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Consolidated Financial Results for the Six Months Ended May 31, 2025 [Japanese GAAP]

July 10, 2025

Company name: OSAKA ORGANIC CHEMICAL INDUSTRY LTD.

Listing: Tokyo Stock Exchange

Securities code: 4187

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Scheduled date to file semi-annual securities report: July 10, 2025

Scheduled date to commence dividend payments: August 4, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes (for institutional investors and analysts, and for individual investors)

Representative Director and CEO

Director, Corporate Officer, General Manager of Administration
Division

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Six Months Ended May 31, 2025 (December 1, 2024 to May 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2025	17,400	13.4	2,922	57.2	3,040	52.9	2,132	5.6
May 31, 2024	15,338	7.5	1,859	(4.1)	1,988	(4.1)	2,020	25.8

(Note) Comprehensive income: Six months ended May 31, 2025: ¥ 1,962 million [(10.8) %]
Six months ended May 31, 2024: ¥ 2,198 million [14.3 %]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
May 31, 2025	103.71	-
May 31, 2024	95.44	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
May 31, 2025	58,637	45,157	75.7
November 30, 2024	59,964	46,139	75.8

(Reference) Equity: As of May 31, 2025: ¥ 44,393 million
As of November 30, 2024: ¥ 45,435 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended November 30, 2024	-	32.00	-	34.00	66.00
Fiscal year ending November 30, 2025	-	35.00			
Fiscal year ending November 30, 2025 (Forecast)			-	34.00	69.00

(Note) Revision to the forecast for dividends announced most recently: Yes

3. Consolidated Financial Results Forecast for the Fiscal Year Ending November 30, 2025(December 1, 2024 to November 30, 2025)

(Percentages indicate 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	34,000	4.0	5,000	8.5	5,200	9.4	3,500	(13.5)	165.50

(Note) Revision to the financial results forecast announced most recently: None

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: 1 (Company name: OSAKA ORGANIC CHEMICAL INDUSTRY KOREA LTD.)
Excluded: - (Company name:)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(Note) For details, please see “2. Semi-annual Consolidated Financial Statements and Notes (4) Notes to Semi-annual Consolidated Financial Statements, Changes in Accounting Policies” on page 10 of the attachments to the Consolidated Financial Results for the Six Months Ended May 31, 2025.

(4) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

May 31, 2025: 22,410,038 shares
November 30, 2024: 22,410,038 shares

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

May 31, 2025: 2,072,611 shares
November 30, 2024: 1,283,303 shares

3) Average number of shares outstanding during the period:

Six months ended May 31, 2025: 20,559,885 shares
Six months ended May 31, 2024: 21,166,133 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

The forward-looking statements in this document, including forecasts of financial results, are based on information currently available to the Company and are subject to a number of uncertainties. Accordingly, actual results may differ from the forecasts due to changes in business conditions and other factors. Please refer to “Explanation of Consolidated Financial Results Forecast and Other Forward-looking Statements” on page 3 of the attached materials for matters related to forecasts of financial results.

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1. Overview of Results of Operations

(1) Results of Operations for the Period under Review

During the first half of the fiscal year under review, the Japanese economy maintained a moderate recovery trend due to improvements in the employment and income environments, as well as the effects of various government policies. However, there has been some stagnation in certain areas due to factors such as sluggish personal consumption against a backdrop of soaring food prices. Additionally, the outlook remains uncertain due to the impact of U.S. trade policy, the situation in the Middle East, and other issues.

Under these circumstances, we launched the new medium-term management plan Progress & Development 2030 (P&D 2030) covering the period from the fiscal year ended November 30, 2024 to the fiscal year ending November 30, 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 Chemical Products Business, we worked to improve profit ratios mainly by integrating and closing products and improving production efficiency, 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 Specialty Chemicals Business, the Group worked to strengthen the overseas expansion of cosmetic raw materials and expand sales of high-purity special solvents. In the current fiscal year, following a subsidiary in South Korea established last year, we are planning to establish a joint venture company as a sales base in North America, and we will work to strengthen our overseas sales system by acquiring new customers and cultivating new markets.

As a result, for the first half of the fiscal year under review, net sales were 17,400 million yen (up 13.4% year on year), operating profit was 2,922 million yen (up 57.2% year on year), ordinary profit was 3,040 million yen (up 52.9% year on year), and profit attributable to owners of parent was 2,132 million yen (up 5.6% year on year).

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

1) Chemical Products Business

In the Chemical Products Business, sales of automotive coatings were on a recovery trend in the acrylic acid ester group, while sales of products for display adhesives and UV inkjet inks remained strong. In the methacrylate ester group, sales were weak. As a result, net sales were 6,526 million yen (up 8.9% year on year) and segment profit was 1,004 million yen (up 18.3% year on year).

2) Electronic Materials Business

In the Electronic Materials Business, sales of raw materials for cutting-edge EUV resists decreased in the semiconductor materials group, but sales of raw materials for ArF resists, which are the Company's mainstay, recovered, and Group-wide sales increased significantly. In the display materials group, sales for insulating films for touch panels were robust, but sales for the group as a whole were flat. In addition, sales of other groups decreased. As a result, net sales were 7,816 million yen (up 17.4% year on year) and segment profit was 1,302 million yen (up 102.2% year on year).

3) Specialty Chemicals Business

In the Specialty Chemicals Business, sales were flat in the cosmetics materials group. In the functional materials

group, sales were flat. Sales of high-purity specialty solvents at subsidiaries remained strong. As a result, net sales were 3,058 million yen (up 13.8% year on year) and segment profit was 617 million yen (up 73.3% year on year).

(2) Financial Position for the Period under Review

Total assets at the end of the first half of the current fiscal year decreased by 1,327 million yen from the end of the previous fiscal year to 58,637 million yen. This was mainly attributable to a decrease of 459 million yen in cash and deposits, a decrease of 842 million yen in property, plant and equipment, and a decrease of 108 million yen in investment securities.

Liabilities at the end of the first half of the current fiscal year decreased by 345 million yen from the end of the previous fiscal year to 13,479 million yen. This was mainly due to an increase of 204 million yen in notes and accounts payable - trade, a decrease of 129 million yen in the current portion of long-term borrowings, a decrease of 273 million yen in long-term borrowings, and a decrease of 45 million yen in income taxes payable.

Net assets at the end of the first half of the current fiscal year decreased by 982 million yen from the end of the previous fiscal year to 45,157 million yen. This was mainly due to an increase of 1,406 million yen in retained earnings, an increase of 2,196 million yen in treasury shares, and a decrease of 193 million yen in valuation difference on available-for-sale securities.

Cash Flows

Cash and cash equivalents at the end of the first half of the current fiscal year decreased by 459 million yen from the end of the previous fiscal year to 12,587 million yen.

Net cash provided by operating activities was 3,650 million yen compared with 5,473 million yen provided in the first half of the previous fiscal year. This was mainly attributable to profit before income taxes of 3,040 million yen, depreciation of 1,469 million yen, decrease in consumption taxes payable/consumption taxes refund receivable of 427 million yen, and income taxes paid of 906 million yen.

Net cash used in investing activities was 711 million yen compared with 460 million yen provided in the first half of the previous fiscal year. This was mainly due to purchase of property, plant and equipment of 572 million yen and purchase of investment securities of 120 million yen.

Net cash used in financing activities was 3,375 million yen compared with 1,906 million yen used in the first half of the previous fiscal year. This was mainly due to repayments of long-term borrowings of 402 million yen, purchase of treasury shares of 2,226 million yen, and dividends paid of 718 million yen.

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

The consolidated financial results forecast announced on January 9, 2025, remain unchanged.

2. Semi-annual Consolidated Financial Statements and Notes**(1) Semi-annual Consolidated Balance Sheet**

(Thousands of yen)

	As of November 30, 2024	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	13,047,614	12,587,853
Notes and accounts receivable - trade, and contract assets	11,252,037	11,301,113
Electronically recorded monetary claims - operating	374,384	467,403
Finished goods	4,799,006	4,613,616
Work in process	2,070,025	2,216,491
Raw materials and supplies	1,989,293	2,140,893
Other	773,069	688,251
Allowance for doubtful accounts	(18,415)	(17,272)
Total current assets	34,287,015	33,998,349
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	8,327,194	8,114,577
Machinery, equipment and vehicles, net	7,530,545	6,873,544
Land	2,172,476	2,172,476
Construction in progress	94,679	82,556
Other, net	290,291	329,877
Total property, plant and equipment	18,415,187	17,573,031
Intangible assets		
Goodwill	23,333	13,333
Other	50,538	42,862
Total intangible assets	73,871	56,195
Investments and other assets		
Investment securities	6,197,896	6,089,256
Shares of subsidiaries and associates	96,958	-
Retirement benefit asset	758,144	775,155
Deferred tax assets	1,927	3,079
Other	133,712	142,258
Total investments and other assets	7,188,638	7,009,749
Total non-current assets	25,677,697	24,638,976
Total assets	59,964,713	58,637,326

(Thousands of yen)

	As of November 30, 2024	As of May 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,924,864	6,129,811
Current portion of long-term borrowings	2,188,610	2,059,102
Accounts payable - other	1,524,265	1,666,453
Income taxes payable	895,161	849,747
Provision for bonuses for directors (and other officers)	42,210	17,610
Other	1,154,766	1,015,727
Total current liabilities	11,729,879	11,738,452
Non-current liabilities		
Long-term borrowings	1,337,923	1,064,621
Deferred tax liabilities	634,911	562,498
Provision for share awards for directors (and other officers)	35,086	4,409
Other	86,937	109,471
Total non-current liabilities	2,094,858	1,741,000
Total liabilities	13,824,737	13,479,452
Net assets		
Shareholders' equity		
Share capital	3,600,295	3,600,295
Capital surplus	3,513,436	3,513,349
Retained earnings	38,727,951	40,134,430
Treasury shares	(3,129,535)	(5,326,068)
Total shareholders' equity	42,712,148	41,922,006
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,344,090	2,150,461
Foreign currency translation adjustment	132,235	82,754
Remeasurements of defined benefit plans	246,812	238,345
Total accumulated other comprehensive income	2,723,138	2,471,562
Non-controlling interests	704,689	764,304
Total net assets	46,139,976	45,157,874
Total liabilities and net assets	59,964,713	58,637,326

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income

Semi-annual Consolidated Statement of Income

(Thousands of yen)

	For the six months ended May 31, 2024	For the six months ended May 31, 2025
Net sales	15,338,151	17,400,699
Cost of sales	11,021,532	11,886,265
Gross profit	4,316,618	5,514,434
Selling, general and administrative expenses	2,456,824	2,591,489
Operating profit	1,859,793	2,922,944
Non-operating income		
Interest income	1,239	4,099
Dividend income	66,183	70,246
Foreign exchange gains	67,322	-
Insurance claim income	-	101,270
Other	20,012	45,763
Total non-operating income	154,757	221,379
Non-operating expenses		
Interest expenses	4,609	4,395
Foreign exchange losses	-	96,073
Commission for purchase of treasury shares	602	2,400
Loss on investments in investment partnerships	591	506
Donations	20,000	-
Other	10	0
Total non-operating expenses	25,813	103,376
Ordinary profit	1,988,737	3,040,946
Extraordinary income		
Gain on sale of investment securities	815,207	-
Total extraordinary income	815,207	-
Extraordinary losses		
Loss on retirement of non-current assets	1,048	750
Total extraordinary losses	1,048	750
Profit before income taxes	2,802,896	3,040,196
Income taxes - current	814,754	866,459
Income taxes - deferred	(65,250)	(35,895)
Total income taxes	749,503	830,563
Profit	2,053,393	2,209,632
Profit attributable to non-controlling interests	33,299	77,415
Profit attributable to owners of parent	2,020,093	2,132,216

Semi-annual Consolidated Statement of Comprehensive Income

(Thousands of yen)

	For the six months ended May 31, 2024	For the six months ended May 31, 2025
Profit	2,053,393	2,209,632
Other comprehensive income		
Valuation difference on available-for-sale securities	94,328	(189,214)
Foreign currency translation adjustment	46,475	(49,480)
Remeasurements of defined benefit plans, net of tax	4,448	(8,673)
Total other comprehensive income	145,252	(247,368)
Comprehensive income	2,198,645	1,962,263
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,160,155	1,880,641
Comprehensive income attributable to non-controlling interests	38,489	81,622

(3) Semi-annual Consolidated Statement of Cash Flows

(Thousands of yen)

	For the six months ended May 31, 2024	For the six months ended May 31, 2025
Cash flows from operating activities		
Profit before income taxes	2,802,896	3,040,196
Depreciation	1,589,302	1,469,128
Amortization of goodwill	9,999	9,999
Increase (decrease) in allowance for doubtful accounts	859	(1,142)
Increase (decrease) in provision for bonuses for directors (and other officers)	5,030	(24,600)
Increase (decrease) in provision for share awards for directors (and other officers)	16,590	(30,677)
Decrease (increase) in retirement benefit asset	(8,400)	(24,377)
Interest and dividend income	(67,423)	(74,345)
Insurance claim income	-	(101,270)
Interest expenses	4,609	4,395
Foreign exchange losses (gains)	(29,679)	62,892
Donation	20,000	-
Loss on retirement of non-current assets	1,048	750
Loss (gain) on investments in investment partnerships	591	506
Loss (gain) on sale of investment securities	(815,207)	-
Decrease (increase) in accounts receivable - trade, and contract assets	(461,562)	(157,934)
Decrease (increase) in inventories	215,805	(123,828)
Increase (decrease) in trade payables	772,336	230,754
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	932,199	(427,805)
Other, net	701,890	533,404
Subtotal	5,690,887	4,386,046
Interest and dividends received	67,423	74,345
Interest paid	(4,495)	(4,366)
Payments for donations	(20,000)	-
Proceeds from insurance income	-	101,270
Income taxes refund (paid)	(260,198)	(906,901)
Net cash provided by (used in) operating activities	5,473,617	3,650,394
Cash flows from investing activities		
Purchase of property, plant and equipment	(593,611)	(572,415)
Purchase of investment securities	-	(120,057)
Proceeds from sale of investment securities	1,054,352	-
Other, net	-	(18,740)
Net cash provided by (used in) investing activities	460,740	(711,212)

(Thousands of yen)

	For the six months ended May 31, 2024	For the six months ended May 31, 2025
Cash flows from financing activities		
Proceeds from long-term borrowings	200,000	-
Repayments of long-term borrowings	(1,044,602)	(402,810)
Redemption of bonds	(12,500)	-
Repayments of lease liabilities	(7,220)	(6,296)
Purchase of treasury shares	(427,689)	(2,226,503)
Proceeds from disposal of treasury shares	-	79
Dividends paid	(595,488)	(718,308)
Dividends paid to non-controlling interests	(19,488)	(22,008)
Net cash provided by (used in) financing activities	(1,906,988)	(3,375,846)
Effect of exchange rate change on cash and cash equivalents	77,389	(101,056)
Net increase (decrease) in cash and cash equivalents	4,104,758	(537,721)
Cash and cash equivalents at beginning of period	7,890,809	13,047,614
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	-	77,960
Cash and cash equivalents at end of period	11,995,567	12,587,853

(4) Notes to Semi-annual 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 24, 2025, the Company repurchased its own shares. As a result of this acquisition and other factors, treasury shares increased by 2,196,533 thousand yen in the six months ended May 31, 2025 to 5,326,068 thousand yen at the end of the first half of the current fiscal year.

Changes in Scope of Consolidation or Scope of Application of Equity Method

(Significant Change in the Scope of Consolidation)

OSAKA ORGANIC CHEMICAL INDUSTRY KOREA LTD., which was a non-consolidated subsidiary in the previous fiscal year, is included in the scope of consolidation from the first half of the current fiscal year due to its increased importance.

Changes in Accounting Policies

(Application of "Accounting Standard for Current Income Taxes" and other standards)

The Company applied "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27 on October 28, 2022; hereinafter, the "Revised Accounting Standard 2022") and other standards from the beginning of the first half of the current fiscal year.

Regarding the amendment to the accounting classification of income taxes (taxation of other comprehensive income), the Company follows the transitional treatment set forth in the proviso to Paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment set forth in the proviso to Paragraph 65-2 (2) of "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28 on October 28, 2022). These changes in accounting policies have no impact on the semi-annual consolidated financial statements.

Additional Information

(Impact of Changes to Income Tax Rate)

Following the enactment of the Act for Partial Revision of the Income Tax Act, etc. (Act No. 13 of 2025) by the Diet on March 31, 2025, the Special Defense Corporation Tax will be levied from fiscal years beginning on or after April 1, 2026.

Accordingly, the effective statutory tax rate has been raised from 30.5% to 31.5% to account for deferred tax assets and deferred tax liabilities related to the temporary differences etc. that are expected to be eliminated in the fiscal years beginning on or after December 1, 2026.

The impact of the change to the tax rate on the semi-annual consolidated financial statements is minimal.

Segment and Other Information

[Segment Information]

I. For the first half ended May 31, 2024 (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 semi- annual consolidated statement of income (Note 2)
	Chemical Products Business	Electronic Materials Business	Specialty Chemicals Business	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

(Notes) 1. Segment profit in the above adjustment represents eliminations for inter-segment transactions.

2. Segment profit is adjusted to be consistent with the operating profit on the semi-annual consolidated statement of income.

2. Information related to impairment losses on non-current assets or goodwill, etc. for each reportable segment

Not applicable.

II. For the first half ended May 31, 2025 (Dec. 1, 2024 – May 31, 2025)

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 semi- annual consolidated statement of income (Note 2)
	Chemical Products Business	Electronic Materials Business	Specialty Chemicals Business	Total		
Net sales						
Japan	3,180,818	6,599,191	2,371,017	12,151,027	—	12,151,027
Asia and Australia	2,315,773	1,159,763	565,277	4,040,814	—	4,040,814
Americas	614,824	56,720	106,718	778,264	—	778,264
Europe	414,763	570	15,259	430,593	—	430,593
Revenue from contracts with customers	6,526,180	7,816,246	3,058,273	17,400,699	—	17,400,699
Other revenues	—	—	—	—	—	—
Sales to external customers	6,526,180	7,816,246	3,058,273	17,400,699	—	17,400,699
Inter-segment sales and transfers	—	—	226,432	226,432	(226,432)	—
Total	6,526,180	7,816,246	3,284,705	17,627,131	(226,432)	17,400,699
Segment profit	1,004,292	1,302,562	617,524	2,924,379	(1,435)	2,922,944

(Notes) 1. Segment profit in the above adjustment represents eliminations for inter-segment transactions.

2. Segment profit is adjusted to be consistent with the operating profit on the semi-annual 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.