



**Consolidated Financial Results for the Third Quarter of the  
Fiscal Year Ending November 30, 2021 (FY11/21)  
(Nine Months Ended August 31, 2021)**

**[Japanese GAAP]**

October 1, 2021

Company name: OSAKA ORGANIC CHEMICAL INDUSTRY LTD.  
 Listing: Tokyo Stock Exchange, First Section  
 Securities code: 4187 URL: <https://www.ooc.co.jp/>  
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Scheduled date of filing of Quarterly Report: October 1, 2021

Scheduled date of dividend payment: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

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

**1. Consolidated Financial Results for the Third Quarter of FY11/21 (December 1, 2020 to August 31, 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	%
Nine months ended Aug. 31, 2021	25,757	21.4	4,220	26.2	4,548	30.4	3,447	43.9
Nine months ended Aug. 31, 2020	21,217	(0.9)	3,343	28.9	3,487	29.4	2,396	11.9

Note: Comprehensive income (millions of yen)      Nine months ended Aug. 31, 2021: 3,958 (up 70.0%)  
 Nine months ended Aug. 31, 2020: 2,328 (up 64.3%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended Aug. 31, 2021	155.62		-	
Nine months ended Aug. 31, 2020	108.19		-	

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Millions of yen		Millions of yen		%	
As of Aug. 31, 2021	47,826		37,918		78.3	
As of Nov. 30, 2020	45,324		35,025		76.5	

Reference: Shareholders' equity (millions of yen)      As of Aug. 31, 2021: 37,470      As of Nov. 30, 2020: 34,658

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
Fiscal year ended Nov. 30, 2020	-	23.00	-	23.00	46.00
Fiscal year ending Nov. 30, 2021	-	25.00	-	-	-
Fiscal year ending Nov. 30, 2021 (Forecast)	-	-	-	25.00	50.00

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

**3. Consolidated Forecast for FY11/21 (December 1, 2020 to November 30, 2021)**

(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	34,000	18.5	5,800	30.6	6,100	32.2	4,400	32.8	198.62	

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

**\* Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

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 Aug. 31, 2021:	22,410,038 shares	As of Nov. 30, 2020:	22,410,038 shares
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2) Number of treasury shares at the end of the period

As of Aug. 31, 2021:	256,358 shares	As of Nov. 30, 2020:	258,203 shares
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3) Average number of shares during the period

Nine months ended Aug. 31, 2021:	22,152,920 shares	Nine months ended Aug. 31, 2020:	22,150,319 shares
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\* 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

During the first nine months of the current fiscal year, a broad range of economic activity was restricted by the pandemic in Japan. Although some sectors of the Japanese economy started to recover, the outlook for the economy remains uncertain.

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.

Net sales increased 21.4% year-on-year to 25,757 million yen, operating profit increased 26.2% to 4,220 million yen, ordinary profit was up 30.4% to 4,548 million yen, and profit attributable to owners of parent increased 43.9% to 3,447 million yen.

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

As is explained in “2. Quarterly Consolidated Financial Statements and Notes, (3) Notes to Quarterly Consolidated Financial Statements, Segment and Other Information, II. First nine months of FY11/21, 3. Information related to changes in reportable segments,” the method used to calculate the profit or loss of reportable segments has been revised beginning with the first quarter of the current fiscal year.

#### 1) Chemical products

Acrylic acid ester sales were higher than one year earlier primarily because of a recovery in sales of these esters used in automotive coatings, a category where sales fell sharply due to COVID-19, and sales of chemical products used in adhesives for optical materials. Sales of methacrylic acid esters increased mainly because of higher sales of these esters used in paint and adhesives. Earnings were much higher because of strong sales. As a result, net sales increased 23.2% year-on-year to 8,939 million yen and segment profit increased 137.1% to 744 million yen.

#### 2) Electronics materials

Sales of semiconductor materials increased because of consistently strong sales for raw materials used to manufacture ArF photoresist, the primary product of this segment. Sales of display materials were higher as teleworking, remote learning and other activities increased demand involving the use of displays. Earnings were higher because of strong sales. Net sales increased 15.4% year-on-year to 10,729 million yen and segment profit increased 5.2% to 2,405 million yen.

#### 3) Specialty chemicals

Sales of raw materials for cosmetics increased. One reason for this increase was a slow recovery in demand following the decline in demand caused by COVID-19. Another reason was acquisition on February 1, 2021 of Mitsubishi Chemical Corporation’s business that manufactures and sells acrylic resin used in hair care products. Sales of functional materials increased because of strong sales of products made for other companies. Earnings significantly rose because of an increase in the share of sales from high-margin products. As a result, net sales

increased 30.6% year-on-year to 6,088 million yen and segment profit increased 40.8% to 1,077 million yen.

## **(2) Explanation of Financial Position**

Total assets increased 2,501 million yen from the end of the previous fiscal year to 47,826 million yen as of the end of the third quarter. This was mainly attributable to increases of 845 million yen in cash and deposits, 999 million yen in notes and accounts receivable-trade and 784 million yen in finished goods, and a decrease of 791 million yen in property, plant and equipment.

Total liabilities decreased 391 million yen from the end of the previous fiscal year to 9,908 million yen as of the end of the third quarter. This was mainly attributable to an increase of 937 million yen in notes and accounts payable-trade and decreases of 1,074 million yen in accounts payable-other which is mostly the result of payments for capital expenditure and 344 million yen in long-term borrowings.

Net assets increased 2,892 million yen from the end of the previous fiscal year to 37,918 million yen as of the end of the third quarter. This was mainly attributable to increases of 2,384 million yen in retained earnings and 368 million yen in the valuation difference on available-for-sale securities involving stocks held for the purpose of maintaining sound business relationships.

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

The consolidated forecasts announced on May 21, 2021 remain unchanged.

Regarding the impact of the spread of the COVID-19 pandemic on operations, we will continue to carefully monitor the business environment and business performance. An announcement will be made promptly when it is determined that a forecast revision is required.

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

(Thousands of yen)

	FY11/20 (As of Nov. 30, 2020)	Third quarter of FY11/21 (As of Aug. 31, 2021)
<b>Assets</b>		
Current assets		
Cash and deposits	7,521,760	8,366,997
Notes and accounts receivable-trade	7,699,661	8,699,641
Electronically recorded monetary claims-operating	465,049	316,730
Securities	200,250	-
Finished goods	3,688,947	4,473,566
Work in process	2,013,799	1,996,489
Raw materials and supplies	1,476,641	1,823,860
Other	80,681	97,818
Allowance for doubtful accounts	(12,387)	(13,015)
Total current assets	23,134,405	25,762,087
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,750,118	7,707,844
Machinery, equipment and vehicles, net	5,051,227	4,595,453
Land	2,225,335	2,179,304
Construction in progress	564,575	432,461
Other, net	708,065	592,302
Total property, plant and equipment	16,299,321	15,507,366
Intangible assets		
Goodwill	-	88,333
Other	70,728	55,929
Total intangible assets	70,728	144,262
Investments and other assets		
Investment securities	5,458,084	6,022,835
Retirement benefit asset	83,972	99,791
Deferred tax assets	34,184	47,316
Other	243,694	242,604
Total investments and other assets	5,819,935	6,412,548
Total non-current assets	22,189,985	22,064,176
Total assets	45,324,390	47,826,264

	(Thousands of yen)	
	FY11/20 (As of Nov. 30, 2020)	Third quarter of FY11/21 (As of Aug. 31, 2021)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	3,201,121	4,139,050
Current portion of long-term borrowings	968,666	759,880
Accounts payable-other	1,913,480	839,226
Income taxes payable	715,869	1,030,701
Provision for bonuses	43,000	242,124
Provision for bonuses for directors (and other officers)	64,080	53,610
Other	647,446	457,615
<b>Total current liabilities</b>	<b>7,553,664</b>	<b>7,522,208</b>
<b>Non-current liabilities</b>		
Long-term borrowings	2,029,377	1,684,473
Deferred tax liabilities	555,388	545,468
Other	160,686	155,895
<b>Total non-current liabilities</b>	<b>2,745,452</b>	<b>2,385,837</b>
<b>Total liabilities</b>	<b>10,299,117</b>	<b>9,908,046</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	3,600,295	3,600,295
Capital surplus	3,508,891	3,512,539
Retained earnings	26,068,688	28,452,851
Treasury shares	(435,195)	(432,354)
<b>Total shareholders' equity</b>	<b>32,742,680</b>	<b>35,133,332</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	2,168,185	2,536,379
Foreign currency translation adjustment	(15,242)	11,047
Remeasurements of defined benefit plans	(237,610)	(210,328)
<b>Total accumulated other comprehensive income</b>	<b>1,915,333</b>	<b>2,337,098</b>
<b>Non-controlling interests</b>	<b>367,259</b>	<b>447,787</b>
<b>Total net assets</b>	<b>35,025,273</b>	<b>37,918,218</b>
<b>Total liabilities and net assets</b>	<b>45,324,390</b>	<b>47,826,264</b>

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

(Thousands of yen)

	First nine months of FY11/20 (Dec. 1, 2019 – Aug. 31, 2020)	First nine months of FY11/21 (Dec. 1, 2020 – Aug. 31, 2021)
Net sales	21,217,561	25,757,404
Cost of sales	15,055,902	18,275,787
Gross profit	6,161,658	7,481,617
Selling, general and administrative expenses	2,818,275	3,261,472
Operating profit	3,343,383	4,220,144
Non-operating income		
Interest income	1,207	1,277
Dividend income	122,340	110,815
Foreign exchange gains	-	41,313
Subsidy income	-	115,300
Other	65,876	65,132
Total non-operating income	189,424	333,839
Non-operating expenses		
Interest expenses	6,879	5,440
Foreign exchange losses	22,447	-
Donations	16,000	-
Total non-operating expenses	45,327	5,440
Ordinary profit	3,487,480	4,548,543
Extraordinary income		
Gain on sales of non-current assets	-	118,796
Gain on sales of investment securities	-	282,235
Total extraordinary income	-	401,031
Extraordinary losses		
Loss on retirement of non-current assets	56,391	8,920
Loss on valuation of golf club membership	2,500	-
Total extraordinary losses	58,891	8,920
Profit before income taxes	3,428,588	4,940,654
Income taxes-current	1,045,331	1,579,950
Income taxes-deferred	(55,164)	(173,184)
Total income taxes	990,167	1,406,765
Profit	2,438,420	3,533,888
Profit attributable to non-controlling interests	42,024	86,391
Profit attributable to owners of parent	2,396,396	3,447,497

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

(Thousands of yen)

	First nine months of FY11/20 (Dec. 1, 2019 – Aug. 31, 2020)	First nine months of FY11/21 (Dec. 1, 2020 – Aug. 31, 2021)
Profit	2,438,420	3,533,888
Other comprehensive income		
Valuation difference on available-for-sale securities	(128,816)	370,144
Foreign currency translation adjustment	(3,897)	26,289
Remeasurements of defined benefit plans, net of tax	22,865	27,891
Total other comprehensive income	(109,849)	424,326
Comprehensive income	2,328,571	3,958,214
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,288,058	3,869,262
Comprehensive income attributable to non-controlling interests	40,512	88,952

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

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Additional Information**

Impact of the spread of the COVID-19 pandemic on accounting estimates

There are no significant changes regarding the accounting estimates associated with the COVID-19 pandemic that are explained in the Securities Report (supplementary information) for the fiscal year that ended in November 2020.

**Segment and Other Information**

I. First nine months of FY11/20 (Dec. 1, 2019 – Aug. 31, 2020)

1. Information related to net sales and profit or loss for each reportable segment

(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						
External sales	7,254,540	9,301,521	4,661,499	21,217,561	-	21,217,561
Inter-segment sales and transfers	-	-	232,150	232,150	(232,150)	-
Total	7,254,540	9,301,521	4,893,650	21,449,711	(232,150)	21,217,561
Segment profit	314,155	2,287,193	765,389	3,366,739	(23,356)	3,343,383

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 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 nine months of FY11/21 (Dec. 1, 2020 – Aug. 31, 2021)

1. Information related to net sales and profit or loss for each reportable segment

(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						
External sales	8,939,799	10,729,563	6,088,041	25,757,404	-	25,757,404
Inter-segment sales and transfers	-	-	277,990	277,990	(277,990)	-
Total	8,939,799	10,729,563	6,366,032	26,035,395	(277,990)	25,757,404
Segment profit	744,777	2,405,040	1,077,903	4,227,721	(7,577)	4,220,144

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 quarterly consolidated statement of income.

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

Significant change in goodwill

In the first quarter of FY11/21, Osaka Organic Chemical Industry acquired from Mitsubishi Chemical Corporation a business that manufactures and sells acrylic resin used in hair care products. This business is included in the specialty chemicals segment. The acquisition of this business increased goodwill by 100 million yen.

3. Information related to changes in reportable segments

Beginning with the first quarter of FY11/21, the method used to calculate the profit or loss of reportable segments has changed due to a reexamination of the allocation of corporate expenses for the purpose of better evaluating the performance of individual segments.

Segment profit in the first nine months of FY11/20 uses the revised method to calculate the profit or loss of reportable segments.

*This financial report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*