

The 29th Annual General Meeting of Shareholders Documents

—Matters subject to electronic provision measures that are not included in the documents delivered upon request pursuant to laws and regulations and the Company’s Articles of Incorporation

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OSAKA Titanium technologies Co.,Ltd.

<Business Report>

1. Company Overview

(1) Major Business Operations (As of 31st March 2026)

Titanium Business

Sponge Titanium, Titanium Ingot

High-Performance Materials Business

High-Purity Titanium, SiO, TILOP[®] (spherical titanium powder), Titanium Powder, Titanium Tetrachloride, Titanium Tetrachloride Aqueous Solution

(2) Major Offices and Plants (As of 31st March 2026)

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

(3) Employees (As of 31st March 2026)

Number of Employees	Change from end of the Previous Financial Year	Average Age	Average Number of Service Years
742	14	43.9	16.0

Notes

1. The number of employees excludes those employees temporarily transferred out of the Company and includes those employees temporarily transferred into the Company.
2. In addition to the number of employees in 1. above, there are 61 temporary employees (average number of employees during the financial year).

(4) Major Lenders (As of 31st March 2026)

Lender	Balance of borrowings (Japanese yen in millions)
Syndicated Loans	11,500
Sumitomo Mitsui Banking Corporation	6,500
Sumitomo Mitsui Trust Bank, Limited	6,000
The Senshu Ikeda Bank, Ltd.	5,700
Development Bank of Japan Inc.	8,000

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

2. Status of Shares (As of 31st March 2026)

(1) Total Number of Shares Authorised to Be Issued	125,760,000 shares
(2) Total Number of Shares Issued	36,800,000 shares (including 1,609 of treasury shares)
(3) Number of Shareholders	25,557 persons

(4) Top 10 Shareholders

Name of Shareholder	Shares held (in thousands)	Percentage of Ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,473	9.44
Kobe Steel, Ltd.	3,000	8.15
Custody Bank of Japan, Ltd. (Trust Account)	2,143	5.83
Nippon Steel Corporation	1,807	4.91
STATE STREET BANK AND TRUST COMPANY 505001	1,556	4.23
SUMITOMO CORPORATION	864	2.35
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	845	2.30
STATE STREET BANK AND TRUST COMPANY 505301	786	2.14
BNYMAS AGT/CLTS 10 PERCENT	750	2.04
Nomura Securities Co., Ltd.	664	1.81
TOTAL	15,888	43.20

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

3. Matters relating to Share Subscription Rights

Not applicable

4. Company Officers (As of 31st March 2026)

(1) Outside Officers

1) Important Concurrent Positions Held at Other Companies and Relationship Between the Company and Other Such Companies

Item	Name	Company Where Concurrent Position Is Held	Relationship
Outside Director, Member of the Board (Audit & Supervisory Committee Member)	Masashi Murata	Outside Director, TOA Corporation	There are no significant relationships between TOA Corporation and the Company.
Outside Director, Member of the Board (Audit & Supervisory Committee Member)	Masami Oishi	Outside Audit & Supervisory Board Member, Ashimori Industry Co., Ltd.	There are no significant relationships between Ashimori Industry Co., Ltd. and the Company.

2) Main Activities of Outside Officers

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

Item	Name	Attendance and Comments
Outside Director, Member of the Board (Audit & Supervisory Committee Member)	Shigehisa Yamaguchi	He attended all 13 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Committee held during the financial year under review. Drawing on his insight and extensive experience as a corporate manager, he made appropriate comments and provided necessary advice, primarily from the perspective of ensuring the proper deliberation of proposals.
Outside Director, Member of the Board (Audit & Supervisory Committee Member)	Masashi Murata	He attended all 13 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Committee held during the financial year under review. Drawing on his expertise in corporate planning and marketing, he provided appropriate comments and advice primarily from the perspective of ensuring proper deliberation of proposals.
Outside Director, Member of the Board (Audit & Supervisory Committee Member)	Masami Oishi	She attended all 13 meetings of the Board of Directors and all 12 meetings of the Audit & Supervisory Committee held during the financial year under review. Drawing on the expert legal knowledge and experience gained through her professional practice, she provided appropriate comments and advice primarily from the perspective of ensuring proper deliberation of proposals.

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

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

5. Matters Concerning Accounting Auditor

(1) Name of Accounting Auditor

Deloitte Touche Tohmatsu LLC

(2) Change of Accounting Auditor During the Financial Year Under Review

Not applicable

(3) Limited Liability Agreement

Not applicable

(4) Amount of Audit Fee for the Accounting Auditor Relating to the Financial Year Under Review

Amount of audit fees relating to the services provided for under Article 2, paragraph 1 of the Certified Public Accountants Act JPY 33 million

Notes

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

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

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

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

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

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

The year-end dividend for the financial year under review will be JPY 13 per share, making the annual dividend JPY 18 per share, together with the interim dividend of JPY 5 per share paid earlier.

The annual dividend forecast for the following financial year is JPY 13 per share (interim dividend: JPY 0, year-end dividend: JPY 13).

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

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

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

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

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

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

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

The Compliance & Risk Management Committee has been established for the purpose of ensuring compliance with laws, regulations, and social norms, as well as to take preventive measures against risks surrounding the Company's business and to make prompt and appropriate decisions and responses when such risks arise. The Company has also set up the Compliance Consultation & Reporting Desks inside and outside the Company and at the Audit & Supervisory Committee to receive constructive suggestions and opinions from employees (including directors and executive officers) on matters that could seriously affect the Company's reputation for compliance.

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

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

(3) System for Ensuring the Appropriateness of Business Operations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6) Matters Relating to Directors and Employees to Assist the Audit & Supervisory Committee in Its Duties

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

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

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

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

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

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

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

8) Other Systems to Ensure That Audits by the Audit & Supervisory Committee Are Conducted Effectively

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

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

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

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

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

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

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

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

information. The Company has confirmed that the effectiveness of the Board of Directors is generally ensured.

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

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

(3) Status of Compliance Initiatives

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

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

The President himself makes a direct appeal to employees about the importance of compliance. The Company also publishes Compliance News from time to time, which explains in simple terms what employees should observe as members of society, as well as relevant internal and external topics, and distributes case studies of general compliance violations to all employees. The Company also continues to implement company-wide compliance awareness activities, such as the display of posters and ongoing compliance training at all levels. Department compliance chiefs, section and group compliance leaders have been appointed, and compliance training plans for each department have been formulated to promote activities to raise awareness according to the actual situation of workplaces. The results are summarised at the end of this financial year and reflected in the training plans for the next year. In addition, our legal counsel served as a lecturer and conducted training for Officers, General Managers, and others on themes such as prevention of and countermeasures against harassment in the form of case studies using specific actual cases that have occurred in society.

(4) Status of Risk Management Initiatives

The Company regularly holds meetings of the Compliance & Risk Management Committee to review company-wide risks that may have a material impact on management, while continuing its efforts to minimise risks concerning the business activities of each department.

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

Furthermore, in order to ensure the continuity of our business in the event of a disaster, the Company has formulated the Business Continuity Plan Regulation, which includes an initial response in the event of an earthquake or tsunami, the establishment of a Disaster Response Headquarters, and action plans for each department. During the financial year under review, a company-wide evacuation drill was conducted on the assumption of an earthquake during the daytime on weekdays, as well as a drill to communicate information on employee safety and the extent of damage in the Company.

Security operations and maintenance in terms of “prevention,” “detection” and “recovery” are carried out in response to cyber-attacks. Specifically, the Company constantly monitors unauthorised access and its Systems Division investigates and responds to suspicious e-mails from outside the Company, and the Company has a system in place to detect and delete viruses from computers. In addition, as security measures against increasingly sophisticated and suspicious e-mails, e-learning for employees and the introduction of high-performance software were implemented to strengthen the countermeasures.

<Financial Statement>

1. Statement of Changes in Shareholders' Equity

Financial Year Ended 31st March 2026

(Japanese Yen in millions)

	Shareholders' equity					
	Share capital	Capital surplus	Retained earnings		Treasury stock	Total Shareholders' Equity
		Additional paid-in capital	Legal retained earnings	Other retained earnings Retained earnings brought forward		
Beginning Balances of the Financial Year	8,739	8,943	38	25,128	(10)	42,838
Changes of Items during the Period						
Cash Dividends				(1,103)		(1,103)
Net profit (loss)				2,576		2,576
Acquisition of treasury shares					(0)	(0)
Total Changes during the Period	-	-	-	1,472	(0)	1,472
Balance at the end of the Financial Year	8,739	8,943	38	26,601	(10)	44,311

	Total equity
Beginning Balances of the Financial Year	42,838
Changes of Items during the Period	
Cash Dividends	(1,103)
Net profit (loss)	2,576
Acquisition of treasury shares	(0)
Total Changes during the Period	1,472
Balance at the end of the Financial Year	44,311

Note: Figures shown above are rounded down to the indicated unit

2. Notes to the Financial Statements

Significant Accounting Policies

(1) Basis and Method for Valuation of Assets

Basis and method for evaluation of securities

Other available-for-sale securities

Securities with market prices

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

Securities without market prices

Stated at cost determined by the moving-average method

Derivatives transactions

Fair value method

Basis and method of evaluation of inventories

Cost method based on the periodic average method (with book values written down based on any decline in profitability).

(2) Depreciation Methods for Fixed Assets

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

The useful lives of major fixed assets are as follows:

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

Machinery and equipment: 5–14 years

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

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

Leased assets:

Finance leases that transfer ownership of the leased assets

By the same method as the owned fixed assets

Finance leases that do not transfer ownership of the leased assets

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

Long-term prepaid expenses: Straight-line method

(3) Accounting Standards for Allowances and Provisions

Allowance for doubtful accounts:

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

Provision for bonuses:

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

Provision for environmental measures:

The allowance for environmental remediation is provided for the estimated amount of costs to be incurred for environmental measures, such as soil contamination countermeasures, for certain land owned by the Company.

Provision for retirement benefits:

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

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

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

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

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

(4) Basis for Recording Revenues and Expenses

The Company manufactures and sells titanium sponge and various other products made from titanium sponge.

For the sale of such products, a performance obligation to deliver the product to the customer is assumed under the sales contract with the customer. The performance obligation is deemed to be satisfied when the customer acquires control over the product at the point of delivery to the customer and revenue is recognised at the point of delivery.

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

(5) Hedge Accounting Methods

Hedge Accounting Methods

In principle, deferred hedge accounting is applied.

Forward exchange contracts that qualify for the allocation method are accounted for using the allocation method.

Interest rate & currency swaps that meet the requirements for integral treatment (allocation method, special treatment) are accounted for using integral treatment (allocation method/special treatment).

Hedging Instruments and Hedged Items

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

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

Hedging Policy

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

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

Method of Assessing Hedge Effectiveness

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

Notes to Significant Accounting Estimates

<Realisability of Deferred Tax Assets>

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

Deferred tax assets	JPY 1,917 million
Deferred tax liabilities	JPY 741 million
Balance	JPY 1,176 million

(2) Other Information that Contributes to Understanding of the Nature of the Accounting Estimate

(i) Calculation Method for Amount Recorded in the Financial Statements for the Financial Year Under Review

As a result of examining the realisability of deferred tax assets related to temporary differences based on various assumptions, including the major assumptions, and the “Guidelines for the Realisability of Deferred Tax Assets,” deferred tax assets of JPY 1,176 million were recorded in the financial year under review.

The status of deferred tax assets at the end of the financial year under review is shown in the “Notes to the Financial Statements: Notes to Tax Effect Accounting.”

(ii) Major Assumptions used in the Estimates

Among the assumptions used in the accounting estimates, those that were deemed major were the future business plan, which forms the basis of the estimate of future taxable income for the consideration of the realisability of deferred tax assets, and the expected changes in sales, raw material costs, etc. used in the formulation of the business plan. The accounting estimates have been made based on information available at the present time.

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

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

Notes to Changes in Accounting Estimates

(Change in estimate of asset retirement obligations)

During the financial year under review, the Company revised its estimate of asset retirement obligations recorded as restoration obligations in connection with its land lease contract based on the latest available information regarding restoration costs and other expenses expected to be incurred upon return of the land.

The increase of JPY 662 million due to this change in estimate was added to the balance of asset retirement obligations before the change.

Notes to the Balance Sheet

(1) Accumulated depreciation of property, plant and equipment JPY 78,008 million

(2) Tax purpose reduction entry of non-current assets due to government subsidies
JPY 92 million

The reduction entry amount deducted from the acquisition price is JPY 92 million for construction in progress.

(3) Contingent Liabilities

Joint Liabilities on Guarantees for Employees' Housing Loans JPY 7 million

(4) Notes to Financial Covenants

The Company has entered into loan agreements with financial covenants (syndicated loan) in order to raise funds.

The borrower is required to ensure that it complies with the relevant provisions.

Syndicated Loan Agreement dated 24th February, 2022, with Sumitomo Mitsui Banking Corporation as managing bank

(Financial Covenants)

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

Notes to the Profit-and-Loss Statement

(1) Loss on retirement of non-current assets JPY 1,722 million

Removal costs mainly related to investments to increase production capacity are recorded.

(2) Write-down of Inventories Included in Cost of Sales Due to Reduced Profitability JPY 442 million

(3) Impairment loss JPY 461 million

Impairment losses of JPY 461 million were recorded for the High-Performance Materials Business (SiO anode materials), because the recoverable amount was less than the carrying amount.

(4) Loss on tax purpose reduction entry of non-current assets JPY 92 million

Reduction of JPY 92 million pursuant to Article 42 of the Corporation Tax Law is recorded.

Notes to the Statement of Changes in Shareholders' Equity

(1) Number of Shares Issued

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

(2) Treasury Shares

Type of Shares	Beginning of the Financial Year under Review	Increase	Decrease	End of the Financial Year under Review
Common Shares	1,519 shares	90	-	1,609 shares

Summary of reasons for variation

The breakdown of the number of increases is as follows:

Increase due to purchase of odd-lot shares 90 shares

(3) Dividends

1) Amount of Dividends Paid

Resolution	Type of Shares	Source of Dividends	Total Amount of Dividends (Japanese yen in millions)	Dividend per Share (JPY)	Record Date	Effective Date
15 th May 2025 At Board of Directors	Common Shares	Retained earnings	919	25.00	31 st March 2025	3 rd June 2025
10 th November 2025 At Board of Directors	Common Shares	Retained earnings	183	5.00	30 th September 2025	1 st December 2025

2) Dividends for Which the Record Date Falls in the Financial Year Under Review, but the Effective Date Falls After the Financial Year Under Review

Resolution	Type of Shares	Source of Dividends	Total Amount of Dividends (Japanese yen in millions)	Dividend per Share (JPY)	Record Date	Effective Date
14 th May 2026 At Board of Directors	Common Shares	Retained earnings	478	13.00	31 st March 2026	2 nd June 2026

Notes to Tax-Effect Accounting

Principal Components of Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets

Provision for bonuses	132
Enterprise taxes payable	33
Loss on valuation of inventories	366
Provision for retirement benefits	685
Depreciation	200
Asset retirement obligations	702
Impairment loss	982
Other	266
Subtotal deferred tax assets	3,370
Valuation allowance	(1,453)
Total deferred tax assets	1,917
Deferred tax liabilities	
Property, plant and equipment (Asset retirement obligations)	318
Prepaid pension cost	422
Total deferred tax liabilities	741
Net deferred tax assets	1,176

Notes to Financial Instruments

(1) Status of Financial Instruments

The Company limits the management of funds to short-term deposits, etc. and raises funds by borrowing from banks and other financial institutions. Customer credit risk in relation to accounts receivable is mitigated in accordance with credit management rules. Investment securities are mainly equities, and the market value of listed equities is recognised on a quarterly basis. Borrowings are used for working capital (mainly short-term) and capital investment (long-term). Some of these loans have floating interest rates and are therefore exposed to the risk of interest rate fluctuations. It is the Company's policy to use derivative financial instruments as the need arises, including forward exchange contracts to hedge against the risk of exchange rate fluctuations on accounts receivable denominated in foreign currencies, interest rate swaps to hedge against the risk of fluctuations in interest payments on long-term loans payable, and interest rate & currency swaps to hedge against the risk of exchange rate fluctuations on loans payable denominated in foreign currencies and against the risk of fluctuations in interest payments. Derivative transactions are carried out in accordance with internal management regulations, within the scope of actual demand, and not for speculative purposes.

(2) Fair Values of Financial Instruments

Balance sheet amounts (B/S amounts), fair values and their differences on 31st March 2026 (the balance sheet date for the financial year under review) are as follows:

(Japanese Yen in millions)

Items	B/S Amounts (*1)	Fair values (*1)	Difference
Long-term debt	[42,900]	[42,371]	[(528)]

*1 Items recorded under liabilities are shown in brackets.

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

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

Level 1 Fair Value: Fair value calculated based on (unadjusted) quoted prices in active markets for identical assets or liabilities

Level 2 Fair Value: Fair value calculated using directly or indirectly observable inputs other than Level 1 inputs

Level 3 Fair Value: Fair value calculated using significant unobservable inputs

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

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



Key Policies

1. We aim for our own growth by valuing long-term partnerships with our customers and contributing to their development.
2. We constantly aim for stable quality, stable supply, and stable prices and make the maximum effort to achieve them.
3. We make efforts to create safe and healthy workplaces and seek to coexist with society by building trusting relationships with all stakeholders.



Slogan for Our Brand

New Challenge Best Quality



Memo for shareholders

Financial year	From 1 st April every year to 31 st March of the following year
Annual General Meeting of Shareholders	June every year
Share unit	100 shares
Record Date	Annual General Meeting of Shareholders: 31 st March every year Year-end dividend: 31 st March every year Interim dividend: 30 th September every year Other record dates will be published in advance if necessary.
Shareholder registry administrator and special account administrator	1-4-1, Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
Shareholder registry administrator Administrator's office (Mailing address) (Telephone number)	4-5-33 Kitahama, Chuo-ku, Osaka Stock Transfer Agency, Business Planning Department, Sumitomo Mitsui Trust Bank, Limited 168-0063 2-8-4 Izumi, Suginami-ku, Tokyo Stock Transfer Agency, Business Planning Department, Sumitomo Mitsui Trust Bank, Limited ☎0120-782-031 Business hours: 09:00 – 17:00 (excluding Saturdays, Sundays and holidays)
Method of public notice	Electronic public notice https://www.osaka-ti.co.jp/

[Contact information regarding shares]

If you are a shareholder who has an account with a securities company, please submit a notification or inquiry about change of address to the securities company with which you have the account.

If you are a shareholder who does not have an account with a securities company, please contact the shareholder registry administrator of the Company shown above.