

The 27th Annual General Meeting of Shareholders Documents

~Matters not to be included in the delivery document that is provided on request in accordance with the law and the Company's Articles of Incorporation~

<Business Report>

1. Company Overview.....	Page 2
2. Status of Shares.....	Page 2
3. Matters relating to Share Subscription Rights.....	Page 3
4. Company Officers: Outside Officers.....	Page 3
5. Matters Concerning Accounting Auditor.....	Page 4
6. Policy regarding the Exercise of the Right to Determine Dividends from the Company Surplus.....	Page 5
7. Development of Internal Control Systems to Ensure the Appropriateness of Business Operations.....	Page 6
8. Overview of the Operation of Internal Control Systems to Ensure the Appropriateness of Business Operations.....	Page 10

<Financial Statement>

1. Statement of Changes in Shareholders' Equity.....	Page 13
2. Notes to the Financial Statement.....	Page 14

OSAKA Titanium technologies Co.,Ltd.

<Business Report>

1. Company Overview

(1) Major Business Operations (As of 31st March 2024)

Titanium Business

Titanium Sponge, Titanium Ingots, Titanium Tetrachloride, Titanium Tetrachloride Aqueous Solution

High-Performance Materials Business

High-Purity Titanium, SiO, TILOP (spherical titanium powder), Titanium Powder

(2) Major Offices and Plants (As of 31st March 2024)

Headquarters / Amagasaki Plant	Amagasaki, Hyogo
Tokyo Office	Minato-ku, Tokyo
Kishiwada Works	Kishiwada, Osaka

(3) Employees (As of 31st March 2024)

Number of Employees	Change from end of the Previous Financial Year	Average Age	Average Number of Service Years
688	37 (increase)	43.7	16.1

Notes

1. The number of employees excludes those employees temporarily transferred out of the Company and includes those employees temporarily transferred into the Company.
2. In addition to the number of employees in 1. above, there are 63 temporary employees (average number of employees during the financial year).

(4) Major Lenders (As of 31st March 2024)

(Japanese Yen in millions)

Lenders	Balance of Loan
Syndicated Loans	18,500
Sumitomo Mitsui Banking Corporation	1,500
Sumitomo Mitsui Trust Bank, Limited	4,000
The Senshu Ikeda Bank, Ltd.	5,000
Development Bank of Japan Inc.	3,000

Notes Syndicated loans: co-financing with Sumitomo Mitsui Banking Corporation as a managing bank.

2. Status of Shares (As of 31st March 2024)

- | | |
|--|------------------------------------|
| (1) Total Number of Shares Authorised to be Issued | 125,760,000 shares |
| (2) Total Number of Shares Issued | 36,800,000 shares |
| | (include 1,518 of treasury shares) |
| (3) Number of Shareholders | 26,775 persons |

(4) Top 10 Shareholders

Name of Shareholder	Shares held (in thousands)	Percentage of Ownership (%)
Kobe Steel, Ltd.	4,600	12.50
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,559	9.67
Nippon Steel Corporation	1,807	4.91
GOLDMAN, SACHS & CO. REG	1,036	2.82
SUMITOMO CORPORATION	864	2.35
Custody Bank of Japan, Ltd. (Trust Account)	822	2.23
HAYAT	647	1.76
SMBC Nikko Securities Inc.	478	1.30
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	468	1.27
Daiwa Securities Co. Ltd.	402	1.09
Total	14,686	39.90

Notes Percentage of ownership is calculated based on the total number of shares issued excluding treasury shares.

3. Matters relating to Share Subscription Rights

Not applicable

4. Company Officers (As of 31st March 2024)

(1) Outside Officers

1) Important Concurrent Positions held at Other Companies and Relationship between the Company and Other such Companies

Category	Name	Company where Concurrent Position is Held	Description of Concurrent Position	Relationship
Outside Director (Audit & Supervisory Committee member)	Nae Iijima	Dojima Law Office	Attorney-at-Law and Partner	There are no significant relationships between either Dojima Law Office or Okura Industrial Co., Ltd and the Company
		Okura Industrial Co., Ltd	Outside Director (Audit & Supervisory Committee member)	
Outside Director (Audit & Supervisory Committee member)	Masashi Murata	TOA Corporation	Outside Director	There are no significant relationships between TOA Corporation and the Company

2) Main Activities of Outside Officers

(i) Outside Officers' Attendance and Comments at Board of Directors' Meetings and Audit & Supervisory Committees

Category	Name	Attendance and Comments
Outside Director (Audit & Supervisory Committee member)	Nae Iijima	Participated in twelve of 12 Board of Directors' meetings and thirteen of 13 Audit & Supervisory Committees during the financial year under review. She made comments as necessary primarily from the point of view for ensuring appropriate discussions of proposals based on expert legal knowledge developed through her professional practice as an attorney-at-law.
Outside Director (Audit & Supervisory Committee member)	Shigehisa Yamaguchi	Participated in twelve of 12 Board of Directors' meetings and thirteen of 13 Audit & Supervisory Committees during the financial year under review. He made comments as necessary primarily from the point of view for ensuring appropriate discussions of proposals based on his insight and abundant experience as company manager.
Outside Director (Audit & Supervisory Committee member)	Masashi Murata	Participated in twelve of 12 Board of Directors' meetings and thirteen of 13 Audit & Supervisory Committees during the financial year under review. He made comments as necessary primarily from the point of view for ensuring appropriate discussions of proposals based on his knowledge of corporate planning and marketing.

(ii) Activities regarding Expected Roles of Outside Directors, Members of the Board

Category	Name	Activities regarding Expected Roles
Outside Director (Audit & Supervisory Committee member)	Nae Iijima	At discussions about the medium-term Corporate Management Plan and the Compliance & Risk Management Committees, she provided advice and suggestions, from the perspective of legal risk and compliance, based on her legal knowledge and experience developed through her professional practice as an attorney-at-law.
Outside Director (Audit & Supervisory Committee member)	Shigehisa Yamaguchi	At discussions about the medium-term Corporate Management Plan and the Compliance & Risk Management Committees, he provided advice and suggestions based on his knowledge and experience developed through his broad experience including company management.
Outside Director (Audit & Supervisory Committee member)	Masashi Murata	At discussions about the Medium-term Corporate Management Plan and the Compliance & Risk Management Committees, he provided advice and suggestions based on his knowledge and experience developed through his extensive work experience in domestic and international corporate planning, business planning and marketing.

5. Matters Concerning Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Change of Accounting Auditor during the Financial Year under Review

Not applicable

(3) Limited Liability Agreement

Not applicable

(4) Amount of Audit Fee for the Accounting Auditor relating to the Financial Year under Review

- | | |
|---|----------------|
| 1) Amount of audit fee relating to the services provided for under Article 2, paragraph 1 of the Certified Public Accountants Act | JPY 33 million |
| 2) Total amount of money and other financial benefits payable by the Company to the Accounting Auditor | JPY 45 million |

Notes

1. The agreement concluded between the Company and the accounting auditor does not distinguish the amount of audit fee for audits based on the Companies Act and audits based on the Financial Instruments and Exchange Act, so the aforementioned amount of audit fee, etc. states the total amount for these audits.
2. The Audit & Supervisory Committee has consented to the amount of audit fee, etc. for the accounting auditor after conducting the necessary investigation as to whether the details of the accounting auditor's audit plan, the execution of the accounting auditor's duties, and the grounds for calculating the estimated audit fee are appropriate.

(5) Non-Audit Services

The Company pays service fee to the accounting auditor for services other than those stipulated in Article 2(1) of the Certified Public Accountants Act, namely support services for the establishment of internal controls in connection with the introduction of a new information system.

(6) Policy on Determining the Dismissal or Non-Reappointment of the Accounting Auditor

In addition to the dismissal of the accounting auditor by the Audit & Supervisory Committee provided for under each item of the Companies Act in the paragraphs 1 and 5 of Article 340, the Audit & Supervisory Committee will determine the content of a proposal for the dismissal or non-reappointment of the accounting auditor concerned that will be submitted by the Company to the AGM in cases when it is deemed difficult for the accounting auditor to execute duties appropriately, such as the occurrence of events that impair the competency of the accounting auditor, or in cases when a change of accounting auditor is deemed to be appropriate.

6. Policy regarding the Exercise of the Right to Determine Dividends from the Company Surplus

The Company is committed to strengthening its management base in order to increase its corporate value in the future. At the same time, the Company regards the return of profits to shareholders as a top management priority.

In terms of the distribution of profits, the Company aims to maintain sufficient internal reserves to invest for sustainable growth and to stabilise and strengthen its financial position. The Company's policy is to maintain a dividend pay-out ratio of 25% to 35%, while giving consideration to stability.

The year-end dividend for the financial year under review will be JPY 50 per share, making the annual dividend JPY 70 per share, together with the interim dividend of JPY 20 per share paid earlier.

The annual dividend forecast for the following financial year is JPY 50 per share (interim dividend: JPY 25, year-end dividend: JPY 25).

7. Development of Internal Control Systems to Ensure the Appropriateness of Business Operations

The Company has adopted the following resolution on the basic policy of the internal control system.

(1) Company's Basic Approach to the Internal Control System

The Board of Directors has adopted resolutions on systems to ensure that the execution of duties by the Company's Directors, Members of the Board, complies with laws and regulations and the Articles of Incorporation, and other systems stipulated by the Ministry of Justice as necessary to ensure the appropriateness of business operations of a stock company. The details of those resolutions are as follows.

(2) Systems to Ensure that the Execution of Duties by Directors, Members of the Board, Complies with Laws and Regulations and the Articles of Incorporation

The Company's Board of Directors is composed of Directors who are familiar with the Company's business and Directors who are members of the Audit & Supervisory Committee, who have excellent insight into general management or legal expertise, in order to speed up management decisions and improve Board discussions, including the formulation of management policies and strategies at the Company. At the same time, the Company is working to maintain and strengthen the transparency and soundness of management by enhancing auditing functions of the Board of Directors

In line with this corporate structure, the Board of Directors has resolved the Corporate Code of Conduct, which is a fundamental imperative in the conduct of the Company's business activities and stipulates that compliance with this Code is the responsibility of all directors, officers and employees.

The Compliance & Risk Management Committee has been established for the purpose of ensuring compliance with laws, regulations, and social norms, as well as to take preventive measures against risks surrounding the Company's business and to make prompt and appropriate decisions and responses when such risks arise. The Company has also set up the

internal and external Compliance Consultation & Reporting Desks to receive constructive suggestions and opinions from employees (including directors and executive officers) on matters that could seriously affect the Company's reputation for compliance.

The Company has also established a Compliance Manual, which briefly describes the basic rules that directors, executive officers, and other employees should observe in the conduct of their corporate activities.

Under this structure, the Company is committed to encouraging compliance on a daily basis.

(3) System for Ensuring the Appropriateness of Business Operations

1) System for the Storage and Management of Information relating to the Execution of Duties by Directors, Members of the Board

Information concerning the execution of duties by Directors (excluding those who are members of the Audit & Supervisory Committee) is recorded in the minutes of the Board of Directors meetings, approval documents and other documents. This information is stored and managed appropriately through the establishment of internal regulations, such as the Approval Documents Regulation, the Authority Standard Regulation, the Document Management Regulation, and the Electronic Information Management Regulations.

2) Rules and other Systems for Managing the Risk of Loss

Each division of the Company identifies and grasps the risks associated with its business activities and makes regular efforts to minimise these risks. In addition, the Compliance & Risk Management Committee confirms the status of company-wide risks that could have a significant impact on management. The Company also has a system of contingency plans in place in the unlikely event of a risk occurring.

3) System to Ensure the Efficient Execution of Duties by Directors, Members of the Board

By resolution of the Board of Directors as a company with an Audit & Supervisory Committee, the Company delegates some of the important business decisions to the Directors (excluding those who are members of the Audit & Supervisory Committee) and introduces an executive officer system to separate the management decision-making and supervisory functions from the business execution functions, so that the Board of Directors can make decisions quickly and efficiently.

The Company has also established appropriate decision-making rules through the Division Duties Regulation, the Authority Standard Regulation, and other internal regulations, and have put in place a system to ensure the proper and efficient execution of duties.

The Board of Directors makes decisions on important management matters after deliberation by the necessary members of the Management Committee and other committees as necessary.

4) System to Ensure that the Execution of Duties by Employees Complies with Laws and Regulations and the Articles of Incorporation

As described in (2) above, the Company has developed such a system by establishing the Corporate Code of Conduct and the Compliance & Risk Management Committee. In addition, the Company has established the Compliance Consultation & Reporting System to prevent misconduct.

Also, the Audit & Supervisory Committee and the Internal Auditing Department regularly monitor and verify the legality and appropriateness of the execution of duties.

5) System for Ensuring the Appropriateness of Business Operations of the Corporate Group consisting of the Company and its Parent Company and Subsidiaries

The Company has no parent company. The Company assumes responsibility for its own management and manages its business independently.

The Company does not have a corporate group corresponding to a subsidiary.

6) Matters relating to Directors and Employees to Assist the Audit & Supervisory Committee in its Duties

In accordance with the Audit & Supervisory Committee Audit Regulations, the Company shall, at the request of the Audit & Supervisory Committee and after consultation between the two parties, appoint assistants to the Audit & Supervisory Committee.

In the case of appointing assistants, the Company shall consider matters necessary to ensure the independence of such assistants, such as the authority of such assistants, the organisation to which they belong, the right of Audit & Supervisory Committee to direct and order such assistants, and the right of Audit & Supervisory Committee to consent to the appointment of such assistants, and shall ensure the effectiveness of the Audit and Supervisory Committee's instructions to such assistants.

7) Systems of Reporting to the Audit & Supervisory Committee by Directors, Members of the Board, and Employees and other Systems for Reporting to the Audit & Supervisory Committee

The Audit & Supervisory Committee members attend the Board of Directors meetings, as well as any other meetings concerning important management matters, the Compliance & Risk Management Committee and other important meetings. It receives reports from Directors (excluding those who are members of the Audit & Supervisory Committee), Executive Officers, and other employees on the execution of their duties.

Directors (excluding those who are members of the Audit & Supervisory Committee), Executive Officers, and other employees are required to report promptly to the Audit & Supervisory Committee when they discover any facts that may cause significant damage to the Company.

In the event of a consultation or report through the Compliance Consultation & Reporting System, the details of the consultation or report shall be promptly reported to the Audit & Supervisory Committee.

The Employment Regulations prohibits any disadvantageous treatment of those who consult, report, or inform as above.

8) Other Systems to Ensure that Audits by the Audit & Supervisory Committee are Conducted Effectively

The Audit & Supervisory Committee and the Representative Director, Member of the Board & President, regularly exchange opinions and communicate with each other regarding the management of the Company.

The Audit & Supervisory Committee carries out regular audits in close cooperation with the Internal Auditing Department. Directors subject to audits (excluding those who are members of the Audit & Supervisory Committee), Executive Officers, and the relevant Departments provide explanations of the status of business operations and management, as well as issues that need to be addressed to the Audit & Supervisory Committee. The results of these audits are reported to the Board of Directors.

In the event that the Audit & Supervisory Committee conducts on-site investigations to ascertain the actual state of overall business operations, the relevant Directors (excluding those who are members of the Audit & Supervisory Committee), Executive Officers, and relevant Departments respond promptly and appropriately to ensure effective auditing.

In addition, when an Audit & Supervisory Committee member or the Audit & Supervisory Committee requests for expenses required for the execution of an audit, the request shall be met unless the expenses are deemed not to be necessary for the execution of duties.

8. Overview of the Operation of Internal Control Systems to Ensure the Appropriateness of Business Operations

(1) Status of Initiatives regarding the Execution of Duties by Directors, Members of the Board

Since the introduction of the executive officer system in June 2015, the Company has been working to optimise the number of Directors, Members of the Board, including increasing the number of independent Outside Directors. At the same time, the Company has been reviewing the criteria of matters to be resolved and reported at the Board of Directors' meetings as appropriate, in order to strengthen the functions of the Board of Directors by enhancing and accelerating decision-making and strengthening its supervisory function. With the transition to a company with an Audit & Supervisory Committee in June 2022, some important business operations are delegated to Directors (excluding those who are members of the Audit & Supervisory Committee) by resolution of the Board of Directors in order to further speed up the decision-making process. In addition, the Company has further strengthened the supervisory function of Directors who are members of the Audit & Supervisory Committee.

The Company has conducted a self-evaluation of the effectiveness of the Board of Directors by means of a questionnaire for all Directors, Members of the Board, including outside officers, focusing on the operation and deliberations of the Board of Directors. The results show that appropriate measures are being taken to ensure sufficient deliberation at the Board of Directors' meetings, and that improvements have been made in the promotion of discussion by Directors, including those who are members of the Audit & Supervisory Committee, and the provision of information. The Company has confirmed that the effectiveness of the Board of Directors is generally ensured.

(2) Efforts to Ensure the Effectiveness of Audits by the Audit & Supervisory Committee

The Audit & Supervisory Committee of the Company discussed and decided audit policies and audit plans, and exchanged opinions, deliberated, and verified the legality and appropriateness of management. If necessary, the Company obtains reports from the accounting auditors and the Internal Auditing Department on matters that have come to its attention during the audit. In addition, in accordance with the audit policy and audit plan, the Audit & Supervisory Committee members attended important internal meetings, such as the Management Committee meetings, either in person or online, and also inspected approval documents and contracts to monitor management and provide advice and recommendations on the status of Directors' performance of their duties and compliance with laws and regulations.

(3) Status of Compliance Initiatives

The Company has established the Corporate Code of Conduct, which consists of compliance with laws and regulations and social norms. In this context, the Company has prepared a list of laws and regulations that are relevant to its business activities, and the Company monitors changes in laws and regulations and confirm the status of compliance.

The Compliance Consultation & Reporting Desks have also been established and are operated internally, externally and by members of the Audit & Supervisory Committee, with the aim of ensuring that its corporate activities comply with laws and regulations, conform to social norms, and improve the workplace environment.

The President himself/herself makes a direct appeal to employees about the importance of compliance. The Company also publishes Compliance News from time to time, which explains in simple terms what a company should do as a member of society and what topics a company should be aware of internally and externally and distribute case studies of general compliance violations to all members of the Company. The Company also continues to implement company-wide compliance awareness activities such as the display of posters and ongoing compliance training for all levels.

Department compliance chiefs, section and group compliance leaders have been appointed, and compliance training plans for each department have been formulated to promote activities to raise awareness according to the actual situation of workplaces. The results has been summarised at the end of this financial year and reflected to the training plans for the next year. Training was also conducted for directors, general managers and other managing members, with an external expert as a lecturer, on the perspective of compliance with reference to actual cases that have occurred in the society.

(4) Status of Risk Management Initiatives

The Company holds the Compliance & Risk Management Committee on a regular basis to make it a scheme for checking, focusing more on company-wide risks that may have a material impact on management, while continuing its efforts to minimise risks concerning the business activities of each department.

The Environment & Disaster Prevention Committee has also been working on risk assessment activities according to the business characteristics of the Company.

Furthermore, in order to ensure the continuity of our business in the event of a disaster, the Company has formulated the Business Continuity Plan Regulation, which includes an initial response in the event of an earthquake or tsunami, the establishment of a Disaster Response Headquarters, and action plans for each department. During the financial year under review, a

company-wide evacuation drill was conducted on the assumption of an earthquake during the daytime on weekdays, as well as a drill to communicate information on the safety situation and the extent of damage in the Company. In particular, during the information communication exercise, the Webex online conferencing system was used to connect the Disaster Response Headquarters with the satellite offices. The Company could identify areas for improvement in real-time information sharing through the drill.

Security operations and maintenance in terms of “prevention”, “detection” and “recovery” are carried out in response to cyber-attacks. Specifically, the Company has monitored the situation of unauthorised access and its Systems Division investigates and responds to suspicious e-mails from outside the Company, and the Company has a system in place to detect and delete viruses from personal computers. In addition to the above, as a countermeasure against the global proliferation of viruses and targeted attack emails, training is conducted for all users of personal computers on the assumption that they will receive suspicious emails, with the aim of raising employee security awareness.

<Financial Statement>

1. Statement of Changes in Shareholders' Equity

Financial Year ending 31st March 2024

(Japanese Yen in millions)

	Shareholders' equity					
	Capital	Capital Surplus	Retained Earnings		Treasury Shares	Total Shareholders' Equity
		Capital Reserves	Legal Retained Reserves	Other Retained Earnings Retained Earnings Carried Forward		
Beginning Balances of the Financial Year	8,739	8,943	38	12,764	(10)	30,474
Changes of Items during the Period						
Cash Dividends				(1,655)		(1,655)
Net Profit (Loss)				9,689		9,689
Acquisition of treasury shares					(0)	(0)
Total Changes during the Period	-	-	-	8,033	(0)	8,033
Balance at the end of the Financial Year	8,739	8,943	38	20,797	(10)	38,507

	Total Net Assets
Beginning Balances of the Financial Year	30,474
Changes of Items during the Period	
Cash Dividends	(1,655)
Net Profit (Loss)	9,689
Acquisition of treasury shares	(0)
Total Changes during the Period	8,033
Balance at the end of the Financial Year	38,507

Notes Figures shown above are rounded down to the indicated unit.

2. Notes to the Financial Statement

Significant Accounting Policies

(1) Basis and Method for Valuation of Assets

Basis and method for evaluation of securities

Other available-for-sale securities

Securities with market prices

Market value method based on market prices at the account closing date (Net unrealized gains or losses are comprehensively included in equity, and the cost of securities sold is determined by the moving-average method)

Securities without market prices

Stated at cost determined by the moving-average method

Derivatives transactions

Fair value method

Basis and method of evaluation of inventories

Cost accounting method based on the periodic average method (the method of reducing book value when the contribution of inventories to profitability declines)

(2) Depreciation Methods for Fixed Assets

Property, plant, and equipment (excluding leased assets): Straight-line method

The useful lives of major fixed assets are as follows:

Buildings (including facilities attached to buildings) : 3-50 years

Machinery and equipment : 5-14 years

Intangible assets (excluding leased assets): Straight-line method

Software products used by the Company are amortised over a projected usage period of 5 years

Leased assets:

Finance leases that transfer ownership of the leased assets

By the same method as the owned fixed assets

Finance leases that do not transfer ownership of the leased assets

By the straight-line method over the lease term with no residual value

Long-term prepaid expenses: Straight-line method

(3) Accounting Standards for Allowances and Provisions

Allowances for Doubtful Accounts Receivables:

In order to prepare for losses due to bad debts, general receivables are evaluated based on the historical bad debt ratio. For specific receivables, such as doubtful accounts receivable, an estimated uncollectible amount is recorded after considering the possibility of collection for each individual account.

Provisions for Bonuses:

In order to provide for bonuses to be paid to employees, the amount to be paid in the financial year under review is estimated and recorded.

Allowances for Retirement Benefits:

To provide for the payment of retirement benefits to employees, an allowance is provided based on the projected retirement benefit obligation and pension assets at the end of the financial year under review.

(i) Method of Attributing Estimated Retirement Benefits to the Period

The method of attributing the estimated amount of retirement benefits to the period up to the end of the financial year under review is based on the benefit calculation method.

(ii) Accounting Treatment of Actuarial Gains/Losses and Past Service Costs

Actuarial gains and losses are amortised from the financial year following the year in which they are incurred, and past service costs are amortised from the financial year in which they are incurred using the straight-line method over a certain number of years (11 years) within the average remaining service period of employees.

(4) Basis for Recording Revenues and Expenses

The Company manufactures and sells titanium sponge and various other products made from titanium sponge. For the sale of such products, a performance obligation to deliver the product to the customer is assumed under the sales contract with the customer. The performance obligation is deemed to be satisfied when the customer acquires control over the product at the point of delivery to the customer and revenue is recognised at the point of delivery.

The consideration for these performance obligations is generally received within approximately one year after fulfilment of the performance obligation, according to payment terms determined separately. They do not contain any significant financial elements.

(5) Hedge Accounting Methods

Methods

In principle, deferred hedge accounting is applied.

Forward exchange contracts that qualify for the allocation method are accounted for using the allocation method. Interest rate & currency swaps that meet the requirements for integral treatment (allocation method, special treatment) are treated as one component.

Hedging Instruments and Hedged Items

Hedging Instruments: Foreign exchange forwards, interest rate swaps, and interest rate & currency swaps

Hedged Items: Foreign exchange transactions, interest payments, and loans denominated in foreign currencies

Hedging Policy

Forward foreign exchange contracts are used to hedge risks arising from fluctuations in foreign exchange rates.

It is the Company's policy to limit transactions to those based on actual demand and not to engage in speculative transactions for the purpose of earning trading profits. The Company also uses interest rate swaps to hedge against the risk of interest rate fluctuations on borrowings and interest rate & currency swaps to hedge against the risk of interest rate and currency fluctuations. Hedged items are identified on an individual contract basis.

Method of Assessing Hedge Effectiveness

The effectiveness of interest rate swaps is assessed on a semi-annual basis by comparing the cumulative amount of interest rate fluctuations on interest payments on borrowings with the cumulative amount of interest rate fluctuations on interest rate swaps. However, the assessment of effectiveness for the forward exchange contracts using the allocation method and for the interest rate & currency swaps using the integral treatment (allocation method, special treatment) is omitted.

Notes to Revenue Recognition

(1) Information on the Breakdown of Revenues Arising from Contracts with Customers

(Japanese Yen in millions)

	Segment		Total
	Titanium	High-Performance Materials	
Japan	17,419	1,042	18,462
U.S.A.	31,110	395	31,505
China	0	400	400
Other	3,769	1,184	4,954
Revenue arising from contracts with customers	52,299	3,023	55,322
Other revenues	—	—	—
Sales to external customers	52,299	3,023	55,322

(2) Information that Provides a Basis for Understanding the Revenue Arising from Contracts with Customers

As stated in the section “(4) Basis for Recording Revenues and Expenses (Significant Accounting Policies)” on page 15.

For sales of products inside Japan, revenues are recognised at the time of shipment as the period from the time of shipment to the time when title of the product is transferred to the customer is a normal period.

(3) Information to Understand the Amount of Earnings in the Financial Year under Review and the Subsequent Financial Year

Not applicable

Notes to Significant Accounting Estimates

<Realisability of Deferred Tax Assets>

(1) Amount Recorded in the Financial Statements for the Financial Year under Review

Deferred Tax Assets	JPY 2,108 million
Deferred Tax Liability	JPY 467 million
Balance	JPY 1,640 million

(2) Other Information that Contributes to the Financial Statement User's Understanding of the Nature of the Accounting Estimate

(i) Key Assumptions used in the Estimates

Among the assumptions used in the accounting estimates, those that were deemed important were the future business plan, which forms the basis of the estimate of future taxable income for the consideration of the realisability of deferred tax assets, and the expected changes in sales, raw material costs, etc. used in the formulation of the business plan.

While the impacts of a prolonged Russia's invasion of Ukraine, as well as tensions in the Middle East, are expected to be far-reaching, including higher resource and energy prices and supply chain restructuring, accounting estimates have been made based on information available at the present time.

(ii) Process of Reviewing the Realisability of Deferred Tax Assets

As a result of examining the realisability of deferred tax assets related to temporary differences and tax loss carry-forwards based on various assumptions, including the significant assumptions mentioned in (i) above, and the "Guidelines for the Realisability of Deferred Tax Assets", deferred tax assets of JPY 1,640 million were recorded in the financial year under review.

The status of deferred tax assets and tax loss carry-forwards at the end of the financial year under review is shown in the "Notes to the Financial Statement: Notes to Tax Effect Accounting."

(iii) The Effect of the Accounting Estimate on the Following Financial Year

Such accounting estimates and the assumptions used in making them are based on information available at the end of the financial year under review, and if it becomes necessary to review the (i) above, the amount of deferred tax assets may be affected.

Notes to Change in Accounting Estimates

<Change in Accounting Treatment of Actuarial Gains/Losses and Past Service Costs>

Previously, actuarial gains and losses on retirement benefits were amortised over a period of 13 years, which is within the average remaining service period of employees at the Company. However, as the average remaining service period has become lower than 13 years, the number of years for amortisation has been changed to 11 years from the financial year under review. The impact of this change on operating profit, ordinary profit and net profit before income tax for the financial year under review is negligible.

Notes to the Balance Sheet

(1) Accumulated Depreciation of Property, Plant and Equipment JPY 75,971 million

(2) Contingent Liabilities

Joint Liabilities on Guarantees for Employees' Housing Loans JPY 23 million

(3) Debt Assumption Agreements

Accounts Payable JPY 1,536 million

Notes This is the outstanding balance of unpaid amounts whose due date has been extended by a debt assumption agreement.

(4) Notes to Financial Covenants

The Company has entered into loan agreements with financial covenants (syndicated loan) in order to raise funds. The borrower is required to ensure that it complies with the relevant provisions.

Syndicated Loan Agreement dated 26th March 2021, with Sumitomo Mitsui Banking Corporation as managing bank (Financial Covenants)

- 1) The amount of net assets shall be no less than the amount equivalent to 75% of the total amount of net assets stated in the non-consolidated balance sheet at the end of the financial year ending 31st March 2021, or the amount equivalent to 75% of the total amount of net assets stated in the non-consolidated balance sheet at the end of the most recent financial year, whichever is higher.
- 2) The Company shall not post a deficit in cash flow from operating activities for two consecutive financial years, as stated in the non-consolidated statement of cash flows in the report at the end of the financial year ending 31st March 2021 and each financial year thereafter.
- 3) The amount of segment profit of the Titanium business stated in the report at the end of the financial year ending 31st March 2022 shall be equal to or greater than the amount of

segment profit of the Titanium business stated in the report at the end of the financial year ending 31st March 2021.

- 4) No operating loss shall be recorded in the non-consolidated profit and loss account in the report at the end of the financial year ending 31st March 2023 and at the end of each financial year thereafter.

**Syndicated Loan Agreement dated 24th February, 2022, with Sumitomo Mitsui Banking Corporation as managing bank
(Financial Covenants)**

- 1) The amount of net assets stated in the balance sheet at the end of financial year ending 31st March 2022 and at the end of each financial year thereafter shall be no less than the amount equivalent to 75% of the total amount of net assets stated in the non-consolidated balance sheet at the end of the financial year ending 31st March 2021, or the amount equivalent to 75% of the total amount of net assets stated in the non-consolidated balance sheet at the end of the most recent financial year, whichever is higher.
- 2) The Company shall not post a deficit in cash flow from operating activities for two consecutive financial years, as stated in the non-consolidated statement of cash flows in the report at the end of the financial year ending 31st March 2022 and each financial year thereafter.

Notes to the Profit-and-Loss Statement

Write-down of Inventories included in Cost of Sales due to Reduced Profitability

JPY 388 million

Notes to the Statement of Changes in Shareholders' Equity

(1) Number of Shares Issued

Type of Shares	Beginning of the Financial Year under Review	Increase	Decrease	End of the Financial Year under Review
Common Shares	36,800,000 shares	–	–	36,800,000 shares

(2) Treasury Shares

Type of Shares	Beginning of the Financial Year under Review	Increase	Decrease	End of the Financial Year under Review
Common Shares	1,495 shares	23	–	1,518 shares

Summary of reasons for variation

The breakdown of the number of increases is as follows:

Increase due to purchase of odd-lot shares 23 shares

(3) Dividends

1) Amount of Dividends Paid

Resolution	Type of Shares	Source of Dividends	Total Amount of Dividends (JPY in millions)	Dividend per share (JPY)	Record Date	Effective Date
12 th May 2023 At Board of Directors	Common share	Retained earnings	919	25.00	31 st March 2023	1 st June 2023
7 th November 2023 At Board of Directors	Common share	Retained earnings	735	20.00	30 th September 2023	1 st December 2023

2) Dividends for which the Record Date falls in the financial year under review, but the Effective Date falls after the financial year under review

Resolution	Type of Shares	Source of Dividends	Total Amount of Dividends (JPY in millions)	Dividend per share (JPY)	Record Date	Effective Date
13 th May 2024 At Board of Directors	Common share	Retained earnings	1,839	50.00	31 st March 2024	4 th June 2024

Notes to Tax-Effect Accounting

Principal Components of Deferred Tax Assets and Deferred Tax Liabilities

(Japanese Yen in millions)

Deferred tax assets

Provision for bonuses	125
Enterprise tax	87
Loss on valuation of inventories	250
Liability for retirement benefits	617
Business withdrawal loss reserves	21
Depreciation	191
Asset retirement obligations	471
Impairment loss	909
Carry forward deficit	1,780
Other	180
Subtotal deferred tax assets	4,635
Valuation allowance	(2,527)
Total deferred tax assets	2,108

Deferred tax liabilities

Property, plant, and equipment (Asset retirement obligations)	123
Prepaid pension cost	343
Total deferred tax liabilities	467
Net of deferred tax assets	1,640

Notes to Financial Instruments

(1) Status of Financial Instruments

The Company limits the management of funds to short-term deposits, etc. and raises funds by borrowing from banks and other financial institutions. Customer credit risk in relation to accounts receivable is mitigated in accordance with credit management rules. Investment securities are mainly equities, and the market value of listed equities is recognised on a quarterly basis. Borrowings are used for working capital (mainly short-term) and capital investment (long-term). Some of these loans have floating interest rates and are therefore exposed to the risk of interest rate fluctuations.

It is the Company's policy to use derivative financial instruments as the need arises, including forward exchange contracts to hedge against the risk of exchange rate fluctuations on accounts receivable denominated in foreign currencies, interest rate swaps to hedge against the risk of fluctuations in interest payments on long-term loans payable, and interest rate & currency swaps to hedge against the risk of exchange rate fluctuations on loans payable denominated in foreign currencies and against the risk of fluctuations in interest payments. Derivative transactions are carried out in accordance with internal management regulations, within the scope of actual demand and not for speculative purposes.

(2) Fair Values of Financial Instruments

Balance sheet amounts (B/S amounts), fair values and their differences on 31st March 2024 (the balance sheet date for the financial year under review) are as follows:

(Japanese Yen in millions)

Items	B/S Amounts (*1)	Fair values (*1)	Difference
Long-term debt	(35,300)	(35,245)	54

*1 Items recorded under liabilities are shown in parentheses.

*2 Notes have been omitted for cash and items whose fair value approximates their carrying amount due to their short maturities.

The fair value of financial instruments is classified into the following three levels, depending on the observability and materiality of the inputs used to calculate fair value.

Level 1 Fair Value	Fair value calculated based on (unadjusted) quoted prices in active markets for identical assets or liabilities
Level 2 Fair Value	Fair value calculated using directly or indirectly observable inputs other than Level 1 inputs
Level 3 Fair Value	Fair value calculated using significant unobservable inputs

Where multiple inputs are used that have a significant impact on the calculation of fair value, the fair value is classified to the lowest priority level in the calculation of fair value among the levels to which each of these inputs belongs.

Notes Description of valuation techniques and inputs used in the calculation of market value

Long-Term Debt

Long-term debt is calculated using the discounted present value method based on the total amount of principal and interest and an interest rate that takes into account the remaining term of the debt and credit risk and is classified as Level 2 fair value.

Notes to Per Share Information

(1) Net assets per share JPY 1,046.45

(2) Net profit per share JPY 263.30

Notes Unless otherwise stated, figures in this document are rounded down to the nearest unit for monetary amounts and number of shares, and rounded to the nearest whole number for all other figures.

****END OF DOCUMENT****