

Non-consolidated Financial Statements
for the First Half of Financial Year 2022 (April 1 - September 30, 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/>
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Scheduled date to file quarterly securities report: November 14, 2022
Scheduled date to commence dividend payments: December 1, 2022
Preparation of supplementary material on quarterly financial results: Yes
Holding of quarterly financial results briefing: Yes

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

1. Financial Results for the First Half of Financial Year 2022 (April 1 - September 30, 2022)

(1) Operating Results

(Japanese Yen in millions)

	Net sales		Operating profit (Loss)		Ordinary profit (Loss)		Net profit (loss)	
FY 2022 H1	19,632	67.9%	2,017	—	2,906	—	2,192	—
FY 2021 H1	11,694	40.8%	(1,000)	—	(913)	—	(933)	—

Percentages indicate year-on-year changes

(Japanese Yen)

	Net profit per share	Diluted earnings per share
FY 2022 H1	59.59	—
FY 2021 H1	(25.37)	—

(2) Financial Position

(Japanese Yen in millions)

	Total assets	Net assets	Capital-to-asset ratio
FY2022 Q2	79,637	28,680	36.0%
FY2021 Full-Year	76,586	26,509	34.6%

Reference: Equity

As of FY 2022 Q2: JPY 28,680 million
As of FY 2021 Full-Year : JPY 26,509 million

2. Cash Dividends

(Japanese Yen)

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
FY2021	—	0.00	—	0.00	0.00
FY2022	—	10.00			
FY 2022 Forecast			—	10.00	20.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

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

(Japanese Yen in millions except per share amounts; % indicates changes from the year before)

	Net sales		Operating profit		Ordinary profit		Net profit		Net profit per share
Full-Year	43,000	50.6%	3,000	—	3,900	—	2,900	—	78.81

Note: Revision of earnings forecast from the latest announcement: Yes

Notes

- (1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: Yes
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - (ii) Changes in accounting policies due to other reasons: None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2022	36,800,000shares
As of March 31, 2022	36,800,000shares

- (ii) Number of treasury shares at the end of the period

As of September 30, 2022	1,424shares
As of March 31, 2022	1,336shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the financial year)

Six months ended September 30, 2022	36,798,635shares
Six months ended September 30, 2021	36,798,664shares

- * The financial statements are not subject to audit by a certified public accountant or auditing firm.
- * Proper use of earnings forecast and other special matters
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.
- * Special remark on translation
This document is a partial translation of the Japanese original and is intended for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.

Financial Statements and Segment Information

1. Balance Sheet

(Japanese Yen in millions)

	March 31, 2022	September 30, 2022
Assets		
Current assets		
Cash and deposits	10,666	9,266
Trade accounts receivable	13,507	16,689
Merchandise and finished goods	10,655	9,367
Work in process	2,091	3,146
Raw materials and supplies	4,375	6,294
Other	223	111
Allowance for doubtful accounts	(3)	(3)
Total current assets	41,515	44,872
Fixed assets		
Property, plant and equipment		
Buildings, net	9,058	9,028
Machinery and equipment, net	8,224	7,734
Land	14,823	14,823
Construction in progress	543	948
Other, net	441	402
Total property, plant and equipment	33,091	32,937
Intangible assets	822	775
Investments and other assets	1,157	1,051
Fixed assets	35,071	34,764
Total assets	76,586	79,637

(Japanese Yen in millions)

	March 31, 2022	September 30, 2022
Liabilities		
Current liabilities		
Trade accounts payable	2,727	4,753
Short-term bank loans	9,700	19,000
Accounts payable - other	141	113
Income taxes payable	71	552
Accrued consumption taxes	1,279	95
Accounts payable - facilities	920	488
Provision for bonuses	215	248
Other	250	281
Total current liabilities	15,306	25,533
Long term liabilities		
Long-term bank loans	30,800	21,500
Asset retirement obligations	1,490	1,502
Provision for retirement benefits	1,909	1,907
Other	571	513
Total non-current liabilities	34,770	25,424
Total liabilities	50,077	50,957
Net assets		
Shareholders' equity		
Share capital	8,739	8,739
Capital surplus	8,943	8,943
Retained earnings	8,781	10,974
Treasury shares	(10)	(10)
Total shareholders' equity	26,454	28,646
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	55	33
Total valuation and translation adjustments	55	33
Total net assets	26,509	28,680
Total liabilities and net assets	76,586	79,637

2. Profit and Loss Statement

(Japanese Yen in millions)

	Six months ended	
	September 30, 2021	September 30, 2022
Net sales	11,694	19,632
Cost of sales	10,750	15,612
Gross profit	944	4,019
Selling, general and administrative expenses	1,944	2,002
Operating profit (loss)	(1,000)	2,017
Non-operating income		
Interest and dividend income	3	6
Foreign exchange gains	60	806
Unnecessary thing clearance profit	44	112
Rental income	19	19
Subsidies for employment adjustment	97	—
Other	14	73
Total non-operating income	239	1,018
Non-operating expenses		
Interest expenses	84	97
Depreciation of inactive fixed assets	42	5
Extra retirement payments	24	24
Other	0	1
Total non-operating expenses	152	129
Ordinary profit (loss)	(913)	2,906
Extraordinary income		
Gain on sale of investment securities	—	31
Total extraordinary income	—	31
Extraordinary losses		
Loss on retirement of fixed assets	19	41
Impairment losses	—	260
Total extraordinary losses	19	301
Profit (loss) before income taxes	(933)	2,637
Income taxes	0	444
Profit (loss)	(933)	2,192

3. Segment Information

(1) Six months ended September 30, 2021

Information on Sales, Profit (Loss) by Reported Segments

(Japanese Yen in millions)

	Segments			Others (*2)	Total
	Titanium	High- Performance Materials	Sub Total		
Sales					
Sales to external customers	9,884	1,498	11,383	311	11,694
Inter-segment Sales or transfers	—	—	—	—	—
Total	9,884	1,498	11,383	311	11,694
Segment profit (loss) (*1)	(593)	(642)	(1,235)	235	(1,000)

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

(*2) 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.

(2) Six months ended September 30, 2022

Information on Sales, Profit (Loss) by Reported Segments

(Japanese Yen in millions)

	Segments			Others	Total
	Titanium	High- Performance Materials	Sub Total		
Sales					
Sales to external customers	17,407	2,224	19,632	—	19,632
Inter-segment Sales or transfers	—	—	—	—	—
Total	17,407	2,224	19,632	—	19,632
Segment profit (*)	1,715	302	2,017	—	2,017

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