



# INTEGRATED REPORT 2025

TOHO TITANIUM  
CHANGES THE WORLD



Vision for 2030

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

In May 2023, the Toho Titanium Group formulated its Vision for 2030. It reflects our commitment to sustainable corporate management and social contribution from a long-term perspective.

# BE2030



## Management 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.

# How to move towards BE2030?

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## Promote a shift to quality-oriented management

Our Group has a corporate culture of taking on new challenges, and strives to raise the bar as a group of people working toward the Vision. In the next Medium-term Management Plan, we will consider shifting to policies that emphasize quality over quantity.

## Increase corporate value by improving capital efficiency and enhancing human capital

As part of our financial strategy, we aim to improve the quality of our businesses by focusing on capital efficiency to realize the Vision. In terms of human resources, we will cultivate individuals who passionately pursue both their own growth and the company's growth.

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## Create next-generation new businesses at an early stage

We will accelerate R & D in the short term and train researchers in the medium to long term to realize the early creation of new businesses following WEBTi® and high-purity chloride.

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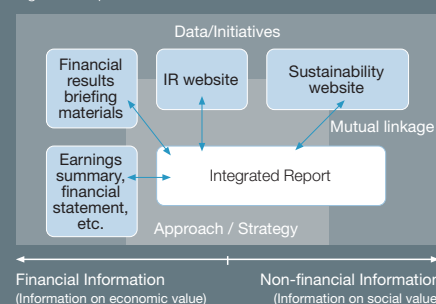
### Readership

This Integrated Report has been compiled with the following stakeholders in mind: shareholders and investors, customers, business partners, employees and their families, students and job applicants, and members of local communities and society.

### Our Stance on Information Disclosure

This Integrated Report emphasizes the Toho Titanium Group's approach to and strategy for value creation in the form of stories, and is positioned as a communication tool to help our stakeholders understand our growth potential 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 FY2024 (April 1, 2024 to March 31, 2025). However, some information regarding past initiatives, as well as some information for FY2025 are also included, as necessary. The figures for FY2025 (forecast) in the table and graph are included in the external announcement made on May 8, 2025.

### Scope of Coverage

In principle, all domestic and overseas business sites of the Toho Titanium Group are covered.  
Toho Titanium Co., Ltd.: Headquarters, Chigasaki Plant, Hitachi Plant, Kurobe Plant, Wakamatsu Plant, and Yahata Plant  
Group Companies: Toho Material Co., Ltd.  
Toho Titanium America Co., Ltd. (US)  
Toho Technical Service Co., Ltd.

### Future Outlook

The information published in this Integrated Report may include the company's future strategies, forecasts, and opinions. However, please be aware that actual results may differ from these forecasts due to external factors such as various environmental changes at the time.

Note:  
Disclosure Policy and Disclaimer  
[www.toho-titanium.co.jp/en/ir/disclosure/](http://www.toho-titanium.co.jp/en/ir/disclosure/)

## Process of Deepening Dialogue Using Integrated Reports

Through this report, we will enhance our dialogue with stakeholders and continue to discuss how our Group should disclose information in order to improve our corporate value.

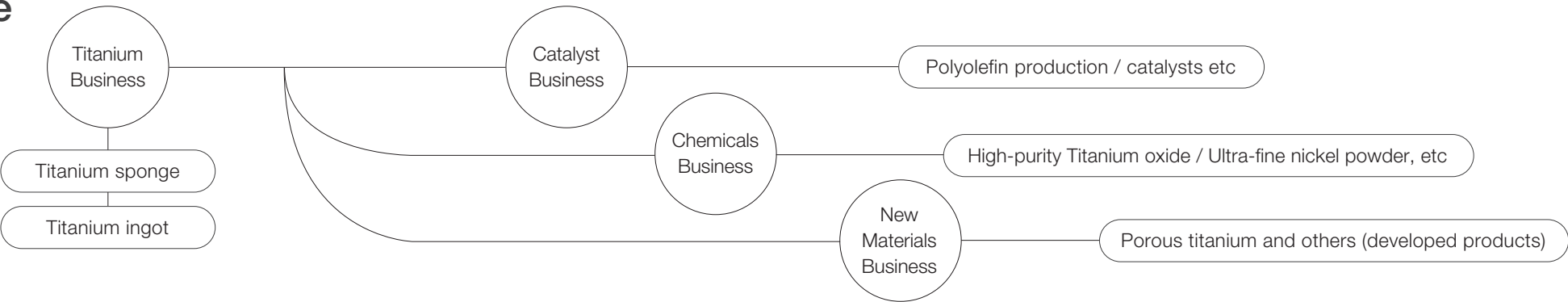
- 1) Establishing the purpose of this publication**
  - In preparing the Integrated Report 2025, we endeavored to provide more comprehensive information about how our company creates value, the business environment in which we operate, and our initiatives.
- 2) Reference to guidelines**
  - IFRS Foundation "International Integrated Reporting Framework"
  - Ministry of Economy, Trade and Industry "Guidance for Collaborative Value Creation"
- 3) Editorial system**
  - The report was compiled by the Corporate Planning Department with the cooperation of the ESG Promotion Department, Technology Strategy Headquarters, each Business Division, Environment & Safety Department, Quality Assurance Department, General Administration & 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.

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graph LR; MD[Management Board of Directors] --> RE[Report/Evaluation]; RE --> CED[Chief Editor Department]; RE --> CPD[Corporate Planning Department]; CED <--> CPD; CPD --> CD[Collaboration Department]; subgraph CD_Box [Collaboration Department]; ESG[ESG Promotion Department, Technology Strategy Headquarters, Each Business Division, Environment & Safety Department, Quality Assurance Department, General Affairs and Human Resources Department, and other departments]; end
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- 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.



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. By pursuing the unlimited potential of titanium products and their related technologies and expanding each of our businesses, we will contribute to our customers' product development, technological innovation, and business growth.



4SEGMENT

Titanium Business

Expanding domains of application with stable quality metallic titanium

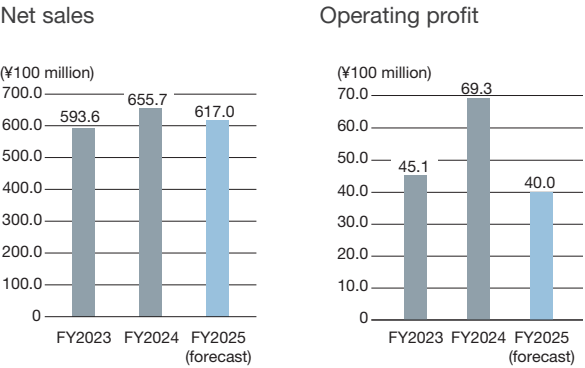
Main Products

Titanium sponge

Titanium ingot (rectangular)

High-purity titanium ingot (round)

Titanium ingot (DC Slab)



In the Titanium Business, we offer a diverse product lineup, including titanium sponge, which is our main raw material, and titanium ingot made by melting and casting titanium sponge, as well as high value-added DC slabs and high-purity titanium ingots. Each of these products is highly advantageous as a material and is used in various fields, including aerospace, chemicals, energy, and medicine. We aim to contribute to the development of our customers' businesses and build long-term partnerships with them by manufacturing high-quality, highly reliable titanium products under a strict quality control system.

Catalyst Business

Contributing to Value-added Polyolefins

Main Products

Polyolefin catalysts

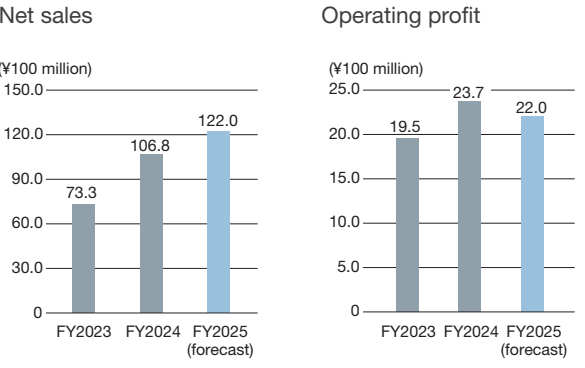
- For PP manufacturing
- For PE manufacturing
- For other olefin polymerization

Raw materials for catalyst supports and pharmaceutical intermediates

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

THC catalyst

Catalyst raw materials



In the Catalyst Business, we develop, manufacture (including contract manufacturing), and sell catalysts used in the production of polyolefins (PO) such as polypropylene (PP) and polyethylene (PE) by taking advantage of our ability to stably procure titanium tetrachloride and magnesium chloride obtained in the titanium production process in-house. We also process and sell magnesium chloride as a raw material for catalysts, which can be used as a raw material for pharmaceutical intermediates and in other applications. By building an integrated supply system from raw materials to finished products, we are able to stably provide high-quality products to meet the diverse needs of our customers.

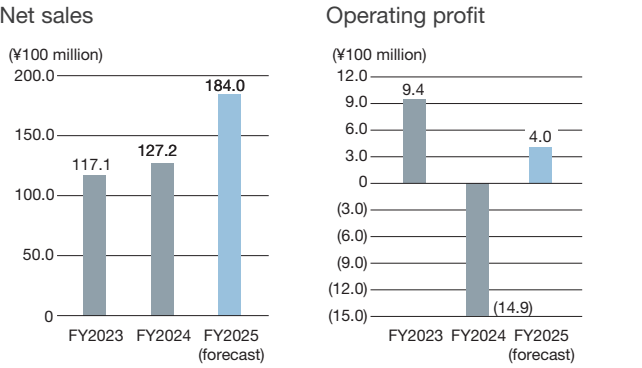
Chemicals Business

Powder manufacturing technologies supporting the evolution of electronic component materials

Main Products

Ultra-fine nickel powder

High-purity titanium oxide



In the Chemicals Business, we manufacture and sell high-purity titanium oxide and ultra-fine nickel powder used in multilayer ceramic capacitors (MLCC), PTC thermistors, and dielectric resonators, as well as a variety of other electronic component materials. In particular, ultra-fine nickel powder, whose particle size and surface condition can be precisely controlled, has been highly evaluated as an internal electrode material for MLCC, contributing to higher performance of electronic components. Going forward, we will continue to further refine our powder manufacturing technology with superior quality stability to accurately respond to growing demand in the markets for telecommunications equipment, automotive electrical equipment, and electronic equipment.

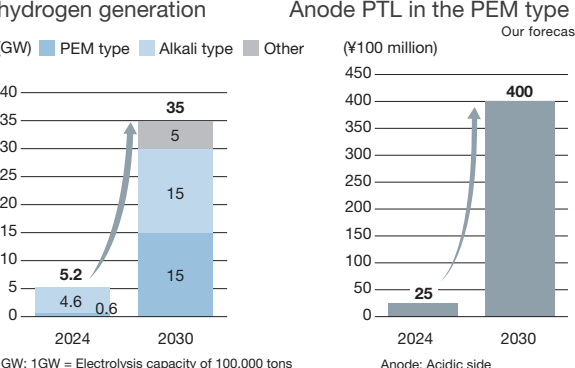
New Materials Business

Full-scale start towards mass production of WEBTi® as need increases

Main Products

Porous titanium sheet (developed products)

Titanium powder



With growing interest in hydrogen as a next-generation energy source in recent years, the WEBTi® (Porous titanium sheet) developed by the Company is expected to be used in PEM water electrolyzer, which is one type of hydrogen production equipment. In the New Materials Business, we are actively working toward early mass production of WEBTi®, including the establishment of a stable supply system. In addition to the hydrogen-related field, we are also promoting studies and development for commercialization of other new business projects in order to contribute to the realization of a sustainable society.

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



# Progress of the FY2023-2025 Medium-term Management Plan

The three-year Medium-term Management Plan, which began in FY2023, includes a three-year action plan to achieve the Vision for 2030 (BE2030). With FY2025 being the final fiscal year of the plan, we will focus on addressing the challenges we face.

	Titanium Business	Catalyst Business		Chemicals Business	New Materials Business	
Catch-up Strategy	<ul style="list-style-type: none"><li>Optimize titanium sponge price levels</li><li>Increase processing margin due to increased production of titanium ingots</li><li>Increase capacity through partial improvement of titanium sponge equipment (Wakamatsu/Chigasaki Plants)</li><li>Consider construction of a new plant that can ensure profitability</li><li>Improve labor productivity by 30%</li></ul>	<ul style="list-style-type: none"><li>Improvement of production technology at the Kurobe/Chigasaki Plants (approximately 40% increase compared to the current production capacity)</li><li>Increase production capacity by constructing a new plant (approximately 30% increase compared to the current production capacity)</li><li>Aggressive market development by improving catalyst performance</li><li>30% improvement in labor productivity</li></ul>		<ul style="list-style-type: none"><li>Increase production capacity by operating the 5 plant (approximately 40% increase compared to the current production capacity, upon completion)</li><li>Create concrete plans for the next expansion investment (approximately 30% increase compared to the current production capacity)</li><li>Improve labor productivity by 30%</li></ul>	<ul style="list-style-type: none"><li>Expand WEBTi® business</li><li>Create new businesses</li></ul>	Catch-up Strategy
Major Measures for FY2023-FY2025	<ul style="list-style-type: none"><li>Apply a price formula linked to cost fluctuations</li><li>Increase titanium sponge production capacity at the Wakamatsu/Chigasaki Plants (3,000 tons per year)</li><li>Full operation of the Saudi Arabia sponge plant (ATTM)</li><li>Improve titanium ingot production efficiency</li></ul>	<ul style="list-style-type: none"><li>Increase production capacity through improvements in production technology and other areas (approximately 6% increase compared to the current production capacity)</li><li>Formulate a plan to increase capacity by constructing a new plant</li></ul>		<ul style="list-style-type: none"><li>Increase production capacity by operating the 5 plant (scheduled for FY2025) (approximately 20% increase compared to the current production capacity)</li></ul>	<ul style="list-style-type: none"><li>Commercialize WEBTi® via the New Materials Division</li><li>Increase production capacity in line with business expansion</li><li>Plan and develop new business themes at the Technology Strategy Department and Technical Development Center</li></ul>	Major Measures for FY2023-FY2025
Progress in FY2024	<ul style="list-style-type: none"><li>The main measures set forth in the Medium-term Management Plan have generally progressed as planned. Sales for aircraft remained strong. Sales of high-purity titanium for semiconductors were recovering, although sales for general industrial applications were weak.</li><li>Amid intensifying price competition, it is essential to shift to a business that differentiates itself in terms of quality.</li></ul>	<ul style="list-style-type: none"><li>Production volume of our customers in China's neighboring countries was sluggish due to increase in China's export volume resulting from new entry and production increase of Chinese PP manufacturers. Overall sales were on a recovery trend in other regions, partially thanks to a pickup in demand. However, sales were significantly less than the initial target of the Medium-term Management Plan.</li><li>We will focus on developing high-performance catalysts and increasing production capacity to improve profitability.</li></ul>		<ul style="list-style-type: none"><li>Demand for ultra-fine nickel powder for MLCC, which had been affected by China's economic slump, started to recover, albeit lacking momentum. However, sales prices declined due to the weak nickel price.</li><li>As competition is expected to intensify, we will focus on shortening development lead times and increasing production capacity.</li></ul>	<ul style="list-style-type: none"><li>The WEBTi® business is unlikely to expand before 2028, as demand for PEM water electrolyzer is not really picking up. Other new business projects are being studied as planned.</li><li>While preparing for the global expansion of the WEBTi® business, we will accelerate the development of global human resources.</li></ul>	Progress in FY2024

## Value Provided

The Toho Titanium Group's products are used in a wide range of markets, including aircraft, chemicals, telecommunications equipment, medical care, and automobiles.



**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.



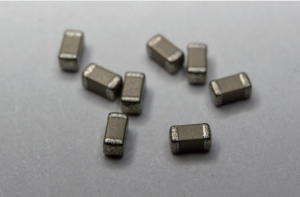
**Industry**  
Titanium, which is resistant to corrosion even in environments where it is exposed to chemicals and seawater, is widely used in LNG plants, seawater desalination plants, and chemical plants.



**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 automotive interiors and exteriors.



**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.



**We will cultivate human resources and strengthen our business portfolio to enhance the quality of our business**

山 尾 康 二

Yasuji Yamao

President and Representative Director



## 01 —

Toho Titanium's corporate culture and strengths

**We value a corporate culture that takes on challenges and strives to improve the Group's capabilities to achieve our long-term vision**

The Toho Titanium Group is a materials manufacturer with 72 years of history since its founding in 1953.

At the time of its founding, the Company established its base in Chigasaki City, Kanagawa Prefecture, where it began the production of titanium sponge and focused on expanding its Titanium Business. Our group, which was just one of the regional companies, has expanded its business domain over the past 20 years to become a global company with offices in Japan and overseas. There have been major changes in the mindset of employees, and a vibrant corporate culture full of a spirit of challenge is taking root.

Leveraging the technology and raw material potential that we have cultivated through the process of smelting titanium, the Company has launched the Catalyst and Chemicals Businesses. Together with its original Titanium Business, it now operates 3 businesses.

By diversifying into multiple businesses, we have achieved a stable revenue base even in a rapidly changing business environment, as each business complements the others.

In FY2021, we were able to offset the slump in the Titanium Business due to a sharp decline in aircraft demand during the COVID-19 pandemic with strong performance in the Catalyst and Chemicals Businesses. The strong performance of these 2 businesses was supported by increased demand for medical and hygiene products such as masks, as well as personal computers and electrical appliances due to stay-at-home activities.

In FY2023, although the Catalyst and Chemicals Businesses experienced sluggish performance due to the end of the COVID-19 pandemic, the Titanium Business performed well due to a recovery in aircraft demand, which offset the decline in earnings. Our business portfolio, which produces a conglomerate premium effect, is also a product of our corporate culture of challenging ourselves. Furthermore, the corporate culture of taking on challenges also functions in research and development to create new value. In management, a balance is required to achieve short-term profits while also looking ahead to future growth. Our Group's policy is to invest a certain amount of management resources in research and development for the future, even if the immediate business environment changes drastically. Furthermore, in order to raise the conglomerate premium, it is essential to establish a new pillar of earnings, and to achieve this, we believe that continuous investment in research and development is essential.

In our daily management, we have set the goal of "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" and we are promoting various measures, viewing "Vision for 2030" as our long-term vision. In order to realize this vision, it is essential to steadily promote our strategy, and we urgently need to improve our capabilities as a Group. In order to implement the necessary measures, we recognize that it is important to upgrade the capabilities of the entire company, from executives to frontline employees.

## 02 —

Current business environment and achievements over the year

**Year of dealing with the effects of China's economic slowdown**

Since exports account for the majority of net sales in our Group, we cannot take our eyes off global trends. Looking at the current international situation, the movement toward bloc-based divisions seems to be intensifying on both the economic and security fronts, such as the reinstatement of nationalism, the Russia-Ukraine conflict, and changes in the situation in the Middle East.

Of course, trade policy in the United States requires close attention, but at present we do not anticipate any serious impact on our mainstay titanium products. Catalyst products may be affected, but the direct impact on corporate earnings is expected to be limited, partly because passing on cost increases to prices is already underway.

As our Group has a joint venture in Saudi Arabia, conflicts in the Middle East are recognized as one of the important risks in the Titanium Business, and we continue to monitor them closely.

Changes in the business environment in Japan are attributable to a decrease in the working population due to a decrease in the population. The impact of this is already causing difficulties in securing operational personnel and increasing procurement costs for materials and construction supplies. Securing operational personnel is a particularly serious issue, and it continues to be difficult to respond in a timely manner. Continuous and strategic measures are urgently needed.

Looking back on the business environment in FY2024, the most troubling aspect was the Chinese economy and the trend of Chinese manufacturers, which were crucial issues that could not be overlooked.

In the Titanium Business, demand for titanium sponge for export remained strong despite the impact of strikes and quality issues at major U.S. aircraft manufacturers in the aircraft industry. The overall business also recorded year-on-year growth in both sales and profit. On the other hand, sales for general industrial applications declined from the previous fiscal year due to the impact of overproduction by Chinese manufacturers. The overproduction is due to the economic downturn and sluggish demand in China.



The Catalyst Business also suffered from overproduction by Chinese manufacturers. Against the backdrop of sluggish domestic demand in China, competitively priced polypropylene made in China has been distributed to neighboring countries, causing sales to our customers to stagnate. On the other hand, as signs of recovery appeared among customers in other regions, the overall business was able to secure year-on-year growth in both sales and profit; however, challenges remained throughout the year.

In the Chemicals Business, demand for ultra-fine nickel powder, a mainstay product, increased year on year. Demand for multilayer ceramic capacitors (MLCC), the main application of ultra-fine nickel powder, had plateaued due to economic stagnation in China, but currently signs of recovery are beginning to be seen. However, profit decreased from the previous year. The main reasons for this were a decline in sales prices due to the decline in international nickel prices (LME [London Metal Exchange] prices), and production adjustments by suspending operations at each of our ultra-fine nickel powder plants for up to 3 months to eliminate excess inventories.

03 —

Progress of Medium-term Management Plan and future prospects

Shift to a policy that emphasizes quality over quantity amid China’s continued overproduction

Although we are currently facing various challenges, product demand in our three major businesses is expected to remain firm over the medium to long term and continue to increase. At the same time, we have a strong sense of crisis in business management and recognize the need for

continuous improvement. We are gradually responding to the various concerns raised by the sluggish Chinese economy, and we are beginning to see signs of recovery in sales. However, overproduction by Chinese manufacturers is expected to continue for the foreseeable future, and optimism is still not warranted. In addition, it is expected that our Group’s products will be increasingly and visibly matched with competing Chinese products.

To overcome this competition, it is essential to clearly establish a policy that emphasizes quality over quantity. In addition to the need to focus even more on the development of high value-added products, we recognize that the most important task is to review inexpensive general-purpose products and unprofitable items, and to build a business promotion system that thoroughly competes with high value-added products. We will not be able to reliably capture medium- to long-term business opportunities unless we build a solid structure. In order to achieve efficient production, we strongly believe that it is important to establish a system that can respond more flexibly.

Our Group is currently working on the FY2023-2025 Medium-term Management Plan as an action plan to catch up with our Vision for 2030. We are facing a major challenge in achieving our quantitative targets due to the large gap between our business environment and that envisioned at the time of planning. However, we intend to increase the achievement rate of our three-year cumulative profit target without withdrawing our stated targets.

In the Titanium Business, we will focus on increasing our production capacity for titanium sponge for aircraft, where we expect strong demand to continue. On the other hand, in the field of general industrial applications, which are facing strong pressure from Chinese manufacturers, we aim to convert our business into a highly profitable one by securing overall sales volume and increasing the ratio of high value-added products, while holding down production. In addition, we aim to expand sales of high-purity titanium for semiconductors to JX Advanced Metals Corporation, the parent company. Our Group will make every effort to establish a solid position in the semiconductor target material supply chains, as JX Advanced Metals Corporation focuses on the semiconductor-related business.

On the production side, we have to strengthen the maintenance of facilities at the aging Chigasaki Plant. The plant repeatedly experienced operating losses due to facility problems, and the strengthening of the facility has become an urgent issue.

In the Catalyst Business as well, we will take measures to counter the aggressive efforts of Chinese manufacturers that offer low prices. Specifically, with a strong focus on high-quality polypropylene, we will work to expand sales of new high-performance catalysts and develop even higher-level catalysts.

In the Chemicals Business, we will further expand our sales share of ultra-fine nickel powder for MLCC, our main product, leveraging the start of operations at Wakamatsu Plant No. 5, which was completed in FY2025. In addition, we intend to devote our energies to developing high-end

products for the next generation. In the New Materials Business, JX Advanced Metals Corporation, the parent company, expanded production facilities for materials for next-generation semiconductors on the premises of our Chigasaki Plant. We intend to expand our business in cooperation with JX Advanced Metals Corporation. As for WEBTi® (porous titanium sheet), which is expected to be used in green hydrogen production equipment, we plan to start mass production in 2026 and develop markets globally to contribute to carbon neutrality. To reiterate, our Group needs to promote strategic initiatives that emphasize quality over quantity in order to counter China’s increasing influence in the future. We intend to make this an important theme in our next Medium-term Management Plan, which will be launched in FY2026. The development of new metal powders by the New Materials Division is particularly important and has the potential to become a next-generation growth driver following the three major businesses. This could also be an important theme in the next medium-term management plan.

In light of our strategy to shift to quality over quantity, we need to review our approach to strategic investment. Currently, in our Group’s business portfolio, the Titanium Business and the Catalyst Business are positioned as “cash cow businesses” that generate relatively stable cash flows. In these 2 businesses, it is important to continue making necessary investments to maintain stable cash flows based on the concept of quality over quantity. At the same time, in order to create a new revenue stream for the next generation, we believe it is necessary to allocate the cash flow generated to future strategic investments, such as the development of metal powder. In the next Medium-term Management Plan, we will revise our investment strategy and more clearly delineate our growth strategy.

04 —

Strengthening governance and empowering human resources

Surviving times of rapid change by strengthening governance and maximizing human resources

In order to strengthen our business for the future, it is essential to maintain a strong governance structure. We have been working to enhance the diversity of the Board of Directors, and starting in FY2024, we have increased the ratio of independent outside directors to half of all directors. As a result of these efforts, opinions from diverse perspectives have been actively exchanged and the quality of discussions at the Board of Directors has improved. As a result, the strengthening of the functions of the Board of Directors seems to have the effect of supporting business promotion of the business executive division. The decision to withdraw from a business by Toho Material Co., Ltd. and the establishment of an efficient management system for Toho Technical Service Co., Ltd., which had

been pending for many years, were also realized after in-depth discussions at the Board of Directors. In addition to strengthening the functions of the Board of Directors, we are continuously working to strengthen our internal control and risk management systems and actively promote information disclosure. As a result of these efforts, I feel that external confidence in our Group’s organizational capabilities is steadily increasing. In March 2025, our parent company, JX Advanced Metals Corporation, was listed on the Prime Market of the Tokyo Stock Exchange. Some investors have voiced concerns about the adverse effects of the so-called parent-subsidiary listing. From a management perspective, transactions between our Group and JX Advanced Metals Corporation account for only approximately 3% of the total, and the intentions of the parent company do not have a major impact on our company’s management. However, how the parent company manages its business portfolio and positions its capital relationship with our Group is left to the management of the parent company. In any event, we are confident that, under the robust governance framework our Group has established, no decisions will be made that would compromise the interests of minority shareholders. As I mentioned at the beginning, the key to our future growth is to improve our capabilities as a Group. Without well-trained human resources, it is difficult to build an organization that can respond flexibly to changes in the environment. In times of uncertainty, the presence of a lot of human resources with diverse experiences and flexible ideas within the Company makes it possible for organizations to respond flexibly. In addition, with the increasing mobility of human resources in society as a whole, a decline in the employment retention rate is an important issue for companies. Over the past few years, our Group has also been strengthening measures aimed at raising the motivation of each employee and fostering corporate loyalty. For example, out of consideration to factory workers, we are actively holding various events at production sites other than the Chigasaki Plant to enhance employee welfare. Because the Chigasaki Plant has played a central role in our Group since its founding, there has been a deep-rooted “gap in awareness” with other plants. This has become a challenge in fostering a sense of unity within the organization. We believe that these unconscious disparity are extremely important issues for factory workers, and we have been making improvements on an individual basis to correct the situation so far. As a result, the annual employee satisfaction survey shows an improvement in satisfaction. On the other hand, in terms of organizational management, the negative effects of the siloed structure still remain, and the situation has not yet reached a satisfactory level. In FY2025, our group launched the Human Resources SHINKA Project to strengthen its human resources. The term “SHINKA” has 2 meanings: “evolution” and “true value.” Our policy is to define the “ideal form” of human resources measures in which “human resources” can exert the most power, and then to develop concrete measures to bridge the gap with the current situation.



05 —

Coexistence and co-prosperity with society

Continued environmental and social contributions earn trust in corporate activities

Contributing to the resolution of environmental issues is one of our social responsibilities as a global company. At the same time, as a supplier of materials to many industries, our Group sees this as an important business opportunity that can help our business partners resolve social issues.

In order to realize a carbon-neutral society, we recognize that in addition to the reduction of CO<sub>2</sub> emissions under Scope 1 and Scope 2, which we are currently working on, the reduction of emissions under Scope 3, which is a major source of emissions, is a major challenge going forward. Our Group is also working to expand business opportunities by supporting companies working to realize a carbon-neutral society. Specifically, we are developing a mass production system for WEBTi<sup>®</sup> mentioned earlier, and LLTO<sup>™</sup> (Li-ion conducting ceramics) that is expected to contribute to the recycling of lithium resources. By actively developing such environmentally friendly products, we intend to contribute to reducing the environmental impact of society as a whole while increasing corporate value.

Our Group also recognizes that contributing to local communities is an important mission and is actively engaged in it. Specifically, we are involved in supporting activities by providing places for interaction mainly at each of our production sites, including cleanup activities in each region, cooperation with local events, promotion of volunteer activities, support for the promotion of school soccer by our soccer club, and sponsorship of local professional sports teams and orchestras. These efforts are the expression of our desire to give back to the local community. At the same time, we believe that gaining understanding and trust in our corporate activities will lead to an increase in our Group's corporate value in the long run.

06 —

To our stakeholders

Shift to quality-oriented management to improve capital efficiency and increase corporate value

Our Group strongly recognizes that a stable management foundation and sustainable business growth are essential to earning the trust of all stakeholders involved in its management and business. To this end, our Group will strive to maximize its corporate value by creating synergies and diversifying risks through a diversified business portfolio

with the aim of realizing the “conglomerate premium” that was previously mentioned.

As a materials manufacturer, we believe that excessive reliance on specific businesses entails significant management risks, given the risk of material substitution through technological innovation. For this reason, our Group places emphasis on the management of its business portfolio to ensure a stable earnings base and to invest in future growth.

Specifically, we aim to generate stable cash flow through the Titanium Business, which provides high-quality and high-purity titanium products, and the Catalyst Business, which provides high-performance catalysts. We envision actively allocating those resources to future growth areas, including the Chemicals Division, New Materials Division, and commercialization of metal powder being developed by the Technology Strategy Headquarters.

Of course, while investing funds in such strategic investments, we will give due consideration to continuing to improve the working conditions of employees and actively returning profits to shareholders. Our policy is to pay dividends to shareholders based on a consolidated dividend payout ratio of 30-35% or at least 2% of consolidated net assets, whichever is higher. We aim to increase corporate value and provide stable and sustainable returns to shareholders.

As part of our efforts to increase corporate value, we are also keenly aware of the need to improve the capital efficiency of each business. To this end, we intend to further evolve management that emphasizes ROIC (Return on Invested Capital). Regrettably, ROIC remained low in both FY2023 and FY2024. The main factor was the sluggish performance of the Catalyst and Chemicals Businesses, but the ROIC of the Titanium Business was also not satisfactory. In the Catalyst and Chemicals Businesses, we will work to improve profitability by addressing unprofitable items, and improve capital efficiency in both businesses by reducing inventories through optimal stock level management. In the Titanium Business, we believe that we must address the aging of the Chigasaki Plant, which is facing increasing maintenance costs, and at the same time set the direction for further efficiency improvement of the entire production base over the long term.

I hope you will look forward to our Group's efforts to transform its business into one that emphasizes “quality over quantity” and continue to take on challenges in anticipation of new business possibilities.



Enhance human capital and improve capital efficiency to increase medium- to long-term corporate value

Our Group aims to be a highly profitable company that creates advanced materials and technologies. To achieve this, our financial strategy focuses on capital efficiency and prioritizes qualitative improvement of our businesses. As part of our human resources strategy, we will focus on increasing the human resources who are actively pursuing their own growth and the company's growth in a bid to enhance corporate value.

Akira Inokawa

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



Financial Strategy

The 2023-2025 Medium-term Management Plan (MMP) targets unlikely to be achieved  
The next MMP aiming for a more “muscular” business structure

In the mainstay Titanium Business, although the medium-term demand trend for titanium used in aircraft remains relatively favorable, inventory adjustments occurred in the supply chain in FY2024 due to quality issues and strikes in the middle of the previous fiscal year at aircraft manufacturers. On the other hand, sales volume of our products for general industrial applications other than aircraft fell below the previous year’s level due to overproduction by Chinese manufacturers. Meanwhile, demand for high-purity titanium for semiconductors has been recovering, and net sales of the Titanium Business as a whole grew from the preceding year, with an increase in operating profit as well.

China’s industrial trends also had a significant impact on the Catalyst Business. This was due to the expansion of polypropylene production capacity in China amid sluggish domestic demand, which led to Chinese polypropylene flowing into neighboring countries. Consequently, our catalyst customers were forced to continue operating at low capacity utilization rates. Nevertheless, sales are recovering from the previous fiscal year’s slump with both net sales and operating profit increasing year on year.

In the Chemicals Business, demand for multilayer ceramic capacitors (MLCC), the main application of ultra-fine nickel powder, the Business’s core product, has been growing. Net sales in FY2024 increased from the prior year. On the other hand, due to the decline in nickel sales prices accompanying the drop in the international price (LME price) and production adjustments for ultra-fine nickel powder at the Company to improve inventory balance, the Chemicals Business’s operating profit/loss for FY2024 deteriorated significantly, resulting in the unfortunate outcome of recording a substantial operating loss.

Unfortunately, in FY2025, the final year of the Medium-term Management Plan (MMP), we expect to fall far short of the net sales and operating profit targets originally set when the plan was formulated. By business division, the Titanium, Catalyst, and Chemicals Businesses are all forecast to report lower net sales and operating profit in FY2025 compared to the MMP. As for the cumulative results for the three-year period from FY2023 to FY2025, while the Titanium Business is expected to achieve a slight increase in operating profit compared to the MMP, partly due to the weaker yen, the operating profit/loss for both the Catalyst and Chemicals Businesses is projected to fall significantly below the MMP.

In the Chemicals Business, Wakamatsu Plant No. 5 for ultra-fine nickel powder is scheduled to be completed in FY2025. This, together with a new plant in the Chigasaki Plant for the Catalysts Business that has already started operations, will complete 2 major investments in capacity expansion. For a new business, we are proceeding with the construction of a mass production plant for WEBTi® (porous titanium sheet). It is scheduled for completion by the end of FY2025 and is planned to start operations in FY2026. Going forward, we aim to start production and sales

as soon as possible to achieve a return on investment. Concurrently, while monitoring the market development for PEM water electrolyzer, which is the primary application, we will also study the next steps for capacity expansion.

In the next MMP, we will focus on improving capital efficiency as a key theme. A look at each business finds that some have not reached the level of ROIC we are aiming for. Thus, we will continue to make further improvements to ensure that we can consistently achieve higher levels of profitability. While aiming to expand sales and improve profit margins across all businesses, we will rigorously manage inventories, non-current assets, etc. to boost ROIC. In addition to careful selection of capital investments and strict management of hurdle rates, we are implementing operations that thoroughly improve capital efficiency. This includes strengthening the involvement of the company-wide Corporate Planning Department in inventories, rather than leaving production plans and other matters solely to the business divisions. Thanks to this, while the cumulative profit for the three-year period from FY2023 to FY2025 is anticipated to show a significant decline compared to the MMP, the cumulative operating cash flow for the same period is likely to deteriorate only slightly compared to the MMP. In addition, the total amount of capital investment for the same period is expected to be almost in line with the MMP, despite soaring equipment and construction costs.

Regarding shareholder returns, starting with the year-end dividend for the fiscal year ended March 31, 2025, we have revised our basic dividend policy to incorporate the concept of DOE. The new policy adopts the higher of either a consolidated dividend payout ratio of 30-35% or a dividend amount equivalent to 2% or more of consolidated net assets.

To enhance corporate value, we aim to improve competitiveness in existing businesses while also continuously creating and successfully launching new businesses, thereby pursuing sustained growth over the medium to long term. We are currently working on the commercialization of WEBTi®. Meanwhile, having a robust pipeline of development projects that could serve as seeds for future commercialization, we are strengthening our development structure for new business creation. We recognize that one of the important roles of finance officers is to enhance the ability to generate cash flow that supports these activities, and to build a more muscular business structure without becoming overly focused on quantity. As a materials manufacturer, we need to make a significant amount of capital investment to sustain existing businesses. At the same time, we need to make ongoing efforts to improve capital efficiency to generate cash to support the exploration, development, and commercialization of new businesses. Going forward, we aim to build a company capable of sustainable growth while carefully balancing these initiatives.

Human Resources Strategy

Envisioning the ideal "Human Resources" to achieve our Vision  
and close the gap with the current situation

Enhancing the quality and quantity of human resources is a starting point and an essential element for improving and growing the company. At present, to strengthen our efforts in this area, the Human Resources Committee, chaired by the President and composed of General Managers of Headquarters and Divisions, and others, meets regularly to discuss measures to enhance human resources development and management. We strive to implement decisions agreed upon by the Human Resources Committee promptly, prioritizing speed. Additionally, to clarify and narrow the gap between the current mindset of employees and organizational culture and the desired state, we launched the “Human Resources SHINKA Project” and began reviewing our personnel systems and other related matters. This project aims to clarify the types of human resources required and the goals we want employees to pursue, aligned with our management strategy. It involves revising our personnel systems accordingly, striving to ultimately maximize employee engagement and performance. Through these efforts, we hope to create a system in which human resources taking on the challenge of growth and change are evaluated more highly.

Our recruitment policy involves maintaining a stable intake of a certain number of new graduates while also incorporating mid-career hires as needed. This enables us to secure human resources flexibly and steadily.

Regarding employee compensation, we recognize that continuous wage increases are necessary in light of the current economic situation. In addition, we have begun working to improve the treatment of employees on site.

With regard to work-style reforms, we have introduced an area-limited employee system that allows employees to choose conditions where they will not be transferred to a remote location. We are also promoting the creation of an environment in which employees can continue to work with peace of mind, considering their individual circumstances, such as improving the rate of taking annual leave, promoting employee health, and helping employees balance work with childcare and nursing care. We are also working to expand the range of options available to our employees to support their career development and improve their satisfaction. For example, we have introduced an internal recruitment system (posting system) that enables employees to take on the job of their choice, and a transfer request system.

To improve employee engagement, we conduct an annual employee satisfaction survey. Through this survey, we identify current satisfaction levels and areas requiring improvement regarding company policies and systems, workplace relationships and communication, assigned duties, the work environment, etc. We utilize these results to develop and implement measures aimed at further enhancing employee engagement. In this regard, enhancing the capabilities of managers is also a critical challenge. We are working to strengthen manager education so that employees can be motivated by proper implementation

of personnel systems, such as appropriate performance evaluations, and improved communication.

As for workplace diversity, we are increasingly mindful of diversity in various aspects. In recent years, we have increased our hiring of mid-career employees and experienced professionals, resulting in a growing number of employees with workplace experience outside our Company. We expect that the recruitment of such people with diverse backgrounds, bringing different experiences and fresh perspectives to their workplaces, will have an extremely positive effect on business operations and ultimately lead to an increase in corporate value. Our Company is a manufacturer which has involved in production of materials for a long time. While manufacturing sites remain largely male-dominated workplaces, female employees are gradually expanding their roles and opportunities. We already have a large number of female employees engaged in analytical work, and our R&D department is also actively accepting female researchers. On the other hand, women in managerial positions currently account for only 2.8%, and we recognize this as a challenge. Going forward, we plan to further promote women into management roles while also actively selecting motivated and promising young employees for management positions, moving beyond traditional seniority-based practices.

We strongly encourage our employees to pursue their own growth and that of our business even more proactively, driven by a strong desire to make our Company even better. Ideally, we would like to increase the number of such employees and foster a corporate culture that encourages open communication, suggestions for improvement, and positive and active discussions.

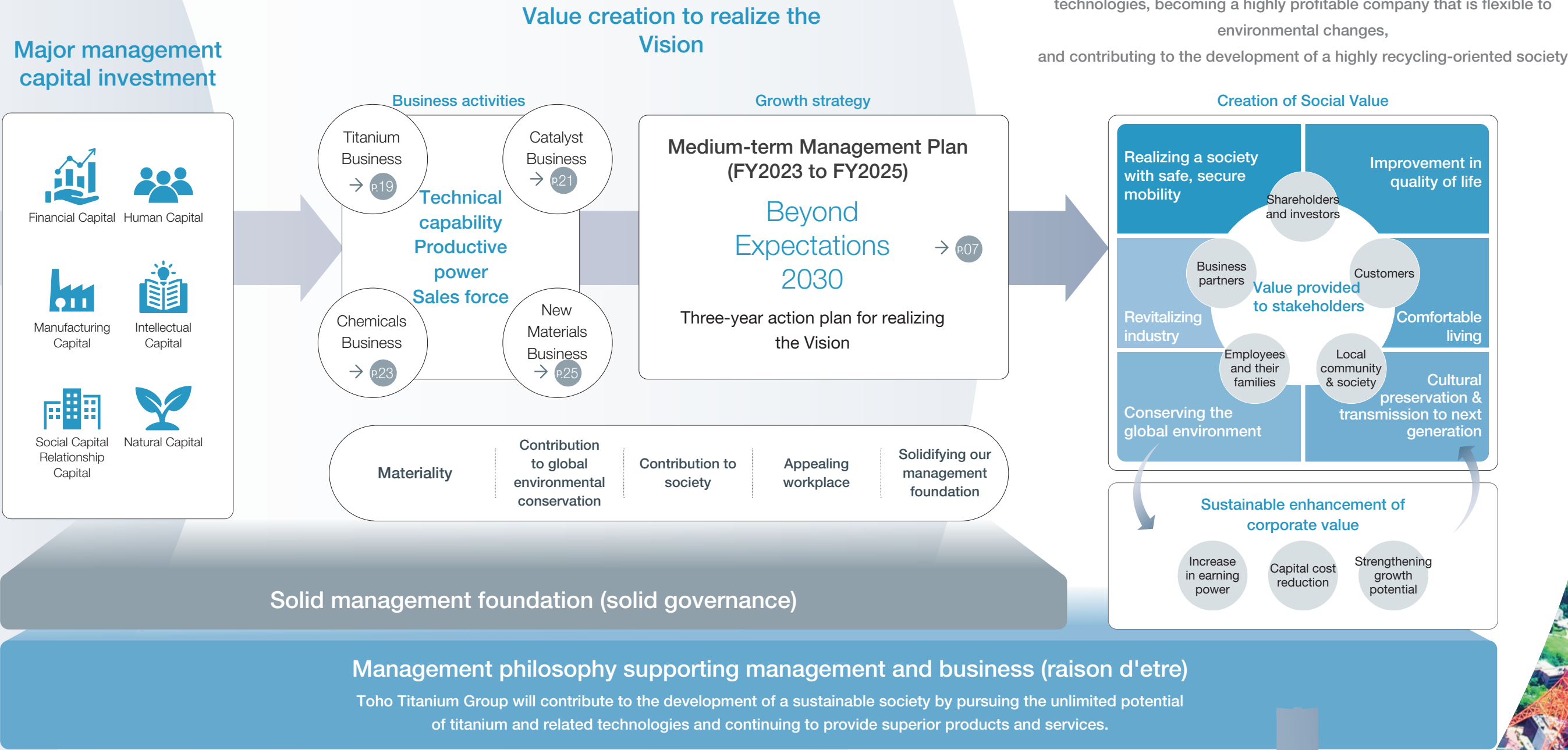
We want our employees to enjoy their work by always acting independently and actively. And if that leads to results, that is great. I think it is an interesting experience for many people to be able to feel their own growth through their work while being aware of their career development. As our company, we aim to support and encourage such growth opportunities for our employees, thereby increasing human resources that grows autonomously. This approach will help us achieve a virtuous cycle that contributes to the growth of the entire organization.





# Story of Value Creation to Realize the Vision

The Toho Titanium Group is creating new value for future lifestyles and industries by combining its original titanium-related technologies that it has refined over many years with its sustainability technologies that contribute to reducing environmental impact. The synergy generated by both technologies is an important foundation for the realization of a sustainable society. Also, in order to realize the Vision for 2030, we aim to simultaneously solve social issues and create economic value by maximizing our strengths. Through technological innovation, we will continue to provide values that society demands, thereby contributing to the development of a sustainable society.



# BE2030 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



# Titanium Division

Promote a strategic shift from quantity to quality amid intensifying global competition with Chinese manufacturers and others

Challenges to be resolved and growth strategies

Compete in a field that demands high quality in the face of intensifying global competition

In FY2024, profitability of the Titanium Business improved significantly from the previous fiscal year due to supply chain changes caused by the conflict in Ukraine, the correction of sales prices, and the depreciation of the yen. Sales for aircraft were firm, but sales for general industrial applications were sluggish due to the distribution of cheap products in the market stemming from overproduction by Chinese sponge manufacturers in the second half of the fiscal year. On the other hand, demand for high-purity titanium for semiconductors was on a recovery trend.

The main measures set forth in the Medium-term Management Plan are generally proceeding as planned. However, in the aircraft industry, the impact of strikes and quality issues at major aircraft manufacturers has protracted adjustments in the supply chain, and the recovery of demand for titanium sponge has been delayed. The short-term challenge now is how to secure and grow earnings. We also need to keep an eye on developments by Chinese manufacturers. In the general industrial sector, our Group's domestic customers have become noticeably less competitive as a result of too many expanded material manufacturers in China underselling their products, and the future recovery of demand is uncertain. Also, in the aircraft industry, there are concerns about the growing use of inexpensive Chinese-made titanium sponge for airframe applications. Under these circumstances, our Group recognizes the importance of shifting its focus to expanding its market share of titanium sponge for aircraft engines, which requires high quality.



Strengthening production functions and improving quality

Urgent need to replace aging facilities; Also focusing on eliminating “polarization” of production personnel

The main measure of the Medium-term Management Plan, namely, to increase the production capacity of titanium sponge at the Chigasaki and Wakamatsu Plants (3,000 tons per year), is scheduled to be completed by the end of FY2025 as planned.

One of the current challenges facing production is the ongoing polarization of skills among production personnel at plants. Although the required number of workers has been secured, the aging of skilled employees is progressing, while the ratio of unskilled workers is increasing due to the increase in new hires, leading to a widening gap in skill levels. Therefore, there is an urgent need to enhance the education of young employees and improve the working environment to reduce turnover. In addition, drastic measures must be taken for the titanium sponge manufacturing facility at the Chigasaki Plant, which is particularly aging. Regarding the new titanium sponge plant construction plan, which had been under consideration with a target completion in FY2027, it has become difficult to make a decision on the plan at this time. This is due to the current market softening, coupled with the failure to reach an agreement with customers regarding the transfer of costs to the sales price, which was a prerequisite for the plan.

As for future measures to improve productivity, given the current market softening, it is necessary to focus on improving “quality over quantity.” Specifically, we need to devise ways to increase the production ratio of titanium sponge for aircraft engines, which requires high quality. We are currently working to review the manufacturing process to remove a bottleneck in achieving this.



Strengthening sales and marketing capabilities

Strengthen the rotation of sales representatives Focus on developing human resources capable of proposal-based sales

Given the current titanium market conditions, we expect to fall short of the sales targets set in the Medium-term Management Plan for both titanium sponge and titanium ingots. Meanwhile, in order to secure sales in the subsequent FY2026, we are focusing on gathering information about the titanium market to actively communicate with customers. This enables us to develop tailored sales strategies that meet each customer's specific conditions.

We recognize that enhancing personnel's capabilities is also a key to resolving challenges in sales operations. We recognize that the recent practice of assigning dedicated sales representatives to each customer has become problematic. We are therefore strengthening sales representative rotation, incorporating sales staff from other business divisions. By region, there is a shortage of U.S. expatriate candidates, and there is an urgent need to expand the pool of candidates.

The key to strengthening the sales force is to enhance manpower. Given that the Titanium Division operates upstream in the supply chain, our sales activities tend to focus on accommodating customers' stringent demands, which often results in a passive stance. Responding to customer demands is certainly important, but relying solely on that makes it difficult to survive in a fiercely competitive environment.

To better convey the value of our products to customers and deepen their understanding of our Company's philosophy, we must strengthen our proposal capabilities by consciously adopting a more proactive sales approach. To achieve this, having human resources capable of proposal-based sales is essential. We will therefore dedicate greater effort than ever before to developing and securing such talent.

**Takeshi Sannohe**  
Executive Managing Officer  
General Manager,  
Titanium Division





# Catalyst Division

Challenging progress toward the targets of the Medium-term Management Plan;  
Current focus on expanding our share with major customers;  
Aim to develop high-performance catalysts and strengthen human resources over the medium to long term

**Takeshi Nakashima**  
Executive Managing Officer  
General Manager,  
Catalyst Division



## Challenges to be resolved and growth strategies

**Current focus on improving productivity and reducing costs**  
**The key to medium- to long-term growth is the development of high-performance catalysts**

In FY2024, demand for catalysts was sluggish due to the impact of new entries by Chinese polypropylene manufacturers and increased production capacity. This was due to delays in the launch of new production lines by our customers as a result of a significant increase in the volume of low-priced Chinese polypropylene exports, and a sharp decline in demand from our customers in countries surrounding China. In other regions, however, catalyst consumption showed signs of recovery, and sales in the Catalyst Business were higher than in the previous fiscal year. Although the results fall far short of the targets we set in our Medium-term Management Plan at the time of planning thereof, demand for catalysts is currently on the road to recovery. For the time being, there are plans to launch new lines for major customers, and we intend to increase sales by thoroughly following up with those customers.

The current issues for our division are productivity improvement and cost reduction. We are carefully addressing these issues and continuing our efforts to drive improvements. In addition to solving short-term problems, we recognize the need to develop high-performance catalysts and increase production capacity over the medium to long term.

As part of our future growth strategy, it is important for us to maintain the share of our products with each customer in the short term, and to capture the demand arising from the launch of new production lines planned by our customers. Our medium- to long-term vision is to become one of the world's top three producers in terms of the sales share of polypropylene polymerization catalysts. The key to growth is the development of high-performance catalysts. It is important to increase profitability by increasing the added value of products, and we will increase production capacity to meet the subsequent increase in demand.

## Strengthening production functions and improving quality

**Speed up capacity recovery of the new catalyst plant at the Chigasaki Plant and facility expansion at the Kurobe Plant**

The new catalyst plant (C4 Plant) at the Chigasaki Plant has been in operation since FY2023, but production capacity is currently lower than originally planned, partly because the items targeted for production have changed from what was assumed at the time of design. At the same time, we are planning to conclude catalyst supply contracts with new customers by the end of FY2025, so we believe there is an urgent need to increase production capacity in the future. For this reason, we plan to restore capacity at the C4 Plant and reinforce facilities at the Kurobe Plant at the same time.

In the short term, the most urgent task in the production department of our division is to establish optimal manufacturing conditions to restore production capacity at the C4 Plant. Aiming to ensure the stable operation of facilities and the consistency of quality, we are currently conducting technical verification, including a review of raw material characteristics and process conditions, and are stepping up efforts to quickly restore capacity.

On the other hand, from a medium- to long-term perspective, we recognize that improving productivity through strengthening management of manufacturing conditions is an important issue. This includes stabilizing and improving the quality of raw materials, automating work processes through digital transformation (DX), and optimizing processes through real-time data collection and analysis.

Through these measures, we will reduce dependence on personnel, stabilize quality, and improve production efficiency in order to achieve both short-term stable operations and medium- to long-term competitiveness.



## Strengthening sales and marketing capabilities

**Strengthen sales capabilities for major customers;**  
**Strengthening our sales structure and developing human resources are key challenges in the medium to long term**

With regard to sales in FY2025, we expect to increase our division's sales share with new customers, following the conclusion of the catalyst supply contracts that were previously mentioned. In the future, we intend to strengthen sales to major customers by clearly defining the target customers, and further expand sales, mainly of new high-performance catalysts. We recognize that strengthening our sales structure and developing human resources are key challenges in the medium to long term, not only for our division but for all divisions.

In order to strengthen our sales capabilities, it is important for us to first clarify our current sales issues and targets, and for each of our sales representatives to tackle them with a high level of awareness. Cultivating this mindset and consistently taking action will form the foundation for improving our sales capabilities. On top of that, we believe it is important to visualize the progress of targets and issues and to ensure thorough management. In the medium to long term, it is necessary to establish a routine process for mid-career hiring in addition to active personnel rotation involving other divisions.

Personnel rotation broadens employees' view, deepens their understanding of operations, and also contributes to strengthening cooperation between departments. Establishing a routine process for mid-career hiring enables our organization to incorporate external knowledge and experience and create synergies with existing human resources. We believe these measures will enhance the flexibility and responsiveness of our organization, and help us maintain and improve our competitiveness even in a rapidly changing business environment.

We think it is also important for our Company as a whole to build a human resource portfolio in a systematic manner and establish a cycle of development and recruitment through these measures.



# Chemicals Division

Demand for ultra-fine nickel powder on a recovery trend;  
Concentrate management resources on expanding sales of ultra-fine nickel powder and increase production capacity and sales capabilities to drive business growth



**Takeshi Nakashima**  
Executive Managing Officer  
General Manager,  
Chemicals Division

## Challenges to be resolved and growth strategies

**Respond to current demand growth by expanding sales of cutting-edge products; Shortening the development period and increasing production capacity are key challenges in the medium to long term**

Ultra-fine nickel powder, our division's major product, is mainly used for multilayer ceramic capacitors (MLCC). Regarding the business environment surrounding MLCC, we recognize that the Chinese economy, which has affected our Group, is showing signs of recovery, although it still lacks momentum. The outlook remains uncertain, but demand for ultra-fine nickel powder began to pick up in various fields, and net sales in FY2024 exceeded those of the previous fiscal year. On the other hand, in terms of market conditions, sales prices declined due to a drop in international nickel prices (LME prices).

At present, with demand expected to pick up in the telecommunications, automotive, and industrial equipment fields, we believe that the challenges that need to be addressed include improving productivity, reducing costs, and expanding sales of cutting-edge products. In the medium to long term, we expect further expansion in the MLCC market, but there are also concerns about intensified competition. Therefore, in addition to these short-term challenges, we need to increase our market share ahead of our competitors by expediting the market launch of developed products. As specific medium- to long-term measures, we believe it is necessary to focus on shortening development lead times and increasing production capacity to expand market share.



## Strengthening production functions and improving quality

**Focus on operation of Wakamatsu Plant No. 5; Aim to build a production system that can respond to changes in demand**

We are constructing a new plant (No. 5) at the Wakamatsu Plant to increase ultra-fine nickel powder production capacity. The plant is scheduled for completion in the first half of FY2025 and will enter the phase of trial operation and prototyping in the second half. It is expected to start operations in FY2026, six months later than the planned start of operations in the Medium-term Management Plan.

Commencing operations at this plant is expected to increase ultra-fine nickel powder production capacity by approximately 20%. As there is room for expansion of production capacity at this plant, we will assess the demand situation from customers and determine when to expand facilities accordingly. Demand in the electronic components industry fluctuates intensely, and the Chemicals Division must establish a production system that can respond flexibly to such changes in demand. The short-term challenge for the production department is to improve productivity. Currently, production varies by item, and we are working to improve the low-yield items. In the medium to long term, we need to evolve production technology. To enhance competitiveness in the market, we recognize that we need to improve the efficiency of each process through the sophistication of production technology while driving down costs. We are working to resolve the various challenges related these matters.



## Strengthening sales and marketing capabilities

**Concentrate management resources on expanding sales of ultra-fine nickel powder; Strengthening and expanding the sales structure is a medium- to long-term challenge**

While strengthening ties with our major customers, we aim to expand our business by introducing cutting-edge products to other customers. To this end, we will focus our efforts on proactive sales approaches targeting customers other than our key customers. To enhance the relationship of trust with our major customers, we intend to provide meticulous services, such as speeding up feedback to these customers by strengthening our development system.

In order to make the most of the current business opportunities, it is important to focus management resources on approaches to expand ultra-fine nickel powder sales, where commercial opportunities exist. Furthermore, we view strengthening collaboration with the technical department to rapidly bring new products to market as a critical short-term strategy.

The medium- to long-term challenge is to strengthen and expand our sales structure. Our division is continuing its efforts to develop human resources and strengthen its structure in order to raise the level of its sales force. Specifically, in addition to internal training, we are promoting the introduction of educational programs aimed at accelerating the development of young employees into productive contributors, as well as actively encouraging participation in external training such as seminars to support the skill enhancement of our current members. However, considering future changes in the market environment and business expansion, a group-wide human resources development strategy is essential, rather than implementing such initiatives at the division level. Therefore, by establishing and sharing a group-wide human resources development strategy, we will strengthen our sales capabilities and achieve sustainable growth and enhanced competitiveness.



## New Materials Division

Focus on the early commercialization of WEBTi<sup>®</sup> and the establishment of its mass production system;  
In the medium to long term, improve quality and supply capacity in accordance with the expansion and development of the market



**Kenichi Yamaguchi**  
Executive Officer  
General Manager,  
New Materials Division

### Challenges to be resolved and growth strategies

Medium-term challenges include improving quality and promoting product development for next-generation water electrolysis generators

Aiming for the early commercialization of WEBTi<sup>®</sup> (porous titanium sheet), our division is steadily advancing preparations and responses, including the development of a supply system. WEBTi<sup>®</sup> has great potential as a diffusion layer on the anode side of PEM (polymer electrolyte membrane) water electrolyzer, which are expected to be widely used for the realization of a hydrogen society in the future. However, the market is starting up more slowly than initially expected, and actual business expansion is not expected until 2028.

The biggest challenge for now is the operation of WEBTi<sup>®</sup> Plant No. 1. Construction is scheduled to be completed in the fall of 2025, and the production base is being steadily prepared to begin commercial operations in FY2026. By establishing a mass production system and achieving a stable product supply, the Company will further enhance its presence in the PEM water electrolyzer market.

In the medium term, it is important to improve quality to meet market needs and to develop products with an eye toward application to next-generation water electrolyzer. At the same time, we will further strengthen our competitiveness by establishing production and evaluation technologies and increasing the added value of our products.

For future growth, we will strengthen our systems by focusing on both quality and supply in order to respond quickly to market expansion in the short term. In the medium to long term, the Company's policy is to secure sufficient supply capacity in anticipation of the global expansion and sustainable growth of the WEBTi<sup>®</sup> business.

### Strengthening production functions and improving quality

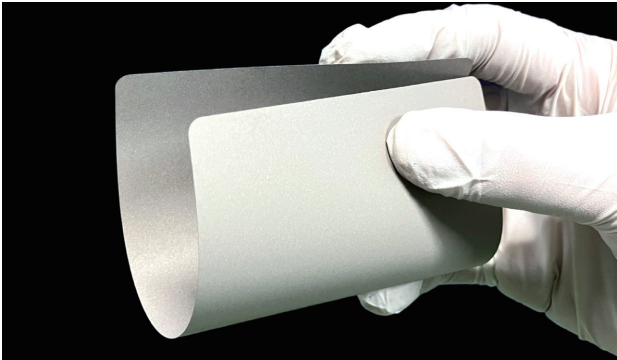
Focus on the operations of WEBTi<sup>®</sup> Plant No. 1 and securing supply capacity for a period of increased demand

Construction of WEBTi<sup>®</sup> Plant No. 1 is progressing as originally planned, and the installation of production facilities is progressing well. Our top priority right now is building a stable operating system. In order to achieve this, it is essential to improve the technical capabilities of on-site operators, and this will be an important key to ensuring stable operation and maintaining product quality.

We have already begun strategic preparations, including the development of a blueprint to strengthen our supply capacity in preparation for future demand growth.

To improve productivity, we are working to continuously improve our production processes and eliminate bottlenecks. Over the medium to long term, we plan to address the growing labor shortage in Japan by promoting process automation and labor-saving. To achieve this, we need to review the entire work process and build an efficient smart operation system.

As the first step in improving quality, we quickly identify the cause of defects occurring in the field and immediately implement corrective measures. In the medium to long term, we will also focus on improving the workplace environment to reduce the defect rate and establishing management methods to establish and maintain optimal operating conditions.



WEBTi<sup>®</sup>-K (developed product)

### Strengthening sales and marketing capabilities

The issue is to develop human resources who can respond to changes in the market environment and who is ready to work in the global market

Our division has been diligently preparing for the commercialization of WEBTi<sup>®</sup>, and we have now reached the final stage of putting it on the market. However, as the market for PEM water electrolyzer, which underpins demand for WEBTi<sup>®</sup>, is yet to thrive, we are forced to restructure our WEBTi<sup>®</sup> sales strategy. Accordingly, we plan to first revise our sales targets and focus on building a track record with existing customers where commercialization is already underway. In FY2025, the final year of the Medium-term Management Plan, leveraging the results we have accumulated so far, we plan to publicize the quality and performance of our products and services widely to attract new customers.

The biggest challenge facing the sales department is the development of a global sales system. Our division is working to strengthen its sales network in order to grasp trends in overseas markets in a timely manner. In particular, in the European market, which is regarded as a frontrunner in the realization of a hydrogen society, we plan to further enhance our information network and dispatch representatives to respond quickly and accurately to market changes. In Europe, there are companies that have already mass-produced materials with the same functions as WEBTi<sup>®</sup>, but we believe that there is plenty of room to expand sales of WEBTi<sup>®</sup> in anticipation of future market expansion.

In the medium to long term, it is an urgent issue to develop and secure human resources capable of responding flexibly to the rapidly changing market environment. To this end, we are determined to build a comprehensive training program that covers language skills, understanding of business practices, and technical skills, and develop human resources who are ready to work in global markets.



Management strategies from an ESG perspective

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



STAKEHOLDER ENGAGEMENT

	Stakeholder Expectations/ Interests (Examples)	Opportunities for Communication	Important Value Co-created with Stakeholders (examples of value provided)
<div></div> <div>Shareholders and Investors</div> <div>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.</div>	<ul style="list-style-type: none"><li>Improvement of corporate value</li><li>Suitable stock price</li><li>Stability of financial foundation</li><li>Increase in ROE and ROIC</li><li>Profit improvements</li><li>Safe operations</li><li>Promotion of ESG, SDGs</li><li>Providing timely information</li></ul>	<ul style="list-style-type: none"><li>Holding a regular general meeting of shareholders</li><li>Holding a briefing session for investors</li><li>Conducting individual IR meetings</li><li>Publication of business reports, Integrated Reports / CSR reports</li><li>Conducting factory tours for individual investors</li><li>Distribution of information via website, etc.</li><li>Distribution of news releases through mass media</li></ul> <div>Disclosure Policy</div>	<ul style="list-style-type: none"><li>Stock price improvement</li><li>Stable dividend</li><li>Providing sustainable products, technologies, and services</li><li>Improving ESG ratings</li><li>Dialogue with business partners and local communities</li></ul>
<div></div> <div>Customers</div> <div>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.</div>	<ul style="list-style-type: none"><li>Provision of high-quality products and services</li><li>Stable supply, thorough supply chain management, legal compliance</li><li>Promotion of environmental load reduction</li><li>Safe operations</li><li>BCP compliance</li><li>Fair price</li><li>Capital investment</li></ul>	<ul style="list-style-type: none"><li>Daily communication through Sales Department</li><li>Display at exhibitions</li><li>Explanation through company introduction videos and pamphlets</li><li>Distribution of information via website, etc.</li><li>Distribution of news releases through mass media</li><li>Contributing to reducing environmental impact and CO<sub>2</sub> emissions</li></ul> <div>Quality Standard - ISO 9001/JIS Q 9100</div>	<ul style="list-style-type: none"><li>Improving trust through regular engagement with customers through sales activities</li><li>Expanding awareness of our products and technology through exhibitions related to our products and technology</li><li>Improving customer satisfaction by transferring the maximum possible load during product delivery</li><li>Ensuring quality by conducting quality audits of raw material suppliers</li><li>Stable operations through process and logistics management</li><li>Ultra-fine nickel powder Plant No. 5 scheduled for completion in FY2025</li><li>Increasing titanium sponge production capacity by 3,000 tons per year to be completed in FY2025</li><li>WEBTI<sup>®</sup> new plant scheduled for completion in FY2025</li></ul>
<div></div> <div>Business partners</div> <div>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.</div>	<ul style="list-style-type: none"><li>Fair, just, and transparent transactions</li><li>Thorough supply chain management and legal compliance</li><li>Safe operations</li><li>Business continuity</li><li>Promotion of environmental load reduction</li></ul>	<ul style="list-style-type: none"><li>Procurement of product materials, supplies, etc.</li><li>Implementation of quality audits, process audits, etc.</li><li>Initiatives to reduce environmental impact and CO<sub>2</sub> emissions</li></ul> <div>Green procurement guidelines, responsible mineral sourcing</div> <ul style="list-style-type: none"><li>Participation in the White Logistics promotion movement</li><li>Initiatives to eliminate antisocial forces</li></ul> <div>Status survey for the implementation of antisocial prevention measures</div>	<ul style="list-style-type: none"><li>Fair business transactions through the execution of sales contracts, specifications, etc.</li><li>Avoiding procurement risks by purchasing multiple raw materials</li><li>Stabilizing business through sustainable transactions</li><li>Continuing to conduct regular supplier quality audits</li><li>CO<sub>2</sub> reduction during product delivery</li><li>Optimization of prices commensurate with manufacturing costs</li><li>Coexistence with business partners</li><li>Continued expansion of the supply chain</li></ul>
<div></div> <div>Local community &amp; society</div> <div>At the business sites of our Group in various locations, we are working to revitalize local communities and support the generations who will lead the future, so that we are able to develop together with society as corporate citizens, while striving for harmony with everyone as members of the local community.</div>	<ul style="list-style-type: none"><li>Co-existence and co-prosperity with the local community</li><li>Contribution to regional development</li><li>Safe operations</li><li>Promotion of environmental load reduction</li><li>Disaster prevention response</li></ul>	<ul style="list-style-type: none"><li>Dialogue with local residents</li><li>Interacting with local citizens through plant tours and soccer clinics</li><li>Distribution of information through news releases</li><li>Notifications and reports to government agencies</li><li>Contributing to reducing environmental impact and CO<sub>2</sub> emissions</li><li>Building a response manual for accidents and disasters</li><li>Community contribution activities such as participation in community-specific events and volunteer activities</li></ul>	<ul style="list-style-type: none"><li>Improving trust from local communities</li><li>Promoting understanding of safety and security through plant tours for local residents</li><li>CO<sub>2</sub> reduction during product delivery</li><li>Ensuring safety and security and business continuity in the event of an accident or disaster</li><li>Dialogue with local communities</li><li>Efforts to reduce environmental impact</li><li>Acquisition of ZEB certification at Chigasaki Plant</li></ul>
<div></div> <div>Employees and families</div> <div>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.</div>	<ul style="list-style-type: none"><li>Safety first</li><li>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)</li><li>Utilizing a wide range of human resources (diversity &amp; inclusion)</li><li>Promotion of environmental load reduction</li><li>Improvement of education, welfare, and other various systems</li></ul>	<ul style="list-style-type: none"><li>Delivering the President's message during New Year's ceremonies, and other events</li><li>Distribution of information through company newsletters and intranet</li><li>Holding Group management meetings</li><li>Consultations with labor unions</li><li>Operation of compliance hotlines</li><li>Maintaining the work environment</li><li>Ensuring welfare benefits</li><li>Health management</li></ul>	<ul style="list-style-type: none"><li>Improving the work environment under the policy of putting safety first</li><li>Employee health management through medical examinations and mental health care</li><li>Sharing Group intentions by disseminating business status and policies to all employees</li><li>Negotiations and discussions held every month on various management topics and employee working conditions</li><li>Improving the ratio of women in management positions and the rate of men taking childcare leave</li><li>Improving communication through dormitories, company housing, various events, recreation, etc.</li><li>Improving the workplace environment by conducting employee satisfaction surveys</li><li>Improvement of motivation and individual ability through introduction of posting and transfer request systems</li></ul>

Identifying Materiality





# 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.

TOPICS

### Realization of Net Zero Energy Building (ZEB) \*1

At the Chigasaki Plant, we constructed a general office building that received ZEB certification, the first in our Group and the first in Chigasaki City. This general office building combines high-performance energy-saving technologies with energy-creating technologies to maintain a comfortable indoor environment while reducing the building's annual primary energy consumption to net zero or below. It is an office complex that offers both functionality and comfort. The building is scheduled to start functioning as a "ZEB" after the completion of peripheral improvements by the end of December 2025.

\*1 ZEB: Building that meets the following requirements (1) and (2)  
(1) Reduction of 50% or more from the standard primary energy consumption (Excluding renewable energy: energy conservation)  
(2) Reduction of 100% or more from the standard primary energy consumption (Including renewable energy: energy conservation + energy creation)

### Introduction of solar power generation equipment

In December 2023, the Wakamatsu Plant installed solar power generation equipment (PPA\*3 model) 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.



Solar power panels installed within the Wakamatsu Plant


\*3: Abbreviation of Power Purchase Agreement. A power purchase agreement in which the power producer installs, operates, and maintains power generation facilities on and off site, and supplies the generated power to customers.



(8) Solar panel\*2  
(9) West-facing exterior wall with few openings  
(10) High-performance insulation  
(11) High efficiency air-cooled heat pump package  
(12) Motion sensor LED lights  
(13) High efficiency ventilation fan  
(14) Elevator with power regeneration function  
\*2: Energy creation technology

Natural ventilation  
Top light  
Office  
Open ceiling space  
Office  
Office  
Office  
Meeting room  
Meeting room  
Toilet  
Cafeteria  
Entrance

(1) Low-E double glazing glass  
(2) Green curtain  
(3) Woody solar radiation shield louver  
(4) Daylight sensing LED lighting system  
(5) Motorized blinds  
(6) Eaves effect due to uneven appearance  
(7) Solar panel carport



### Initiatives to make fuel carbon-free

In October 2022, the Kurobe Plant switched from LPG used in the manufacturing process to carbon-offset LPG. Carbon offset LPG offsets the greenhouse gas emissions produced when it is burned with carbon credits.

### Participation in 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 emissions.



\*GX League: Activities to realize a carbon-neutral society by 2050 and economic growth at the same time

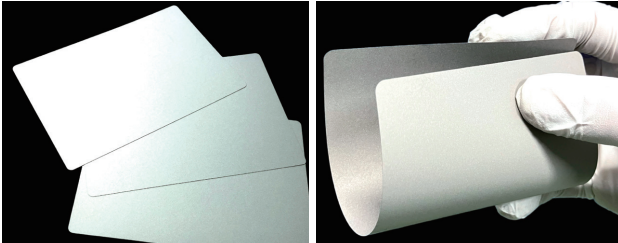
## Providing Products Beneficial to the Environment and Safety

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 electrolyzer. We aim to start its mass production in FY2026.

The Catalyst Division is continuing to develop

environmentally friendly catalysts and, in the course of this, is promoting sales expansion for products that were commercialized in FY2024.



WEBTI® (Porous titanium sheet)

## 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 FY2024 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.

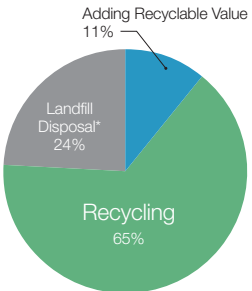
### Promotion of Waste Plastic Reuse

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.



Reusable waste plastic collection container

### Breakdown of Industrial Waste (FY2024)



\* Of the landfill disposal ratio of 24%, 23% is for development of offshore landfill.



Information Disclosure Based on TCFD Recommendations

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



Strategy

Our Group is working to understand the financial impact of climate change through scenario analysis. Based on the results of the scenario analysis, we formulate a concrete transition plan toward a decarbonized society and reflect it in our Medium-term Management Plan from FY2023 to FY2025.

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 President and consists of executive officers, division managers, and members designated by the Chairperson. Climate change risks are managed by the Risk Management Committee in the same way 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.

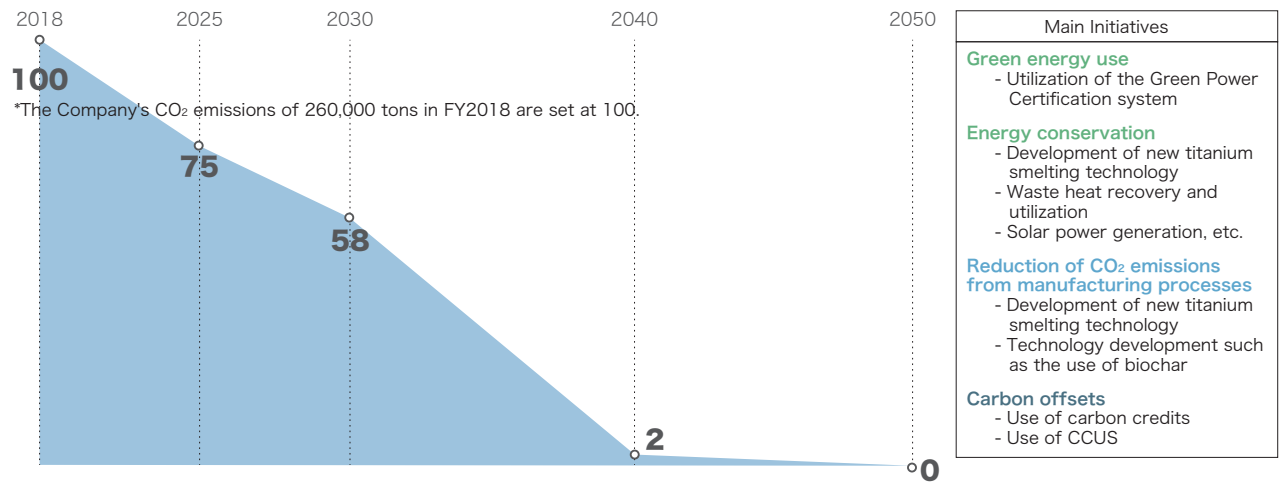
We have set a target of 25% reduction in the sum of Scope 1 and Scope 2 emissions for FY2025 and more than 40% reduction for FY2030 (both compared with FY2018), with the ultimate goal of net zero in FY2050.

We have set the following indicators for achieving carbon neutrality in FY2050.

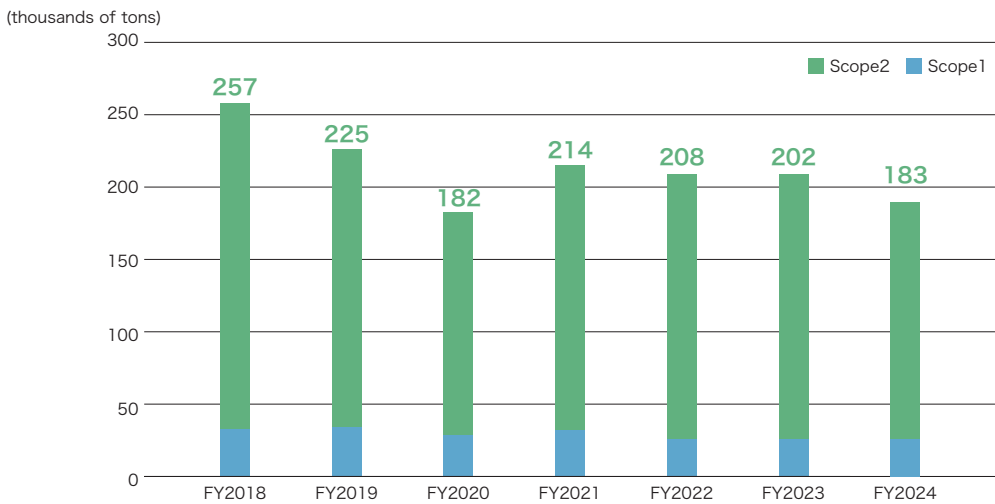
Indicator 1: GHG emissions from manufacturing processes

Indicator 2: GHG emissions from energy conservation and effective use of energy

Indicator 3: GHG emissions from carbon-neutralized energy source uses



GHG Emissions



Notes)1. Scope 1: The amount offset by credits (J credits or voluntary credits).  
2. Scope 3: 367 thousand tons of CO<sub>2</sub> in FY2022, 351 thousand tons of CO<sub>2</sub> in FY2023, and 368 thousand tons of CO<sub>2</sub> in FY2024.

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.








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 transactions	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.
	Mutual trust	We build a relationship of trust through transactions based on equal partnerships with our business partners.
Promises to business partners (principles for transactions)	Ethics	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 profits or cause disadvantages.
	Fair entry opportunity	We will provide a fair entry opportunity for those wishing to be one of our business partners, and we will respond sincerely to transaction offers.
	Fair evaluation	The selection of business partners is based on a fair evaluation of factors such as quality, price, delivery 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 facts and reasons upon their request.

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 we 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.

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



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 3,140 companies endorsed as of March 15, 2025).

1. To propose the improvement of logistics and cooperate in it
2. To separate the work other than driving
3. To improve the facilities of shippers
4. Modal shift to vessels and railroads
5. Adoption of a fuel surcharge
6. Consideration of the status of legal compliance when selecting the other party of a contract
7. Active utilization of logistics service providers that are reforming their workstyles, etc.
8. Safety measures for cargo handling
- (Excerpt)



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,

mica, nickel, copper, lithium, and natural graphite. 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 our 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 placing top priority on safety, our Group is promoting a variety of initiatives to create a comfortable working environment and achieve zero work-related accidents.

In addition, we regard the creation of an environment in which all employees can maintain good health at all times and work to the best of their

abilities as an important management issue. We are actively implementing 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 positions efforts to achieve diversity and inclusion in the workplace as one of its key management issues. We are promoting the creation of an environment in which each and every employee, from any of a variety of backgrounds, including gender, age, nationality, disability, sexual

orientation, and sense of values, is respected and can make the most of their individuality and ability. We are also striving to create new value and revitalize our organization by integrating diverse perspectives and experiences, and to create a workplace where everyone can work with peace of mind.

#### Training to promote active participation by women

In accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace, our Group has formulated a General Employers Action Plan and aims to create a working environment where all employees can make the most of their abilities. In particular, we are implementing multifaceted measures to promote women's participation and advancement, including support for career development, ensuring flexible working styles, and support for balancing work with childcare and nursing care. Through these initiatives, we will contribute to the development of next-generation human resources and the creation of a diverse organization.

#### Employment of people with disabilities

Our Group is actively promoting the employment of people with disabilities in accordance with the nationally mandated employment rate. In our recruitment activities, we conduct selection processes that respect the abilities and aptitudes of individuals, and we also strive to create a workplace environment where employees can work for a long time with peace of mind. Through these efforts, we aim to create an inclusive organization where everyone can play an active role in their own way.

#### Senior employees in action

Our Group has raised the retirement age from 60 to 65 effective April 2023. This is intended to create an environment in which experienced senior employees can play an active role longer than ever before in anticipation of the 100-year life period. In line with this change, we are strengthening our multifaceted support system, including enhancing health management, promoting flexible working styles, and giving consideration to physical fitness. By creating a workplace where employees can continue to work with peace of mind, we aim to foster an organizational culture enabling employees of all ages to learn from each other and grow.

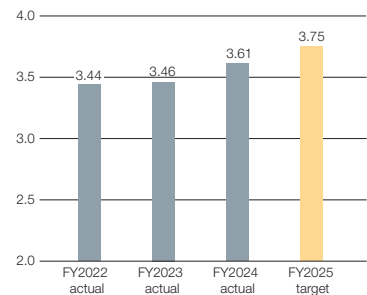
### Creating a Supportive Work Environment

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.

#### Development and Operation of Various Systems

System	Key Features
Limited-Area Employee	Work location can be restricted within a specified area.
Reemployment System	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.
Accumulated Annual Leave (holidays)	Annual paid leave days which ordinarily lapse and are ineligible for carryover can be accumulated separately.
Dormitories and Company Housing (including rentals)	Enables moving in with low out-of-pocket expenses (subject to occupancy conditions)
Recreation Subsidies	Provides semi-annual recreation subsidies to employees and others to promote fellowship in the workplace
Refreshment Bonus	Refreshment Bonus for employees completing 10 years and 20 years of service

\*Average score on a 5 point scale



#### Employee satisfaction survey

Our Group has been conducting regular workplace satisfaction surveys for all employees since FY2022. This survey aims to sincerely listen to each employee's voice, understand the current state of the workplace environment, and improve work satisfaction and organizational transparency. The results obtained are analyzed by each department and used for continuous improvement of the work environment, such as examining specific measures to improve operations, promoting communication, and enhancing employee benefits. Based on the belief that improving employee satisfaction leads to the vitality of the entire organization, we will continue to strive to create a better workplace.

#### Better treatment

Our Group places great importance on dialogue with labor unions and works to improve various systems through repeated discussions. We aim to build a better working environment through system reforms that reflect the opinions of our employees. To create a rewarding workplace, we will continue to promote improvement activities through labor-management cooperation in FY2025 as well.

System	Revision Details
Maternity leave	Increase in number of days, relaxation of conditions for application
Unaccompanied assignment	Increase in the amount of allowance for unaccompanied assignment and transportation expenses for returning home
Relocation allowance	Increase in relocation allowance
Dormitory / Company housing	Relaxation of conditions for dormitory entry and double loans
Accumulated Annual Leave (holidays)	Relaxation of conditions for application

### Human Resource Development

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

In addition to on-site skills training to pass on and acquire 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 in the hope that the person being evaluated becomes aware of the gap between their own perceptions and those of people around them, which will lead them to change their behavior and improve their management skills.

In FY2024, we introduced (1) a posting system and (2) a transfer request system, and in FY2025 we launched the Human Resources SHINKA Project.

#### Posting (Internal Recruitment) System and Transfer Request System

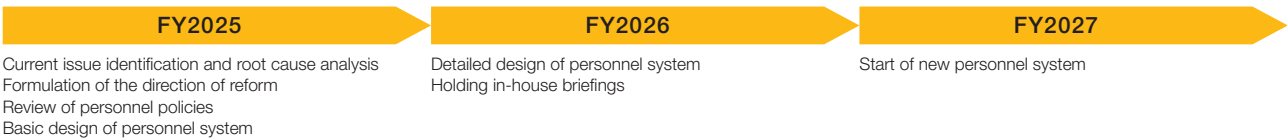
	Introduction of a posting (internal recruitment) system	Transfer requests based on self-reporting sheets
Outline	A system in which the recruiting department specifies recruitment guidelines and requirements, and interested employees apply	A system that allows employees requesting a transfer to express their wishes regardless of the status of the department to which they wish to transfer
Target employees	All employees (excluding the following) - Employees with less than two years of continuous service at the time of application - Employees who have not completed two full years since transferring to their current department at the time of application	All employees (those who have filled out the self-reporting sheet)
Frequency of implementation	Twice a year (Recruitment takes place around March and September every year)	Once a year (Filling out the self-reporting sheet around December every year)
Remarks	- The applicant must pass a review at the recruiting department and at a human resources meeting.	- Specific transfer arrangements will be initiated only when applicants align with the system's purpose: "The company supports employees who proactively plan their own careers and strive to realize them." - However, the transfer may not be realized due to various circumstances.

#### Human Resources SHINKA Project

The "Human Resources SHINKA Project" is an initiative to transform employee mindset and organizational culture, enabling employees to evolve and demonstrate their true value. Under the slogan "Change the culture, change the people, change the company," it aims to realize our Vision for

2030. As the first step, we will begin to evolve (review) our personnel system and personnel management.

The three-year schedule from FY2025 is as follows.



#### Company-wide Education System Chart

Category	Focused education	Education by job level	English education	Knowledge enhancement	Awareness enhancement
General Manager	Education for mid-career hires	Training upon promotion to General Manager	TOEIC	Evaluation / labor management / human resources training (COW and CL)	Mental healthcare training
Senior Manager		Training upon promotion to Senior Manager			
Assistant Manager		Training upon promotion to Assistant Manager			
Team Leader		Operational issues presentation meeting Training upon promotion to Team Leader			
Leadership position		New employee with a bachelor's (graduate) degree mentor system New employee with a bachelor's (graduate) degree orientation			
General staff		High-school graduate employee follow-up training High-school graduate employee mentor system New high-school graduate employee orientation			
		Training upon promotion to Leadership position			
				Labor management / human resources training for leadership	
					Trainee system
					Correspondence education
					Online training (LCOBIS School)

#### Approach to recruitment

In our Group, 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 five-year retention rate for new university graduates is 87.5%.

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 was 21.5%.

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

	FY2020	FY2021	FY2022	FY2023	FY2024	For 5 years
Male	10	9	14	23	17	73
Female	3	2	4	5	6	20
Total	13	11	18	28	23	93





# 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 of rights.

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:

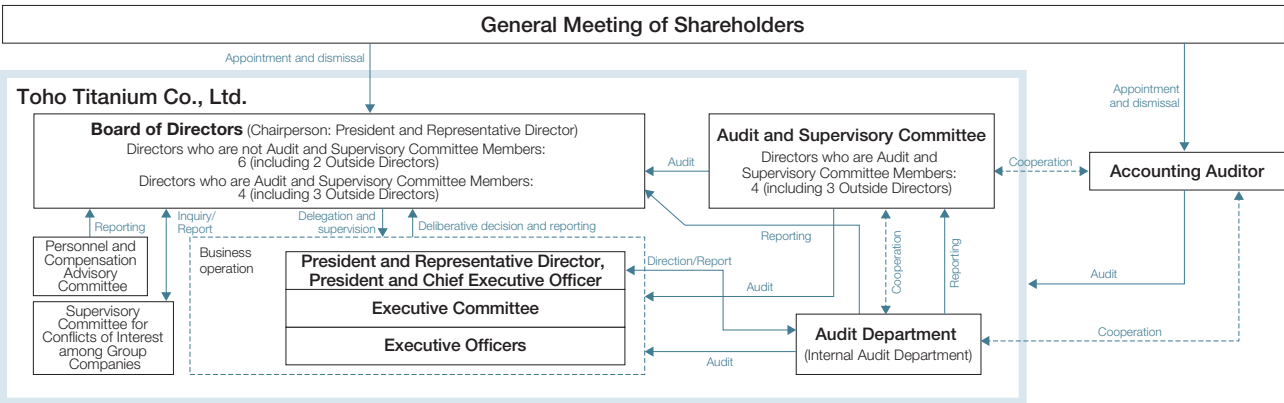
i. To clearly state the major direction of corporate strategy, etc.

ii. To establish an environment that supports appropriate risk-taking by the senior management.

iii. 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 June 19, 2025)



### Board of Directors

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 and enhance transparency, we have 5 Outside Directors (all 5 of whom are Independent Directors) on 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 purpose of the Personnel and Compensation Advisory Committee is 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. Meetings are held twice a year, in principle, and as needed.

### Group Company Supervisory Committee for Conflicts of Interest

The Committee consists of all Independent Outside Directors, and the chairperson is elected by mutual vote from among the committee members. The Committee meets at least once a year to deliberate and review the appropriateness of important transactions between the parent company group and our Group from the perspective of protecting the interests of minority shareholders. Summaries of matters to be deliberated and the results of deliberations are reported to the Board of Directors.

### Executive Committee

In order to clarify the structure of responsibility in the management organization and to speed up 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 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. The members include certified public accountants, who leverage their advanced expertise to conduct operational and accounting audits. At Board of Directors meetings, they verify the legality and appropriateness of business execution. Full-time Audit and Supervisory Committee members attend important meetings and have access to all information regarding internal proposals and reports. The Audit and Supervisory Committee also conducts audits in full cooperation with the Accounting Auditor and the Internal Audit Department.

### Roundtable Discussion of Outside Directors

## Support management taking on new business challenges and help strengthen businesses, organizations, and human resources

Amid ongoing uncertainty in the business environment, governance is now needed to support sound and appropriate management decisions, and to strengthen businesses, organizations, and human resources. As a company with an Audit and Supervisory Committee, the Company currently has 5 Outside Directors, including 3 Audit and Supervisory Committee Members. The Outside Directors, who make up half of the Board of Directors, possess diverse experiences and skills and contribute significantly to improving the Company's governance functions and the quality of the Board of Directors. The 5 Outside Directors discuss a variety of topics, including the Company's governance, the Board of Directors, and future business and management.



<b>Akio Kobayashi</b> Outside Director, Audit and Supervisory Committee Member	<b>Kimiharu Okura</b> Outside Director	<b>Yasuhiko Ikubo</b> Outside Director	<b>Naomi Harada</b> Outside Director, Audit and Supervisory Committee Member	<b>Shigeko Sensaki</b> Outside Director, Audit and Supervisory Committee Member
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\*Ms. Shigeko Sensaki passed away on August 18, 2025, and retired as Director concurrently serving as Audit and Supervisory Committee Member on the same day. We express our deepest gratitude for her contributions during her lifetime and pray for her soul.



Effectiveness of governance and the Board of Directors



**Ikubo:** The role of governance for companies has traditionally focused on monitoring management to prevent misconduct. However, in recent years, the emphasis has shifted toward encouraging bold decision-making and sound risk-taking by management, with an eye toward enhancing corporate value. The role of the Board of Directors follows the same principle. In recent years, given the low profitability and capital efficiency of Japanese companies from a global perspective, there is a growing expectation that Board of Directors should play a role in encouraging risk-taking to enhance corporate value. That being said, it would be inappropriate for the role of the Board of Directors to suddenly shift in that direction. Fundamentally, these 2 roles should be seen not as “or” but as “and.” In that respect, the Company’s Board of Directors has a good balance of the 2 and functions effectively on both fronts. As an Outside Director, I strive to speak up by first pointing out issues from a risk management perspective, while encouraging appropriate risk-taking.

**Okura:** As Mr. Ikubo says, I believe the role that corporate governance should play changes with the times. The manner of providing advice as an Outside Director also varies depending on the specific case—whether it involves forward-looking investment projects or internal company projects—making it difficult to summarize in a single phrase. In any case, it is crucial to carefully offer advice on each individual case that contributes to strengthening governance, while constantly questioning whether it will lead to the company’s development. For those in charge

of business execution, I first ensure that they define the goals for their business or project, then create a roadmap. I check whether they understand their current position and are revising the roadmap based on changes in the business environment and risks.

**Senzaki:** I believe that the Company’s Board of Directors fosters an environment where opinions are freely and openly expressed. The risk-taking mentioned in Mr. Ikubo’s remarks is a crucial concept. For projects deliberated by the Board of Directors, it is essential to deepen discussions on where the risks lie and whether the project is worth pursuing despite those risks. I believe that presenting such criteria for judgment and offering advice is one of the roles of an Outside Director. President Yamao serves as the chairperson of board meetings, and he listens to the opinions of us Outside Directors with an open mind. I find it truly admirable that he demonstrates a willingness to incorporate ideas after calmly considering a wide range of opinions.



**Okura:** President Yamao is indeed a steadfast leader who believes in taking on as many challenges as possible without compromising the Company’s foundation, aiming to establish new pillars of revenue. I think he listens carefully to the opinions of us Outside Directors and makes decisions based on flexible considerations.

**Harada:** Indeed, in recent times, proposals concerning management strategy are frequently brought before the Board of Directors, and President Yamao’s facilitation plays a crucial role in enhancing the quality of discussions. Since the president himself actively seeks input from Outside

Directors, we find ourselves in an environment where it is easy to voice diverse opinions. This, I believe, contributes to the Board of Director’s increased vitality. Regarding business, I am not in a position to comment on every individual action taken on the operational front line. With that said, I do review strategies and plans developed at the operational level to ensure that they have undergone thorough enough discussion, align with the Company’s overall direction and objectives, and are sound in terms of profitability and capital efficiency. If I feel that something is not quite right, I will question it.

**Kobayashi:** The Board of Directors is composed of members with diverse expertise, and very active discussions take place. Given the nature of the Company’s business, global geopolitical risks cannot be overlooked. In an increasingly uncertain business environment, it is extremely important for the Company’s Board of Directors to think prospectively from a variety of angles and engage in exhaustive discussions. Furthermore, as everyone has pointed out regarding President Yamao’s management stance, maintaining unwavering principles is of utmost importance. I believe one role of an Outside Director is to oversee management so that it remains steadfast, avoiding short-termism that overlooks the Company’s purpose and strengths.

Challenges to strengthen governance and the Board of Directors

**Ikubo:** In an uncertain business environment, one might say that managers are forced to make decisions while shrouded in fog, unable to see ahead. In such circumstances, while blindly taking excessive risks must be avoided, it is crucial to summon the courage to take action. To use a golf analogy: if you are too afraid of failure to even take your tee shot, you will never take that first step toward growth. The courage of managers making decisions in such circumstances deserves respect. At the same time, our role as Outside Directors is also to ensure that the Company does not take on excessive risks. Therefore, I always strive to keep this in mind and speak up accordingly.

**Kobayashi:** I think that significant improvements have been made in the prior distribution of materials and prior explanations, which have long been pointed out as an issue for board meetings. From a governance perspective, one point that requires careful explanation is the issue of parent-subsidiary listings. In March 2025, our parent company, JX Advanced Metals Corporation, was listed on the Prime

Market of the Tokyo Stock Exchange. This heightened our accountability for safeguarding minority shareholders’ interests. First of all, we recognize that transactions with the parent company generally contribute to enhancing the Company’s corporate value. For future transactions, the Group Company Supervisory Committee for Conflicts of Interest, consisting mainly of Outside Directors, has been established to review the appropriateness of such transactions. I will continue to fulfill my role as an Outside Director by being aware of all stakeholders, including shareholders, and exercising my supervisory function.



**Harada:** I expect we will have more opportunities to discuss the next Medium-term Management Plan (next MMP) going forward, but I believe there is room for improvement in making discussions about management plans more dynamic. In the past, it has happened that a version of the management plan that was close to final was only finally submitted to the Board of Directors for deliberation. I think it would be easier to have substantive discussions if you could bring in draft plans at an earlier stage—when they are still somewhat unpolished and internal discussions have not been fully exhausted. Of course, the secretariat is also aware of the need for improvement in this area. I believe the Board of Directors should allocate more time to discussions concerning corporate value enhancement and growth strategies than to routine reporting matters.

**Okura:** Regarding the balance between risk and opportunity discussed earlier, I strive to provide advice that achieves the optimal balance. Specifically, rather than advising “you should not do it because there is risk,” I advise “there are these risks, so you should keep them in mind when making your decision.” When starting a



business, we usually assume “base-case,” “best-case,” and “worst-case” scenarios. Those in charge of business execution often feel compelled to present the best case at the board meeting, but the Board of Directors should make its decisions on the base case. By making decisions based on the base case, the risks associated with the worst case can also be identified at that stage. As Outside Directors, we should encourage rational decision-making by presenting those in charge of business execution with a lot of information they may be unaware of.



Strengthening organizational capabilities and developing human resources for the next generation

**Ikubo:** I believe we need more measures that cut across organizational boundaries. The Company has 3 core businesses: Titanium, Chemicals, and Catalyst. However, including new business initiatives, they do not appear to work very closely with each other. Of course, the fundamental principle is for each business to pursue its objectives responsibly. However, we must become an entity in which all organizational managers, after thoroughly reviewing the entire structure of the Company, can reach a consensus on which business to funnel management capital into. With the buds of new businesses starting to grow and the issues facing each business starting to emerge, it may be time to reconsider our organizational structure.

**Okura:** As is often the case in the manufacturing sector, if the walls between business divisions are too thick, it becomes difficult to cut across organizational boundaries. In such cases, personnel changes like reassigning business

division heads can sometimes result in a complete collapse of the organization. Of course, management should make decisions with an overview of all businesses. However, in companies where business divisions hold significant power, personnel changes at the top of a business division often trigger the materialization of risks. In this sense, personnel decisions must be made cautiously. It is crucial to invest time in developing talent before implementing rotational assignments.

**Senzaki:** Indeed, in that regard, I believe the Company has historically avoided large-scale personnel rotations spanning businesses, including transfers of business division heads. With new business developments, such as the commercialization of WEBTi®, coming into sight, we must seriously address how to cultivate personnel, including engineers, capable of thinking holistically, and how to implement personnel rotations based on that foundation.

**Okura:** New ideas for future human resource development may be difficult to come up with by simply applying past rules of thumb. It may be a good idea to set up a discussion forum or to hold an internal competition that involves young employees and engineers with flexible thinking across organizational boundaries. I hope that they will come up with solutions that even Outside Directors like us can appreciate and that will satisfy all employees. To borrow Mr. Ikubo’s golf analogy, in human resources too, it is crucial to muster the courage, identify the target hole, and take that tee shot. But before hitting that tee shot on the course, start by practicing your swing at the driving range.

**Senzaki:** In this era of accelerating workforce mobility, it is becoming increasingly common for individuals to step outside their companies, gain diverse experiences, and then return. Unless someone has accumulated diverse experiences from a young age, they will not develop into the kind of talent capable of breaking through organizational barriers. As a societal trend, we are entering an era where cultivating such talent is possible, and this will also serve as a tailwind.

Business and management issues for the next MMP

**Okura:** I believe there are three key points to consider when discussing the Company’s future. The first is our internal structure, the second is the direction of our existing businesses, and the third is the form our future business operations should take. Regarding internal structure, as

the specialization of our businesses increases, we need a department responsible for oversight and control. For existing businesses, it is crucial to clarify the path forward for those whose ultimate goals remain unclear. Building on that, we must undertake a future-oriented restructuring of our businesses and a review of our business portfolio. For this review, efficiently allocating limited management capital is also vital. Rather than seeking answers solely within the extension of existing businesses, we should initiate discussions about where viable paths lie, considering all the technologies that the Company possesses.

**Harada:** I believe that discussions on the next MMP will begin in earnest. When it comes to management plans, external perspectives tend to focus almost exclusively on numerical targets, often leading to evaluations that are overly biased toward progress and achievement of the quantitative targets. While striving to meet quantitative targets is certainly a fundamental requirement, it is equally important to clarify the directions that management intends to take. Management must anticipate future changes in industry structure and competitive dynamics, clearly define which markets to pursue, determine the desired position within those markets, and outline the specific approaches to achieve that position.



**Senzaki:** The Company is now at a stage where we are challenging ourselves to enter new business fields. Considering the future development of our business, reviewing our business portfolio is indeed becoming extremely important. I think it is important now to deepen discussions by bringing together various opinions about what the Company aims to achieve and what kind of

business it should pursue to achieve that goal.

**Kobayashi:** From a management perspective focused on capital costs and stock prices, we still have a lot to do. Currently, the Company is working to visualize its operations and improve the efficiency of production management through DX. I believe that these efforts will contribute to enhancing corporate value over the medium to long term. At the same time, it is important to appropriately distribute the profits generated to shareholders and stakeholders while securing the necessary funds for future growth investment. I intend to carefully monitor the balance between securing funds for strategic investments and ensuring returns, while giving full consideration to capital efficiency.

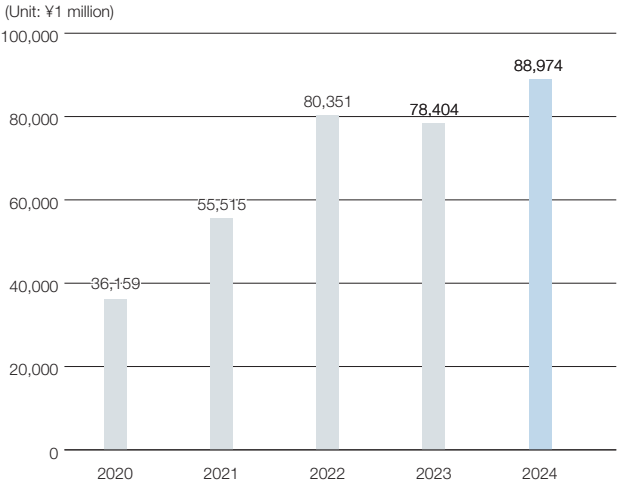
**Ikubo:** As a materials manufacturer, the Company must continue to deliver unique added value by incorporating proprietary technologies into its products and developing distinctive production technologies while giving consideration to both the raw materials suppliers and the customers to whom it sells its products. Naturally, this cannot be achieved overnight. However, it is vital that every employee maintains a strong awareness that possessing this capability is essential for the Company’s survival. As an Outside Director, I am committed to supporting the Company’s efforts to become a corporate group that consistently wins, backed by its technological prowess.



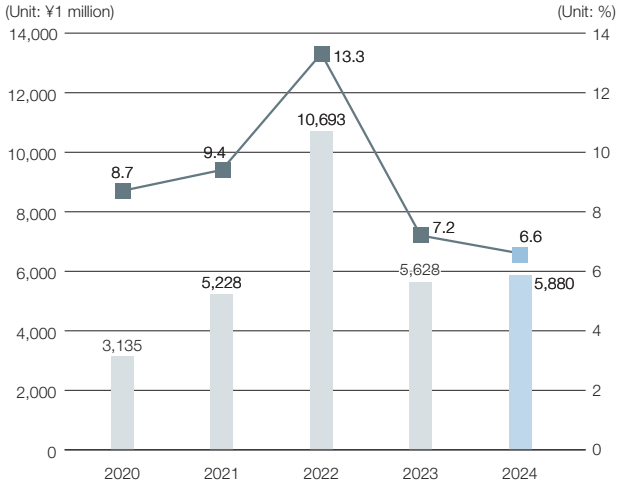
Key Consolidated Financial Summary (11 years)

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating results, etc. (Unit: ¥1 million)											
Net sales	33,702	43,424	31,212	37,256	43,648	45,509	36,159	55,515	80,351	78,404	88,974
Cost of goods sold	31,666	34,762	22,548	27,807	32,628	35,338	27,364	41,755	59,027	63,088	72,921
Selling, general and administrative expenses	4,674	4,771	4,937	5,518	5,746	6,102	5,660	8,531	10,629	9,687	10,172
Operating profit	(2,638)	3,891	3,726	3,930	5,274	4,068	3,135	5,228	10,693	5,628	5,880
Ordinary profit	(2,595)	3,541	3,874	3,493	5,269	3,716	(417)	5,177	10,532	6,273	5,514
Current net profit (-loss)	(2,633)	4,233	3,367	3,394	6,499	2,366	(3,156)	3,699	7,505	4,954	3,726
EBITDA (operating profit + depreciation costs)	4,004	10,009	9,275	9,000	10,251	9,333	8,639	11,283	17,500	13,025	13,433
R&D Costs	1,254	1,266	1,402	1,567	1,527	1,683	1,729	1,976	2,265	2,540	2,335
Capital expenditure	981	851	1,069	4,062	4,190	4,644	8,441	10,584	6,496	8,157	12,388
Depreciation expense	6,642	6,118	5,549	5,070	4,977	5,265	5,504	6,055	6,807	7,397	7,553
Financial position (Unit: ¥1 million)											
Net assets (at end of period)	32,207	36,192	39,156	42,037	47,730	48,262	44,459	47,166	53,281	56,547	58,330
Total assets (end of year)	88,497	83,033	83,439	83,945	87,645	87,118	91,149	98,095	111,429	126,002	124,780
Interest-bearing debt (end of year)	51,113	41,499	38,139	35,872	32,798	31,676	39,367	40,428	44,596	56,127	53,042
Cash flow (Unit: ¥1 million)											
Cash flow from business activity	7,307	12,945	5,889	6,394	8,316	7,953	1,402	9,790	5,294	(3,135)	19,283
Cash flow from investment activity	(1,100)	(3,954)	(1,443)	(4,048)	(4,114)	(4,482)	(8,390)	(10,433)	(6,765)	(8,010)	(11,631)
Cash flow from financial activity	(6,406)	(10,088)	(4,018)	(2,785)	(3,787)	(2,405)	6,835	206	2,732	9,613	(4,935)
Cash and cash equivalent year-end balance	2,368	1,226	1,620	1,184	1,600	2,641	2,534	2,128	3,416	1,880	4,599
Per-share information (¥)											
Net assets per share	450.9	506.8	548.4	588.9	668.8	676.2	622.8	660.8	746.7	794.5	819.6
Current net profit (-loss) per share	(37.0)	59.5	47.3	47.7	91.3	33.2	(44.4)	51.9	105.4	69.6	52.4
Dividend per share	-	5.0	7.0	10.0	12.0	12.0	12.0	15.0	30.0	24.0	18.0
Financial indicators											
Cost to sales ratio (%)	94.0	80.1	72.2	74.6	74.8	77.7	75.7	75.2	73.5	80.5	82.0
Selling, general and administrative expense ratio (%)	13.9	11.0	15.8	14.8	13.2	13.4	15.7	24.8	13.2	12.4	11.4
Net income-to-equity ratio (share capital) (%)	36.3	43.4	46.8	49.9	54.3	55.2	48.6	47.9	47.7	44.9	46.7
Operating return on assets (ROA) (%)	(2.9)	4.5	4.5	4.7	6.1	4.7	3.5	5.5	10.2	4.7	4.7
Ordinary return on assets (ROA) (%)	(2.8)	4.1	4.7	4.2	6.1	4.3	(0.5)	5.5	10.1	5.3	4.4
Net return on equity (ROE) (%)	(7.9)	12.4	9.0	8.4	14.5	4.9	(6.8)	8.1	15.0	9.0	6.5
D/E Ratio (times)	1.6	1.2	1.0	0.9	0.7	0.7	0.9	0.9	0.8	0.99	0.91
Dividend payout ratio (%)	-	8.4	14.8	21.0	13.2	36.2	-	28.9	28.5	34.5	34.4
Operating profit to net sales ratio (%)	(7.8)	9.0	11.9	10.5	12.1	8.9	8.7	9.4	13.3	7.2	6.6
Ordinary profit to net sales ratio (%)	(7.7)	8.2	12.4	9.4	12.1	8.2	(1.2)	9.3	13.1	8.0	6.2

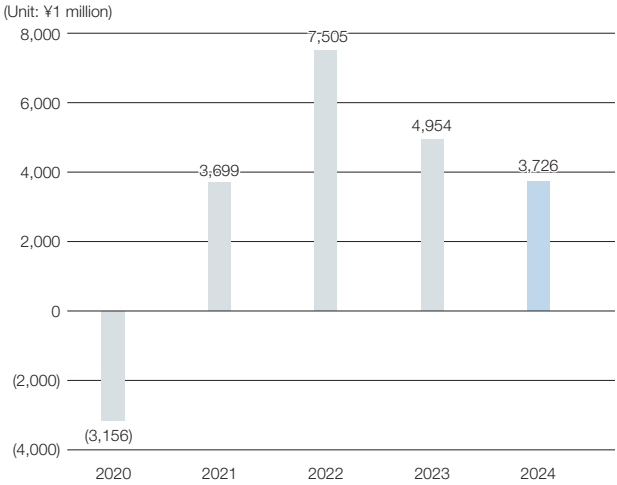
Net sales



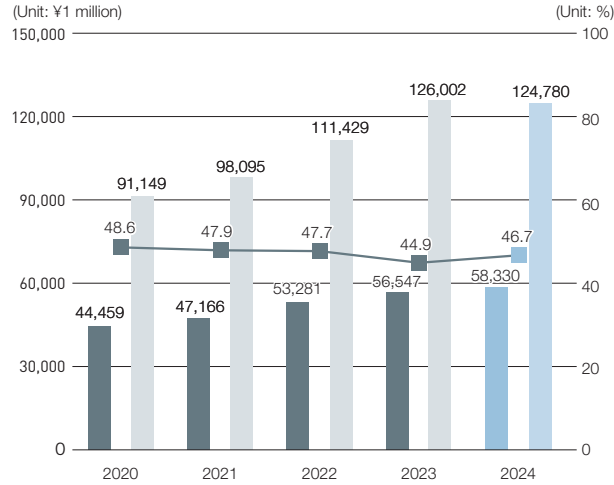
Operating profit / Operating profit to net sales ratio



Current net profit (-loss)



Net assets / Total assets / Shareholders' equity ratio





Key Consolidated Non-Financial Summary (5 years)

<Environment and Safety>

Water Discharge				FY2020	FY2021	FY2022	FY2023	FY2024
Amount of discharge	Total			1,304	1,429	1,550	1,658	1,515
	Amount of discharge (excluding discharge to the sea)			940	1,081	1,151	1,237	1,123
	Breakdown	Rivers	1,000 m³	434	544	625	587	471
		Sewage	1,000 m³	435	470	453	576	579
		Other	1,000 m³	71	67	73	74	73
	Sea	1,000 m³	364	348	399	421	392	
Discharge to a body of water	BOD	t	0.65	0.85	0.47	0.88	0.59	
	COD	t	1.39	2.00	2.36	2.31	2.12	
	Nitrogen	t	1.11	0.58	0.78	0.71	0.59	
	Phosphorus	t	0.07	0.04	0.06	0.05	0.04	

Emissions to the Atmosphere			FY2020	FY2021	FY2022	FY2023	FY2024
SOx emissions	t		0.0721	0.0728	0.0503	0.0565	0.0230
NOx emissions	t		1.8969	2.4151	1.9953	2.4583	0.7844

Waste Discharge			FY2020	FY2021	FY2022	FY2023	FY2024
Amount of discharge	Non-hazardous	t	21,334	24,652	27,585	25,959	23,433
	Hazardous	t	439	372	705	922	1,582
	Total	t	21,772	25,025	28,290	26,881	25,015

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

Unrecycled Wastes			FY2020	FY2021	FY2022	FY2023	FY2024
Total waste	t		21,772	25,025	28,290	26,881	25,015
Final waste disposal amount	t		4,813	6,268	9,507	7,950	6,050
Final waste disposal ratio	%		22.1	25.0	33.6	29.6	24.2

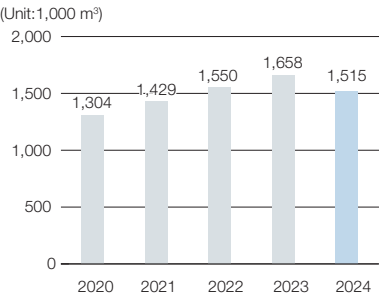
Energy Consumption			FY2020	FY2021	FY2022	FY2023	FY2024
Total energy consumption	PJ		3.7	4.3	4.8	4.3	4.3

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

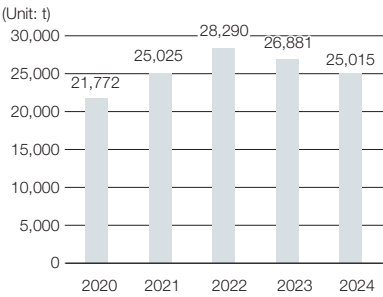
CO <sub>2</sub> Emissions			FY2020	FY2021	FY2022	FY2023	FY2024
Scope 1	1,000 t of CO <sub>2</sub>		29	32	26	26	25
Scope 2	1,000 t of CO <sub>2</sub>		153	182	182	176	158
Scope 3	1,000 t of CO <sub>2</sub>		-	298	367	351	368
Scope 1, 2, and 3	1,000 t of CO <sub>2</sub>		182	512	575	553	551

\*1 Scope of data: TOHO TITANIUM CO., LTD. and its 2 domestic subsidiaries  
\*2 Scope 1: The amount offset by credits (J credits or voluntary credits)

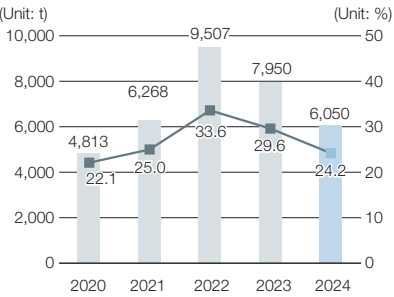
Water Discharge



Waste Discharge



Unrecycled Wastes



<Human Resources>

Percentage of disabled employees (consolidated)			FY2020	FY2021	FY2022	FY2023	FY2024
Percentage of disabled employees	%		1.9	1.9	2.3	2.5	2.5
Statutory minimum percentage	%				2.3	2.3	2.5

Ratio of females to all employees (consolidated)			FY2020	FY2021	FY2022	FY2023	FY2024
Ratio of females	%		6.8	7.2	7.2	7.7	8.0

Full-time employee turnover rate (consolidated)			FY2020	FY2021	FY2022	FY2023	FY2024
Turnover rate	%		2.5	3.0	3.7	2.7	3.1

Number of employees at end of term (consolidated)			FY2020	FY2021	FY2022	FY2023	FY2024
Total	person		956	981	1,127	1,195	1,260

Ratio of females to new and mid-career hires (consolidated)			FY2020	FY2021	FY2022	FY2023	FY2024
Total	person		13	11	18	28	23
Ratio of females	%		23.1	18.2	22.2	17.9	26.1

Ratio of males taking childcare leave (consolidated)			FY2020	FY2021	FY2022	FY2023	FY2024
Male*	%		---	---	13.3	31.1	46.7
Number of males taking childcare leave	person		---	---	4	14	14
Total number of males eligible	person		---	---	30	45	30
Total number of days taken	day		---	---	217	255	1,037
Average days per person	day		---	---	54.3	18.2	74.1

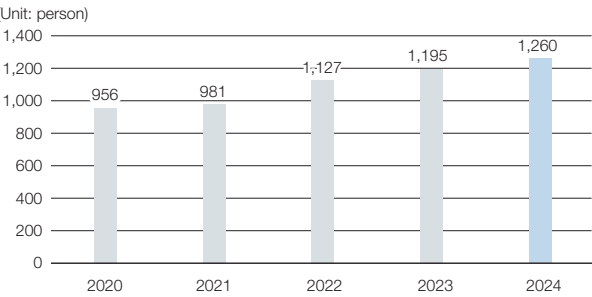
\* Male employees taking childcare leave / Male employees whose spouse has given birth

<Governance>

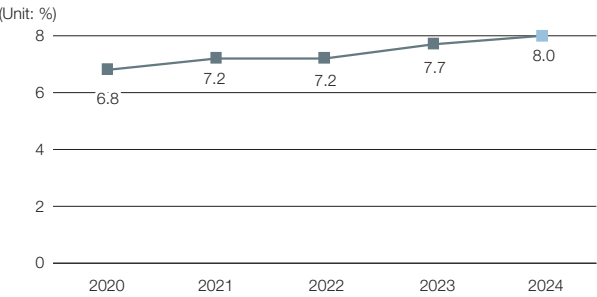
Number of Directors			FY2020	FY2021	FY2022	FY2023	FY2024
Total	person		12	10	10	9	10
Female Directors	person		1	1	1	1	1
Outside Directors	person		5	5	4	4	5

Number of Board of Directors meetings			FY2020	FY2021	FY2022	FY2023	FY2024
Board of Directors meetings (including extraordinary meetings)	times		14	12	12	12	13

Number of Employees at End of Term (Consolidated)



Ratio of Females to All Employees (Consolidated)





# Corporate Information as of March 31, 2025

## Company Overview

<b>Company Name</b>	TOHO TITANIUM CO., LTD.
<b>Established</b>	August 20, 1953
<b>Headquarters Location</b>	JR Yokohama Tower 22nd Floor, 1-1-1 Minamisaikai, Nishi-ku, Yokohama, Kanagawa 220-0005, Japan +81 45-394-5522 (General Affairs and Personnel Department)
<b>President and Representative Director</b>	Yasuji Yamao
<b>Capital</b>	¥11.963 billion (consolidated as of March 31, 2025)
<b>Net Sales</b>	¥88,974 billion (consolidated: as of March 31, 2025)
<b>Number of Employees</b>	1,260 (consolidated as of March 31, 2025)
<b>Stock Exchange Listing</b>	The Prime market of the Tokyo Stock Exchange (Securities Code: 5727)
<b>Main Business</b>	Manufacture and sales of titanium metals Manufacture and sales of catalysts for propylene polymerization Manufacture and sales of electronic materials

## Group Companies

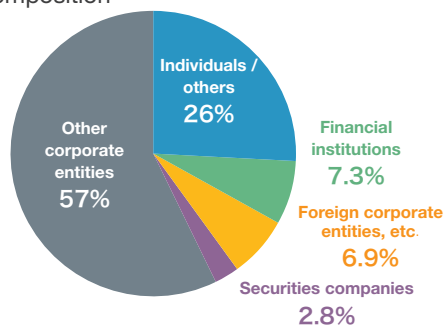
<b>Toho Material Co., Ltd.</b>	
<b>Office Address</b>	692-1 Tokiguchi, Tokitsu-cho, Toki-shi, Gifu 509-5122
<b>Main Business</b>	Manufacture and sale of potassium titanate and other titanate compounds (*Production ended as of July 2025)
<b>Toho Titanium America Co., Ltd. (US)</b>	
<b>Main Business</b>	Sales and market research of titanium and catalyst for polyolefin production, etc.
<b>TOHO WORLD Corporation</b>	
<b>Office Address</b>	11-2 Otemachi, Kokurakita-ku, Kitakyushu-shi, Fukuoka 803-0814
<b>Main Business</b>	Solutions in the field of technology and skills, dispatch of engineers and technicians, contract manufacturing, contract equipment maintenance, and handing down technology and skills
<b>URL</b>	<a href="https://towor.co.jp/">https://towor.co.jp/</a>
<b>Toho Technical Service Co., Ltd.</b>	
<b>Office Address</b>	3-3-5 Chigasaki, Chigasaki, Kanagawa 253-0041
<b>Main Business</b>	Sale of welded, machined, or forged titanium products, insoluble electrodes, various titanium materials, and zirconium sponge
<b>URL</b>	<a href="https://www.tohotec.co.jp/english/">https://www.tohotec.co.jp/english/</a>

## Stock Information

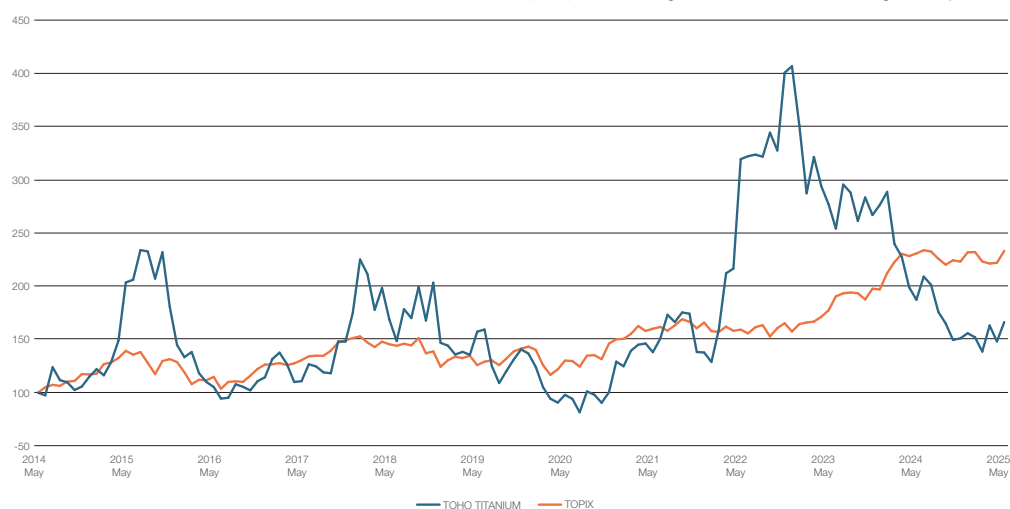
### Basic Stock Information

<b>Number of Shares Per Unit</b>	100 shares
<b>Total Shares Authorized for Issuance</b>	160,000,000 shares
<b>Shares Outstanding</b>	71,270,910 shares
<b>Number of Shareholders</b>	26,196
<b>Fiscal Year Closing Date</b>	March 31
<b>Ordinary General Meeting of Shareholders</b>	June
<b>Accounting Auditor</b>	Ernst & Young ShinNihon LLC

### Shareholder Composition



### Stock Price Performance



### 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

## Major Shareholders

Shareholder Name	Number of Shares (Unit: 1,000 shares)	Shareholding Ratio
JX Advanced Metals Corporation	35,859	50.38%
The Master Trust Bank of Japan (Trust Account)	4,287	6.02%
Nippon Steel Corporation	3,500	4.92%
NORTHERN TRUST CO. (AVFC) RENT MEL AUSTRALIAN TREATY LENDING CLIENTS ACCOUNT	639	0.90%
BOFAS INC SEGREGATION ACCOUNT	614	0.86%
Custody Bank of Japan (Trust Account)	598	0.84%
Nomura Securities Co., Ltd.	569	0.80%
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	331	0.47%
JPMorgan Securities Japan Co., Ltd.	312	0.44%
STATE STREET BANK AND TRUST COMPANY 505001	286	0.40%

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