



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

(English Translation)

This English translation is an abridged version of the original document in Japanese.  
In the event of any discrepancy, the Japanese version prevail

**January 12, 2023**

**FY11/22**

# **Presentation Materials for Financial Results for the Fiscal Year Ended November 30, 2022**



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

**Tokyo Stock Exchange, Prime Market: 4187**

◆ **FY11/22 Financial Summary**

◆ FY11/23 Forecast

◆ Medium-term Business Plan

◆ Topics

## Operating environment

The Japanese economy was on a moderate recovery trend as restrictions on economic activities were being relaxed despite the effect of the resurgence of COVID-19 cases. On the other hand, the economy continues to face uncertainties, including soaring raw material prices, sharp fluctuations in foreign exchange markets, and the protracted situation in Ukraine.

## Net sales

Net sales of each segment were strong. In particular, semiconductor materials continued to be strong, driving sales. Under the application of the Accounting Standard for Revenue Recognition, net sales for the current fiscal year were ¥32,236 million. (+7.0% YoY under the previous accounting standards)

## Operating profit

While raw material prices and fuel and electricity expenses rose, operating profit was ¥5,934 million driven by the strong performance of semiconductor materials. (+1.4% YoY under the previous accounting standards)

(Millions of yen)

	2021/11 results	2022/11 forecast	2022/11 results	YoY change	
				Amount	%
Net sales	35,027	33,000 *37,888	32,236 *37,467	+2,439	+7.0%
Operating profit	5,852	5,900	5,934 *5,933	+80	+1.4%
Ordinary profit	6,253	6,150	6,365 *6,363	+110	+1.8%
Profit attributable to owners of parent	4,998	4,200	4,725 *4,724	-274	-5.5%
Price of naphtha in Japan (Yen/KL)	50,750	54,000	77,025	—	—
Exchange rates (Yen/USD)	109	110	129	—	—

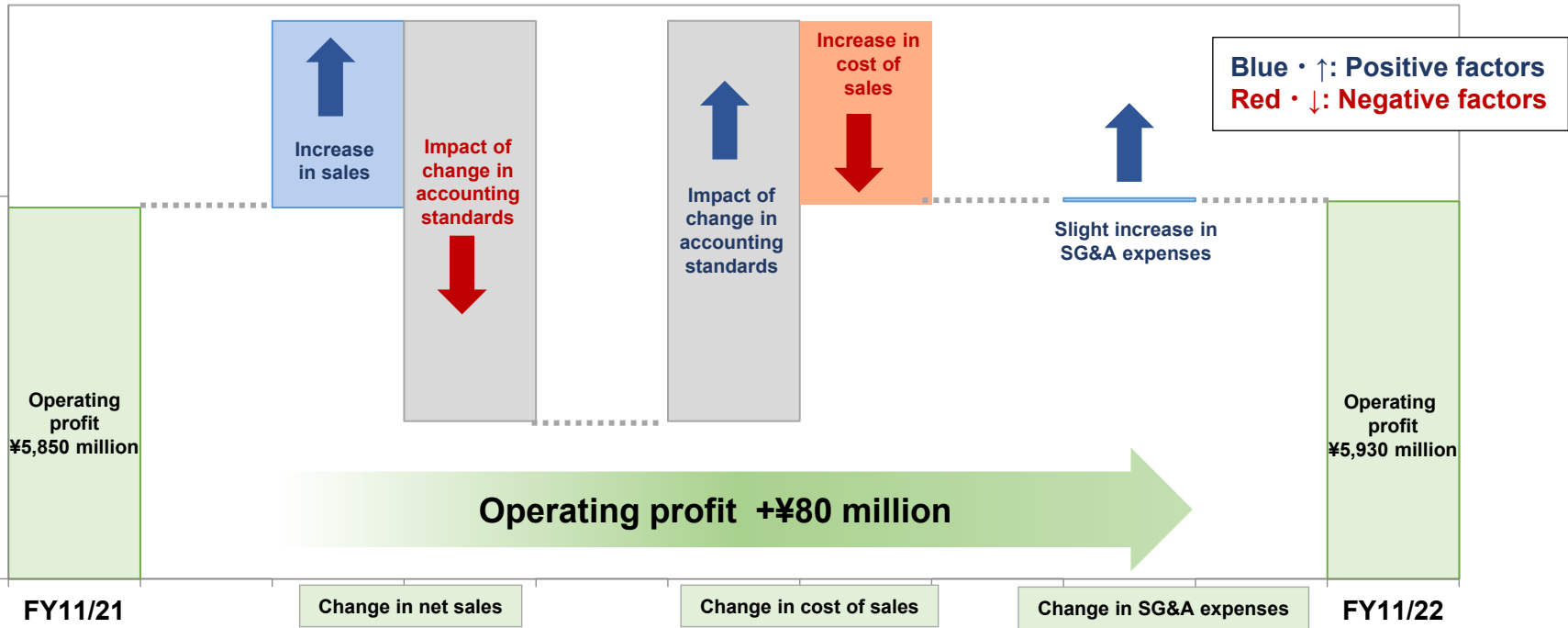
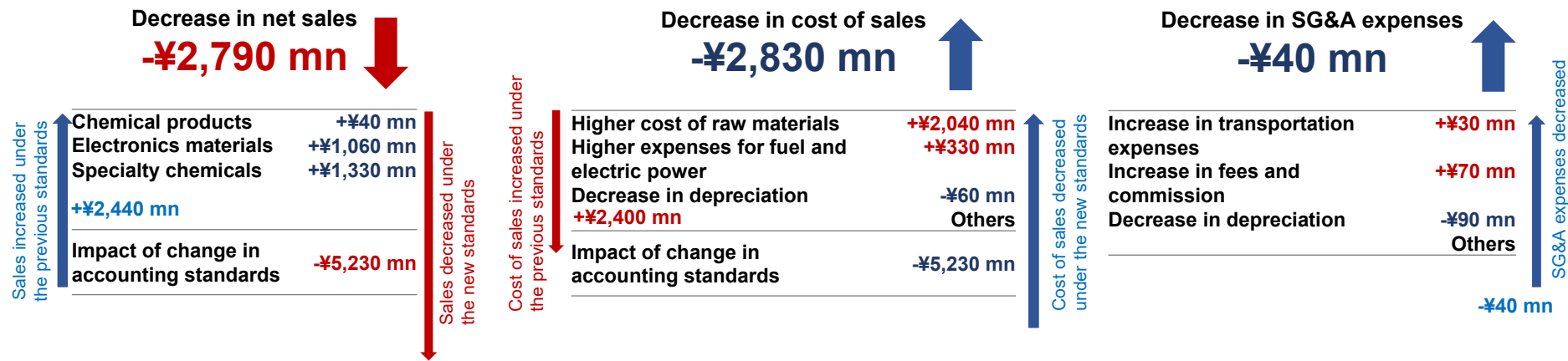
 New accounting standards

The “Accounting Standard for Revenue Recognition,” etc. has been applied since the beginning of FY11/22.

\* Reference values calculated based on the previous accounting standards

# FY11/22 Financial Summary

Although higher raw material, fuel, and electricity costs were negative factors, net sales remained strong and operating profit increased by 80 million yen from the same period of the previous fiscal year.



## ■ Impact of risk factors

Item	Impact on profit
Soaring naphtha and raw material costs	<p>Domestic naphtha prices in FY11/22 were 64,600 yen/KL for 1Q, 86,100 yen/KL for 2Q, 81,400 yen/KL for 3Q, and 76,000 yen/KL for 4Q.</p> <p>Chemical products are currently undergoing price revisions linked to the naphtha prices.</p>
Rise in fuel and electricity prices	<p>The impact of rising fuel and electricity prices was +330 million yen YoY.</p> <p>Negotiations are underway to correct prices, including freight and other expenses.</p>
Depreciation of the yen	<p>Direct impact on sales is minimal.</p> <p>Since prices of imported raw materials are rising, negotiations are underway to correct the prices.</p>
Russia's invasion of Ukraine	<p>Currently, no major impact has been observed.</p> <p>We are receiving an allocation for some raw materials; however, there has been no problem in production.</p>
Shanghai's lockdown	<p>Although we were affected by the lockdown, it did not have a major impact throughout the fiscal year.</p> <p>Net sales of Osaka Organic Chemical (Shanghai) Trading Ltd., our subsidiary, were 113.1% YoY.</p>

# Results by Segment

## Chemical products

While sales of esters used in automotive coatings remained weak and sales of esters used in display adhesives started decreasing, sales of chemical products used in UV inkjet printers remained strong. Despite our price revisions to reflect rising raw material and fuel prices, profit **declined**.

## Electronics materials

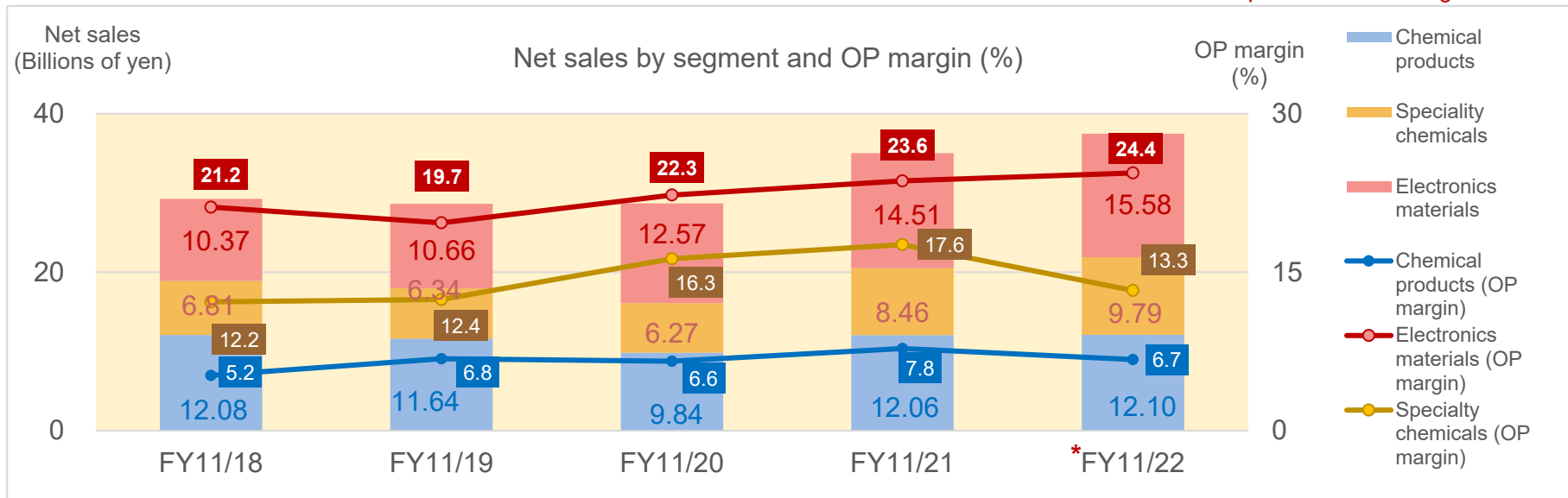
While the display materials delivered a weak sales performance due to a reactionary fall in demands for displays, demand for semiconductor materials remained strong, resulting in **increased profit**.

## Specialty chemicals

Although despite strong demand for cosmetics raw materials and special solvents, profit **decreased** due to higher manufacturing costs, such as raw material and fuel expenses and depreciation expenses.

	(Billions of yen)		
	Chemical products	Electronics materials	Specialty chemicals
Net sales	<b>11.039</b> *12.099 (YoY: +0.3%)	<b>15.220</b> *15.575 (YoY: +7.4%)	<b>5.976</b> *9.792 (YoY: +15.7%)
Operating profit	<b>0.813</b> *0.813 (YoY: -13.3%)	<b>3.800</b> *3.798 (YoY: +10.7%)	<b>1.299</b> *1.299 (YoY: -12.8%)

\* Reference values calculated based on the previous accounting standards



\* Values calculated based on the previous accounting standards are used for comparison to draw the graph.

## <Full-year comparison>

(Unit: Billions of yen)

		FY11/21		* FY11/22		YoY (vs. FY11/21)	
		Full year		Full year		Amount	%
Net sales	Chemical products	12.05		12.09		+0.04	+0.3%
	Electronics materials	14.50		15.57		+1.06	+7.4%
	Specialty chemicals	8.46		9.79		+1.33	+15.7%
Operating profit	Chemical products	0.93		0.81		-0.12	-13.3%
	Electronics materials	3.43		3.79		+0.36	+10.7%
	Specialty chemicals	1.49		1.29		-0.19	-12.8%

## <Half-year comparison>

(Unit: Billions of yen)

		FY11/21		* FY11/22		YoY (vs. 2H FY11/21)		HoH (vs. 1H FY11/22)	
		1H	2H	1H	2H	Amount	%	Amount	%
Net sales	Chemical products	5.94	6.11	6.19	5.90	-0.20	-3.3%	-0.28	-4.6%
	Electronics materials	7.26	7.24	7.88	7.69	+0.44	+6.1%	-0.18	-2.4%
	Specialty chemicals	3.72	4.73	4.84	4.94	+0.21	+4.5%	+0.10	+2.1%
Operating profit	Chemical products	0.50	0.43	0.55	0.25	-0.17	-40.7%	-0.30	-53.9%
	Electronics materials	1.66	1.76	2.09	1.70	-0.05	-3.4%	-0.39	-18.7%
	Specialty chemicals	0.67	0.81	0.69	0.60	-0.20	-25.1%	-0.08	-12.1%

## <Quarterly comparison>

(Unit: Billions of yen)

		FY11/21				* FY11/22				YoY (vs. 4Q FY11/21)		QoQ (vs. 3Q FY11/22)	
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	Amount	%	Amount	%
Net sales	Chemical products	2.85	3.08	2.99	3.11	3.09	3.09	3.12	2.77	-0.33	-10.9%	-0.35	-11.3%
	Electronics materials	3.54	3.71	3.46	3.77	4.22	3.65	3.73	3.95	+0.18	+4.8%	+0.22	+6.0%
	Specialty chemicals	1.68	2.03	2.36	2.37	2.32	2.52	2.49	2.45	+0.08	+3.5%	-0.03	-1.4%
Operating profit	Chemical products	0.24	0.26	0.23	0.19	0.25	0.29	0.08	0.17	-0.02	-10.3%	+0.09	+113.2%
	Electronics materials	0.97	0.69	0.73	1.02	1.17	0.91	0.73	0.97	-0.05	-5.4%	+0.24	+32.9%
	Specialty chemicals	0.32	0.35	0.40	0.40	0.32	0.36	0.33	0.27	-0.13	-32.6%	-0.05	-17.0%

## Non-operating income and losses

In non-operating income, dividend income from overseas affiliated companies as well as foreign exchange gains due to the weaker yen increased.

In Non-operating expenses, a commission for purchase of treasury shares arise in this period.

## Extraordinary gains or losses

In extraordinary income, while gain on sales of non-current assets increased due to the sale of idle assets, gain on sales of investment securities associated with cross-shareholdings decreased.

There were no significant extraordinary losses or changes in extraordinary losses.

**Blue: Positive factors**

**Red: Negative factors**

	(Millions of yen)				
	2021/11	2022/11	Amount		
<b>Non-operating income</b>	408	452	+44	→	Dividend income +¥63 mn Foreign exchange gains +¥39 mn Surrender value of insurance policies +¥34 mn Subsidy income -¥115 mn Others
<b>Non-operating expenses</b>	7	21	+14	→	Commission for purchase of treasury shares +¥13 mn Others
<b>Extraordinary gains</b>	933	462	-470	→	Gain on sales of non-current assets +¥308 mn Gain on sales of investment securities -¥778 mn Others
<b>Extraordinary losses</b>	9	18	+8	→	Loss on retirement of non-current assets +¥8 mn Others



# Balance Sheet

	(Millions of yen)			
	2021/11	2022/11	Amount	
<b>Assets</b>				
Current assets	28,088	28,082	-6	→ Cash and deposits -¥1,829 mn Notes and accounts receivable - trade, and contract assets +¥769 mn (Increase in contract assets under the revenue recognition standards) Raw materials and supplies +¥730 mn (Increase in amount due to higher raw material and fuel prices) Others
Property, plant and equipment	15,609	18,470	+2,861	→ Construction in progress +¥3,978 mn (Increase due to construction of manufacturing equipment for semiconductor materials) Others
Intangible assets	141	116	-24	
Investments and other assets	6,028	6,166	+138	→ Retirement benefit asset +¥206 mn Others
<b>Liabilities</b>				
Current liabilities	8,687	9,169	+481	→ Current portion of long-term borrowings +¥1,035 mn Others
Non-current liabilities	2,055	2,272	+217	
<b>Net assets</b>	<b>39,125</b>	<b>41,394</b>	<b>+2,269</b>	→ Retained earnings +¥3,857 mn Treasury stock -¥1,690 mn Others
<b>Total assets</b>	<b>49,868</b>	<b>52,836</b>	<b>+2,968</b>	

## Future financial indicators

	As of November 30, 2022	Guidelines for the future
Equity ratio	77.3%	—
Short-term liquidity ratio	2.6 months	3.0 to 4.0 months
Debt-equity ratio	0.09	0.2 or less
Net debt-equity ratio	-0.11	0 or less (effectively no debt)
Interest coverage ratio	875.2 times	200 to 400 times

(Millions of yen)

2021/11

2022/11

**[Major factors]**

Operating cash flows

5,837

4,727

Profit before income taxes	¥6,809 mn
Depreciation	¥2,284 mn
Loss (gain) on sales of non-current assets	(¥426 mn)
Decrease (increase) in trade receivables and contract assets	¥402 mn
Decrease (increase) in inventories	(¥1,507 mn)
Increase (decrease) in trade payables	¥293 mn
Income taxes paid	(¥2,647 mn)
Others	

Investing cash flows

-1,043

-4,852

Purchase of property, plant and equipment (Manufacturing equipment for semiconductor materials, etc.)	-¥5,500 mn
Others	

Financing cash flows

-1,830

-1,564

Proceeds from long-term borrowings	¥2,300 mn
Repayment of long-term borrowings	-¥1,022 mn
Purchase of treasury shares	-¥1,713 mn
Dividends paid	-¥1,142 mn
Others	

Effect of exchange rate change on cash and cash equivalents

118

160

Net increase (decrease) in cash and cash equivalents

3,081

(1,529)

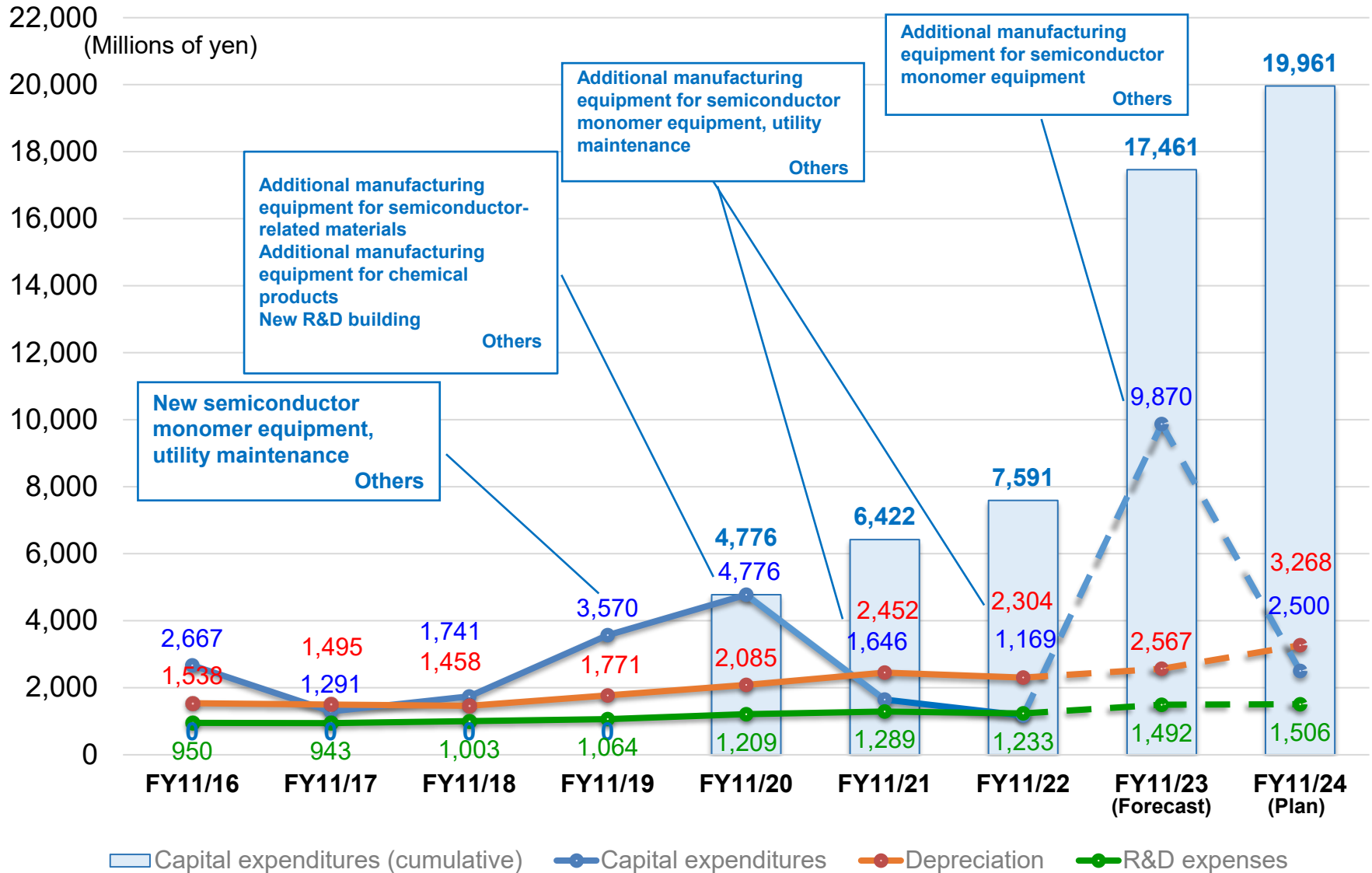
Cash and cash equivalents at end of period

9,593

8,064

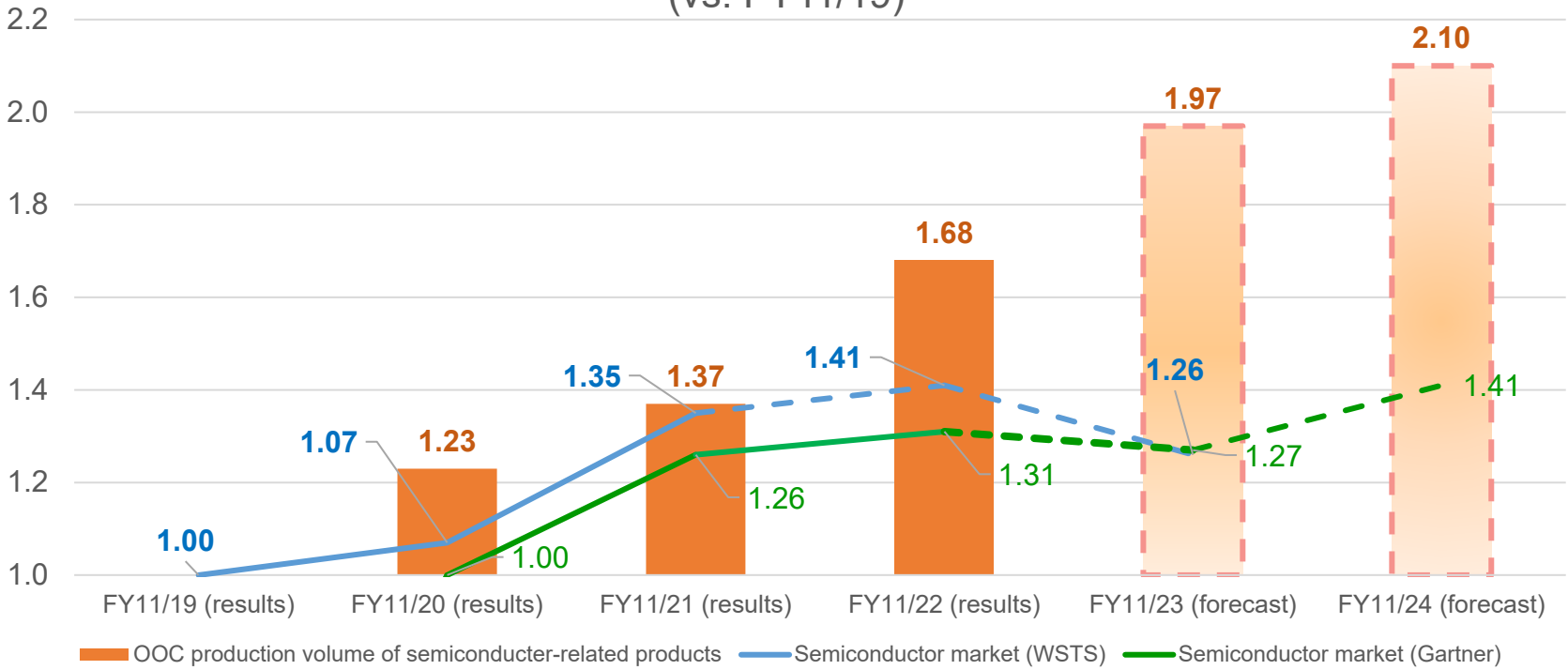
# Capital Expenditures, Depreciation, R&D Expenses

\* Medium-term Business Plan envisions a total capital expenditures of about ¥20 billion from FY2020 to FY2024. R&D expenses have been increasing at an average rate of about 6% per year.



- In FY11/24, it is expected that sales volume of semiconductor materials (ArF + EUV) will be approximately 2.1 times that of FY11/19.
- We plan to increase our production capacity by approximately 2.5 times from FY11/19 levels through capital investment.

Growth in Semiconductor Market and OOC Production Volume (vs. FY11/19)



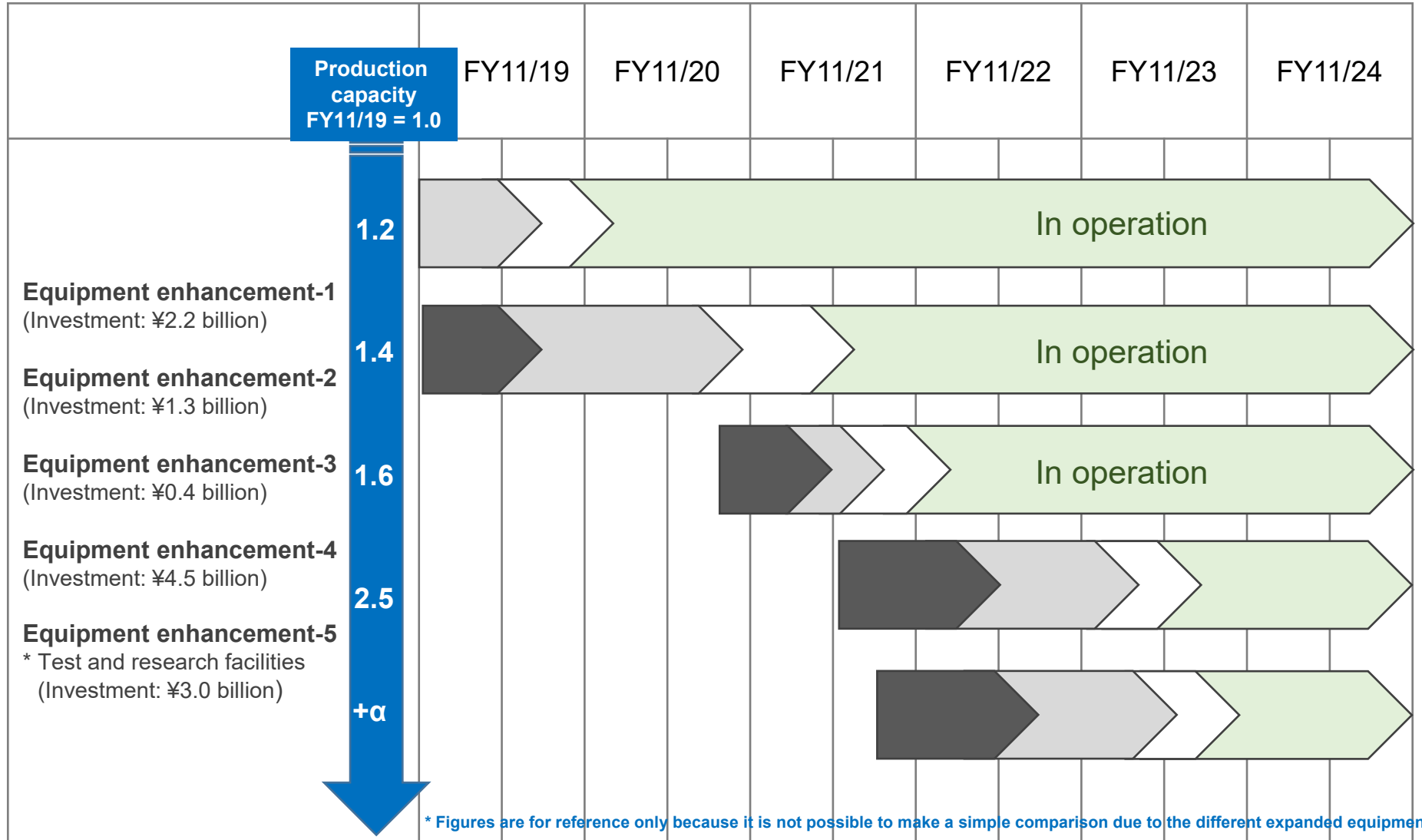
Source: WSTS, November 2022 and Gartner, September 2022

OOC

FY11/19 ⇒ FY11/24

Plan to increase our semiconductor material production capacity by 2.5 times

## ◆ Schedule for expansion of semiconductor materials manufacturing facilities



Plan: Construction: Proto-type: In operation:

◆ FY11/22 Financial Summary

◆ **FY11/23 Forecast**

◆ Medium-term Business Plan

◆ Topics

## FY11/23 sales and earnings forecast

For the fiscal year ending November 2023, we forecast a slight increase in net sales to 33.5 billion yen (\*) and a decrease of 80 million yen in operating profit to 5.85 billion yen due to the effect of negative growth in the semiconductor market.

\* Effective from the fiscal year ended November 30, 2022, the Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc.

	(Millions of yen)			
	2022/11 results	2023/11 forecast	YoY change	
			Amount	%
<b>Net sales</b> <i>(new accounting standards)</i>	32,236	<b>33,500</b>	<b>+1,263</b>	<b>+3.9%</b>
<b>Operating profit</b>	5,934	<b>5,850</b>	<b>-84</b>	<b>-1.4%</b>
<b>Ordinary profit</b>	6,365	<b>6,050</b>	<b>-315</b>	<b>-5.0%</b>
<b>Profit attributable to owners of parent</b>	4,725	<b>4,100</b>	<b>-625</b>	<b>-13.2%</b>
<b>Price of naphtha in Japan</b> (Yen/KL)	77,025	<b>72,000</b>	—	—
<b>Exchange rates</b> (Yen/USD)	129	<b>133</b>	—	—

## FY11/23 forecast

Net sales **¥10.7 billion** **-2.4%** (vs. FY11/22)

### ● Operating environment

- As the world resumes economic activity at the same time, negative factors such as disruptions in logistics and increased costs due to high oil prices stand out.

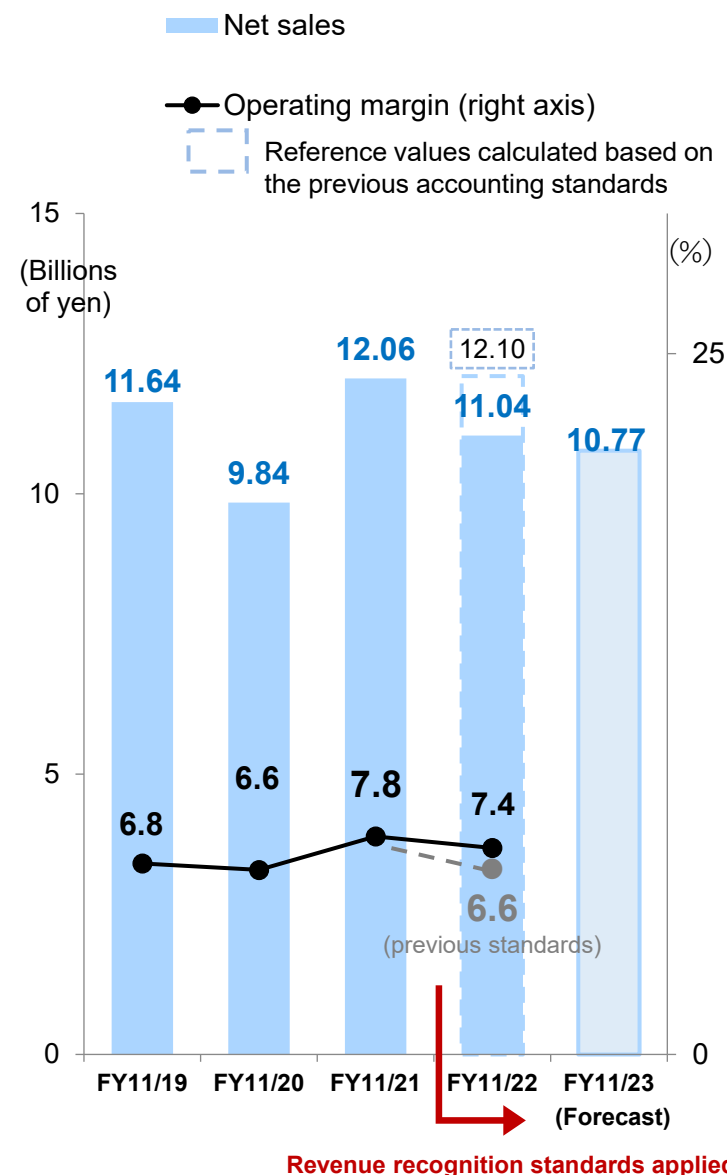
### ● OOC

- Profit margins of products for coatings, inks, and adhesives remain have declined due to soaring raw material and fuel prices.
- Increased raw material costs due to the sharp rise in crude oil prices are passed on to product prices.
- Activities aimed at expanding the lineup of products derived from natural ingredients.

### ● Market risk

- Crude oil prices remain high.
- Higher cost of raw materials derived from natural resources.
- Economic trends due to the COVID-19 crisis.

## Trend graph





## FY11/23 forecast

Net sales **¥16.3 billion** **+7.2%** (vs. FY11/22)

### ● Operating environment

- A negative YoY growth of about 4%, the first negative growth in the last four years since 2019, is forecasted for the semiconductor market in 2023.
- Progress is continuing, mainly in Taiwan and South Korea, with the practical use of state-of-the-art EUV lithography.
- Mainly due to the effect of the ongoing global inflation and the prolonged Russian invasion of Ukraine, demand for electronic equipment for individuals is weak.

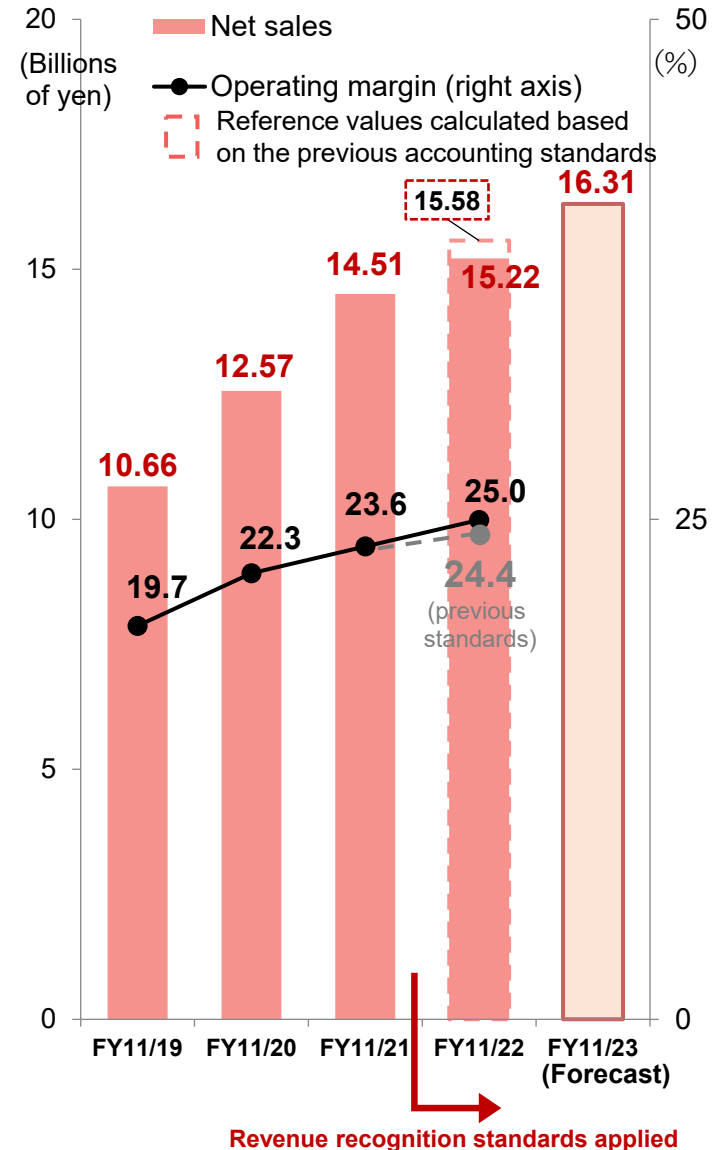
### ● OOC

- Sales of EUV materials remained strong despite the challenging conditions in the semiconductor market as a whole, 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.

## Trend graph



## FY11/23 forecast

Net sales **¥6.4 billion** +7.4% (vs. FY11/22)

### ● Operating environment

- The Chinese cosmetics market is expanding, despite the COVID-19 crisis.
- Japan's cosmetics markets are also gradually recovering.

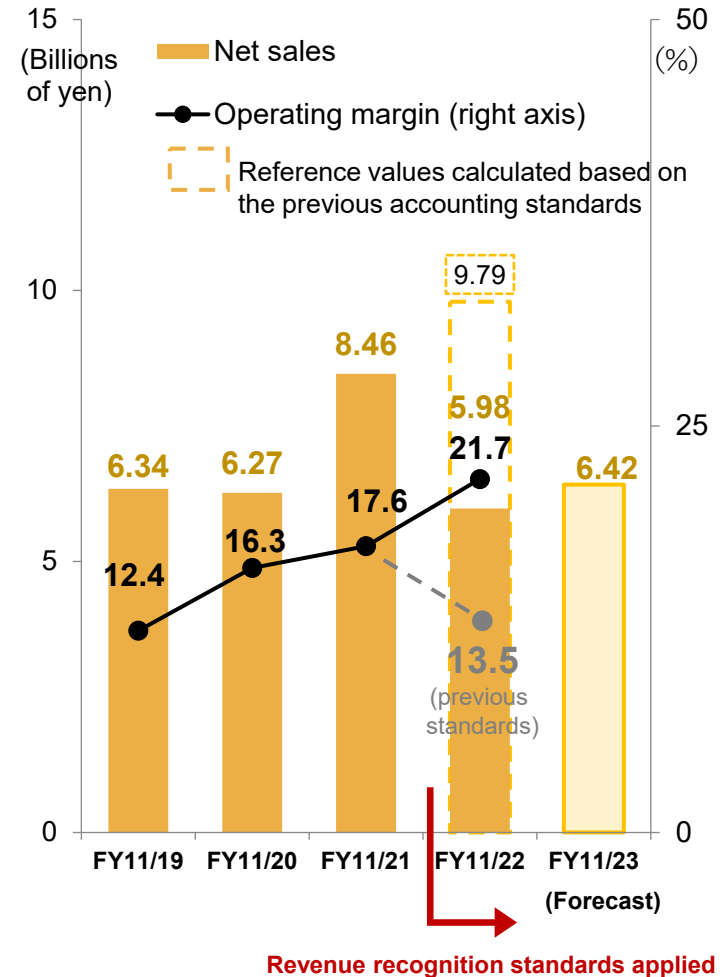
### ● OOC

- Higher sales in China and other countries of cosmetics materials that have ideal properties (such as moisture retaining) for facial masks for skin care.
- Focus on the stable supply and application development of super-hydrophilic substances and semiconductor solvents.
- Promote sales in overseas markets.
- Promote the application development for specialty solvents.

### ● Market risk

- Stagnant recovery in demand for cosmetics due to the spread of COVID-19 (omicron variant).

## Trend graph



◆ FY11/22 Financial Summary

◆ FY11/23 Forecast

◆ **Medium-term Business Plan**

◆ Topics

Medium-to Long-term Business Plan

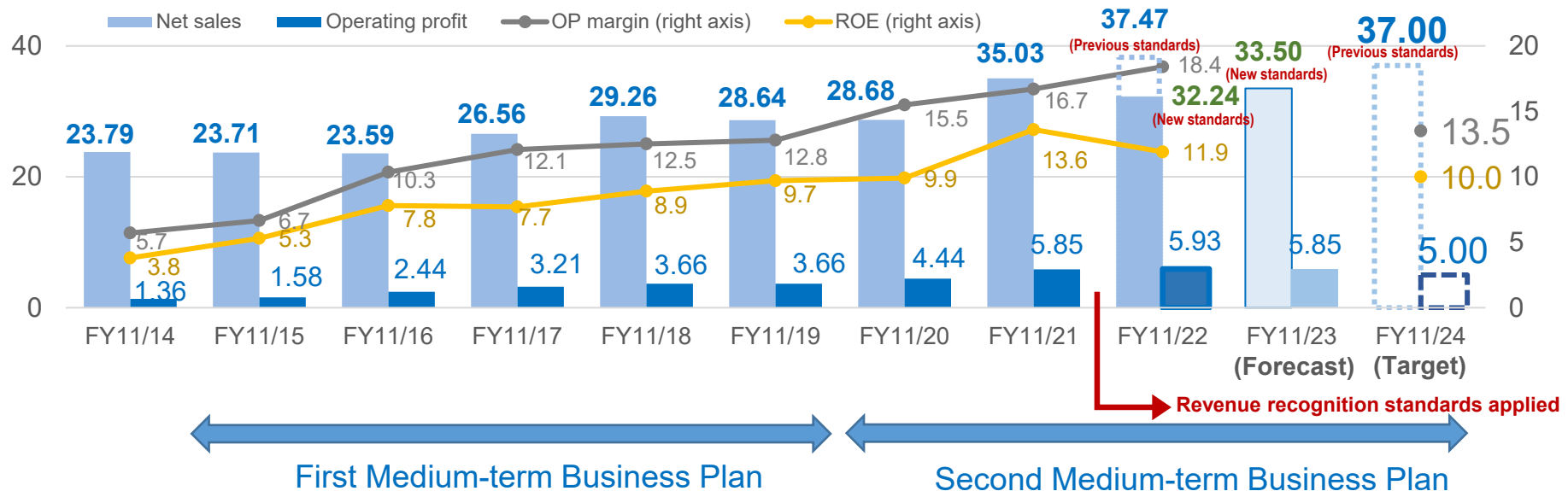
Second MTBP: FY11/20 - FY11/24

# Next Stage 10

In almost the same time as the launch of the Second Medium-Term Business Plan, the spread of COVID-19 began, bringing economic activities to a halt worldwide. Our business performance was favorable, supported by an increase in demand, particularly for electronic materials.

As of FY11/21, the operating profit, the operating margin and ROE met the targets for FY11/24. However, in light of the recent increase in crude oil prices, the yen's depreciation and a significant rise in geopolitical risks, we are putting the plan revision on hold for the time being.

We will continue to steadily optimize our portfolio and strive to provide more products that can contribute to society.



# Next Medium-to Long-term Business Plan

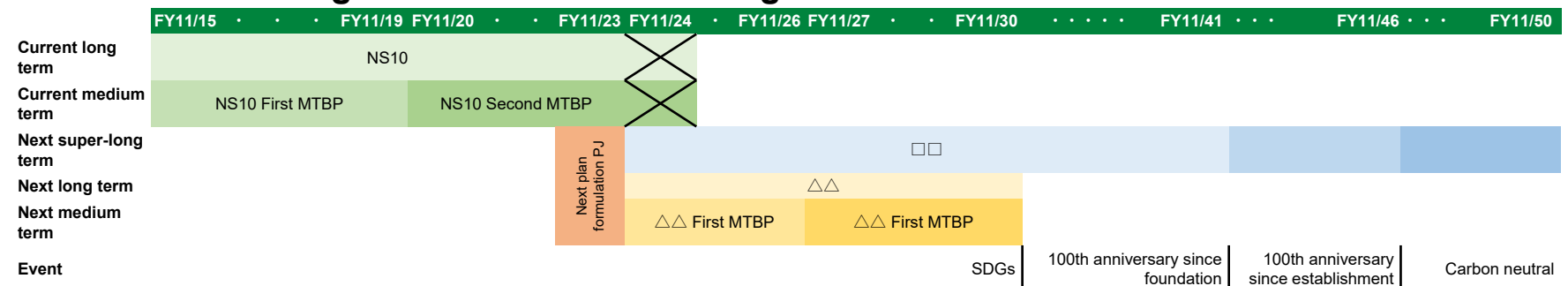
We have already revised the targets of the current Medium-to Long-term Business Plan, which has been in operation since FY11/15, upward twice. In addition, the values of KPIs have changed significantly as a result of the application of the Accounting Standard for Revenue Recognition since FY11/22.

Given this situation, we have started the “Next Medium-to Long-term Business Plan Formulation Project” on December 1, 2022 in order to terminate the current Second Medium-to Long-term Business Plan one year ahead of schedule and start the operation of a new Medium-to Long-term Business Plan from FY11/24.

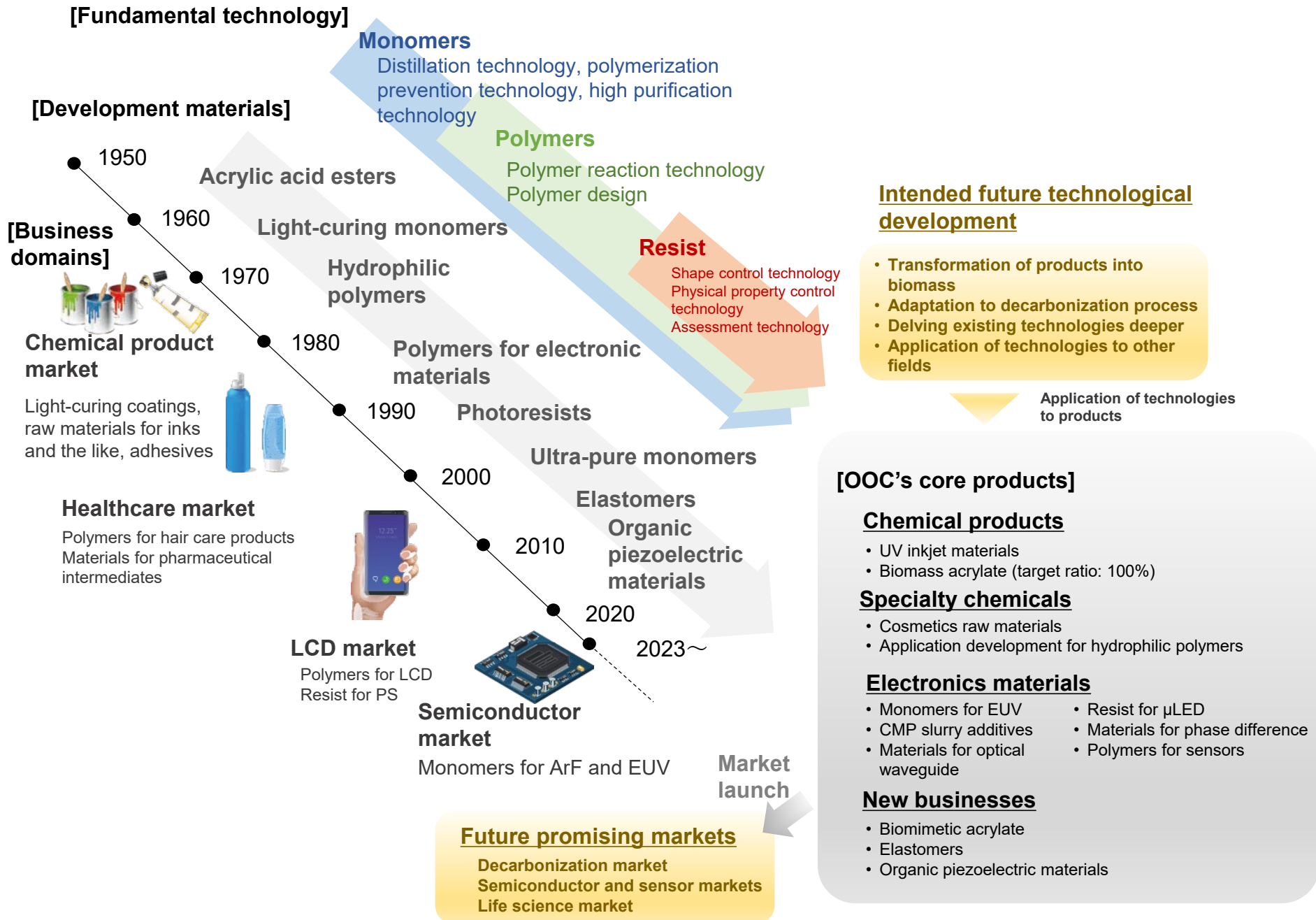
## History of target revisions for the current business plan (Next Stage 10)

	Initial target (Published in Jan. 2015)	Revised target (Published in Jan. 2018)	2nd MTBP target (Published in Jan. 2019)
<b>Net sales</b> (new accounting standards)	—	—	—
<b>Net sales</b> (previous accounting standards)	¥30.0 billion or more	¥35.0 billion or more	¥37.0 billion or more
<b>Operating profit</b>	¥3.0 billion yen or more	¥3.5 billion or more	¥5.0 billion or more
<b>OP margin</b>	10% or above	10% or above	13.5% or above
<b>ROE</b>	—	—	10% or above

## Schedule concerning the next Medium-to Long-term Business Plan

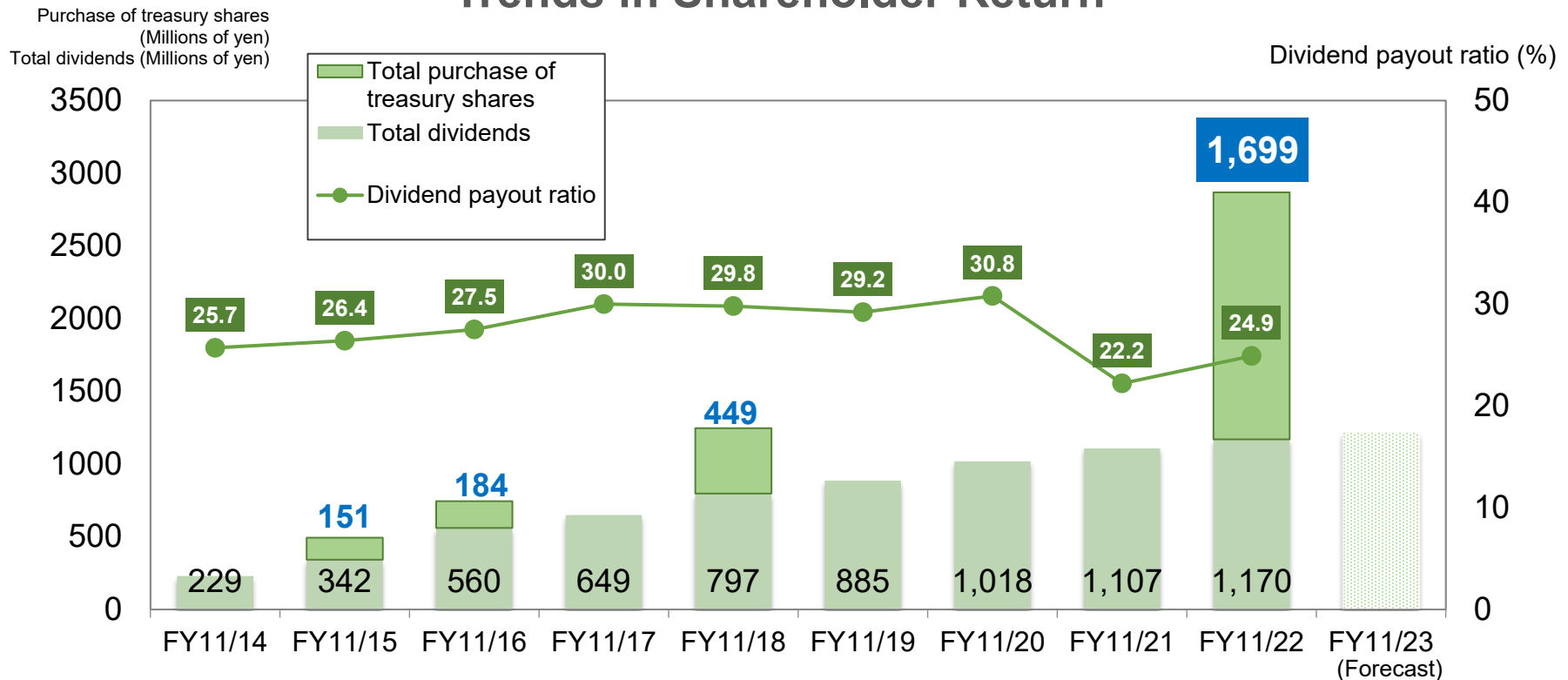


# Optimization of Business Portfolio



- ◆ Our goal is to pay a stable and consistent dividend with a 30% payout ratio as the guideline while preserving financial soundness.
- ◆ We aim to increase shareholder distributions, including by repurchasing stock (treasury shares), in order to achieve a total return of 50%.

## Trends in Shareholder Return



Annual dividends (yen)	10	15	25	29	36	40	46	50	54	<b>56</b>
Total shareholder return ratio (%)	25.7	37.9	36.4	30.0	46.5	29.2	30.8	22.2	60.7	

◆ FY11/22 Financial Summary

◆ FY11/23 Forecast

◆ Medium-term Business Plan

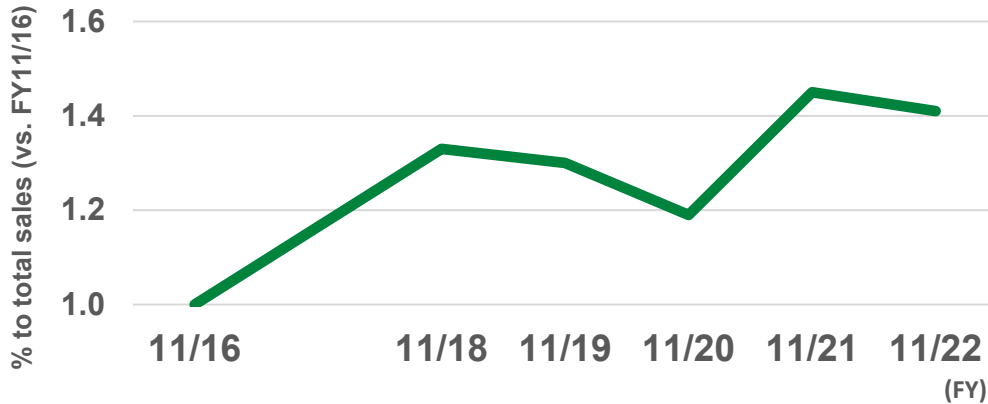
◆ **Topics**



# Establishment of Korea Office

In order to expand and strengthen its business, OOC opened a liaison office as a base for market research and information gathering in the Republic of Korea.

Trends in Sales to South Korea



OSAKA ORGANIC CHEMICAL INDUSTRY LTD.  
Korea Office

1401-10, 99, Digital-ro 9-gil, Geumcheon-gu, Seoul, Korea  
(Gasan-dong, Star-Valley)

Start of operation: October 3, 2022

	Chemical products	Electronics materials	Specialty chemicals
Main use of products	<b>Automotive coatings</b> <b>Adhesives</b>	<b>Semiconductors</b> <b>Display panels</b>	<b>Cosmetics</b>

<Precautions for outlooks>

- 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, Prime Market: 4187**