



**Our products are invisible,
but used around you.**

July 1, 2021

**Presentation Materials for Financial Results
for the First Half of the Fiscal Year Ending
November 30, 2021**



**We lead the world with specialty acrylates
OSAKA ORGANIC CHEMICAL INDUSTRY LTD.**

Tokyo Stock Exchange, First Section: 4187

◆ **1H FY11/21 Financial Summary**

◆ **FY11/21 Forecast**

◆ **Topics**

◆ **1H FY11/21 Financial Summary**

◆ FY11/21 Forecast

◆ Topics

Sales were higher in the chemical products, electronics materials and specialty chemicals.

Net sales and operating profit reached record highs for the first half.

1H Results		(Millions of yen)	YoY change (%)
	Net sales	16,933	+18.1%
Operating profit	2,842	+19.2%	

Operating environment

Industrial output gradually recovered despite the continuing negative effects of the COVID-19 pandemic. The electronic materials sector was particularly strong because of the widespread use of teleworking and the ongoing shift to 5G.

Net sales

Achieved higher sales at all segments: chemical products, electronics materials and specialty chemicals. Net sales increased 18.1% to ¥16,933 million.

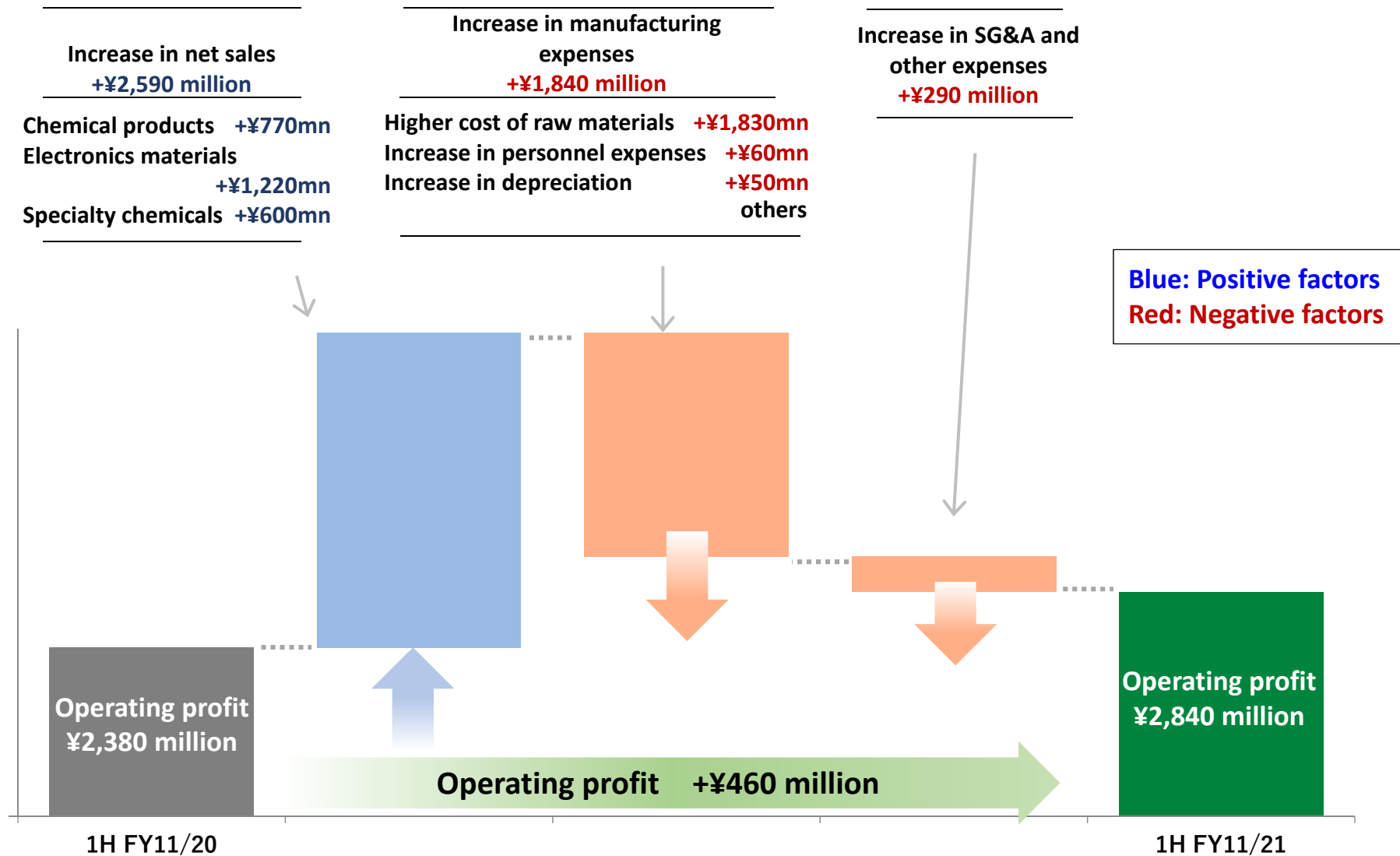
Operating profit

Operating profit increased 19.2% to ¥2,842 million due to higher sales.

(Millions of yen)

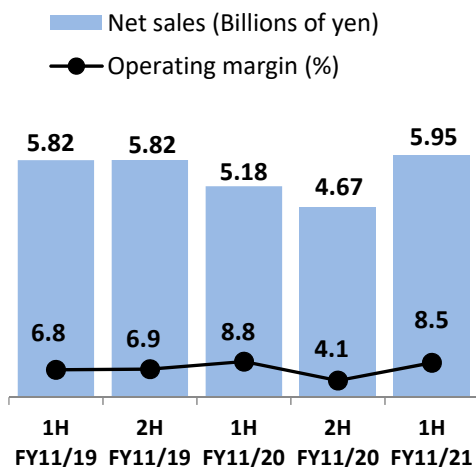
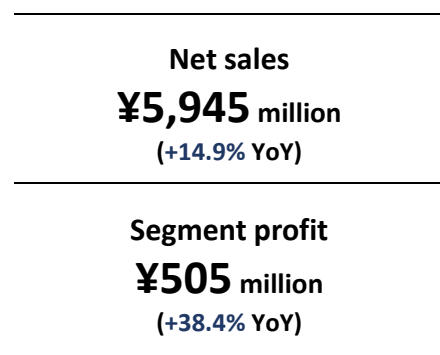
	1H FY11/20 results	1H FY11/21 initial forecasts	1H FY11/21 results	YoY change	
				Amount	%
Net sales	14,342	14,877	16,933	+2,591	18.1%
Operating profit	2,384	2,263	2,842	+458	19.2%
Ordinary profit	2,457	2,482	3,086	+629	25.6%
Profit attributable to owners of parent	1,692	1,692	2,246	+554	32.8%
Price of naphtha in Japan (Yen/KL)	34,400	33,000	43,400	-	-
Exchange rates (Yen/USD)	109	103	107	-	-

Operating profit increased ¥460 million from one year earlier due to higher sales at all segments despite rise in cost of raw materials.



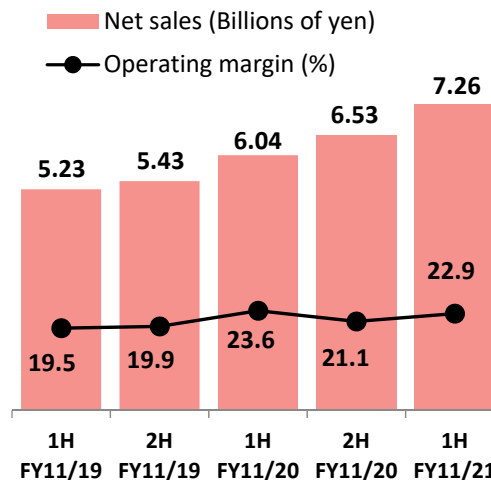
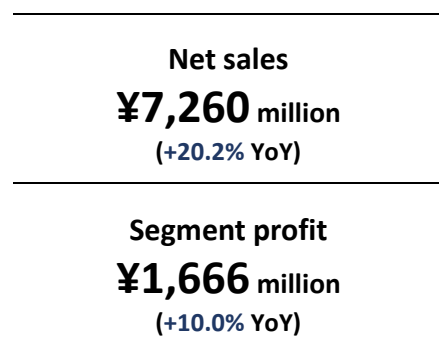
Chemical products

Sales increased due to higher sales of chemicals for automotive coatings, ink, optical material adhesives and many other applications. **Earnings increased** due to higher sales.



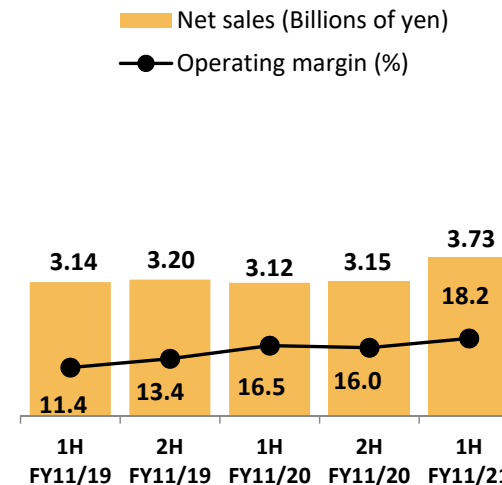
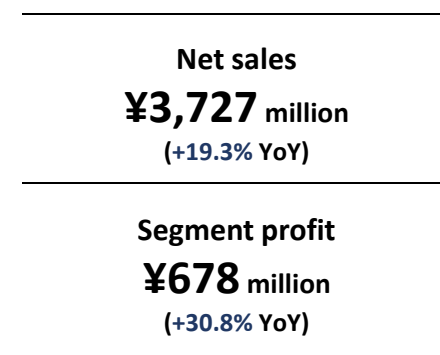
Electronics materials

Sales increased due to higher semiconductor demand and the growth of demand for display materials as many people continued to work remotely. **Earnings were higher** because of sales growth.



Specialty chemicals

Sales increased because of the recovery of sales of materials used in cosmetics and the inclusion of sales of a business acquired in February 2021. An increase in the share of sales of high-margin products **raised earnings**.



Non-operating income and expenses

There was a foreign exchange gain instead of the loss one year earlier. Subsidy income also contributed to the increase in ordinary profit.

Extraordinary gains and losses

There was a net extraordinary gain because of the sale of land in Osaka and the negative impact in 1H FY11/20 of a loss on the retirement of non-current assets associated with capital expenditures.

				(Millions of yen)			
	1H FY11/20	1H FY11/21	Change				
Non-operating income	110	247	+137	→	Foreign exchange gains	+¥48mn	
					Subsidy income	+¥115mn	
					others		
Non-operating expenses	37	3	-34	→	Foreign exchange losses	-¥23mn	
					others		
Extraordinary gains	0	119	+119	→	Gain on sales of non-current assets (sale of land, etc.)	+¥118mn	
					others		
Extraordinary losses	51	4	-47	→	Loss on retirement of non-current assets	-¥47mn	

Blue: Positive factors
Red: Negative factors

Balance Sheet

(Millions of yen)

	FY11/20	1H FY11/21	Change	
Assets				
Current assets	23,134	25,315	+2,181	→ Cash and deposits +¥220mn Notes and accounts receivable-trade (Higher sales) +¥1,064mn others
Property, plant and equipment	16,299	15,982	-317	
Intangible assets	70	154	+83	→ Goodwill +¥93mn (Acquisition of cosmetics raw materials business) others
Investments and other assets	5,819	6,167	+347	→ Investment securities +¥344mn others
Liabilities				
Current liabilities	7,553	7,994	+441	
Non-current liabilities	2,745	2,502	-242	
Net assets	35,025	37,122	+2,097	→ Retained earnings +¥1,737mn others
Total assets	45,324	47,620	+2,296	

Revisions to financial indicator guidelines

	As of May 31, 2021	Revised guidelines
Equity ratio	77.1%	-
Short-term liquidity ratio	2.8 months	3.0 to 4.0 months
Debt-equity ratio	0.07	0.2 or less
Net debt-equity ratio	-0.14	0 or less (effectively no debt)
Interest coverage ratio	774 times	200 to 400 times

(Millions of yen)

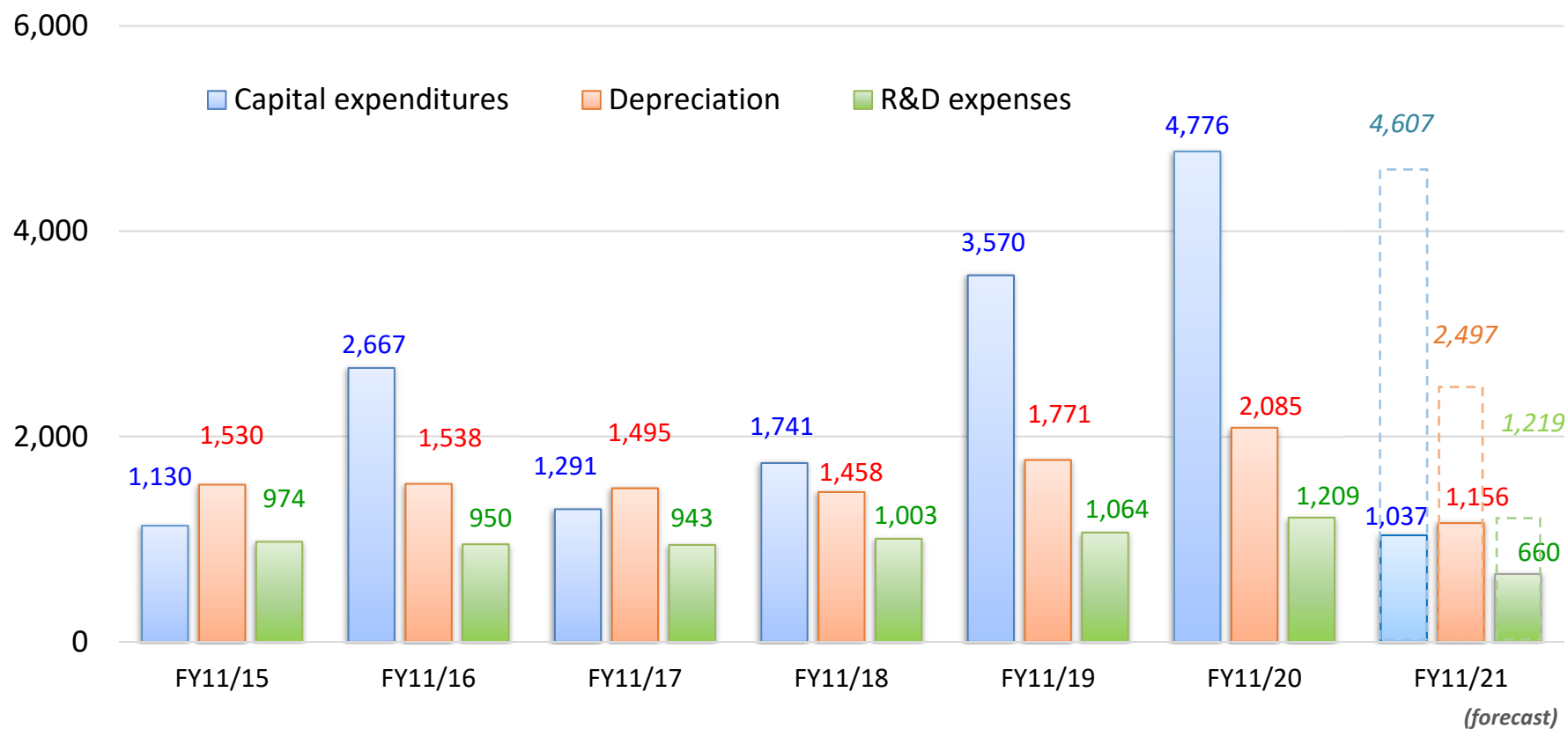
	1H FY11/20	1H FY11/21	
Operating cash flows	3,231	2,834	→
Investing cash flows	-1,616	-1,066	→
Financing cash flows	247	-939	→
Effect of exchange rate change on cash and cash equivalents	-25	72	→
Net increase (decrease) in cash and cash equivalents	1,836	900	
Cash and cash equivalents at end of period	8,179	7,412	

Major factors	
Profit before income taxes	¥3,201mn
Depreciation	¥1,150mn
Loss (gain) on sales of non-current assets	-¥118mn
Decrease (increase) in notes and accounts receivable-trade	-¥1,124mn
Decrease (increase) in inventories	-¥675mn
Increase (decrease) in notes and accounts payable-trade	¥1,026mn
others	
Purchase of property, plant and equipment (Semiconductor equipment/new R&D building, etc.)	-¥1,650mn
other	
Repayments of long-term borrowings	-¥513mn
Cash dividends paid	-¥509mn

Capital Expenditures, Depreciation, R&D Expenses

* In the medium-term business plan, we are planning on capital expenditures of about ¥20.0 billion in total for FY11/20 to FY11/24.

(Millions of yen)



Capital Expenditures

- ◆ Capital expenditures will continue at a suitable level based on the medium-term business plan. In FY11/21, additional equipment for semiconductor materials and factory utility projects will be the primary components of these expenditures.

	FY11/19	FY11/20	FY11/21 ⇒ Plan	FY11/22	Production capacity, etc.		
More manufacturing equipment for chemical products	Construction		Prototype	In operation	UV-IJ monomers and other products (Capacity of about 1,000 tons/year)		
More manufacturing equipment for electronics materials	Construction	Prototype	In operation		New semiconductor monomer manufacturing equipment (increases capacity about 50%) Additional manufacturing equipment for semiconductor-related materials (increases capacity about 20%) Additional semiconductor monomer equipment (increases capacity about 40%) Additional semiconductor monomer manufacturing equipment and new manufacturing equipment for semiconductor-related materials (increases capacity about 30%) * To be completed in March 2023		
	Plan	Construction	Prototype	In operation			
			Plan	Construction		Prototype	In operation
				Plan		Construction	
New R&D building	Plan	Construction	In operation		Will be used to create new businesses		

◆ 1H FY11/21 Financial Summary

◆ **FY11/21 Forecast**

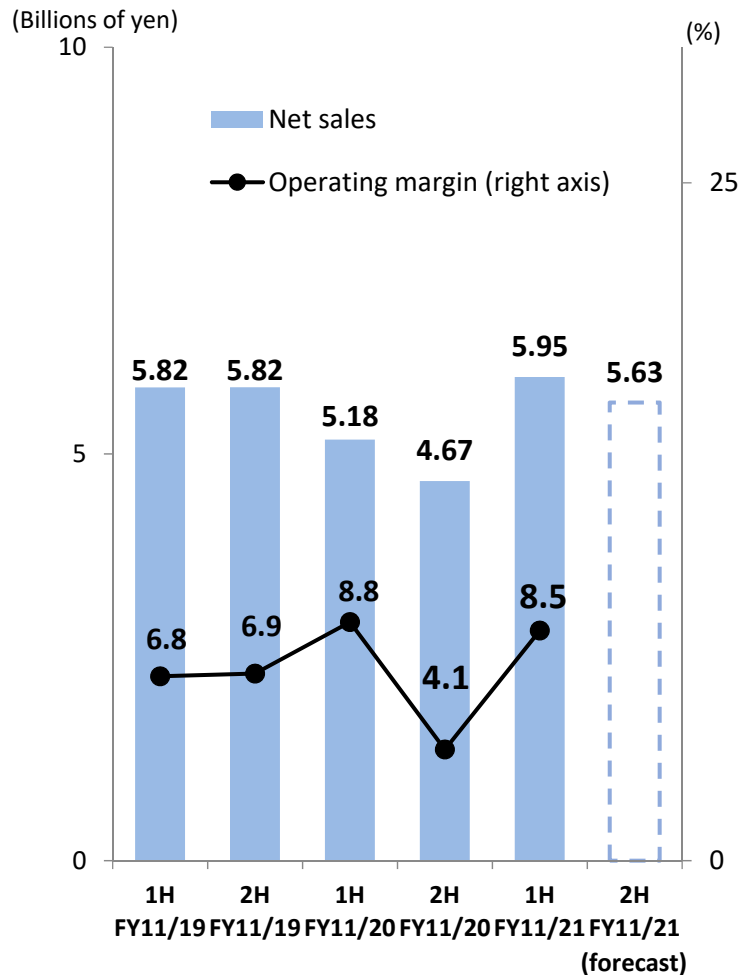
◆ Topics

FY11/21 sales and earnings forecast

We revised the initial forecast and the revised forecast was announced in the released titled “Notice of Revisions to Consolidated Forecasts and Dividend Forecasts” dated May 21, 2021. Our FY11/21 forecasts are net sales of ¥34 billion, an increase of about ¥5.3 billion year on year, and operating profit of ¥5.8 billion, an increase of about ¥1.3 billion.

(Millions of yen)

	FY11/20 results	FY11/21 revised forecast	YoY change		1H FY11/21 results	1H progress ratio
			Amount	%		
Net sales	28,681	34,000	+5,319	18.5%	16,933	49.8%
Operating profit	4,442	5,800	+1,358	30.6%	2,842	49.0%
Ordinary profit	4,612	6,100	+1,488	32.3%	3,086	50.6%
Profit attributable to owners of parent	3,313	4,400	+1,087	32.8%	2,246	51.0%
Price of naphtha in Japan (Yen/KL)	32,800	-	-	-	43,400	-
Exchange rates (Yen/USD)	107	-	-	-	107	-



Forecast

1H results **+27.4%** (vs. 2H FY11/20)

2H forecast **-5.3%** (vs. 1H FY11/21)

Operating environment

- Automobile production is recovering following the downturn in 2020 caused by COVID-19. But automakers have reduced output since the spring of 2021 due to a semiconductor shortage.

OOC

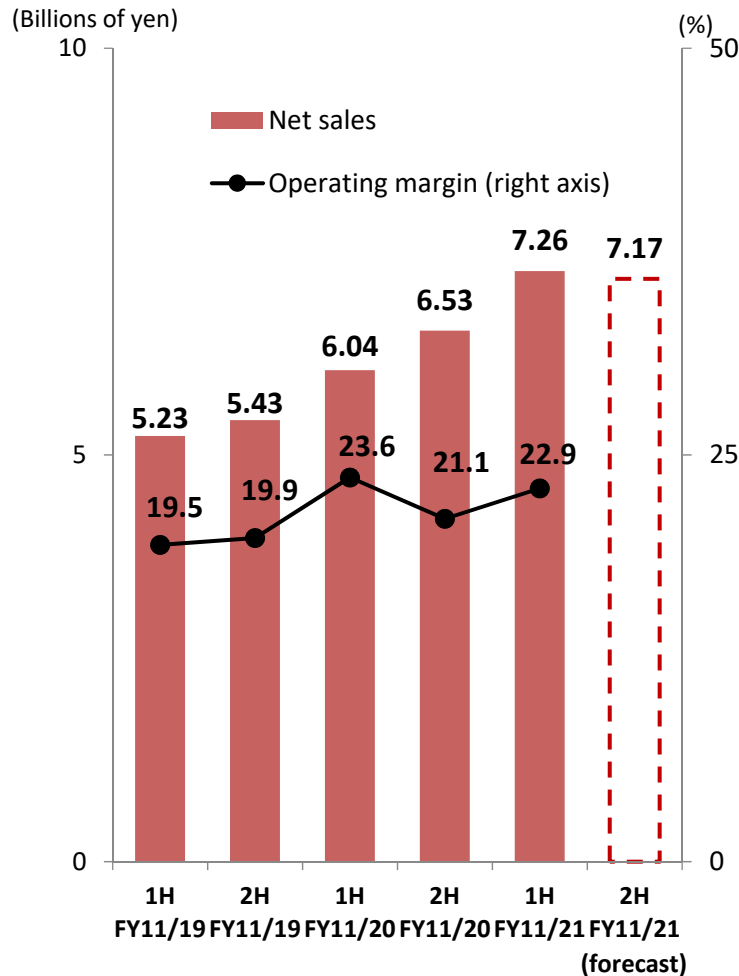
- Sales of products for paint, ink and adhesives for all applications have returned to the pre-pandemic level.
- Monitoring market trends, increasing sales and adjusting prices of major products, and revising and terminating various products.
- Activities aimed at expanding the lineup of products derived from natural ingredients.

Market risk

- Crude oil price fluctuation
- Higher cost of raw materials derived from natural resources
- Economic trends due to the COVID-19 crisis

Forecast

1H results **+11.2%** (vs. 2H FY11/20)
 2H forecast **-1.3%** (vs. 1H FY11/21)



Operating environment

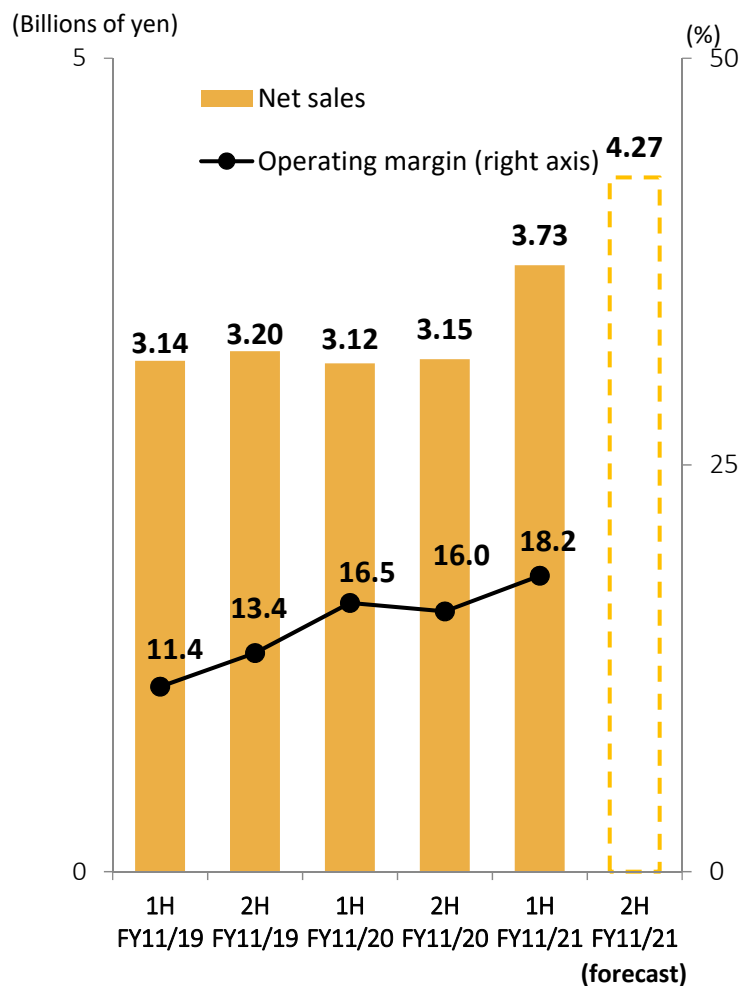
- Demand for semiconductors is increasing because of 5G, the increase in telework and other reasons. Total semiconductor sales are expected to climb to an all-time high in 2021.
- Progress is continuing, mainly in Asia, with the practical use of state-of-the-art EUV lithography.
- FPD demand is increasing as more people work at home.

OOC

- Sales of materials used in ArF photoresist were consistently strong. We will continue to increase our ability to meet customers' needs.
- Sales of EUV materials remained unchanged and our goal is to increase the number of companies using these materials.
- For FPD materials, the priorities remain meeting customers' demands and increasing sales.

Market risk

- Escalation of the U.S.-China economic confrontation



Forecast

1H results	+18.3%	(vs. 2H FY11/20)
2H forecast	+14.5%	(vs. 1H FY11/21)

Operating environment

- Japan's cosmetics market remained sluggish due to the COVID-19 crisis.
- The Chinese cosmetics is growing even during the pandemic. In 2024, cosmetics sales in China are expected to be 60% higher than in 2019.

OOC

- Higher sales in China and other countries of cosmetics materials that have ideal properties (such as moisture retaining) for facial masks for skin care.
- Work is continuing on samples of super-hydrophilic substances and semiconductor additives.
- Acquired the hair care acrylic resin business of Mitsubishi Chemical in February 2021; working on increasing sales outside Japan.
- Creating new applications for specialty solvents

Market risk

- Prolonged decline in demand for cosmetics in Japan

◆ 1H FY11/21 Financial Summary

◆ FY11/21 Forecast

◆ **Topics**

As part of its commitment to enabling women to reach their full potential, OOC has many programs to maintain pleasant and productive workplaces for women.

These are a few examples of this program.

- Reduced working hours for time to care for children
Maximum age of children for this program was raised from 3 to 9
- Extended leave for child care
We have measures to enable women to return with no worries and achieve the understanding of the individual's manager

***OOC received an award from the City of Osaka for these programs.**

● Certified as a City of Osaka Women's Empowerment Leading Company

OOC has received two-star certification for programs that support women in the workplace.



Two-star certification was received on November 1, 2020.

● 2021 Mayor's Award

OOC received an Excellence Award in the large company category as a company with outstanding programs for women.



The award ceremony on March 8, 2021

Biomass Acrylate

We are developing specialty acrylic acid esters, which we call Biomass Acrylate, using **plant-derived raw materials**, as one way to contribute to achieving the Sustainable Development Goals.

化学品 Chemical

特殊なアクリレートで皆様をお手伝いします。

川上原料ほど、少量多品種を生産するのは難しいものです。当社の化学品部では、樹脂原料へ応用できる蒸留アクリレートを中心に、少量多品種を扱うために生産設備だけでなく組織も最適化することで皆様の製品の隠し味を提供しています。



→ バイオマスアクリレート

持続可能な開発目標(SDGs)に向けた活動として、バイオマス由来の原料*を使用した特殊アクリレートをバイオマスアクリレートと名付け、開発を行っています。

既に当社が製造販売しているバイオマスアクリレートについては、バイオマス由来の炭素比率が80%を超える製品もあり、バイオマス比率の高い材料の提案が可能です。

*バイオマス由来の原料とは、植物由来の原料を表しています。



塗料の原料向けアクリルモノマー

当社のアクリルモノマーは高度に精製されているものが多く、UV/EB用の他に、樹脂原料としてご検討頂けるものを多数取り揃えております。

自動車用トップコートに使われるアクリルポリオール向け原料を始めとして、汎用アクリレートでは達成できない高反応性、耐擦傷性、密着性などを付与することができます。純度が高いため、低着色、低粘度、低酸分などのメリットがあります。



粘接着剤向けアクリルモノマー

種々の用途を持つ粘接着剤に対し、当社のアクリルモノマーを使うことで、靱性や伸び、屈折率のコントロールなど様々な機能を付与することができます。

通常の溶剤型の粘接着剤の他にも、UV硬化型の粘接着剤や嫌気性の粘接着剤にもご使用いただけます。その他、塗料向けと同様に、低着色、低粘度、低臭気などのメリットがあります。

Biomass-derived carbon accounts for more than 80% of all carbon in some of the Biomass Acrylate products we already manufacture and sell. This makes it possible to offer customers ideas for materials with a high biomass ratio.

*More information is on the OOC website:
<https://www.ooc.co.jp/products/chemical/>

Activities for Achieving a Carbon-free Society

For many years, OOC has been using a broad range of measures for reducing CO₂ emissions. In March 2021, we established a Carbon Neutral Study Committee for the purpose of conducting activities across the entire OOC Group for achieving a carbon-free society.

◆ Targets for CO₂ reductions (compared with FY2013)

Year	2030	2050
Target	Reduction of at least 30%	Effectively zero
Actions	<ul style="list-style-type: none"> • Energy conservation • Shift to value-added products • Increase use of solar panels • Reuse materials, and other measures 	(This will require improvements to Japan's entire infrastructure as well as innovative technologies.)

Example of CO₂ emission reduction action

Solar panels were placed on the roof of the administration building of the Kanazawa Plant. Operation of the panels started in July 2021.

CO₂ emission reduction (forecast) of about 68 tons/year



Closed the Yachiyo Logistics Office in June 2021

We are always seeking ways to use assets more efficiently. One example is the sale of land in Osaka that was used as a parking area.

Another step was the closure of the Yachiyo Logistics Office that was the logistics base for the Kanto region. The office is no longer needed because this function was shifted and centralized at plants and offices.

Name: Yachiyo Logistics Office
 Address: 601 Owada Shinden, Yachiyo-shi,
 Chiba prefecture
 Area: 2,380m²

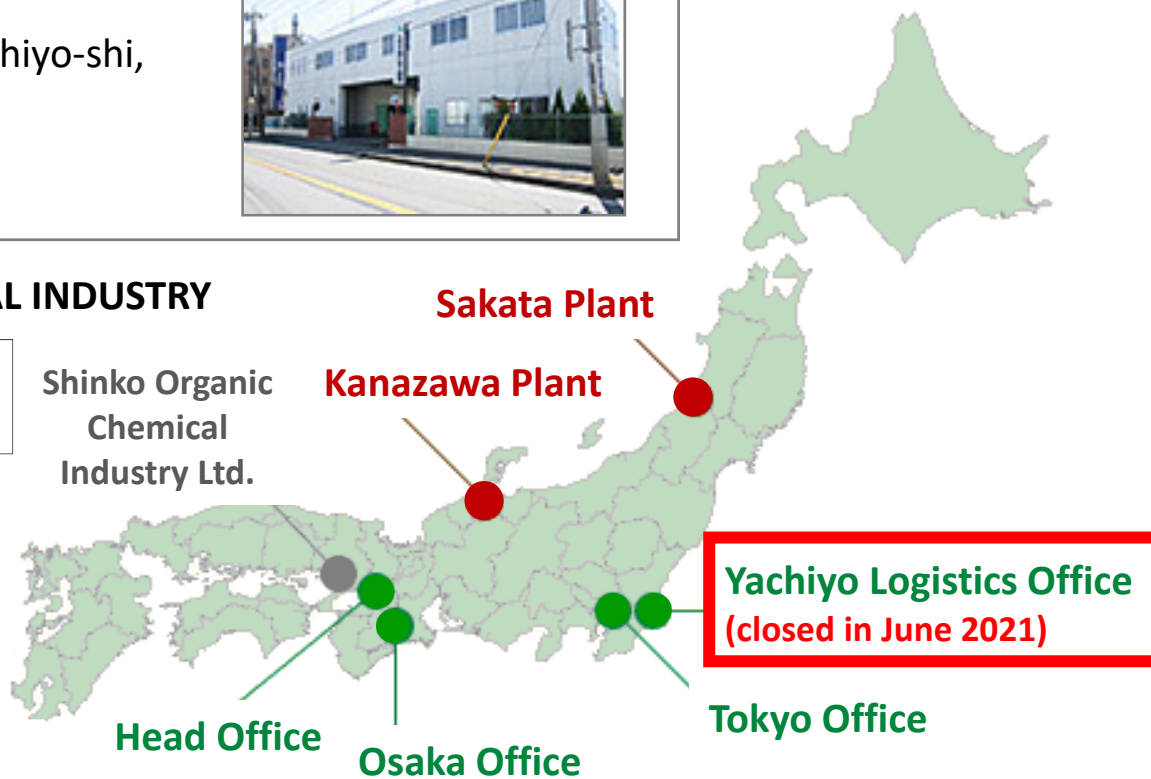


OSAKA ORGANIC CHEMICAL INDUSTRY

- • • • Offices
- • • • Plants
- • • • Group companies

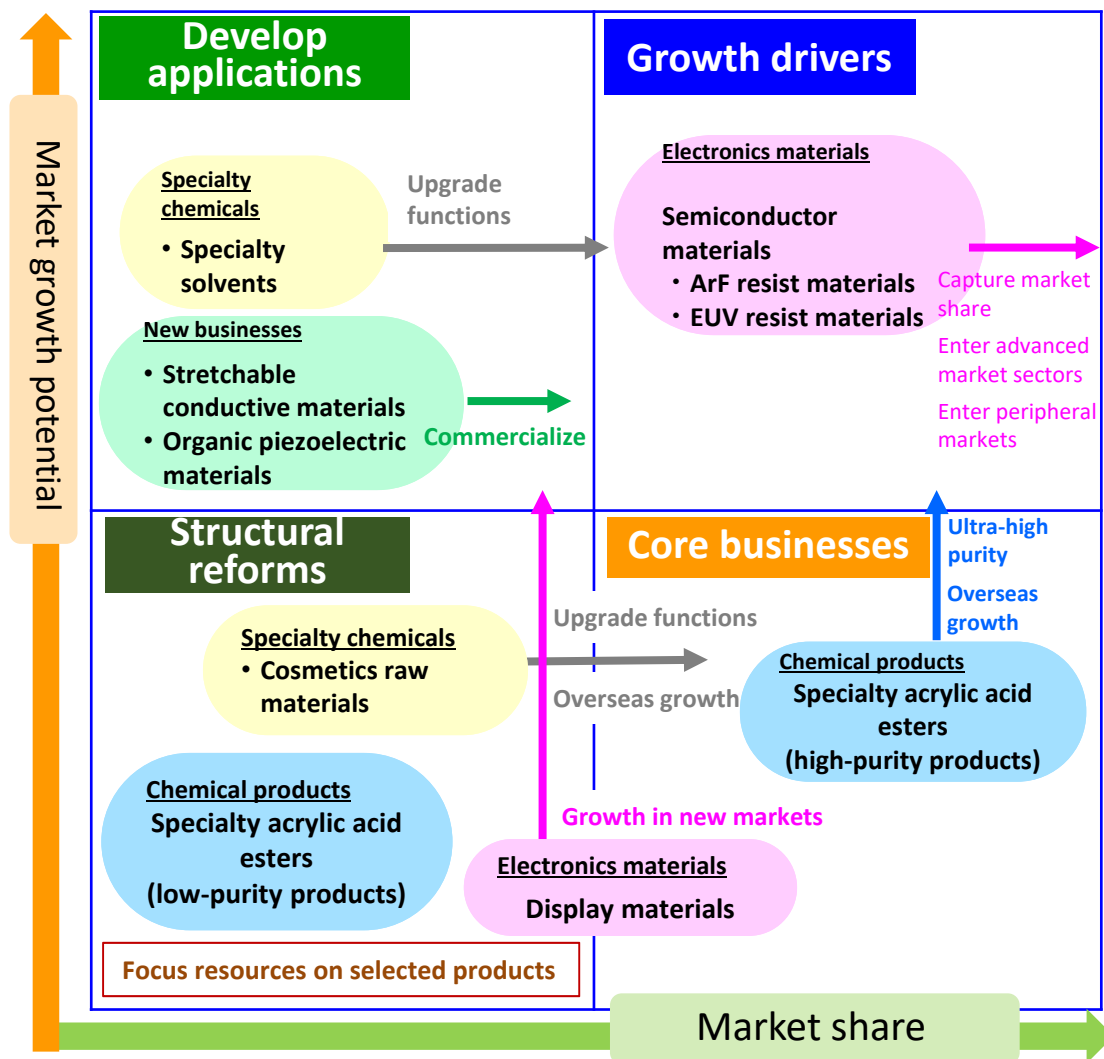


Osaka Organic Chemical (Shanghai)
Trading Ltd.



Clearly define what differentiates OOC's materials and fully utilize these advantages

- ◆ For semiconductor materials, more growth of sales of cutting-edge materials
- ◆ For specialty acrylic acid esters, focus resources only on selected products in the low-purity category; increase overseas sales of high-purity products and raise purity to add more value to products
- ◆ For specialty chemicals, increase the contribution to earnings by upgrading functions and increasing sales outside Japan
- ◆ For new businesses, establish a powerful R&D infrastructure for the development of new applications for OOC materials



Major Activities (already announced)

● Semiconductor materials market share

Approved capital expenditures of ¥4.5 billion for more semiconductor materials manufacturing equipment (announced May 21, 2021)

● Investment in OUVVC No. 2 Fund

Use ties with venture capital and other companies to increase opportunities to start new businesses (announced May 12, 2021)

● Add businesses using leading-edge technologies

Started commercial production and sale of a thin multilayer film for organic EL flexible display panels (announced October 8, 2020)

● Overseas sales of materials used in cosmetics

Acquisition of the Mitsubishi Chemical hair care acrylic resin business creates opportunities in other countries (announced August 19, 2020)

● New research building

A new research building was completed at the Osaka Office in November 2020 (announced January 9, 2020)

Investment strategy

FY11/20- 1H FY11/21
results

¥5.8bn

FY11/20-FY11/24
forecast

¥20bn



**Our products are invisible,
but used around you.**

Precautions

Forecasts and other forward-looking statements in this presentation are based on decisions using information that is currently available and incorporate many uncertainties. Actual results of operations and other aspects of performance may differ from these statements due to changes in market conditions or other reasons. Consequently, Osaka Organic Chemical Industry makes no guarantee whatsoever regarding forward-looking statements.

Inquiries

Administration Division, IR & PR Group
TEL: +81-6-6264-5071 (main switchboard)



We lead the world with specialty acrylates

**OSAKA ORGANIC CHEMICAL
INDUSTRY LTD.**

Tokyo Stock Exchange, First Section: 4187