



**Consolidated Financial Results for the Third Quarter of the  
Fiscal Year Ending November 30, 2020 (FY11/20)  
(Nine Months Ended August 31, 2020)**

**[Japanese GAAP]**

October 2, 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: October 2, 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 Third Quarter of FY11/20 (December 1, 2019 to August 31, 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	%
Nine months ended Aug. 31, 2020	21,217	(0.9)	3,343	28.9	3,487	29.4	2,396	11.9
Nine months ended Aug. 31, 2019	21,404	(0.8)	2,594	(10.2)	2,695	(13.8)	2,142	1.6

Note: Comprehensive income (millions of yen) Nine months ended Aug. 31, 2020: 2,328 (up 64.3%)  
 Nine months ended Aug. 31, 2019: 1,417 (down 15.8%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended Aug. 31, 2020	108.19		-	
Nine months ended Aug. 31, 2019	96.73		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Aug. 31, 2020	43,633		33,881		76.8	
As of Nov. 30, 2019	43,848		32,546		73.5	

Reference: Shareholders' equity (millions of yen) As of Aug. 31, 2020: 33,531 As of Nov. 30, 2019: 32,233

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Fiscal year ended Nov. 30, 2019	-	18.00	-	22.00	40.00
Fiscal year ending Nov. 30, 2020	-	23.00	-	-	-
Fiscal year ending Nov. 30, 2020 (Forecast)	-	-	-	23.00	46.00

Note: Revisions to the most recently announced dividend forecast: Yes

**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	
Full year	27,890	(2.6)	4,300	17.4	4,480	16.9	3,140	3.5	141.76	

Note: Revisions to the most recently announced consolidated forecast: Yes

**\* 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 Aug. 31, 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 Aug. 31, 2020:	258,167 shares	As of Nov. 30, 2019:	262,111 shares
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3) Average number of shares during the period

Nine months ended Aug. 31, 2020:	22,150,319 shares	Nine months ended Aug. 31, 2019:	22,146,155 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

Although economic activity is currently resuming in stages in Japan during the first nine months of the current fiscal year as COVID-19 continues to severely impact the global economy, the outlook for the Japanese economy is still unclear.

The Osaka Organic Chemical Industry Group started its Second Five-year Medium-term Business Plan in the current fiscal year. This plan is the second half of Next Stage 10, a long-term business plan covering the 10-year period that began with the fiscal year that ended in November 2015. Many activities are under way to accomplish the goals of this plan. 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 for increasing 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 0.9% year-on-year to 21,217 million yen, operating profit increased 28.9% to 3,343 million yen, ordinary profit was up 29.4% to 3,487 million yen, and profit attributable to owners of parent increased 11.9% to 2,396 million yen.

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

#### 1) Chemical products

Sales of acrylic acid esters decreased as COVID-19 reduced sales of these esters for use in automotive coatings, the result of lower automobile production, and held down sales of esters for printing ink because of cancellations of trade expositions. 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 17.8% year-on-year to 7,254 million yen and segment profit decreased 17.2% to 466 million yen.

#### 2) Electronics materials

Sales of semiconductor materials significantly increased because of strong demand. Sales of display materials also increased because of solid demand. Earnings were much higher because of strong sales. As a result, net sales increased 17.8% year-on-year to 9,301 million yen and segment profit increased 44.2% to 2,135 million yen.

#### 3) Specialty chemicals

Sales of cosmetic raw materials basically unchanged. Sales of functional materials decreased due to lower sales volume. Earnings significantly rose because of an increase in the share of sales from high-margin products. As a result, net sales decreased 0.5% year-on-year to 4,661 million yen and segment profit increased 35.4% to 764 million yen.

**(2) Explanation of Financial Position**

Total assets decreased 214 million yen from the end of the previous fiscal year to 43,633 million yen as of the end of the third quarter. This was mainly attributable to a decrease of 1,271 million yen in notes and accounts receivable-trade and an increase of 1,047 million in purchase of property, plant and equipment, mainly for the purchase of manufacturing equipment.

Total liabilities decreased 1,549 million yen from the end of the previous fiscal year to 9,752 million yen as of the end of the third quarter. This was mainly attributable to decreases of 940 million yen in notes and accounts payable-trade and 1,079 million yen in accounts payable-other which is mostly the result of payments for capital expenditure, and an increase of 389 million yen in long-term borrowings mainly to fund the purchase of manufacturing equipment.

Net assets increased 1,334 million yen from the end of the previous fiscal year to 33,881 million yen as of the end of the third quarter. This was mainly attributable to an increase of 1,399 million yen in retained earnings and a decrease of 127 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 June 19, 2020 have been revised. For more details, please refer to the press release titled “Revision to Earnings Forecast and Dividend Forecast (Japanese version only)” that was announced today (October 2, 2020).

Regarding the impact of the spread of the COVID-19 pandemic on operations, we will continue to carefully monitor the business environment and business performance. An announcement will be made promptly when it is determined that 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)	Third quarter of FY11/20 (As of Aug. 31, 2020)
<b>Assets</b>		
Current assets		
Cash and deposits	7,642,620	7,480,797
Notes and accounts receivable-trade	8,287,409	7,015,891
Electronically recorded monetary claims-operating	526,353	329,490
Securities	-	200,260
Finished goods	3,233,697	3,369,044
Work in process	1,789,839	2,035,835
Raw materials and supplies	1,415,818	1,579,701
Other	77,248	66,485
Allowance for doubtful accounts	(12,312)	(10,048)
Total current assets	22,960,674	22,067,460
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,351,767	6,526,306
Machinery, equipment and vehicles, net	4,052,457	5,166,781
Land	2,225,335	2,225,335
Construction in progress	1,745,961	1,596,727
Other, net	525,205	432,589
Total property, plant and equipment	14,900,727	15,947,739
Intangible assets		
Other	78,914	66,832
Total intangible assets	78,914	66,832
Investments and other assets		
Investment securities	5,485,076	5,123,333
Retirement benefit asset	134,282	148,675
Deferred tax assets	22,382	32,944
Other	266,057	246,680
Total investments and other assets	5,907,799	5,551,633
Total non-current assets	20,887,441	21,566,206
Total assets	43,848,116	43,633,666

	(Thousands of yen)	
	FY11/19 (As of Nov. 30, 2019)	Third quarter of FY11/20 (As of Aug. 31, 2020)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	4,166,722	3,226,604
Current portion of long-term borrowings	811,597	1,008,662
Accounts payable-other	2,600,746	1,521,211
Income taxes payable	647,233	544,237
Provision for bonuses	76,439	239,383
Provision for bonuses for directors (and other officers)	59,780	38,550
Other	420,009	418,373
Total current liabilities	8,782,529	6,997,023
Non-current liabilities		
Long-term borrowings	1,817,156	2,206,850
Deferred tax liabilities	456,517	384,565
Other	244,988	163,595
Total non-current liabilities	2,518,661	2,755,011
Total liabilities	11,301,190	9,752,034
<b>Net assets</b>		
Shareholders' equity		
Share capital	3,600,295	3,600,295
Capital surplus	3,508,891	3,508,891
Retained earnings	23,752,015	25,151,539
Treasury shares	(441,707)	(435,100)
Total shareholders' equity	30,419,495	31,825,626
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,055,556	1,927,963
Foreign currency translation adjustment	(20,782)	(24,680)
Remeasurements of defined benefit plans	(220,546)	(197,392)
Total accumulated other comprehensive income	1,814,227	1,705,890
Non-controlling interests	313,202	350,115
Total net assets	32,546,925	33,881,631
Total liabilities and net assets	43,848,116	43,633,666

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

(Thousands of yen)

	First nine months of FY11/19 (Dec. 1, 2018 – Aug. 31, 2019)	First nine months of FY11/20 (Dec. 1, 2019 – Aug. 31, 2020)
Net sales	21,404,227	21,217,561
Cost of sales	15,875,100	15,055,902
Gross profit	5,529,126	6,161,658
Selling, general and administrative expenses	2,934,708	2,818,275
Operating profit	2,594,418	3,343,383
Non-operating income		
Interest income	1,815	1,207
Dividend income	134,695	122,340
Other	43,549	65,876
Total non-operating income	180,060	189,424
Non-operating expenses		
Interest expenses	5,887	6,879
Foreign exchange losses	71,875	22,447
Donations	-	16,000
Other	1,284	-
Total non-operating expenses	79,047	45,327
Ordinary profit	2,695,431	3,487,480
Extraordinary income		
Gain on sales of non-current assets	11,978	-
Gain on sales of investment securities	220,186	-
Insurance claim income	139,403	-
Total extraordinary income	371,568	-
Extraordinary losses		
Loss on retirement of non-current assets	22,334	56,391
Loss on valuation of golf club membership	150	2,500
Total extraordinary losses	22,484	58,891
Profit before income taxes	3,044,514	3,428,588
Income taxes-current	975,579	1,045,331
Income taxes-deferred	(116,495)	(55,164)
Total income taxes	859,083	990,167
Profit	2,185,431	2,438,420
Profit attributable to non-controlling interests	43,336	42,024
Profit attributable to owners of parent	2,142,095	2,396,396



**Quarterly Consolidated Statement of Comprehensive Income**  
**For the Nine-month Period**

(Thousands of yen)

	First nine months of FY11/19 (Dec. 1, 2018 – Aug. 31, 2019)	First nine months of FY11/20 (Dec. 1, 2019 – Aug. 31, 2020)
Profit	2,185,431	2,438,420
Other comprehensive income		
Valuation difference on available-for-sale securities	(766,793)	(128,816)
Foreign currency translation adjustment	(22,693)	(3,897)
Remeasurements of defined benefit plans, net of tax	21,516	22,865
Total other comprehensive income	(767,970)	(109,849)
Comprehensive income	1,417,460	2,328,571
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,374,921	2,288,058
Comprehensive income attributable to non-controlling interests	42,539	40,512

### **(3) Notes to Quarterly Consolidated Financial Statements**

#### **Going Concern Assumption**

Not applicable.

#### **Significant Changes in Shareholders' Equity**

Not applicable.

#### **Additional Information**

##### **Impact of the spread of the COVID-19 pandemic on accounting estimates**

The Group makes accounting estimates for impairment of non-current assets and for the recoverability of deferred tax assets based on the information available to management at the time the consolidated financial statements are prepared. The accounting estimates are based on the assumption that the impact of the spread of the COVID-19 pandemic will continue until the latter half of 2020 and that a recovery can be expected to begin gradually thereafter. We believe that the COVID-19 pandemic will not have a significant effect on the Group's businesses and operating results forecast for the current fiscal year.

##### **Acquisition of business**

On July 31, 2020, Osaka Organic Chemical Industry and Mitsubishi Chemical Corporation reached an agreement and signed a contract for the sale to Osaka Organic Chemical Industry of Mitsubishi Chemical's business unit that manufactures and sells acrylic resin used in hair care products. The acquisition of Mitsubishi Chemical's acrylic resin business is expected to strengthen the specialty chemicals segment by increasing the lineup of acrylic resin sold by Osaka Organic Chemical Industry and providing sales channels outside Japan. The date of acquisition is scheduled for February 1, 2021.

**Segment and Other Information**

## I. First nine months of FY11/19 (Dec. 1, 2018 – Aug. 31, 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	8,822,291	7,895,188	4,686,747	21,404,227	-	21,404,227
Inter-segment sales and transfers	-	-	194,998	194,998	(194,998)	-
Total	8,822,291	7,895,188	4,881,745	21,599,225	(194,998)	21,404,227
Segment profit	563,194	1,481,447	564,875	2,609,517	(15,099)	2,594,418

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 nine months of FY11/20 (Dec. 1, 2019 – Aug. 31, 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	7,254,540	9,301,521	4,661,499	21,217,561	-	21,217,561
Inter-segment sales and transfers	-	-	232,150	232,150	(232,150)	-
Total	7,254,540	9,301,521	4,893,650	21,449,711	(232,150)	21,217,561
Segment profit	466,474	2,135,631	764,632	3,366,739	(23,356)	3,343,383

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.*