



**Consolidated Financial Results for the First Quarter of the
Fiscal Year Ending November 30, 2020 (FY11/20)
(Three Months Ended February 29, 2020)**

[Japanese GAAP]

April 3, 2020

Company name: OSAKA ORGANIC CHEMICAL INDUSTRY LTD.
 Listing: Tokyo Stock Exchange, First Section
 Securities code: 4187 URL: <https://www.ooc.co.jp/>
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Scheduled date of filing of Quarterly Report: April 3, 2020

Scheduled date of dividend payment: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the First Quarter of FY11/20 (December 1, 2019 to February 29, 2020)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended Feb. 29, 2020	6,902	(1.2)	1,119	23.7	1,199	25.5	806	23.2
Three months ended Feb. 28, 2019	6,986	6.3	904	2.8	955	(1.9)	654	(18.6)

Note: Comprehensive income (millions of yen) Three months ended Feb. 29, 2020: 505 (up 8.2%)
 Three months ended Feb. 28, 2019: 467 (down 6.3%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Feb. 29, 2020	36.41	-
Three months ended Feb. 28, 2019	29.56	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of Feb. 29, 2020	42,836	32,561	75.3
As of Nov. 30, 2019	43,848	32,546	73.5

Reference: Shareholders' equity (millions of yen) As of Feb. 29, 2020: 32,237 As of Nov. 30, 2019: 32,233

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Nov. 30, 2019	-	18.00	-	22.00	40.00
Fiscal year ending Nov. 30, 2020	-	-	-	-	-
Fiscal year ending Nov. 30, 2020 (Forecast)	-	20.00	-	20.00	40.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for FY11/20 (December 1, 2019 to November 30, 2020)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	14,561	2.6	1,882	6.7	1,973	8.8	1,341	0.5	60.58
Full year	29,643	3.5	3,700	1.0	3,912	2.0	2,660	(12.4)	120.11

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

Newly added: - Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(4) Number of shares issued (common shares)

1) Number of shares issued at the end of the period (including treasury shares)

As of Feb. 29, 2020:	22,410,038 shares	As of Nov. 30, 2019:	22,410,038 shares
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2) Number of treasury shares at the end of the period

As of Feb. 29, 2020:	262,111 shares	As of Nov. 30, 2019:	262,111 shares
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3) Average number of shares during the period

Three months ended Feb. 29, 2020:	22,147,927 shares	Three months ended Feb. 28, 2019:	22,143,497 shares
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* The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

* Cautionary statement with respect to forward-looking statements and other special items

The above forecasts are based on information available to the Company's management at the time the materials were prepared and include a variety of uncertainties. Actual results may differ from the forecasts due to changes in the business environment and other factors. Please refer to "Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 for items pertaining to the forecasts stated above.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

The Japanese economy continued to recover slowly during the first quarter of the current fiscal year. However, there were signs of weakness, mainly in the manufacturing sector. The outlook for the global economy remains uncertain because of the U.S.-China trade war, slowing economic growth in China and other Asian emerging countries, and the effects of the worldwide expansion of the new coronavirus outbreak.

There were many activities at the Osaka Organic Chemical Industry Group during the first quarter for accomplishing the goals of Next Stage 10, a long-term business plan covering the 10-year period that started with the fiscal year that ended in November 2015. In the chemical products business, we are focusing on improving profitability by concentrating investments on carefully selected categories in order to revitalize the product lineup. Another priority is increasing sales of raw materials for specialty ink for UV inkjet printers as the market for these printers grows worldwide. In the electronics materials business, we are strengthening activities for developing next-generation semiconductor materials to be the market leader in targeted categories and increase sales of new display materials. In the specialty chemicals business, there are measures to develop functional polymers and increase sales of raw materials for cosmetics and of high-purity specialty solvents.

Net sales decreased 1.2% year-on-year to 6,902 million yen, operating profit increased 23.7% to 1,119 million yen, ordinary profit was up 25.5% to 1,199 million yen, and profit attributable to owners of parent increased 23.2% to 806 million yen.

Business segment performance was as follows with segment sales excluding inter-segment sales.

1) Chemical products

Sales of acrylic acid esters decreased due to weak demand for these esters for use in automotive coatings, despite higher sales volume for use in UV inkjet printer ink. Sales of methacrylic esters decreased due to lower sales volume. Earnings were lower because of the decline in sales. As a result, net sales decreased 10.6% year-on-year to 2,624 million yen and segment profit decreased 6.1% to 217 million yen.

2) Electronics materials

Sales of semiconductor materials and display materials increased because of strong demand. Earnings were higher because of strong sales. As a result, net sales increased 7.9% year-on-year to 2,790 million yen and segment profit increased 24.1% to 663 million yen.

3) Specialty chemicals

Sales of cosmetic raw materials and functional materials increased due to higher sales volume. Earnings significantly rose because of an increase in the share of sales from high-margin products. As a result, net sales increased 1.5% year-on-year to 1,487 million yen and segment profit increased 71.8% to 238 million yen.

(2) Explanation of Financial Position

Total assets decreased 1,011 million yen from the end of the previous fiscal year to 42,836 million yen as of the end of the first quarter. This was mainly attributable to a decrease of 787 million yen in cash and deposits, primarily the result of payments for capital expenditure and income taxes, an increase of 391 million yen in property, plant and equipment because of the purchase of manufacturing equipment, and a decrease of 459 million yen in investment securities because of a decline in the valuations of stocks held for the purpose of maintaining sound business relationships.

Total liabilities decreased 1,026 million yen from the end of the previous fiscal year to 10,274 million yen as of the end of the first quarter. This was mainly attributable to a decrease of 237 million yen in notes and accounts payable-trade, and a decrease of 472 million yen in accounts payable-other which is mostly the result of payments for capital expenditure.

Net assets increased 14 million yen from the end of the previous fiscal year to 32,561 million yen as of the end of the first quarter. This was mainly attributable to an increase of 319 million yen in retained earnings and a decrease of 324 million yen in the valuation difference on available-for-sale securities involving stocks held for the purpose of maintaining sound business relationships.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

The consolidated forecasts announced on January 9, 2020 remain unchanged.

The impact on results of operations of the new coronavirus pandemic is not clear at this time. An announcement will be made promptly if a forecast revision is required.

2. Quarterly Consolidated Financial Statements and Notes**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY11/19 (As of Nov. 30, 2019)	First quarter of FY11/20 (As of Feb. 29, 2020)
Assets		
Current assets		
Cash and deposits	7,642,620	6,855,534
Notes and accounts receivable-trade	8,287,409	8,066,682
Electronically recorded monetary claims-operating	526,353	520,182
Finished goods	3,233,697	3,301,382
Work in process	1,789,839	2,012,946
Raw materials and supplies	1,415,818	1,198,690
Other	77,248	78,191
Allowance for doubtful accounts	(12,312)	(11,888)
Total current assets	22,960,674	22,021,722
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,351,767	6,515,090
Machinery, equipment and vehicles, net	4,052,457	4,474,601
Land	2,225,335	2,225,335
Construction in progress	1,745,961	1,598,118
Other, net	525,205	478,797
Total property, plant and equipment	14,900,727	15,291,944
Intangible assets		
Other	78,914	74,070
Total intangible assets	78,914	74,070
Investments and other assets		
Investment securities	5,485,076	5,025,575
Retirement benefit asset	134,282	138,953
Deferred tax assets	22,382	28,206
Other	266,057	255,941
Total investments and other assets	5,907,799	5,448,676
Total non-current assets	20,887,441	20,814,691
Total assets	43,848,116	42,836,414

	(Thousands of yen)	
	FY11/19 (As of Nov. 30, 2019)	First quarter of FY11/20 (As of Feb. 29, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,166,722	3,928,743
Current portion of long-term borrowings	811,597	819,972
Accounts payable-other	2,600,746	2,127,944
Income taxes payable	647,233	440,064
Provision for bonuses	76,439	287,186
Provision for bonuses for directors (and other officers)	59,780	14,499
Other	420,009	450,401
Total current liabilities	8,782,529	8,068,812
Non-current liabilities		
Long-term borrowings	1,817,156	1,741,760
Deferred tax liabilities	456,517	239,803
Other	244,988	224,472
Total non-current liabilities	2,518,661	2,206,036
Total liabilities	11,301,190	10,274,848
Net assets		
Shareholders' equity		
Share capital	3,600,295	3,600,295
Capital surplus	3,508,891	3,508,891
Retained earnings	23,752,015	24,071,262
Treasury shares	(441,707)	(441,707)
Total shareholders' equity	30,419,495	30,738,741
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,055,556	1,731,215
Foreign currency translation adjustment	(20,782)	(20,382)
Remeasurements of defined benefit plans	(220,546)	(212,319)
Total accumulated other comprehensive income	1,814,227	1,498,514
Non-controlling interests	313,202	324,310
Total net assets	32,546,925	32,561,565
Total liabilities and net assets	43,848,116	42,836,414

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income
For the Three-month Period**

(Thousands of yen)

	First three months of FY11/19 (Dec. 1, 2018 – Feb. 28, 2019)	First three months of FY11/20 (Dec. 1, 2019 – Feb. 29, 2020)
Net sales	6,986,193	6,902,192
Cost of sales	5,093,824	4,837,346
Gross profit	1,892,369	2,064,845
Selling, general and administrative expenses	987,522	945,267
Operating profit	904,846	1,119,578
Non-operating income		
Interest income	735	447
Dividend income	47,348	47,356
Foreign exchange gains	-	632
Other	21,717	33,244
Total non-operating income	69,801	81,680
Non-operating expenses		
Interest expenses	1,695	2,196
Foreign exchange losses	17,581	-
Total non-operating expenses	19,277	2,196
Ordinary profit	955,371	1,199,062
Extraordinary losses		
Loss on retirement of non-current assets	14,309	49,367
Loss on valuation of golf club membership	150	-
Total extraordinary losses	14,459	49,367
Profit before income taxes	940,912	1,149,695
Income taxes-current	326,431	417,133
Income taxes-deferred	(52,341)	(89,928)
Total income taxes	274,089	327,205
Profit	666,822	822,489
Profit attributable to non-controlling interests	12,160	15,989
Profit attributable to owners of parent	654,661	806,500

Quarterly Consolidated Statement of Comprehensive Income
For the Three-month Period

(Thousands of yen)

	First three months of FY11/19 (Dec. 1, 2018 – Feb. 28, 2019)	First three months of FY11/20 (Dec. 1, 2019 – Feb. 29, 2020)
Profit	666,822	822,489
Other comprehensive income		
Valuation difference on available-for-sale securities	(210,384)	(325,016)
Foreign currency translation adjustment	3,486	399
Remeasurements of defined benefit plans, net of tax	7,172	7,621
Total other comprehensive income	(199,725)	(316,995)
Comprehensive income	467,097	505,494
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	455,159	490,786
Comprehensive income attributable to non-controlling interests	11,938	14,707

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

Segment information

I. First three months of FY11/19 (Dec. 1, 2018 – Feb. 28, 2019)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Chemical products	Electronics materials	Specialty chemicals	Total		
Net sales						
External sales	2,934,279	2,587,136	1,464,777	6,986,193	-	6,986,193
Inter-segment sales and transfers	-	-	58,282	58,282	(58,282)	-
Total	2,934,279	2,587,136	1,523,059	7,044,475	(58,282)	6,986,193
Segment profit	231,446	534,603	138,680	904,730	115	904,846

Notes: 1. Segment profit in the above adjustment represents eliminations for inter-segment transactions.

2. Segment profit is adjusted to be consistent with the operating profit on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Not applicable.

II. First three months of FY11/20 (Dec. 1, 2019 – Feb. 29, 2020)

1. Information related to net sales and profit or loss for each reportable segment

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on quarterly consolidated statement of income (Note 2)
	Chemical products	Electronics materials	Specialty chemicals	Total		
Net sales						
External sales	2,624,629	2,790,496	1,487,066	6,902,192	-	6,902,192
Inter-segment sales and transfers	-	-	69,613	69,613	(69,613)	-
Total	2,624,629	2,790,496	1,556,679	6,971,805	(69,613)	6,902,192
Segment profit	217,347	663,653	238,233	1,119,233	344	1,119,578

Notes: 1. Segment profit in the above adjustment represents eliminations for inter-segment transactions.

2. Segment profit is adjusted to be consistent with the operating profit on the quarterly consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Not applicable.

This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.