

(English Translation)

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**Consolidated Financial Results for the Second Quarter of the
Fiscal Year Ending November 30, 2024 (FY11/24)
(Six Months Ended May 31, 2024)**

[Japanese GAAP]
July 11, 2024

Company name: OSAKA ORGANIC CHEMICAL INDUSTRY LTD.
Listing: Tokyo Stock Exchange, Prime Market
Securities code: 4187 URL: <https://www.ooc.co.jp/>
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Scheduled date of filing of Quarterly Report: July 11, 2024
Scheduled date of dividend payment: August 5, 2024
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 FY11/24 (December 1, 2023 to May 31, 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	%
Six months ended May 31, 2024	15,338	7.5	1,859	(4.1)	1,988	(4.1)	2,020	25.8
Six months ended May 31, 2023	14,262	(11.7)	1,939	(41.6)	2,074	(41.2)	1,606	(34.4)

NOTE: Comprehensive income (millions of yen) Six months ended May 31, 2024: 2,198 (up 14.3)
Six months ended May 31, 2023: 1,924 (down 24.2)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended May 31, 2024	95.44	-
Six months ended May 31, 2023	74.75	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2024	57,092	44,795	77.3
As of Nov. 30, 2023	54,636	43,629	78.7

Reference: Shareholders' equity (millions of yen) As of May 31, 2024: 44,131 As of Nov. 30, 2023: 42,984

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ending Nov. 30, 2023	-	28.00	-	28.00	56.00
Fiscal year ending Nov. 30, 2024	-	32.00			
Fiscal year ending Nov. 30, 2024 (Forecast)			-	32.00	64.00

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		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	32,000	10.7	4,200	17.4	4,400	13.5	3,700	13.1	175.00

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: - 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, 2024:	22,410,038 Shares	As of Nov. 30, 2023:	22,410,038 Shares
② Number of treasury shares at the end of the period	As of May 31, 2024:	1,283,283 Shares	As of Nov. 30, 2023:	1,142,585 Shares
③ Average number of shares during the period	Six months ended May 31, 2024:	21,166,133 Shares	Six months ended May 31, 2023:	21,489,440 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 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 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 outlook for the Japanese economy in the second quarter of the current fiscal year remains uncertain. While the employment and income environment has improved and gradual recovery has been seen as a result of various policies, it is necessary to closely monitor downside risks caused by overseas economies, such as global monetary tightening and concerns about the outlook for the Chinese economy, the impact of yen depreciation and price rises, the situation in the Middle East and changes in financial and capital markets.

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 consolidated cumulative second quarter, net sales were 15,338 million yen (up 7.5% year on year), operating profit was 1,859 million yen (down 4.1% year on year), ordinary profit was 1,988 million yen (down 4.1% year on year) and profit attributable to owners of parent was 2,020 million yen (up 25.8% year on year).

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

① Chemical products

In the Chemicals Business, sales of acrylic acid ester group for automotive coatings decreased, but sales for display adhesives and UV inkjet inks increased significantly. Methacrylic acid esters recorded to a strong performance sales. As a result, net sales were 5,992 million yen (up 30.8% year on year) and segment profit was 849 million yen (up 166.2% year on 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 Display Materials Group, sales for insulating films for touch panels increased, and the Group's overall sales remained firm. As a result, net sales were 6,659 million yen (up 1.4% year on year) and segment profit was 644 million yen (down 39.3% 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. Sales of high-purity specialty solvents at subsidiaries decreased. As a result, net sales were 2,686 million yen (down 13.8% year on year) and segment profit was 356 million yen (down 36.7% year on year).

(2) Explanation of Financial Position

Total assets at the end of the second quarter of the current fiscal year increased by 2,455 million yen from the end of the previous fiscal year to 57,092 million yen. This was mainly attributable to an increase of 4,104 million yen in cash and deposits, an increase of 560 million yen in notes, accounts receivable-trade and contract assets, a decrease of 266 million yen in finished goods, a decrease of 952 million yen in machinery, equipment and vehicles, a decrease of 864 million yen in other current assets due to refunds of consumption tax receivable, and a decrease of 102 million yen in investment securities.

Liabilities at the end of the second quarter of the current fiscal year increased by 1,289 million yen from the end of

the previous fiscal year to 12,297 million yen. This was mainly due to an increase of 802 million yen in notes and accounts payable-trade and an increase of 575 million yen in income taxes payable.

Net assets at the end of the second quarter of the current fiscal year increased by 1,166 million yen from the end of the previous fiscal year to 44,795 million yen. This was mainly due to an increase of 1,424 million yen in retained earnings, an increase of 419 million yen in treasury shares, and an increase of 89 million yen in valuation difference on available-for-sale securities.

Cash Flows

Cash and cash equivalents at the end of the second quarter of the current fiscal year increased by 4,104 million yen from the end of the previous fiscal year to 11,995 million yen.

(Cash flows from operating activities)

Net cash provided by operating activities was 5,473 million yen compared with 2,020 million yen provided in the same quarter of the previous fiscal year. This was mainly attributable to profit before income taxes of 2,802 million yen, depreciation of 1,589 million yen, increase (decrease) in consumption taxes payable/ consumption taxes refund payable of 932 million yen, and income taxes paid of 260 million yen.

(Cash flows from investing activities)

Net cash provided by investing activities was 460 million yen compared with 990 million yen used in the same quarter of the previous fiscal year. This was mainly due to purchase of property, plant and equipment of 593 million yen and proceeds from sales of investment securities of 1,054 million yen.

(Cash flows from financing activities)

Net cash used in financing activities was 1,906 million yen compared with 2,074 million yen used in the same quarter of the previous fiscal year. This was mainly due to repayments of long-term loans payable of 1,044 million yen, purchase of treasury stock of 427 million yen, and cash dividends paid of 595 million yen.

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

The consolidated forecasts announced on June 26, 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)	Second quarter of FY11/24 (As of May 31, 2024)
Assets		
Current assets		
Cash and deposits	7,890,809	11,995,567
Notes, accounts receivable-trade and contract assets	8,634,668	9,195,486
Electronically recorded monetary claims-operating	335,183	253,162
Finished goods	4,558,239	4,291,826
Work in process	1,979,792	2,195,294
Raw materials and supplies	2,175,488	2,022,819
Other	1,540,540	675,621
Allowance for doubtful accounts	(12,736)	(13,596)
Total current assets	27,101,985	30,616,184
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,720,743	8,594,694
Machinery, equipment and vehicles, net	8,673,751	7,721,311
Land	2,172,476	2,172,476
Construction in progress	520,490	693,062
Other, net	356,003	326,137
Total property, plant and equipment	20,443,464	19,507,682
Intangible assets		
Goodwill	43,333	33,333
Other	59,379	46,366
Total intangible assets	102,713	79,700
Investments and other assets		
Investment securities	6,500,840	6,398,836
Retirement benefit asset	357,945	372,746
Deferred tax assets	209	503
Other	129,806	116,953
Total investments and other assets	6,988,802	6,889,039
Total non-current assets	27,534,980	26,476,422
Total assets	54,636,965	57,092,606

(Thousands of yen)

	FY11/23 (As of Nov. 30, 2023)	Second quarter of FY11/24 (As of May 31, 2024)
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,802,732	4,605,343
Current portion of bonds payable	25,000	12,500
Current portion of long-term borrowings	1,728,157	1,093,029
Accounts payable-other	814,077	1,071,178
Income taxes payable	234,679	809,737
Provision for bonuses for directors (and other officers)	15,590	20,620
Other	477,814	988,494
Total current liabilities	7,098,050	8,600,903
Non-current liabilities		
Long-term borrowings	3,169,849	2,960,375
Deferred tax liabilities	628,650	609,048
Provision for share awards for directors (and other officers)	21,107	37,698
Other	90,085	89,041
Total non-current liabilities	3,909,693	3,696,164
Total liabilities	11,007,743	12,297,067
Net assets		
Shareholders' equity		
Share capital	3,600,295	3,600,295
Capital surplus	3,511,017	3,513,436
Retained earnings	35,954,913	37,379,518
Treasury shares	(2,709,700)	(3,129,471)
Total shareholders' equity	40,356,525	41,363,778
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,514,638	2,603,879
Foreign currency translation adjustment	125,461	171,936
Remeasurements of defined benefit plans	(12,589)	(8,244)
Total accumulated other comprehensive income	2,627,510	2,767,571
Non-controlling interests	645,186	664,188
Total net assets	43,629,221	44,795,538
Total liabilities and net assets	54,636,965	57,092,606

(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 FY11/23 (Dec. 1, 2022-May 31, 2023)	First six months of FY11/24 (Dec. 1, 2023- May 31, 2024)
Net sales	14,262,357	15,338,151
Cost of sales	10,229,667	11,021,532
Gross profit	4,032,690	4,316,618
Selling, general and administrative expenses	2,093,387	2,456,824
Operating profit	1,939,302	1,859,793
Non-operating income		
Interest income	851	1,239
Dividend income	66,922	66,183
Foreign exchange gains	1,536	67,322
Insurance income	48,576	-
Other	25,095	20,012
Total non-operating income	142,982	154,757
Non-operating expenses		
Interest expenses	2,841	4,609
Commission for purchase of treasury stock	3,241	602
Loss on investments in partnership	1,966	591
Donations	-	20,000
Other	28	10
Total non-operating expenses	8,078	25,813
Ordinary profit	2,074,206	1,988,737
Extraordinary income		
Gain on sales of non-current assets	873	-
Gain on sales of investment securities	247,848	815,207
Total extraordinary income	248,721	815,207
Extraordinary losses		
Loss on retirement of non-current assets	898	1,048
Total extraordinary losses	898	1,048
Profit before income taxes	2,322,029	2,802,896
Income taxes-current	731,733	814,754
Income taxes-deferred	(63,374)	(65,250)
Total income taxes	668,359	749,503
Profit	1,653,670	2,053,393
Profit attributable to non-controlling interests	47,271	33,299
Profit attributable to owners of parent	1,606,398	2,020,093

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

(Thousands of yen)

	First six months of FY11/23 (Dec. 1, 2022-May 31, 2023)	First six months of FY11/24 (Dec. 1, 2023- May 31, 2024)
Profit	1,653,670	2,053,393
Other comprehensive income		
Valuation difference on available-for-sale securities	253,356	94,328
Foreign currency translation adjustment	5,545	46,475
Remeasurements of defined benefit plans, net of tax	11,601	4,448
Total other comprehensive income	270,503	145,252
Comprehensive income	1,924,173	2,198,645
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,873,568	2,160,155
Comprehensive income attributable to non-controlling interests	50,604	38,489

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY11/23 (Dec. 1, 2022-May 31, 2023)	First six months of FY11/24 (Dec. 1, 2023- May 31, 2024)
Cash flows from operating activities		
Profit before income taxes	2,322,029	2,802,896
Depreciation	1,018,006	1,589,302
Amortization of goodwill	9,999	9,999
Increase (decrease) in allowance for doubtful accounts	(2,049)	859
Increase (decrease) in provision for bonuses for directors (and other officers)	(23,814)	5,030
Increase (decrease) in provision for share awards for directors (and other officers)	5,048	16,590
Decrease (increase) in retirement benefit asset	3,675	(8,400)
Interest and dividend income	(67,773)	(67,423)
Insurance income	(48,576)	-
Interest expenses	2,841	4,609
Foreign exchange losses (gains)	8,064	(29,679)
Donations	-	20,000
Loss (gain) on sales of non-current assets	(873)	-
Loss on retirement of non-current assets	898	1,048
Loss (gain) on investments in partnership	1,966	591
Loss (gain) on sales of investment securities	(247,848)	(815,207)
Decrease (increase) in trade receivables and contract assets	1,143,661	(461,562)
Decrease (increase) in inventories	(696,902)	215,805
Increase (decrease) in trade payables	(642,335)	772,336
Increase (decrease) in consumption taxes payable/consumption taxes refund payable	(290,901)	932,199
Other	413,635	701,890
Subtotal	2,908,755	5,690,887
Interest and dividends received	67,773	67,423
Interest paid	(2,761)	(4,495)
Donations paid	-	(20,000)
Insurance received	48,576	-
Income taxes (paid) refund	(1,002,209)	(260,198)
Cash flows from operating activities	2,020,134	5,473,617
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,175,270)	(593,611)
Proceeds from sales of property, plant and equipment	1,043	-
Purchase of intangible assets	(20,760)	-
Purchase of investment securities	(90,000)	-
Proceeds from sales of investment securities	294,757	1,054,352
Cash flows from investing activities	(990,230)	460,740

(Thousands of yen)

	First six months of FY11/23 (Dec. 1, 2022-May 31, 2023)	First six months of FY11/24 (Dec. 1, 2023- May 31, 2024)
Cash flows from financing activities		
Proceeds from long-term borrowings	50,000	200,000
Repayments of long-term borrowings	(899,582)	(1,044,602)
Redemption of bonds	(12,500)	(12,500)
Repayments of lease obligations	(9,907)	(7,220)
Purchase of treasury shares	(601,938)	(427,689)
Dividends paid	(582,189)	(595,488)
Dividends paid to non-controlling interests	(18,288)	(19,488)
Cash flows from financing activities	(2,074,405)	(1,906,988)
Effect of exchange rate change on cash and cash equivalents	2,711	77,389
Net increase (decrease) in cash and cash equivalents	(1,041,789)	4,104,758
Cash and cash equivalents at beginning of period	8,064,541	7,890,809
Cash and cash equivalents at end of period	7,022,751	11,995,567

(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 January 26, 2024, the Company repurchased its own shares. As a result of this acquisition and other factors, treasury stock increased by 419,770 thousand yen in the second quarter under review to 3,129,471 thousand yen at the end of the second quarter under review.

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

I. 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

	Reportable segment				Adjustment (NOTE)1	(Thousands of yen) 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.

II. First six months of FY11/24 (Dec. 1, 2023 - May 31, 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	2,891,864	5,603,440	2,014,018	10,509,324	-	10,509,324
Asia and Australia	1,889,611	978,146	604,461	3,472,219	-	3,472,219
Americas	805,793	70,090	46,888	922,772	-	922,772
Europe	404,984	7,693	21,156	433,834	-	433,834
Revenue from Contracts with Customers	5,992,254	6,659,371	2,686,524	15,338,151	-	15,338,151
Other revenues	-	-	-	-	-	-
Sales to external customers	5,992,254	6,659,371	2,686,524	15,338,151	-	15,338,151
Inter-segment sales and transfers	-	-	200,157	200,157	(200,157)	-
Total	5,992,254	6,659,371	2,886,682	15,538,308	(200,157)	15,338,151
Segment profit	849,002	644,285	356,290	1,849,578	10,215	1,859,793

(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.