

First-Half 2023 Financial Results Briefing

for Financial Year ending 31 March 2024

27 November 2023

01

First-Half 2023 Financial Results

02

Full-Year 2023 Earnings Forecast

03

Medium-Term Business Challenges

01. First-Half 2023 Financial Results (Business Overview)

<Overall>

- ✓ Titanium (“Ti”) demand: Returned to a growth phase from a recovery phase in both aerospace and general industrial sectors. With the Ti-supply chain restructuring, Ti sponge entered a new phase of demand expansion
 - ✓ While commodity prices rose as the world economy normalised, and energy and resource prices continued rising, the Company made progress in improving product prices, mainly in Ti sponge, and increased sales volumes
- 1st Half-2023 resulted in: Sales ¥27.0B, Operating Profit ¥3.9B, Net Profit ¥4.5B**

<By Segment>

Titanium

- Sales of Ti sponge for export up by approx.50% y-on-y, sales to the domestic market also up by approx.40% y-on-y.
- Operating profit up 2.4 times y-on-y due to higher sales and production vols., as well as improved product prices and a weaker Yen
- Ti sponge operation rate: 1st half just under 90%, with plans for the 2nd half to be around 90%

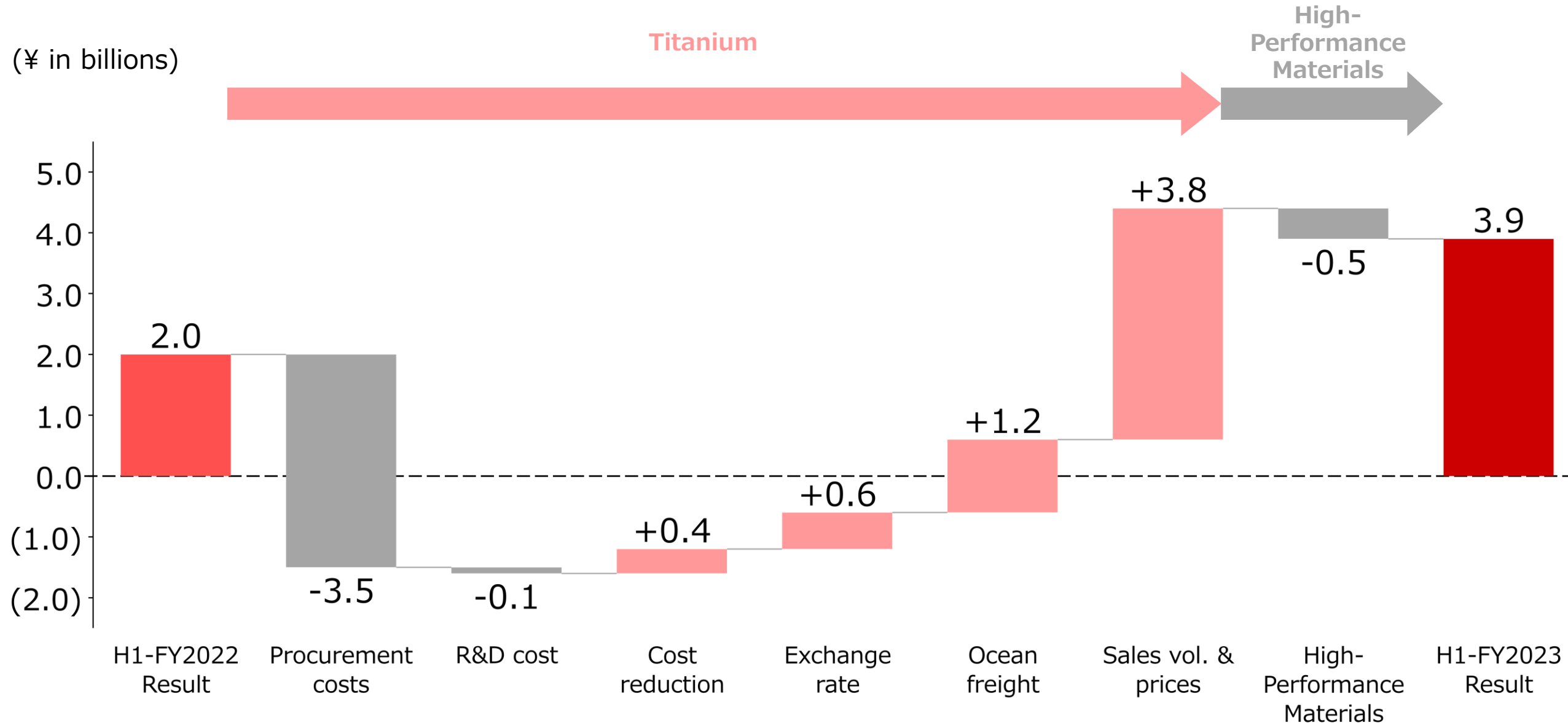
High-Performance Materials

- While the alloy TILOP business expanded, sales vols. of high-purity Ti for sputtering targets fell sharply in the semiconductor market, led to a decrease in sales and operating loss of ¥0.2B

01. First-Half 2023 Financial Results (Financial Summary)

(¥ in billions)	H1-FY2022 Results	H2-FY2022 Results	H1-FY2023 Results	Changes from H1-FY2022
Sales	19.6	23.5	27.0	+ 7.4
Operating P/L	2.0	2.8	3.9	+ 1.9
Ordinary P/L	2.9	1.8	5.3	+ 2.4
P/L Before Tax	2.6	1.9	5.3	+ 2.7
Net Income(Loss)	2.2	2.2	4.5	+ 2.3
Exchange Rate(¥/U\$)	131.6	138.6	139.9	—
End-of-period Rate(¥/U\$)	144.8	133.5	149.6	—

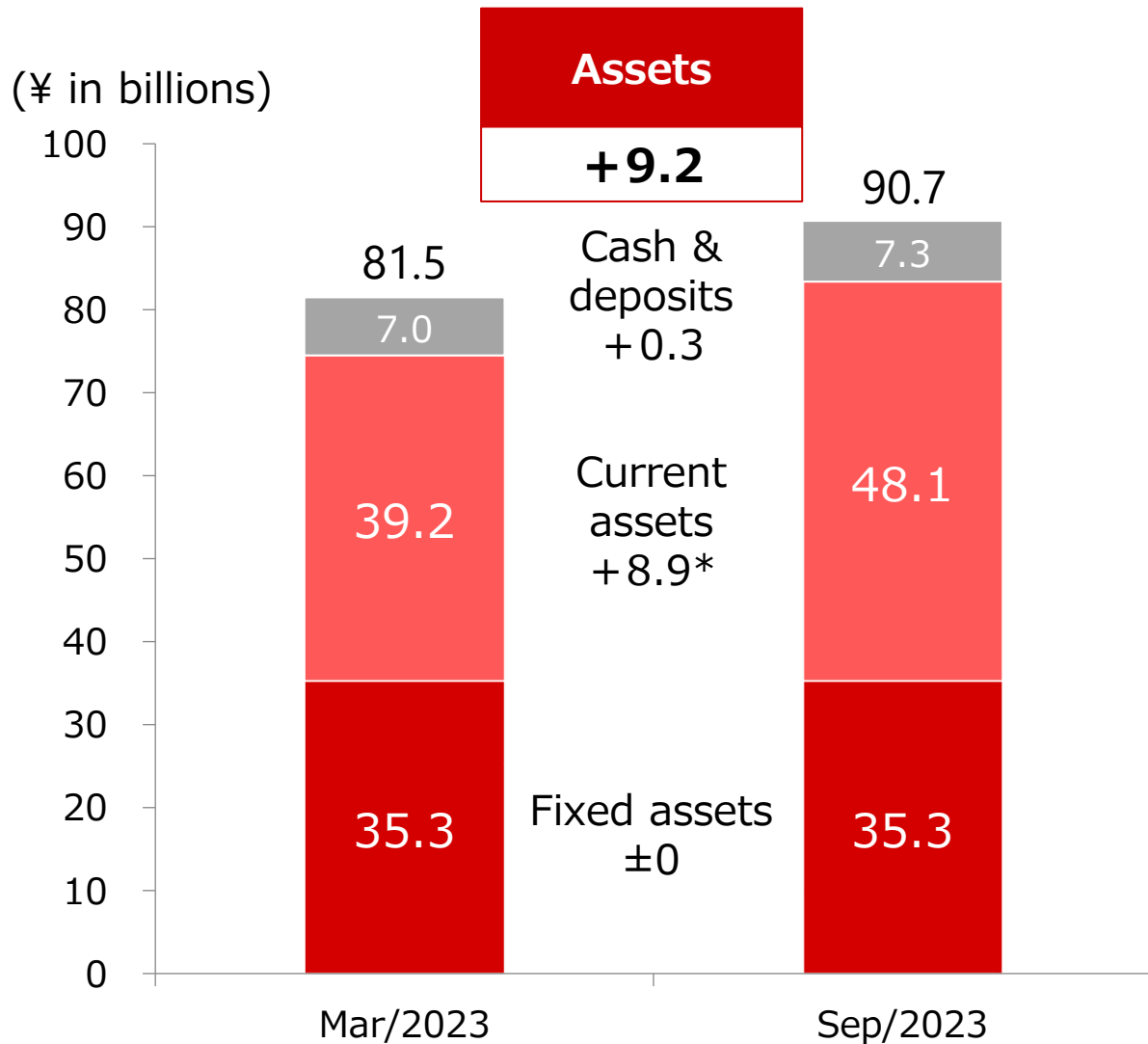
01. First-Half 2023 Financial Results (Changes from the Same Period Last Year)



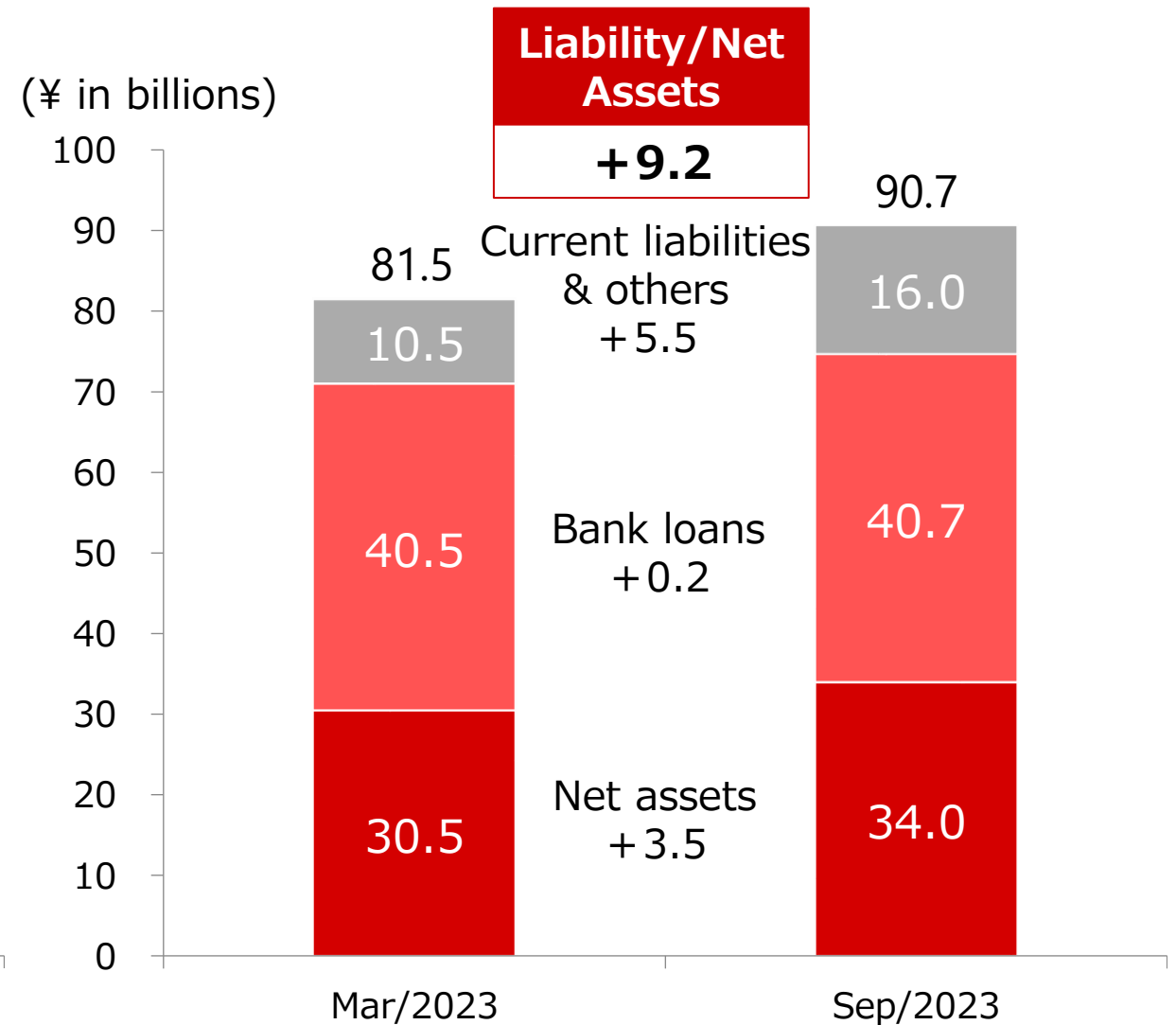
01. First-Half 2023 Financial Results (by Segment)

(¥ in billions)	H1-FY2022 Results		H2-FY2022 Results		H1-FY2023 Results		Changes from H1-FY2022	
	Sales	Operating Profit (Loss)	Sales	Operating Profit (Loss)	Sales	Operating Profit (Loss)	Sales	Operating Profit (Loss)
Titanium	17.4	1.7	21.9	2.7	25.7	4.1	+8.3	+2.4
High-Performance Materials	2.2	0.3	1.6	0.1	1.3	(0.2)	-0.9	-0.5
TOTAL	19.6	2.0	23.5	2.8	27.0	3.9	+7.4	+1.9

01. First-Half 2023 Financial Results (B/S)

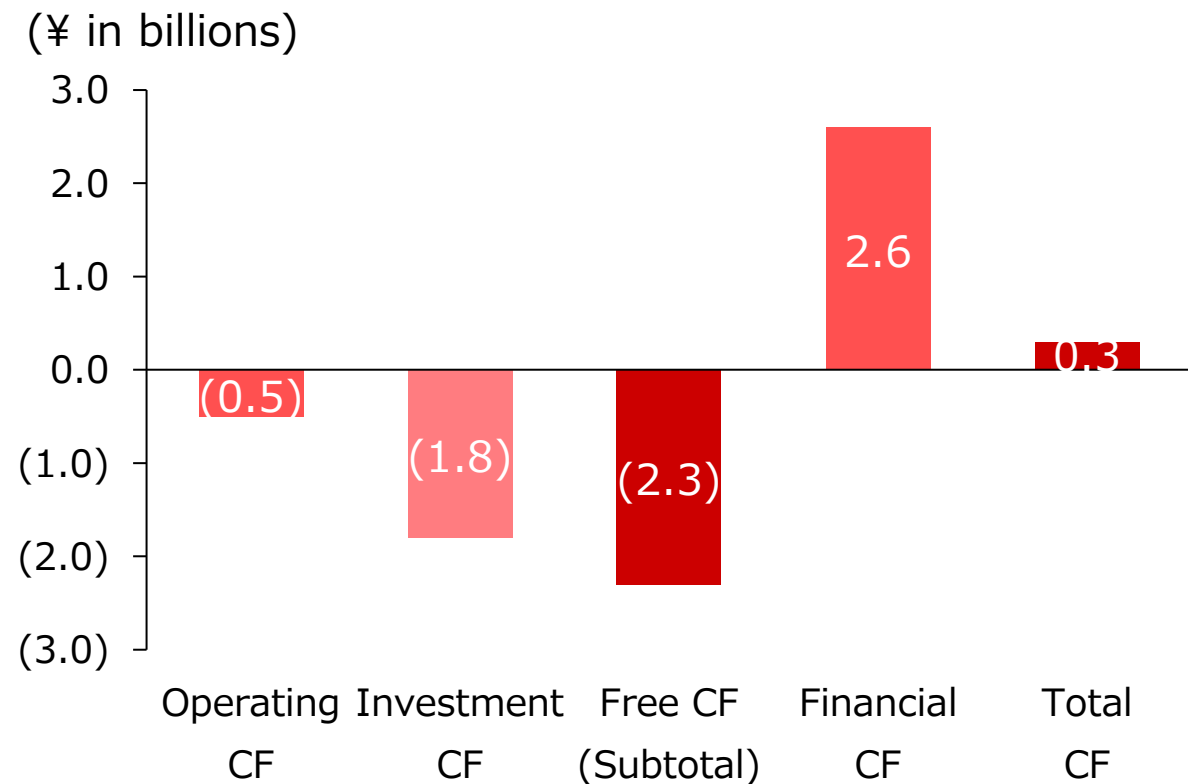


* (Trade accounts receivable + 7.1)
 (Inventory assets + 1.8)

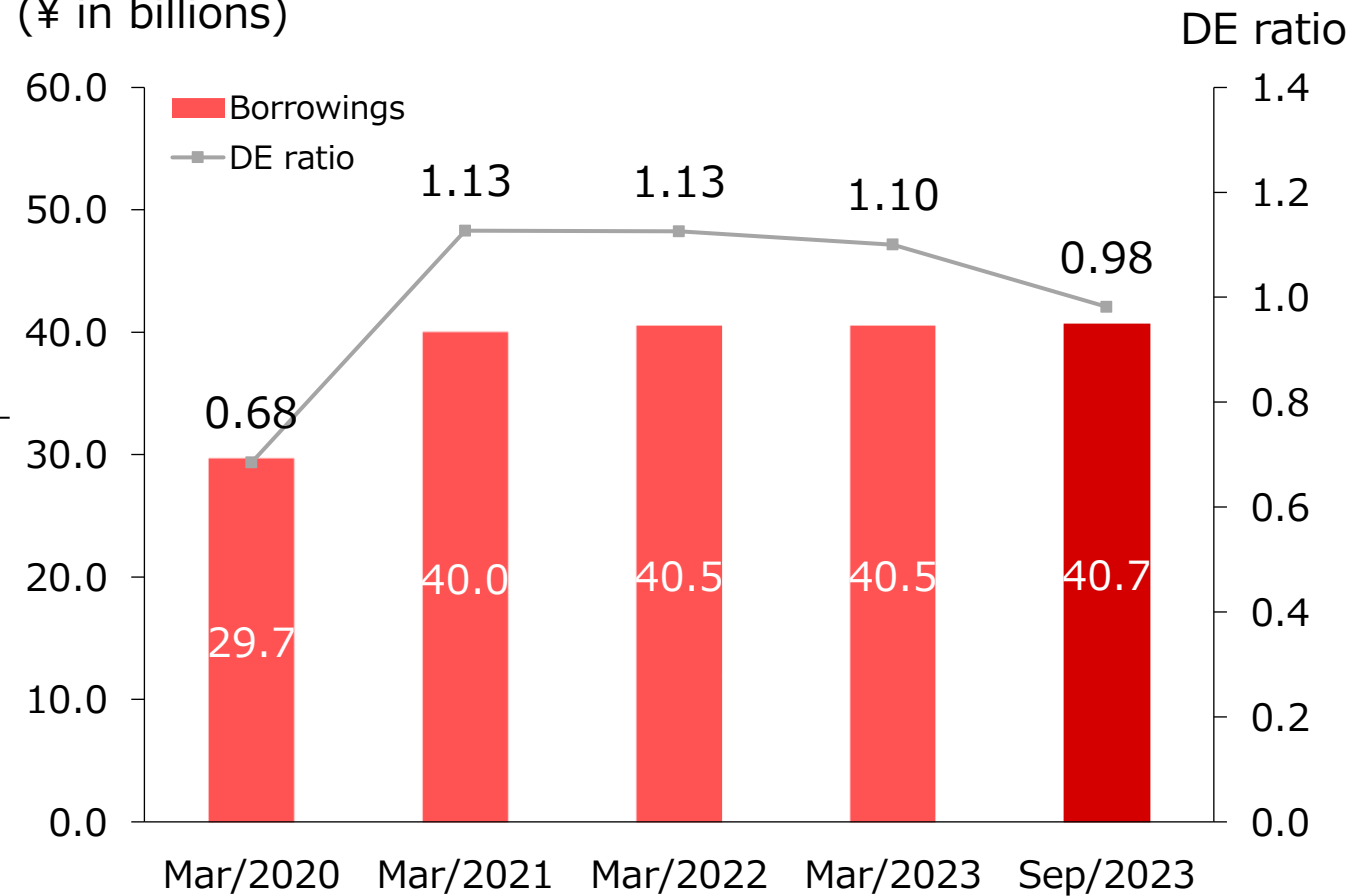


Capital-to-asset ratio
 37.4% (Mar/2023) → 37.6% (Sep/2023)

01. First-Half 2023 Financial Results (CF and Debt-to-Equity Ratio)



Borrowing Balance (¥ in billions)



01

First-Half 2023 Financial Results

02

Full-Year 2023 Earnings Forecast

03

Medium-Term Business Challenges

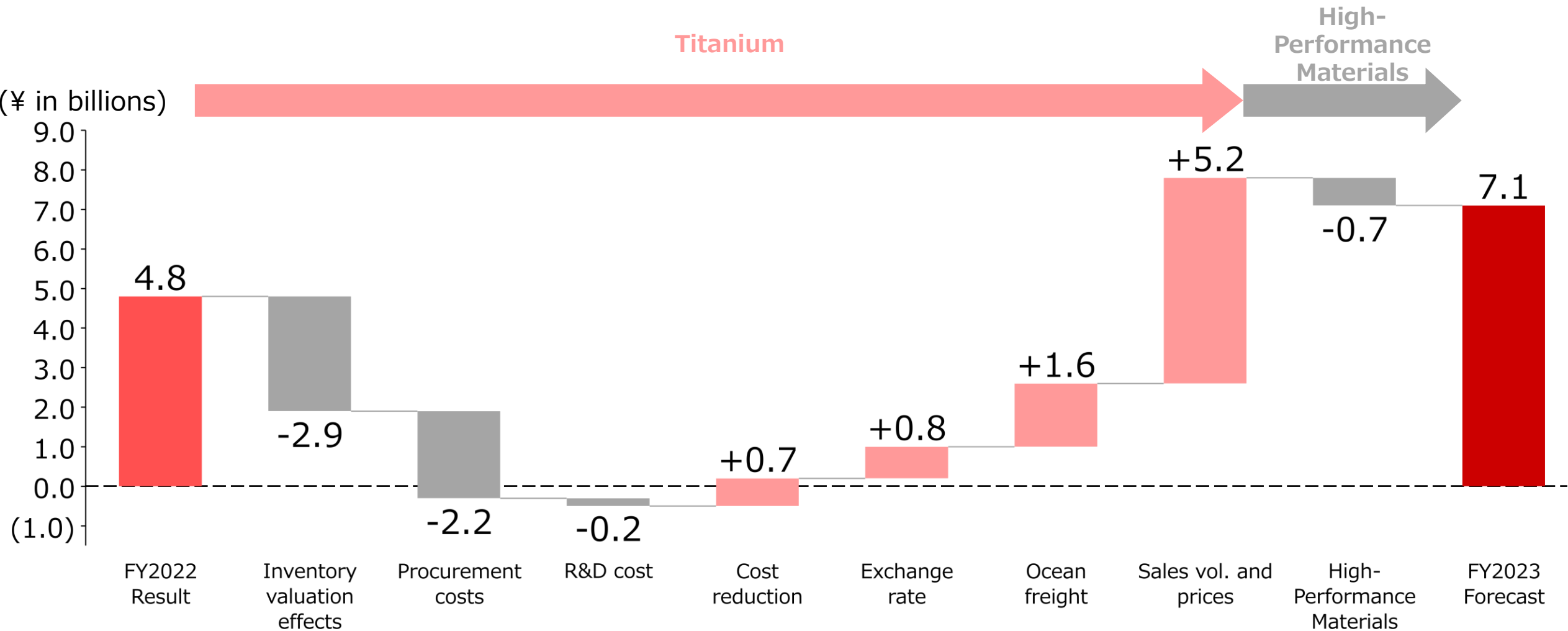
02. Full-Year 2023 Earnings Forecast (Business Environment by Segment)

	Titanium	High-Performance Materials
Environment	<ul style="list-style-type: none"> • Production rates for small aircraft increases, while a full recovery for large aircraft expected around 2025-26 • Strong Ti demand in general industry sector • Expect continued growth for Ti demand, as Ti moves into a growth phase with the restructuring of the supply chain • Energy and resource prices remain high and the Company's earnings under pressure 	<ul style="list-style-type: none"> • The semiconductor market continues to adjust. Demand for related products bearish • The additive manufacturing market grows incrementally, particularly in Europe and the US. Demand for titanium alloy powder grows accordingly with a focus on the medical sector
Initiatives	<ul style="list-style-type: none"> • Achieve an optimum production under high utilisation rate to meet growing demand • Work to maximise production at current facilities (H1 just under 90%, H2 plans around 90%) • Continue working on cost reduction and improvement of product prices, ensuring profitability in a high-cost environment 	<ul style="list-style-type: none"> • Increase the market share of high-purity titanium in currently bearish semiconductor market with strategic products • Build the foundation of the Alloy TILOP business and accelerate growth by establishing the sales network • Create and sprout further new businesses

02. Full-Year 2023 Earnings Forecast (Financial Summary)

(¥ in billions)	FY2022 Results	FY2023 forecast			Changes in Full-Year
		H1 Results	H2 Forecast	Full-Year Forecast	
Sales	43.1	27.0	27.0	54.0	+ 10.9
Operating P/L	4.8	3.9	3.2	7.1	+ 2.3
Ordinary P/L	4.7	5.3	2.1	7.4	+ 2.7
P/L Before Tax	4.5	5.3	2.0	7.3	+ 2.8
Net Income(Loss)	4.4	4.5	1.7	6.2	+ 1.8
Exchange Rate(¥/U\$)	135.1	139.9	140.0	140.0	—
End-of-period Rate(¥/U\$)	133.5	149.6	140.0	140.0	—

02. Full-Year 2023 Earnings Forecast (Changes from the Year Before)



02. Full-Year 2023 Earnings Forecast (by Segment)

(¥ in billions)	FY2022 Results		FY2023 Forecast		Changes	
	Sales	Operating Profit (Loss)	Sales	Operating Profit (Loss)	Sales	Operating Profit (Loss)
Titanium	39.3	4.4	51.0	7.4	+11.7	+3.0
High-Performance Materials	3.8	0.4	3.0	(0.3)	-0.8	-0.7
TOTAL	43.1	4.8	54.0	7.1	+10.9	+2.3

02. Full-Year 2023 Earnings Forecast (Dividend)

Dividend Policy

Stable pay-out with 25-35% pay-out ratio

	FY2022 Year ending 31 March 2023	FY2023 Year ending 31 March 2024	
Mid-Year	¥10 /shr	¥20 /shr	
Year-End	¥25 /shr	(¥20 /shr)*	(forecast)
Annual	¥35 /shr	¥40 /shr	

*The decision will be based on future performance trends

01

First-Half 2023 Financial Results

02

Full-Year 2023 Earnings Forecast

03

Medium-Term Business Challenges

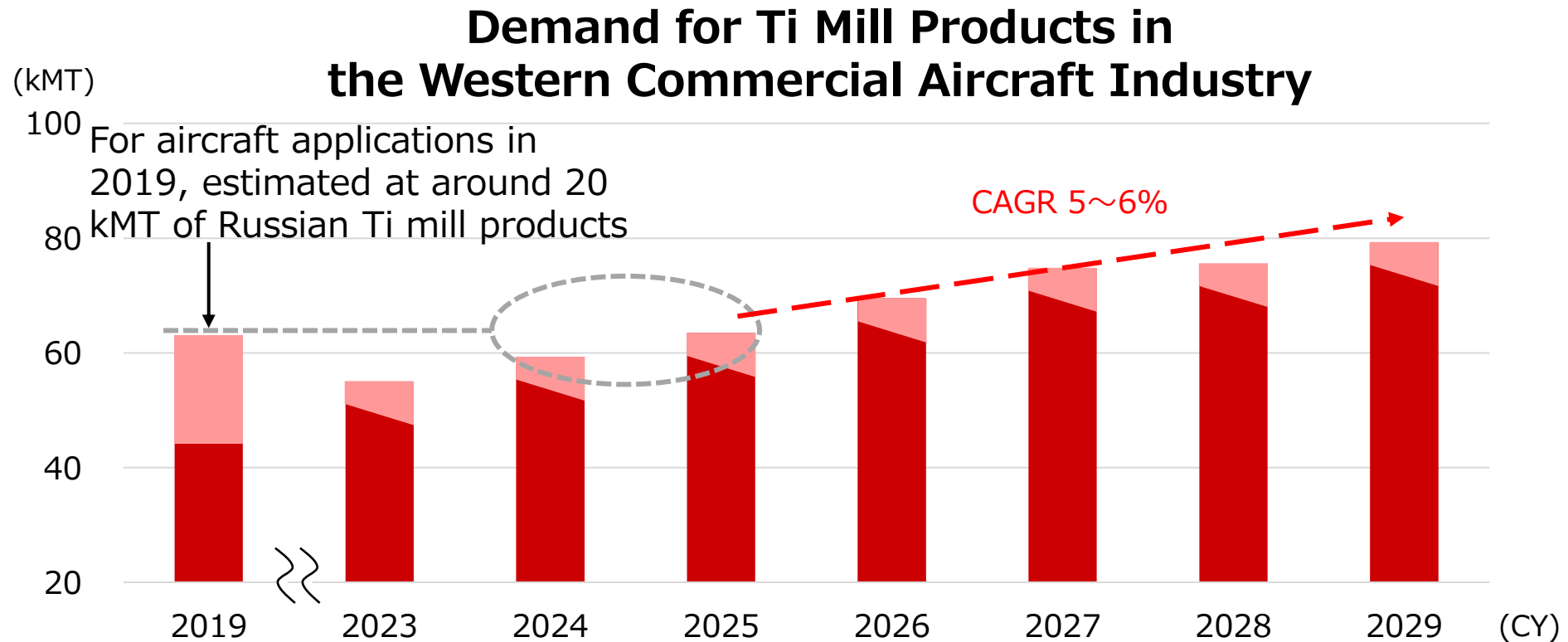
03. Medium-Term Business Challenges (Basic Policies to Issues)

Medium-Term Business Challenges (Basic Policies to Issues)

- ✓ A return to a strategy of sustainable growth, with the Ti business at its core, as the market returns to a growth phase
 - Restoring the profitability by reviewing the scheme for partnership with customers and by improving product prices
 - Continuous cost reduction and utilising full capacity by achieving the efficiency in productivity
- ✓ Reinforcing profit structure and accelerating growth strategy
 - Commercialising new businesses in growing markets to enhance the Company's growth and securing profitability
 - Continuously developing new businesses to accelerate transformation of business portfolio
- ✓ Restoring a stable growth platform by quickly ensuring financial strength
- ✓ Promoting a range of activities to reduce environmental impact, including carbon neutrality
- ✓ Proactively using IT technology (Business reforms by DX, advanced production technology using AI)

03. Medium-Term Business Challenges (Responding to Medium-Term Demand Growth)

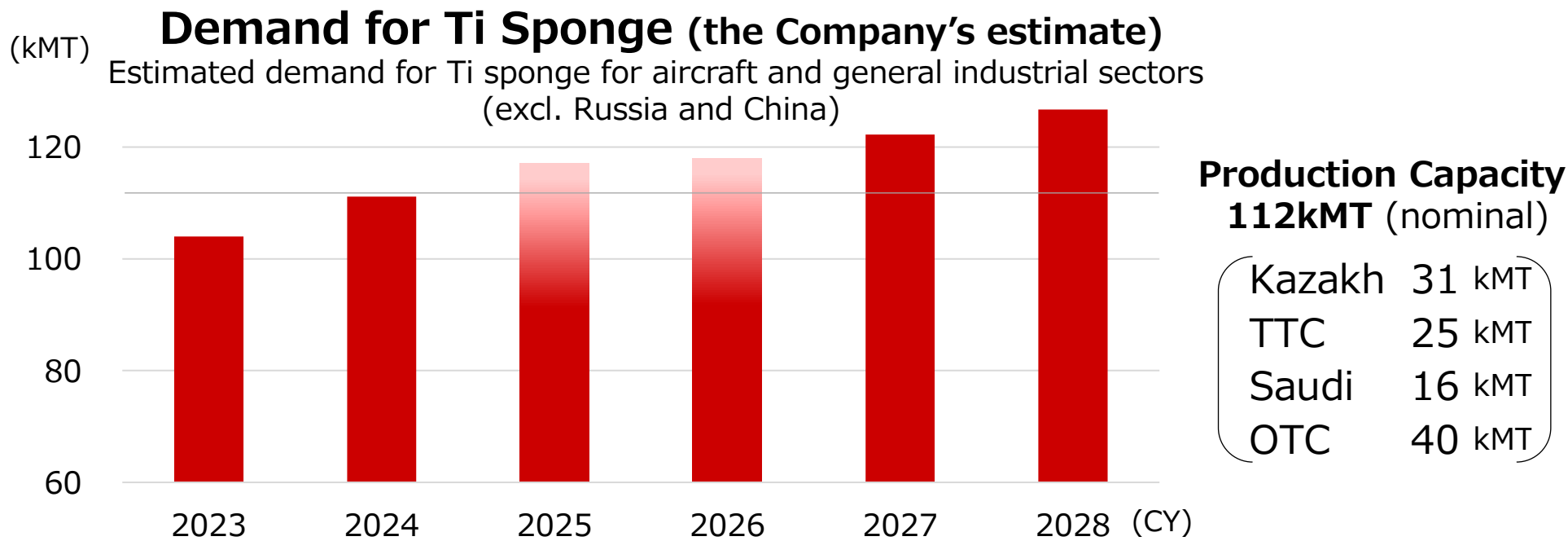
- ✓ Aim for sustainable growth by steadily capturing Ti demand in a growth phase
 - 1) Improve product prices ensuring reproducible margins, a prerequisite for growth strategy
 - 2) Achieve an optimum production by maximising the use of existing facilities to meet growing demand
 - 3) Change cost structure and pursue production efficiency through innovative technologies



Source: The company's own estimate based on interviews with customers, etc.

03. Medium-Term Business Challenges (Responding to Long-Term Demand Recovery)

- ✓ With aircraft demand growing, manufacturers of Ti mill products in the US and elsewhere are implementing capacity expansion plans, thus demand for Ti sponge expected to grow further
- ✓ The Company studies plans to increase production capacity in stages amid growing concern over the tightening supply-and-demand for Ti sponge
 Assuming margins being secured at a level that enables reproduction, the Company will continue to improve product prices. Plans under study are:
 - 1) Capacity increase by restarting idle facilities (approx. 3kMT/yr)
 - 2) Capacity expansion through new production facilities



Disclaimer

With the exception of historical facts, the contents of this paper are predictive statements. These statements are based on management's assumptions and beliefs in light of the information currently available to it. The assumptions involve risks and uncertainties which may cause the actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the predictive statements.

OSAKA Titanium technologies Co.,Ltd. makes no guarantee concerning the realisation of the contents of these predictive statements.

Since the contents of this paper are based on the information at the time the data were prepared, the contents may differ from the actual results.

Although OSAKA Titanium technologies Co.,Ltd. has taken the greatest possible care in posting information in this paper, it assumes no responsibility for problems including, but not limited to, incorrect information in this paper or for any problems resulting from using the data in this paper.