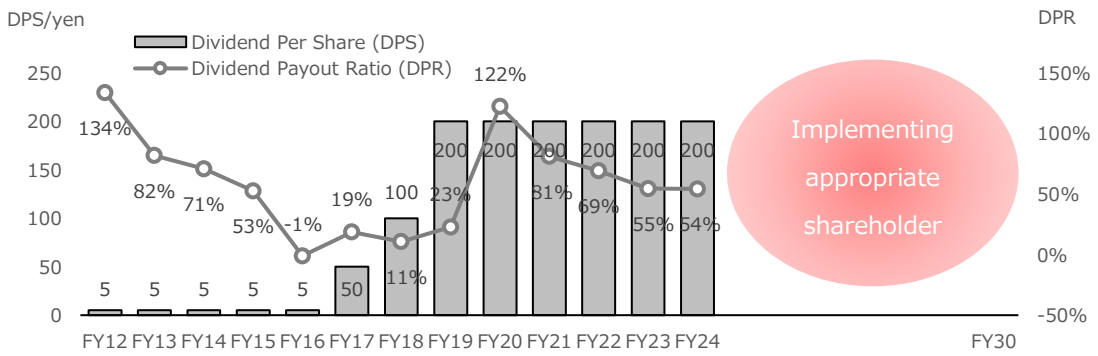
In this Mid-term management policy, we have set the final year as 2030, which is said to be the year when various problems will become apparent, and we have set the important task of aiming for sustainable growth of the company and the realization of a sustainable society based on our management philosophy of *"A company with dreams and technology to realize a world of love and science"*. In terms of business, there are many uncertainties, such as exchange rate risk and fluctuations in the global economy due to the policies of various countries, but we will strive to strengthen our profitability with the aim of expanding sales by around 10% per year. We will also contribute to carbon neutrality ("CN") by reducing GHG emissions and supporting the realization of a sustainable society. We will work together as a group to improve profitability and enhance corporate value in order to satisfy all stakeholders.

1. Improved Profitability

Item	External environment	Basic Policy/Specific measures
Fine carbon-related products	➢ Expansion in demand for data centers due to the evolution and spread of AI and 5G technology ➢ Growth of the xEV market	➢ Expand market share in Japan and internationally ➢ Active investment of management resources and implementation of manufacturing cost reductions
Electrode-related products	➢ Switching from blast furnaces to electric furnaces ➢ Growth of the xEV market	➢ Establishing an optimal production system in response to demand ➢ Implementation of thorough cost reductions ➢ Increase electrode sales through TMS
Silicon carbide-related products	➢ Expansion of the aviation industry market ➢ Promotion of research on ceramic matrix composites	➢ Securing human resources to meet increased demand and achieving stable operations
New products	➢ Expansion of DX/GX-related industries	➢ Commercialization of power semiconductor-related products ➢ Creating businesses related to issues such as CN

2. Promotion of Sustainability Management

Item	External environment	Basic Policy/Specific measures
Contributing to CN	➢ Growing awareness of climate change issues	➢ Reducing GHG emissions ➢ Contributing to a CN society through our products
Human resource security and development	➢ The working population of Japanese society is declining	➢ Promoting initiatives aimed at improving employee engagement ➢ Fostering a corporate culture in which a diverse range of people can play an active role

3. Strengthening shareholder returns

Our company considers the optimal return of profits to shareholders as one of its most critical management responsibilities. Moving forward, we will continue to utilize profits generated through business activities as a stable source of dividends while also investing in the expansion of our production infrastructure, the enhancement of our management foundation, and research and development aimed at fostering new businesses, all with the goal of improving profitability. Furthermore, we will take into account our business performance, fiscal conditions, and overall management environment to implement flexible shareholder return measures, including the repurchase of treasury stock.