



**Consolidated Financial Results for the Second Quarter of the  
Fiscal Year Ending November 30, 2021 (FY11/21)  
(Six Months Ended May 31, 2021)**

**[Japanese GAAP]**  
July 1, 2021

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: July 1, 2021  
 Scheduled date of dividend payment: August 10, 2021  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly 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 the Second Quarter of FY11/21 (December 1, 2020 to May 31, 2021)**

(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	%
Six months ended May 31, 2021	16,933	18.1	2,842	19.2	3,086	25.6	2,246	32.8
Six months ended May 31, 2020	14,342	1.1	2,384	35.2	2,457	35.6	1,692	26.8

Note: Comprehensive income (millions of yen) Six months ended May 31, 2021: 2,609 (up 75.0%)  
 Six months ended May 31, 2020: 1,490 (up 116.5%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Six months ended May 31, 2021	101.42		-	
Six months ended May 31, 2020	76.40		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2021	47,620	37,122	77.1
As of Nov. 30, 2020	45,324	35,025	76.5

Reference: Shareholders' equity (millions of yen) As of May 31, 2021: 36,706 As of Nov. 30, 2020: 34,658

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Nov. 30, 2020	-	23.00	-	23.00	46.00
Fiscal year ending Nov. 30, 2021	-	25.00	-	-	-
Fiscal year ending Nov. 30, 2021 (Forecast)	-	-	-	25.00	50.00

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

**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
Full year	34,000	18.5	5,800	30.6	6,100	32.2	4,400	32.8	198.62

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 May 31, 2021:	22,410,038 shares	As of Nov. 30, 2020:	22,410,038 shares
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2) Number of treasury shares at the end of the period

As of May 31, 2021:	256,329 shares	As of Nov. 30, 2020:	258,203 shares
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3) Average number of shares during the period

Six months ended May 31, 2021:	22,152,595 shares	Six months ended May 31, 2020:	22,149,649 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 prolonged COVID-19 pandemic continued to impact the Japanese economy during the first half of the current fiscal year. However, there are benefits of measures by the Japanese government to support the economy and the economies of some countries and regions are improving.

The Osaka Organic Chemical Industry Group started its Second Five-year Medium-term Business Plan in the fiscal year that ended in November 2020. 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 18.1% year-on-year to 16,933 million yen, operating profit increased 19.2% to 2,842 million yen, ordinary profit was up 25.6% to 3,086 million yen, and profit attributable to owners of parent increased 32.8% to 2,246 million yen.

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

As is explained in “2. Quarterly Consolidated Financial Statements and Notes, (4) Notes to Quarterly Consolidated Financial Statements, Segment and Other Information, II. First six months of FY11/21, 3. Information related to changes in reportable segments,” the method used to calculate the profit or loss of reportable segments has been revised beginning with the first quarter of the current fiscal year.

#### 1) Chemical products

Acrylic acid ester sales were higher than one year earlier primarily because of a recovery in sales of these esters used in automotive coatings, a category where sales fell sharply due to COVID-19, and sales of chemical products used in adhesives for optical materials. Sales of methacrylic acid esters increased mainly because of higher sales of these esters used in paint and adhesives. Earnings were much higher because of strong sales. As a result, net sales increased 14.9% year-on-year to 5,945 million yen and segment profit increased 38.4% to 505 million yen.

#### 2) Electronics materials

Sales of semiconductor materials increased because of consistently strong sales for raw materials used to manufacture ArF photoresist, the primary product of this segment. Sales of display materials were higher as teleworking, remote learning and other activities increased demand involving the use of displays. Earnings were higher because of strong sales. Net sales increased 20.2% year-on-year to 7,260 million yen and segment profit increased 10.0% to 1,666 million yen.

#### 3) Specialty chemicals

Sales of raw materials for cosmetics increased. One reason for this increase was a slow recovery in demand following the decline in demand caused by COVID-19. Another reason was acquisition on February 1, 2021 of Mitsubishi Chemical Corporation’s business that manufactures and sells acrylic resin used in hair care products. Sales of functional materials increased because of strong sales of products made for other companies. Earnings significantly rose because of an increase in the share of sales from high-margin products. As a result, net sales

increased 19.3% year-on-year to 3,727 million yen and segment profit increased 30.8% to 678 million yen.

## **(2) Explanation of Financial Position**

Total assets increased 2,296 million yen from the end of the previous fiscal year to 47,620 million yen as of the end of the second quarter. This was mainly attributable to increases of 1,064 million yen in notes and accounts receivable-trade, 403 million yen in finished goods, and 344 million yen in investment securities because of an increase in the valuations of stocks held for the purpose of maintaining sound business relationships.

Total liabilities increased 198 million yen from the end of the previous fiscal year to 10,497 million yen as of the end of the second quarter. This was mainly attributable to an increase of 1,050 million yen in notes and accounts payable-trade and a decrease of 874 million yen in accounts payable-other which is mostly the result of payments for capital expenditure.

Net assets increased 2,097 million yen from the end of the previous fiscal year to 37,122 million yen as of the end of the second quarter. This was mainly attributable to increases of 1,737 million yen in retained earnings and 254 million yen in the valuation difference on available-for-sale securities involving stocks held for the purpose of maintaining sound business relationships.

### **Cash Flows**

Cash and cash equivalents at the end of the second quarter of the current fiscal year increased 900 million yen from the end of the previous fiscal year to 7,412 million yen.

Net cash provided by operating activities was 2,834 million yen compared with 3,231 million yen provided one year earlier. This was mainly the net result of profit before income taxes of 3,201 million yen and depreciation of 1,150 million yen.

Net cash used in investing activities was 1,066 million yen compared with 1,616 million yen used one year earlier. Major factors include 300 million yen in payments into time deposits, 980 million yen in proceeds from withdrawal of time deposits, and payment of 1,650 million yen for purchase of property, plant and equipment, mainly for equipment.

Net cash used in financing activities was 939 million yen compared with 247 million yen provided one year earlier. Major factors include repayments of long-term borrowings of 513 million yen and cash dividends paid of 509 million yen.

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

The consolidated forecasts announced on May 21, 2021 remain unchanged.

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)	
	FY11/20 (As of Nov. 30, 2020)	Second quarter of FY11/21 (As of May 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	7,521,760	7,742,565
Notes and accounts receivable-trade	7,699,661	8,764,232
Electronically recorded monetary claims-operating	465,049	535,221
Securities	200,250	200,018
Finished goods	3,688,947	4,092,419
Work in process	2,013,799	2,205,061
Raw materials and supplies	1,476,641	1,712,004
Other	80,681	77,186
Allowance for doubtful accounts	(12,387)	(12,750)
Total current assets	23,134,405	25,315,960
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,750,118	7,841,802
Machinery, equipment and vehicles, net	5,051,227	4,811,809
Land	2,225,335	2,179,304
Construction in progress	564,575	501,099
Other, net	708,065	648,846
Total property, plant and equipment	16,299,321	15,982,863
Intangible assets		
Goodwill	-	93,333
Other	70,728	60,875
Total intangible assets	70,728	154,208
Investments and other assets		
Investment securities	5,458,084	5,802,796
Retirement benefit asset	83,972	93,958
Deferred tax assets	34,184	33,797
Other	243,694	237,245
Total investments and other assets	5,819,935	6,167,797
Total non-current assets	22,189,985	22,304,870
Total assets	45,324,390	47,620,830

	(Thousands of yen)	
	FY11/20 (As of Nov. 30, 2020)	Second quarter of FY11/21 (As of May 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	3,201,121	4,251,534
Current portion of long-term borrowings	968,666	831,590
Accounts payable-other	1,913,480	1,038,867
Income taxes payable	715,869	1,013,176
Provision for bonuses	43,000	-
Provision for bonuses for directors (and other officers)	64,080	34,740
Other	647,446	825,082
<b>Total current liabilities</b>	<b>7,553,664</b>	<b>7,994,991</b>
<b>Non-current liabilities</b>		
Long-term borrowings	2,029,377	1,752,773
Deferred tax liabilities	555,388	591,106
Other	160,686	158,978
<b>Total non-current liabilities</b>	<b>2,745,452</b>	<b>2,502,857</b>
<b>Total liabilities</b>	<b>10,299,117</b>	<b>10,497,848</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,600,295	3,600,295
Capital surplus	3,508,891	3,512,539
Retained earnings	26,068,688	27,805,935
Treasury shares	(435,195)	(432,225)
<b>Total shareholders' equity</b>	<b>32,742,680</b>	<b>34,486,545</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,168,185	2,422,934
Foreign currency translation adjustment	(15,242)	16,139
Remeasurements of defined benefit plans	(237,610)	(219,422)
<b>Total accumulated other comprehensive income</b>	<b>1,915,333</b>	<b>2,219,651</b>
<b>Non-controlling interests</b>	<b>367,259</b>	<b>416,784</b>
<b>Total net assets</b>	<b>35,025,273</b>	<b>37,122,981</b>
<b>Total liabilities and net assets</b>	<b>45,324,390</b>	<b>47,620,830</b>

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

(Thousands of yen)

	First six months of FY11/20 (Dec. 1, 2019 – May 31, 2020)	First six months of FY11/21 (Dec. 1, 2020 – May 31, 2021)
Net sales	14,342,563	16,933,176
Cost of sales	10,065,568	11,907,920
Gross profit	4,276,994	5,025,256
Selling, general and administrative expenses	1,892,578	2,182,537
Operating profit	2,384,415	2,842,718
Non-operating income		
Interest income	813	930
Dividend income	64,140	56,035
Foreign exchange gains	-	48,010
Subsidy income	-	115,300
Other	45,673	26,952
Total non-operating income	110,627	247,228
Non-operating expenses		
Interest expenses	4,401	3,769
Foreign exchange losses	23,738	-
Donations	9,000	-
Total non-operating expenses	37,139	3,769
Ordinary profit	2,457,903	3,086,176
Extraordinary income		
Gain on sales of non-current assets	-	118,696
Gain on sales of investment securities	-	769
Total extraordinary income	-	119,465
Extraordinary losses		
Loss on retirement of non-current assets	51,130	4,590
Total extraordinary losses	51,130	4,590
Profit before income taxes	2,406,773	3,201,052
Income taxes-current	670,586	958,443
Income taxes-deferred	15,657	(59,130)
Total income taxes	686,243	899,313
Profit	1,720,529	2,301,739
Profit attributable to non-controlling interests	28,221	55,000
Profit attributable to owners of parent	1,692,308	2,246,738



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

(Thousands of yen)

	First six months of FY11/20 (Dec. 1, 2019 – May 31, 2020)	First six months of FY11/21 (Dec. 1, 2020 – May 31, 2021)
Profit	1,720,529	2,301,739
Other comprehensive income		
Valuation difference on available-for-sale securities	(233,629)	257,290
Foreign currency translation adjustment	(11,292)	31,381
Remeasurements of defined benefit plans, net of tax	15,243	18,594
Total other comprehensive income	(229,678)	307,266
Comprehensive income	1,490,851	2,609,006
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,465,094	2,551,056
Comprehensive income attributable to non-controlling interests	25,756	57,949

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY11/20 (Dec. 1, 2019 – May 31, 2020)	First six months of FY11/21 (Dec. 1, 2020 – May 31, 2021)
Cash flows from operating activities		
Profit before income taxes	2,406,773	3,201,052
Depreciation	989,559	1,150,084
Amortization of goodwill	-	6,666
Increase (decrease) in allowance for doubtful accounts	212	362
Increase (decrease) in provision for bonuses	(76,439)	(43,000)
Increase (decrease) in provision for bonuses for directors (and other officers)	(30,780)	(29,340)
Decrease (increase) in retirement benefit asset	13,001	16,768
Interest and dividend income	(64,953)	(56,965)
Interest expenses	4,401	3,769
Foreign exchange losses (gains)	13,731	(37,628)
Loss (gain) on sales of non-current assets	-	(118,696)
Loss on retirement of non-current assets	51,130	4,590
Loss (gain) on sales of investment securities	-	(769)
Subsidy income	-	(115,300)
Decrease (increase) in trade receivables	(144,473)	(1,124,083)
Decrease (increase) in inventories	(433,008)	(675,726)
Increase (decrease) in trade payables	423,393	1,026,642
Other, net	623,822	134,051
Subtotal	3,776,369	3,342,478
Interest and dividends received	64,495	56,846
Interest paid	(4,446)	(3,660)
Subsidies received	-	115,300
Income taxes (paid) refund	(605,069)	(676,636)
Net cash provided by (used in) operating activities	3,231,349	2,834,327
Cash flows from investing activities		
Payments into time deposits	(980,000)	(300,000)
Proceeds from withdrawal of time deposits	1,270,000	980,000
Purchase of property, plant and equipment	(1,901,119)	(1,650,657)
Proceeds from sales of property, plant and equipment	-	162,601
Purchase of intangible assets	(7,136)	(9,900)
Purchase of investment securities	(2,665)	(200)
Proceeds from sales of investment securities	-	979
Purchase of insurance funds	(2,701)	(2,090)
Proceeds from maturity of insurance funds	6,726	-
Payments for acquisition of businesses	-	(245,520)
Other, net	30	(1,812)
Net cash provided by (used in) investing activities	(1,616,864)	(1,066,599)

(Thousands of yen)

	First six months of FY11/20 (Dec. 1, 2019 – May 31, 2020)	First six months of FY11/21 (Dec. 1, 2020 – May 31, 2021)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,200,000	100,000
Repayments of long-term borrowings	(452,868)	(513,680)
Repayments of lease obligations	(8,450)	(7,500)
Purchase of treasury shares	(35)	(402)
Proceeds from disposal of treasury shares	60	-
Dividends paid	(487,254)	(509,492)
Dividends paid to non-controlling interests	(3,600)	(8,424)
Net cash provided by (used in) financing activities	247,851	(939,498)
Effect of exchange rate change on cash and cash equivalents	(25,887)	72,575
Net increase (decrease) in cash and cash equivalents	1,836,448	900,804
Cash and cash equivalents at beginning of period	6,342,620	6,511,760
Cash and cash equivalents at end of period	8,179,069	7,412,565

**(4) 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

There are no significant changes regarding the accounting estimates associated with the COVID-19 pandemic that are explained in the Securities Report (supplementary information) for the fiscal year that ended in November 2020.

**Segment and Other Information**

I. First six months of FY11/20 (Dec. 1, 2019 – May 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	5,176,579	6,041,047	3,124,936	14,342,563	-	14,342,563
Inter-segment sales and transfers	-	-	155,497	155,497	(155,497)	-
Total	5,176,579	6,041,047	3,280,433	14,498,060	(155,497)	14,342,563
Segment profit	365,237	1,514,778	518,539	2,398,555	(14,140)	2,384,415

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 six months of FY11/21 (Dec. 1, 2020 – May 31, 2021)

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	5,945,600	7,260,030	3,727,545	16,933,176	-	16,933,176
Inter-segment sales and transfers	-	-	185,696	185,696	(185,696)	-
Total	5,945,600	7,260,030	3,913,242	17,118,873	(185,696)	16,933,176
Segment profit	505,484	1,666,873	678,400	2,850,758	(8,039)	2,842,718

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

Significant change in goodwill

In the first quarter of FY11/21, Osaka Organic Chemical Industry acquired from Mitsubishi Chemical Corporation a business that manufactures and sells acrylic resin used in hair care products. This business is included in the specialty chemicals segment. The acquisition of this business increased goodwill by 100 million yen.

3. Information related to changes in reportable segments

Beginning with the first quarter of FY11/21, the method used to calculate the profit or loss of reportable segments has changed due to a reexamination of the allocation of corporate expenses for the purpose of better evaluating the performance of individual segments.

Segment profit in the first six months of FY11/20 uses the revised method to calculate the profit or loss of reportable segments.

*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.*