

May 13, 2022

Non-Consolidated Financial Statements for the Financial Year ended March 31, 2022 (Under Japanese GAAP)

Company Name: Osaka Titanium technologies Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities Code: 5726
 URL: <https://www.osaka-ti.co.jp/>
 Representative: Yasuaki Sugizaki, Representative Director, Member of the Board & President
 Inquiries: Yoshikazu Ida, Senior General Manager, Head of Corporate Planning and Finance
 Telephone: +81-(0)6-6413-3310
 Scheduled Date of Annual General Meeting of Shareholders: June 22, 2022
 Scheduled Date to Commence Dividend Payments: Not Applicable
 Scheduled Date to File Annual Securities Report: June 23, 2022
 Preparation of Supplementary Material on Financial Results: Yes
 Holding of Financial Results Briefing: Yes (for Securities Analysts)

(Japanese Yen amounts are rounded down to millions, unless otherwise noted.)

1. Financial Results for the Financial Year 2021 ended March 31, 2022

(1) Operating Results

(Japanese Yen in millions)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss)	
2021	28,549	67.4 %	(1,914)	—	(1,719)	—	(3,112)	—
2020	17,053	(55.3)%	(3,425)	—	(2,843)	—	(5,083)	—

Percentages indicate year-on-year changes

(Japanese Yen)

	Net profit per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
2021	(84.57)	—	(11.1)%	(2.2)%	(6.7)%
2020	(138.15)	—	(15.7)%	(3.7)%	(20.1)%

Reference: Equity in earnings of affiliates

Financial Year ended March 31, 2022: JPY — million

Financial Year ended March 31, 2021: JPY — million

(2) Financial Position

(Japanese Yen in millions, except per share amounts)

	Total assets	Net assets	Capital-to-asset ratio	Net assets per share
2021	76,586	26,509	34.6 %	720.40
2020	77,743	29,708	38.2 %	807.32

Reference: Equity

Financial Year ended March 31, 2022: JPY 26,509 million

Financial Year ended March 31, 2021: JPY 29,708 million

(3) Cash Flows

(Japanese Yen in millions)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
2021	6,304	(1,452)	(559)	10,666
2020	(6,733)	(2,879)	10,172	6,523

2. Cash Dividends

(Japanese Yen in millions, except per share amounts)

	Annual dividends per share					Total cash dividends (Total)	Payout ratio	Ratio of dividends to net assets
	June 30, 2021	September 30, 2021	December 31, 2021	March 31, 2021	Total			
2020	—	0.00	—	0.00	0.00	—	—	—
2021	—	0.00	—	0.00	0.00	—	—	—
2022 (Forecast)	—	—	—	—	—		—	

3. Earnings Forecast for the Financial Year ending March 31, 2023

(Japanese Yen in millions, except per share amounts)

	Net sales		Operating profit (loss)		Ordinary profit (loss)		Net profit (loss)		earnings per share
Three months ending September 30, 2022	—	— %	—	— %	—	— %	—	— %	—
12 months ending March 31, 2023	—	— %	—	— %	—	— %	—	— %	—

Note 1. Due to the impact of the Russia's aggression against Ukraine, it is difficult to estimate the reasonable earnings forecast at the time of publication of this financial report, and therefore the forecast has been left undecided. Disclosure of such forecast will be made as soon as it becomes available.

Note 2. Percentage figures are the change from the previous year for the 12 months and the changes from the same period of the previous year for the three months.

* Notes

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to reasons other than (i) above: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(2) Total Number of Shares Issued (common shares)

- (i) Total Number of Shares Issued at the End of the Financial Year (including treasury shares)

2021	36,800,000 shares
2020	36,800,000 shares

- (ii) Number of Treasury Shares at the End of the Financial Year

2021	1,336 shares
2020	1,336 shares

- (iii) Average Number of Outstanding Shares during the Financial Year

2021	36,798,664 shares
2020	36,798,664 shares

* The financial statements are not subject to audit by a certified public accountant or auditing firm.

* Proper Use of Earnings Forecasts, and Other Special Notes

Forward-looking statements in this document include projections based on assumptions, outlook and plans regarding the future as at the date of publication of this document.

Actual results may differ significantly in the future due to a number of factors.

○Table of Contents

1. Summary of Operating Results	2
(1) Analysis of Operating Results.....	2
(2) Analysis of Financial Position.....	3
(3) Basic Policy on Profit Distribution and Dividends for the Financial Year under Review and the Following Financial Year.....	4
2. Basic Approach to the Choice of Accounting Standards.....	4
3. Financial Statements and Significant Notes	5
(1) Balance Sheet	5
(2) Profit and loss statement.....	7
(3) Statement of Changes in Shareholders' Equity	8
(4) Cash Flow Statement	10
(5) Notes to Financial Statements	11
(Notes on Going Concern)	11
(Significant Accounting Policies)	11
(Changes in Accounting Policies)	11
(Additional Information)	12
(Equity in Earnings of Affiliates)	12
(Segment Information)	13
(Earnings per Share)	15
(Significant Subsequent Events)	15

1. Summary of Operating Results

(1) Analysis of Operating Results

① Operating Results for the Year Under Review (financial year ended March 31, 2022)

During the year under review, the Japanese and overseas economies were on a gradual recovery path, although the impact of the new coronavirus infection remained severe. However, the outlook for the domestic and overseas economies remained uncertain, as the economic recovery was accompanied by a sharp rise in prices of various raw materials, fuels, and ocean freight rates.

In our Titanium business, although aviation demand is still in the process of recovery, sales of export titanium sponge, mainly for aircraft applications, increased by 80.8% year-on-year due to a gradual increase in order intake. In addition, domestic titanium sponge demand, mainly for general industrial applications, also recovered gradually and increased by 65.7% year-on-year. As a result, sales in the titanium business amounted to JPY 25,020 million (up 74.9% year-on-year).

In our High-Performance Materials business, sales of high-purity titanium for sputtering targets continued to increase as semiconductor-related demand remained strong, and together with increased sales of high-quality spherical titanium powder (TILOP), sales were JPY 3,217 million (up 30.9% year-on-year).

In addition, the sale of the remaining inventory from the Polycrystalline Silicon business, from which Osaka Titanium technologies Co., Ltd. (hereinafter referred to as “the Company”) withdrew in 2018, was completed in the financial year under review.

As a result of the above, sales in the financial year under review amounted to JPY 28,549 million (up 67.4% year-on-year).

As for profit and loss, despite efforts to increase sales volume in the Titanium business, rationalisation such as improvement of production parameters, reduction of labour costs and reduction of overhead costs, etc., due to the continuation of low operation to optimise inventory, soaring raw material and fuel prices and a sharp increase in ocean freight costs, the Company recorded an operating loss of JPY 1,914 million (compared with a loss of JPY3,425 million in the previous year), an ordinary loss of JPY 1,719 million (compared with a loss of JPY 2,843 million in the previous year) and a net loss of JPY 3,112 million (compared with a net loss of JPY 5,083 million in the previous year). Deferred tax assets of JPY1,292 million were reversed in the year under review.

Note that securing long-term stable funding, a syndicated loan of JPY 11,500 million was refinanced as well as long-term loans with respective financial institutions.

(Reference) Sales by Business Segment

(Japanese Yen in millions)

	Financial Year ended		Percentage change (%)
	March 31, 2022	March 31, 2021	
Domestic	9,255	5,584	65.7
Export	15,765	8,720	80.8
Titanium Business	25,020	14,304	74.9
High-Performance Materials Business	3,217	2,457	30.9
Others※	311	291	6.6
Total	28,549	17,053	67.4

※ The sales shown in the Others section are the result of selling out the remaining inventory from the Polycrystalline Silicon business, from which the Company withdrew in 2018.

② Forecast for the Following Financial Year (financial year ending March 31, 2023)

The Russia's aggression against Ukraine has further pushed up the price of natural resources and energy, which was already rising before the incident. Together with disruptions in the global supply chain, the outlook is uncertain, and its impact on our business in the following financial years will inevitably be complex and wide-ranging.

At present, efforts are currently being made to assess the impact by gathering information from titanium sponge customers and other sources, but it is difficult to properly estimate the impact at this stage. Accordingly, the earnings forecast has been left undecided. Disclosure of such forecast will be made as soon as it becomes available.

(2) Analysis of Financial Position.

① Assets, Liabilities, and Net Assets

(i) Assets

The balance of total assets at the end of the financial year under review was JPY 76,586 million yen, a decrease of JPY 1,157 million compared to the end of the preceding financial year. This was mainly due to a decrease in inventories and deferred tax assets, although cash and deposits, accounts receivable and intangible assets increased.

(ii) Liabilities

The balance of liabilities at the end of the financial year under review was JPY 50,077 million, an increase of JPY 2,041 million compared to the end of the preceding financial year. This was mainly due to an increase in borrowings, accrued consumption tax, and deferred tax liabilities, despite a decrease in accounts payable.

(iii) Net Assets

The balance of net assets at the end of the financial year under review was JPY 26,509 million, a decrease of JPY 3,198 million compared to the end of the preceding financial year. This was mainly due to a decrease in retained earnings as a result of the net loss.

② Cash Flows

Cash and cash equivalents (hereinafter referred to as "funds") at the end of the year under review increased by JPY 4,142 million to JPY 10,666 million compared with the end of the preceding financial year.

(i) Cash Flows from Operating Activities

Net cash provided by operating activities amounted to JPY 6,304 million mainly due to a decrease in inventories. (Preceding year's net cash used in operating activities amounted to JPY 6,733 million)

(ii) Cash Flows from Investing Activities

Net cash used in investing activities amounted to JPY 1,452 million mainly due to expenditure on the acquisition of property, plant, and equipment. (Preceding year was JPY 2,879 million)

(iii) Cash Flows from Financing Activities

Net cash used in financing activities amounted to JPY 559 million mainly due to a decrease in accrued liabilities. (Preceding year's net cash provided by financing activities amounted to JPY 10,172 million)

(Reference) Cash Flow-related Indicators

	2017	2018	2019	2020	2021
Capital to asset ratio (%)	39.1	42.4	45.6	38.2	34.6
Capital to asset ratio on market value (%)	82.1	76.6	45.0	45.4	69.1
Ratio of interest-bearing debt to cash flow (%)	621.1	161.6	1,978.6	—	642.4
Interest coverage ratio (times)	37.6	126.1	16.5	—	35.8

Capital to asset ratio : Owned capital / Total assets

Capital to asset ratio on market value : Stock market capitalization / Total assets

Ratio of interest-bearing debt to cash flow : interest-bearing debt / Cash flows from operating activities

Interest coverage ratio : Cash flows from operating activities / Interest expenses

(3) Basic Policy on Profit Distribution and Dividends for the Financial Year Under Review and the Following Financial Year

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

In terms of the distribution of profits, we aim to maintain sufficient internal reserves to invest for sustainable growth and to stabilise and strengthen our financial position. Our policy is to maintain a dividend pay-out ratio of 25% to 35%, while giving due consideration to stability.

In line with this policy, the Company has decided not to pay the year-end dividend for the financial year under review in view of the business results. As no interim dividend was paid, the annual dividend will be JPY 0.

The interim and year-end dividend forecasts for the following financial year have have been left undecided due to uncertainties in the sales environment and other factors. Disclosure of such forecasts will be made as soon as it becomes available based on an assessment of the business environment.

2. Basic Approach to the Choice of Accounting Standards

The Company applies Japanese GAAP for accounting standards.

3. Financial Statements and Significant Notes

(1) Balance Sheet

(Japanese Yen in millions)

	24th Financial Period (As of March 31, 2021)	25th Financial Period (As of March 31, 2022)
Assets		
Current assets		
Cash and deposits	6,523	10,666
Trade accounts receivable	7,377	13,507
Merchandise and finished products	15,723	10,655
Work in process	1,987	2,091
Raw materials and supplies	7,920	4,375
Advance payments	4	45
Prepaid expenses	137	118
Accounts receivable - other	1,172	52
Other	132	6
Allowance for doubtful accounts	(3)	(3)
Total current assets	40,976	41,515
Fixed assets		
Property, plant, and equipment		
Buildings, net	9,560	9,058
Structures, net	221	218
Machinery and equipment, net	8,629	8,224
Vehicles, net	26	18
Tools, furniture and fixtures, net	183	204
Land	14,823	14,823
Construction in progress	651	543
Total property, plant and equipment	34,096	33,091
Intangible assets	532	822
Investments and other assets		
Investment securities	164	155
Shares of subsidiaries and associates	46	—
Long-term prepaid expenses	95	0
Prepaid pension costs	917	945
Deferred tax assets	821	—
Other	93	55
Total investments and other assets	2,138	1,157
Total fixed assets	36,767	35,071
Total assets	77,743	76,586

(Japanese Yen in millions)

	24th Financial Period (As of March 31, 2021)	25th Financial Period (As of March 31, 2022)
Liabilities		
Current liabilities		
Trade Notes payable	5	—
Trade accounts payable	2,190	2,727
Short-term bank loans	3,500	9,700
Accounts payable - other	1,171	141
Accrued expenses	286	215
Income taxes payable	24	71
Accrued consumption taxes	—	1,279
Deposits received	38	34
Notes payable - facilities	2	—
Accounts payable - facilities	496	920
Provision for bonuses	232	215
Other	30	0
Total current liabilities	7,979	15,306
Long term liabilities		
Long-term bank loans	36,500	30,800
Asset retirement obligations	1,465	1,490
Provision for retirement benefits	1,973	1,909
Deferred tax liabilities	—	454
Other	117	117
Total non-current liabilities	40,056	34,770
Total liabilities	48,035	50,077
Net assets		
Shareholders' equity		
Share capital	8,739	8,739
Capital surplus	8,943	8,943
Retained earnings	11,941	8,781
Treasury shares	(10)	(10)
Total shareholders' equity	29,614	26,454
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	93	55
Total valuation and translation adjustments	93	55
Total net assets	29,708	26,509
Total liabilities and net assets	77,743	76,586

(2) Profit and Loss Statement

(Japanese Yen in millions)

	24th Financial Period (Year ended March 31, 2021)	25th Financial Period (Year ended March 31, 2022)
Net sales	17,053	28,549
Cost of sales	16,339	26,229
Gross profit	714	2,320
Selling, general and administrative expenses	4,139	4,235
Operating profit (loss)	(3,425)	(1,914)
Non-operating income		
Interest income	8	1
Dividend income	0	4
Foreign exchange gains	547	476
Profit on sale of disused items	226	122
Rental income	44	38
Insurance claim income	2	—
Subsidy income	23	—
Subsidies for employment adjustment	68	128
Reversal of allowance for loss on business withdrawal	124	—
Other	19	29
Total non-operating income	1,065	803
Non-operating expenses		
Interest expenses	117	176
Depreciation of inactive fixed assets	50	82
Extra retirement payments	95	44
Commission for syndicated loans	174	291
Payment remuneration	10	—
Other	36	14
Total non-operating expenses	483	608
Ordinary profit (loss)	(2,843)	(1,719)
Extraordinary losses		
Loss on retirement of fixed assets	120	88
Total extraordinary losses	120	88
Profit (loss) before income taxes	(2,963)	(1,807)
Income taxes - current	11	11
Income taxes - deferred	2,108	1,292
Net profit (loss)	(5,083)	(3,112)

(3) Statement of Changes in Shareholders' Equity
The 24th Financial Period (Year ended March 31, 2021)

(Japanese Yen in millions)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Capital reserve	Total capital surplus	Retained earnings reserve	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of period	8,739	8,943	8,943	38	17,171	17,209
Changes during period						
Dividends of surplus					(183)	(183)
Net profit (loss)					(5,083)	(5,083)
Net changes in items other than shareholders' equity						
Total changes during period	—	—	—	—	(5,267)	(5,267)
Balance at end of period	8,739	8,943	8,943	38	11,903	11,941

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(10)	34,882	39	39	34,921
Changes during period					
Dividends of surplus		(183)			(183)
Net profit (loss)		(5,083)			(5,083)
Net changes in items other than shareholders' equity			54	54	54
Total changes during period	—	(5,267)	54	54	(5,213)
Balance at end of period	△10	29,614	93	93	29,708

The 25th Financial Period (Year ended March 31, 2022)

(Japanese Yen in millions)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Capital reserve	Total capital surplus	Retained earnings reserve	Other retained earnings	Total retained earnings
				Retained earnings brought forward		
Balance at beginning of period	8,739	8,943	8,943	38	11,903	11,941
Cumulative effects of changes in accounting policies					(48)	(48)
Restated balance	8,739	8,943	8,943	38	11,855	11,893
Changes during period						
Dividends of surplus						
Net profit (loss)					(3,112)	(3,112)
Net changes in items other than shareholders' equity						
Total changes during period	—	—	—	—	(3,112)	(3,112)
Balance at end of period	8,739	8,943	8,943	38	8,743	8,781

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at beginning of period	(10)	29,614	93	93	29,708
Cumulative effects of changes in accounting policies		(48)			(48)
Restated balance	(10)	29,566	93	93	29,660
Changes during period					
Dividends of surplus					
Net profit (loss)		(3,112)			(3,112)
Net changes in items other than shareholders' equity			(38)	(38)	(38)
Total changes during period	—	(3,112)	(38)	(38)	(3,150)
Balance at end of period	(10)	26,454	55	55	26,509

(4) Cash Flow Statement

(Japanese Yen in millions)

	24th Financial Period (Year ended March 31, 2021)	25th Financial Period (Year ended March 31, 2022)
Cash flows from operating activities		
Profit (loss) before income	(2,963)	(1,807)
Depreciation	2,601	2,563
Increase (decrease) in provision for bonuses	(106)	(16)
Increase (decrease) in provision for retirement benefits	76	(64)
Decrease (increase) in prepaid pension costs	46	(27)
Interest and dividend income	(9)	(6)
Interest expenses	117	176
Foreign exchange gains (losses)	(173)	149
Loss on retirement of non-current assets	120	43
Business withdrawal loss reserves	(964)	—
Business withdrawal cost	774	—
Decrease (increase) in trade receivables	8,701	(6,177)
Decrease (increase) in inventories	(10,862)	8,509
Decrease (increase) in other current assets(△)	(1,215)	1,223
Increase (decrease) in trade payables	(1,908)	532
Increase (decrease) in other current liabilities	(147)	(18)
Increase (decrease) in accrued consumption taxes	—	1,279
Other, net	281	171
Subtotal	(5,631)	6,529
Interest and dividends received	9	6
Interest paid	(117)	(176)
Income taxes assets (paid)	(7)	(21)
Expense by fixed assets removal	(116)	(33)
Payment for Business withdrawal expenses	(870)	—
Net cash provided by (used in) operating activities	(6,733)	6,304
Cash flows from investing activities		
Purchase of property, plant, and equipment	(2,796)	(996)
Other, net	(82)	(456)
Net cash provided by (used in) investing activities	(2,879)	(1,452)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	700	—
Proceeds from long-term borrowings	20,800	500
Repayments of long-term borrowings	(11,100)	—
Dividends paid	(184)	0
Accounts payable of increase(decrease)	(42)	(1,058)
Net cash provided by (used in) financing activities	10,172	(559)
Effect of exchange rate change on cash and cash equivalents	173	(149)
Net increase (decrease) in cash and cash equivalents	733	4,142
Cash and cash equivalents at beginning of period	5,789	6,523
Cash and cash equivalents at end of period	6,523	10,666

(5) Notes to Financial Statements

(Notes on Going Concern)

Not applicable.

(Significant Accounting Policies)

1 Basis and Method of Evaluation of Inventories

Cost accounting method based on the periodic average method (the method of reducing book value when book value goes below market value).

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.

3 Accounting Standards for Recording Income 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.

(Changes in Accounting Policies)

<Application of the Accounting Standards for Revenue Recognition and Other Related Guidelines>

“Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (hereinafter referred to as “ASBJ”) Statement No. 29, 31 March 2020. Hereinafter referred to as “Accounting Standard for Revenue Recognition”) is applied from the beginning of the current financial year and revenue is recognised at the amount that is expected to be received in exchange for the promised goods or services when title of the promised goods or services has been transferred to the customer.

As a result, for export sales transactions, goods or services are transferred to the customer in accordance with the terms of the contract with the customer and revenue is recognised when the performance obligation has been fulfilled.

The transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition is applied to revenue recognition accounting standards. The cumulative effect of the retrospective application of the new accounting policy prior to the beginning of the current financial year is added to or deducted from retained earnings at the beginning of the current financial year, and the new accounting policy is applied from the opening balance of the current financial year.

As a result, net sales increased by ¥ 360 million, cost of sales increased by ¥ 340 million, and operating loss, ordinary loss and net loss before taxes decreased by ¥ 20 million each in the current financial year.

The retained earnings balance at the beginning of the period decreased by ¥ 48 million.

(Additional Information)

<Accounting Estimates Concerning the Impact of the Spread of New Coronavirus Infection>

There have been no significant changes to the accounting estimates made at the end of the preceding

financial year concerning the impact of the spread of new coronavirus infection.

(Accounting Estimates Concerning the Russia' s Aggression against Ukraine)

The Russia' s aggression against Ukraine has further pushed up the price of natural resources and energy, which was already rising before the incident. Together with disruptions in the global supply chain, the outlook is uncertain, and its impact on our business in the following financial years will inevitably be complex and wide-ranging.

The company has made accounting estimates, including the recoverability of deferred tax assets, based on the information currently available to us. As a result of these estimates, deferred tax assets of JPY 1,292 million were reversed in the year under review.

(Equity in Earnings of Affiliates)

The 24th financial period (year ended March 31, 2021)

Not applicable.

The 25th financial period (year ended March 31, 2022)

Not applicable.

(Segment Information)

1 Summary of Reported Segments

The Company's reported segments are components of the Company for which separate financial information is available and which are subject to periodic review by the Board of Directors for the purpose of making decisions on the allocation of management resources and evaluating performance.

The Company is composed of product and service segments based on business divisions, with "Titanium" and "High-Performance Materials" as reported segments. Main products by each segment are as follows:

Segments	Main Products
Titanium Business	Titanium sponge, Titanium ingot, Titanium tetrachloride, Titanium tetrachloride aqueous solution
High-Performance Materials Business	High-purity titanium, SiO, TILOP (spherical titanium powder), Titanium powder

2 Calculation of Sales, Profit (loss), Assets, and Other Items by Reported Segments

The accounting methods of the reported business segments are basically the same as those described in "Significant Accounting Policies."

Profit (loss) for reported segments is based on operating profit (loss).

3 Information on Sales, Profit (Loss), Assets, and Other Items by Reported Segments

The 24th Financial Period (Year ended March 31, 2021)

(Japanese Yen in millions)

	Segments			Others (*3)	Adjustment (*1)	Total
	Titanium	High- Performance Materials	Sub Total			
Sales						
Sales to external customers	14,304	2,457	16,762	291	—	17,053
Inter-segment Sales or transfers	—	—	—	—	—	—
Total	14,304	2,457	16,762	291	—	17,053
Segment profit (loss) (*2)	(3,923)	237	(3,686)	261	—	(3,425)
Segment assets	64,933	6,186	71,119	101	6,523	77,743
Other Items						
Depreciation	2,411	139	2,551	—	—	2,551
Increase in fixed assets	1,770	356	2,126	—	—	2,126

(*1) Adjustment of segment assets indicates the corporate assets that do not belong to any segment.

(*2) There is no difference between the total segment profit (loss) and the operating profit (loss) in the Profit and Loss Statement.

(*3) The sales and segment profit shown in the "Others" section are the result of selling out the remaining inventory from the Polycrystalline Silicon business, from which the Company withdrew in 2018.

The 25th Financial Period (Year ended March 31, 2022)

(Japanese Yen in millions)

	Segments			Others (*3)	Adjustment (*1)	Total
	Titanium	High- Performance Materials	Sub Total			
Sales						
Sales to external customers	25,020	3,217	28,238	311	—	28,549
Inter-segment Sales or transfers	—	—	—	—	—	—
Total	25,020	3,217	28,238	311	—	28,549
Segment profit (loss) (*2)	(1,196)	(939)	(2,135)	221	—	(1,914)
Segment assets	60,219	5,701	65,920	—	10,666	76,586
Other Items						
Depreciation	2,256	225	2,481	—	—	2,481
Increase in fixed assets	1,525	438	1,964	—	—	1,964

(*1) Adjustment of segment assets indicates the corporate assets that do not belong to any segment.

(*2) There is no difference between the total segment profit (loss) and the operating profit (loss) in the Profit and Loss Statement.

(*3) The sales and segment profit shown in the “Others” section are the result of selling out the remaining inventory from the Polycrystalline Silicon business, from which the Company withdrew in 2018.

4 Matters Relating to Changes in Reported Segments

(Application of Accounting Standards for Revenue Recognition)

As stated in “Changes in Accounting Policies,” the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, 31 March 2020.) and other related guidelines from the beginning of the financial year under review. As the accounting method for revenue recognition has been changed, the measurement of profit (loss) in the reported segments has been changed accordingly.

As a result of this change, sales in the Titanium business increased by JPY 343 million and the segment loss decreased by JPY 10 million. Sales in the High-Performance Materials business increased by JPY 17 million and the segment loss decreased by JPY 9 million.

5 Information on Impairment Losses on Fixed Assets by Reported Segments

The 24th Financial Period (Year ended March 31, 2021)

Not applicable.

The 25th financial Period (Year ended March 31, 2022)

Not applicable.

(Earnings per share)

The basis for calculating net assets per share and net loss per share is as follows:

	24th Financial Period (March 31, 2021)	25th Financial Period (March 31, 2022)
(1) Net assets per share	807.32 yen	720.40 yen

	24th Financial Period (Year ended March 31, 2021)	25th Financial Period (Year ended March 31, 2022)
(2) Net profit (loss) per share	(138.15) Yen	(84.57) Yen
	The basis for calculating net loss per share	The basis for calculating net loss per share
	Net loss in the Profit and Loss Statement (JPY 5,083 millions)	Net loss in the Profit and Loss Statement (JPY 3,112 millions)
	Net loss on ordinary shares (JPY 5,083 millions)	Net loss on ordinary shares (JPY 3,112 millions)
	Key breakdown of amounts not attributable to ordinary shareholders Not applicable.	Key breakdown of amounts not attributable to ordinary shareholders Not applicable.
	Average number of ordinary shares during the year 36,798,664 shares	Average number of ordinary shares during the year 36,798,664 shares

(Note) Diluted net profit per share is not stated as a net loss per share is recorded and there are no latent such as bonds with subscription rights.

(Significant Subsequent Events)

Not applicable.

END OF DOCUMENT