

New Challenge Best Quality



First-Half 2022 Financial Results
and
Full-Year 2022 Earnings Forecast
for Financial Year ending March 31, 2023

November 24, 2022

OSAKA Titanium technologies Co.,Ltd.

I First-Half 2022 Financial Results

II Full-Year 2022 Earnings Forecast

III Medium-Term Business Challenges

I First-Half 2022 Financial Results (Business Overview)

<Overall>

- ✓ Titanium demand, which fell sharply as a result of the global coronavirus outbreak, is recovering both in aerospace and general industrial sectors after bottoming out in 2020. Additional demand is arising from the restructuring of global supply-chains, triggered by the Ukrainian crisis.
- ✓ Raw material prices continued to rise in line with the global economic recovery, and soaring titanium ore and electricity prices put pressure on earnings. But improvement in selling prices and recovery in sales volumes, together with the weakening of the yen, resulted in **operating profit of JPY 2.0 billion, ordinary profit of JPY 2.9 billion and net profit of JPY 2.2 billion** in the first six months of the financial year.

<By Segment>

Titanium

- ❑ Responded to recovering demand by increasing plant utilisation of titanium sponge, while continued efforts to thoroughly streamline operations as well as to improve selling prices
- ❑ Export sales and domestic sales of titanium sponge increased by approx. 70% and 90% year-on-year, respectively

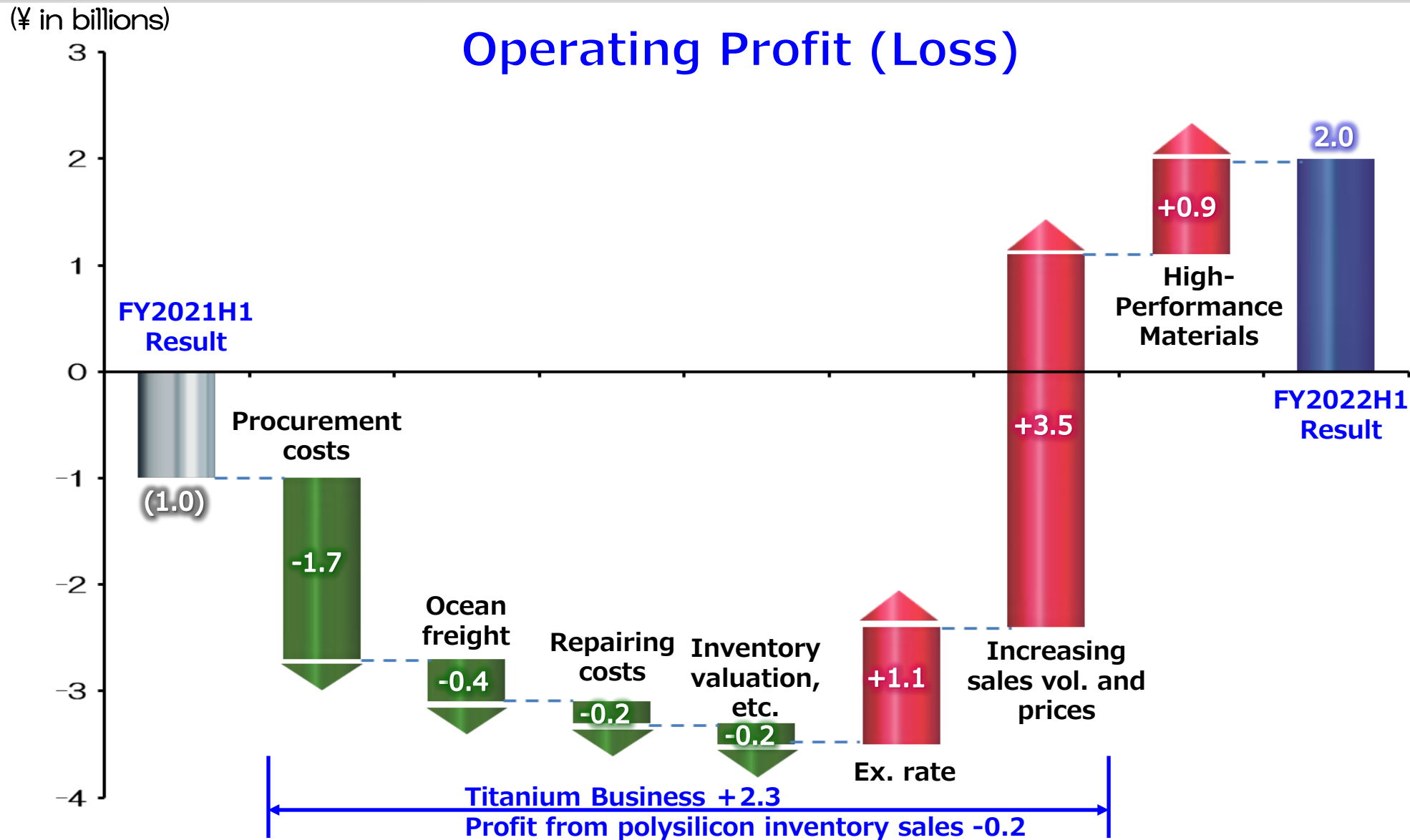
High-Performance Materials

- ❑ Sales of both high-purity titanium for sputtering targets (a relevant product for the semi-conductor market) and spherical titanium alloy powder (product name: Alloy TILOP) for the additive manufacturing (3D printers) market increased
- ❑ Sales in the High-Performance Materials business expanded by approx. 50% year-on-year

I First-Half 2022 Financial Results (Financial Summary)

(¥ in billions)	H1-FY2022 results	H1-FY2022 results	Changes & Major Factors
Exchange Rate <¥/U\$>	<110>	<132>	
Sales	11.7	19.6	+7.9 (Titanium sales +7.5)
Operating P/L	(1.0)	2.0	+3.0 (Ti segment +2.3)
Non-operating P/L	0.1	0.9	+0.8
Ordinary P/L	(0.9)	2.9	+3.8
Extraordinary P/L	0.0	(0.3)	-0.3
P/L Before Tax	(0.9)	2.6	+3.5
Corporate Tax, etc	0.0	(0.4)	-0.4
Net Income(Loss)	(0.9)	2.2	+3.1

I First-Half 2022 Financial Results (Changes from the Same Term Last Year)



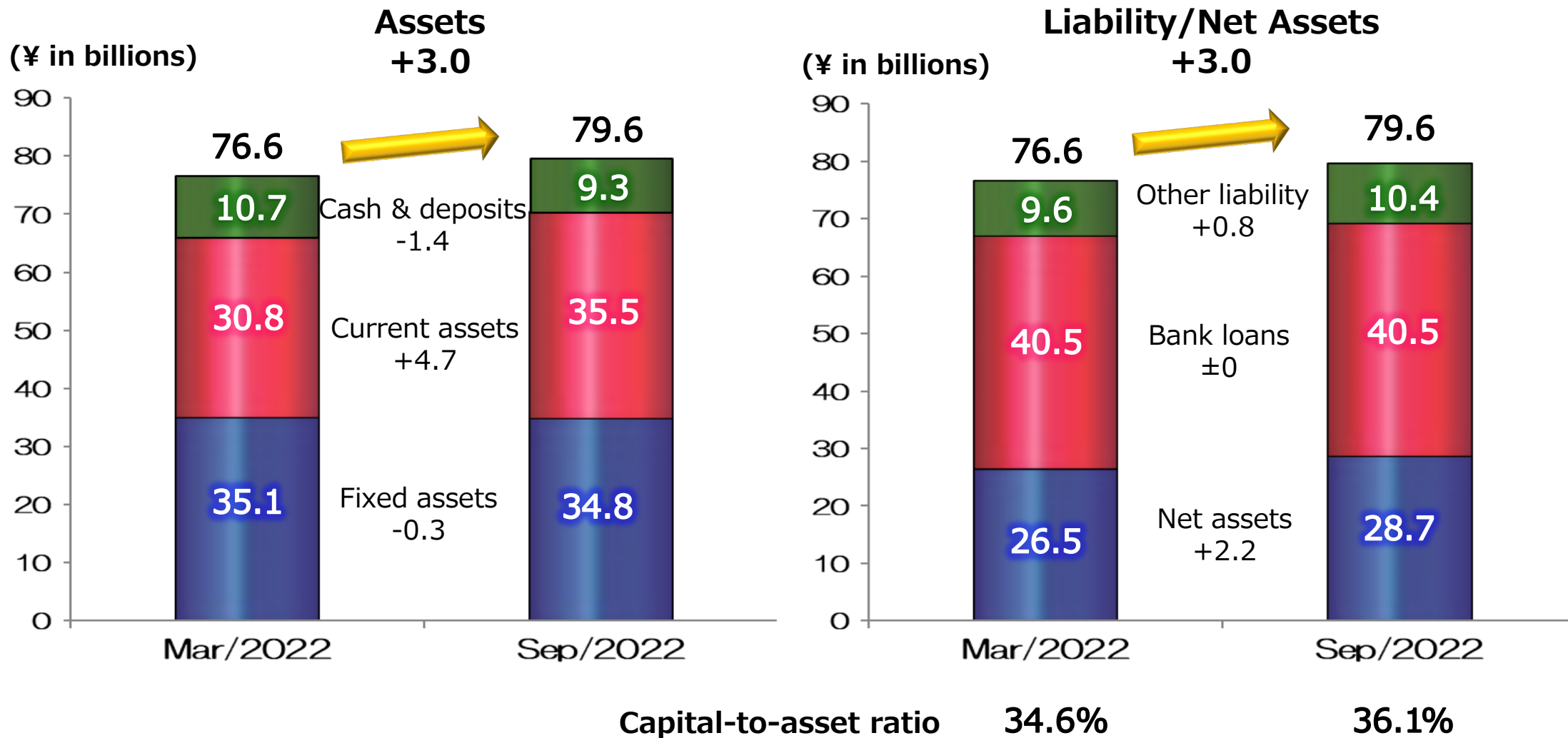
I First-Half 2022 Financial Results (by Segment)

(¥ in billions)	H1-FY2021 results		H1-FY2022 results		Changes	
	Sales	Operating Profit(Loss)	Sales	Operating Profit(Loss)	Sales	Operating Profit(Loss)
Titanium	9.9	(0.6)	17.4	1.7	+7.5	+2.3
High-Performance Materials	1.5	(0.6)	2.2	0.3	+0.7	+0.9
TOTAL	11.7	(1.0)	19.6	2.0	+7.9	+3.0

(Note)

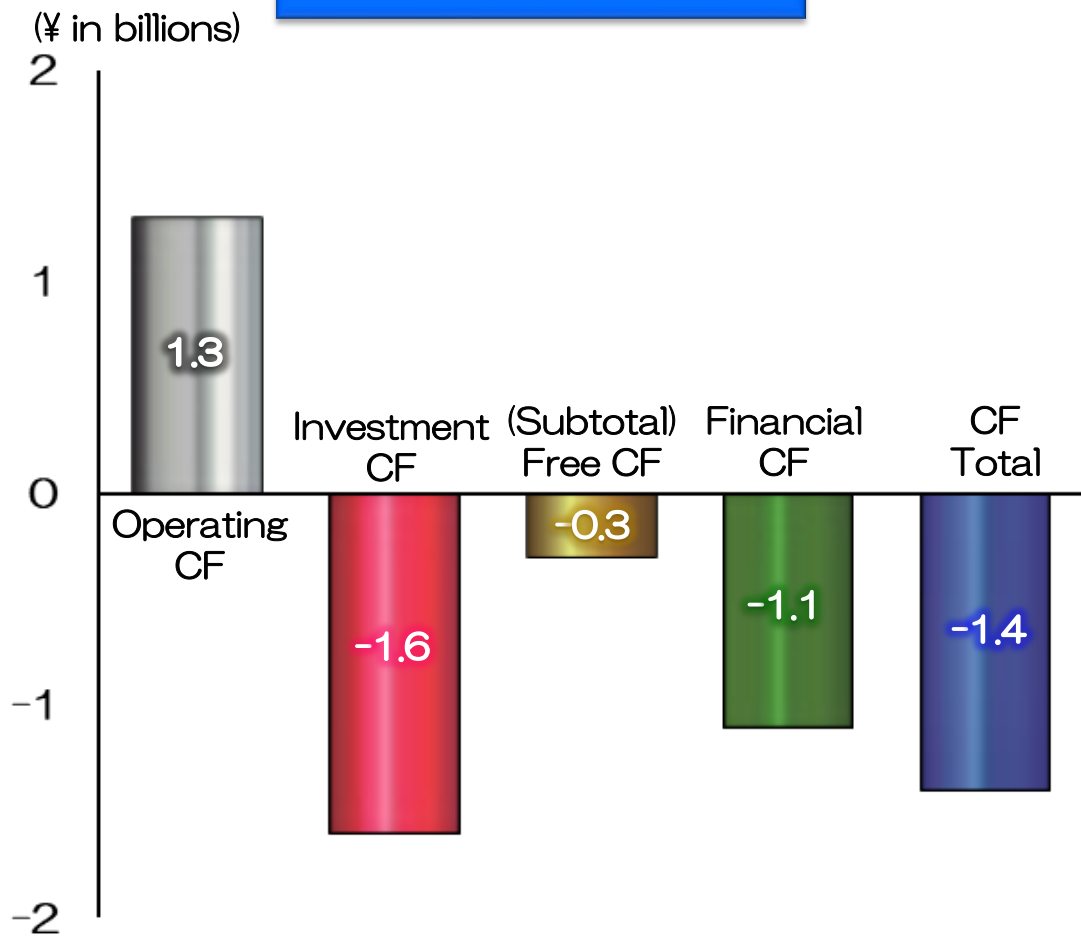
Figures shown in H1-FY2021 results include ¥0.3 billion sales and ¥0.2 billions profits from the sell-out of the remaining inventory from the Polycrystalline Silicon business, from which the Company withdrew in 2018.

I First-Half 2022 Financial Results (B/S)

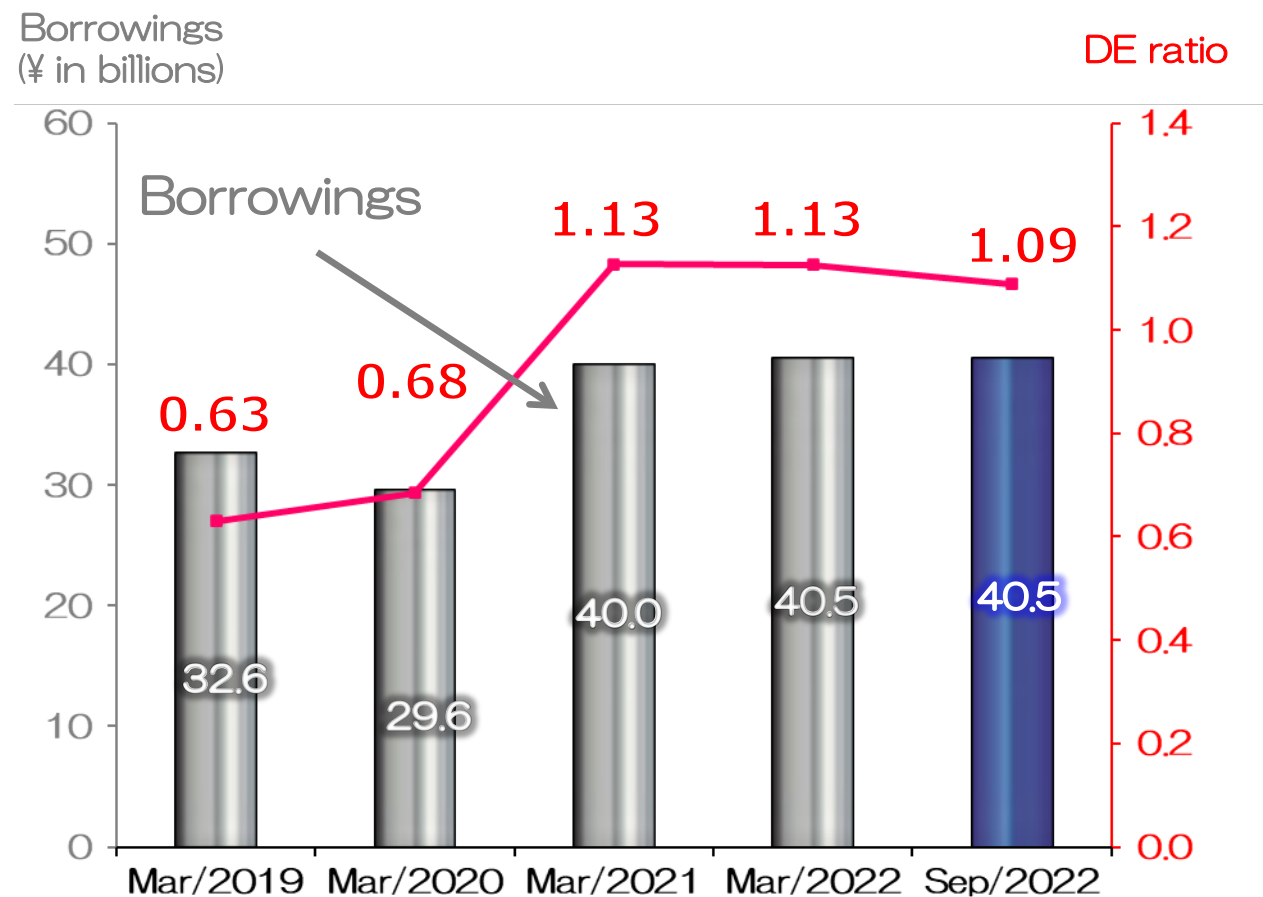


I First-Half 2022 Financial Results (Cash Flow and Debt-to-Equity Ratio)

H1-2022 CF



Borrowing Balance, DE Ratio



I First-Half 2022 Financial Results

II Full-Year 2022 Earnings Forecast

III Medium-Term Business Challenges

II Full-Year 2022 Earnings Forecast (Business Environment by Segment)

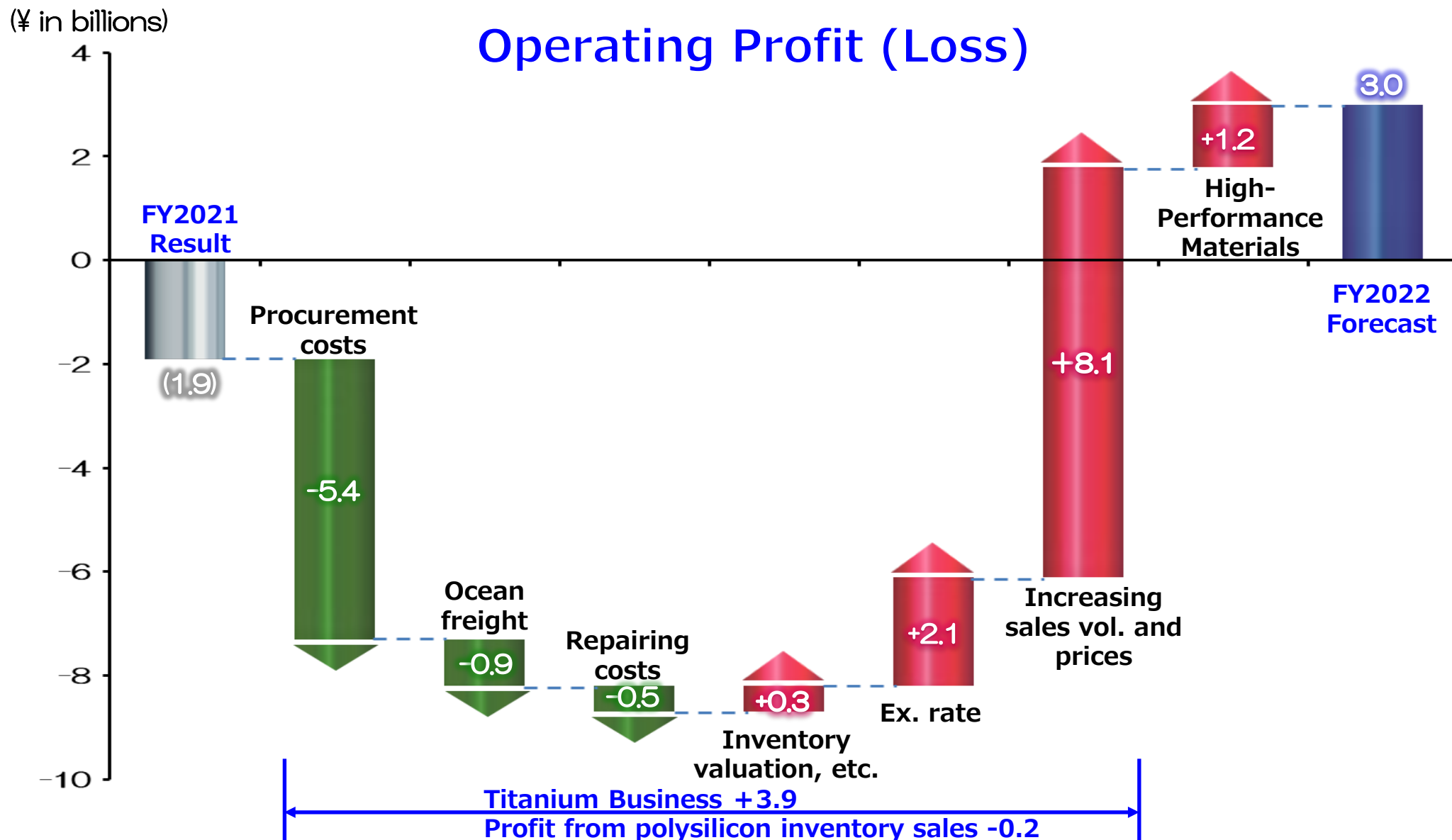
	Titanium	High-Performance Materials
Environment	<ul style="list-style-type: none"> ▪ Aircraft production recovering now, particularly for narrow-body aircraft. Demand for titanium gradually increasing accordingly. Additional demand being generated as a result of the Ukrainian crisis ▪ Full recovery in titanium demand for aircraft expected from 2024 onwards ▪ Demand for titanium in the general industrial sector has also improved and remained steady ▪ Prices of various raw materials, including titanium ore and electricity unit costs, continue to rise, while rising ocean freight shows signs of subsiding 	<ul style="list-style-type: none"> ▪ Growing semiconductor market has reached an adjustment phase. Demand for related products and components slowing down ▪ Additive manufacturing market expanding in stages, however, demand for titanium alloy powder (product name: Alloy TILOP) still limited ▪ LiBs market growth expected to accelerate due to expanding applications. Expect further acceleration due to worldwide carbon-neutral trends
Initiatives	<ul style="list-style-type: none"> ▪ Improving selling prices (target 30%-up) and sales mix ⇒ Well accepted by most customers ▪ Ramp-up production in line with demand recovery (approx. 90% capacity utilisation at the end-FY2022) ⇒ Maintain high operating rate in the coming year ▪ Continuing strict cost rationalisation efforts 	<ul style="list-style-type: none"> ▪ Continuously launching our strategic high-purity titanium products into the semiconductor market ▪ Rapidly strengthening the business base of the Alloy TILOP and expanding sales by enhancing partnerships with customers ▪ Drawing up business scheme of SiO anode material for LiBs by demonstrating our own technology with the pilot plant



II Full-Year 2022 Earnings Forecast (Financial Summary)

(¥ in billions)	FY2021		FY2022			Changes in Full-Year
	H1 results	Full-Year results	H1 results	H2 forecast	Full-Year forecast	
Exchange Rate <¥/U\$>	<110>	<112>	<132>	<140>	<136>	
Sales	11.7	28.5	19.6	23.4	43.0	+14.5
Operating P/L	(1.0)	(1.9)	2.0	1.0	3.0	+4.9
Non-operating P/L	0.1	0.2	0.9	0.0	0.9	+0.7
Ordinary P/L	(0.9)	(1.7)	2.9	1.0	3.9	+5.6
Extraordinary P/L	0.0	(0.1)	(0.3)	(0.2)	(0.5)	-0.4
P/L Before Tax	(0.9)	(1.8)	2.6	0.8	3.4	+5.2
Corporate Tax, etc	0.0	(1.3)	(0.4)	(0.1)	(0.5)	+0.8
Net Income(Loss)	(0.9)	(3.1)	2.2	0.7	2.9	+6.0

II Full-Year 2022 Earnings Forecast (Changes from the Year Before)



II Full-Year 2022 Earnings Forecast (by Segment)

(¥ in billions)	FY2021 results		FY2022 forecast		Changes	
	Sales	Operating Profit(Loss)	Sales	Operating Profit(Loss)	Sales	Operating Profit(Loss)
Titanium	25.0	(1.2)	38.8	2.7	+13.8	+3.9
High-Performance Materials	3.2	(0.9)	4.2	0.3	+1.0	+1.2
TOTAL	28.5	(1.9)	43.0	3.0	+14.5	+4.9

(Note)

Figures shown in FY2021 results include ¥0.3 billion sales and ¥0.2 billions profits from the sell-out of the remaining inventory from the Polycrystalline Silicon business, from which the Company withdrew in 2018.

II Full-Year 2022 Earnings Forecast (Mid-year & Year-end Dividend)

Dividend Policy

Stable payout with 25~35% payout ratio

FY2021

FY2022

(FYR)
Aug. announcement
FY2022

Mid-Year	¥0/shr	¥5/shr	¥5/shr
Year-End	¥0/shr	¥10/shr (forecast)	¥10/shr
Annual	¥0/shr	¥15/shr	¥15/shr

I First-Half 2022 Financial Results

II Full-Year 2022 Earnings Forecast

III Medium-Term Business Challenges

III Medium-Term Business Challenges (Basic Policies to Issues)

<Medium-Term Management Tasks & Basic Policies>

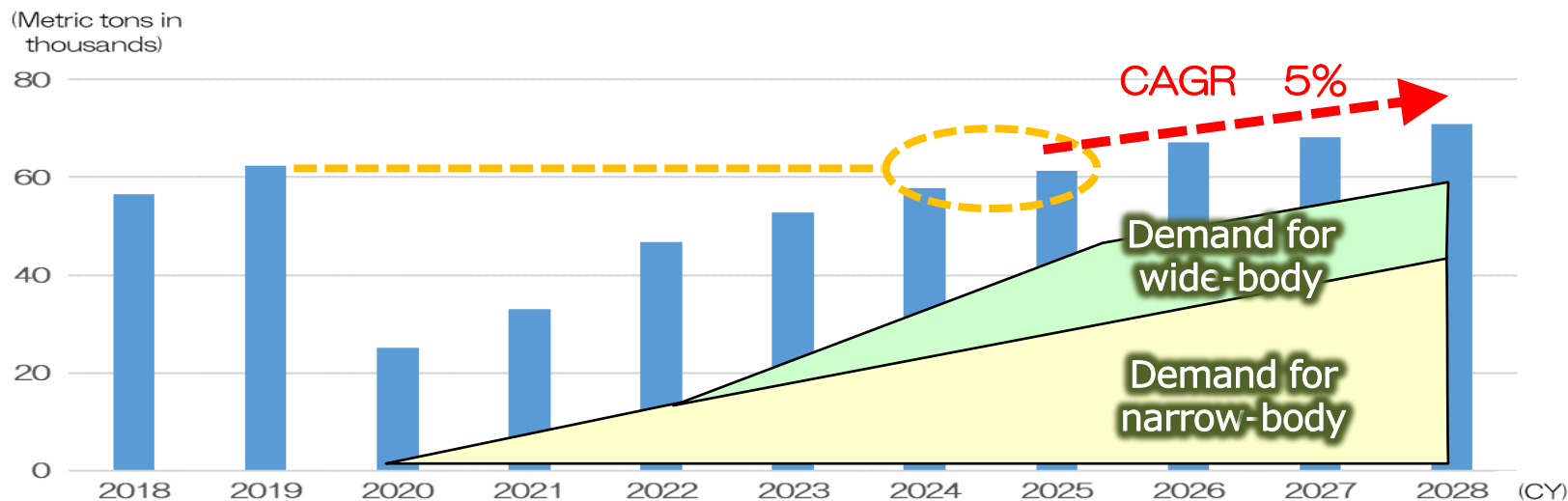
- ✓ Rebuilding the profitability of the core Titanium business and quick return to a growth trajectory by steadily capturing recovering trend
 - Restoring the profitability by reviewing the scheme for partnership with customers and by improving selling prices
 - Continuous cost rationalisation and utilising full capacity by achieving the efficiency in productivity
- ✓ Reinforcing the profit structure and accelerating the growth strategy
 - Commercialising new businesses in the growing markets to enhance the Company's growth and securing profitability
 - Continuously developing new businesses to accelerate the transformation of business portfolio
- ✓ Restoring a stable growth platform by quickly ensuring financial strength
- ✓ Promoting multifaceted activities to reduce environmental load, including carbon-neutral compliance
- ✓ Proactively using IT technology (Business reforms by DX, advanced production technology using AI)



III Medium-Term Business Challenges (Return to a Growth Strategy with Titanium Business as the Core)

- ✓ Titanium mill products demand for aerospace applications is gradually increasing on the back of a recovery in the production of narrow-body aircraft, and is expected to expand at CAGR of 5% from 2025 onwards, when the wide-body aircraft production is expected to recover to a large extent
 - ✓ The prolonged crisis in Ukraine is creating additional demand, and the potential for a tight supply-and-demand situation for titanium sponge in the global titanium supply-chain is widening
- ⇒ The company is working to improve the selling prices to reflect current and rising raw material costs, and is responding to recovering demand by maximising the use of existing production capacity (maintaining the full-capacity operation from 2023 onwards)
- ⇒ In order to meet the tightening demand for titanium sponge in the future, it is essential that prices are corrected to a level that will allow investment in expanding production capacity. Putting a high priority on price improvement, capacity expansion (including timing) will be carefully considered

Titanium Mill Products Demand for Western Commercial Aircraft



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