

(English Translation)

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**Consolidated Financial Results for the First Quarter of the
Fiscal Year Ending November 30, 2024 (FY11/24)
(Three Months Ended February 29, 2024)**

[Japanese GAAP]
April 12, 2024

Company name: OSAKA ORGANIC CHEMICAL INDUSTRY LTD.
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 April 12, 2024 Scheduled date of dividend payment -
Preparation of supplementary materials for quarterly financial results : Yes
Holding of quarterly financial results meeting : None

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

1. Consolidated Financial Results for the First Quarter of FY11/24 (December 1, 2023 to February 29, 2024)

(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	%
Three months ended Feb. 29, 2024	7,066	2.8	580	(42.3)	640	(38.4)	603	(17.0)
Three months ended Feb. 28, 2023	6,870	(15.4)	1,005	(39.6)	1,040	(40.0)	726	(40.0)

(NOTE) Comprehensive income (millions of yen) Three months ended Feb. 29, 2024: 1,164 (up 24.4)
Three months ended Feb. 28, 2023: 935 (down 21.3)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended Feb. 29, 2024	28.47		-	
Three months ended Feb. 28, 2023	33.71		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Feb. 29, 2024	54,951		43,751		78.4	
As of Nov. 30, 2023	54,636		43,629		78.7	

Reference Shareholders' equity (millions of yen) As of Feb. 29, 2024 43,106 As of Feb. 28, 2023 42,984

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ending Nov. 30, 2023	Yen -	Yen 28.00	Yen -	Yen 28.00	Yen 56.00
Fiscal year ending Nov. 30, 2024	-	-	-	-	-
Fiscal year ending Nov. 30, 2024 (Forecast)	-	29.00	-	29.00	58.00

(NOTE) Revisions to the most recently announced dividend forecast : None

3. Consolidated Forecasts for the FY11/24 (December 1, 2023 to November 30, 2024)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Per share Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
First half	14,500	1.7	1,400	(27.8)	1,500	(27.7)	1,000	(37.7)	47.02	
Full year	31,000	7.2	3,700	3.4	3,900	0.6	2,700	(17.5)	126.95	

(NOTE) Revisions to the most recently announced consolidated forecast : None

※ **Notes**

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

(change in scope of consolidation)

Newly added - Company (Company name) , Excluded - Company (Company name)

(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)

1Q for the Fiscal Year Ended November 2024	22,410,038Shares	Fiscal year ending Nov. 30, 2023	22,410,038Shares
② Number of treasury shares at the end of the period	1,286,185Shares	Fiscal year ending Nov. 30, 2023	1,142,585Shares
③ Average number of shares during the period	21,195,658Shares	As of Feb. 28, 2023	21,562,560Shares

※ 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 forward-looking statements contained in this material 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 2 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

During the first quarter of the fiscal year under review, the Period economy continued to recover moderately due to improvement in the employment and income environment and various government policies. However, the outlook remains uncertain due to the uncertainty in overseas economies and the impact of global monetary tightening, as well as other risks that could exert downward pressure on the domestic economy.

Under these circumstances, we launched a new medium-term management planning Progress & Development 2030 (P&D 2030) for the period from the fiscal year ended November 2024 to the fiscal year ended November 2030. Based on our Group management philosophy, P&D 2030 has set a management vision of "providing value to the global market as a leading company in specialty acrylic acid esters." Under this vision, we will promote sustainable management that takes ESG into account, aiming to increase corporate value and achieve sustainable growth.

In the Chemicals Business, we worked to improve profitability by integrating and closing products, and focused on expanding sales of environmentally friendly products, such as those derived from biomass. In the electronic materials business, the Group worked to accelerate the development of cutting-edge semiconductor materials and to develop new applications for photoresist materials. In the functional chemicals business, the Group worked to strengthen overseas expansion of cosmetic raw materials and expand sales of high-purity special solvents.

As a result, for the first quarter, net sales were 7,066 million yen (up 2.8% year on year), operating profit was 580 million yen (down 42.3% year on year), ordinary profit was 640 million yen (down 38.4% year on year), and profit attributable to owners of parent was 603 million yen (down 17.0% year on year).

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

① Chemical products

In the chemicals business, sales of the acrylic acid ester group for automotive coatings and adhesives for displays were strong. Sales for UV inkjet inks increased significantly. Methacrylic acid esters recorded strong sales. As a result, net sales were 2,702 million yen (up 27.6% from the same quarter of the previous year) and segment profit was 260 million yen (up 93.2% from the same quarter of the previous year).

② Electronics materials

In the electronic materials business, sales of raw materials for cutting-edge EUV resists increased significantly. However, sales of raw materials for ArF resists, which are the Company's mainstay, declined despite signs of recovery from sluggish demand due to prolonged inventory adjustments. As a result, the Group-wide net sales declined. In the Labeling Materials Group, sales for insulating films for touch panels increased, and the Group's overall sales remained firm. As a result, net sales decreased 4.3% from the same quarter of the previous year to 3,099 million yen and segment profit decreased 69.9% to 175 million yen.

③ Specialty chemicals

Raw materials for cosmetics recorded strong sales abroad. As for functional materials, sales of products made for other companies remained weak. Sales of high-purity specialty solvents at subsidiaries decreased. As a result, net sales decreased 16.5% from the same quarter of the previous year to 1,264 million yen and segment profit decreased 56.1% to 132 million yen.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the current fiscal year increased by 314 million yen from the end of the previous fiscal year to 54,951 million yen. This was mainly attributable to an increase of 1,677 million yen in cash and deposits, a decrease of 428 million yen in notes receivable, accounts receivable and contract assets, a decrease of 377 million yen in products, a decrease of 277 million yen in raw materials and supplies, a decrease of 670 million yen in other current assets due to refunds of consumption taxes receivable, and an increase of 683 million yen in investment securities.

Liabilities at the end of the first quarter of the current fiscal year increased by 192 million yen from the end of the previous fiscal year to 11,200 million yen. This was mainly due to a decrease of 341 million yen in current portion of

long-term loans payable, an increase of 196 million yen in income taxes payable, an increase of 223 million yen in provision for bonuses, and an increase of 116 million yen in deferred tax liabilities.

Net assets at the end of the first quarter of the current fiscal year increased by 122 million yen from the end of the previous fiscal year to 43,751 million yen. This was mainly due to an increase of 7 million yen in retained earnings, an increase of 426 million yen in treasury stock, and an increase of 525 million yen in net unrealized holding gains on securities.

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

The consolidated forecasts announced on January 11, 2024, remain unchanged.

2. Quarterly Consolidated Financial Statements and Notes
(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY11/23 (As of Nov. 30, 2023)	First quarter of FY11/24 (As of Feb. 29, 2024)
Assets		
Current assets		
Cash and deposits	7,890,809	9,568,135
Notes, accounts receivable-trade and contract assets	8,634,668	8,206,289
Electronically recorded monetary claims-operating	335,183	321,615
Finished goods	4,558,239	4,180,510
Work in process	1,979,792	2,167,236
Raw materials and supplies	2,175,488	1,897,616
Other	1,540,540	870,371
Allowance for doubtful accounts	(12,736)	(11,966)
Total current assets	27,101,985	27,199,808
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,720,743	8,567,203
Machinery, equipment and vehicles, net	8,673,751	8,200,240
Land	2,172,476	2,172,476
Construction in progress	520,490	705,956
Other, net	356,003	342,949
Total property, plant and equipment	20,443,464	19,988,826
Intangible assets		
Goodwill	43,333	38,333
Other	59,379	52,873
Total intangible assets	102,713	91,206
Investments and other assets		
Investment securities	6,500,840	7,183,908
Retirement benefit asset	357,945	365,338
Deferred tax assets	209	156
Other	129,806	122,622
Total investments and other assets	6,988,802	7,672,025
Total non-current assets	27,534,980	27,752,059
Total assets	54,636,965	54,951,867

(Thousands of yen)

	FY11/23 (As of Nov. 30, 2023)	First quarter of FY11/24 (As of Feb. 29, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,802,732	3,862,947
Current portion of bonds payable	25,000	25,000
Current portion of long-term borrowings	1,728,157	1,386,632
Accounts payable-other	814,077	882,231
Income taxes payable	234,679	431,305
Provision for bonuses	-	223,316
Provision for bonuses for directors (and other officers)	15,590	9,611
Other	477,814	545,357
Total current liabilities	7,098,050	7,366,402
Non-current liabilities		
Long-term borrowings	3,169,849	2,969,886
Deferred tax liabilities	628,650	744,706
Provision for share awards for directors (and other officers)	21,107	29,736
Other	90,085	89,563
Total non-current liabilities	3,909,693	3,833,891
Total liabilities	11,007,743	11,200,294
Net assets		
Shareholders' equity		
Share capital	3,600,295	3,600,295
Capital surplus	3,511,017	3,511,017
Retained earnings	35,954,913	35,962,835
Treasury shares	(2,709,700)	(3,136,467)
Total shareholders' equity	40,356,525	39,937,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,514,638	3,039,852
Foreign currency translation adjustment	125,461	139,877
Remeasurements of defined benefit plans	(12,589)	(10,416)
Total accumulated other comprehensive income	2,627,510	3,169,312
Non-controlling interests	645,186	644,579
Total net assets	43,629,221	43,751,573
Total liabilities and net assets	54,636,965	54,951,867

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

(Thousands of yen)

	First three months of FY11/23 (Dec. 1, 2022 – Feb. 28, 2023)	First three months of FY11/24 (Dec. 1, 2023 – Feb. 29, 2024)
Net sales	6,870,471	7,066,021
Cost of sales	4,802,990	5,282,984
Gross profit	2,067,481	1,783,036
Selling, general and administrative expenses	1,061,997	1,202,420
Operating profit	1,005,483	580,615
Non-operating income		
Interest income	485	601
Dividend income	44,247	33,947
Foreign exchange gains	-	17,549
Other	6,559	11,105
Total non-operating income	51,292	63,203
Non-operating expenses		
Interest expenses	1,478	2,314
Foreign exchange losses	13,070	-
Commission for purchase of treasury stock	-	602
Loss on investments in partnership	1,966	591
Total non-operating expenses	16,516	3,508
Ordinary profit	1,040,259	640,311
Extraordinary income		
Gain on sales of investment securities	-	273,751
Total extraordinary income	-	273,751
Extraordinary losses		
Loss on retirement of non-current assets	676	102
Total extraordinary losses	676	102
Profit before income taxes	1,039,582	913,960
Income taxes-current	368,518	409,192
Income taxes-deferred	(80,366)	(116,318)
Total income taxes	288,152	292,873
Profit	751,429	621,086
Profit attributable to non-controlling interests	24,588	17,675
Profit attributable to owners of parent	726,841	603,410

Quarterly Consolidated Statement of Comprehensive Income
For the Three-month Period

(Thousands of yen)

	First three months of FY11/23 (Dec. 1, 2022 – Feb. 28, 2023)	First three months of FY11/24 (Dec. 1, 2023 – Feb. 29, 2024)
Profit	751,429	621,086
Other comprehensive income		
Valuation difference on available-for-sale securities	172,887	526,368
Foreign currency translation adjustment	5,746	14,415
Remeasurements of defined benefit plans, net of tax	5,800	2,224
Total other comprehensive income	184,434	543,008
Comprehensive income	935,864	1,164,094
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	909,724	1,145,212
Comprehensive income attributable to non-controlling interests	26,139	18,881

(3)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 January 26, 2024, the Company repurchased its own shares. As a result of this acquisition and other factors, treasury stock increased by 426,766 thousand yen in the first quarter under review to 3,136,467 thousand yen at the end of the first quarter under review.

Segment and Other Information**【Segment information】**

I. First three months of FY11/23 (Dec. 1, 2022 – Feb. 28, 2023)

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

	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	1,472,373	2,857,157	1,249,580	5,579,112	-	5,579,112
Asia and Australia	466,415	346,338	224,921	1,037,674	-	1,037,674
Americas	95,844	34,572	40,226	170,642	-	170,642
Europe	82,981	60	-	83,041	-	83,041
Revenue from Contracts with Customers	2,117,615	3,238,128	1,514,727	6,870,471	-	6,870,471
Other revenues	-	-	-	-	-	-
Sales to external customers	2,117,615	3,238,128	1,514,727	6,870,471	-	6,870,471
Intra-segment sales or reallocations	-	-	126,419	126,419	(126,419)	-
Total	2,117,615	3,238,128	1,641,147	6,996,891	(126,419)	6,870,471
Segment profit	134,944	581,060	301,447	1,017,453	(11,969)	1,005,483

(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 three months of FY11/24 (Dec. 1, 2023 – Feb. 29, 2024)

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	1,368,164	2,599,782	960,451	4,928,398	-	4,928,398
Asia and Australia	810,947	475,658	277,044	1,563,649	-	1,563,649
Americas	354,015	23,886	19,578	397,480	-	397,480
Europe	169,458	-	7,033	176,492	-	176,492
Revenue from Contracts with Customers	2,702,585	3,099,327	1,264,108	7,066,021	-	7,066,021
Other revenues	-	-	-	-	-	-
Sales to external customers	2,702,585	3,099,327	1,264,108	7,066,021	-	7,066,021
Intra-segment sales or reallocations	-	-	76,504	76,504	(76,504)	-
Total	2,702,585	3,099,327	1,340,612	7,142,525	(76,504)	7,066,021
Segment profit	260,737	175,171	132,362	568,270	12,344	580,615

(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**(Sale of Investment Securities)**

At a meeting of the Board of Directors held on April 12, 2024, companies resolved to subscribe for all of the common shares of JSR Corporation held by us in the tender offer (the "Tender Offer") conducted by JICC-02 Corporation.

1.Reasons for subscription to the Tender Offer

After examining the details of the Tender Offer, we decided to subscribe to the Tender Offer because the Board of Directors of JSR Corporation has expressed its intention to approve the Tender Offer and the terms of the Purchase Price can be judged to be appropriate.

2.Number of shares tendered in the Tender Offer

Number of shares held before subscription: 162,400 shares

Number of shares to be subscribed: 162,400 shares

Number of shares held after subscription: 0

3.Plan purchase price by the Tender Offer

4,350 yen per share of common stock (total amount to be sold: 706 million yen)

4.Schedule of the Tender Offer

Public notice of commencement of tender offer March 19, 2024

Tender offer period from March 19, 2024 to April 16, 2024

Start of Settlement April 23, 2024

5.Impact of this event on the consolidated statements of income

If the Tender Offer is completed at the planned purchase price and we sell all of our shares in JSR Corporation, we expect to record a gain on sales of investment securities (Extraordinary income) of 541 million yen in the second quarter of the fiscal year ending November 2024.