

# INTEGRATED REPORT 2024

TOHO TITANIUM
CHANGES THE WORLD

# Vlanagement Philosophy

The Toho Titanium Group pursues the infinite possibility of titanium and related technologies, and contributes to building a sustainable society by continuously supplying excellent products and services.

#### **Fundamental Policies**

To put our Management Philosophy into practice, we adhere to the following 3 Fundamental Policies.

- 1. We give the highest priority to safety and compliance and operate a healthy and fair business.
- 2. We practice innovation and creativity to achieve continuous growth for our employees and organization.
- 3. We enhance communication with all stakeholders including customers, local communities, and shareholders, to develop relationships of mutual trust and symbiosis.

#### **Editorial Policy**

#### Readership

This Integrated Report has been compiled with the following stakeholders in mind: shareholders and investors, customers, business partners, employees

#### **Our Stance on Information Disclosure**

communication tool to help our stakeholders understand our growth potentia and our contribution to a sustainable society.

For detailed performance information and ESG-related data, please refer to the latest information on the "Investor Relations" and "Sustainability" pages of our website, as well as the Integrated Report.



#### **Period Covered**

In general, this Integrated Report includes the results for FY2023 (April 1, 2023 to March 31, 2024). However, some information regarding past initiatives, as well as some information for FY2024 are also included, as necessary. The figures for FY2024 (forecast) in the table and graph are

#### **Scope of Coverage**

Toho Titanium Co., Ltd.: Headquarters, Chigasaki Plant, Hitachi Plant, Kurobe Plant, Wakamatsu Plant, and Yahata Plant

#### **Future Outlook**

company's future strategies, forecasts, and opinions. However, please be aware that actual results may differ from these forecasts due to external

Disclosure Policy and Disclaimer
www.toho-titanium.co.jp/en/ir/disclosure/

#### Process of Deepening Dialogue Using Integrated Reports

cuss how our Group should disclose information in order to improve our corporate value.

1) Establishing the purpose In preparing the Integrated Report 2024, we endeavored to provide more comprehensive information about how our company creates value, the business environment in which we operate, and our initiatives.

· IFRS Foundation "International Integrated Reporting Framework"
· Ministry of Economy, Trade and Industry "Guidance for Collaborative Value Creation"

The Corporate Planning Department was in charge of publication development. The report was edited by the ESG Promotion Department, Technology Strategy Headquarters, each Business Division, Environment and Safety Department, Quality Assurance Department, General Affairs and Human Resources Department, and other related departments.

It was produced with the corporate management's commitment while under the supervision and evaluation of the board of directors.



Collaboration Department

4) Dialogue with stakeholders

When communicating with shareholders and investors, we will augment the content of our dialogue by using this report in conjunction with briefing sessions and IR interviews.

We will use the opinions we receive from our stakeholders as internal feedback and use them for improving management.

We place great importance on dialogue with our employees and strive to improve the accuracy of the contents of the report.

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#### SUSTAINABILITY

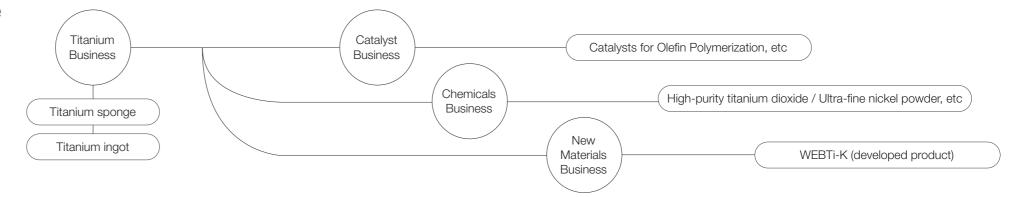
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#### Business Domain and Business Structure

The Toho Titanium Group operates 4 businesses: the Titanium Business that manufactures and sells titanium metal as a base, the Catalyst Business, the Chemicals Business and the New Materials Business. We pursue the unlimited potential of titanium products and their related technologies and will contribute to our customers' product and business development through our business expansion.





**Expanding application fields** with titanium of stable quality

#### Main Products

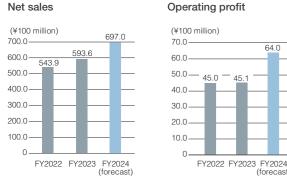








Net sales



In our Titanium Business, in addition to titanium sponges and titanium ingots made by melting and casting the sponges, we have a wide range of products such as DC Slab and titanium powder, each with high added value, and their own superior features as a raw material

With high quality and reliable supply, we provide titanium products that satisfy our customers.



#### Contributing to Value-added Polyolefins

#### Main Products

#### Polyolefin catalysts

- · For PP manufacturing · For PE manufacturing
- For other olefin

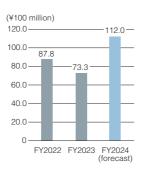


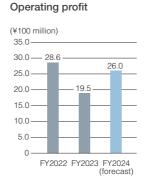
#### Raw materials for catalyst supports and pharmaceutical intermediates

- · Magnesium chloride nowder
- Magnesium chloride lump
- Magnesium chloride powder/Titanium trichloride mixture

External donor for PP production

#### Net sales





In our Catalyst Business, we take advantage of our ability to internally procure titanium tetrachloride and magnesium chloride, which are raw materials for catalysts from the titanium manufacturing process. We develop, manufacture (including outsourced manufacturing), and sell catalysts for the production of polyolefins (PO) such as polypropylene (PP), a plastic product, and polyethylene (PE). We also process and sell magnesium chloride for applications such as catalyst raw material and raw material for pharmaceutical intermediates.

# Chemicals Business

Powder manufacturing technologies supporting the evolution of electronic component materials

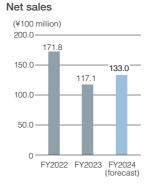
#### Main Products

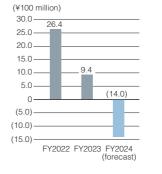




High-purity titanium dioxide

#### Operating profit





In our Chemicals Business, we manufacture and sell high-purity titanium dioxide, ultra-fine nickel powder, and other electronic component materials used in multilayer ceramic capacitors (MLCC), PTC thermistors, and dielectric resonators. In particular, ultra-fine nickel powder is used for the internal electrodes of MLCC, taking advantage of its ability to control particle size and surface condition. We will further refine our powder manufacturing technology with high levels of quality stability to meet growing demand in the markets for telecommunications equipment, in-vehicle electrical components, and electronic equipment.

#### New Materials Business

In response to increasing demand, WEBTi is now ramping up to mass production

#### Main Product

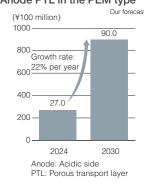


WEBTi-K (developed product)

#### Water electrolysis generators for hydrogen generation

#### Anode PTL in the PEM type





In recent years, hydrogen has been attracting attention as a next-generation energy source. The porous titanium material (WEBTi) developed by our company is expected to be applied to solid polymer electrolyte membrane (PEM) water electrolysis devices, a type of hydrogen generation device. Our division will work to establish a mass production system to quickly commercialize WEBTi. We will also work on commercializing other new products.

WEBTi is a registered trademark of Toho Titanium Co., Ltd.

# Value Provided by Toho Titanium

Value of titanium

Lightweight

Beauty

Taking advantage of the excellent characteristics of titanium, such as lightweight, high strength, high corrosion resistance, and biocompatibility, our Group's products are used in a wide range of markets, including aircraft and chemical industries, communication equipment, medical care, and automobiles.

Our Group will continue to take on challenges even in the midst of all kinds of changes in the external environment and will grow as a leader in the global industry by working to further improve the quality, functionality, and added-value of our products.

Our customers in various fields



#### Aircraft

In addition to being used in aircraft engines, our products are widely used in body materials to reduce aircraft weight and improve fuel efficiency.



#### General industry

Titanium, which is resistant to corrosion even in environments where it is exposed to chemicals and seawater, is widely used in LNG plants, seawater desalination plants, and chemical plants.

#### Production capability



Corrosion resistance



#### Titanium-related technologies

As one of the world's leading titanium manufacturers, the Toho Titanium Group operates 4 businesses: the Titanium Business that manufactures and sells titanium metal; the Catalyst Business and the Chemicals Business based on the Titanium Business; and the New Materials Business which opens up new possibilities for titanium.



#### Sustainable technology

We have expanded our business domain by developing technologies that enhance the value of titanium with its various characteristics while ensuring that we meet our customers' identified needs. We promote the development of new products that contribute to the reduction of global environmental impact, resource utilization and the spread of clean energy.



# Production technology, production facility

Our Group is committed to manufacturing with a constant focus on stable production of product quality. We deploy the core technology we have developed through the titanium smelting method (Kroll method) and are expanding our facilities



#### **Production sites**

With 6 production sites in Japan and overseas, we have established a system that can respond to BCP and all needs of communities



#### Construction

Titanium is used as a material for building components that require long-term durability and earthquake resistance, such as roofing materials for temples, shrines, and public buildings.



# Automobile and motorcycle

Catalysts for polypropylene production are used in a wide range of industries, including food containers, packaging materials, hygienic consumer materials, and



#### Electronic materials

Ultra-fine nickel powder is used in MLCC, which is embedded in many electronic devices, such as smartphones, cars, and home appliances.



#### Health and wellness

High-purity titanium oxide is approved as an additive for pharmaceuticals, such as film coatings of tablets, and is used by many pharmaceutical companies.



#### Marine civil engineering

Our products are used as a construction material for public facilities such as the pier for Haneda Airport runway and the Tokyo Wan Aqua-Line Expressway, supporting important urban infrastructure.



Strength

#### The Toho Titanium Group pursues the infinite possibility of titanium and Management The Toho Titanium Value Creation Process related technologies, and contributes to building a sustainable society by Philosophy continuously supplying excellent products and services. The Toho Titanium Group is creating new value needed for future lifestyles and industry through the synergistic effect created by titanium-related technologies that have been refined based on proprietary technologies and sustainable technologies that contribute to reducing environmental impact. Vision for 2030 → p.15 In 2021, we specified as materiality the perspective of working together with all stakeholders to resolve social issues. While solidifying our management foundation by strengthening our human resources capabilities and corporate governance, we will take on the challenge of evolving ESG management as we continue to grow toward the realization of a prosperous society. Conserving the global (Better quality environment of life) Realizing a society Comfortable with safe, secure mobility Appealing Contribution workplace 911 to society Contribution Stakeholders 7,21 Solidifying communit & society to global our environmental Medium-term Management Plan → p.15-p.16 management conservation Providing value to Catalyst Chemicals society Technologies as Business Business a driving force for value creation Titanium-related Technologies New Titanium Sustainable Technology Materials Business Business Strong Strengthen Strengthen relationship of trust Strong and stable management management with customers and production capability capital capital provision of value

Production sites / production facilities / production technologies

Manufacturing

Capital

Financial Capital

Human

Capital

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Management Capital

Marketing and information capabilities

Contributing to the value creation by customers

Social Capital

Relationship Capital

Intellectual

Capital

Natural

Capital



#### 01-

Perceptions of the business environment

# Urgent need to build a strong supply chain in a rapidly changing society

As we look back on FY2023, I would like to begin by outlining my views on the global and domestic situation, and explain how they affect our business. As for the world situation, it is expected that it will undergo even greater changes in the future as the international system and order following World War II continues to collapse. The main factor for these changes is the widening gap between rich and poor among countries and people. This gap becomes more pronounced with economic changes and population growth, and it is thought that this dissatisfaction is linked to the revival of nationalism in each country. Additionally, the confrontation between the 2 groups, the Global North, referred to as advanced countries, and the Global South, including emerging countries, as well as the confrontation between the group of Russia, China, and North Korea and the group of NATO and the Japan-U.S.-Republic of Korea partnership, are accelerating changes in the world situation. Under these conditions, the trade structure is changing, and as countries and group countries are giving priority to their own economies, the exclusive economy is being promoted more than ever.

Turning to the domestic situation, the declining birthrate and aging of the population accelerate, and there is a growing risk that the domestic market will shrink further owing to the declining and aging population. In order to respond to these changes in the domestic and international situation, our business is required to boldly change the way we think about our supply chain. Most of the main raw materials used in each business depend on imports, and it is necessary to diversify suppliers as much as possible to cope with the risk of nationalization of resources due to intensifying nationalism and the risk of supply chain disruption due to war. I also feel the importance of resource development business. I believe that we will not be able to compete with changes in the global competitive environment unless we increase the ratio of overseas production and sales more than ever. We recognize that our Titanium Business, which is our original and core business, has been revitalized by the upturn in the aviation industry following the end of the COVID-19 pandemic as well as

the disruption of the Russian supply chain following the invasion of Ukraine. However, we need to thoroughly consider how to deal with the situation when it returns to the original state, or in other words, risk management. We recognize that this is a major issue going forward.

#### 02---

Achievements and issues in FY2023

# The current Medium-term Management Plan is the first step to 2030. Initiatives to realize Our Vision and expand profits started

We are currently working to achieve Vision for 2030, and have set targets of net sales of 170 billion yen, ordinary profit of 25 billion yen, and the ordinary profit to net sales ratio of 15% or more.

Under the slogan "Beyond Expectations 2030," we have formulated the 3 year Medium-term Management Plan from FY2023 toward the target for FY2030, and are developing strategies to achieve the target figures for each year.

In FY2023, the first fiscal year of the plan, the Titanium Business sets the direction to capture the current booming market for titanium sponge for aircrafts, aiming to achieve the No. 1 share in the global market,

Comparison with Medium-term Management Plan Ur

FY2024	FY2023	FY2024	FY2025
953	832	1,070	1,200
697	587	670	720
112	98	130	150
133	139	260	300
11	8	10	30
57	46	100	130
64	23	50	60
26	28	33	40
(14)	11	29	35
-	(1)	2	10
(19)	(15)	(14)	(15)

Medium-term Management Plan

INTEGRATED REPORT 2024

and established full operation at the Saudi Arabia plant while increasing the capacity of existing facilities in Japan. We will continue to consider further capacity expansion. In the Catalyst and Chemicals Businesses, demands have been temporarily sluggish since FY2023 due to the impact of the economic slowdown in China, but we recognize that these are business areas where growth is expected over the medium to long term. In the Catalyst Business, we completed the 4th plant at the Chigasaki Plant, and in the Chemicals Business, we are constructing the 5th plant within the Wakamatsu Plant, which is scheduled to start operations in FY2025. I expect that all of these will be great assets if the market recovers. In the New Materials Business, preparations are underway to commercialize porous titanium (WEBTi) for use in hydrogen generators in response to the trend toward green transformation. In addition, in the collaboration business with JX Advanced Metals Corporation, we decided to invest in the capacity expansion of our Chigasaki Plant and JX Advanced Metals Corporation plant for high-purity chloride for semiconductor materials, which uses our chloride process as a core technology.

As you can see, capital investment measures by business segment made steady progress in FY2023.

On the other hand, in terms of profit plans, the Titanium Business was able to achieve better-thanexpected results, supported by continued stronger-



than-expected growth and the weak yen. However, sales in the Catalyst and Chemicals Businesses were sluggish due to the prolonged economic slowdown in China. As a result, a passing grade can be given to the Company's net sales and operating income as a whole for FY2023, but some issues remained. In the Catalyst and Chemicals Businesses, we will continue our efforts to expand sales in line with market recovery and aim to further improve our performance in the future.

The entire Company will make every effort to achieve the targets for FY2024 and FY2025 in the Medium-term Management Plan through all measures.

#### 03---

Management philosophy and long-term vision

# Efforts to become closer to the "Our Vision" are the first step toward becoming a sustainable company

As I mentioned earlier, in order to respond to changes in the business environment, we believe that we cannot protect the livelihoods of our employees as a sustainable company unless we come closer to our long-term Vision for 2030 based on our management philosophy. I have stronger feelings than ever about our philosophy and vision. Our vision is our foundation, and we must make concerted efforts to achieve it. Now, with only 6 years to go until 2030, the first 3 years are the FY2023-2025 Medium-term Management Plan, and if we do not achieve this goal, we will not be able to catch up with the Vision for 2030. Of course, our awareness of Vision for 2030 is in our minds, and in the current 3 years of the Medium-term Management Plan, we must make management decisions based on circumstances. The basis for this management decision is whether or not we are moving toward our Vision for 2030. As for how to spread the vision to employees, I have many opportunities to directly communicate it to managers at Group management meetings twice a year and during education by job level, including New Year's greetings to all employees. At the same time, we check whether the criteria used in the examination of business issues at each organization are appropriate for the realization of our vision. We also publish special articles in our company newsletters to promote understanding among employees' families.

What I always keep in mind is that we cannot

survive as a company unless we win the struggle for survival. In 2023, we celebrated 70th anniversary of our foundation. This is the result of our predecessors' overcoming of hardships and survival of competition. It is easy to imagine that the road to this point was by no means a smooth one. In the future, the business environment surrounding us will continue to have many unpredictable factors, and we will have to overcome the struggle for survival in such an environment. In the work that employees are responsible for, there will be many situations where their experience and knowledge cannot be applied. If we are slow to judge and respond when faced with such a situation, the damage to the Company will be greater and, in the worst case, it may not be viable. In order to avoid such a situation, it is necessary to be prepared for the risks that can be expected on a daily basis. Also, it is important to keep an eye out for new events around the world that might be relevant to our business. If we focus on sharpening our senses for change, we will be able to respond quickly to what is happening around us. This is the essence of risk management, and I would like to implement it companywide, including myself.

#### 04---

Corporate culture and human resources that have been cultivated

#### Flexibility in response to environmental changes is important Focusing on human resource development while considering employee motivation

The Group has a history of more than 70 years since its founding in 1953. I express my gratitude once again to all of you who have been involved in our business. In the background of this history, as a company rooted in the Chigasaki region (Chigasaki City, Kanagawa Prefecture) since its foundation, I believe that a serious corporate culture of earnestly dealing with our stakeholders and the human resources that have put this into practice are what make us today. After that, the Company leapfrogged from Chigasaki, where it was founded, and established a large-scale base in Kitakyushu (Kitakyushu City, Fukuoka Prefecture) in 2008 and in Saudi Arabia in 2016. In my view, this is not only changes

in the corporate culture based in regional cities and employees' mindset, but also a major turning point for employees with less conscious of active expansion.

The global situation surrounding us is expected to face an unprecedented period of transformation. In order to survive such drastic changes and ensure the happiness of employees, it is necessary to develop employees who are not only serious but also more proactive in responding to changes in the environment. For this reason, we must provide more than ever before ways and places of work that enable each and every employee to feel that it is an interesting job and challenging, and that they can gain valuable experience. Since FY2022, we began reforming our human resource system and established a Human Resources Committee by senior management to assess the current state of work styles through employee satisfaction surveys and 360-degree evaluations in managerial positions. Based on the results, we have been systematically formulating a succession plan since FY2023 and reviewing the criteria for promotion and advancement. In addition, in order to improve the engagement of each employee, we launched an online training program that employees can take at the company's expense, and introduced a career challenge and a posting system since FY2024.

In addition, by reviewing the criteria for promotion and advancement, we were able to correct the mismatch between abilities and qualifications that has arisen from seniority-like evaluations, and to establish an appropriate evaluation system for young employees and mid-career hires based on a merit system. Furthermore, after the introduction of a career challenge and a posting system, more than 20 employees have transferred to their desired positions. Given that it is expected to become even more difficult to secure human resources in the future, we will work to reduce the turnover rate by working to improve employee satisfaction. We will also strengthen public relations activities to raise the profile of each manufacturing site by posting advertisements for hiring new human resources.

05---

Promotion of ESG management

# ESG management is the basis of management

Our Group regards ESG management, which applies management criteria based on a sustainable perspective, as the basis of management.

Based on its Management Philosophy, our Group has established a basic policy of working to resolve important issues facing our Group and its stakeholders through its business activities, contributing to the sustainable development of society, and aiming to enhance long-term corporate value. Our Group defines this as ESG management. In order to steadily promote this policy, we refer to international guidelines such as GRI and SASB, define social issues as materialities (important issues), and work to resolve them through our business activities.

With regard to environmental issues, we are working to achieve carbon neutrality in FY2050 with a view to reducing CO<sub>2</sub> emissions, our biggest challenge. In FY2023, we achieved a 19% reduction from the FY2018 level compared to the target of an 18% reduction, and in FY2024 we are promoting activities with the target of a 22% reduction. As part of our efforts to develop environmentally friendly products, we are continuing our research and development of new titanium smelting technology. We have already completed the development stage of WEBTi, which will be used in hydrogen generators, and we are making capital investments for mass production in FY2025. In addition, in our Catalyst Business, to comply with the strengthened REACH regulations in Europe, we aim to reduce the use of environmentally hazardous substances in traditional catalysts for polypropylene. By further enhancing the functionality of environmentally friendly catalysts and commercializing them, we will contribute to the widespread use of polypropylene that is safer for human health.

To contribute to society, we promote White Logistics and responsible mineral sourcing to respect human rights in the supply chain. To contribute to the local community, in Chigasaki City, Kanagawa Prefecture and Kitakyushu City, Fukuoka Prefecture, where our 2 major production sites are located, we offer assistance in

soccer and music by holding youth soccer tournaments hosted by our proud soccer club and supporting activities for professional soccer teams and local orchestras. In order to create an attractive workplace, which is the cornerstone of a better way of working, we are investing in intrinsic safety through safety measures. In order to promote health, we are working to expand physical fitness and cancer screenings and to increase the rate of medical examinations. In addition, we are actively promoting the employment of persons with disabilities to ensure diversity and inclusion, the development of annual leave systems to recruit women and ensure ease of working, and the increase in the rate of men taking childcare leave.

With regard to governance, in order to strengthen the management foundation, we conduct thorough education aimed at eliminating violations of compliance, which is the foundation of management, and conduct regular surveys and follow-up. In addition, risk management activities, which are the essence of management, are implemented company-wide to quantify the scale of risks, thereby prioritizing and taking measures. Furthermore, in order to enhance the effectiveness of the Board of Directors, which oversees business execution, the ratio of Outside Directors has been increased to 50%. In addition, we ensure that the Board of Directors has more information on which to base its decisions by having the Directors gain an understanding of the Group's business through their attendance at Executive Committee and other committee meetings, inspection of plants, and interview of executives to enhance monitoring function of business execution. We will continue to actively disclose sustainability information in accordance with the Corporate Governance Code in all aspects of our business performance and operations.

06-

To our stakeholders

# Aiming for sustainable growth in 3 major businesses

I would like to share with our stakeholders the activities we are undertaking to enhance corporate value. The 3 businesses of Titanium, Catalyst and Chemicals of our Group are technically derived from titanium smelting, but each business belongs to a different sector,

resulting in little overlap in their respective markets. As the Titanium Business has a volume zone for aircrafts, Catalyst for general consumer goods, and Chemicals for high-performance electronic parts, such as multilayer ceramic capacitors (MLCC), their markets are different and separated. In the stock market, our Group's corporate value evaluation criteria focus on trends in the Titanium Business, which is viewed as similar to that of a specialized titanium manufacturer, and we feel that trends in the Catalysts and Chemicals Businesses have little weight. However, looking back over the past few years, there have been significant fluctuations in market trends in each business. In particular, our mainstay Titanium Business was affected by the pandemic that started in 2020, and the aircraft industry experienced a significant decline. On the other hand, a sharp increase in demand for medical use and stay-at-home demand in response to the pandemic led to strong growth in the Catalyst Business and the Chemicals Business, which compensated for the weakness in the Titanium Business. Thereafter, the Catalyst Business and the Chemicals Business suffered from a decline in demand for medical and stay-at-home products as the pandemic subsided, as well as continued deterioration in the Chinese economy due to the impact of thorough pandemic countermeasures. On the other hand, the recovery of human flow led to the revival of the aviation industry, and the rapid changes in the supply chain following the invasion of Ukraine in February 2022



combined to help the Titanium Business recover our Group's performance.

In this way, we have moved away from the single-legged approach of the Titanium Business and are now able to achieve stable growth company-wide through our 3-pronged business management. Some people call the current business of our Group conglomerate discount, but I think it can be called conglomerate premium. To our investors and shareholders, we will not only focus on expanding the Titanium Business, but we will steadily grow all 3 businesses. Specifically, we will strive to raise ROIC (Return on Invested Capital) for each business through aggressive capital investment and other measures in order to achieve ROIC that exceeds the WACC (Weighted Average Cost of Capital) with our Vision for 2030 in mind. I would like investors and shareholders to take a close look at that.

FY2022	FY2023	FY2024 forecast
8.7%	4.6%	7.2%
17.1%	8.6%	10.6%
10.3%	3.2%	(3.8%)
8.3%	3.9%	3.6%
	8.7% 17.1% 10.3%	8.7% 4.6% 17.1% 8.6% 10.3% 3.2%



Of course, the period when all 3 businesses are doing well does not last long. We aim to achieve stable growth as the Group by developing strategies for each business in accordance with market conditions at the time. I would like you to evaluate this strategic development. We intend to continue this business policy and strategy, and strive to increase our corporate value by putting new business on track, which is a plus, and aiming to become a company that achieves stable and sustainable growth. Finally, we do our best to ensure that all those involved in the supply chain will be able to work with us with peace of mind as we develop. We will continue to grow together with the local communities that support our business activities by giving thorough consideration to safety and the environment, and we will make contributions that exceed their expectations as much as possible. We would like to ask for your continued understanding and support.

# Vision for 2030 and the Positioning of the Medium-term Management Plan

#### Vision for 2030 (BE2030)

Creating advanced materials and technologies, becoming a highly profitable company that is flexible to environmental changes, and contributing to the development of a highly recycling-oriented society

#### Vision by Business Segment Global sales share of titanium TOP sponge for aircrafts Net sales 10 billion yen scale Ordinary profit to net sales 10% or more Titanium **New Business** Business Catalyst Chemicals Business Nickel powder domestic Ordinary profit to net **20%** or more Ordinary profit to 15% or more PP catalyst global TOP3

#### FY2030 target

FY2030
170 billion yen
25 billion yen
10% or more
10% or more
Less than 1.0 times

#### Positioning of the Medium-term Management Plan Clarify and quantify our goals Recognize the gap between the current status and the 2030 Vision for target, develop a catch-up strategy to close the gap, and incorporate the 3 year action plan into the FY2023-2025 2030 Medium-term Management Plan The gap Catch-up Strategy Action plan

Progress of the FY2023-2025

# Medium-term Management Plan

- 1	Titanium Business	
		Optimize titanium sponge price levels     Increase processing margin due to increased production of titanium ingots
	Catch-up Strategy	Increase capacity through partial improvement of titanium sponge equipment (Wakamatsu/Chigasaki Plants)     Consider construction of a new plant that can ensure profitability     Improve labor productivity by 30%
	Major Measures for FY2023- FY2025	Apply a price formula linked to cost fluctuations     Increase titanium sponge production capacity at the Wakamatsu/Chigasaki Plants (3,000 tons per year)     Full operation of the Saudi Arabia sponge plant (ATTM)

#### FY2023 progress

- The measures listed in the Medium-term Management Plan have generally progressed as planned.
- Although titanium sponge production continues to be at full capacity, titanium ingot production is becoming more difficult owing to the slowdown in the Chinese economy. Responding to such environmental changes will be an issue to be addressed in the future

#### Catalyst Business

# Catch-up

- · Improvement of production technology at the Kurobe/ Chigasaki Plants (approximately 40% increase compared to the current production capacity) · Increase production capacity by constructing a new plant (approximately 30% increase compared to the
- current production capacity) Aggressive market development by improving catalyst
- 30% improvement in labor productivity

#### Major Measures for FY2023-FY2025

- Increase production capacity through improvements in production technology and other areas (approximately 6% increase compared to the current production
- Formulate a plan to increase capacity by constructing a

#### FY2023 progress

- Since the formulation of the Medium-term Management Plan, the business environment has changed significantly, and the prospects for achieving the targets for both net sales and ordinary profit in the final fiscal year are grim.
- During the Medium-term Management Plan period, we will make sure to lay the groundwork for market recovery after

#### Chemicals Business Increase production capacity by operating the 5th plant (approximately 40% increase compared to the current production capacity, upon completion) Catch-up Create concrete plans for the next expansion investment Strategy (approximately 30% increase compared to the current production capacity) Improve labor productivity by 30% Maior Increase production capacity by operating the 5th plant Measures (scheduled for FY2025) (approximately 20% increase for FY2023compared to the current production capacity) FY2025

#### FY2023 progress

- Achievement of the Medium-term Management Plan targets, which is based on substantial growth, is in an extremely difficult
- The first task is to ensure a solid recovery of earnings in FY2025 and thereby return to the growth path initially assumed in FY2026.

#### New Materials Business Catch-up Expand WERTi business Strategy Create new businesses Commercialize WEBTi via the New Materials Division Major Increase production capacity in line with business Measures · Plan and develop new business themes at the Technology Strategy Department and Technical for FY2023-

#### FY2023 progress

FY2025

• Continue to promote commercialization of porous titanium

Development Center

- (Efforts to build production capacity and expand the customer
- Consideration of commercialization of other new business projects currently being pursued at the same time

## Status and growth strategy of each division

We will provide an overview of the current business environment and conditions of each Division, the challenges they are facing, and the growth strategies moving forward based on the current situation.



Takeshi Sannohe General Manager

# The emergence of geopolitical risks has transformed the market Meeting the growing demand at the moment

In FY2023, demand for titanium sponge gradually increased owing to a recovery in aircraft demand following the end of the COVID-19 pandemic. In addition, supply shortages continued owing to an imbalance in supply and demand due to the movement to avoid procuring Russian-made titanium sponge following Russia's invasion of Ukraine, although we continue operating at full capacity. On the other hand, sales for general industrial applications remained at the same level as the previous year. Demand for high-purity titanium for semiconductors was slowing, but there were some signs of recovery.

In terms of revenues, operating profit declined from the previous fiscal year, despite the passing on of sales prices due to soaring raw material ore and electricity prices.

In response to this market environment, we plan to increase production capacity at our Chigasaki and Wakamatsu Plants, and expand it by 3,000 tons per year from FY2026 onward. However, we do not expect to close the supply-demand gap. We will carefully consider further increases in production, including future market prospects, economic rationality, and investment risks.

Amid the continuing tightness in the titanium sponge market, we are considering new business developments over the medium to long term, such as the medical titanium alloy market, which uses high-purity titanium.



Hideo Funabashi General Manager

#### Changes in the Chinese market affect business Leveraging our strengths to tackle social issues

In recent years, the market for polyolefin catalysts has undergone significant changes. We must keep an eye on developments in Chinese companies in particular. Overproduction of polypropylene has continued in China since 2022. Catalyst Division has been selling catalysts to China for a long time, and we increased our production lines in anticipation of growing demand in China. However, owing to the shift in China from an importer to an exporter of polypropylene, the capacity utilization rate of our division has declined slightly recently.

At the same time, our division has an insight into industry trends developed over 40 years of experience. Polypropylene has a variety of applications, but emerging markets have been nurtured through licensing by major global chemical manufacturers. Our division has strong ties with such chemical manufacturers and is able to develop its business in line with application trends.

Overwhelming and stable quality is also a major strength. In the field of environmental technology, our division's contribution to the environment is significant, and this level of innovation has also boosted the motivation of young R&D staff.



Takashi Fujii General Manager

#### Difficult business environment continues in FY2024 We will not relax our development efforts in preparation for medium- to long-term growth

The products of our division are mainly materials for electronic components such as multilayer ceramic capacitors (MLCC). In particular, ultra-fine nickel powder used for the internal electrodes of MLCC is currently the main product.

Although the global MLCC market has been slowing since 2022 owing to the impact of the slowdown in the Chinese economy, there are signs that it is gradually getting on a recovery track. However, a substantial recovery in electronic components and materials as a whole is expected after 2025, when the distribution inventory from upstream to downstream is almost eliminated.

In the medium to long term, further growth in MLCC demand is expected owing to the expansion of the automotive electronics and AI server markets. For this reason, we will never relax our development efforts in anticipation of market expansion, and we feel the need for a wide range of initiatives to continue and expand our business.

The key issue for the past few years has been securing human resources. While it is difficult to recruit new graduates, we are actively engaged in mid-career hiring, but with the recent trend of human resource mobility, we cannot avoid a certain level of human resource outflow. In order to retain talented people within the company, it is essential to make efforts to enhance the attractiveness of the company itself and the work environment. I believe it is necessary for us, including me, to work with a high level of awareness in creating such attractiveness.



Kenichi Yamaguchi General Manager

#### WEBTi is finally ready for commercialization Taking the transition to a hydrogen society as a business opportunity

The New Materials Division was established in order to steadily advance the commercialization of projects whose commercialization has been identified as one of the development themes of the Technology Strategy Headquarters. Currently, 2 projects are under way: one in cooperation with JX Advanced Metals Corporation, the parent company, and the other, the porous titanium material (WEBTi). We have been exploring the potential of WEBTi for about 20 years, but since its application as a component of PEM water electrolysis generators, a type of hydrogen generator, has attracted attention in recent years, we are now at the stage of building a customer base and mass production system. Looking ahead to the future business portfolio, WEBTi will need to be deployed in a variety of applications, but we will first focus on incorporating it into the heart of hydrogen generators in anticipation of the transition to a hydrogen society in the future.

Elsewhere in the world, there are European and US companies that are already mass-producing materials with similar functions. However, it will be difficult for these companies alone to cover the market, which will expand significantly in the future, and we believe there are considerable business opportunities for us. While construction of a mass production plant is about to begin, we also have to draw up a blueprint for future expansion. There are still many issues to be solved, but we intend to solve them one by one.

## Human resources strategy / Financial strategy



#### Akira Inokawa

Director and Executive Managing Officer In charge of ESG Promotion Department, Corporate Planning Department, General Administration & Human Resources Department Procurement Department

#### Human Resources Strategy

#### What is your basic approach to human resources and how do you manage them?

Human resources are the source of our business growth and competitiveness. Therefore, we consider the development and management of human resources to be an important management theme. We are working to realize an appealing workplace as one of our materialities (important issues) identified in our view of the sustainable development of society and the longterm enhancement of our Group's corporate value. Our goal is to foster a culture of continuous challenge that is not confined to preconceived notions. To strengthen and expand our human capital, we are working on themes such as improving occupational health and safety in the workplace, diversity and inclusion, creating a supportive working environment, human resource development, and recruitment.

The Human Resources Committee was established in October 2023 to discuss human resources issues from a company-wide and management perspective. The President serves as the chairperson, and the General Managers, Division Managers and other Officers designated by the President attend.

In principle, meetings are held twice a year, but in FY2023. 7 meetings were held to discuss and confirm new measures.

#### What are the key points of specific measures to enhance human capital?

The Human Resources Committee discusses issues related to the expansion of human capital and the state of human resource systems and operations. As part of this effort, we have introduced new initiatives, such as a posting system in which each department publicly recruits the personnel it needs within the company. and a career challenge system in which employees themselves show their interest and move to the department of their choice.

Additionally, as the mobility of human resources increases throughout society, it is necessary to make the workplace itself attractive in order to secure excellent human resources. For this reason, we conduct an annual employee satisfaction survey to understand the current situation and areas requiring improvement, and then take measures to improve employee engagement, such as improving compensation, including pay raises, and conducting training for evaluators to appropriately perform personnel evaluations.

In addition to hiring new graduates, we are actively promoting mid-career recruiting in divisions where we have not been able to secure the necessary personnel for the Medium-term Management Plan and budget. In order to support the realization of our "Vision for 2030" by enhancing our human capital, we will continue to implement various initiatives while monitoring the situation.

#### Financial Strategy

#### What are your thoughts on strengthening your business portfolio?

The Titanium Business, which is the ancestral business of our Group and remains at the core of our business, is susceptible to market conditions, although market expansion is expected over the medium to long term. In this sense, building a business portfolio that can achieve stable profits exceeding capital costs is always an important issue for our Group. Catalyst and Chemicals Businesses are businesses that utilize intermediate materials and technologies obtained from the titanium smelting process, and we can expect growth in the future. We intend to expand and stabilize profits by expanding these businesses. In addition, as for porous titanium materials (WEBTi), which are currently being commercialized as a new materials business, we intend to develop them into our 4th earnings pillar by making timely capital investments in response to market turnarounds to establish a supply system.

#### Please tell us about the progress of the quantitative targets set in the Mediumterm Management Plan.

In the Titanium Business, although net sales increased in FY2023 supported by strong demand for aircrafts, profit declined from the previous fiscal year owing to the loss of the profit boost from product inventory sales before cost increases, which contributed to the previous fiscal year's profit. Net sales and profits in the Catalyst and Chemicals Businesses decreased year on year owing to severe market conditions such as prolonged economic stagnation in China. However, owing in part to the depreciation of the yen, operating profit for FY2023 exceeded the target for the FY2023-2025 Medium-term Management Plan. At present, the Titanium Business is performing relatively well, but in the Catalyst and Chemicals Businesses, it is expected to take a little longer for sales to fully recover, and operating profit for FY2024 is expected to fall below the Medium-term Management Plan target.

#### What measures will you take to increase corporate value?

As a material manufacturer, our Titanium Business and many other divisions tend to have large assets such as equipment and inventories, so it is important to improve capital efficiency. While the WACC (Weighted Average Cost of Capital) estimated by Capital Asset Pricing Model (CAPM) was 6.7%, ROIC (Return on Invested Capital) for the entire company was 8.3% in FY2022 and 3.9% in FY2023, indicating that we have not been able to consistently achieve earnings that exceed the cost of capital. For this reason, we use ROIC as a management indicator to expand profits, improve profitability, and improve asset utilization efficiency. To expand profits and improve profit margins, we are focusing on continuous efforts to expand sales, optimize price levels, and reduce costs in each division. At the same time, regarding the improvement of the efficiency of asset utilization, not only each division but also the management divisions of the entire company are actively involved in improving asset management and management related to the examination and follow-up of capital investment projects in order to control and reduce inventories, and to carefully select and efficiently implement capital investments. At the same time, we are committed to making investments necessary for future growth in a timely manner while carefully assessing risks and earnings prospects. In recent years, we have been making and implementing investment decisions to increase catalyst capacity at the Chigasaki Plant, construct the 5th nickel powder plant within the Wakamatsu Plant, increase titanium sponge production capacity by 3,000 tons per year in the Titanium Business, and construct a WEBTi mass production plant. The funds required for these investments are financed from our own funds and borrowings from financial institutions, while being aware of financial discipline.

We determine shareholder returns based on our basic policy to pay dividends in line with business performance. with a payout ratio of 30% as a guide, while also considering the funding needs for capital investments and our financial condition at that time.

# Promotion of ESG Management

The Toho Titanium Group will contribute to the development of a sustainable society by strengthening ESG initiatives and realizing solutions to various social issues through corporate activities.

#### **Basic Policy**

Based on our Group's Management Philosophy, our basic policy on management is to work toward solving social issues involving the company and our stakeholders by engaging in business activities from the perspectives of the environment (E), society (S) and governance (G), so that we can contribute to the sustainable development of society and enhance our corporate value over the long term.

# **Promotion Structure** ESG Promotion Subcommittee

# STAKEHOLDER ENGAGEMENT

# Shareholders and Investors

We aim to be a company that is trusted by all stakeholders, including shareholders and investors, and strive to disclose information. promptly, appropriately, and fairly, and to proactively disseminate information.

#### Stakeholder Expectations/ Interests (Examples)

- Improvement of corporate valueSuitable stock price
- Stability of financial foundation
- Increase in ROE and ROIC Profit improvements
- Safe operations
- Promotion of ESG, SDGs
- Providing timely information

#### Opportunities for Communication

- Holding a regular general meeting of shareholdersHolding a briefing session for investors
- Conducting individual IR meetings
- Publication of business reports, Integrated Reports / CSR reports
- Conducting factory tours for individual investors
- Distribution of information via website, etc.
  Distribution of news releases through mass media

#### Important Value Co-created with Stakeholders (examples of value provided)

- Stock price improvement
- Stable dividend



Our Group strives to provide products and services that prioritize quality in order to continue receiving the trust of our customers. We also strive to improve customer satisfaction by accurately understanding customer needs and continually improving our products and processes.

- Provision of high-quality products and services
- Stable supply, thorough supply chain management, legal compliance
- Promotion of environmental load reduction
- Safe operations
- BCP compliance Fair price
- Capital investment

- Daily communication through Sales Department
- Display at exhibitions
- · Explanation through company introduction videos and
- Distribution of information via website, etc.
- Distribution of news releases through mass media

Procurement of product materials, supplies, etc.

• Implementation of quality audits, process audits, etc.

- Contributing to reducing environmental impact and CO<sup>2</sup> emissions

- Improving trust through regular engagement with customers through sales activities
- Expanding awareness of our products and technology through exhibitions related to our products and technology
- Improving customer satisfaction by transferring the maximum possible load during product delivery
- Ensuring quality by conducting quality audits of raw material suppliers

• Fair business transactions through the execution of sales contracts,

Avoiding procurement risks by purchasing multiple raw materials

- Stable operations through process and logistics management
- Construction of the fifth nickel powder plant
- Increasing titanium sponge production capacity by 3,000 tons per year to be
- Start of construction of the new WEBTi plant
- completed in the second half of fiscal 2025



Local community

& society

In order to achieve the procurement of purchased goods that meet the standards of "quality", "cost", and "delivery time", our Group conducts material procurement activities with the aim of building relationships of mutual trust with our business partners and building better partnerships.

- · Fair, just, and transparent transactions
- Thorough supply chain management and legal compliance
- Business continuity Promotion of environmental load reduction

• Participation in the White Logistics promotion movement

Initiatives to reduce environmental impact and CO<sub>2</sub> emissions

Initiatives to eliminate antisocial forces

- Stabilizing business through sustainable transactions
   Continuing to conduct regular supplier quality audits • CO2 reduction during product delivery
- Optimization of prices commensurate with manufacturing costs



- Dialogue with local residents
- Interacting with local citizens through plant tours and soccer
- Distribution of information through news releases Notifications and reports to government agencies
- Contributing to reducing environmental impact and CO<sub>2</sub>
- · Building a response manual for accidents and disasters
- Community contribution activities such as participation in community-specific events and volunteer activities
- Improving trust from local communities
- Promoting understanding of safety and security through plant tours for local
- CO2 reduction during product delivery
- Ensuring safety and security and business continuity in the event of an



Our Group respects the individuality of each employee and strives to develop their abilities. At the same time, in order to create an attractive work environment, we are implementing various human resources systems, including support for work-life balance and promotion of women empowerment, as well as measures to actively develop human resources who will pave the way for the future of our company.

citizens, while striving for harmony with

everyone as members of the local community.

- A work environment where one can work energetically (health, respect for human rights, equal opportunities, ensuring rights to working conditions based on laws and regulations)
- Utilizing a wide range of human resources (diversity & inclusion) Promotion of environmental load reduction
- Improvement of education, welfare, and other various systems
- Delivering the President's message during New Year's ceremonies, and other events
- Distribution of information through company newsletters and
- Holding Group management meetings Consultations with labor unions
- Operation of compliance hotlines
- Maintaining the work environment
- Ensuring welfare benefits
- Health management

- Improving the work environment under the policy of putting safety first
- Employee health management through medical examinations and mental health care
   Sharing Group intentions by disseminating business status and policies to all employees
- Negotiations and discussions held every month on various management topics and employee
- Improving the ratio of women in management positions and the rate of men taking childcare
- Improving communication through dormitories, company housing, various events, recreation, etc.
- Improving the workplace environment by conducting employee satisfaction surveys
- Increasing job satisfaction and personal skills through introduction of a posting and a career challenge system



# Contribution to global environmental conservation

#### To Realize a Decarbonized Society

We recognize that climate change represents both risks and an important management mission for the Toho Titanium Group to gain new profit opportunities. We will work to mitigate and adapt to climate change through our business, actively contribute to decarbonization through technological innovation, and work proactively in good collaboration with stakeholders to achieve both medium- to long-term improvements in the Group's corporate value and sustainable development of society as a whole.

Our Group supports the Japanese government's decision to lead the country toward decarbonization. We will comply with all laws and regulations related to climate change and help achieve the goals set forth in the SDGs and the Paris Agreement through the reduction of GHG emissions across the whole value chain. We also recognize the importance of climate-related financial disclosures, support the TCFD, and disclose information in line with the TCFD.



#### Introduction of Solar Power Generation Equipment

At the Wakamatsu Plant, solar power generation equipment (PPA\* model) was installed on the roofs of the plant and warehouse buildings, and power transmission began in December 2023.

We will actively promote the introduction of carbon-neutral energy and energy-saving equipment by considering the installation of such equipment in plants and buildings to be constructed in the future.

#### Initiatives to Make Fuel Carbon-free

#### ■ Carbon Offset City Gas Buyers Alliance

Toho Titanium joined 14 companies including Tokyo Gas Co., Ltd. in launching the Carbon Neutral LNG Buyers Alliance in March 2021. In September 2024, the Carbon Neutral LNG Buyers Alliance has been renamed the Carbon Offset City Gas Buyers Alliance, in which more than 80 companies, organizations, and local governments are participating.

Carbon offset city gas is a city gas that can contribute to global CO<sub>2</sub> reduction by offsetting (carbon offsetting) all or part of the greenhouse gases generated in the life cycle of city gas with CO<sub>2</sub> reduced or absorbed in various projects in Japan and abroad.

Aiming to contribute to the realization of a carbonneutral society by 2050, we will make carbon offset city gas widely known throughout the world and promote efforts to increase the value of its use.

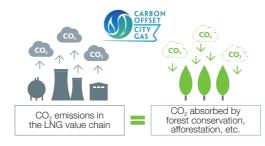
#### Participation in the GX League\*

Our Group has participated in the GX League sponsored by the Ministry of Economy, Trade and Industry since FY2024.

Aiming to realize a carbon-neutral society by 2050, we will contribute to society by working to reduce GHG



olar power panels installed within the Wakamatsu Plant \* Abbreviation of Power Purchase Agreement. A power purchase agreement in which the power producer installs, operates, and maintains power generation facilities of



Net zero emissions

#### ■Introduction of Carbon Offset LPG

At the Kurobe Plant that uses LPG in the manufacturing process, we switched to carbon offset LPG in October

Carbon offset LPG offsets the greenhouse gas emissions produced when it is burned with carbon credits.



\*GX League: Activities to realize a carbon-neutral society by 2050 and

https://www.toho-titanium.co.jp/en/csr/external-initiatives/

#### Providing Products Beneficial to the Environment and Safety

Our Group is responding to the emerging demands of our customers and promoting the development of new process and products that contribute to the reduction of the global environmental burden. We are also highly conscious of contributing to the SDGs in the raw materials we use, manufacturing processes, and product applications, thereby contributing to the development of a sustainable society.

The New Materials Division started construction of a new WEBTi Plant in FY2024 to be used as a material for PEM water electrolysis generators. We aim to start its mass production in FY2025.

The Catalyst Division is continuing to develop environmentally friendly catalysts and aims to commercialize them in FY2025





#### Sustainable Resource Utilization

#### **Effective Use of Water Resources**

Our Group is working to improve operations and promote water recycling, as well as identify regions with high water risks and reduce water intake. We have confirmed that we meet the permit standards for water quality and quantity in each region, comply with laws and regulations, and there are no business

sites experiencing water stress as of FY2023 based on the water stress level survey results \*1 in the "Aqueduct Water Risk Atlas \*2".

\*1 https://www.toho-titanium.co.jp/csr/data/ (Japanese only)
\*2 A tool published by the World Resources Institute (WRI) for measuring water risks in various regions around the world.

#### Promotion of Waste Reduction and Reuse

While controlling amounts of waste generated at each business site as much as possible, we are also enhancing our sorting of waste to render it valuable and recyclable. When waste disposal is the only option left, we do so properly and in compliance with the Waste Disposal and Public Cleansing Act.

#### Recycling of Sludge Generated from the Wakamatsu Plant

With regards to the sludge generated from the Wakamatsu Plant, we are working to recycle sludge so that it can be used for landfill disposal.





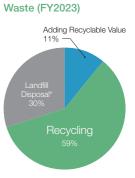
Drying sludge to make press cake

#### **Promotion of Waste Plastic Reuse**

Continuing from the previous fiscal year, we are promoting initiatives to recycling waste by changing the outsourcing company for waste treatment and adopting a recycling process. At Chigasaki Plant, we continue to work to recycle waste plastic and carrying out activities that contribute to environmental conservation.



## Breakdown of Industrial



\* 29% of the 30% landfill disposal development of offshore landfill

# Information Disclosure Consistent with the 4 TCFD Themes



Based on the Task Force on Climate-related Financial Disclosures (TCFD) framework, our Group organize and discloses information within 4 frameworks: governance, strategy, risk management, and metrics and targets.

Our initiatives on climate change are as follows. We will promote progress toward our goal of net-zero GHG emissions by 2050.

#### Governance

The Risk Management Committee leads the identification of climate change risks, the deliberation of their impacts and countermeasures, and monitoring and management of handling of approved risks.

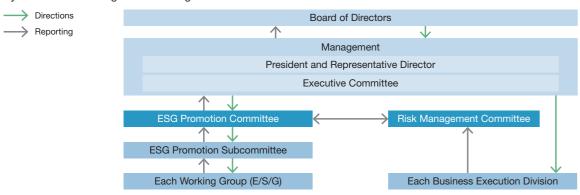
The ESG Promotion Committee leads the identification of climate change opportunities, the deliberation of their impacts and countermeasures/targets, and monitoring of handling of approved opportunities. These matters, together with climate

change risks deliberated at the Risk Management Committee, are reported to the Executive Committee.

The Executive Committee regularly (twice a year in principle) receives and approves reports on climate change risks and opportunities deliberated by the 2 Committees.

Then, the approved matters are reported to the Board of Directors, which has a supervisory function.

#### System for addressing climate change issues



#### Strategy

The Group strives to understand the financial impact of climate change through scenario analysis. Based on the results of the scenario analysis, we have formulated a concrete transition plan to achieve a low-carbon society, which is reflected in the FY2023-2025 3 year Medium-term Management Plan.



Please refer to "Disclosure content in accordance with the TCFD" on the Group website for details. https://www.toho-titanium.co.jp/pdf/csr/aboutTCFD.pdf (Japanese only)

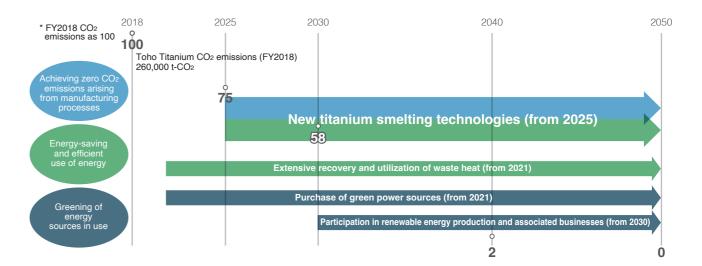
#### Risk Management

- The Climate Change Risk Identification Process
  The process of identifying climate change risks is led by
  the Risk Management Committee. In cooperation with the
  ESG Promotion Committee, the Executive Committee finally
  identifies climate change risks of our Group.
- How to Respond to Risks
   The identified climate risks are classified into 4 categories
   (avoidance, mitigation, transfer, and acceptance) in accordance
   with the Risk Management Manual, and their responses
   are considered. After deliberation by the Risk Management
   Committee, the response policy is reported to the Executive
   Committee through the ESG Promotion Committee for final
   approval.
- Integration into Company-wide Risk Management
  The Risk Management Committee is chaired by the Toho
  Titanium President, and consists of its Executive Officers,
  the Presidents of affiliated companies, and other members
  appointed by the President. Climate change risk is also
  managed by the Risk Management Committee in the same
  manner as other risks, based on the system set forth in the
  Risk Management Manual.

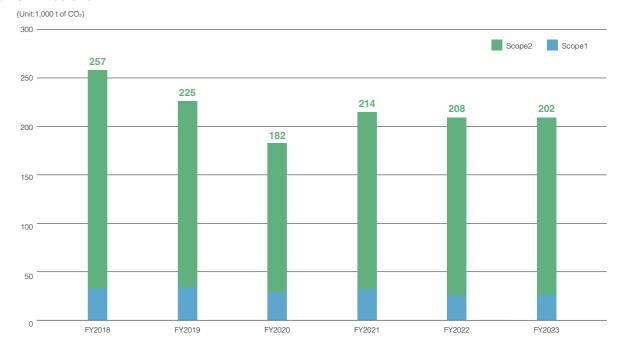
#### **Indicators and Targets**

Our Group is committed to reducing GHG emissions through zero CO<sub>2</sub> emissions from manufacturing processes, energy conservation and effective use of energy, and carbon-free energy source uses.

We set a target of 25% reduction in the sum of Scope 1 and Scope 2 for FY2025 and 40% reduction for FY2030 (both compared to FY2018), with a final goal of net zero in FY2050.



#### **GHG Emissions**



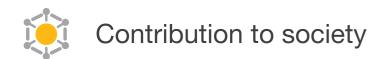
#### Notes:

1. OO<sub>2</sub> emissions from the combustion of carbon neutral city gas and carbon offset LPG are considered zero.
2. For Scope 3, FY2022 results are 367 thousand tons of CO<sub>2</sub>, and FY2023 results are 351 thousand tons of CO<sub>2</sub>.

#### Adoption of CO<sub>2</sub>-free Electricity

As part of our efforts to reduce CO<sub>2</sub> emissions, we introduced CO<sub>2</sub>-free electricity at the Chigasaki Plant, part of Wakamatsu Plant, and at Hitachi Plant in FY2021, and Kurobe Plant in FY2023. In FY2023, we installed solar power generation equipment based on the PPA model, and started generating and transmitting electricity.

The Group will continue to promote CO<sub>2</sub>-free use of the electricity it uses.



#### Code of Conduct

The Toho Titanium Group established Code of Conduct with 31 items to embody Fundamental Policies.

#### Code of Conduct

#### 1. Usefulness in society

We produce and offer products and services that are useful in society through innovation.

## 2. Protection of human rights and the working environment

#### 2.1 Respect for human rights

We respect human rights and diversity, and will not discriminate against people according to gender, age, race, nationality, belief, religion, disability, social status, sexual orientation, or the like. We also take measures for preventing acts of ignoring human rights, such as harassment, unfair treatment, and discrimination at workplaces and in business.

We respect international standards regarding human rights, and will not allow child labor, forced labor, or slave labor or make any transactions that would induce such labor. We manage working hours appropriately, and strive to actualize good work-life balance.

We respect workers' rights to organize and bargain collectively, and secure smooth communication between labor and management.

We respect privacy and manage the personal information of stakeholders appropriately.

#### 2.2 Occupational safety and health

In order to actualize a safe, hygienic, comfortable working environment with worthwhile jobs, we will strive to secure and maintain appropriate working environments and conditions and prevent industrial accidents and diseases.

So that chemicals included in our products or used in our production processes do not endanger the health or safety of people, we will manage chemicals and disclose information to supply chains properly in accordance with laws and regulations in each country.

#### 3. Fair business activities

#### 3.1 Compliance with laws and regulations

We will operate business activities while following the laws and regulations in each country.

#### 3.2 Quality and safety of products

We will create value for meeting customers' expectations and offer safe, high-quality products and services.

#### 3.3 Fair transactions

We will compete with other companies in a sound manner and make fair transactions while observing the competition law in each country, without making profits with improper or unfair means

We will foster win-win, fair business relationships with suppliers.

We respect the intellectual property of third parties.
We will observe the regulations on trade control in each country, and will not be involved in any transactions that would endanger peace or safety.

We will not make any transactions that could fuel regional conflicts or infringement of human rights, such as the procurement of conflict minerals.

We will not have any relationships with antisocial forces or take part in money laundering.

#### 3.4 Prevention of corruption

We will not promise or offer to give economic benefits or other benefits or grant permission to civil servants, business partners, or the like or receive such benefits from them beyond the scope of laws or social norms.

We will fulfill our duties in good faith, and will not commit any act for pursuing our own or a third party's interests against the interests of the company

#### 3.5 Accounting, tax affairs, financial information, etc.

We will conduct appropriate accounting, recording, and tax payment, in accordance with laws, regulations, accounting standards, and in-company rules.

We will disclose financial information and other corporate information timely and appropriately, in accordance with laws, regulations, rules stipulated by stock exchanges, etc. We will not commit insider trading or any acts that would induce it.

#### 3.6 Management and utilization of corporate assets and information

We will make efforts to appropriately manage and effectively use assets and information our company holds, in order to create value and offer it to society through business activities. We will not use corporate assets for private use or other non-business purposes.

We will strictly manage confidential information, and take measures for preventing the leakage of such information.

#### 3.7 Protection of whistle-blowers

We will maintain the confidentiality of whistle-blowers and will not conduct any acts that would cause a detriment to whistle-blowers.

## 4. Environmental protection and coexistence with society

#### 4.1 Environmentally friendly business activities

We will make efforts to reduce environmental burdens in all business activities, including planning, procurement, production, delivery, sale, and storage by effectively using resources, saving energy, recycling more items, etc. while cooperating with supply chains.

In order to conserve regional environments, we will strictly prevent environmental pollution. We will also contribute to the beautification of regional environments.

#### 4.2 Information disclosure and communication

We will promote communication with stakeholders, including customers, business partners, shareholders, employees, governments, and local communities, enhance the transparency of our business administration, and fulfill accountability.

#### 4.3 Harmony with and contribution to local communities

We will respect the cultures and customs in respective countries and regions, when conducting business activities there.

We will contribute to local communities as a good corporate citizen.

We will implement anti-disaster measures in cooperation with local communities as a member thereof. In addition, we will take measures for fulfilling our duty to supply products as a supplier even if a disaster happens.

If any of these codes of conduct is violated, a disciplinary penalty may be imposed in accordance with in-company regulations of group companies.

#### Customer support / quality control

#### Initiatives to improve customer satisfaction

The Toho Titanium Group is committed to providing products and services that place the highest priority on quality in order to continue earning the trust of our customers. We aim to improve customer satisfaction by accurately identifying customer needs and continuously realizing improvements in our products and processes. We also consider the environmental impact from the research stage and work to reduce the impact throughout the product lifecycle.

#### **Toho Titanium Group Basic Policy for Quality**

We recognize that it is our social mission to continuously provide excellent products and services. Therefore, we set this basic policy for quality and follow it to contribute to the realization of a sustainable society.

1. Compliance We thoroughly comply with legal requirements and maintain a deep sense of ethics.

2. Meeting customer expectations We will accurately grasp customer needs and provide precise information on quality, and also offer products and services that are trusted and satisfying.

3. Continuous improvement We operate a quality management system and promote continuous quality and service

improveme

**4. Development of human resources**We strive to develop human resources who have a high level of awareness and responsibility regarding quality and services and actively take action for achieving high quality.

5. Care for safety and the environment, and provision of information We create products while considering safety and environmental protection and provide appropriate information.

#### **Quality Control Initiatives**

We have acquired ISO 9001 certification, an international standard for quality management systems, and have established a world-class quality management system that is appropriate for a global company supplying products that customers can use with confidence. In particular, we have obtained certification under JIS Q 9100, one of the international standards for quality control systems, for our titanium sponge and titanium ingots, enabling us to guarantee stable quality that meets the high quality control requirements of the aerospace industry and other industries.

#### ISO 9001 Certification

Starting with ISO 9002 certification of our Catalyst Division in 1996, we achieved ISO 9002 certification for all titanium divisions in 1998, and by 2001, we had expanded certification to ISO 9001 for our main titanium and electrical materials products, with certification for the scope of registration shown on the right.

We will continue to expand our quality management system, promote certification, and strive to further build trust and increase satisfaction among our customers.

# Business Sites Certified under ISO 9001:2015

Headquarters, Chigasaki Plant, Hitachi Plant, Yahata Plant, Wakamatsu Plant, and Kurobe Plant

#### Scope of Certification

Design, development and manufacture of titanium tetrachloride, titanium sponge, high purity titanium(sponge, ingot, billet), titanium and titanium alloy ingot, high purity titanium oxides, catalysts for propylene polymerization, ultra-fine nickel powder, magnesium chloride, titanium trichloride aqueous solutions, titanium tetrachloride aqueous solution and toll melting service of high purity metal and contract manufacturing service of high purity chloride.

#### Implementation of a Quality Management System for the Aerospace Industry

We received JIS Q 9100 certification one of the quality system standards for aerospace applications for titanium sponge in 2003, and in 2010, we expanded the scope of certification to include titanium ingots. We will continue our efforts to provide better quality and service.

Business Sites that Have Obtained JIS Q 9100:2016 Certification

Headquarters, Chigasaki Plant, Yahata Plant, and Wakamatsu Plant



Manufacture of titanium sponge and titanium ingot

JIS 0 9100
BUREAU VERITAS
Certification

#### Supply Chain Management

#### Respect for Human Rights in the Supply Chain

The Toho Titanium Group is committed to respecting human rights in keeping with the United Nations Guiding Principles on Business and Human Rights. In addition to the human rights guarantees described in the International Bill of Human Rights and the Declaration on Fundamental Principles and Rights at Work of the International Labour Organization (ILO), we have

clearly stated respect for human rights and diversity in our Code of Conduct and are striving to ensure compliance and thoroughness under the leadership of top management.



Detailed information are listed in the Corporate Management Policy page on our website.

https://www.toho-titanium.co.jp/en/csr/social/

#### Strengthening Linkage and Collaboration with Business Partners

Based on the Code of Conduct for Transactions and Promises to Business Partners (Principles for Transactions) within our Basic Policy for Purchase, the Toho Titanium Group will strive to build relationships of trust with business partners through fair and equitable transactions as well as legal compliance and environmental conservation.

#### **Basic Policy for Purchase** Code of conduct for Transparency We are open and transparent in our transactions. Fairness The selection of business partners is based on a fair evaluation. Compliance with laws and regulations We will comply with relevant laws and regulations and respect not only all the provisions of the law, but also the spirit of the law when carrying out our business Environmental conservation We place importance on the environment and actively promote green procurement. We build a relationship of trust through transactions based on equal partnerships with our business Mutual trust We will maintain appropriate relationships with our business partners based on strict ethical standards. We will cut off relationships with antisocial forces and conduct sound purchasing activities We will not use our dominant bargaining position to make any business transaction that would create unfair Promises to Fair entry opportunity We will provide a fair entry opportunity for those wishing to be one of our business partners, and we will business partners (principles for The selection of business partners is based on a fair evaluation of factors such as quality, price, delivery Fair evaluation date, and performance Management of confidential information We will manage the information obtained in the tasks related to purchasing transactions with the utmost care and strive to maintain confidentiality Clarification of the reason for the selection For business partners who were not selected as suppliers due to competitions and such, we will clarify the

#### **CSR Survey**

Using the CSR Procurement Self-assessment Questionnaire published by the Supply Chain Subcommittee of the Global Compact Network Japan (GCNJ), the Group conducts surveys of suppliers in each of its Business Divisions to confirm that the suppliers meet the standards set by the Group. Based on the results from suppliers, we confirm their efforts to reduce CO<sub>2</sub> emissions, waste, electricity, water, and energy consumption, and work to reduce the environmental impact of the supply chain as a whole.

#### **Green Procurement**

As part of our efforts to conserve the environment, the Group promotes environmental conservation activities together with its business partners based on its Green Procurement Guidelines. Through these activities, we are reducing the environmental impact related to manufacturing, usage, and disposal of all materials and equipment we procure as well as the environmental impact related to the provision of services to the Group. We strive to purchase goods that have less impact on the global environment and procure from partners that are proactive about environmental measures.

#### **Procurement BCP Initiatives**

The Group is working on procurement BCP to prepare for the risk of business shutdown due to natural disasters such as earthquakes, windstorms, and floods, as well as fire, explosion, and power outages. We are advancing the diversification and multiple decentralization of procurement sources to minimize procurement risks.

#### Fair Trade

#### (Activities for Compliance with the Subcontracting Law)

In order to conduct fair transaction with business partner subject to the Subcontracting Law, the Group complies with the Subcontracting Law and builds and deepens relationships of trust based on appropriate and smooth operations with our business partners.

#### **Initiatives to Eliminate Antisocial Forces**

The Group is continuously working to eliminate antisocial forces. Under the fair transactions clearly mentioned in our Code of Conduct, we conduct surveys of business partners on the status of implementation of measures to prevent involvement with antisocial forces, and follow up with them on an ongoing basis in order to determine that all partners are capable of conducting sound transactions.

#### **Declaration of Partnership Building**

The Group declares that it focus on the following items in order to build new partnerships by promoting cooperation, coexistence and co-prosperity with our supply chain business partners and other value-creating businesses.

- Coexistence and co-prosperity throughout the supply chain and new cooperation beyond size and affiliation
- 2. Compliance with Promotion Standards
- 3. White Logistics

March 15, 2024)



#### Participation in the "White Logistics" Promotion Movement

In March 2022, we endorsed the objectives of the White Logistics promotion campaign developed mainly by the Ministry of Land, Infrastructure, Transport and Tourism in collaboration with the Ministry of Economy, Trade and Industry, and the Ministry of Agriculture, Forestry and Fisheries, and submitted a Declaration of Voluntary Action. The White Logistics promotion campaign is an initiative aimed at realizing a healthy and safe working environment in the logistics industry. The campaign aims to address the growing shortage of truck drivers, secure stable logistics services necessary for people's daily lives and industrial activities, and contribute to the growth of the economy. Through the campaign, we are working to (1) improve the productivity and efficiency of transportation and (2) create labor environments that are comfortable for all workers,

including female and elderly (over 60) drivers. Participating companies are required to formulate, declare, and implement a Declaration of Voluntary Action, which includes itemized and detailed voluntary efforts to improve logistics. Approximately 3,000 companies are expected to have endorsed the campaign by the end of FY2025 (with 2,665 companies endorsed as of

- To propose the improvement of logistics and cooperate in it
- To separate the work other than driving
   To improve the facilities of shippers
- To improve the facilities of shippers
   Modal shift to vessels and railroads
- 5. Adoption of a fuel surcharge6. Consideration of the status of legal compliance when selecting the other
- Active utilization of logistics service providers that are reforming their workstyles, etc.
   Safety measures for cargo handling
- excernt)



#### Responsible Mineral Sourcing

Our Group's basic policy entails never procuring or using minerals with OECD Annex II risk (i.e., [1] human rights abuses associated with the mining, transportation, and trade of minerals; [2] direct or indirect support for non-government armed groups; [3] illegal acts by public or private security forces; [4] bribery and misrepresentation of mineral origin; [5] money laundering; [6] non-payment of taxes, fees, and mining rights fees to the government) in conflict areas and high-risk

areas (CAHRAs), including tin, tantalum, tungsten, gold, cobalt, and mica. We confirm the presence of the above risks at the time of procurement. If any risks are found in the supply chain, corrective actions will be taken.

In order to comply with this policy, we have requested that our business partners understand the Group's thinking and commit to responsible mineral sourcing. We will also disclose appropriate information about these efforts to all stakeholders.

#### Coexisting with Local Communities

The Group is committed to building relationships of trust in harmony and cooperation with local communities at each of its production sites and aims to achieve sustainable development together with local communities. As a member of the local

community, our employees are committed to supporting local revitalization through proactive actions and communication, including social contributions such as event activities and volunteer work, as well as exchange through sports.

#### **Fostering a Toho Titanium Mindset**

#### Toho Titanium Soccer Club

Established in 1955, the Toho Titanium Soccer Club has a long history and has players who have played in the professional J League and various other categories. Players work at either the Chigasaki Plant or the Yokohama Headquarters, and all are employees who balance work and soccer. Since 2002, we have planned and managed the boys' and girls' soccer tournament the Toho Southern Cup, and since 2016, we have continued to support the healthy growth and development of children through soccer by holding soccer clinics in the Chigasaki and Samukawa areas, and we are growing as a community-based team.





# Contributing to the Local Community Through Proactive Communication

In addition to inviting local elementary, middle school, and high school students to our company on plant tours, our employees also provide classes at local high schools. While contributing to children's education, the program provides an opportunity for children to deepen their understanding of our business and safety initiatives.

The Toho Titanium Soccer Club also promotes harmony with the local community through volunteer activities such as monthly community trash-picks and cleanups by staff and players.







# Appealing workplace

#### Improving Occupational Health and Safety in the Workplace

Based on our basic policy of prioritizing safety, our Group is engaged in a variety of activities to ensure a comfortable working environment and achieve zero work-related accidents.

We also believe that it is an important matter in management to create an environment in which all employees

can maintain good health at all times and work to the best of their abilities. We implement a variety of measures to maintain and improve the health of our employees, such as providing various types of health maintenance support, including mental health care, and regular physical fitness tests.

#### Diversity and Inclusion

Our Group aims to achieve diversity and inclusion in the workplace.

#### Training to promote active participation by women

Based on the Law Concerning the Promotion of Active Participation by Women in the Workplace, our Group has formulated a General Business Owner Action Plan to support the development of the next generation.

#### **Employment** of people with disabilities

Our Group is working on recruitment activities and improving the work environment in response to the nationally mandated legal employment rate.

#### Senior employees in action

From April 2023, our Group has extended the retirement age from 60 to 65. We will pay more attention to the health and physical strength of our senior employees than ever before, and create an environment where they can continue working for a long time with peace of mind.

# **TOPIC**

#### Continuing to learn about catalysts to bring value to my team and the Company

I am in charge of the Catalyst Business at Toho Titanium America Co. Ltd., our U.S. base.

My job is to import catalysts from Japan and conduct sales activities in the U.S.

I had known about the Catalyst Business of Toho Titanium (the Company), and after joining the Company, I learned about catalyst manufacturing processes anew and further deepened my knowledge.

The Company is one of the pioneers in the field of olefin polymerization catalysts and has the potential to expand at a faster pace than our competitors. We have a great organization, friendly employees, and a great work environment.

I dream of the day when the Company becomes the largest player in the production and supply of polyolefin catalysts. In order to achieve this dream, I would like to continue learning, take on positions of responsibility eventually and bring a lot of value to my team and the Company.



Padavattan Govindaswamy

#### Creating a Supportive Work Environment

We have introduced a system that allows each employee to flexibly choose a wide range of work styles according to their individual life experiences and the stage of life they are in. A Parental / Nursing Care Leave System is also in place to help employees balance work and family life, as well as a Flex-Time System and an Accumulated Annual Leave system in case of illness, etc.

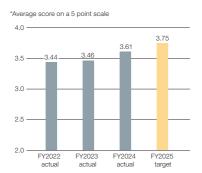
#### Employee satisfaction survey

We have been conducting a satisfaction survey of all Group employees since FY2022.

The results obtained are used to promote improvements in the workplace environment.

#### **Development and Operation of Various Systems**

Key Features
Work location can be restricted within a specified area.
Reemployment is made available within a specified period of time in the event of unavoidable discontinuation due to childcare, nursing care, spouse's transfer, etc.
Annual paid leave days which ordinarily lapse and are ineligible for carryover can be accumulated separately
Enables moving in with low out-of-pocket expenses (subject to occupancy conditions)
Provides semi-annual recreation subsidies to employees and others to promote fellowship in the workplace
Refreshment Bonus for employees completing 10 years and 20 years of service



#### Better treatment

We are working to improve various systems through repeated discussions with the labor union. We will continue to make improvements in FY2024 with the aim of enhancing employee satisfaction.

ystem	Revision Details
faternity leave	Increase in number of days, relaxation of conditions for application
Inaccompanied ssignment	Increase in the amount of allowance for unaccompanied assignment and transportation expenses for returning home
lelocation llowance	Increase in relocation allowance
lormitory / company housing	Relaxation of conditions for dormitory entry and double loans
ccumulated nnual Leave	Relaxation of conditions for application

#### **Human Resource Development**

Our Group believes that human resources are the source of our competitiveness. We have formulated a human resource development plan to strengthen and establish a human resource base to support our medium- to long-term business strategies.

In addition to on-site skills training to pass on and acquire advanced technical skills and individual theme training to acquire knowledge and foster awareness, we are engaged in human resources development by assigning instructors to new employees based on targets and training plans tailored to each individual. We have also introduced group education to inculcate the abilities and knowledge required for each position, as well as a short-term study-abroad program and selective education to foster global and innovative human resources from the earliest stages. In addition, various self-development programs are

available to improve the skills of each and every employee.

We also carry out 360-degree evaluations in managerial positions with the objective that the person being evaluated becomes aware of the gap between their own perceptions and those of people around them, which leads them to change their behavior and improve their management skills

Furthermore, we have introduced new initiatives below to promote human resource development and career development support since FY2024:

- 1. Posting system (internal recruitment system): A system whereby employees can apply for positions that the company is recruiting for.
- 2. Career challenge: A system whereby employees inform the company of their desire to be transferred to a new position.

#### Company-wide Education System Chart

Category	Focused education	Education by job level	English education	Knowledge enhancement	Awareness enhancement
General Manger	Selective education to General Manager	Training upon promotion to General Manager	English education	And the second s	Awareness enhancement
Senior Manager	Selective education to Senior Manager	Training upon promotion to Senior Manager	service)	ation / agemen t preven GM and	on OBIS, S.
Assistant Manager	Selective education to Assistant Manager	Training upon promotion to Assistant Manager	arning	Evaluation man assment in a fortunation for the althought of the althought	education (GLC
Team Leader	ation fo	Operational issues presentation meeting Training upon promotion to Team Leader	TOEIC	lab hare trail Mental It	idence (
Leadership position	New employee with a bachelor's (graduate) degree 4th year operational issues presentation meeting New employee with a bachelor's (graduate) degree mentor system New employee with a bachelor's (graduate) degree orientation	Training upon promotion to Leadership position	o) Sapuri (o	Labor ma harass mer training fo	Correspor
General staff	High-school graduate employee follow-up training High-school graduate employee mentor system New high-school graduate employee orientation		Ste.		Business

# TOPIC

#### Practicing flexible work styles to suit my own life stage



Haruna Ohashi General Affairs and Personne

I am in charge of legal affairs in the General Affairs and Personnel Department. My main jobs include acting as shareholder meeting secretariat and other stock practices, management of internal rules and regulations, and governance development

I have 2 children, and immediately after returning from childcare leave, I continued to work using the shortened working hour system and the overtime exemption system. Because both my husband and I work, I am still dealing with irregularities and making adjustments even now that my children are 8 and 4 years old. How are the children feeling when they wake up in the morning? Will they go to preschool without any complaints? Will I receive a message about an early pickup? Will they take tomorrow off if they leave early? If any of them stumbles, I need to rearrange my work schedule. I am making full use of various systems to get through the day, such as changing my work hours to flexible hours, fullday off/half-day off, or teleworking. Since I have to work within a limited time frame, I believe I become more conscious of time versus effectiveness.

Taking on the responsibilities of work and family life can be challenging at times, but it is also satisfying to feel "I am alive!" I hope that our Company will be a place where various lives come together—not only from those involved in childcare but also from those who are passionate about their work and those with significant personal goals.

#### Approach to Recruitment

At Toho Titanium, we are striving to secure talented human resources who can play an active role globally, regardless of gender, nationality, or whether they are new graduates or in their mid-careers. We are particularly focusing on expanding internships that mainly include on-the-job training and observations of actual equipment at factories and research institutes. By providing work experience based on the job seeker's field of expertise and future career vision, we are able to prevent early post-recruitment job turnover that can result from ill-matched assignments. In addition, our 5 year retention rate for new university graduates is 92%.

In accordance with the Law Concerning the Promotion of Active Participation by Women in the Workplace, we have set a target of hiring 20% or more female employees in order to steadily increase the number of female employees and quickly develop female managers. Over the past 5 years, the percentage was 21.8%.

#### Number of Employees Hired in the Past 5 Years (New Graduates and Careers)

	FY2019	FY2020	FY2021	FY2022	FY2023	For 5 years
Male	5	10	9	14	23	61
Female	3	3	2	4	5	17
Female ratio	37.5%	23.1%	18.2%	22.2%	17.9%	21.8%
Total	8	13	11	18	28	78



# Solidifying our management foundation

#### **Strengthening Corporate Governance**

#### **Basic Thinking**

Based on our Corporate Philosophy, the Company strives to enhance corporate governance in accordance with the following basic policies in order to achieve sustainable corporate growth and increase medium- to long-term corporate value, and to ensure transparent, fair, timely, and accurate decision-making and appropriate business execution in light of our business characteristics and the surrounding environment.

- 1. We will respect the rights of shareholders and ensure the substantial equality of shareholders, and strive to create an environment for the appropriate exercise
- 2. We will strive to work appropriately with all stakeholders
- 3. We will strive to ensure transparency by proactively providing information not only in accordance with laws and regulations, but also in ways other than disclosure required by laws and regulations.
- 4. The Board of Directors and the Audit and Supervisory Committee shall make efforts to appropriately fulfill their respective roles and responsibilities, including: i. To clearly state the major direction of corporate strategy, etc.
- ii. To establish an environment that supports appropriate risk-taking by the senior management i. To effectively supervise the management (including executive officers) and directors, etc.
- 5. We will endeavor to conduct constructive dialogue with shareholders in order to contribute to sustainable growth and enhancement of corporate value over the medium to long term

#### Corporate Governance Structure (as of July 1, 2024)



#### **Board of Directors**

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The Board of Directors deliberates and decides on growth strategies, management plans and other corporate strategies to ensure the Company's sustainable growth and increase its corporate value over the medium to long term. To monitor and control risk-taking, we have 5 Outside Directors (all 5 of whom are Independent Directors) in the 10-member Board of Directors. Each of them monitors the operation of Directors and Directors' risk management from a professional, independent, and objective standpoint, and evaluates the effectiveness of internal control and risk management.

#### **Personnel and Compensation Advisory Committee**

The Committee consists of all Independent Outside Directors, as well as the Representative Director and other Directors appointed by the Representative Director, and is chaired by the President. The Personnel and Compensation Advisory Committee meets at least once a year to discuss and report to the Board of Directors on matters related to personnel and remuneration of Directors and senior management, as well as to evaluate the effectiveness of the Board of Directors.

#### **Group Company Supervisory Committee for Conflicts of** Interest

Regarding important transactions between the parent company group and our Group, deliberations and considerations are held once a year, and as necessary, from the perspective of protecting the interests of minority shareholders. This committee consists of all Independent Outside Directors, and a summary of deliberations and results is reported to the Board of Directors

#### **Executive Committee**

In order to clarify the structure of responsibility in the management organization and to speed the execution of business operations, we have introduced an Executive Committee system under which certain business execution authority is delegated to Executive Committee members. The Executive Committee consists of the President and Representative Director (President), Executive Officers and Full-time Auditing Committee members, and other persons appointed by the President.

Regular Executive Committee meetings are held several times a month, or as needed, at which the President instructs Executive Committee members and communicates policies and resolutions of the Board of Directors, Executive Committee members report to the President on the status of business execution.

#### **Audit and Supervisory Committee**

3 of the 4 Audit and Supervisory Committee members are Independent Outside Directors, who fulfill their responsibilities through monitoring and verification from an independent and objective standpoint. Audit and Supervisory Committee members include qualified accountants, who use their high level of expertise to conduct operational and accounting audits and provide active and appropriate opinions at Board of Directors meetings. Full-time Audit and Supervisory Committee members attend important meetings and have access to all information regarding internal proposals and reports. Audit and Supervisory Committee also conduct audits in full cooperation with the Accounting Auditor and the Internal Audit

#### Roundtable Discussion of Outside Directors

# Recommendations for the appropriateness of Toho Titanium's governance and the effectiveness of the Board of Directors

TOHO TITANIUM CO., LTD., as a company with an Audit and Supervisory Committee, ensures the effectiveness of its supervisory functions through 5 Outside Directors, including 3 Audit and Supervisory Committee Members, each fulfilling their respective roles and responsibilities. All Outside Directors possess extensive experience in their fields of expertise, as well as outstanding character and insight, making them valuable assets in enhancing the Company's corporate value. We invited 5 Outside Directors to discuss their analyses and recommendations regarding the Company's governance and the effectiveness of the board, as well as future value creation.



Kimiharu Okura Outside Director

Shigeko Senzaki

Outside Director, Audit and Supervisory Committee Member Yasuhiko Ikubo Outside Director

Akio Kobayashi Outside Director, Audit and Supervisory Committee Member

Naomi Harada

Outside Director, Audit and Supervisory

INTEGRATED REPORT 2024

INTEGRATED REPORT 2024

#### **Recommendations for governance**



Ikubo: I have 47
years of experience
as a lawyer, and
I have dealt with
corporate legal
issues related
to corporate
management and
corporate activities.
I have also worked
on compliance
and legal risk

management, and as an Outside Director, I try to make comments from that perspective. I am not aware of any pressing compliance issues in the Company. However, as the values and ethics of society change with the times, it is possible for any company to unknowingly cause inconsistencies in internal practices and internal awareness. As an Outside Director, I am conscious of the need to raise awareness to prevent such incidents from occurring. As a specialized titanium manufacturer, our business performance is strongly influenced by the market environment. In order to secure stable profits over the long term, it is important to secure stable raw material procurement and customers. At the same time, it is also necessary to develop originality and new production methods that other companies do not have. I believe that it is the role of Outside Directors to support these efforts

Okura: I have been involved in the field of non-ferrous metals such as uranium and zirconium, in addition to copper, aluminum, nickel and titanium at a general trading company. I have served as an Outside Director for about 5 years, and have been making efforts to provide advice based on my experience. I think the Company is a very open and transparent company, and there are no issues with governance from an overall balance perspective. On the business front, in the manufacturing industry, business decisions are often made based on what the firm has been doing for a long time. From my own experience, I believe that one of the most important things is to clarify the objectives and targets and to share that awareness with all employees. Another very important thing is to review the entire portfolio, and I recognize that this is one of

the organizational challenges for the Company. As an Outside Director, I try to give advice from the perspective of standards and risks when decisions are made, and my role is to provide support in reaching a conclusion or making decisions that can be shared by all.

Senzaki: After working at a non-bank financial institution and a major foreign law firm, I worked as a certified public accountant at a major auditing firm. At the auditing firm, I was given the opportunity to engage in a variety of duties in addition to auditing, including corporate valuation for the acquisition of major companies on a global scale. After becoming independent, in addition to research and investigation at the Japanese Institute of Certified Public Accountants, I have been engaged in fraud investigation, support for the establishment of internal controls, and support for disclosure with a focus on sustainability. I am engaged in my duties as an Outside Director of the Company by utilizing various knowledge I have gained through these experiences. I feel that governance of the Company is evolving and there exists a high sensitivity to governance in the Company. The Board of Directors actively exchanges frank opinions on business operations. I have seen a strong commitment from management to meet the requirements for Prime-listed companies without delay, especially since the revision of the Corporate Governance Code in June 2021.

Harada: During my 30 years at a financial institution, I had extensive experience in banking, including credit analysis and new product development, as well as securities and trust business. During that time, I served as the president of an overseas subsidiary and as an outside director of a foreign financial institution. After that, I was engaged in the management of a railway company. Based on these experiences, I have

focused on business growth strategies and the associated risk management related to business operations and finance. As a Primelisted company,

I believe that



the Company has built an organizational structure and secured human resources to meet the requirements. As a listed subsidiary, the relationship with the parent company is closely watched, and I will conduct the same rigorous and effective review by the Supervisory Committee for Conflicts of Interest among Group Companies as we have done so far. At present, I feel that we have a good relationship with each other as we leverage our strengths to advance collaboration in the field of new product development.

Kobayashi: I have been appointed as Outside Director and Audit and Supervisory Committee Member of the Company from this fiscal year. As I have many years of experience in providing accounting audits and advisory services at an auditing firm, I would like to utilize my knowledge of finance, accounting and corporate information disclosure in the management of the Company as a certified public accountant. In addition, as I have been involved in many corporate governance-related institutional design and corporate advisory services, I believe that I can contribute to the Company in terms of transparent and sound corporate management and dialogue with stakeholders as a listed company. The Company's Board of Directors consists of Outside Directors with diverse experience and knowledge. While acquiring a great deal of knowledge from them, I would like to contribute to the development of the Company by being involved in the Company's decision-making required in response to various environmental changes in the future from an independent and objective standpoint. I recognize that an important role as an Outside Director is to supervise execution from an independent and objective standpoint, and to make decisions that take into account the interests of shareholders and various stakeholders, especially when there is a conflict of interest. While I strive to provide management advice from a broad perspective to avoid micromanagement, I do not hesitate to ask questions when I feel uncomfortable or have doubts.

#### Recommendations for the management and effectiveness of the Board of Directors

**Harada:** The Board of Directors is a free and open forum for discussion, and the President is eager to

implement any useful recommendations made by the Board of Directors. If I were to cite one issue, the Board of Directors meeting currently consists of reports on business performance and their Q&A sessions for the most part. However, I feel that it would be better to shift more weight to the issues and long-term strategies of each business. The persons in charge of each business division explain the progress of their work, and I think it is necessary to discuss the business portfolio and strategic planning of the Company as a whole based on their explanation. As an Audit and Supervisory Committee Member, I visit the site several times a month and listen to many stories from the site. I sometimes happen to hear that there are difficult aspects of business management, but I think that is a good thing. In the future, I hope that such opinions from the field will be shared among related departments and lead to improvements in our operations.

Senzaki: As the Chairperson of the Board of Directors, the President facilitates proceedings and summarizes key points of discussion at the appropriate time. I have the impression that the President listens carefully to the opinions of each Director and does not miss any remarks. I myself try to be aware of what is important in the agenda and speak out in limited time. As an important point, I think it is necessary to establish a mechanism to continuously monitor or verify whether or not my recommendations have been followed and whether or not discussion at the Board of Director is being utilized in the management of the Company.

Okura: If I were to pick one issue to consider, I would say that the general process is that when a project is submitted to the Board of Directors, a resolution is made after prior explanation



and discussion through a request for approval, etc. However, because our structure is compact and the role is played by the Executive Committee, projects are directly submitted to and resolved at the Board of Directors. I think that it would be effective to go through

the process to review the proposal at committees such as Investment and Finance Committee, before making a resolution at the Board of Directors. In addition, I think it is desirable to submit proposals related to financial results to the Board of Directors after thorough examination by an independent organization such as finance and accounting department, which we have not done yet. As we do not know daily information like Executive Managing Officers and Executive Officers, I think one more step would be beneficial so that we can provide more effective advice.

**Ikubo:** For important matters, it is necessary to clarify the process so that we understand what substantial discussions took place before they are submitted to the Board of Directors. For that reason, prior to the meeting of the Board of Directors, there may be an opportunity to provide an explanation. Our discussions may be completely different depending on whether there is such an opportunity or not. Therefore, I would like to ask further improvement on such opportunity. A company with a long history has a corporate culture, and many employees are working in one direction to expand their business performance and develop their business. That is an advantage, but on the other hand, having everyone looking in the same direction can sometimes be a risk. I believe that a company is stronger when there are diverse viewpoints, so my own approach is to always be aware of expressing opinions from a different perspective from those within the company, and to look at things from a different angle and make statements.



Kobayashi: Since the introduction of the Corporate Governance Code in Japan in 2015, I have assisted many listed companies in evaluating the effectiveness of their boards of directors, and have observed various management

situation of board of directors of many companies. At our Board of Directors, the Chairperson always tries to elicit constructive comments from internal and external Directors, and I feel that there are actually active discussions. On the other hand, if we listen to the opinions of Outside Directors, I can see that the Board of Directors demonstrates a commitment to improving itself, aiming for more beneficial and effective Board of Directors rather than settling for the current status, and that the Board of Directors is constantly updating its discussions on new corporate issues that will arise as the environment changes. In terms of information, I am fortunate to have the opportunity to hear from a variety of people in the field as an Audit and Supervisory Committee Member. I also attend meetings of the Executive Committee as an observer, so I am extremely grateful for the many channels through which I can obtain information.

# Recommendations to Personnel and Compensation Advisory Committee

**Ikubo:** The role of the Personnel and Compensation Advisory Committee is to monitor personnel and compensation to ensure that that unreasonable or arbitrary decisions do not intervene, and I believe the committee is doing its job adequately. When making recommendations for personnel, detailed explanations are given on the candidates' backgrounds, etc., and when deciding on remuneration, the decision is made based on internal regulations, taking into account performance at that time, etc. I believe that the value of committee is significant.

**Okura:** I receive detailed explanation from the President why he is recommending this candidate and what kind of experience he would like the candidate to have in the future. If there is only one issue, I think it would be better to have a program in place, such as training of executive candidates to develop future management teams. It is also necessary for them to rotate departments and gain experience. I think it would be even better if there is a program that shows the steps candidates take and indicates how they can move to different departments next.

**Senzaki:** Our committee is a voluntary organization, but I believe it is significant that all Outside Directors currently participate as members. I also recognize that the Personnel and Compensation Advisory Committee's involvement in the succession plan is important. As an Outside Director, it is more important to supervise

the process of formulating the succession plan than to find suitable candidates individually, and I believe that creating a mechanism for this is necessary. With regard to the Compensation Committee, I believe that the role of the Compensation Committee is to oversee the system for determining the compensation structure, including those linked to performance.

Harada: I feel that the appointment of management executives is highly convincing because it provides a detailed presentations of the candidates' backgrounds and reasons for their recommendation. At the Board of Directors and the time of on-site inspections as an Audit and Supervisory Committee Member, I can receive explanations from the candidates themselves, providing an opportunity to confirm whether they are qualified.

Kobayashi: I do not know the details because I have not participated in the discussion on nomination and compensation yet, but I am aware that many companies are making various efforts related to nomination and compensation. For example, a performance-linked compensation system has been frequently discussed in recent years. Considering the situation of the Company, I believe that the management of the Personnel and Compensation Advisory Committee has been discussed in a balanced manner, taking into account the situation of the Company, without being rushed.

#### **Expectations for social value creation**

**Ikubo:** A company must work to create new social value while ensuring stable corporate operations and stable business performance. I believe that our greatest strength will be in creating new manufacturing methods and new products that are unique to the Company. Management is aware of this and is working hard on it, and the Board of Directors often receives reports on the development of such new technologies. We will continue to look forward to such efforts with expectations.

**Okura:** One of the key words is the review of the company-wide portfolio. The review must be done regularly. Our business itself is similar to processing industry in that we purchase raw materials, make things and deliver them. We need to consider whether we will continue to live in this processing industry. In order for Toho Titanium to survive, it is necessary to periodically

review its basic policy and let the management at the time make a decision on whether to control raw materials upstream or part of the market downstream.

Senzaki: The Company has 3 pillars: Titanium, Catalyst, and Chemicals Businesses. I believe that optimizing the portfolio of these 3 divisions, including personnel exchanges, and creating synergies through our product mix will contribute to our sustainable



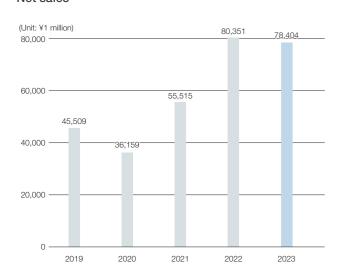
development. In addition, we have a strong track record in research and development, and I feel that the morale of our research division is very high for the development of products for the realization of a sustainable society. Through this, I hope that the Company will contribute to solving social issues.

**Harada:** The Company has a long history of over 70 years and has been developed by our original Titanium Business. For the further growth of the Company, we must continue discussions on how to allocate our management resources to each of our business divisions while considering the product life cycles of our 3 business divisions, what our core competencies are, and the potential for synergies among business divisions. In this process, if we can utilize our superior manufacturing technology in the field of environmental improvement, such as CO<sub>2</sub> reduction, we can create important social significance. There are products such as WEBTi that are already being commercialized, so I have high expectations. I understand that the President's high awareness of risk management is the key foundation for driving growth. I understand that the President's daily statement that risk management is the essence of management enables us to develop strategies for growth with confidence.

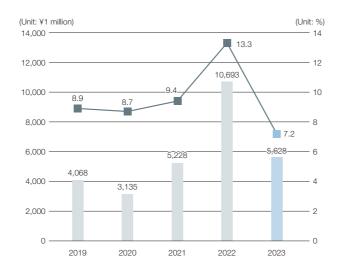
# Key Consolidated Financial Summary (11 years)

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
Operating results, etc. (Unit: ¥1 million)											
Net sales	30,430	33,702	43,424	31,212	37,256	43,648	45,509	36,159	55,515	80,351	78,404
Cost of goods sold	29,916	31,666	34,762	22,548	27,807	32,628	35,338	27,364	41,755	59,027	63,088
Selling, general and administrative expenses	5,220	4,674	4,771	4,937	5,518	5,746	6,102	5,660	8,531	10,629	9,687
Operating profit	(4,706)	(2,638)	3,891	3,726	3,930	5,274	4,068	3,135	5,228	10,693	5,628
Ordinary profit	(5,157)	(2,595)	3,541	3,874	3,493	5,269	3,716	(417)	5,177	10,532	6,273
Current net profit (-loss)	(5,498)	(2,633)	4,233	3,367	3,394	6,499	2,366	(3,156)	3,699	7,505	4,954
EBITDA (operating profit + depreciation costs)	2,153	4,004	10,009	9,275	9,000	10,251	9,333	8,639	11,283	17,500	13,025
R&D Costs	1,222	1,254	1,266	1,402	1,567	1,527	1,683	1,729	1,976	2,265	2,540
Capital expenditure	5,267	981	851	1,069	4,062	4,190	4,644	8,441	10,584	6,496	8,157
Depreciation expense	6,859	6,642	6,118	5,549	5,070	4,977	5,265	5,504	6,055	6,807	7,397
Financial position (Unit: ¥1 million)											
Net assets (at end of period)	34,620	32,207	36,192	39,156	42,037	47,730	48,262	44,459	47,166	53,281	56,547
Total assets (end of year)	95,752	88,497	83,033	83,439	83,945	87,645	87,118	91,149	98,095	111,429	126,002
Interest-bearing debt (end of year)	57,117	51,113	41,499	38,139	35,872	32,798	31,676	39,367	40,428	44,596	56,127
Cash flow (Unit: ¥1 million)											
Cash flow from business activity	4,392	7,307	12,945	5,889	6,394	8,316	7,953	1,402	9,790	5,294	(3,135)
Cash flow from investment activity	(5,421)	(1,100)	(3,954)	(1,443)	(4,048)	(4,114)	(4,482)	(8,390)	(10,433)	(6,765)	(8,010)
Cash flow from financial activity	1,758	(6,406)	(10,088)	(4,018)	(2,785)	(3,787)	(2,405)	6,835	206	2,732	9,613
Cash and cash equivalent year-end balance	2,528	2,368	1,226	1,620	1,184	1,600	2,641	2,534	2,128	3,416	1,880
Per-share information (¥)											
Net assets per share	484.7	450.9	506.8	548.4	588.9	668.8	676.2	622.8	660.8	746.7	794.5
Current net profit (-loss) per share	(77.3)	(37.0)	59.5	47.3	47.7	91.3	33.2	(44.4)	51.9	105.4	69.6
Dividend per share	-	-	5.0	7.0	10.0	12.0	12.0	12.0	15.0	30.0	24.0
Financial indicators											
Cost to sales ratio (%)	98.3	94.0	80.1	72.2	74.6	74.8	77.7	75.7	75.2	73.5	80.5
Selling, general and administrative expense ratio (%)	17.2	13.9	11.0	15.8	14.8	13.2	13.4	15.7	24.8	13.2	12.4
Net income-to-equity ratio (share capital) (%)	36.0	36.3	43.4	46.8	49.9	54.3	55.2	48.6	47.9	47.7	44.9
Operating return on assets (ROA) (%)	(4.8)	(2.9)	4.5	4.5	4.7	6.1	4.7	3.5	5.5	10.2	4.7
Ordinary return on assets (ROA) (%)	(5.2)	(2.8)	4.1	4.7	4.2	6.1	4.3	(0.5)	5.5	10.1	5.3
Net return on equity (ROE) (%)	(14.8)	(7.9)	12.4	9.0	8.4	14.5	4.9	(6.8)	8.1	15.0	15.0
D/E Ratio (times)	1.7	1.6	1.2	1.0	0.9	0.7	0.7	(0.9)	0.9	0.8	0.99
Dividend payout ratio (%)	-	-	8.3	14.6	18.2	14.6	26.9	-	28.1	27.6	37.0
Operating profit to net sales ratio (%)	(15.5)	(7.8)	9.0	11.9	10.5	12.1	8.9	8.7	9.4	13.3	7.2
Ordinary profit to net sales ratio (%)	(16.9)	(7.7)	8.2	12.4	9.4	12.1	8.2	(1.2)	9.3	13.1	8.0

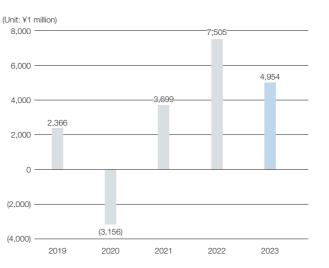
#### Net sales



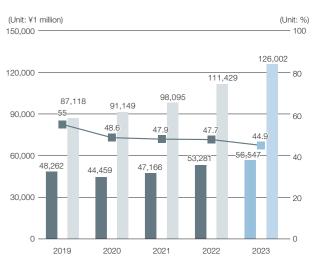
#### Operating profit / Operating profit to net sales ratio



#### Current net profit (-loss)



#### Net assets / Total assets / Shareholders' equity ratio



#### Key Consolidated Non-Financial Summary (5 years)

#### <Environment and Safety>

Water Disch	Water Discharge		FY2019	FY2020	FY2021	FY2022	FY2023	
water Disch	arge							
	Total			1,348	1,304	1,429	1,550	1,658
	Amount of disch	arge (excluding dis	charge to the sea)	979	940	1081	1,151	1,237
Amount of		Rivers	1,000 m <sup>3</sup>	503	434	544	625	587
discharge	Breakdown	Sewage	1,000 m <sup>3</sup>	407	435	470	453	576
		Other	1,000 m <sup>3</sup>	69	71	67	73	74
	Sea		1,000 m <sup>3</sup>	369	364	348	399	421
	BOD			0.75	0.65	0.85	0.47	0.88
Discharge to a body of water	COD			1.68	1.39	2.00	2.36	2.31
	Nitrogen			0.62	1.11	0.58	0.78	0.71
	Phosphorus			0.07	0.07	0.04	0.06	0.05

Emissions to the Atmosphere	FY2019	FY2020	FY2021	FY2022	FY2023	
Emissions to the Atmosphere						
SOx emissions	t	0.0758	0.0721	0.0728	0.0503	0.0565
NOx emissions	t	2.1871	1.8969	2.4151	1.9953	2.4583

Wests Disc	hovao		FY2019	FY2020	FY2021	FY2022	FY2023
Waste Disc	marge						
Amount of discharge	Non-hazardous	t	20,796	21,334	24,652	27,585	25,959
	Hazardous	t	319	439	372	705	922
	Total	t	21,115	21,772	25,025	28,290	26,881

<sup>\*</sup> Hazardous: Specially controlled industrial waste \* Non-hazardous: Wastes other than specially controlled industrial wastes

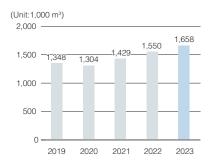
Unrecycled Wester		FY2019	FY2020	FY2021	FY2022	FY2023
Unrecycled Wastes						
Total waste	t	21,115	21,772	25,025	28,290	26,881
Final waste disposal amount	t	1,000	4,813	6,268	9,507	7,950
Final waste disposal ratio	%	4.7%	22.1%	25.0%	33.6%	29.6%

Energy Consumption		FY2019	FY2020	FY2021	FY2022	FY2023
Energy Consumption						
Total energy consumption	PJ	4.6	3.7	4.3	4.8	4.3

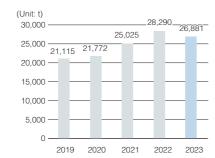
<sup>\*</sup> Scope of data: TOHO TITANIUM CO., LTD. and its 2 domestic subsidiaries

CO <sub>2</sub> Emissions		FY2019	FY2020	FY2021	FY2022	FY2023
Scope 1	1,000 t of CO <sub>2</sub>	34	29	32	26	26
Scope 2	1,000 t of CO <sub>2</sub>	191	153	182	182	176
Scope 3	1,000 t of CO <sub>2</sub>	-	-	298	367	351
Scope 1, 2, and 3	1,000 t of CO <sub>2</sub>	225	182	512	575	553

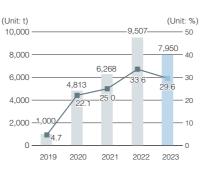
#### Water Discharge



#### Waste Discharge



#### **Unrecycled Wastes**



#### <Human Resources>

Percentage of disabled employees (consolidated)		FY2019	FY2020	FY2021	FY2022	FY2023
	(consolidated)					
Percentage of disabled employees	%	2.3	1.9	1.9	2.3	2.5
Statutory minimum percentage					2.3	2.3

Ratio of females to all employees (co	onsolidated)	FY2019	FY2020	FY2021	FY2022	FY2023
Ratio of females	%	6.2	6.8	7.2	7.2	7.7

Full-time employee turnover rate (consolidated)		FY2019	FY2020	FY2021	FY2022	FY2023
ruii-time employee turnover rati	e (consolidated)					
Turnover rate	%	2.1	2.5	3.0	3.7	2.7

Number of employees at end of term	(consolidated)	FY2019	FY2020	FY2021	FY2022	FY2023
Total	person	907	956	981	1,127	1,195

Ratio of females to new and mid-caree	er hires (consolidated)	FY2019	FY2020	FY2021	FY2022	FY2023
Total	person	8	13	11	18	28
Ratio of females	%	37.5	23.1	18.2	22.2	17.9

Ratio of males taking childcare leave (consolidated)		FY2019	FY2020	FY2021	FY2022	FY2023
Male*	%				13.3%	31.1%
Number of males taking childcare leave	person				4	14
Total number of males eligible	person				30	45
Total number of days taken	day				217	255
Average days per person	day				54.3	18.2

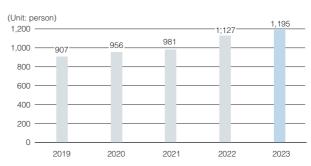
<sup>\*</sup> Male employees taking childcare leave / Male employees whose spouse has given birth

#### <Governance>

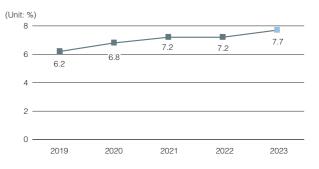
Number of Directors (number of female Directors)		FY2019	FY2020	FY2021	FY2022	FY2023
Total	person	12	12	10	10	9
Female Directors	person	1	1	1	1	1
Outside Directors	person	5	5	5	4	4

Number of Board of Directors meetings	FY2019	FY2020	FY2021	FY2022	FY2023
Board of Directors meetings (including extraordinary meetings) times	12	1/	12	10	10

#### Number of Employees at End of Term (Consolidated)



#### Ratio of Females to All Employees (Consolidated)



 $<sup>^{*1}</sup>$  Scope of data: TOHO TITANIUM CO., LTD. and its 2 domestic subsidiaries  $^{*2}$  CO $_{2}$  emissions from the combustion of carbon neutral city gas and carbon offset LPG are considered zero

#### Corporate Information as of March 31, 2024

#### Company Overview

Company Name TOHO TITANIUM CO., LTD.

Established August 20, 1953

JR Yokohama Tower 22nd Floor, 1-1-1 Minamisaiwai, Nishi-ku, Yokohama, Kanagawa 220-0005, Japan +81 45-394-5522 (General Affairs and Personnel Department) Headquarters

President and Representative Director

Yasuji Yamao

Capital ¥11.963 billion

(consolidated as of March 31, 2024)

**Net Sales** 

¥78.404 billion (consolidated for fiscal year ended March 31, 2024)

Number of Employees

(consolidated as of March 31, 2024)

Stock Exchange Listing

The Prime market of the Tokyo Stock Exchange

(Securities Code: 5727)

**Main Business** Manufacture and sales of titanium metals

Manufacture and sales of catalysts for propylene polymerization

Manufacture and sales of electronic materials

#### Stock Information

#### **Basic Stock Information**

**Number of Shares Per Unit** 100 shares **Total Shares Authorized for Issuance** 160,000,000 shares Shares Outstanding 71.270.910 shares Number of Shareholders 25,495 **Fiscal Year Closing Date** March 31

**Ordinary General Meeting of Shareholders** 

**Accounting Auditor** Ernst & Young ShinNihon LLC

#### Shareholder Composition



#### Group Companies and Affiliates:

#### Toho Technical Service Co., Ltd.

Office Address 3-3-5 Chigasaki, Chigasaki, Kanagawa 253-0041

Main Business Manufacture and sales of welded, machined or forged titanium products, insoluble electrodes, titanium-based powders (titanium

powder, titanium hydride powder, 64 alloy powder), and sales of various titanium materials and zirconium sponge

URI https://www.tohotec.co.jp/english/

#### TOHO WORLD Corporation

Office Address 11-2 Otemachi, Kokurakita-ku, Kitakyushu-shi, Fukuoka

803-0814

Main Business Solutions in the field of technology and skills, dispatch of

engineers and technicians, contract manufacturing, contract equipment maintenance, and handing down technology and skills

https://towor.co.jp/

Toho Material Co., Ltd.

URL

Office Address 692-1 Tokiguchi, Tokitsu-cho, Toki-shi, Gifu 509-5122

Main Business Manufacture and sales of automotive disc brake pad materials such as potassium titanate and other titanic acid compounds

#### **Advanced Metal Industries Cluster and**

#### **Toho Titanium Metal Company Limited**

Office Address Yanbu, Kingdom of Saudi Arabia

Main Business Manufacture and sales of titanium sponge

#### Toho Titanium America Co., Ltd. (US)

Main Business Sales and market research of titanium and catalyst for polyolefin

production, etc.

#### Major Shareholders

Shareholder Name	Number of Shares (Unit: 1,000 shares)	Share- holding Ratio
JX Advanced Metals Corporation	35,859	50.38%
The Master Trust Bank of Japan (Trust Account)	3,572	5.02%
Nippon Steel Corporation	3,500	4.92%
MORGAN STANLEY & CO. LLC	1,438	2.02%
STATE STREET BANK CLIENT OMNIBUS OM04	1,436	2.02%
HAYAT	1,323	1.86%
SICAV COVEA ACTIONS MONDE	692	0.97%
Custody Bank of Japan (Trust Account)	423	0.60 %
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	389	0.55%
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	368	0.52%

(Note) Shareholding ratio is calculated excluding treasury stock (98,836 shares)

#### Stock Price Performance

