

Notice: This document is an excerpt translation of the original Japanese document and is for reference purposes only. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.



Consolidated Financial Results for the Fiscal Year Ended November 30, 2021 (FY11/21)

[Japanese GAAP]

January 12, 2022

Company name: OSAKA ORGANIC CHEMICAL INDUSTRY LTD.
 Listing: Tokyo Stock Exchange, First Section
 Securities code: 4187 URL: <https://www.ooc.co.jp/>
 Representative: Masayuki Ando, Representative Director and CEO
 Contact: Soichi Honda, Director, Corporate Officer, General Manager of Administration Division
 TEL: +81-6-6264-5071

Scheduled date of Annual General Meeting of Shareholders: February 25, 2022
 Scheduled date of dividend payment: February 28, 2022
 Scheduled date of filing of Annual Securities Report: February 28, 2022
 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 FY11/21 (December 1, 2020 to November 30, 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	%
Fiscal year ended Nov. 30, 2021	35,027	22.1	5,852	31.8	6,253	35.6	4,998	50.9
Fiscal year ended Nov. 30, 2020	28,681	0.1	4,442	21.3	4,612	20.3	3,313	9.2

Note: Comprehensive income (millions of yen) Fiscal year ended Nov. 30, 2021: 5,165 (up 48.8%)
 Fiscal year ended Nov. 30, 2020: 3,472 (up 28.6%)

	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, 2021	225.65	-	13.6	13.1	16.7
Fiscal year ended Nov. 30, 2020	149.59	-	9.9	10.3	15.5

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Nov. 30, 2021: - Fiscal year ended Nov. 30, 2020: -

(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, 2021	49,868	39,125	77.5	1,744.45
As of Nov. 30, 2020	45,324	35,025	76.5	1,564.57

Reference: Shareholders' equity (millions of yen) As of Nov. 30, 2021: 38,645 As of Nov. 30, 2020: 34,658

(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, 2021	5,837	(1,043)	(1,830)	9,593
Fiscal year ended Nov. 30, 2020	4,799	(3,976)	(648)	6,511

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	Millions of yen	%	%
Fiscal year ended Nov. 30, 2020	-	23.00	-	23.00	46.00	1,018	30.8	3.0
Fiscal year ended Nov. 30, 2021	-	25.00	-	25.00	50.00	1,107	22.2	3.0
Fiscal year ending Nov. 30, 2022 (Forecast)	-	26.00	-	26.00	52.00		27.4	

3. Consolidated Forecast for FY11/22 (December 1, 2021 to November 30, 2022)

(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	16,200	-	2,900	2.0	3,000	(2.8)	2,050	(8.8)	92.54
Full year	33,000	-	5,900	0.8	6,150	(1.7)	4,200	(16.0)	189.59

(Note) As the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. will be applied starting from the beginning of the fiscal year ending in November 2022, the figures in consolidated forecast above are stated applying said standard, etc. Accordingly, the percentages representing year-on-year changes against the previous fiscal year as well as the six months ended May 31 of the previous fiscal year are not stated for “net sales.”

* 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, 2021: 22,410,038 shares As of Nov. 30, 2020: 22,410,038 shares

2) Number of treasury shares at the end of the period

As of Nov. 30, 2021: 256,517 shares As of Nov. 30, 2020: 258,203 shares

3) Average number of shares during the period

Fiscal year ended Nov. 30, 2021: 22,153,059 shares Fiscal year ended Nov. 30, 2020: 22,150,671 shares

* 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.

Contents of Attachments

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	3
(3) Cash Flows	3
(4) Outlook	4
(5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years	4
2. Basic Approach for the Selection of Accounting Standards	4
3. Consolidated Financial Statements and Notes	5
(1) Consolidated Balance Sheet	5
(2) Consolidated Statements of Income and Comprehensive Income	7
(3) Consolidated Statement of Changes in Equity	9
(4) Consolidated Statement of Cash Flows	11
(5) Notes to Consolidated Financial Statements	13
Going Concern Assumption	13
Additional Information	13
Segment and Other Information	13
Per-share Information	15
Material Subsequent Events	15

1. Overview of Results of Operations

(1) Results of Operations

The overview of the financial position, results of operations and cash flows (hereinafter, the “Results of Operations”) of the Group (Osaka Organic Chemical Industry and its consolidated subsidiaries) for the fiscal year that ended in November 2021 is as follows.

Financial position and results of operations

The Japanese economy during the fiscal year that ended in November 2021 remained challenging as economic activity continued to be stagnant in part due to an impact of the global COVID-19 pandemic. For economic outlook, the economy is expected to be on a path to recovery as the level of socioeconomic activity is to be raised in a phased manner while measures to prevent the spread of infection are taken. Despite that, attention needs to be paid to future developments in such areas as an increased risk of economic deterioration caused by factors including a surge in resource prices.

Moreover, Japan’s chemical industry has seen continuous signs of picking up and a demand increase against the backdrop of recovery from the COVID-19 crisis.

The Osaka Organic Chemical Industry Group started its Second Five-year Medium-term Business Plan in the fiscal year ended November 30, 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.

As a result, net sales increased 22.1% year on year to 35,027 million yen, operating profit increased 31.8% to 5,852 million yen, ordinary profit was up 35.6% to 6,253 million yen, and profit attributable to owners of parent increased 50.9% to 4,998 million yen.

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

It should be noted that the calculation method for profits or losses of business segments has been changed starting from the fiscal year that ended in November 2021, as stated in “3. Consolidated Financial Statements and Notes; (5) Notes to Consolidated Financial Statements; Segment and Other Information; 2. Calculation method for net sales and profit or loss, assets, liabilities, and other items for each reportable segment; Information concerning changes, etc. in reportable segment.”

1) Chemical products

Net sales of acrylic acid esters increased, as sales of these esters recovered mainly for use in automotive coatings which were significantly affected by the spread of COVID-19 and for use in adhesives for optical materials. Net sales of methacrylic acid esters increased, as sales of these esters for use in coatings and adhesives remained solid. In addition, segment profit significantly increased in part due to the increase in net sales. As a result, net sales increased 22.5% year on year to 12,057 million yen and segment profit increased 108.1% to 938 million yen.

2) Electronics materials

Net sales of semiconductor materials increased, as sales of ArF resist materials which are a major product of this business continued to be strong. Net sales of display materials increased, as demand for displays used for such purposes as working at home and remote classes remained strong. In addition, segment profit increased in part due to the increase

in net sales. As a result, net sales increased 15.4% year on year to 14,508 million yen and segment profit increased 14.6% to 3,430 million yen.

3) Specialty chemicals

Net sales of cosmetic raw materials increased, as demand for such materials which was stagnant due to an impact of the spread of COVID-19 has been on a path to moderate recovery and Osaka Organic Chemical Industry acquired the business unit of Mitsubishi Chemical Corporation that manufactured and sold acrylic resin used in hair care products on February 1, 2021. Net sales of functional materials increased, as sales of products made for other companies remained solid. In addition, segment profit significantly increased in part due to an increase in the share of sales from high-margin products. As a result, net sales increased 35.0% year on year to 8,462 million yen and segment profit increased 44.9% to 1,490 million yen.

(2) Financial Position

Total assets increased 4,543 million yen from the end of the previous fiscal year to 49,868 million yen as of the end of the current fiscal year. This was mainly attributable to increases of 2,401 million yen in cash and deposits, 1,354 million yen in notes and accounts receivable-trade, and 1,197 million yen in finished goods, and a decrease of 689 million yen in property, plant and equipment.

Total liabilities increased 444 million yen from the end of the previous fiscal year to 10,743 million yen as of the end of the current fiscal year. This was mainly attributable to an increase of 991 million yen in notes and accounts payable-trade, a decrease of 514 million yen in accounts payable-other, an increase of 900 million yen in income taxes payable, and a decrease of 534 million yen in long-term borrowings.

Net assets increased 4,099 million yen from the end of the previous fiscal year to 39,125 million yen as of the end of the current fiscal year. This was mainly attributable to an increase of 3,935 million yen in retained earnings and a decrease of 66 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 3,081 million yen, or 47.3%, from the end of the previous fiscal year to 9,593 million yen with net cash provided by operating activities of 5,837 million yen, net cash used in investing activities of 1,043 million yen, and net cash used in financing activities of 1,830 million yen.

Cash flows from operating activities

Net cash provided by operating activities was 5,837 million yen compared with 4,799 million yen provided in the previous fiscal year. This was mainly the net result of profit before income taxes of 7,177 million yen, depreciation, a non-cash expense, of 2,435 million yen, an increase in trade receivables of 1,294 million yen, an increase in inventories of 1,293 million yen and income taxes paid of 1,286 million yen.

Cash flows from investing activities

Net cash used in investing activities was 1,043 million yen. Major factors include payment of 2,313 million yen for purchase of property, plant and equipment, mainly for equipment, and proceeds from sales of investment securities of 1,236 million yen.

Cash flows from financing activities

Net cash used in financing activities was 1,830 million yen compared with 648 million yen used in the previous fiscal year. Major factors include proceeds from long-term borrowings of 250 million yen mainly to fund the purchase of equipment, repayments of long-term borrowings of 993 million yen, and cash dividends paid of 1,063 million yen.

(4) Outlook

While the COVID-19 crisis is having a long-term impact on the global economy, the economic outlook is likely to remain uncertain, as exemplified by crude oil price surges and disruptions in marine transportation due to tight supply and demand conditions.

Under such circumstances, 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 demand for automotive coatings, etc., which was severely impacted by the COVID-19 crisis, is on a path to recovery. 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 also plan to increase sales of new display materials.

In the specialty chemicals business, we acquired on February 1, 2021 the business unit of Mitsubishi Chemical Corporation that manufactured and sold 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 33,000 million yen, operating profit of 5,900 million yen, ordinary profit of 6,150 million yen and profit attributable to owners of parent of 4,200 million yen. As the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. will be applied starting from the beginning of the fiscal year ending in November 2022, the figures in consolidated forecast above are stated applying said standard, etc.

(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 2021 was initially planned to be 48 yen per share, the sum of interim and year-end dividends of 24 yen. However, due to the big increase in profit that was mainly the result of strong sales of electronic materials, in accordance with this basic policy, the interim dividend was increased by 1 yen to 25 yen. In addition, we plan to pay a year-end dividend of 25 yen, 1 yen more than the forecast, resulting in a fiscal year dividend of 50 yen. For the fiscal year ending in November 2022, the plan is to pay interim and year-end dividends of 26 yen, a total of 52 yen per share based on the forecast.

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)	
	FY11/20 (As of Nov. 30, 2020)	FY11/21 (As of Nov. 30, 2021)
Assets		
Current assets		
Cash and deposits	7,521,760	9,923,730
Notes and accounts receivable-trade	7,699,661	9,054,341
Electronically recorded monetary claims-operating	465,049	419,513
Securities	200,250	-
Finished goods	3,688,947	4,886,661
Work in process	2,013,799	2,038,298
Raw materials and supplies	1,476,641	1,706,178
Other	80,681	74,077
Allowance for doubtful accounts	(12,387)	(14,101)
Total current assets	23,134,405	28,088,700
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,125,742	17,568,717
Accumulated depreciation	(9,375,624)	(9,877,562)
Buildings and structures, net	7,750,118	7,691,154
Machinery, equipment and vehicles	27,415,197	27,921,299
Accumulated depreciation	(22,363,970)	(23,570,739)
Machinery, equipment and vehicles, net	5,051,227	4,350,559
Land	2,225,335	2,179,304
Construction in progress	564,575	807,185
Other	3,056,251	3,161,370
Accumulated depreciation	(2,348,185)	(2,579,886)
Other, net	708,065	581,484
Total property, plant and equipment	16,299,321	15,609,688
Intangible assets		
Goodwill	-	83,333
Other	70,728	58,263
Total intangible assets	70,728	141,596
Investments and other assets		
Investment securities	5,458,084	5,642,873
Retirement benefit asset	83,972	146,509
Deferred tax assets	34,184	36,052
Other	243,694	202,932
Total investments and other assets	5,819,935	6,028,369
Total non-current assets	22,189,985	21,779,654
Total assets	45,324,390	49,868,355

	(Thousands of yen)	
	FY11/20	FY11/21
	(As of Nov. 30, 2020)	(As of Nov. 30, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,201,121	4,192,756
Current portion of long-term borrowings	968,666	759,920
Accounts payable-other	1,913,480	1,399,135
Income taxes payable	715,869	1,615,908
Provision for bonuses	43,000	-
Provision for bonuses for directors (and other officers)	64,080	73,200
Other	647,446	646,916
Total current liabilities	7,553,664	8,687,838
Non-current liabilities		
Long-term borrowings	2,029,377	1,494,463
Deferred tax liabilities	555,388	458,403
Other	160,686	102,591
Total non-current liabilities	2,745,452	2,055,458
Total liabilities	10,299,117	10,743,296
Net assets		
Shareholders' equity		
Share capital	3,600,295	3,600,295
Capital surplus	3,508,891	3,512,539
Retained earnings	26,068,688	30,004,244
Treasury shares	(435,195)	(433,016)
Total shareholders' equity	32,742,680	36,684,063
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,168,185	2,101,591
Foreign currency translation adjustment	(15,242)	33,236
Remeasurements of defined benefit plans	(237,610)	(173,194)
Total accumulated other comprehensive income	1,915,333	1,961,634
Non-controlling interests	367,259	479,361
Total net assets	35,025,273	39,125,059
Total liabilities and net assets	45,324,390	49,868,355

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

(Thousands of yen)

	FY11/20 (Dec. 1, 2019 – Nov. 30, 2020)	FY11/21 (Dec. 1, 2020 – Nov. 30, 2021)
Net sales	28,681,191	35,027,956
Cost of sales	20,271,218	24,778,402
Gross profit	8,409,973	10,249,553
Selling, general and administrative expenses	3,967,619	4,396,575
Operating profit	4,442,353	5,852,978
Non-operating income		
Interest income	1,682	1,663
Dividend income	144,385	134,987
Foreign exchange gains	-	70,850
Subsidy income	-	115,300
Other	78,777	85,232
Total non-operating income	224,845	408,033
Non-operating expenses		
Interest expenses	9,109	6,944
Foreign exchange losses	20,764	-
Donations	16,000	-
Compensation for damage	8,800	-
Other	-	492
Total non-operating expenses	54,674	7,437
Ordinary profit	4,612,524	6,253,574
Extraordinary income		
Gain on sales of non-current assets	-	118,796
Gain on sales of investment securities	101,100	814,657
Total extraordinary income	101,100	933,453
Extraordinary losses		
Loss on retirement of non-current assets	113,157	9,990
Loss on valuation of golf club membership	2,500	-
Impairment loss	7,776	-
Total extraordinary losses	123,434	9,990
Profit before income taxes	4,590,191	7,177,037
Income taxes-current	1,202,845	2,151,359
Income taxes-deferred	13,616	(89,473)
Total income taxes	1,216,461	2,061,885
Profit	3,373,729	5,115,151
Profit attributable to non-controlling interests	60,184	116,261
Profit attributable to owners of parent	3,313,545	4,998,890

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY11/20 (Dec. 1, 2019 – Nov. 30, 2020)	FY11/21 (Dec. 1, 2020 – Nov. 30, 2021)
Profit	3,373,729	5,115,151
Other comprehensive income		
Valuation difference on available-for-sale securities	111,230	(63,765)
Foreign currency translation adjustment	5,540	48,478
Remeasurements of defined benefit plans, net of tax	(18,191)	65,852
Total other comprehensive income	98,578	50,565
Comprehensive income	3,472,308	5,165,717
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,414,651	5,045,191
Comprehensive income attributable to non-controlling interests	57,656	120,526

(3) Consolidated Statement of Changes in Equity

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

FY11/21 (Dec. 1, 2020 – Nov. 30, 2021)

(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	26,068,688	(435,195)	32,742,680
Changes during period					
Dividends of surplus			(1,063,334)		(1,063,334)
Profit attributable to owners of parent			4,998,890		4,998,890
Purchase of treasury shares				(1,193)	(1,193)
Disposal of treasury shares		3,647		3,372	7,020
Net changes in items other than shareholders' equity					
Total changes during period	—	3,647	3,935,555	2,178	3,941,382
Balance at end of period	3,600,295	3,512,539	30,004,244	(433,016)	36,684,063

	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	2,168,185	(15,242)	(237,610)	1,915,333	367,259	35,025,273
Changes during period						
Dividends of surplus						(1,063,334)
Profit attributable to owners of parent						4,998,890
Purchase of treasury shares						(1,193)
Disposal of treasury shares						7,020
Net changes in items other than shareholders' equity	(66,594)	48,478	64,415	46,300	112,102	158,403
Total changes during period	(66,594)	48,478	64,415	46,300	112,102	4,099,785
Balance at end of period	2,101,591	33,236	(173,194)	1,961,634	479,361	39,125,059

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY11/20 (Dec. 1, 2019 – Nov. 30, 2020)	FY11/21 (Dec. 1, 2020 – Nov. 30, 2021)
Cash flows from operating activities		
Profit before income taxes	4,590,191	7,177,037
Depreciation	2,085,898	2,435,011
Amortization of goodwill	-	16,666
Increase (decrease) in allowance for doubtful accounts	74	1,714
Increase (decrease) in provision for bonuses	(33,439)	(43,000)
Increase (decrease) in provision for bonuses for directors (and other officers)	4,300	9,120
Decrease (increase) in retirement benefit asset	24,134	32,214
Interest and dividend income	(146,067)	(136,650)
Interest expenses	9,109	6,944
Foreign exchange losses (gains)	11,379	(63,772)
Loss (gain) on sales of non-current assets	-	(118,796)
Loss on retirement of non-current assets	113,157	9,990
Impairment loss	7,776	-
Loss (gain) on sales of investment securities	(101,100)	(814,657)
Subsidy income	-	(115,300)
Loss on valuation of golf club memberships	2,500	-
Decrease (increase) in trade receivables	678,366	(1,294,947)
Decrease (increase) in inventories	(738,970)	(1,293,716)
Increase (decrease) in trade payables	(969,568)	953,270
Other, net	257,964	117,530
Subtotal	5,795,704	6,878,660
Interest and dividends received	145,047	136,775
Interest paid	(9,087)	(6,707)
Subsidies received	-	115,300
Income taxes (paid) refund	(1,132,252)	(1,286,320)
Net cash provided by (used in) operating activities	4,799,411	5,837,707
Cash flows from investing activities		
Payments into time deposits	(1,960,000)	(630,000)
Proceeds from withdrawal of time deposits	2,250,000	1,310,000
Purchase of property, plant and equipment	(4,379,856)	(2,313,825)
Proceeds from sales of property, plant and equipment	-	164,886
Purchase of intangible assets	(9,842)	(17,037)
Purchase of investment securities	(5,357)	(708,453)
Proceeds from sales of investment securities	126,880	1,236,027
Proceeds from redemption of investment securities	-	200,000
Purchase of insurance funds	(5,121)	(3,521)
Proceeds from maturity of insurance funds	6,726	-
Payments for acquisition of businesses	-	(245,520)
Other, net	3	(35,863)
Net cash provided by (used in) investing activities	(3,976,568)	(1,043,306)

	(Thousands of yen)	
	FY11/20	FY11/21
	(Dec. 1, 2019 – Nov. 30, 2020)	(Dec. 1, 2020 – Nov. 30, 2021)
Cash flows from financing activities		
Proceeds from long-term borrowings	1,350,000	250,000
Repayments of long-term borrowings	(980,710)	(993,660)
Repayments of lease obligations	(16,901)	(14,049)
Purchase of treasury shares	(295)	(1,193)
Proceeds from disposal of treasury shares	60	-
Dividends paid	(996,749)	(1,063,334)
Dividends paid to non-controlling interests	(3,600)	(8,424)
Net cash provided by (used in) financing activities	(648,195)	(1,830,661)
Effect of exchange rate change on cash and cash equivalents	(5,507)	118,231
Net increase (decrease) in cash and cash equivalents	169,140	3,081,969
Cash and cash equivalents at beginning of period	6,342,620	6,511,760
Cash and cash equivalents at end of period	6,511,760	9,593,730

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

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. There were signs of recovery from the impact of the spread of the COVID-19 pandemic in 2021 in some areas. Nevertheless, it is difficult to predict when the COVID-19 pandemic will end, in part due to an impact of variants. Moreover, the effects of the pandemic may linger on for a certain period in 2022. We believe that the COVID-19 pandemic will not have a significant effect on the Group's businesses and operating results.

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 and profit or loss, assets, and other items for each reportable segment

The accounting methods used for reportable business segments are generally the same as the descriptions in "Significant matters that serve as the basis for preparation of consolidated financial statements."

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

Information concerning changes, etc. in reportable segments

The calculation method for profits or losses of reportable segments has been changed starting from the current fiscal year, upon reviewing the allocation of common expenses, to evaluate and manage results of operations of each reportable segment more appropriately.

The segment information for the previous fiscal year is stated based on the calculation method for profits or losses of reportable segments after the change.

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

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

(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	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	451,055	2,993,027	1,028,338	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.

FY11/21 (Dec. 1, 2020 – Nov. 30, 2021)

(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	12,057,373	14,508,444	8,462,137	35,027,956	-	35,027,956
Inter-segment sales and transfers	-	-	377,554	377,554	(377,554)	-
Total	12,057,373	14,508,444	8,839,692	35,405,510	(377,554)	35,027,956
Segment profit	938,715	3,430,372	1,490,015	5,859,103	(6,125)	5,852,978
Segment assets	7,084,444	14,936,988	4,800,148	26,821,581	23,046,773	49,868,355
Other items						
Depreciation	703,556	1,446,704	284,750	2,435,011	-	2,435,011
Amortization of goodwill	-	-	16,666	16,666	-	16,666
Increase in property, plant and equipment and intangible assets	46,252	568,044	537,337	1,151,635	494,623	1,646,258

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 119,015 thousand yen in elimination of inter-segment receivables, 23,267,155 thousand yen of corporate assets that cannot be allocated to reportable segments, and inventory adjustments of 101,366 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)

	FY11/20 (Dec. 1, 2019 – Nov. 30, 2020)	FY11/21 (Dec. 1, 2020 – Nov. 30, 2021)
Net assets per share	1,564.57	1,744.45
Net income per share	149.59	225.65

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:

	FY11/20 (Dec. 1, 2019 – Nov. 30, 2020)	FY11/21 (Dec. 1, 2020 – Nov. 30, 2021)
Net income per share		
Profit attributable to owners of parent (Thousands of yen)	3,313,545	4,998,890
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common shares (Thousands of yen)	3,313,545	4,998,890
Average number of common shares outstanding during the period (Shares)	22,150,671	22,153,059

Material Subsequent Events**Purchase of treasury shares**

Osaka Organic Chemical Industry passed a resolution at the Board of Directors' meeting held on January 12, 2022, on matters concerning its purchase of treasury shares pursuant to the provisions of Article 156 of the Companies Act, as applied mutatis mutandis pursuant to Article 165, Paragraph 3 following the deemed replacement of terms.

For more details, please refer to "Notice Regarding a Decision on Matters Concerning Purchase of Treasury Shares" dated January 12, 2022.