

Translation

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**Consolidated Financial Results for the Second Quarter of the  
Fiscal Year Ending November 30, 2023 (FY11/23)  
(Six Months Ended May 31, 2023)**



[Japanese GAAP]  
July 6, 2023

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 Listing: Tokyo Stock Exchange, Prime Market  
 Stock code: 4187 URL: <https://www.ooc.co.jp/>  
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 Scheduled date of filing of Quarterly Report: July 6, 2023  
 Scheduled date of dividend payment: August 7, 2023  
 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 FY11/22 (December 1, 2022 to May 31, 2023)**

(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, 2023	14,262	(11.7)	1,939	(41.6)	2,074	(41.2)	1,606	(34.4)
Six months ended May 31, 2022	16,144	-	3,320	16.8	3,526	14.3	2,448	9.0

Note: Comprehensive income (millions of yen) Six months ended May 31, 2023: 1,924(down24.2%)  
 Six months ended May 31, 2022: 2,538(down2.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended May 31, 2023	74.75	-
Six months ended May 31, 2022	111.60	-

NOTE: "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 March 31, 2020) has been applied since the beginning of the first quarter consolidated accounting period. Figures for the second quarter of the fiscal year ending November 30, 2022 are figures after the application of this accounting standard, and sales changes from the same period of the previous year are not stated.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2023	53,117	42,129	78.2
As of Nov. 30, 2022	52,836	41,394	77.3

Reference: Shareholders' equity (millions of yen) As of May 31, 2023: 41,528 As of Nov. 30, 2022: 40,826

## 2.Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ending Nov. 30, 2022	-	27.00	-	27.00	54.00
Fiscal year ending Nov. 30, 2023	-	28.00			
Fiscal year ending Nov. 30, 2023 (Forecast)			-	28.00	56.00

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

## 3.Consolidated Forecasts for FY11/23 (December 1, 2022 to November 30, 2023)

(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	29,000	(10.0)	3,800	(36.0)	4,000	(37.2)	2,800	(40.8)	129.85

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

### ※ Notes

(1)Changes of important subsidiaries during the period : None

(Changes in specified subsidiaries resulting in changes in the scope of consolidation)

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: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: For details, please refer to “2. Quarterly Consolidated Financial Statements and Notes; (4) Notes to Quarterly Consolidated Financial Statements (Changes in Accounting Policies)” on page 10 (Attachment) of this quarterly financial report.

(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, 2023: 22,410,038 shares As of Nov. 30, 2022: 22,410,038 shares

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

As of May 31, 2023: 1,142,498 shares As of Nov. 30, 2022: 847,478 shares

3) Average number of shares during the period

Six months ended May 31, 2023: 21,489,440 shares Six months ended May 31, 2022: 21,943,278 shares

※ 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

In the consolidated cumulative second quarter of the current fiscal year, the Japanese economy showed signs of resumption in economic activity due to the relaxation of behavioral restrictions caused by a new type of coronavirus infectious disease. On the other hand, the outlook remains uncertain due to such factors as soaring resource and energy prices associated with the long-term situation in Russia and Ukraine, global price increases, and rapid exchange rate fluctuations resulting from monetary tightening in each country.

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. However, it is affected by sluggish demand for electronic materials such as displays and semiconductors.

As a result, net sales for the second quarter of the current fiscal year were ¥14,262 million (down 11.7% year on year), operating income was ¥1,939 million (down 41.6% year on year), ordinary profit was ¥2,074 million (down 41.2% year on year), and profit attributable to owners of parent was ¥1,606 million (down 34.4% year on year).

Business results by segment are explained below (excluding inter-segment transactions)

#### 1) Chemical products

Regarding acrylic acid ester, while sales of esters used in automotive coatings remained firm, sales of esters used in display adhesives and chemical products used in UV inkjet printers were sluggish. Sales of methacrylic acid esters decreased significantly. As a result, net sales ¥4,580 million (down 19.0% year on year) and segment profit was ¥318 million (down 42.7% year on year).

#### 2) Electronics materials

In the electronic materials business, the Semiconductor Materials Group recorded strong sales of raw materials for state-of-the-art EUV resists. However, sales of raw materials for ArF resists, the mainstay of the Group, remained flat due to weak demand in the end-market. As for display materials, sales remained weak due to sluggish demand for displays. As a result, net sales stood at ¥6,566 million (down 12.9% year on year) and segment profit was ¥1,061 million (down 48.7% year on year).

#### 3) Specialty chemicals

Raw materials for cosmetics recorded strong sales abroad. As for functional materials, sales of products made for other companies remained weak. High-purity specialty solvents produced by a subsidiary recorded robust sales. As a result, net sales were ¥3,115 million (up 5.6% year on year) and segment profit was ¥563 million (down 18.6% year on year).

### (2) Explanation of Financial Position

Total assets at the end of the second quarter of the current fiscal year increased by ¥280 million from the end of the previous fiscal year to ¥53,117 million. This was mainly attributable to a decrease of ¥1,041 million in cash and deposits, a decrease of ¥1,123 million in notes receivable, accounts receivable and contract assets, an increase of ¥312 million in products, an increase of ¥363 million in work in process, an increase of ¥645 million in machinery, equipment and vehicles, an increase of ¥735 million in construction in progress, and an increase of ¥406 million in investment securities.

Liabilities at the end of the second quarter of the current fiscal year decreased by ¥454 million from the end of the previous fiscal year to ¥10,988 million yen. This was mainly due to a decrease of ¥638 million in notes and accounts payable-trade, an increase of ¥1,214 million in accounts payable-other, a decrease of ¥282 million in income taxes payable, and a decrease of ¥804 million in long-term loans payable.

Net assets at the end of the second quarter of the current fiscal year increased by ¥734 million from the end of the previous

fiscal year to ¥42,129 million. This was mainly due to an increase of ¥1,024 million in retained earnings, an increase of ¥586 million in treasury stock, and an increase of ¥250 million in net unrealized holding gains on securities.

### **Cash Flows**

Cash and cash equivalents at the end of the second quarter of the current fiscal year decreased by ¥1,041 million from the end of the previous fiscal year to ¥7,022 million.

Net cash provided by operating activities increased by ¥2,020 million compared with ¥2,814 million in the same quarter of the previous fiscal year. This was mainly attributable to quarterly income before income taxes and minority interests of ¥2,322 million, depreciation and amortization of ¥1,018 million, and income taxes paid of ¥1,002 million.

Net cash used in investing activities was ¥990 million, compared with ¥702 million in the same quarter of the previous fiscal year. This was mainly due to purchase of property, plant and equipment of ¥1,175 million and proceeds from sales of investment securities of ¥294 million.

Net cash used in financing activities was ¥2,074 million yen, compared with ¥1,973 million yen in the same quarter of the previous fiscal year. This was mainly due to repayments of long-term loans payable of ¥899 million, purchase of treasury stock of ¥601 million, and cash dividends paid of ¥582 million.

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

The consolidated forecasts announced on April 7, 2023 remain unchanged.

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY11/22 (As of November 30, 2022)	Second quarter of FY11/23 (As of May 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits	8,094,541	7,052,751
Notes, accounts receivable-trade and contract assets	9,824,100	8,700,615
Electronically recorded monetary claims-operating	357,804	340,551
Finished goods	4,625,496	4,937,636
Work in process	1,985,897	2,349,390
Raw materials and supplies	2,437,106	2,460,357
Other	772,651	810,220
Allowance for doubtful accounts	(15,329)	(13,280)
Total current assets	28,082,267	26,638,242
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,169,635	7,199,489
Machinery, equipment and vehicles, net	3,873,567	4,518,617
Land	2,173,661	2,173,661
Construction in progress	4,785,912	5,521,189
Other, net	468,053	418,043
Total property, plant and equipment	18,470,830	19,831,000
Intangible assets		
Goodwill	63,333	53,333
Other	53,358	65,143
Total intangible assets	116,692	118,477
Investments and other assets		
Investment securities	5,619,707	6,025,849
Retirement benefit asset	353,157	366,173
Deferred tax assets	420	3,465
Other	193,660	134,277
Total investments and other assets	6,166,945	6,529,766
Total non-current assets	24,754,468	26,479,244
Total assets	52,836,735	53,117,486

(Thousands of yen)

	FY11/22 (As of November 30, 2022)	Second quarter of FY11/23 (As of May 31, 2023)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	4,522,059	3,883,886
Current portion of bonds payable	25,000	25,000
Current portion of long-term borrowings	1,795,832	1,750,870
Accounts payable-other	1,066,907	2,281,521
Income taxes payable	1,036,437	753,885
Provision for bonuses for directors (and other officers)	34,715	10,901
Other	688,717	764,279
<b>Total current liabilities</b>	<b>9,169,669</b>	<b>9,470,344</b>
<b>Non-current liabilities</b>		
Bonds payable	25,000	12,500
Long-term borrowings	1,736,327	931,707
Deferred tax liabilities	410,366	466,788
Provision for share awards for directors (and other officers)	10,591	15,640
Other	90,405	91,131
<b>Total non-current liabilities</b>	<b>2,272,690</b>	<b>1,517,767</b>
<b>Total liabilities</b>	<b>11,442,359</b>	<b>10,988,111</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,600,295	3,600,295
Capital surplus	3,513,544	3,511,017
Retained earnings	33,861,607	34,885,816
Treasury shares	(2,123,303)	(2,709,473)
<b>Total shareholders' equity</b>	<b>38,852,143</b>	<b>39,287,655</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,913,210	2,163,487
Foreign currency translation adjustment	78,564	84,109
Remeasurements of defined benefit plans	(17,619)	(6,271)
<b>Total accumulated other comprehensive income</b>	<b>1,974,155</b>	<b>2,241,325</b>
<b>Non-controlling interests</b>	<b>568,076</b>	<b>600,393</b>
<b>Total net assets</b>	<b>41,394,375</b>	<b>42,129,374</b>
<b>Total liabilities and net assets</b>	<b>52,836,735</b>	<b>53,117,486</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 FY11/22 (Dec. 1, 2021-May 31, 2022)	First six months of FY11/23 (Dec. 1, 2022-May 31, 2023)
Net sales	16,144,149	14,262,357
Cost of sales	10,682,573	10,229,667
Gross profit	5,461,576	4,032,690
Selling, general and administrative expenses	2,140,597	2,093,387
Operating profit	3,320,978	1,939,302
Non-operating income		
Interest income	516	851
Dividend income	64,877	66,922
Foreign exchange gains	84,622	1,536
Insurance income	-	48,576
Insurance premiums refunded cancellation	34,383	-
Other	37,027	25,095
Total non-operating income	221,426	142,982
Non-operating expenses		
Interest expenses	3,261	2,841
Commission for purchase of treasury stock	10,641	3,241
Loss on investments in partnership	81	1,966
Other	1,798	28
Total non-operating expenses	15,783	8,078
Ordinary profit	3,526,621	2,074,206
Extraordinary income		
Gain on sales of non-current assets	-	873
Gain on sales of investment securities	-	247,848
Total extraordinary income	-	248,721
Extraordinary losses		
Loss on retirement of non-current assets	917	898
Total extraordinary losses	917	898
Profit before income taxes	3,525,704	2,322,029
Income taxes-current	1,105,622	731,733
Income taxes-deferred	(72,930)	(63,374)
Total income taxes	1,032,691	668,359
Profit	2,493,012	1,653,670
Profit attributable to non-controlling interests	44,099	47,271
Profit attributable to owners of parent	2,448,913	1,606,398



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

(Thousands of yen)

	First six months of FY11/22 (Dec. 1, 2021-May 31, 2022)	First six months of FY11/23 (Dec. 1, 2022-May 31, 2023)
Profit	2,493,012	1,653,670
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,423)	253,356
Foreign currency translation adjustment	39,526	5,545
Remeasurements of defined benefit plans, net of tax	16,766	11,601
Total other comprehensive income	45,869	270,503
Comprehensive income	2,538,881	1,924,173
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,492,072	1,873,568
Comprehensive income attributable to non-controlling interests	46,808	50,604

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

(Thousands of yen)

	First six months of FY11/22 (Dec. 1, 2021-May 31, 2022)	First six months of FY11/23 (Dec. 1, 2022-May 31, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,525,704	2,322,029
Depreciation	1,071,507	1,018,006
Amortization of goodwill	9,999	9,999
Increase (decrease) in allowance for doubtful accounts	(59)	(2,049)
Increase (decrease) in provision for bonuses for directors (and other officers)	(53,110)	(23,814)
Increase (decrease) in provision for share awards for directors (and other officers)	-	5,048
Decrease (increase) in retirement benefit asset	11,969	3,675
Interest and dividend income	(65,393)	(67,773)
Insurance income	-	(48,576)
Interest expenses	3,261	2,841
Foreign exchange losses (gains)	(68,679)	8,064
Loss (gain) on sales of non-current assets	-	(873)
Loss on retirement of non-current assets	917	898
Gain (loss) on investments in partnership (gain)	81	1,966
Loss (gain) on sales of investment securities	-	(247,848)
Decrease (increase) in trade receivables and contract assets	141,112	1,143,661
Decrease (increase) in inventories	(1,314,454)	(696,902)
Increase (decrease) in trade payables	1,239,313	(642,335)
Other	(188,993)	122,734
<b>Subtotal</b>	<b>4,313,178</b>	<b>2,908,755</b>
Interest and dividends received	65,393	67,773
Interest paid	(2,741)	(2,761)
Insurance received	-	48,576
Income taxes (paid) refund	(1,561,464)	(1,002,209)
<b>Cash flows from operating activities</b>	<b>2,814,365</b>	<b>2,020,134</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(300,000)	-
Proceeds from withdrawal of time deposits	300,000	-
Purchase of property, plant and equipment	(811,078)	(1,175,270)
Proceeds from sales of property, plant and equipment	-	1,043
Purchase of intangible assets	(7,967)	(20,760)
Purchase of investment securities	-	(90,000)
Proceeds from sales of investment securities	-	294,757
Purchase of insurance funds	(1,192)	-
Proceeds from maturity of insurance funds	118,208	-
Other	(70)	-
<b>Cash flows from investing activities</b>	<b>(702,099)</b>	<b>(990,230)</b>

(Thousands of yen)

	First six months of FY11/22 (Dec. 1, 2021-May 31, 2022)	First six months of FY11/23 (Dec. 1, 2022-May 31, 2023)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	100,000	50,000
Repayments of long-term borrowings	(383,266)	(899,582)
Redemption of bonds	-	(12,500)
Repayments of lease obligations	(9,402)	(9,907)
Purchase of treasury shares	(1,109,681)	(601,938)
Dividends paid	(553,838)	(582,189)
Dividends paid to non-controlling interests	(17,520)	(18,288)
<b>Cash flows from financing activities</b>	<b>(1,973,708)</b>	<b>(2,074,405)</b>
Effect of exchange rate change on cash and cash equivalents	110,042	2,711
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>248,600</b>	<b>(1,041,789)</b>
Cash and cash equivalents at beginning of period	9,593,730	8,064,541
<b>Cash and cash equivalents at end of period</b>	<b>9,842,331</b>	<b>7,022,751</b>

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

Not applicable.

**Significant Changes in Shareholders' Equity**

In accordance with the resolution of the Board of Directors' meeting held on April 7, 2023, the Company repurchased its own shares. As a result of this acquisition and other factors, treasury stock increased by 586,170,000 yen in the second quarter under review to 2,709,473,000 yen at the end of the second quarter under review.

**Changes in Accounting Policies**

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company will apply the "Implementation Guidance on Accounting Standard for Calculation of Market Value" (ASBJ Guidance No. 31, June 17, 2021; hereinafter the "Guidance on Accounting Standard for Market Value Calculation") from the beginning of the first quarter of the current fiscal year, and apply the new accounting policy stipulated by the Implementation Guidance on Accounting Standard for Market Value Calculation in accordance with the transitional treatment stipulated in Article 27-2 of the Guidance on Accounting Standard for Market Value Calculation in the future. This application has no impact on the quarterly consolidated financial statements.

**Segment and Other Information**

I . First six months of FY11/22 (Dec. 1, 2021 – May 31, 2022)

1.Information on the amounts of sales, profits or losses by reportable segment and information on disaggregation of revenue

(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						
Japan	3,818,749	6,632,254	2,479,049	12,930,053	-	12,930,053
Asia and Australia	1,280,758	885,765	396,598	2,563,122	-	2,563,122
Americas	342,931	23,549	62,581	429,062	-	429,062
Europe	209,695	-	12,215	221,911	-	221,911
Revenue from contracts with customers	5,652,135	7,541,569	2,950,445	16,144,149	-	16,144,149
Other revenues	-	-	-	-	-	-
Sales to external customers	5,652,135	7,541,569	2,950,445	16,144,149	-	16,144,149
Inter-segment sales and transfers	-	-	213,633	213,633	(213,633)	-
Total	5,652,135	7,541,569	3,164,078	16,357,782	(213,633)	16,144,149
Segment profit	556,990	2,066,937	691,569	3,315,497	5,480	3,320,978

Note: 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 FY11/23 (Dec. 1, 2022 – May 31, 2023)

## 1. Information on the amounts of sales, profits or losses by reportable segment and information on disaggregation of revenue

(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						
Japan	3,100,286	5,769,255	2,575,838	11,445,380	-	11,445,380
Asia and Australia	1,003,289	754,136	479,145	2,236,571	-	2,236,571
Americas	230,756	43,440	60,242	334,438	-	334,438
Europe	245,879	60	27	245,967	-	245,967
Revenue from contracts with customers	4,580,210	6,566,892	3,115,254	14,262,357	-	14,262,357
Other revenues	-	-	-	-	-	-
Sales to external customers	4,580,210	6,566,892	3,115,254	14,262,357	-	14,262,357
Inter-segment sales and transfers	-	-	205,861	205,861	(205,861)	-
Total	4,580,210	6,566,892	3,321,116	14,468,219	(205,861)	14,262,357
Segment profit	318,940	1,061,211	563,083	1,943,235	(3,933)	1,939,302

Note: 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.

**Significant Subsequent Events**

Not applicable.