

Translation

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October 6, 2023

Presentation Materials for Financial Results for the Third Quarter of the Fiscal Year Ending November 30, 2023

(December 1, 2022 - August 31, 2023)

Our products are invisible, but used around you.



OSAKA ORGANIC CHEMICAL INDUSTRY LTD.

Operating environment

The economy is on a moderate recovery trend in line with the transition to after covid-19. However, the outlook remains uncertain due to the possibility of an economic downturn overseas, including in Europe, the United States, and China, as well as the persistently high prices of raw materials and energy.

Net sales

Sales in the Chemicals and Electronic Materials segment decreased due to sluggish demand for displays, semiconductors, and other products. As a result, net sales decreased 10.5% year on year to ¥21.754 billion.

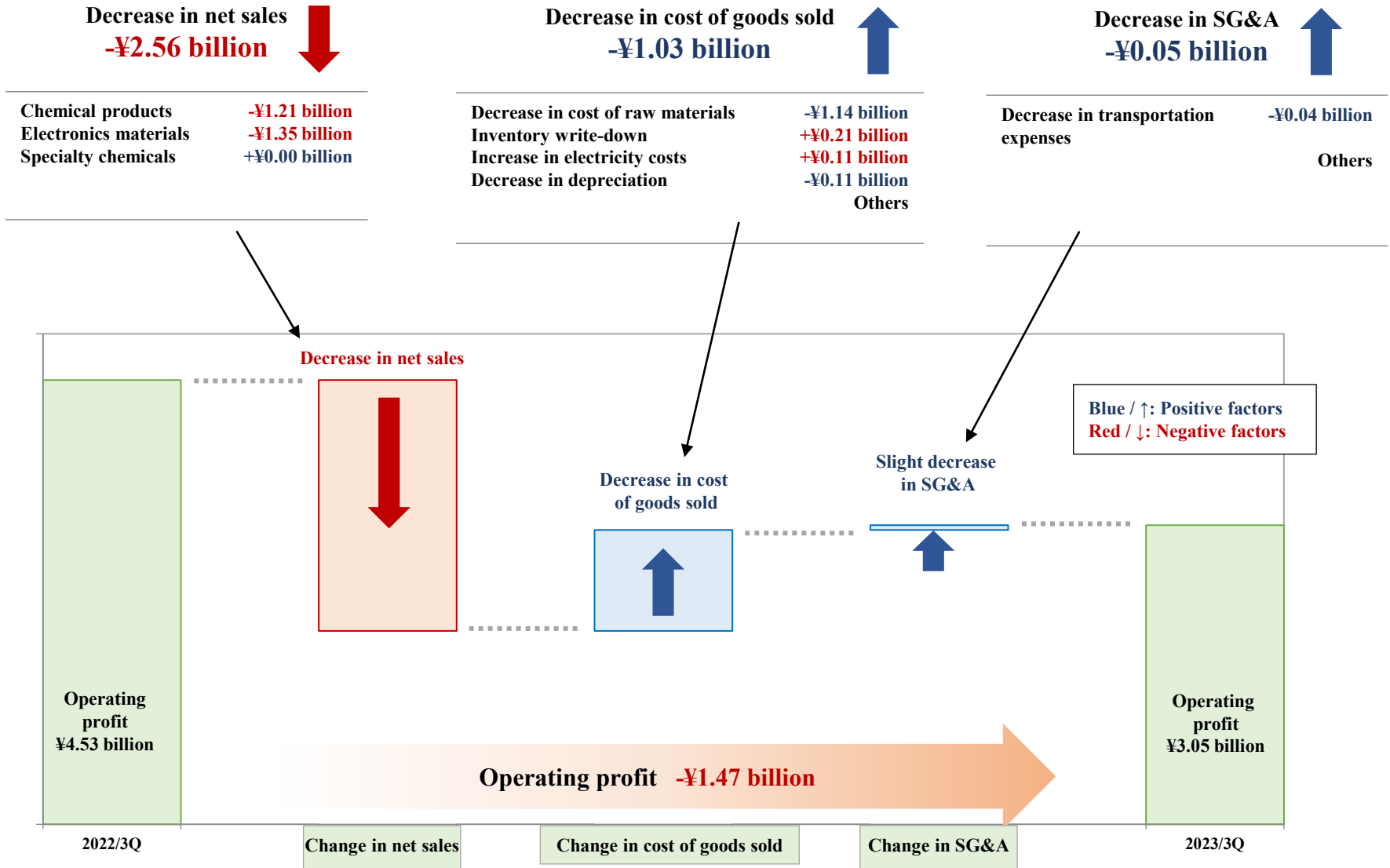
Operating profit

Operating profit was ¥3.056 billion (down 32.5% from the same period last year) due to the impact of decreased sales and soaring raw material and fuel prices.

(million yen)

	3Q FY11/22 results	3Q FY11/23 results	YoY change		Progress rate	
			Amount	%	FY11/23 Forecast	3Q Progress rate
Net sales	24,317	21,754	△2,562	△10.5%	29,000	75.0%
Operating profit	4,531	3,056	△1,474	△32.5%	3,800	80.4%
Ordinary profit	4,921	3,298	△1,622	△33.0%	4,000	82.5%
Profit attributable to owners of parent	3,417	2,682	△734	△21.5%	2,800	95.8%
Price of naphtha in Japan (Yen/KL)	77,400	66,000	—	—	—	—
Exchange rate (Yen/USD)	125	137	—	—	—	—

Operating profit decreased by ¥1.47 billion from the same quarter of the previous fiscal year due to a decrease in sales in the Chemicals and Electronic Materials segment and an increase in electricity costs.



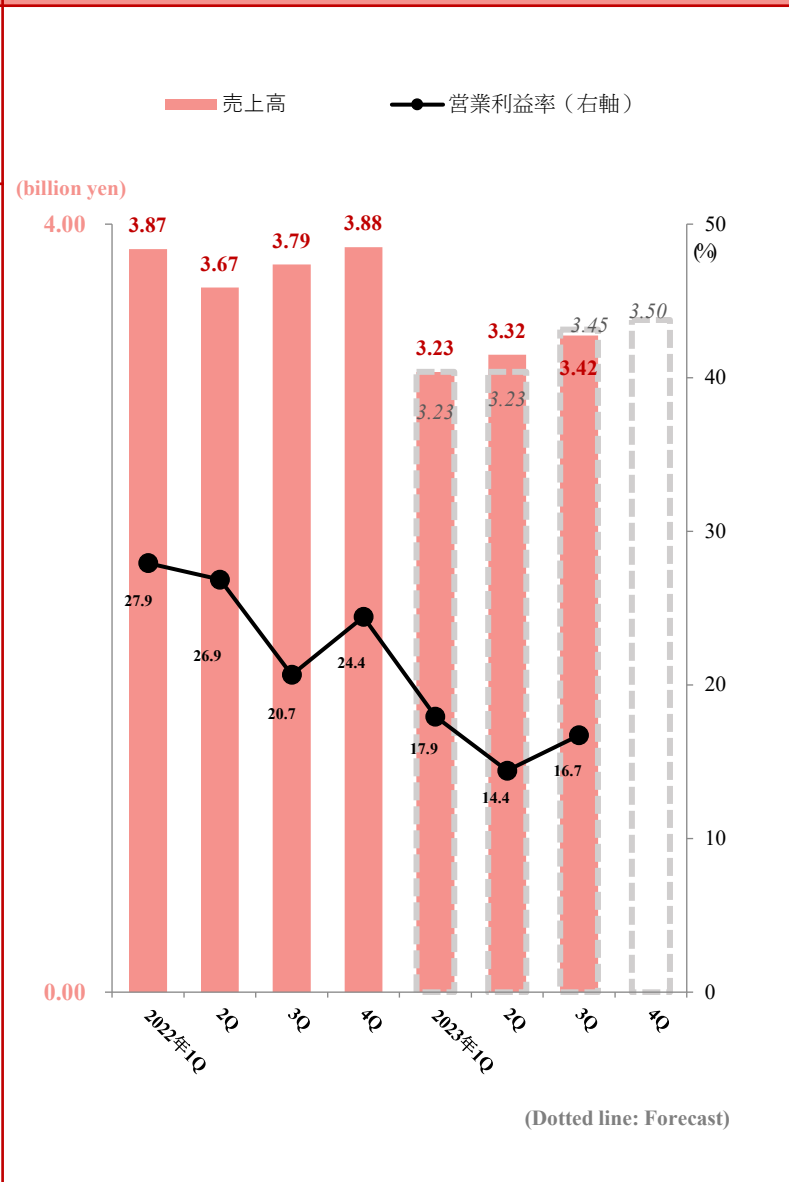
■ Chemical products

3Q Net sales	FY11/23 Full-year forecast	Progress ratio vs. full-year forecast	Net sales / operating margin																											
<p>¥7.28 bn</p>	<p>¥9.47 bn</p>	<p>76.9%</p>	<div data-bbox="1205 334 1605 362"> <p>■ 売上高 ● 営業利益率（右軸）</p> </div> <div data-bbox="1136 415 1875 1353"> <p>(billion yen)</p> <table border="1"> <caption>Net Sales / Operating Margin Data</caption> <thead> <tr> <th>Quarter</th> <th>Net Sales (billion yen)</th> <th>Operating Margin (%)</th> </tr> </thead> <tbody> <tr> <td>2022年1Q</td> <td>2.83</td> <td>9.1</td> </tr> <tr> <td>2Q</td> <td>2.81</td> <td>10.6</td> </tr> <tr> <td>3Q</td> <td>2.85</td> <td>2.9</td> </tr> <tr> <td>4Q</td> <td>2.53</td> <td>6.9</td> </tr> <tr> <td>2023年1Q</td> <td>2.11</td> <td>6.4</td> </tr> <tr> <td>2Q</td> <td>2.46</td> <td>7.5</td> </tr> <tr> <td>3Q</td> <td>2.70</td> <td>11.9</td> </tr> <tr> <td>4Q (Forecast)</td> <td>2.70</td> <td>-</td> </tr> </tbody> </table> <p>(Dotted line: Forecast)</p> </div>	Quarter	Net Sales (billion yen)	Operating Margin (%)	2022年1Q	2.83	9.1	2Q	2.81	10.6	3Q	2.85	2.9	4Q	2.53	6.9	2023年1Q	2.11	6.4	2Q	2.46	7.5	3Q	2.70	11.9	4Q (Forecast)	2.70	-
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<p>● Operating environment</p> <ul style="list-style-type: none"> Automobile production is on a recovery trend. Inventory adjustments continued in TV and other display-related products, The price is also in the direction of gradual recovery. <p>● OOC</p> <ul style="list-style-type: none"> Sales for automotive coatings were solid. Sales of adhesives for displays gradually recovered. Sales of materials for UV inkjet inks were sluggish. <p>● Market risks</p> <ul style="list-style-type: none"> Crude oil prices remain high. Higher cost of raw materials derived from natural resources. Sudden foreign exchange movements. 																														

3Q Net sales	FY11/23 Full-year forecast	Progress ratio vs. full-year forecast
¥9.98 bn	¥13.41 bn	74.4%

Net sales / operating margin

- Operating environment
 - Deterioration in market conditions in the semiconductor market materialized, and there are signs that recovery will lag behind initial expectations.
 - Progress is continuing with the practical use of state-of-the-art EUV lithography.
 - The display market is on a recovery trend.
- OOC
 - Sales of mainstay raw materials for ArF resists were sluggish due to weak demand in the end-market.
 - Despite a recovery trend, the display materials group decreased year on year.
 - Sales of EUV materials continued to be healthy.
- Market risks
 - Escalation of the U.S.-China economic confrontation.
 - Delay in recovery of the semiconductor market.



Specialty chemicals

3Q Net sales	FY11/23 Full-year forecast	Progress ratio vs. full-year forecast	Net sales / operating margin
¥4.47 bn	¥6.10 bn	73.4%	

Operating environment

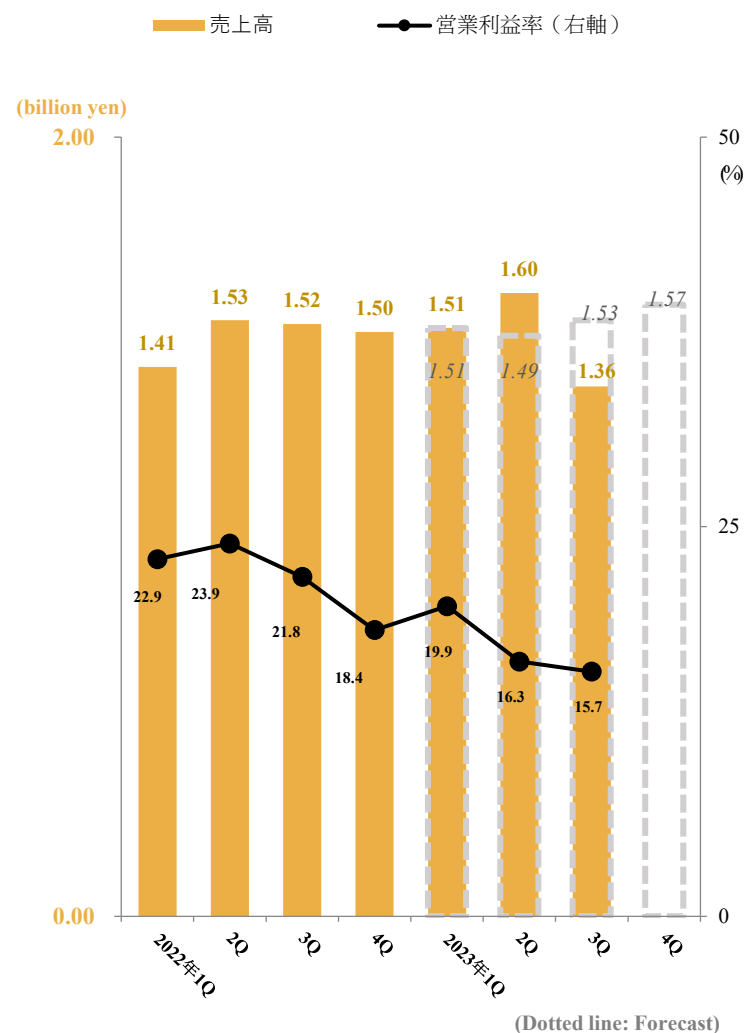
- China's cosmetics market is gradually recovering after the coronavirus subsides.
- The domestic cosmetics market is also recovering, mainly in skincare products.

OOC

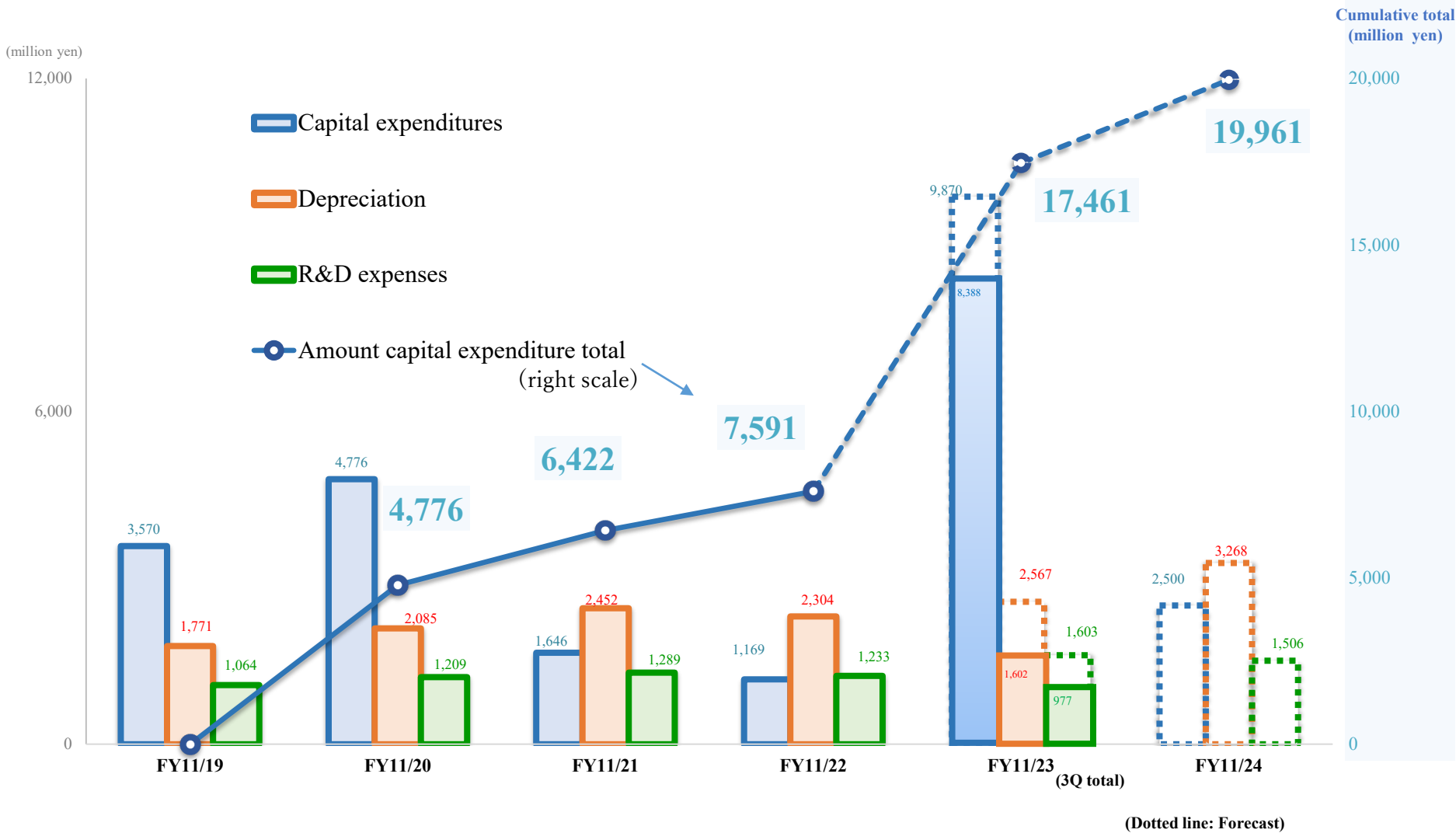
- Raw materials for cosmetics recorded strong sales abroad.
- In the functional materials group, sales decreased due to a decrease in sales of contracted products. In particular, there was a significant drop in 3Q due to the timing of spot shipments.
- Sales of specialty solvents produced by a subsidiary remained solid.

Market risks

- The exacerbation of the Japanese product boycott campaign by China.



In the medium-term management plan, we are planning a cumulative total of approximately 20 billion yen in capital investment from fiscal 2020 to fiscal 2024.



<Precautions for outlooks>

- The forecasts in this presentation are current estimates and are based on judgments derived from information available to date.
- Accordingly, actual results of operations may differ significantly from these forecasts due to various factors and risks, and Osaka Organic Chemical Industry makes no guarantee whatsoever regarding these forecasts.

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We lead the world with specialty acrylates

OSAKA ORGANIC CHEMICAL INDUSTRY LTD.