



Consolidated Financial Results for the Fiscal Year Ended November 30, 2020 (FY11/20)

[Japanese GAAP]

January 7, 2021

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 Listing: Tokyo Stock Exchange, First Section
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Scheduled date of Annual General Meeting of Shareholders: February 25, 2021
 Scheduled date of dividend payment: February 26, 2021
 Scheduled date of filing of Annual Securities Report: February 26, 2021
 Preparation of supplementary materials for financial results: Yes
 Holding of financial results meeting: Yes (for institutional and individual investors, and securities analysts)

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

1. Consolidated Financial Results for FY11/20 (December 1, 2019 to November 30, 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	%
Fiscal year ended Nov. 30, 2020	28,681	0.1	4,442	21.3	4,612	20.3	3,313	9.2
Fiscal year ended Nov. 30, 2019	28,638	(2.1)	3,663	0.1	3,833	(2.6)	3,035	13.3

Note: Comprehensive income (millions of yen) Fiscal year ended Nov. 30, 2020: 3,472 (up 28.6%)
 Fiscal year ended Nov. 30, 2019: 2,699 (up 27.2%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Nov. 30, 2020	149.59	-	9.9	10.3	15.5
Fiscal year ended Nov. 30, 2019	137.05	-	9.7	9.1	12.8

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Nov. 30, 2020: - Fiscal year ended Nov. 30, 2019: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Nov. 30, 2020	45,324	35,025	76.5	1,564.57
As of Nov. 30, 2019	43,848	32,546	73.5	1,455.38

Reference: Shareholders' equity (millions of yen) As of Nov. 30, 2020: 34,658 As of Nov. 30, 2019: 32,233

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Nov. 30, 2020	4,799	(3,976)	(648)	6,511
Fiscal year ended Nov. 30, 2019	3,506	(2,739)	432	6,342

2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	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	885	29.2	2.8
Fiscal year ended Nov. 30, 2020	-	23.00	-	23.00	46.00	1,018	30.8	3.0
Fiscal year ending Nov. 30, 2021 (Forecast)	-	24.00	-	24.00	48.00		32.1	

3. Consolidated Forecast for FY11/21 (December 1, 2020 to November 30, 2021)

(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	14,877	3.7	2,263	(5.1)	2,482	1.0	1,692	(0.0)	76.34
Full year	30,740	7.2	4,550	2.4	4,845	5.0	3,316	0.1	149.69

*** Notes**

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

Newly added: - Excluded: -

(2) 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

(3) Number of shares issued (common shares)

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

As of Nov. 30, 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 Nov. 30, 2020:	258,203 shares	As of Nov. 30, 2019:	262,111 shares
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3) Average number of shares during the period

Fiscal year ended Nov. 30, 2020:	22,150,671 shares	Fiscal year ended Nov. 30, 2019:	22,146,563 shares
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* The current financial report is not subject to audit by certified public accountants or auditing firms.

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

Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ materially from the forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 3 for forecast assumptions and notes of caution for usage.

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1. Overview of Results of Operations

(1) Results of Operations

There was a sharp downturn of the Japanese economy during the fiscal year that ended in November 2020 because of the global COVID-19 pandemic. Although economic activity resumed in stages in Japan after the end of the state of emergency, the number of infections is continuing to climb. As a result, the outlook for the economy is still unclear.

In Japan's chemical industry, demand declined for chemical products used in automobiles, cosmetics and a broad range of other applications because of COVID-19.

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 increased 0.1% year-on-year to 28,681 million yen, operating profit increased 21.3% to 4,442 million yen, ordinary profit was up 20.3% to 4,612 million yen, and profit attributable to owners of parent increased 9.2% to 3,313 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 for the same reasons. Earnings were lower because of the decline in sales. As a result, net sales decreased 15.4% year-on-year to 9,843 million yen and segment profit decreased 18.3% to 648 million yen.

2) Electronics materials

Sales of semiconductor materials increased significantly because of strong demand for these materials backed by the growth of the semiconductor market. Sales of display materials increased in part due to higher demand for laptop and notebook PCs as more people started working at home. Earnings were much higher because of strong sales. Net sales increased 17.9% year-on-year to 12,568 million yen and segment profit increased 33.6% to 2,803 million yen.

3) Specialty chemicals

Sales of cosmetic raw materials decreased because of the negative effects on demand for cosmetics of the growth of working at home and restrictions on going on outings due to COVID-19. Sales of functional materials decreased because of a decline in sales of products made for other companies. Although sales were lower, earnings rose because of an increase in the share of sales from high-margin products. As a result, net sales decreased 1.1% year-on-year to 6,268 million yen and segment profit increased 29.7% to 1,020 million yen.

(2) Financial Position

Total assets increased 1,476 million yen from the end of the previous fiscal year to 45,324 million yen as of the end of the current fiscal year. This was mainly attributable to a decrease of 587 million yen in notes and accounts receivable-trade and increases of 455 million yen in finished goods and 1,398 million yen in property, plant and equipment, mainly for the purchase of manufacturing equipment and research facilities.

Total liabilities decreased 1,002 million yen from the end of the previous fiscal year to 10,299 million yen as of the end of the current fiscal year. This was mainly attributable to decreases of 965 million yen in notes and accounts payable-trade and 687 million yen in accounts payable-other which is mostly the result of payments for capital expenditure, and an increase of 212 million yen in long-term borrowings mainly to fund the purchase of equipment.

Net assets increased 2,478 million yen from the end of the previous fiscal year to 35,025 million yen as of the end of the current fiscal year. This was mainly attributable to increases of 2,316 million yen in retained earnings and 112 million yen in the valuation difference on available-for-sale securities.

(3) Cash Flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the current fiscal year increased 169 million yen, or 2.7%, from the end of the previous fiscal year to 6,511 million yen with net cash provided by operating activities of 4,799 million yen, net cash used in investing activities of 3,976 million yen, and net cash used in financing activities of 648 million yen.

1) Cash flows from operating activities

Net cash provided by operating activities was 4,799 million yen compared with 3,506 million yen provided in the previous fiscal year. This was mainly the net result of profit before income taxes of 4,590 million yen, depreciation, a non-cash expense, of 2,085 million yen and income taxes paid of 1,132 million yen.

2) Cash flows from investing activities

Net cash used in investing activities was 3,976 million yen. Major factors include payment of 4,379 million yen for purchase of property, plant and equipment, mainly for equipment.

3) Cash flows from financing activities

Net cash used in financing activities was 648 million yen compared with 432 million yen provided in the previous fiscal year. Major factors include proceeds from long-term borrowings of 1,350 million yen mainly to fund the purchase of equipment, repayments of long-term borrowings of 980 million yen, and cash dividends paid of 996 million yen.

(4) Outlook

The COVID-19 crisis may have a long-term impact on the global economy. There are also concerns about a continuation of U.S.-China trade friction. As a result, the economic outlook is likely to remain uncertain.

All businesses of the Group are placing priority on the following themes and goals in accordance with the Second Five-year Medium-term Business Plan, which will end with the fiscal year ending in November 2024.

The chemical products business is focusing on maintaining a stable supply of products as signs emerge of a recovery in demand for automotive coatings, a sector that was severely impacted by the COVID-19 crisis. Activities are under way to improve profitability, including the ongoing elimination of unprofitable products.

One goal of the electronics materials business is increasing sales of ArF resist materials for semiconductors, which are a major product of this business. In addition, this business is preparing to manufacture resist materials

for next-generation extreme ultraviolet (EUV) lithography to meet the anticipated demand for this resist. We plan to increase display material sales because strong demand is anticipated for these materials backed by the growth of working at home and other reasons.

In the specialty chemicals business, we plan to acquire on February 1, 2021 the business unit of Mitsubishi Chemical Corporation that manufactures and sells acrylic resin used in hair care products. Following this sale, there will be many actions for strengthening sales outside Japan of raw materials used in cosmetics. In addition, subsidiary Shinko Organic Chemical Industry Ltd. is taking steps to meet the increasing demand for solvents for electronic materials.

Based on this outlook, we are forecasting net sales of 30,740 million yen, operating profit of 4,550 million yen, ordinary profit of 4,845 million yen and profit attributable to owners of parent of 3,316 million yen.

(5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

The priorities of the Group are strengthening financial soundness and the foundation for business operations from a long-term perspective and making steady and consistent distributions of earnings to shareholders. Dividends are determined based on results of operations with a payout ratio of 30% as a key guideline while maintaining balance by taking into consideration results of operations, the need to retain earnings to implement business plans, and other factors.

The dividend for the fiscal year that ended in November 2020 was initially planned to be 40 yen per share, the sum of interim and year-end dividends of 20 yen. However, due to the big increase in earnings that was mainly the result of strong sales of electronic materials, in accordance with this basic policy, the interim dividend was increased by 3 yen to 23 yen. In addition, we plan to pay a year-end dividend of 23 yen, 3 yen more than the forecast, resulting in a fiscal year dividend of 46 yen. For the fiscal year ending in November 2021, the plan is to pay interim and year-end dividends of 24 yen, a total of 48 yen.

2. Basic Approach for the Selection of Accounting Standards

The Group will continue to prepare consolidated financial statements using the generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards by taking into account associated factors in Japan and other countries.

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

	(Thousands of yen)	
	FY11/19 (As of Nov. 30, 2019)	FY11/20 (As of Nov. 30, 2020)
Assets		
Current assets		
Cash and deposits	7,642,620	7,521,760
Notes and accounts receivable-trade	8,287,409	7,699,661
Electronically recorded monetary claims-operating	526,353	465,049
Securities	-	200,250
Finished goods	3,233,697	3,688,947
Work in process	1,789,839	2,013,799
Raw materials and supplies	1,415,818	1,476,641
Other	77,248	80,681
Allowance for doubtful accounts	(12,312)	(12,387)
Total current assets	22,960,674	23,134,405
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,561,819	17,125,742
Accumulated depreciation	(9,210,051)	(9,375,624)
Buildings and structures, net	6,351,767	7,750,118
Machinery, equipment and vehicles	25,310,081	27,415,197
Accumulated depreciation	(21,257,624)	(22,363,970)
Machinery, equipment and vehicles, net	4,052,457	5,051,227
Land	2,225,335	2,225,335
Construction in progress	1,745,961	564,575
Other	2,758,595	3,056,251
Accumulated depreciation	(2,233,390)	(2,348,185)
Other, net	525,205	708,065
Total property, plant and equipment	14,900,727	16,299,321
Intangible assets		
Other	78,914	70,728
Total intangible assets	78,914	70,728
Investments and other assets		
Investment securities	5,485,076	5,458,084
Retirement benefit asset	134,282	83,972
Deferred tax assets	22,382	34,184
Other	266,057	243,694
Total investments and other assets	5,907,799	5,819,935
Total non-current assets	20,887,441	22,189,985
Total assets	43,848,116	45,324,390

	(Thousands of yen)	
	FY11/19	FY11/20
	(As of Nov. 30, 2019)	(As of Nov. 30, 2020)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,166,722	3,201,121
Current portion of long-term borrowings	811,597	968,666
Accounts payable-other	2,600,746	1,913,480
Income taxes payable	647,233	715,869
Provision for bonuses	76,439	43,000
Provision for bonuses for directors (and other officers)	59,780	64,080
Other	420,009	647,446
Total current liabilities	8,782,529	7,553,664
Non-current liabilities		
Long-term borrowings	1,817,156	2,029,377
Deferred tax liabilities	456,517	555,388
Other	244,988	160,686
Total non-current liabilities	2,518,661	2,745,452
Total liabilities	11,301,190	10,299,117
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	26,068,688
Treasury shares	(441,707)	(435,195)
Total shareholders' equity	30,419,495	32,742,680
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,055,556	2,168,185
Foreign currency translation adjustment	(20,782)	(15,242)
Remeasurements of defined benefit plans	(220,546)	(237,610)
Total accumulated other comprehensive income	1,814,227	1,915,333
Non-controlling interests	313,202	367,259
Total net assets	32,546,925	35,025,273
Total liabilities and net assets	43,848,116	45,324,390

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY11/19 (Dec. 1, 2018 – Nov. 30, 2019)	FY11/20 (Dec. 1, 2019 – Nov. 30, 2020)
Net sales	28,638,568	28,681,191
Cost of sales	21,060,455	20,271,218
Gross profit	7,578,112	8,409,973
Selling, general and administrative expenses	3,914,945	3,967,619
Operating profit	3,663,167	4,442,353
Non-operating income		
Interest income	2,146	1,682
Dividend income	170,864	144,385
Other	50,691	78,777
Total non-operating income	223,702	224,845
Non-operating expenses		
Interest expenses	8,217	9,109
Foreign exchange losses	43,497	20,764
Donations	-	16,000
Compensation for damage	-	8,800
Other	1,411	-
Total non-operating expenses	53,126	54,674
Ordinary profit	3,833,743	4,612,524
Extraordinary income		
Gain on sales of non-current assets	12,098	-
Gain on sales of investment securities	220,186	101,100
Insurance claim income	139,403	-
Total extraordinary income	371,687	101,100
Extraordinary losses		
Loss on retirement of non-current assets	24,130	113,157
Loss on valuation of golf club membership	150	2,500
Impairment loss	-	7,776
Total extraordinary losses	24,280	123,434
Profit before income taxes	4,181,150	4,590,191
Income taxes-current	1,159,619	1,202,845
Income taxes-deferred	(66,854)	13,616
Total income taxes	1,092,765	1,216,461
Profit	3,088,384	3,373,729
Profit attributable to non-controlling interests	53,153	60,184
Profit attributable to owners of parent	3,035,231	3,313,545

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY11/19 (Dec. 1, 2018 – Nov. 30, 2019)	FY11/20 (Dec. 1, 2019 – Nov. 30, 2020)
Profit	3,088,384	3,373,729
Other comprehensive income		
Valuation difference on available-for-sale securities	(366,481)	111,230
Foreign currency translation adjustment	(11,764)	5,540
Remeasurements of defined benefit plans, net of tax	(10,410)	(18,191)
Total other comprehensive income	(388,655)	98,578
Comprehensive income	2,699,729	3,472,308
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,647,107	3,414,651
Comprehensive income attributable to non-controlling interests	52,621	57,656

(3) Consolidated Statement of Changes in Equity

FY11/19 (Dec. 1, 2018 – Nov. 30, 2019)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,600,295	3,508,891	21,538,296	(449,267)	28,198,216
Changes during period					
Dividends of surplus			(819,391)		(819,391)
Profit attributable to owners of parent			3,035,231		3,035,231
Purchase of treasury shares				(24)	(24)
Disposal of treasury shares			(2,120)	7,583	5,463
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,213,719	7,559	2,221,278
Balance at end of period	3,600,295	3,508,891	23,752,015	(441,707)	30,419,495

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,421,701	(9,017)	(210,331)	2,202,351	261,789	30,662,358
Changes during period						
Dividends of surplus						(819,391)
Profit attributable to owners of parent						3,035,231
Purchase of treasury shares						(24)
Disposal of treasury shares						5,463
Net changes in items other than shareholders' equity	(366,145)	(11,764)	(10,214)	(388,123)	51,412	(336,710)
Total changes during period	(366,145)	(11,764)	(10,214)	(388,123)	51,412	1,884,567
Balance at end of period	2,055,556	(20,782)	(220,546)	1,814,227	313,202	32,546,925

FY11/20 (Dec. 1, 2019 – Nov. 30, 2020)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	3,600,295	3,508,891	23,752,015	(441,707)	30,419,495
Changes during period					
Dividends of surplus			(996,749)		(996,749)
Profit attributable to owners of parent			3,313,545		3,313,545
Purchase of treasury shares				(295)	(295)
Disposal of treasury shares			(123)	6,808	6,684
Net changes in items other than shareholders' equity					
Total changes during period	-	-	2,316,672	6,512	2,323,185
Balance at end of period	3,600,295	3,508,891	26,068,688	(435,195)	32,742,680

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,055,556	(20,782)	(220,546)	1,814,227	313,202	32,546,925
Changes during period						
Dividends of surplus						(996,749)
Profit attributable to owners of parent						3,313,545
Purchase of treasury shares						(295)
Disposal of treasury shares						6,684
Net changes in items other than shareholders' equity	112,629	5,540	(17,063)	101,105	54,056	155,162
Total changes during period	112,629	5,540	(17,063)	101,105	54,056	2,478,348
Balance at end of period	2,168,185	(15,242)	(237,610)	1,915,333	367,259	35,025,273

(4) Consolidated Statement of Cash Flows

	(Thousands of yen)	
	FY11/19	FY11/20
	(Dec. 1, 2018 – Nov. 30, 2019)	(Dec. 1, 2019 – Nov. 30, 2020)
Cash flows from operating activities		
Profit before income taxes	4,181,150	4,590,191
Depreciation	1,771,366	2,085,898
Amortization of goodwill	66,333	-
Increase (decrease) in allowance for doubtful accounts	(34,976)	74
Increase (decrease) in provision for bonuses	76,439	(33,439)
Increase (decrease) in provision for bonuses for directors (and other officers)	(18,880)	4,300
Decrease (increase) in retirement benefit asset	23,714	24,134
Interest and dividend income	(173,011)	(146,067)
Interest expenses	8,217	9,109
Foreign exchange losses (gains)	23,225	11,379
Loss (gain) on sales of non-current assets	(12,098)	-
Loss on retirement of non-current assets	24,130	113,157
Impairment loss	-	7,776
Loss (gain) on sales of investment securities	(220,186)	(101,100)
Insurance claim income	(139,403)	-
Loss on valuation of golf club memberships	150	2,500
Decrease (increase) in trade receivables	(724,352)	678,366
Decrease (increase) in inventories	(643,035)	(738,970)
Increase (decrease) in trade payables	364,499	(969,568)
Other, net	(170,876)	257,964
Subtotal	4,402,407	5,795,704
Interest and dividends received	172,758	145,047
Interest paid	(8,521)	(9,087)
Proceeds from insurance income	139,403	-
Income taxes (paid) refund	(1,199,843)	(1,132,252)
Net cash provided by (used in) operating activities	3,506,205	4,799,411
Cash flows from investing activities		
Payments into time deposits	(3,150,000)	(1,960,000)
Proceeds from withdrawal of time deposits	3,150,000	2,250,000
Purchase of property, plant and equipment	(3,263,278)	(4,379,856)
Proceeds from sales of property, plant and equipment	12,925	-
Purchase of intangible assets	(71,682)	(9,842)
Purchase of investment securities	(5,365)	(5,357)
Proceeds from sales of investment securities	378,698	126,880
Proceeds from redemption of investment securities	300,000	-
Purchase of insurance funds	(5,997)	(5,121)
Proceeds from maturity of insurance funds	2,001	6,726
Other, net	(86,460)	3
Net cash provided by (used in) investing activities	(2,739,159)	(3,976,568)

	(Thousands of yen)	
	FY11/19	FY11/20
	(Dec. 1, 2018 – Nov. 30, 2019)	(Dec. 1, 2019 – Nov. 30, 2020)
Cash flows from financing activities		
Proceeds from long-term borrowings	2,000,000	1,350,000
Repayments of long-term borrowings	(730,154)	(980,710)
Repayments of lease obligations	(15,654)	(16,901)
Purchase of treasury shares	(24)	(295)
Proceeds from disposal of treasury shares	-	60
Dividends paid	(819,391)	(996,749)
Dividends paid to non-controlling interests	(1,800)	(3,600)
Net cash provided by (used in) financing activities	432,975	(648,195)
Effect of exchange rate change on cash and cash equivalents	(34,516)	(5,507)
Net increase (decrease) in cash and cash equivalents	1,165,503	169,140
Cash and cash equivalents at beginning of period	5,177,116	6,342,620
Cash and cash equivalents at end of period	6,342,620	6,511,760

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Reclassifications

Consolidated statement of income

“Insurance premiums refunded cancellation” under “Non-operating income” presented as a separate item in the previous fiscal year, is included in “Other” in the current fiscal year given the reduced materiality of impact of the amount on the consolidated financial statements. To conform to this change, the consolidated financial statements for the previous fiscal year are reclassified.

As a result, “Insurance premiums refunded cancellation” (1,452 thousand yen) under “Non-operating income” shown in the previous fiscal year’s consolidated statement of income is reclassified into “Other.”

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 were 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. Nevertheless, it is difficult to predict when the COVID-19 pandemic will end. Moreover, the effects of the pandemic may linger on for a certain period in 2021. We believe that the COVID-19 pandemic will not have a significant effect on the Group’s businesses and operating results.

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

Segment information

1. Overview of reportable segment

Segments used for financial reporting are the constituent units of Osaka Organic Chemical Industry and its subsidiaries for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

Acrylic acid esters are the main product of the Group. Consequently, there are three reportable segments based on the categories of products and markets where these esters are used: chemical products, electronics materials and specialty chemicals.

The main businesses of these three segments are as follows.

Segment	Main businesses
Chemical products	Specialty acrylic acid esters and other acrylic acids for coatings, adhesives and ink
Electronics materials	Electronics materials primarily for displays and semiconductors
Specialty chemicals	Raw materials for cosmetics and functional materials, others

2. Calculation method for net sales, profit or loss, assets, liabilities, and other items for each reportable segment

The accounting methods used for reportable business segments are generally the same as those used for preparing the consolidated financial statements.

Profits for reportable segments are operating profit figures. Inter-segment sales and transfers are based on market prices.

3. Information related to net sales, profit or loss, assets, liabilities, and other items for each reportable segment

FY11/19 (Dec. 1, 2018 – Nov. 30, 2019)

(Thousands of yen)

	Reportable segment				Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Chemical products	Electronics materials	Specialty chemicals	Total		
Net sales						
External sales	11,636,706	10,660,935	6,340,926	28,638,568	-	28,638,568
Inter-segment sales and transfers	-	-	263,312	263,312	(263,312)	-
Total	11,636,706	10,660,935	6,604,239	28,901,881	(263,312)	28,638,568
Segment profit	793,330	2,097,762	787,113	3,678,206	(15,038)	3,663,167
Segment assets	7,605,367	12,238,390	3,656,327	23,500,085	20,348,031	43,848,116
Other items						
Depreciation	601,841	884,216	285,308	1,771,366	-	1,771,366
Amortization of goodwill	-	66,333	-	66,333	-	66,333
Increase in property, plant and equipment and intangible assets	153,045	2,522,256	391,423	3,066,725	503,890	3,570,615

Notes: 1. Adjustments are as follows.

(1) Segment profit in the above adjustment represents eliminations for inter-segment transactions.

(2) The adjustment to segment assets includes 98,990 thousand yen in elimination of inter-segment receivables, 20,514,430 thousand yen of corporate assets that cannot be allocated to reportable segments, and inventory adjustments of 67,409 thousand yen. Corporate assets mainly include cash and deposits and investment securities that cannot be attributed to reportable segments.

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

FY11/20 (Dec. 1, 2019 – Nov. 30, 2020)

(Thousands of yen)

	Reporatable segment				Adjustment (Note 1)	Amounts shown on consolidated financial statements (Note 2)
	Chemical products	Electronics materials	Specialty chemicals	Total		
Net sales						
External sales	9,843,741	12,568,666	6,268,782	28,681,191	-	28,681,191
Inter-segment sales and transfers	-	-	321,167	321,167	(321,167)	-
Total	9,843,741	12,568,666	6,589,949	29,002,358	(321,167)	28,681,191
Segment profit	648,503	2,803,086	1,020,831	4,472,420	(30,067)	4,442,353
Segment assets	6,773,428	13,554,517	3,841,507	24,169,453	21,154,937	45,324,390
Other items						
Depreciation	747,596	1,085,458	252,843	2,085,898	-	2,085,898
Increase in property, plant and equipment and intangible assets	1,091,034	1,395,766	321,268	2,808,070	1,967,983	4,776,053

Notes: 1. Adjustments are as follows.

(1) Segment profit in the above adjustment represents eliminations for inter-segment transactions.

(2) The adjustment to segment assets includes 107,952 thousand yen in elimination of inter-segment receivables, 21,360,186 thousand yen of corporate assets that cannot be allocated to reportable segments, and inventory adjustments of 97,297 thousand yen. Corporate assets mainly include cash and deposits and investment securities that cannot be attributed to reportable segments.

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

Per-share Information

(Yen)

	FY11/19 (Dec. 1, 2018 – Nov. 30, 2019)	FY11/20 (Dec. 1, 2019 – Nov. 30, 2020)
Net assets per share	1,455.38	1,564.57
Net income per share	137.05	149.59

Notes: 1. Diluted net income per share is not presented because there are no latent shares.

2. The basis of calculating the net income per share is as follows:

	FY11/19 (Dec. 1, 2018 – Nov. 30, 2019)	FY11/20 (Dec. 1, 2019 – Nov. 30, 2020)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	3,035,231	3,313,545
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	3,035,231	3,313,545
Average number of common shares outstanding during the period (Shares)	22,146,563	22,150,671

Material Subsequent Events

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.