

Non-consolidated Financial Statements
for the First Nine Months of Financial Year 2022 (April 1 - December 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/>
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Scheduled date to file quarterly securities report: February 14, 2023
Scheduled date to commence dividend payments: Not Applicable
Preparation of supplementary material on quarterly financial results: None
Holding of quarterly financial results briefing: None

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

1. Financial Results for the first nine months of Financial Year 2022 (April 1 -December 31, 2022)

(1) Operating Results

(Japanese Yen in millions)

	Net sales		Operating profit (Loss)		Ordinary profit (Loss)		Net profit (loss)	
FY 2022 Q3	31,055	54.3%	2,657	—	2,709	—	2,064	—
FY 2021 Q3	20,129	79.6%	(1,328)	—	(1,135)	—	(1,166)	—

Percentages indicate year-on-year changes

(Japanese Yen)

	Net profit per share	Diluted earnings per share
FY 2022 Q3	56.11	—
FY 2021 Q3	(31.69)	—

(2) Financial Position

(Japanese Yen in millions)

	Total assets	Net assets	Capital-to-asset ratio
FY2022 Q3	80,462	28,150	35.0%
FY2021 Full-Year	76,586	26,509	34.6%

Reference: Equity

As of FY 2022 Q3: JPY 28,150 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: None

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	44,000	54.1%	3,500	—	3,500	—	2,800	—	76.09

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 December 31, 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 December 31, 2022	1,495shares
As of March 31, 2022	1,336shares

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

Nine months ended December 31, 2022	36,798,600shares
Nine months ended December 31, 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	December 31, 2022
Assets		
Current assets		
Cash and deposits	10,666	6,769
Trade accounts receivable	13,507	17,526
Merchandise and finished goods	10,655	9,668
Work in process	2,091	3,491
Raw materials and supplies	4,375	8,113
Other	223	109
Allowance for doubtful accounts	(3)	(3)
Total current assets	41,515	45,675
Non-current assets		
Property, plant and equipment		
Buildings, net	9,058	8,893
Machinery and equipment, net	8,224	7,712
Land	14,823	14,823
Construction in progress	543	1,186
Other, net	441	376
Total property, plant and equipment	33,091	32,991
Intangible assets	822	842
Investments and other assets	1,157	952
Total non-current assets	35,071	34,787
Total assets	76,586	80,462

(Japanese Yen in millions)

	March 31, 2022	December 31, 2022
Liabilities		
Current liabilities		
Trade accounts payable	2,727	5,729
Short-term bank loans	9,700	20,500
Accounts payable - other	141	127
Income taxes payable	71	512
Accrued consumption taxes	1,279	124
Accounts payable - facilities	920	895
Provision for bonuses	215	97
Other	250	469
Total current liabilities	15,306	28,455
Non-current liabilities		
Long-term bank loans	30,800	20,000
Asset retirement obligations	1,490	1,508
Provision for retirement benefits	1,909	1,848
Other	571	499
Total non-current liabilities	34,770	23,856
Total liabilities	50,077	52,312
Net assets		
Shareholders' equity		
Share capital	8,739	8,739
Capital surplus	8,943	8,943
Retained earnings	8,781	10,478
Treasury shares	(10)	(10)
Total shareholders' equity	26,454	28,150
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	55	—
Total valuation and translation adjustments	55	—
Total net assets	26,509	28,150
Total liabilities and net assets	76,586	80,462

2. Profit and Loss Statement

(Japanese Yen in millions)

	Nine months ended	
	December 31, 2021	December 31, 2022
Net sales	20,129	31,055
Cost of sales	18,321	25,222
Gross profit	1,807	5,832
Selling, general and administrative expenses	3,136	3,175
Operating profit (loss)	(1,328)	2,657
Non-operating income		
Interest and dividend income	6	15
Foreign exchange gains	149	—
Unnecessary thing clearance profit	93	140
Rental income	28	29
Subsidies for employment adjustment	128	—
Other	19	75
Total non-operating income	426	261
Non-operating expenses		
Interest expenses	131	142
Foreign exchange losses	—	28
Depreciation of inactive fixed assets	62	5
Extra retirement payments	36	31
Commission for syndicated loans	1	—
Other	1	2
Total non-operating expenses	233	210
Ordinary profit (loss)	(1,135)	2,709
Extraordinary income		
Gain on sale of investment securities	—	93
Total extraordinary income	—	93
Extraordinary losses		
Loss on retirement of non-current assets	29	54
Impairment losses	—	260
Total extraordinary losses	29	315
Profit (loss) before income taxes	(1,165)	2,487
Income taxes	0	422
Profit (loss)	(1,166)	2,064

3. Segment Information

(1) Nine months ended December 31, 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	17,439	2,378	19,818	311	20,129
Inter-segment Sales or transfers	—	—	—	—	—
Total	17,439	2,378	19,818	311	20,129
Segment profit (loss) (*1)	(962)	(593)	(1,555)	227	(1,328)

(*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) Nine months ended December 31, 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	27,967	3,087	31,055	—	31,055
Inter-segment Sales or transfers	—	—	—	—	—
Total	27,967	3,087	31,055	—	31,055
Segment profit	2,397	260	2,657	—	2,657

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