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For Immediate release

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Notice of Restructuring of Graphite Electrode Production

Tokai Carbon Co., Ltd. (hereafter, "Tokai Carbon" or "We") , as part of the structural reform of its graphite electrode business, hereby announces the decision made at the Board of Directors meeting held on July 16, 2024, to reduce the annual graphite electrode production capacity in Japan and Europe from 56 thousand tons to 32 thousand tons by July 2025. To reduce capacity, production in Japan will be consolidated into the Hofu Plant (Hofu City, Yamaguchi Prefecture), and the Shiga Plant (Omihachiman City, Shiga Prefecture) will be mothballed by the end of July 2025.

1. Background and Objectives of the Restructuring of Graphite Electrode Production

Tokai Carbon has been operating two production sites in Japan (Shiga Plant and Hofu Plant), and acquired European (TOKAI ERFTCARBON GmbH) / North American (TOKAI CARBON GE LLC) operations to globally expand the graphite electrode business through three locations. However, in addition to a decline in graphite electrode demand caused by the sluggish global steel production, the influx of low-priced products from China / India into Asia (including Japan), Europe, and the Middle East have significantly deteriorated the market conditions, leading to a structural recession of the graphite electrode business.

Under these circumstances, we have come to the conclusion that a reduction of production capacity in Japan and Europe is inevitable to ensure a stable supply of products to our customers in the future. Toward this end, in Japan we will consolidate the production into the Hofu Plant and terminate production at the Shiga Plant by July 2025.

Tokai Carbon, in its three-year midterm management plan "T-2026" announced in February 2024, has set "Strengthening the earnings power of core businesses" as its basic policy and advocated to promote the structural reform of the graphite electrode business. Amidst the trend towards carbon neutrality, we expect significant growth of graphite electrode demand towards 2030, especially for large-diameter products. Through the restructuring of our production capacity, we aim to fundamentally reform our business structure to improve our competitiveness, and meet the large-diameter and high-quality graphite electrode demand in the North American, Asian, and European markets.

2. Overview of Restructuring Graphite Electrode Production

(1) Japan

The Shiga Plant will be mothballed (scheduled for the end of July 2025), and production will be consolidated into the Hofu Plant. As a result, graphite electrode production capacity in Japan will be reduced by approximately 50%, and shipping capacity will be reduced from 26,000 tons per year to 12,000 tons per year.

(2) Europe (TOKAI ERFTCARBON GmbH, Germany)

Along with the production consolidation at the Japanese sites, the graphite electrode production capacity at the European site will be reduced by approximately 30%, from 30,000 tons to 20,000 tons per year (scheduled for July 2025).

(3) North America (TOKAI CARBON GE LLC, USA)

There is no change in production capacity in North America (40,000tons per year).

3. Employees at the Shiga Plant

We will work towards securing the employment by means such as reassignment to other Japanese sites.

4. Overview of the Shiga Plant

(1) Name: Shiga Plant

(2) Location: 705 Chokoji-cho, Omihachiman-shi, Shiga Prefecture

(3) Product: Artificial graphite electrodes

(4) Number of employees: 65

(5) Production capacity: 12,000 t/year

5. Overview of TOKAI ERFTCARBON GmbH

(1) Name: TOKAI ERFTCARBON GmbH

(2) Location: Aluminiumstrasse 4, 41515 Grevenbroich, Germany

(3) Product: Artificial graphite electrodes

(4) Number of employees: 200

(5) Production capacity: 30,000 t/year

6. Outlook

The impact of restructuring on the consolidated financial results for the fiscal year ending in December 2024 is currently under examination. Tokai Carbon will promptly make an announcement if any matters requiring disclosure arises.