



OSAKA Titanium technologies Co., Ltd

Summary of Q&A from the Earnings briefing for the Financial Year 2025

(Held on May 27, 2026)

Company Participants:

Junji Kawafuku, President & CEO

Harutoyo Waki, Director, Member of the Board and Senior Managing Executive Officer

Jun Matsuoka, Director, Member of the Board and Executive Officer

Yoshikazu Ida, Executive Officer

《Main Q&A》

➤ Titanium demand trends

Q1) In formulating this medium-term management plan, what are your views on the "growth in demand" and the "re-entry of Russian materials into the market as well as the entry of Chinese materials"?

A1) The number of commercial aircraft in operation is increasing, and with rising build rates at aircraft manufacturers, demand for sponge titanium is expected to remain robust.

Regarding the re-entry of Russian materials (from VSMPO-AVISMA) into the commercial aircraft market, Boeing and GE have already revoked the quality certifications for Russian materials, so re-entry would require re-acquisition of these certifications.

Even if supply and demand become tighter in the future, obtaining certification from scratch will require a considerable amount of time.

Although Airbus still holds some certifications, the volume of transactions has been declining.

Furthermore, regarding the entry of Chinese materials into the new aircraft market, aircraft components are responsible for human safety and obtaining the necessary certifications to guarantee this is considered to be an extremely high hurdle.

Additionally, there are procurement risks from a geopolitical perspective, and as a result, we believe there will be no impact on our company.

Q2) Is it correct to assume that inventory adjustments for aircraft will continue through financial year 2026 and that a recovery will begin in financial year 2027?

A2) We expect a recovery starting from financial year 2027.

➤ Business performance-related

Q1) Is there any concern regarding the planned startup of the new plant in financial year 2028?

A1) Construction work is progressing according to plan.

In parallel, the quality assurance department is also steadily progressing discussions with customers regarding quality certification, assuming completion by the end of financial year 2027.

Therefore, we currently believe there are no performance risks associated with the startup of the new plant.

Q2) How do you plan to address the structure where the KPI is to maintain a stable ROS at 20%, while volatility arises from inventory adjustments in the supply chain?

A2) In our titanium business, we believe that achieving our target stable ROS and eliminating volatility is possible through "setting appropriate margins in the next contract," "introducing a pricing formula linked to key costs," and "introducing a price premium to steadily recover incremental fixed costs."

Additionally, our high-performance material products have already achieved high ROS levels, and by increasing the proportion of these products, we aim to steadily realize a company-wide ROS of 20%.

➤ Related to Titanium Sales Contracts

Q1) When will the price optimization be achieved, and what will be the impact? Also, the company has achieved an ROS higher than 20% in the past, hasn't it?

A1) Regarding the timing of price optimization, we cannot disclose individual details due to contractual agreements with each company, but we will be renewing contracts sequentially.

Currently, many customers prefer LTCs (long-term contracts), but we aim to secure contracts that allow for stable supply at appropriate margins.

Although we have achieved the KPI of 20% ROS in the past (after the COVID-19 pandemic), we recognize that stability has been an issue.

In this medium-term management plan, maintaining a stable ROS of 20% continuously has been set as a KPI.

➤ Funding-related

Q1) Regarding cash allocation, it is mentioned that fundraising of 23 billion yen will be carried out. Is this fundraising solely through borrowings, or does it include equity financing?

If the generated operating cash flow falls short of the plan, will equity financing be considered?

A1) The main funding requirement is scheduled for financial year 2027, and the method of fundraising is undecided at this point. We will consider the most suitable fundraising method going forward.

Regarding debt financing, we have received expressions of full support from various financial institutions for the capacity expansion project, and we recognize that it is sufficiently feasible.

Regarding equity financing, regardless of the operating cash flow situation, we believe it should not be used as a means to "supplement the limits of debt financing," but rather, in general terms, it should be considered with business risks and further growth investments in mind, taking into account the "construction of the ideal financial structure".

\*Special matters on translation

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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