

(English Translation)

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In the event of any discrepancy, the Japanese version prevail.

1H FY11/24

July 11, 2024

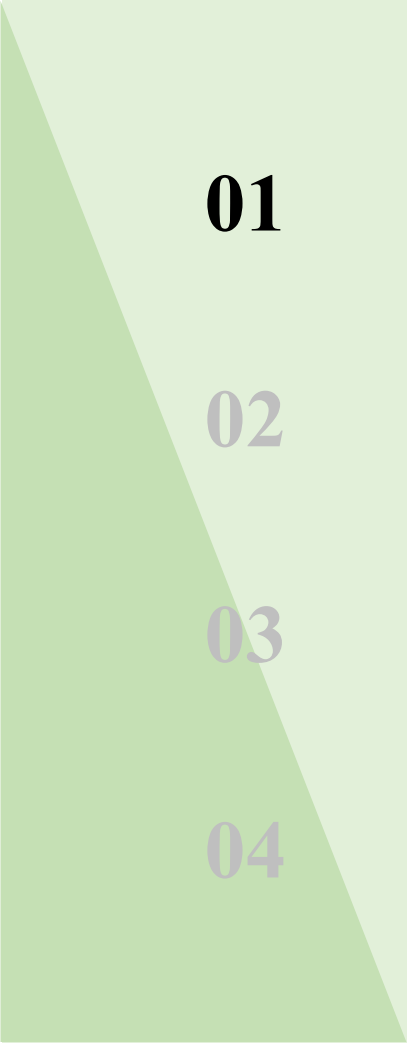
Presentation Materials for Financial Results for the First Half of the Fiscal Year Ending November 30, 2024

Our products are invisible, but used around you.



OSAKA ORGANIC CHEMICAL INDUSTRY LTD.

Tokyo Stock Exchange, Prime Market: 4187

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Operating environment

While the employment and income situation has improved and a gradual recovery has been seen, the outlook remains uncertain due to global monetary tightening and concerns about the outlook for the Chinese economy, as well as the impacts of overseas economies, the yen's depreciation and price increases.

Net sales

Sales of chemical products increased significantly, and sales of electronic materials increased slightly. On the other hand, sales of functional chemicals declined. As a result, net sales increased 7.5% year on year to 15,338 million yen.

Operating profit

Depreciation and amortization expenses increased for the semiconductor materials manufacturing facilities completed last year, and operating profit decreased 4.1% year on year to 1,859 million yen.

(Millions of yen)

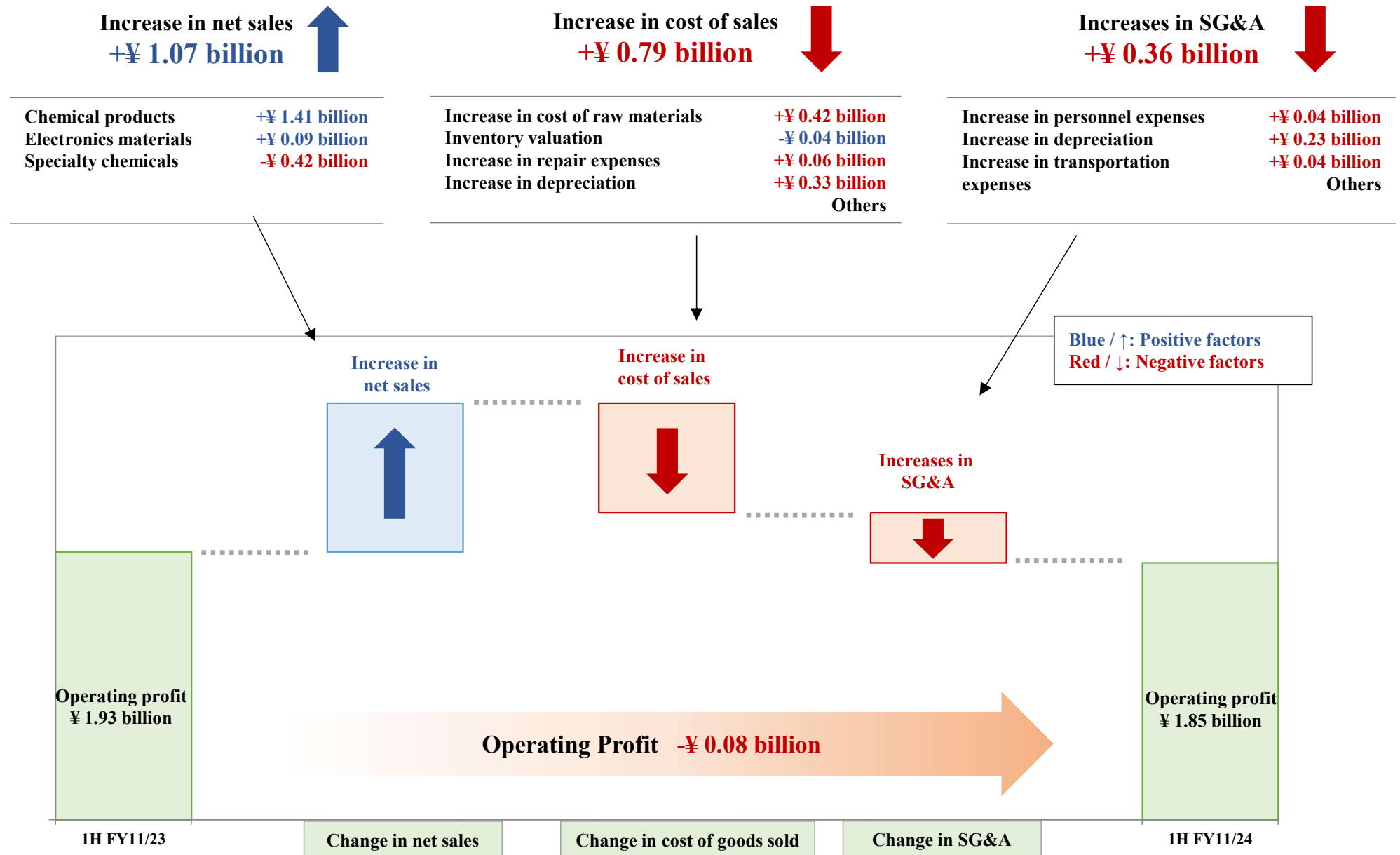
	1H FY11/23 results	1H FY11/24 forecast (Revised June 26th)	1H FY11/24 results	YoY change	
				Amount	%
Net sales	14,262	15,300	15,338	+1,075	+7.5%
Operating profit	1,939	1,850	1,859	-79	-4.1%
Ordinary profit	2,074	1,950	1,988	-85	-4.1%
Profit attributable to owners of parent	1,606	2,000	2,020	+413	+25.8%
Price of naphtha in Japan (Yen/KL) (Our estimated value)	66,750	* 70,000	75,750	—	—
Exchange rate (Yen/USD)	134	* 145	150	—	—

*; initial assumptions

Factors Affecting Operating Profit

4

Although sales of chemical products increased substantially, an increase in depreciation expenses had a significant impact, resulting in a ¥ 0.08 billion decrease in operating profit.



Chemical products

Sales for automotive coatings decreased, but sales for display adhesives and UV inkjet inks increased significantly, resulting in a significant year-on-year increase in both sales and operating profit.

Electronics materials

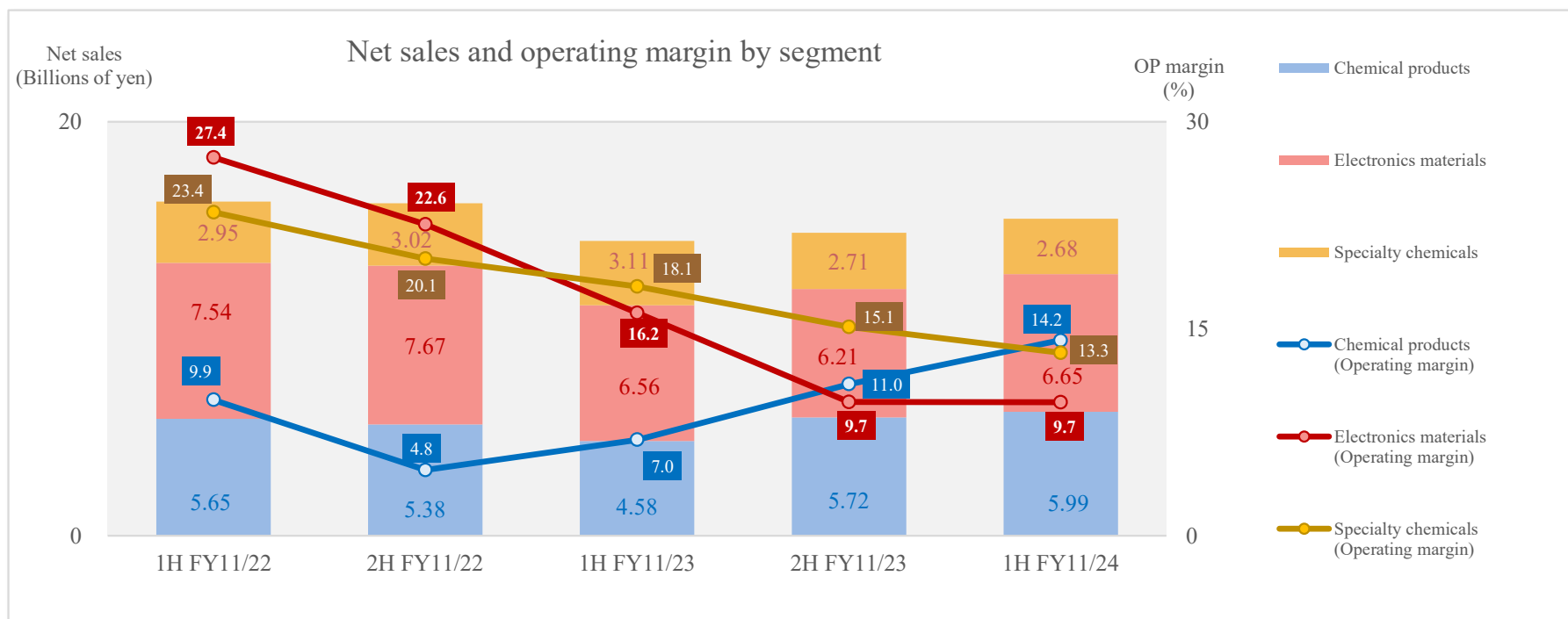
Sales of semiconductor materials declined compared with the previous fiscal year, despite signs of recovery due to prolonged inventory adjustments. Sales of display materials for insulating films for touch panels increased. Higher depreciation and amortization resulted in higher sales and lower profits compared with the previous fiscal year.

Specialty chemicals

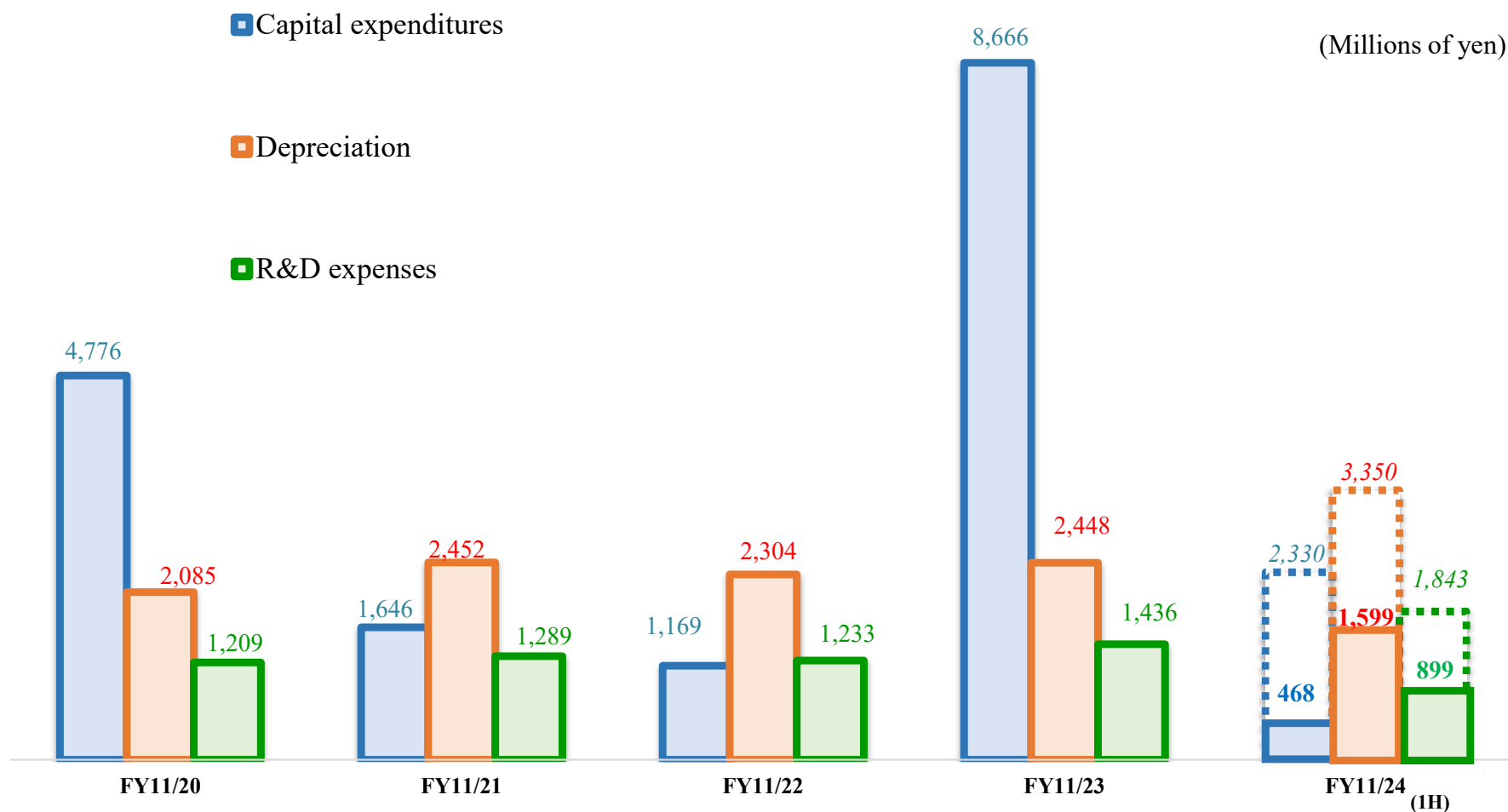
Sales of cosmetic raw materials remained firm overseas. In performance materials, sales of consignment products decreased. Sales of high-purity specialty solvents at subsidiaries decreased. Sales and profits decrease compared with the previous fiscal year.

(billion yen)

	Chemical products	Electronics materials	Specialty chemicals
Net sales	5.99 (YoY: +30.8%)	6.65 (YoY: +1.4%)	2.68 (YoY: -13.8%)
Operating profit	0.84 (YoY: +166.2%)	0.64 (YoY: -39.3%)	0.35 (YoY: -36.7%)



Capital expenditures totaled ¥8.66 billion in 2023, which included the expansion of semiconductor materials manufacturing facilities. As a result, depreciation and amortization expenses increased significantly in 2024. R&D expenses also increased due to an increase in depreciation expenses for semiconductor materials testing and research facilities.



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On June 26, 2024, we revised our earnings forecasts and forecast net sales and operating profit for the fiscal year ending November 2024 to be ¥32 billion and ¥4.2 billion, respectively.

Sales reached 47.9% of the forecast and operating income 44.3% of the forecast for the first half of the fiscal year.

However, performance is generally favorable as a recovery in semiconductor materials is anticipated in the second half of the fiscal year.

(Millions of yen)						
	FY11/23 results	FY11/24 forecast (revised on Jun 26)	YoY change		1H FY11/24 results	1H Progress ratio
			Amount	%		
Net sales	28,907	32,000	+3,093	+10.7%	15,338	47.9%
Operating profit	3,577	4,200	+623	+17.4%	1,859	44.3%
Ordinary profit	3,877	4,400	+523	+13.5%	1,988	45.2%
Profit attributable to owners of parent	3,270	3,700	+430	+13.1%	2,020	54.6%
Price of naphtha in Japan (Yen/KL) (Our estimated value)	68,150	*70,000	—	—	75,750	—
Exchange rate (Yen/USD)	140	*145	—	—	150	—

* ; initial assumptions

1H FY11/24 Net sales	FY11/24 Full-year forecast (revised on Jun 26)	Progress rate vs. Full-year forecast	Net sales / Operating margin
¥ 5.99 bn	¥ 12.00 bn	49.9 %	<p> ■ Net sales ● Operating margin(right axis) </p> <p>(Billions of yen)</p> <p>(%)</p> <p>(Dotted line: Forecast)</p>
<p>● Operating environment</p> <ul style="list-style-type: none"> Automotive production has continued to recover but has stalled somewhat this year. In display-related products, sales for large-scale TVs and automotive applications were firm. The UV inkjet market also remained strong. <p>● OOC</p> <ul style="list-style-type: none"> Sales to overseas markets such as China grew. Profit margins have also improved significantly through product consolidation and discontinuation. Sales for automotive coatings applications decreased. Sales for display adhesives increased significantly. Sales of materials for UV inkjet inks also increased compared to the previous year. Biomass acrylate also grew steadily. <p>● Market risks</p> <ul style="list-style-type: none"> Crude oil prices remain high. Higher cost of raw materials derived from natural resources. 			

1H FY11/24 Net sales	FY11/24 Full-year forecast (revised on Jun 26)	Progress rate vs. Full-year forecast	Net sales / Operating margin																					
¥ 6.65 bn	¥ 14.70 bn	45.2 %	<div><div><div>Net sales</div><div>Operating margin(right axis)</div></div><div><div>(Billions of yen)</div><div>(%)</div></div><table><thead><tr><th>Period</th><th>Net sales (Billions of yen)</th><th>Operating margin (%)</th></tr></thead><tbody><tr><td>1H FY11/22</td><td>7.54</td><td>27.4</td></tr><tr><td>2H FY11/22</td><td>7.67</td><td>22.6</td></tr><tr><td>1H FY11/23</td><td>6.56</td><td>16.2</td></tr><tr><td>2H FY11/23</td><td>6.21</td><td>9.7</td></tr><tr><td>1H FY11/24</td><td>6.65</td><td>9.7</td></tr><tr><td>2H FY11/24</td><td>8.05</td><td>8.05</td></tr></tbody></table><div>(Dotted line: Forecast)</div></div> <div><div>● Operating environment</div><div><div>The semiconductor market is showing a recovery trend.</div><div>Progress is continuing with the practical use of state-of-the-art EUV lithography.</div><div>In display-related products, sales for large-scale TVs and automotive applications were firm.</div><div>The PC and smartphone markets were stagnant.</div></div><div>● OOC</div><div><div>Semiconductor materials showed signs of recovery, but were negative year-on-year.</div><div>Materials for EUV applications increased steadily in the first half.</div><div>In the display materials group, sales for insulating films for touch panels increased.</div></div><div>● Market risks</div><div><div>Escalation of the U.S.-China economic confrontation.</div></div></div>	Period	Net sales (Billions of yen)	Operating margin (%)	1H FY11/22	7.54	27.4	2H FY11/22	7.67	22.6	1H FY11/23	6.56	16.2	2H FY11/23	6.21	9.7	1H FY11/24	6.65	9.7	2H FY11/24	8.05	8.05
Period	Net sales (Billions of yen)	Operating margin (%)																						
1H FY11/22	7.54	27.4																						
2H FY11/22	7.67	22.6																						
1H FY11/23	6.56	16.2																						
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1H FY11/24	6.65	9.7																						
2H FY11/24	8.05	8.05																						

1H FY11/24 Net sales	FY11/24 Full-year forecast (revised on Jun 26)	Progress rate vs. Full-year forecast	Net sales / Operating margin
¥ 2.68 bn	¥ 5.30 bn	50.7 %	<p> Net sales Operating margin(right axis) </p> <p> (Billions of yen) 4.0 0.0 </p> <p> (%) 50 25 0 </p> <p> 2.95 3.02 3.11 2.71 2.68 2.65 23.4 20.1 18.1 15.1 13.3 13.3 </p> <p> 1H FY11/22 2H FY11/22 1H FY11/23 2H FY11/23 1H FY11/24 2H FY11/24 </p> <p>(Dotted line: Forecast)</p>
<p>● Operating environment</p> <ul style="list-style-type: none"> Domestic inbound tourists also recovered, and the cosmetics market was solid. Economic conditions in Southeast Asia were generally firm. In China, the economy has stagnated. The cosmetics market in Europe and the U.S. also grew slowly. <p>● OOC</p> <ul style="list-style-type: none"> Raw materials for cosmetics recorded strong sales abroad. In the Functional Materials Group, sales of consignment products decreased. Sales of high-purity specialty solvents produced by a subsidiary declined. <p>● Market risks</p> <ul style="list-style-type: none"> Increasing presence of new manufacturers in the Chinese market. 			

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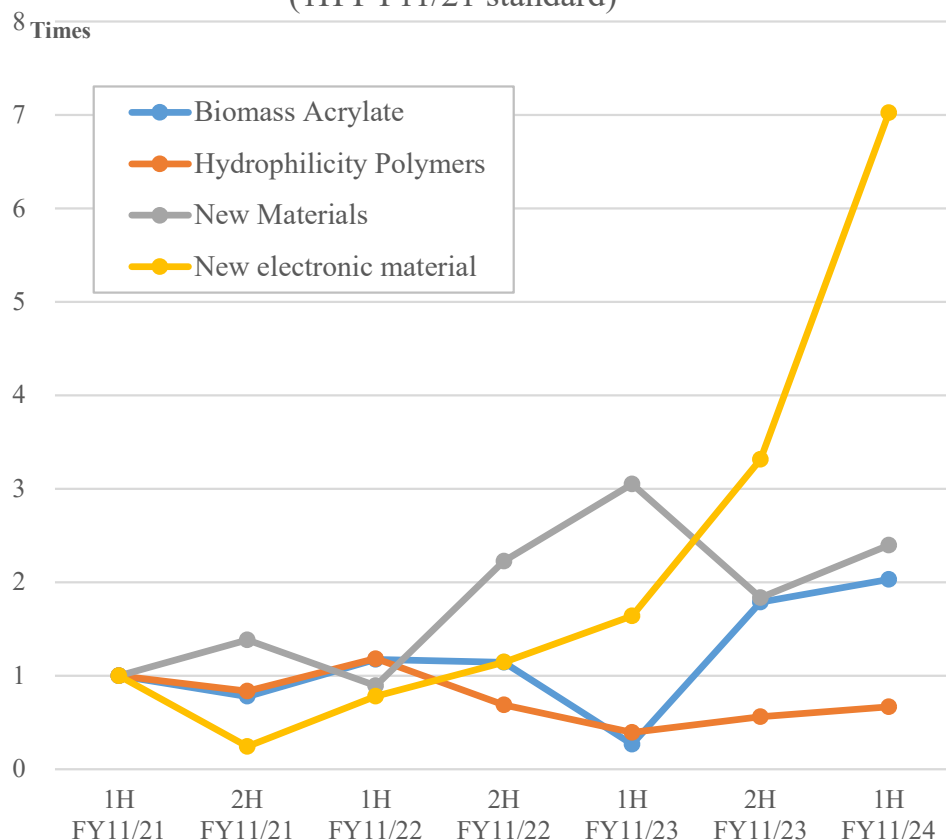
As a basic strategy of P&D 2030, we are focusing on expanding our product lineup in priority areas.

The number of new electronic materials-related products that utilize technologies cultivated in display materials is increasing, and sales have increased more than seven-fold compared with the first half of 2021.

In addition, new materials such as specialty acrylates (biomass acrylates) using plant-derived raw materials (non-petrochemical raw materials) and elastomers and organic piezoelectric materials are also gradually increasing, but net sales are also increasing, more than doubling compared to the standards for the first half of 2021.

In addition, we are focusing on expanding applications and expanding sales of hydrophilic polymers, which are useful in preventing clouding and fouling.

Increase sales of products in priority areas
(1H FY11/21 standard)



[Products and Features in Priority Areas]

In priority areas Product group	Features, etc.
Biomass Acrylate	Special acrylates made from plant-based ingredients (non-petrochemical ingredients). Contribute to Reduction of Environmental Impact
Hydrophilicity Polymers	Taking advantage of the characteristics that make it difficult to cloud and dirty, it is being deployed to prevent clouding of eyeglasses and security cameras.
New Materials	New materials that make use of our technology. Aim to enter new markets with elastomers and organic piezoelectric materials.
New electronic material	Develop technologies cultivated in display materials into peripheral fields.

Under the basic strategy of the Medium-Term Management Plan (P&D2030), we are focusing on expanding sales to Asia and the United States under the policy of "strengthening our overseas strategy."

[Chinese market]

We are expanding sales mainly at Osaka Organic Chemical(Shanghai) Trading Ltd., and sales to China in the first half of 2024 increased 4.6 times compared to the first half of 2019.

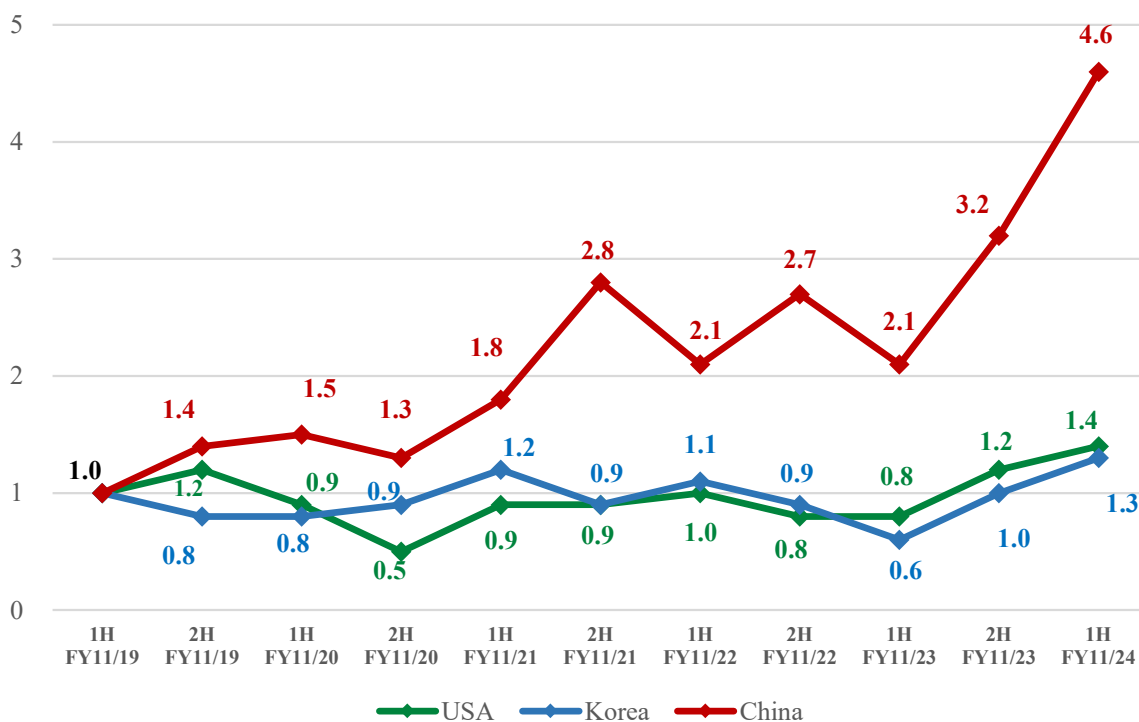
[Korea]

In 2022, we established a liaison office in Korea and have been conducting market research, etc. As demand is expected to increase in the future, especially for electronic materials, we will establish a local subsidiary in August (planned) and strengthen our sales structure.

[USA]

In the U.S. also, we plan to upgrade our bases to strengthen sales expansion.

Increase in overseas sales (vs. 1H FY11/19)



Korean subsidiary

Company name: Osaka Organic Chemical Industry Korea Ltd.

Location: Seoul, South Korea

Representative: Motomi Ogasahara

Established: August 2024 (planned)

Business: Trade and sales of organic chemicals-related products, etc.

Capital: 800,000,000 won

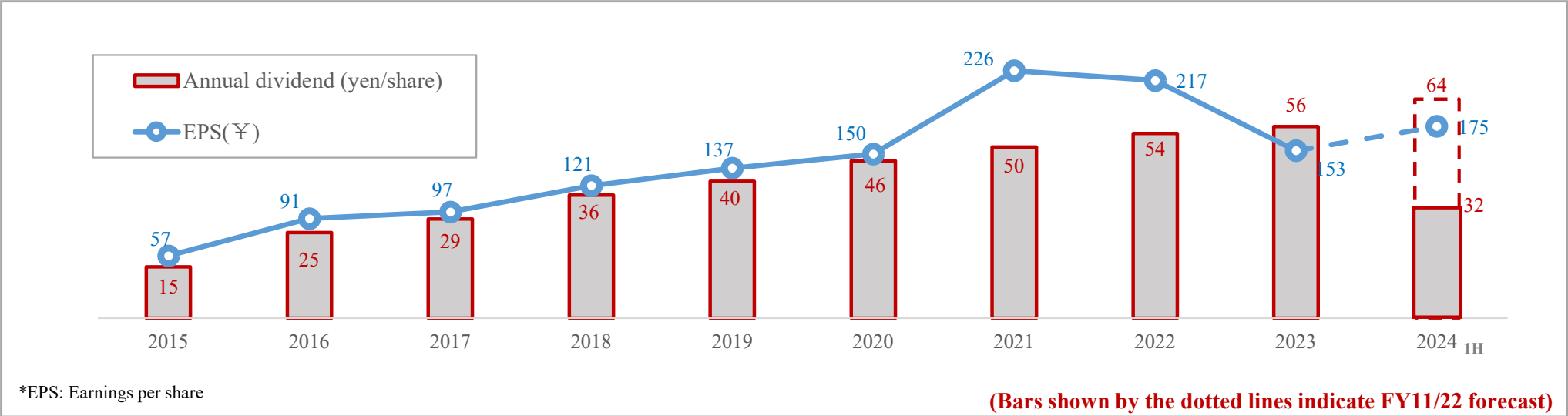
Investment ratio: 100% owned by our company



Until now, we have raised profitability by steadily advancing measures in the medium-term management plan. Although indicators temporarily deteriorated in 2023 due to deterioration in market conditions, mainly for electronic materials, we will steadily implement the basic strategies of the new Medium-Term Management Plan (P&D2030) launched in the fiscal year ended November 2024 with the aim of achieving a leap toward a new stage.

We aim for a dividend payout ratio of 40% and will increase shareholder returns by flexibly acquiring treasury stock.

In the fiscal year ending November 2024, the Company forecasts a dividend of ¥64 per share, consisting of ¥32 per share for the interim and ¥32 per share for the year-end.



Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024 Full-year forecast
PBR	0.55	0.68	1.00	1.02	0.96	1.85	2.09	1.12	1.32	—
OP margin (%)	6.7	10.3	12.1	12.5	12.8	15.5	16.7	18.4	12.4	13.1
ROE(%)	5.3	7.8	7.7	8.9	9.7	9.9	13.6	11.9	7.8	8.4
EPS(¥)	57	91	97	121	137	150	226	217	153	175
Annual dividend (¥/share)	15	25	29	36	40	46	50	54	56	64
Dividend payout ratio (%)	26.4	27.5	30.0	29.8	29.2	30.8	22.2	24.9	36.6	36.6
Total shareholder return ratio (%)	37.9	36.4	30.0	46.5	29.2	30.8	22.2	60.7	54.7	48.1

Total return ratio: Figures in blue are for share buybacks (figures for 2024 are for purchases up to the first half of the fiscal year).

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	(Millions of yen)			(Millions of yen)		
	2023/11	2024/05	Amount			
Assets						
Current assets	27,101	30,616	+3,514	Cash and deposits	+4,104	
Property, plant and equipment	20,443	19,507	(935)	Others	(864)	
Intangible assets	102	79	(23)		Others	
Investments and other assets	6,988	6,889	(99)			
Total assets	54,636	57,092	+2,455			
Liabilities						
Current liabilities	7,098	8,600	+1,502	Machinery, equipment and vehicles, net	(952)	
Non-current liabilities	3,909	3,696	(213)	Others		
Net assets	43,629	44,795	+1,166	Investment securities	(102)	
Total liabilities and net assets	54,636	57,092	+2,455	Others		
				Notes and accounts payable	+802	
				Long-term debt due within one year	(635)	
				Income taxes payable	+575	
				Others		
				Long-term debt	(209)	
				Others		
				Retained earnings	+1,424	
				Treasury shares	(419)	
				Others		

Financial Indicators	As of May 31, 2024
Equity ratio	77.3%
Short-term liquidity ratio	4.1 months
Debt-equity ratio	0.10
Net debt-equity ratio	(0.19)
Interest coverage ratio	1,218 times

Non-operating income and expenses

< Non-operating income >
In non-operating income, foreign exchange gains increased. than previous fiscal year
There was no insurance proceeds received in the previous fiscal year.
<Non-operating expenses>
In the current fiscal year, we made a donation to support victims of the Noto Peninsula Earthquake.

Extraordinary income or losses

< Extraordinary income >
Gain on sales of investment securities increased.

< Extraordinary losses >
There was no significant change compared to the previous fiscal year.

	(Millions of yen)				(Millions of yen)	
	2023/05	2024/05	Amount			
Non-operating income	142	154	+11	→	Foreign exchange gains Insurance income Others	+65 (48)
Non-operating expenses	8	25	+17	→	Donations Others	+20
Extraordinary income	248	815	+566	→	Gain on sales of investment securities Others	+567
Extraordinary losses	0	1	+0			

	(Millions of yen)			(Millions of yen)	
	2023/05	2024/05		[Major factors]	
Cash flows from operating activities	2,020	5,473	→	Profit before income taxes	2,802
				Depreciation	1,589
				Loss (gain) on sales of investment securities.	(815)
				Increase (decrease) in trade payables	772
				Increase (decrease) in consumption taxes payable/ consumption taxes refund payable	932
					Others
Cash flows from investing activities	(990)	460	→	Proceeds from sales of investment securities	1,054
				Purchase of property, plant and equipment	(593)
					Others
Cash flows from financing activities	(2,074)	(1,906)	→	Repayments of long-term borrowings	(1,044)
				Purchase of treasury shares	(427)
				Dividends paid	(595)
					Others
Effect of exchange rate change on cash and cash equivalents	2	77			
Net increase (decrease) in cash and cash equivalents	(1,041)	4,104			
Cash and cash equivalents at end of period	7,022	11,995			

<Caution Regarding Forward-Looking Statements>

The performance forecasts and business plans described in this document are current forecasts and plans based on currently available information. Therefore, actual results may differ significantly due to various factors and risks, and no promises or guarantees are made.

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We lead the world with specialty acrylates

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