

First-Half 2024 Financial Results Briefing

for Financial Year ending March 31, 2025

November 27, 2024

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First-Half 2024 Financial Results

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Full-Year 2024 Earnings Forecast

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Medium-Term Business Challenges

01. First-Half 2024 Financial Results (Business Overview)

<Overall>

- ✓ Demand for Ti sponge remains strong as aircraft demand continues to recover and the global titanium supply chain restructuring continues to have an impact
- ✓ While the domestic economy continues to recover, persistent increases in energy and material prices and inflationary issues are becoming more apparent
- ✓ Under the circumstances above, due to the improvement of product prices and the effect of a weaker yen

1st Half-2024 resulted in: Sales ¥26.2B, Operating Profit ¥6.3B, Net Profit ¥3.5B

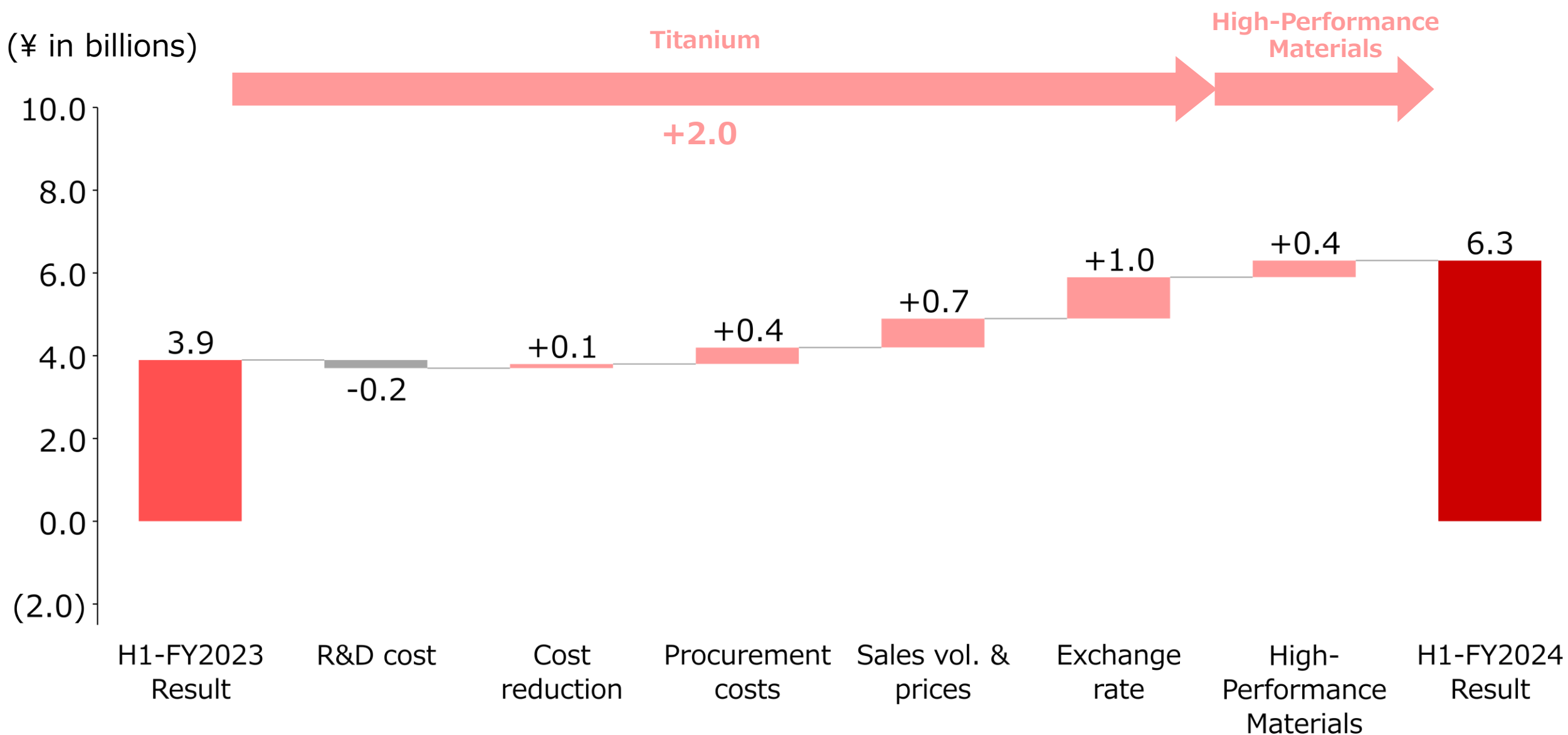
<By Segment>

Titanium	<ul style="list-style-type: none"> • Ti sponge sales for export markets increased 3% year-on-year, for domestic markets decreased 24% year-on-year compared to the preceding year • Operating profit increased 49% year-on-year due to improved product prices, improved operations, the effect of a weaker yen, etc.
High-Performance Materials	<ul style="list-style-type: none"> • Sales volume of high-purity titanium for semiconductor-related sputtering targets increased due to spot orders, despite the ongoing adjustment phase in the semiconductor market, net sales increased 74% year-on-year and operating profit was ¥0.2B

01. First-Half 2024 Financial Results (Financial Summary)

(¥ in billions)	H1-FY2023 Results	H2-FY2023 Results	H1-FY2024 Results	Changes from H1-FY2023
Sales	27.0	28.3	26.2	-0.8
Operating P/L	3.9	4.4	6.3	+2.4
Ordinary P/L	5.3	4.1	5.0	-0.3
P/L Before Tax	5.3	4.0	4.8	-0.5
Net Profit(Loss)	4.5	5.2	3.5	-1.0
Exchange Rate(¥/U\$)	139.9	147.7	153.9	—
End-of-period Rate(¥/U\$)	149.6	151.3	142.8	—

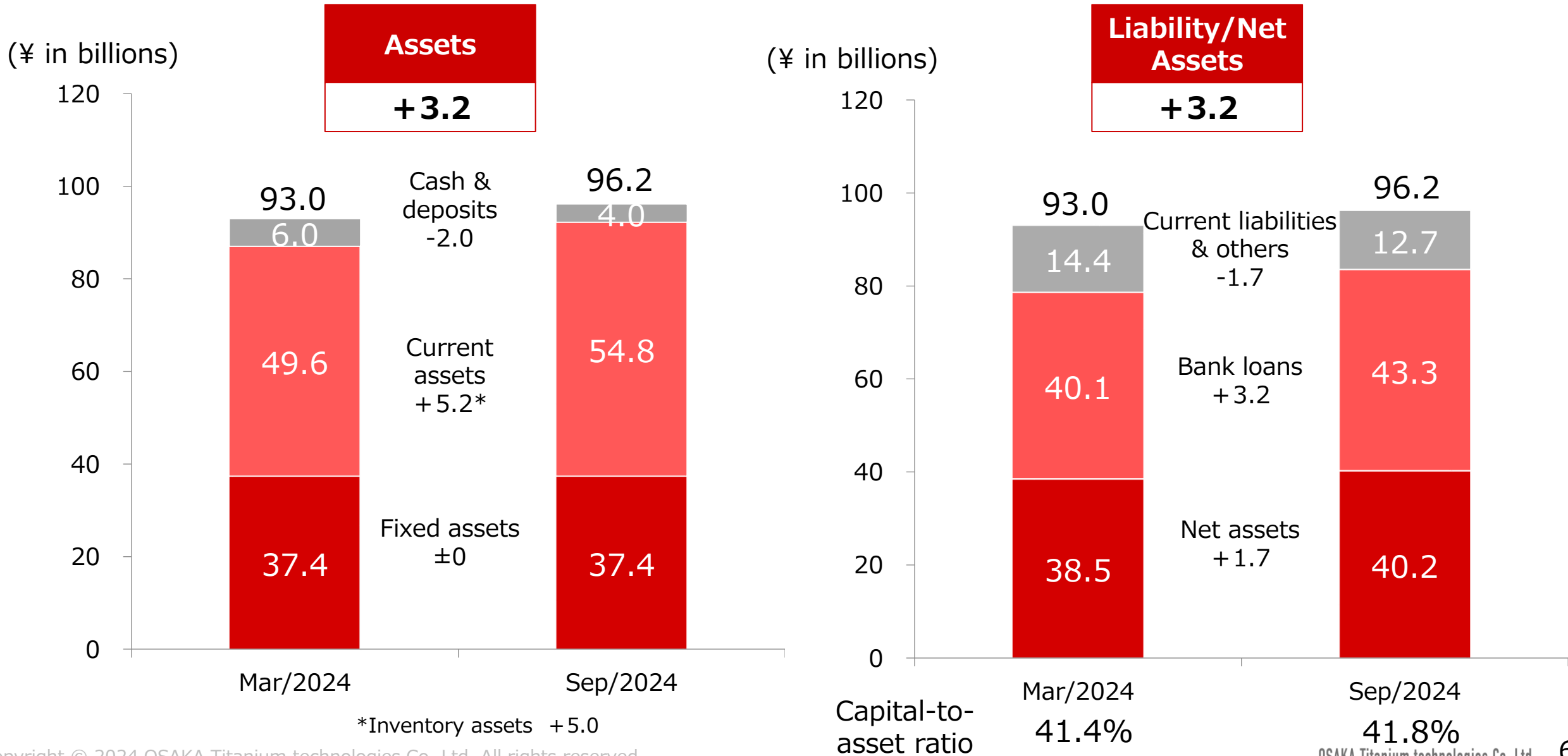
01. First-Half 2024 Financial Results (Changes from the Same Period Last Year)



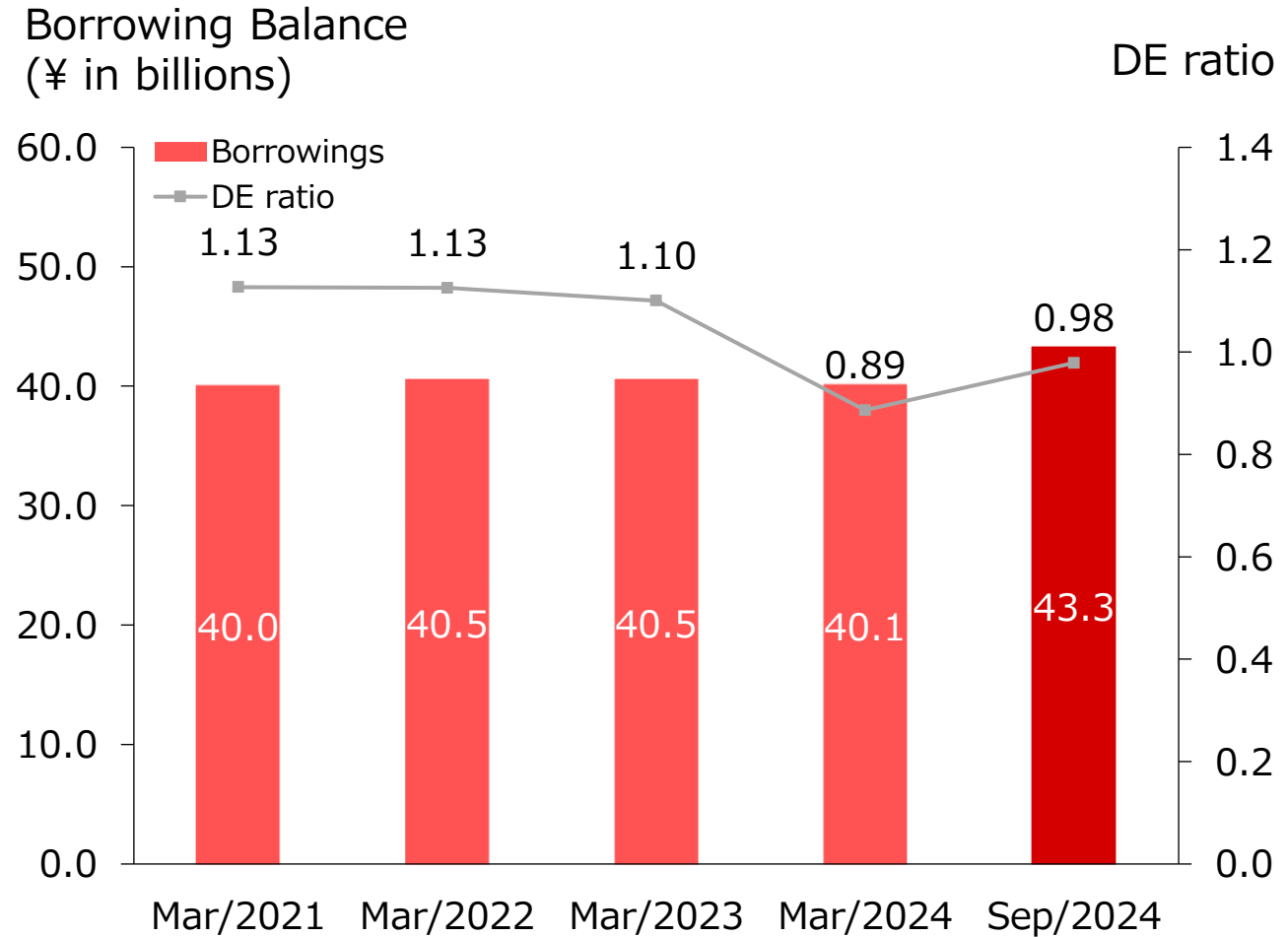
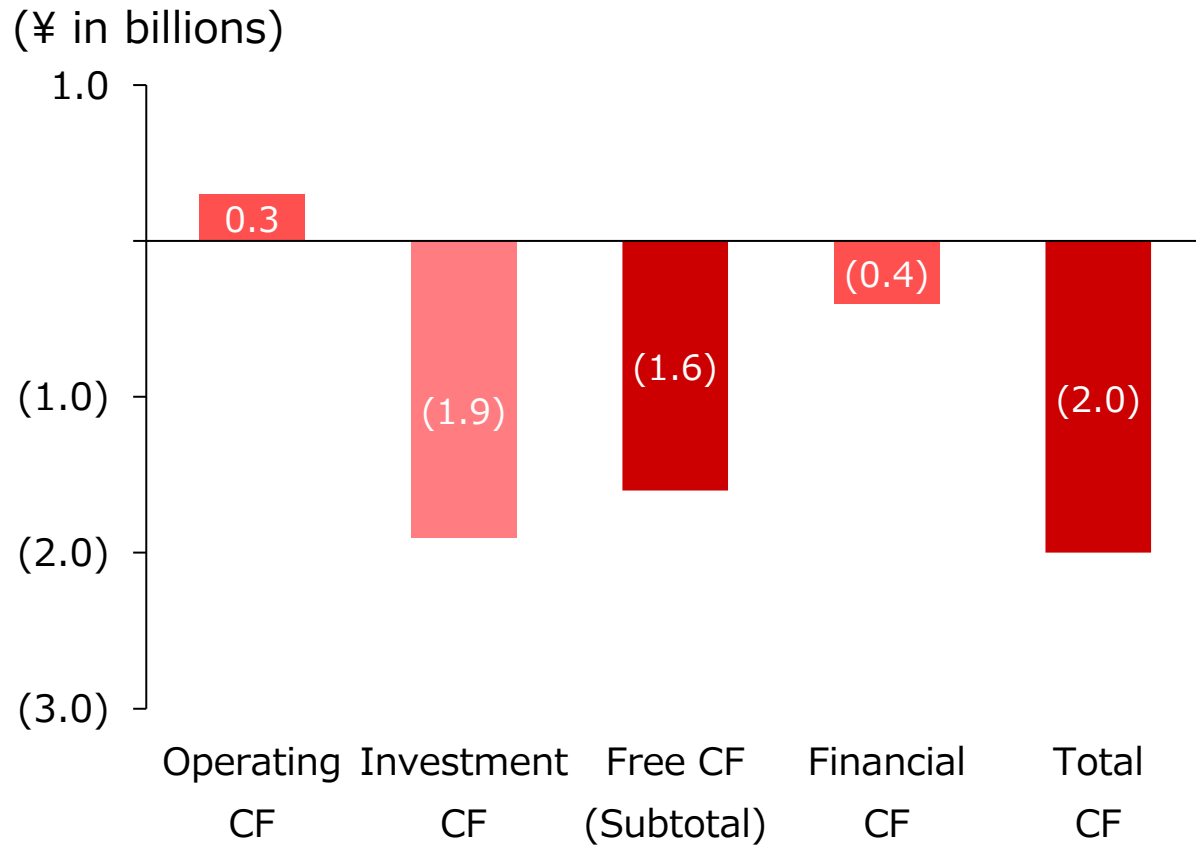
01. First-Half 2024 Financial Results (by Segment)

(¥ in billions)	H1-FY2023 Results		H2-FY2023 Results		H1-FY2024 Results		Changes from H1-FY2023	
	Sales	Operating Profit (Loss)	Sales	Operating Profit (Loss)	Sales	Operating Profit (Loss)	Sales	Operating Profit (Loss)
Titanium	25.7	4.1	26.6	4.3	23.9	6.1	-1.8	+2.0
High-Performance Materials	1.3	(0.2)	1.7	0.1	2.3	0.2	+1.0	+0.4
TOTAL	27.0	3.9	28.3	4.4	26.2	6.3	-0.8	+2.4

01. First-Half 2024 Financial Results (B/S)



01. First-Half 2024 Financial Results (CF and Debt-to-Equity Ratio)



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First-Half 2024 Financial Results

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Full-Year 2024 Earnings Forecast

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Medium-Term Business Challenges

02. Full-Year 2024 Earnings Forecast (Business Environment by Segment)

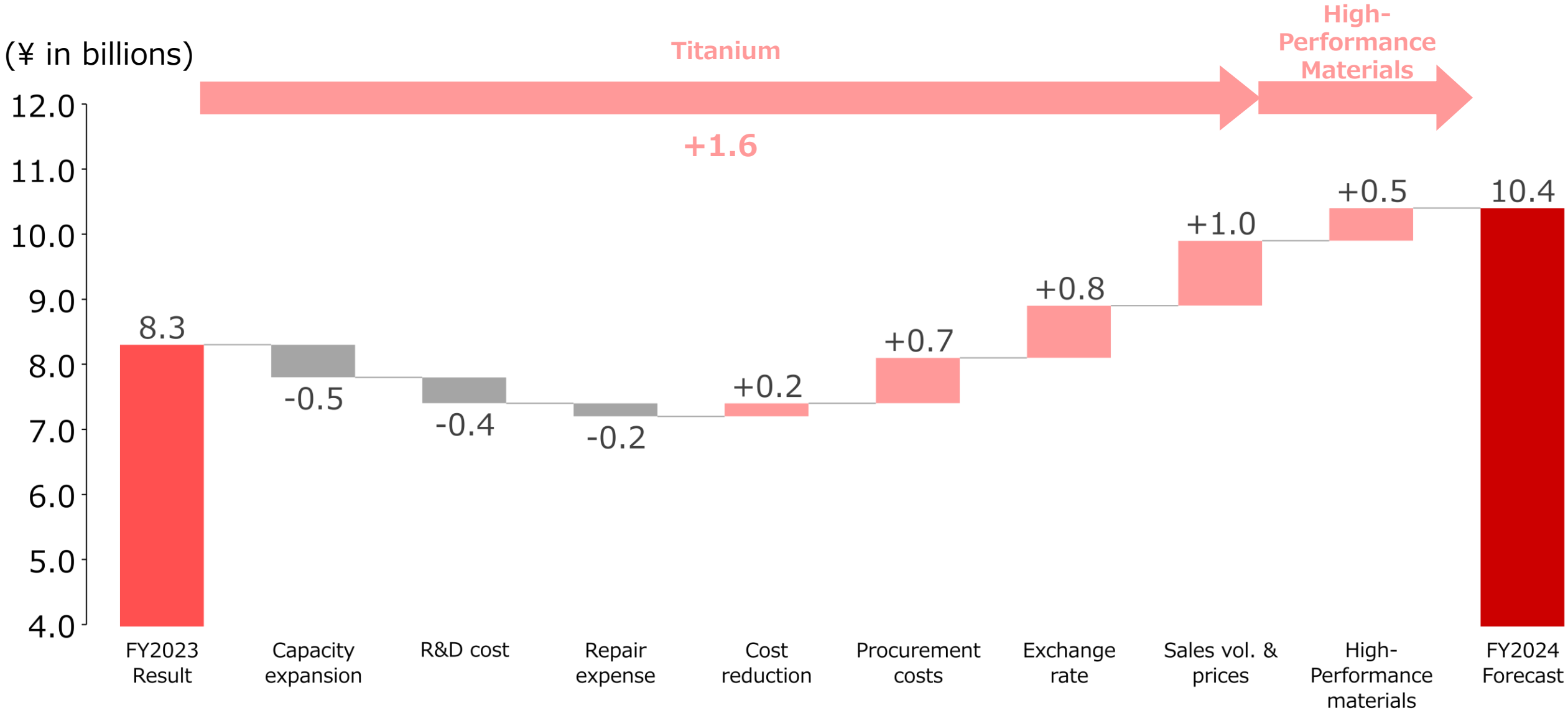
	Titanium	High-Performance Materials
Environment	<ul style="list-style-type: none"> Commercial aircraft market growth has temporarily slowed due to quality issue and a strike at Boeing, although production rates are recovering Titanium demand is expected to enter a full growth trajectory from 2026 onwards As the prices of various raw materials, including electricity, have peaked out and have recently softened temporarily 	<ul style="list-style-type: none"> Although the semiconductor market is still in an adjustment phase and demand for related products is stagnant, demand for some applications, such as Generative AI, is recovering The additive manufacturing market is growing in stages, especially in Europe and US. Regarding the demand for Ti-alloy powders competition in the already expanding medical sector is intensifying, while market formation and expansion in the aircraft sector has been slow
Initiatives	<ul style="list-style-type: none"> Maintain high utilisation rate to secure resources for sales in the following years and beyond to meet growing demand (Operating rate: H1 Approx.90% , H2 plans 90%) Continue to maintain margins thorough cost cutting and optimising product prices to ensure profitability for business continuity 	<ul style="list-style-type: none"> Increase the market share of high-purity titanium in 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 2024 Earnings Forecast (Financial Summary)

(¥ in billions)	FY2023 Results	FY2024 forecast			Changes in Full-Year
		H1 Results	H2 Forecast	Full-Year Forecast	
Sales	55.3	26.2	27.3	53.5	-1.8
Operating P/L	8.3	6.3	4.1	10.4	+2.1
Ordinary P/L	9.4	5.0	4.4	9.4	±0.0
P/L Before Tax	9.3	4.8	3.5	8.3	-1.0
Net Profit(Loss)	9.7	3.5	2.6	6.1	-3.6
Exchange Rate(¥/U\$)	143.8	153.9	145.0	149.4	—
End-of-period Rate(¥/U\$)	151.3	142.8	145.0	145.0	—

02. Full-Year 2024 Earnings Forecast (Changes from the Year Before)



02. Full-Year 2024 Earnings Forecast (by Segment)

	FY2023 Results		FY2024 Forecast		Changes	
	Sales	Operating Profit (Loss)	Sales	Operating Profit (Loss)	Sales	Operating Profit (Loss)
(¥ in billions)						
Titanium	52.3	8.4	49.0	10.0	-3.3	+1.6
High-Performance Materials	3.0	(0.1)	4.5	0.4	+1.5	+0.5
TOTAL	55.3	8.3	53.5	10.4	-1.8	+2.1

02. Full-Year 2024 Earnings Forecast (Dividend)

Dividend Policy

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

	FY2023 Year ending 31 March 2024	FY2024 Year ending 31 March 2025
Mid-Year	¥20 /shr	¥25 /shr
Year-End	¥50 /shr	(¥20 /shr)* (forecast)
Annual	¥70 /shr	¥45 /shr

※ The decision will be based on future performance trends

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Full-Year 2024 Earnings Forecast

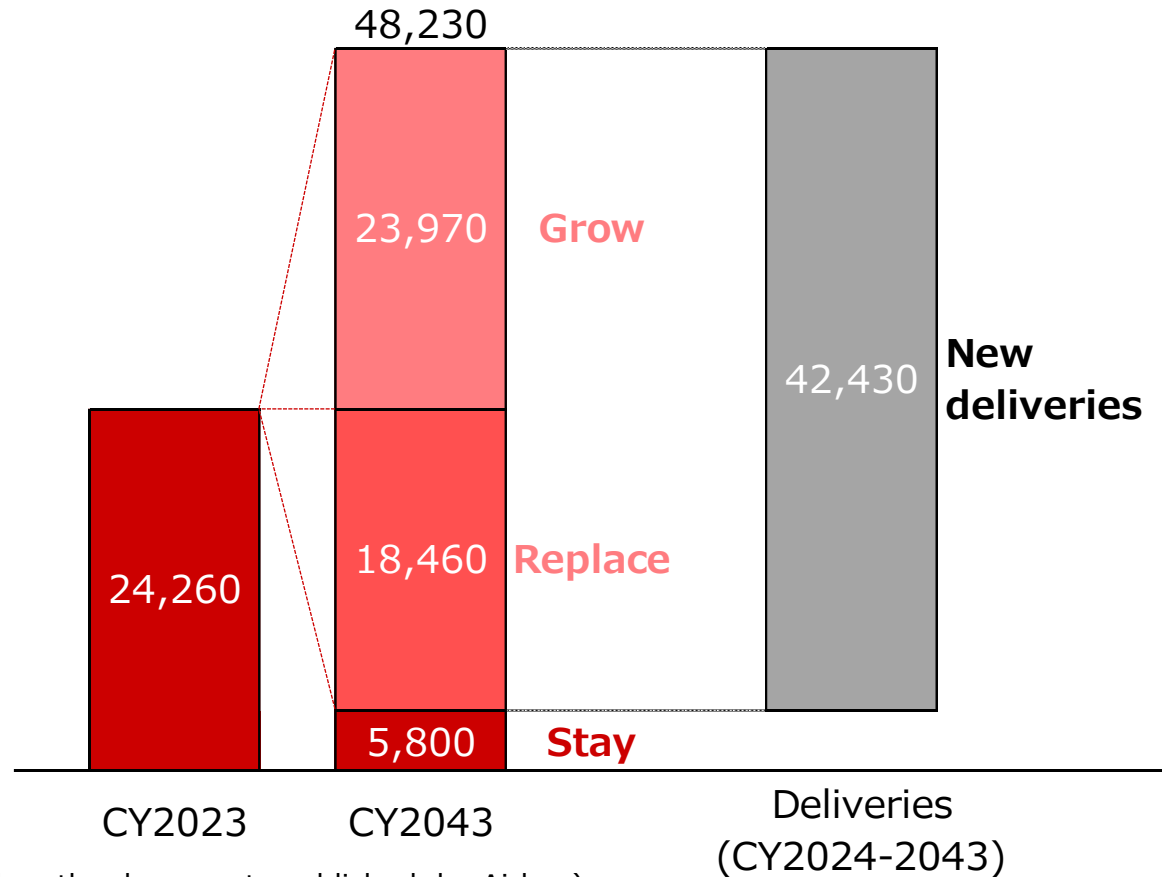
03

Medium-Term Business Challenges

03. Medium-Term Business Challenges (Number of Commercial Aircraft Operations)

- ✓ The number of commercial aircraft in operation is expected to double from 2023 to 2043. About 42,000 new aircraft will be required over the 20 years from 2024 to 2043

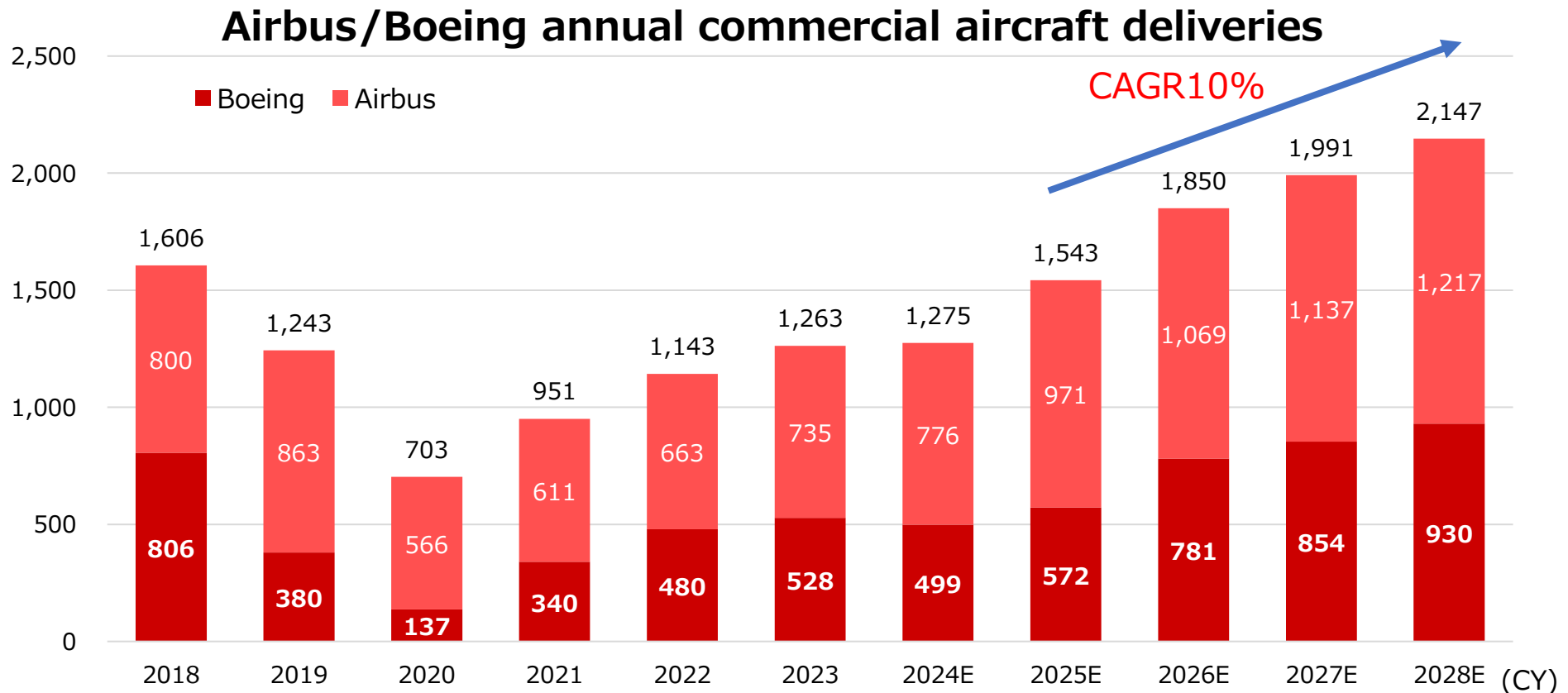
Forecasting Number of Commercial Aircraft in Operation



(Source: Company's own estimate based on the documents published by Airbus)

03. Medium-Term Business Challenges (Number of Commercial Aircraft Deliveries)

- ✓ The number of commercial aircraft deliveries recovered to pre-COVID levels in 2023
- ✓ Growth slowed temporarily in 2024 due to Boeing's 737Max quality issues and 787 supply chain issues
- ✓ From 2025 onward, it will return to a growth trajectory (CAGR10%)

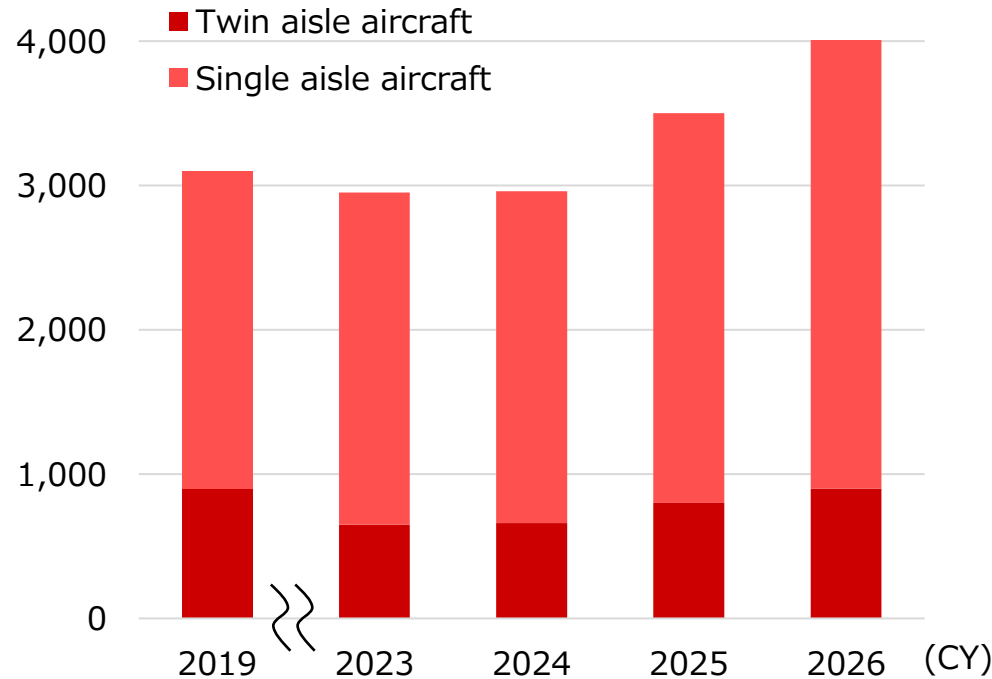


(Source: Company's own estimate based on the documents published by TIMET)

03. Medium-Term Business Challenges (Demand for Commercial Aircraft Engines)

- ✓ Commercial aircraft engine demand in CY2024 is expected to be on par with CY2023 due to a temporary slowdown in the growth of commercial aircraft deliveries due to Boeing's troubles
- ✓ Titanium demand for commercial aircraft engines is expected to increase 1.5-fold between 2024 and 2026, due to a steady increase in the number of commercial aircraft deliveries, especially single-aisle demand, as well as an expected increase in the parts demand for MRO (Maintenance, Repair and Overhaul).
Parts demand ratio in total engine demand will increase from 25% to 30-40%

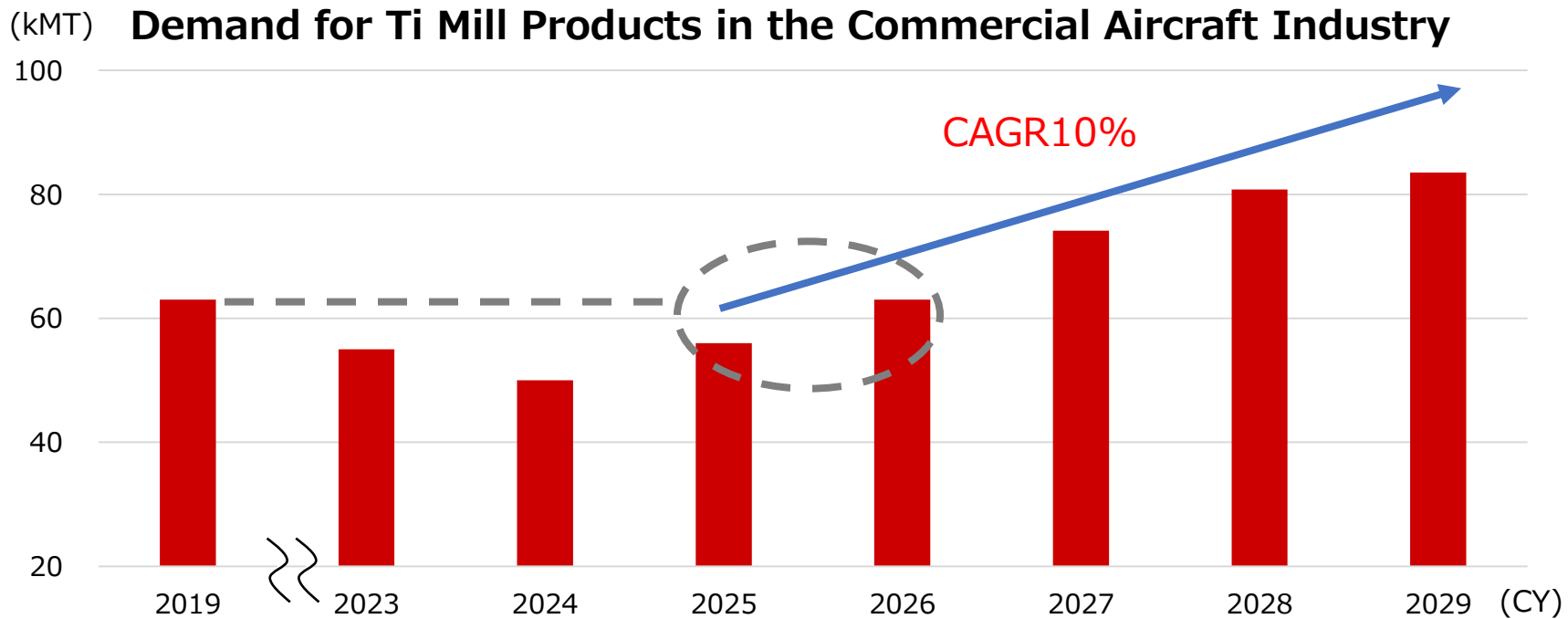
Demand for commercial aircraft engines



(Source: Company's own estimate based on the documents published by ATI)

03. Medium-Term Business Challenges (Demand for Titanium Mill Products for Commercial Aircraft)

- ✓ Demand of titanium for commercial aircraft declined temporarily in 2024 due to a quality issue and a strike at Boeing.
On the other hand, continued growth in titanium demand is expected due to the current increase in MRO demand for engines and a steady increase in the number of commercial aircraft deliveries in the future (CAGR10%)
- ✓ The Company will pursue sustainable growth by steadily capturing growing demand for titanium and contribute to the international community through the stable supply of titanium

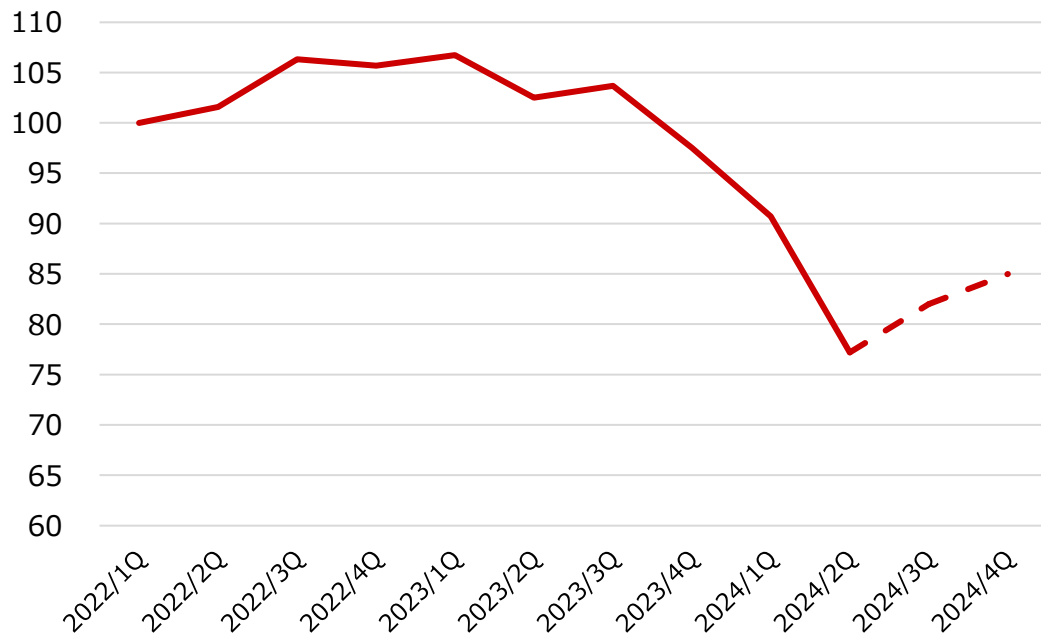


(Source: Company's own estimate based on the number of aircraft production by major aircraft manufacturers)

03. Medium-Term Business Challenges (Titanium Raw Materials Price and Electricity Price)

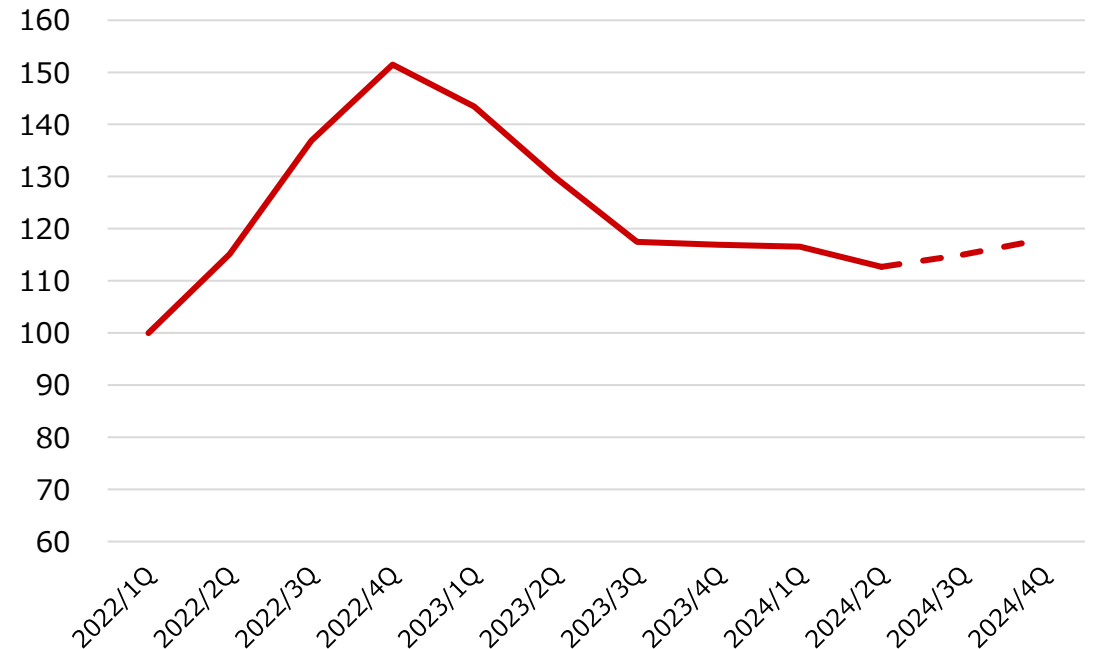
- ✓ Titanium raw materials, which peaked in 2023 and fell in 2024, is expected to rise again due to tight supply and demand
- ✓ Import prices of fuels (crude oil, coal, LNG) that affect electricity prices fell from 2022 to 2024. Future trends such as the impact on fuel prices due to the worsening situation in the Middle East and changes in market price adjustments will be closely monitored

Titanium raw materials price (index with 2022/1Q as 100)



(Source: Company's own estimate based on Rutile(bulk) prices TZMI published)

Electricity prices (index with 2022/1Q as 100)



(Source: Company's own estimate based on the electric power price in Kansai region published by the Electricity and Gas Market Surveillance Commission)

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 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 technologies (Business reforms by DX, advanced production technology using AI)
- ✓ Strengthening Human Capital

03. Medium-Term Business Challenges (Sustainable Growth of the Titanium Business)

In order to grow the Company's titanium business and contribute to the development of the titanium industry, the Company has decided to increase production capacity of Ti sponge by utilising existing infrastructure at Amagasaki Plant.

This Titanium Sponge Production Capacity Expansion Plan was approved by the Ministry of Economy, Trade and Industry (METI) on August 30, 2024 as a supply security plan of specified critical commodities under the Economic Security Promotion Act established by Japanese government.

In addition, this plan received notification of grant of subsidy for project expenses from the Fund for Assisting in Securing Stable Supplies by NEDO (New Energy and Industrial Technology Development Organization) on October 23, 2024.

<Outline of Capacity Expansion>

- ①Capacity expansion: Current) 40,000 tons/year → After expansion) 50,000 tons/year (+10,000 tons)
- ②Completion: Target completion by the end of FY2027
- ③Investment amount: Approx. 33 billion yen
- ④Subsidy amount: Approx. 8 billion yen

03. Medium-Term Business Challenges (Transformation of Business Portfolio)

The Company launched the New Business Co-Creation Project (<https://otc-cocreation.com/>) in June 2024, with the aim of transforming business portfolio and promoting open innovation with external organisations.

By combining our core technologies with the resources of other companies, universities, research institutes, etc., the Company would like to develop next-generation technologies and create new businesses.



<https://otc-cocreation.com/>

03. Medium-Term Business Challenges (Strengthening Human Capital)

In April 2024, we established a dedicated project team to strengthen human capital. The team promotes three initiatives: “recruitment” and “training of human resources”, which match the Company's growth strategy with the wishes of employees, and “improvement of the workplace environment”.

Examples of Measures to Increase Awareness

Traffic advertising on trains, buses and stations in Kansai region as well as video CM on WEB media, has begun. The purpose of this event is to promote the characteristics of titanium from the viewpoint of “What if various things in the world were made of titanium” and to increase public awareness of “titanium = OSAKA Titanium Technologies” in order to foster interest in our company's job openings, leading to employment opportunities.



Hanshin Bus



JR Shin-Osaka station Shinkansen platform



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