

Financial Results for First Half of Fiscal Year Ending March 31, 2021

November 13, 2020



Contents

- 1 . First-Half Results for Fiscal Year Ending March 2021
- 2 . Full-Year Forecast for Year Ending March 2021
- 3 . Topics
- 4 . Company Overview

Contents

- 1 . First-Half Results for Fiscal Year Ending March 2021
- 2 . Full-Year Forecast for Year Ending March 2021
- 3 . Topics
- 4 . Company Overview

First-Half Results: Effects of Novel Coronavirus Infection

Electronics Industry	<ul style="list-style-type: none">• Solid performance due to increased demand for semiconductors, driven by factors including the expansion of teleworking.• In Taiwan, large-scale investment in cutting-edge semiconductors continued to be strong.
General Industry	<ul style="list-style-type: none">• Affected by suppressed capital investment. There was a rebound due to a large-scale project in the preceding fiscal year, but orders decreased significantly year on year.
Power and Water Supply	<ul style="list-style-type: none">• Minor delays in large-scale maintenance work, but no major impact.
Performance Products Business	<ul style="list-style-type: none">• Sales declined to the automotive and restaurant industries and to medical institutions related to general medical practice and examinations, which were significantly impacted by the novel coronavirus.• Sales were strong of water treatment chemicals for the electronics industry and Orplus slightly acidic electrolyzed water for filters and disinfection.

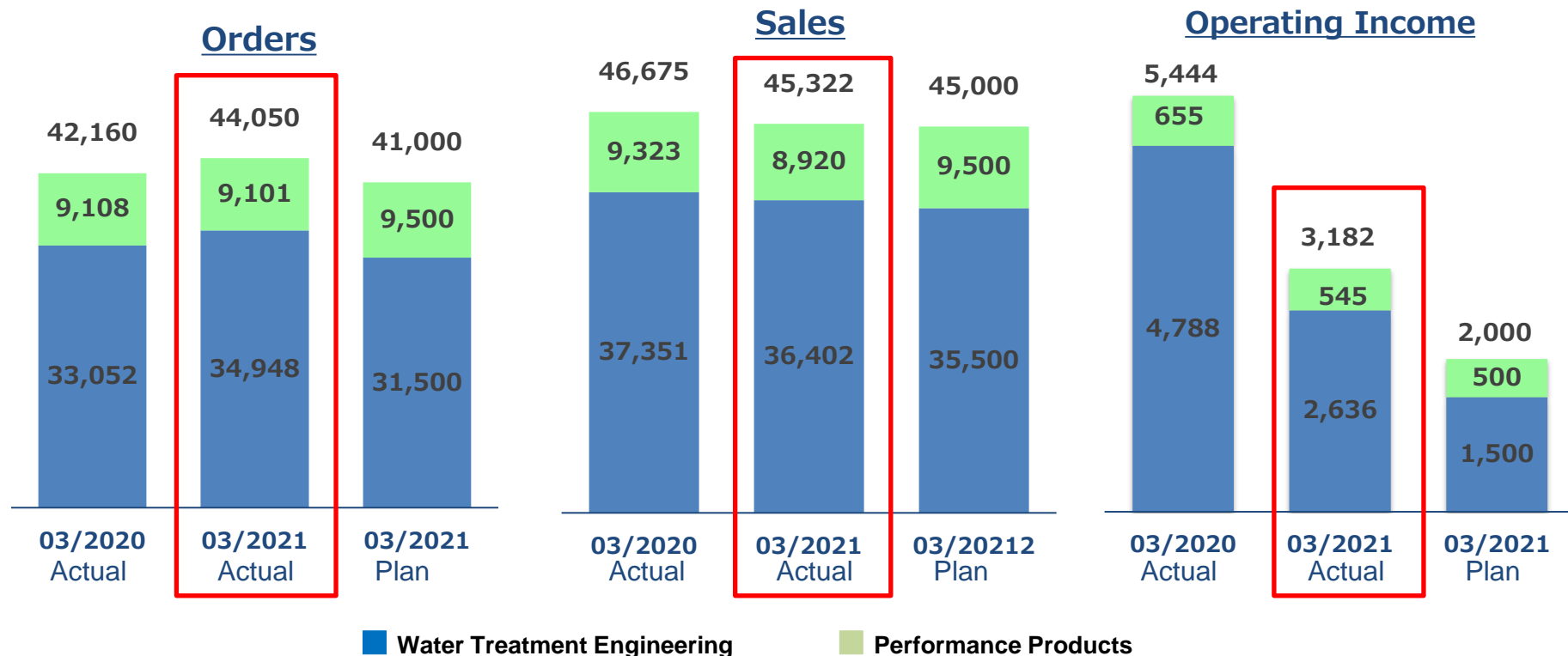
Overview of First-Half Results

Orders: Water treatment engineering orders increased in the electronics industry, mainly in Taiwan.

Sales: Performance Product sales were impacted by the novel coronavirus. Sales in water treatment engineering were steady, centered around the electronics industry.

Operating income: Declined from the previous year, when there was a concentration of profitable projects in water treatment engineering, but the target was achieved.

(Millions of JPY)



Results for Year Ending March 2021

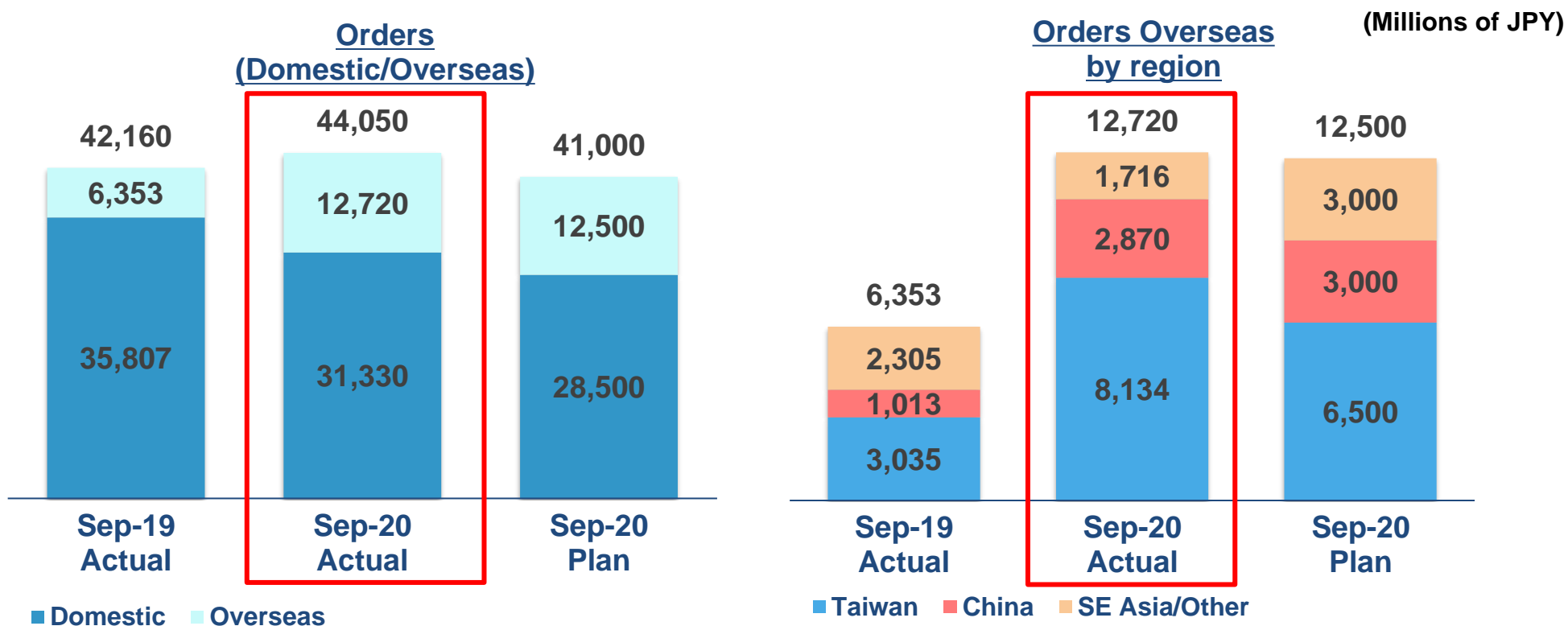
(Millions of JPY)	September 2019 Actual	September 2020		Year-on-Year	Actual-to-Forecast
		Actual	Initial Plan		
Orders	42,160	44,050	41,000	1,890	3,050
Sales	46,675	45,322	45,000	-1,353	322
Gross profit margin (%)	13,792 29.5%	11,359 25.1%	11,000 24.4%	-2,433 -4.5pt	359 0.6pt
SG&A ¹	8,348	8,176	9,000	-171	-823
Operating income ratio (%)	5,444 11.7%	3,182 7.0%	2,000 4.4%	-2,261 -4.6pt	1,182 2.6pt
Ordinary income	5,317	3,276	1,950	-2,040	1,326
Profit attributable to owners of the parent company	3,640	2,080	1,200	-1,559	880

First-Half Results: Orders by Region

First-half orders increased overseas, mainly in Taiwan and China.

Domestic: The novel coronavirus led to declines in general industry and Performance Product orders, but electronics industry orders were steady.

Overseas: Despite a slowdown in Southeast Asia, electronics industry orders grew in Taiwan and China.

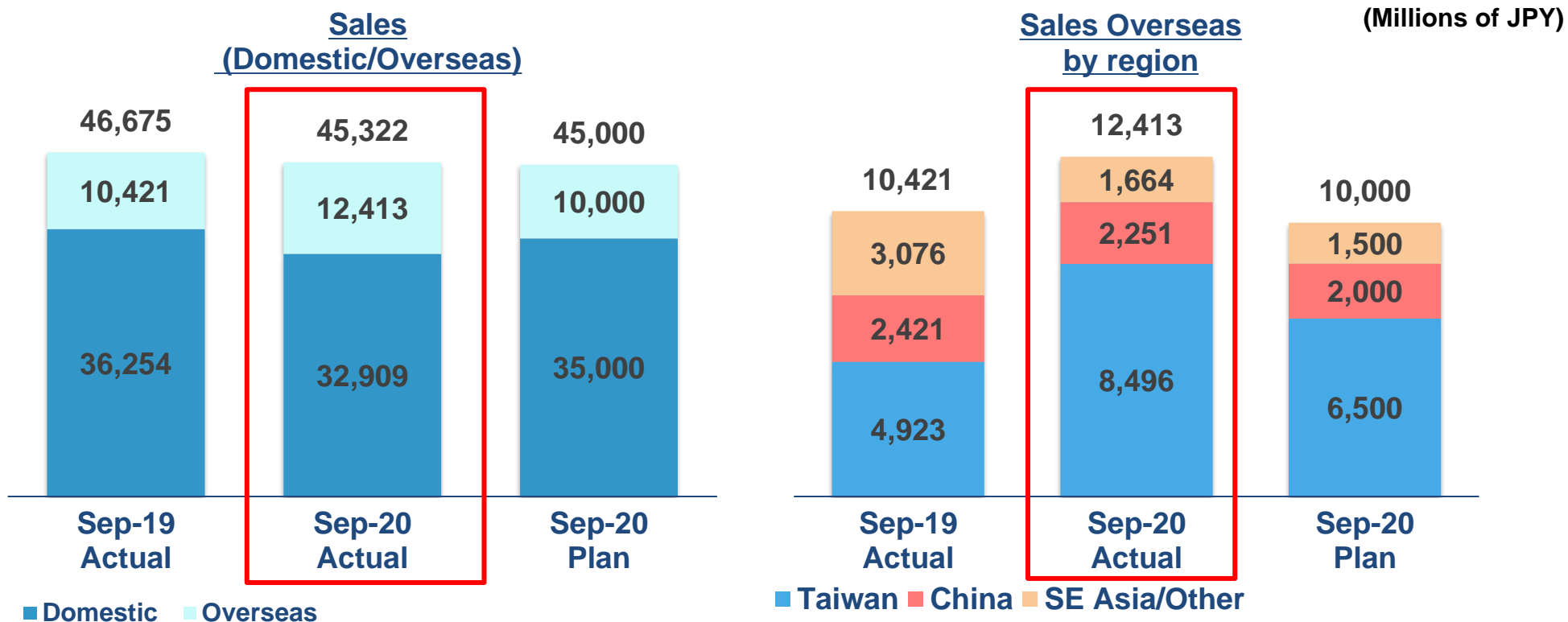


First-Half Results: Sales by Region

The first-half domestic sales slowdown was offset by significant growth in Taiwan.

Domestic: in addition to the electronics sector, where large-scale projects were recorded in the previous year, general industry and Performance Product sales decelerated due to the effects of the novel coronavirus.

Overseas: Taiwan's electronics industry expanded.



First-Half Results: Water Treatment Engineering Sales

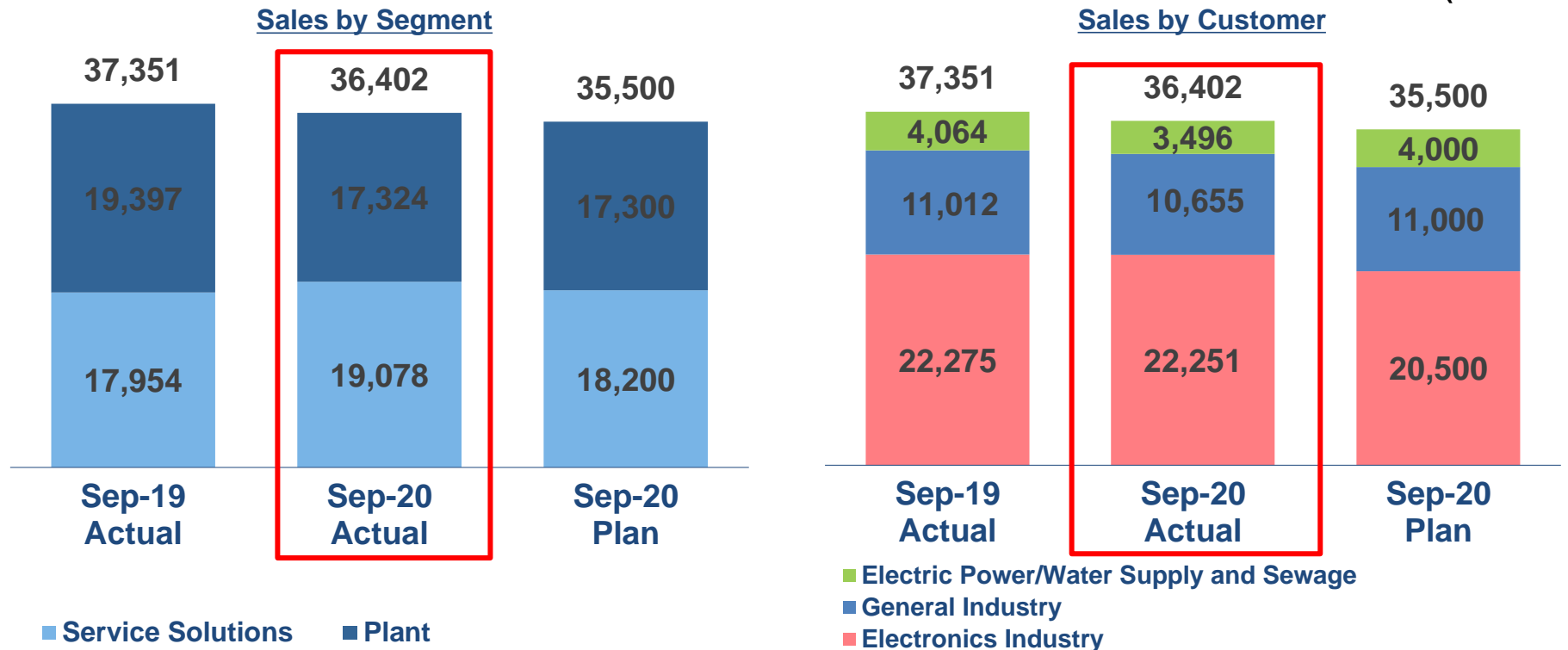
Essentially achieved sales target due to electronics industry growth.

Plant: Declined from the preceding year, which featured many large-scale projects.

Service Solutions: Sales increased steadily. Performance was strong in Taiwan's electronics industry. General industry sales slowed down due to the novel coronavirus impacting investment.

Electric Power/Water Supply and Sewage: Sales declined due to the absence of large-scale projects.

(Millions of JPY)

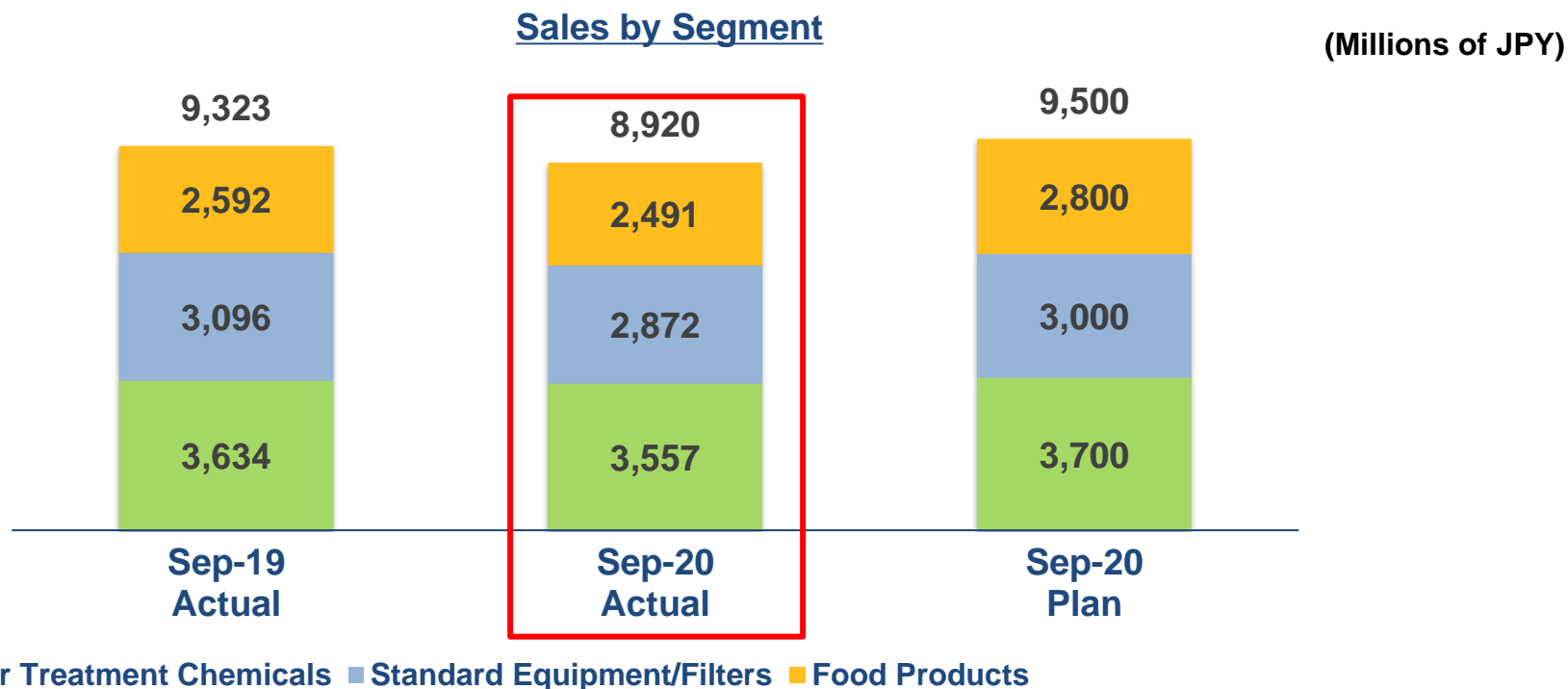


First-Half Results: Performance Product Sales

Sales declined in all divisions due to the impact of the novel coronavirus.

Orplus, a slightly acidic electrolyzed functional water which is also effective in sterilization, performed well. However, the impact of the novel coronavirus on the automobile and food service industries, general medical treatment and medical examinations was significant.

A decline in market sales resulted in stagnation in all fields.



Contents

- 1 . First-Half Results for Fiscal Year Ending March 2021
- 2 . Full-Year Forecast for Year Ending March 2021**
- 3 . Topics
- 4 . Company Overview

Assumptions for Full-Year Forecast (03/2021)

Electronics Industry

- Steady demand for semiconductors.
 - Positive signs such as the full-fledged introduction of 5G communications.
-
- Uncertainty about the future due to semiconductor-related friction between China and the U.S.
 - Impact on domestic and Taiwanese customers as well as those in China.
 - Concern over the impact of suppressing or postponing investment plans.
- ⇒ At this time, there is no movement toward significantly delaying or cancelling planned projects. Project construction for orders already received domestically and abroad is progressing steadily.**

Assumptions for Full-Year Forecast (03/2021)

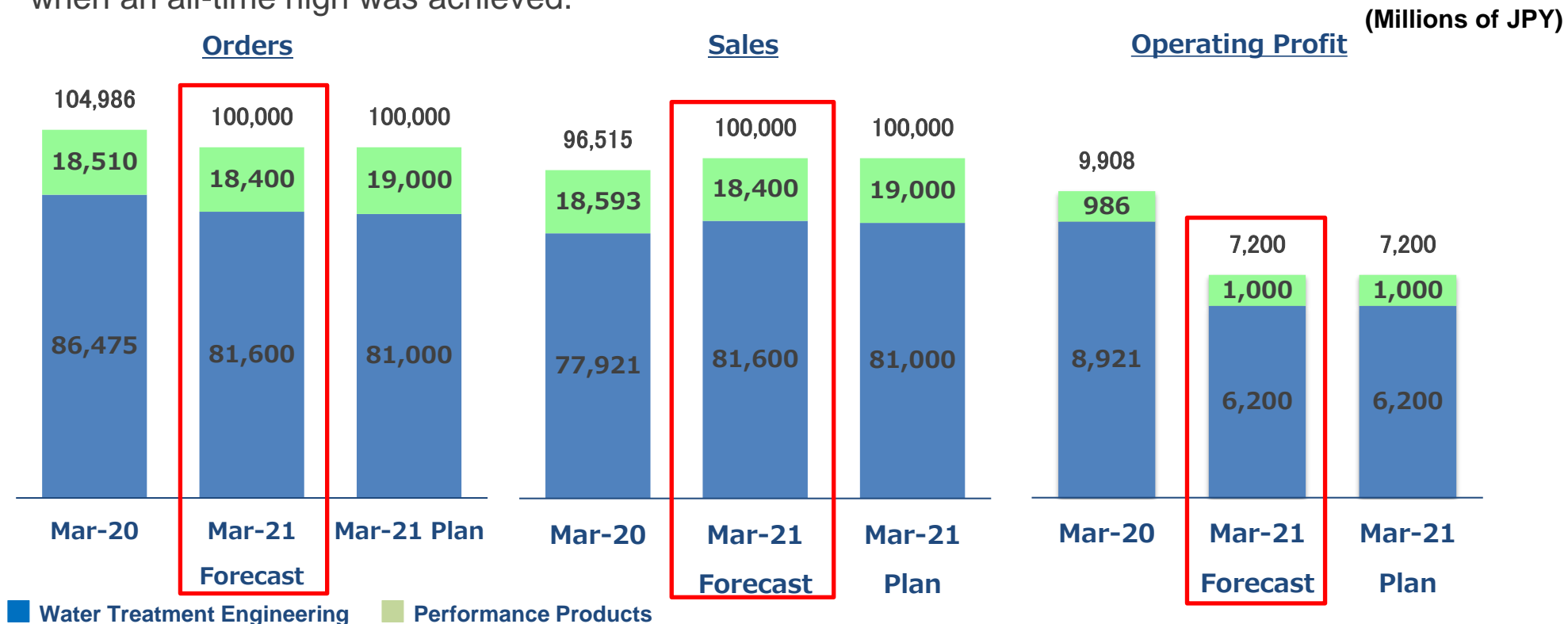
General Industry	<ul style="list-style-type: none">• Restraint regarding investment is seen continuing in Japan and overseas.
Power and Water Supply	<ul style="list-style-type: none">• These fields are not expected to be affected. Performance should resemble that of the preceding year.
Performance Products Business	<ul style="list-style-type: none">• The decline in sales is expected to continue in the fields most significantly affected by the novel coronavirus, such as the automotive, restaurant, general medical treatment, and health screening fields.

Overview of Full-Year Forecast

Orders: Water treatment engineering orders are forecast to increase due to expansion in the electronics industry. It is expected that targets will be achieved.

Sales: Expected to reach 100 billion yen for the first time due to expansion in water treatment engineering, despite a decline in Performance Product sales.

Operating income: Anticipated to be in line with target, and similar to that of the preceding year, when an all-time high was achieved.



FY ending 03/2020 Plan

(Millions of JPY)	September 2020 Actual	September 2021		Year-on-Year	Actual-to-Forecast
		Actual	Initial Plan		
Orders	104,986	100,000	100,000	-4,986	0
Sales	96,515	100,000	100,000	3,484	0
Gross profit margin	27,282	25,600	25,600	-1,682	0
(%)	28.3%	25.6%	25.6%	-2.7pt	0.0pt
SG&A ¹	17,374	18,400	18,400	1,025	0
Operating income ratio	9,908	7,200	7,200	-2,708	0
(%)	10.3%	7.2%	7.2%	-3.1pt	0.0pt
Ordinary income	9,929	7,100	7,100	-2,829	0
Profit attributable to owners of the parent company	7,162	4,700	4,700	-2,462	0

1: SG&A = Selling, General, and Administrative expenses

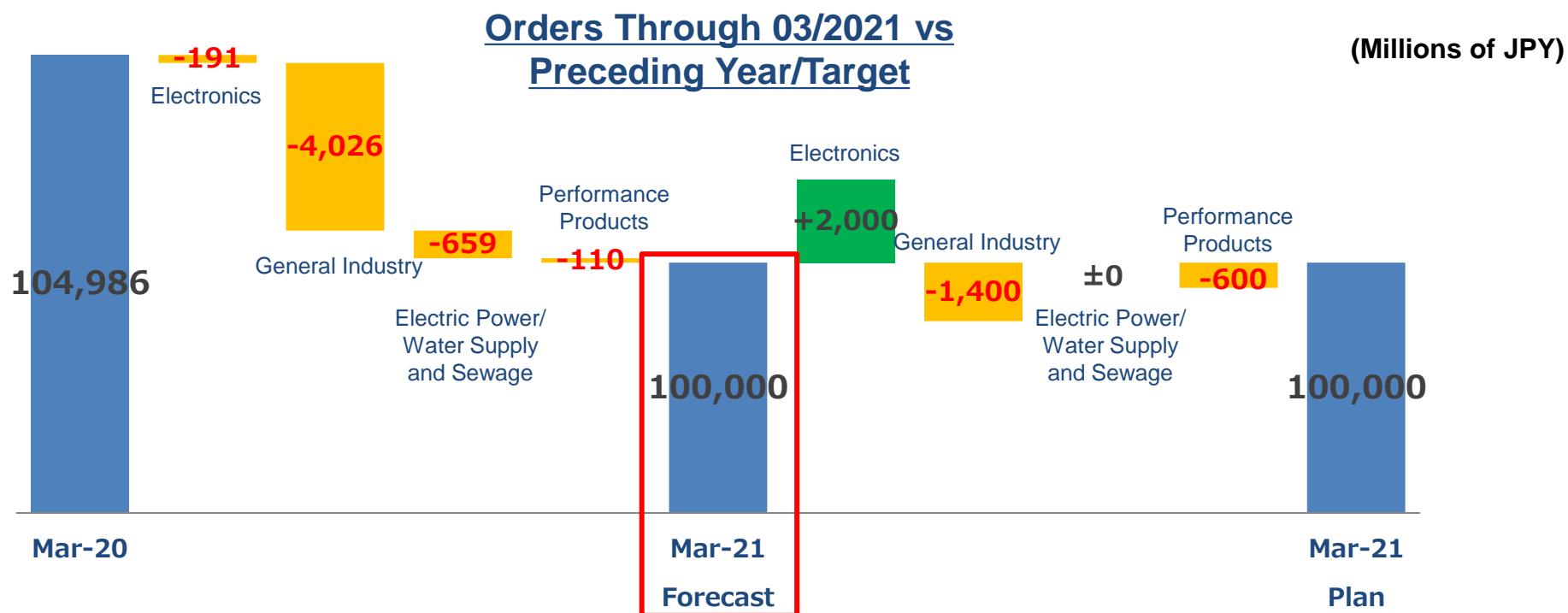
Full-Year Forecast: Orders

Performance will be strong in the electronics industry in Taiwan and elsewhere overseas.

In addition to investment in cutting-edge semiconductors in Taiwan, investment in semiconductors in China will recover.

A decline in orders is forecast in general industry, especially in Japan.

In addition to suppressed investment due to the novel coronavirus, there will be a significant year-on-year decrease, when there were many large-scale projects.



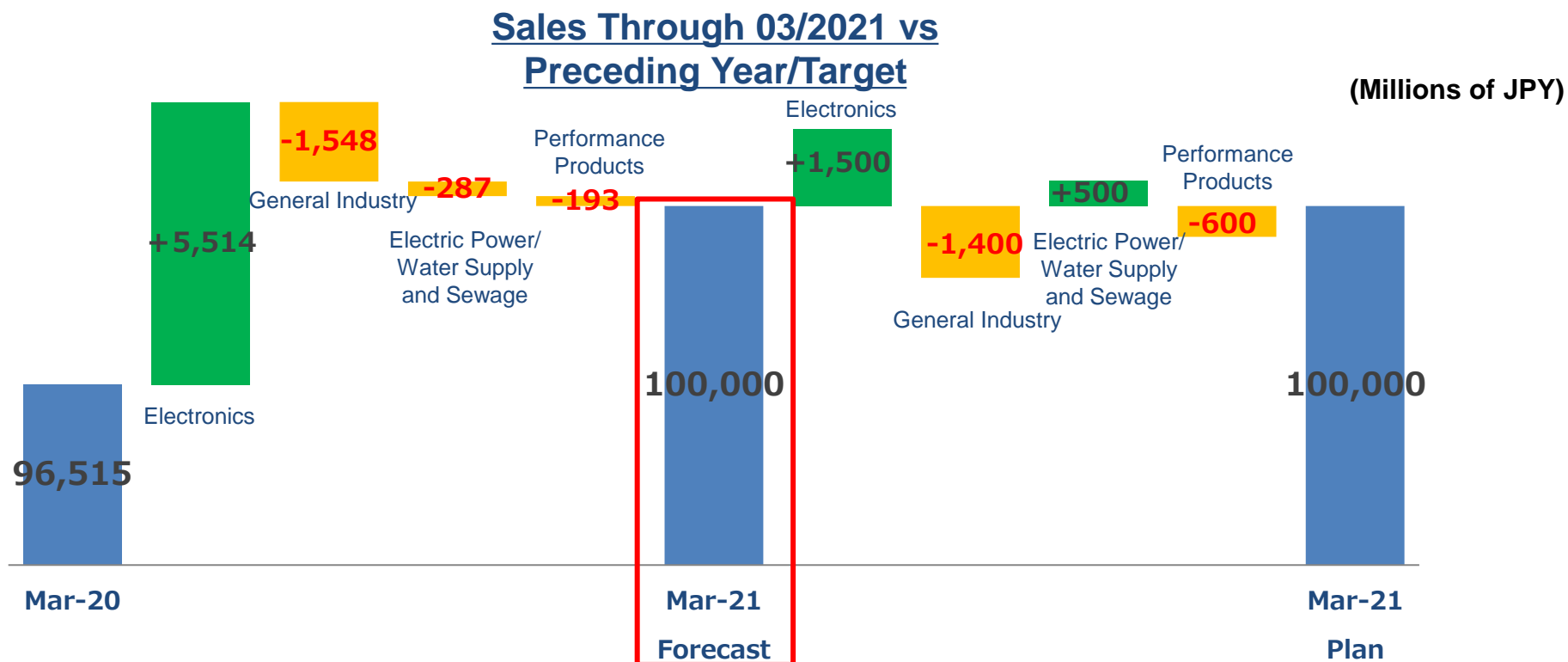
Full-Year Forecast: Sales

In addition to the increase in domestic sales, the electronics industry will grow in Taiwan and other overseas markets.

Sales of large-scale projects in Japan will begin in earnest in the second half, and sales in Taiwan will grow due to an increase in orders.

General industry sales are expected to decline, mainly in Japan.

Service Solution sales will be strong, but suppressed capital investment will lead to a decline in Plant sales.



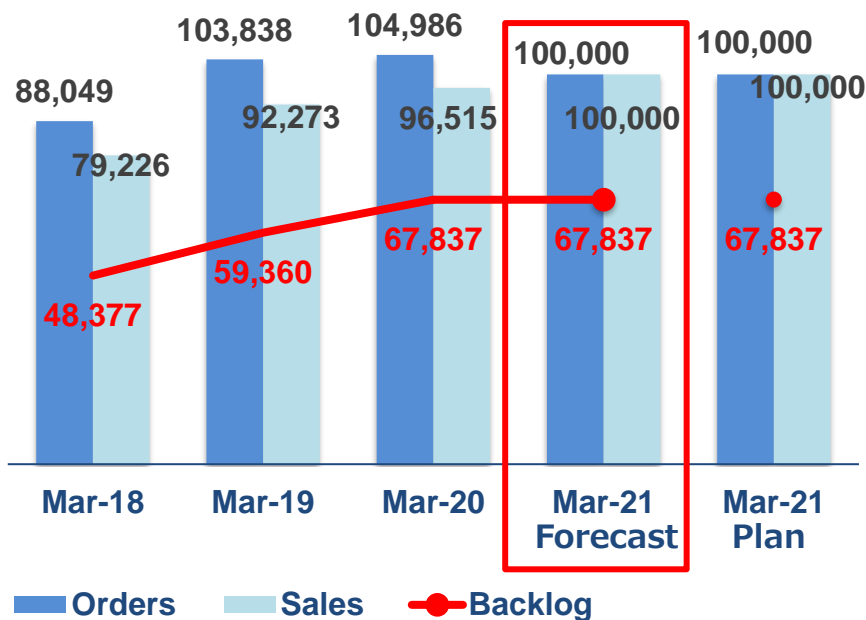
Full-Year Forecast: Carry-over Backorder Trends

Backorders, the foundation of sales, remain high.

In addition to the novel coronavirus, there are concerns about the impact of semiconductor-related friction between the U.S. and China. Meanwhile, backorders, the basis for future sales, remain high.

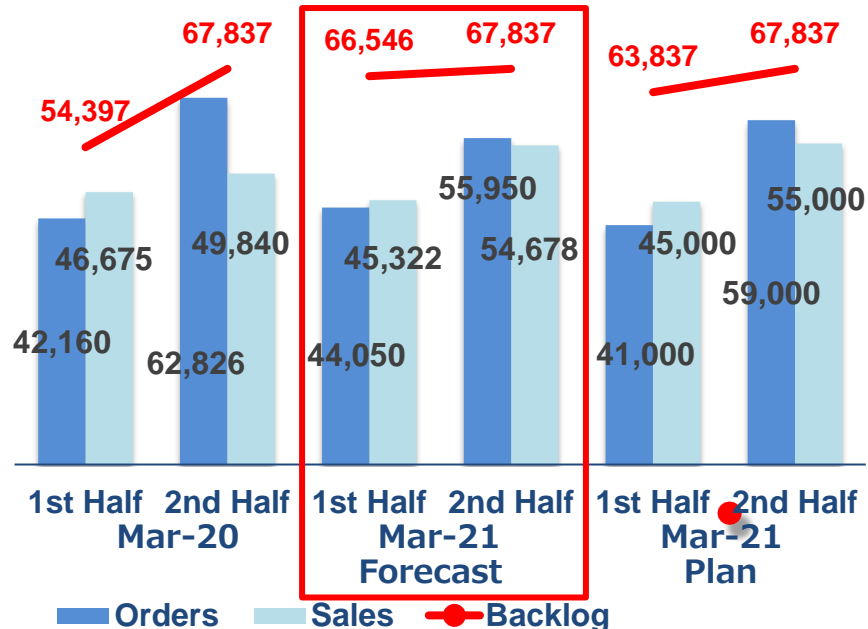
If order targets are achieved, the same level of sales can be expected in the next fiscal year.

Orders Trends



Orders
(1st half vs. 2nd half)

(Millions of JPY)

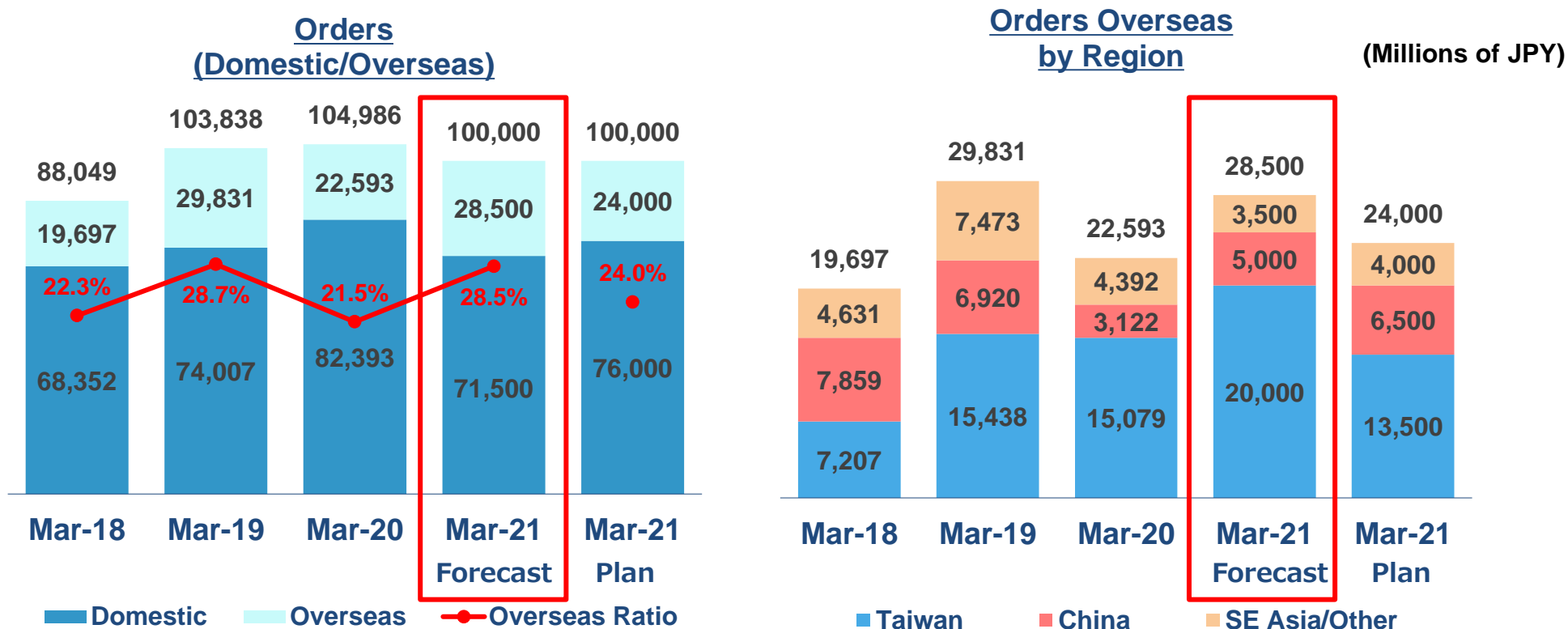


Full-Year Forecast: Orders by Region

Order targets are expected to be achieved in Japan, despite the slowdown in the domestic market, thanks to strong performance in Taiwan.

Domestic: Suppressed capital investment and U.S.-China semiconductor-related friction is expected to lead to a slowdown.

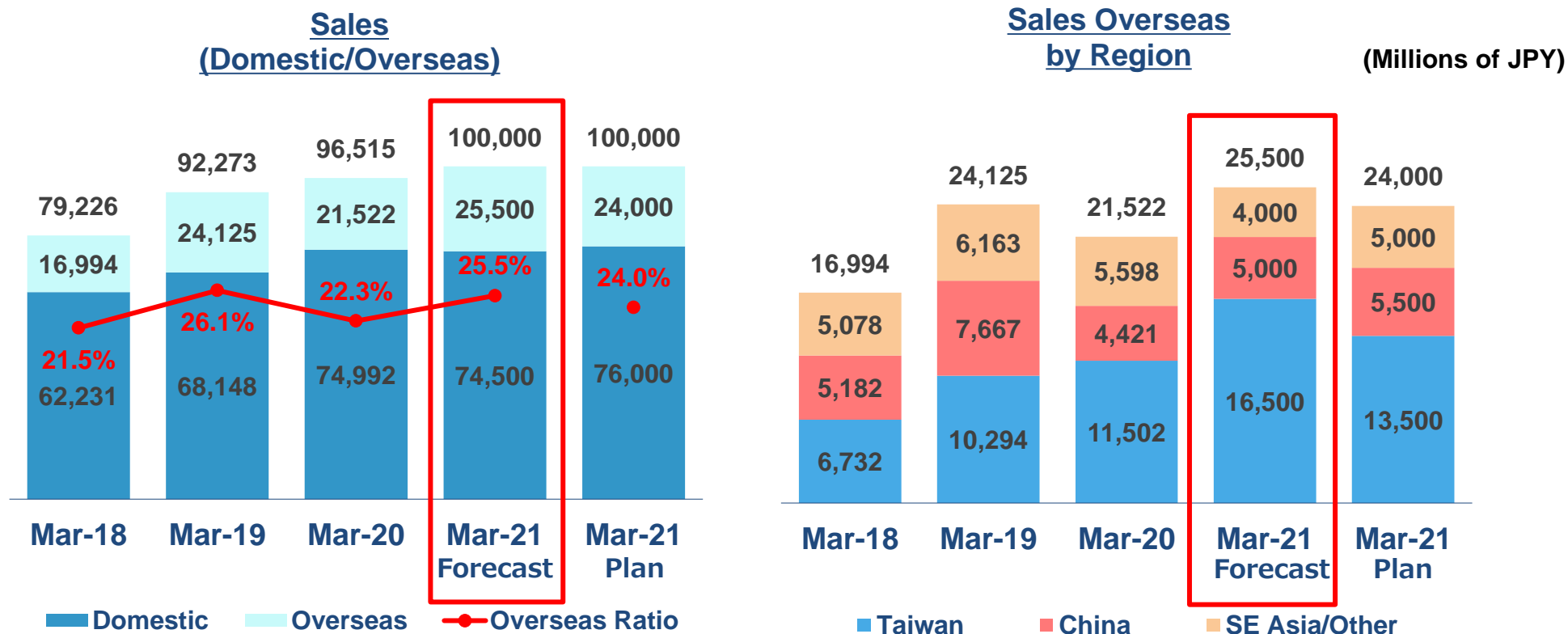
Overseas: Southeast Asia was sluggish, but sales in Taiwan grew substantially. China also recovered from the previous year. While orders in Southeast Asia will generally be sluggish, substantial growth is expected in Taiwan. Orders in China are forecast to recover against the preceding year.



Full-Year Forecast: Sales by Region

Sales are expected to decline domestically while growing overseas, especially in Taiwan.

Domestic sales are expected to decline due to suppressed investment caused by the novel coronavirus. Overseas, sales are forecast to increase, mainly in Taiwan, where investment in semiconductor-related fields is brisk.



Full-Year Forecast: Water Treatment Engineering

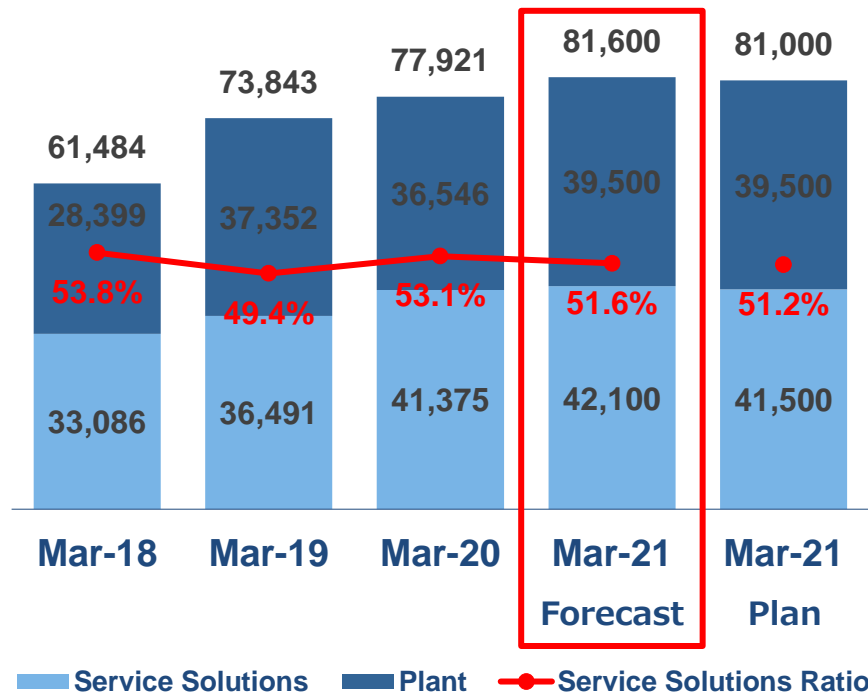
Sales growth in the electronics sector is expected to increase year on year and exceed initial targets.

Plant sales are forecast to be in line with targets due to growth in the electronics industry, despite a decline in general industry sales.

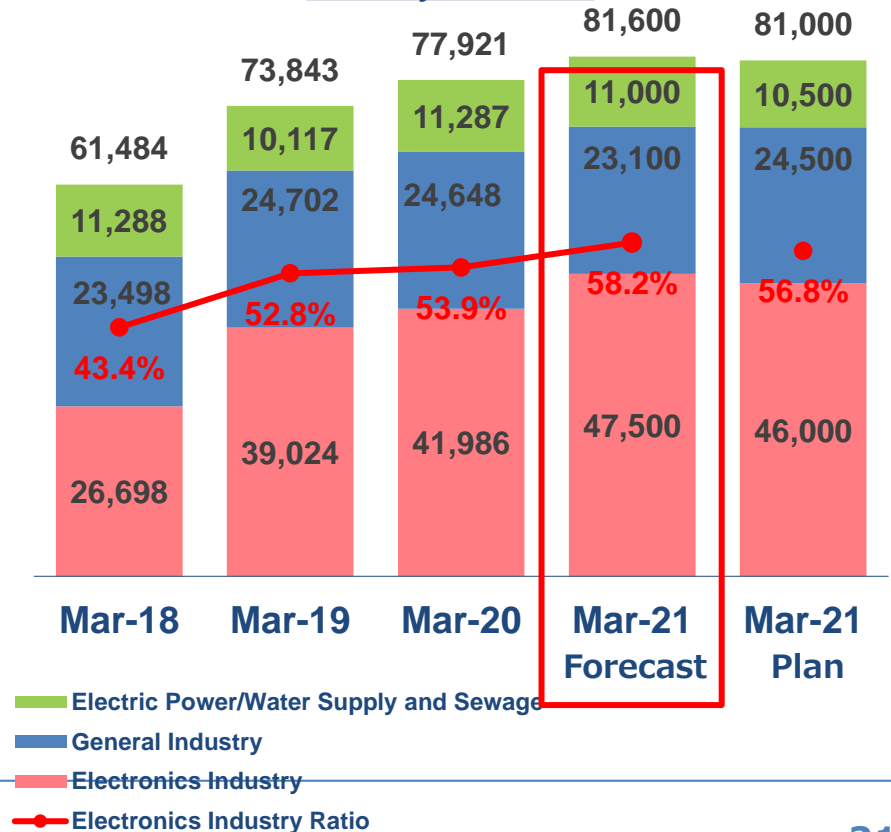
Service Solution sales are expected to be solid in all areas and exceed initial targets.

(Millions of JPY)

Sales by Segment



Sales by Customer



Full-Year Forecast: Electronics Industry Orders

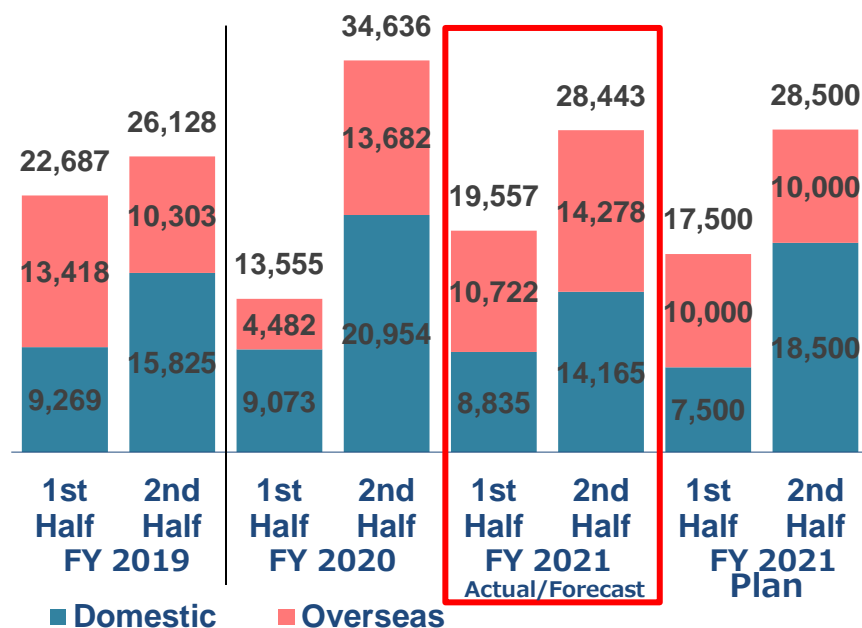
Orders are expected to be close to the level of the preceding fiscal year.

In Japan, large-scale orders are planned for the second half of the year, but there are concerns that capital investment will be postponed.

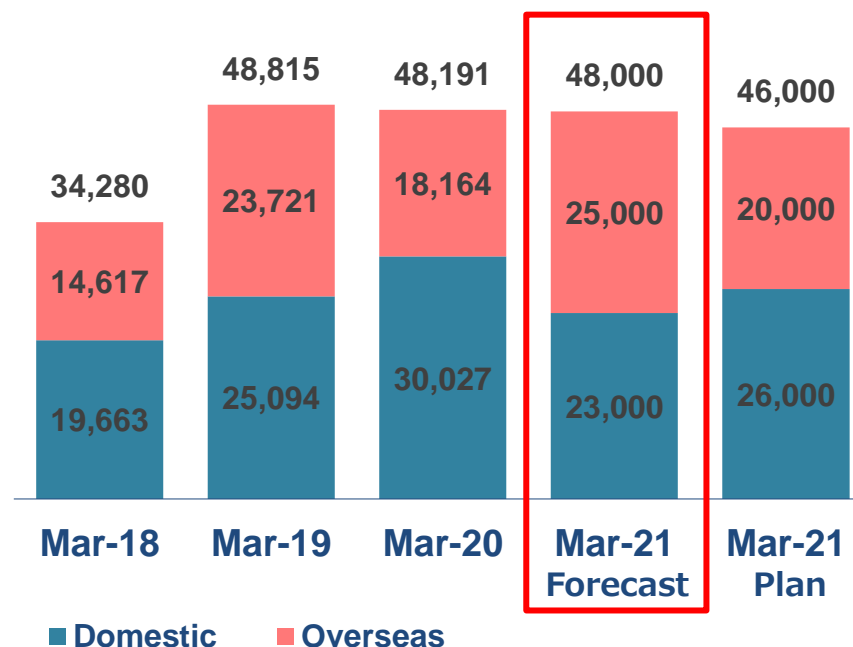
Overseas, investment in Taiwan will surpass expectations and orders are forecast to exceed the initial target.

(Millions of JPY)

Electronics Industry Orders
(1st half vs. 2nd half)



Electronics Industry Orders



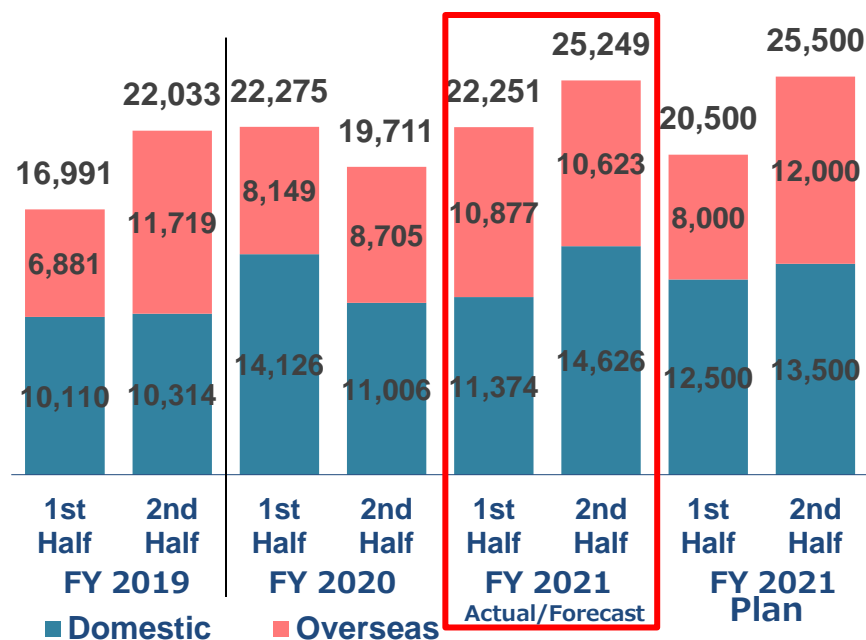
Full-Year Forecast: Electronics Industry Sales

Sales are expected to increase compared to the preceding year and surpass initial targets due to strong performance in Taiwan.

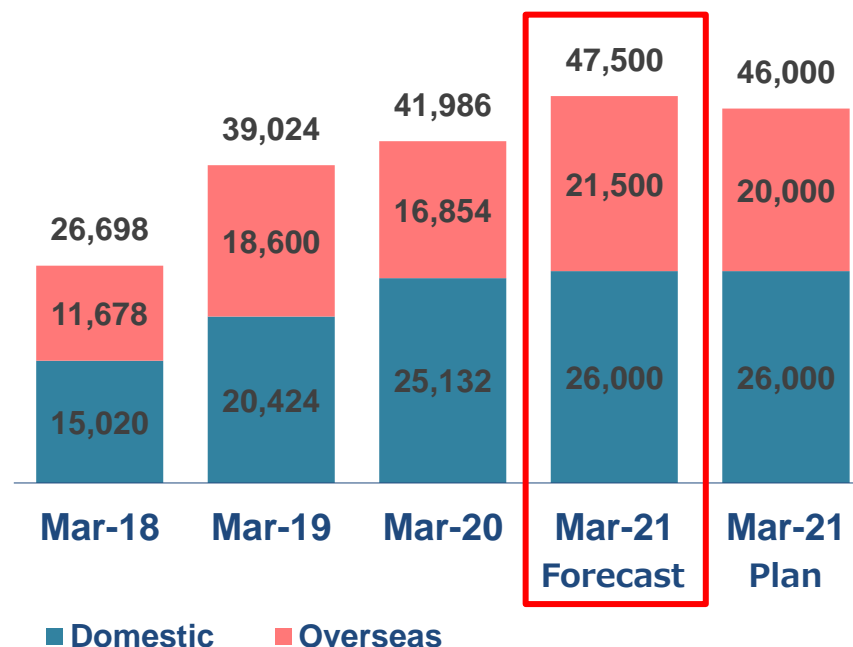
Domestically, sales of large-scale projects for which orders were received in the preceding fiscal year will begin in earnest in the second half. Overseas sales are expected to exceed initial targets and reach a record high, thanks to the success of large-scale orders in Taiwan.

(Millions of JPY)

Electronics Industry Sales
(1st half vs. 2nd half)



Electronics Industry Sales



Full-Year Forecast: Sales by Segment/Customer

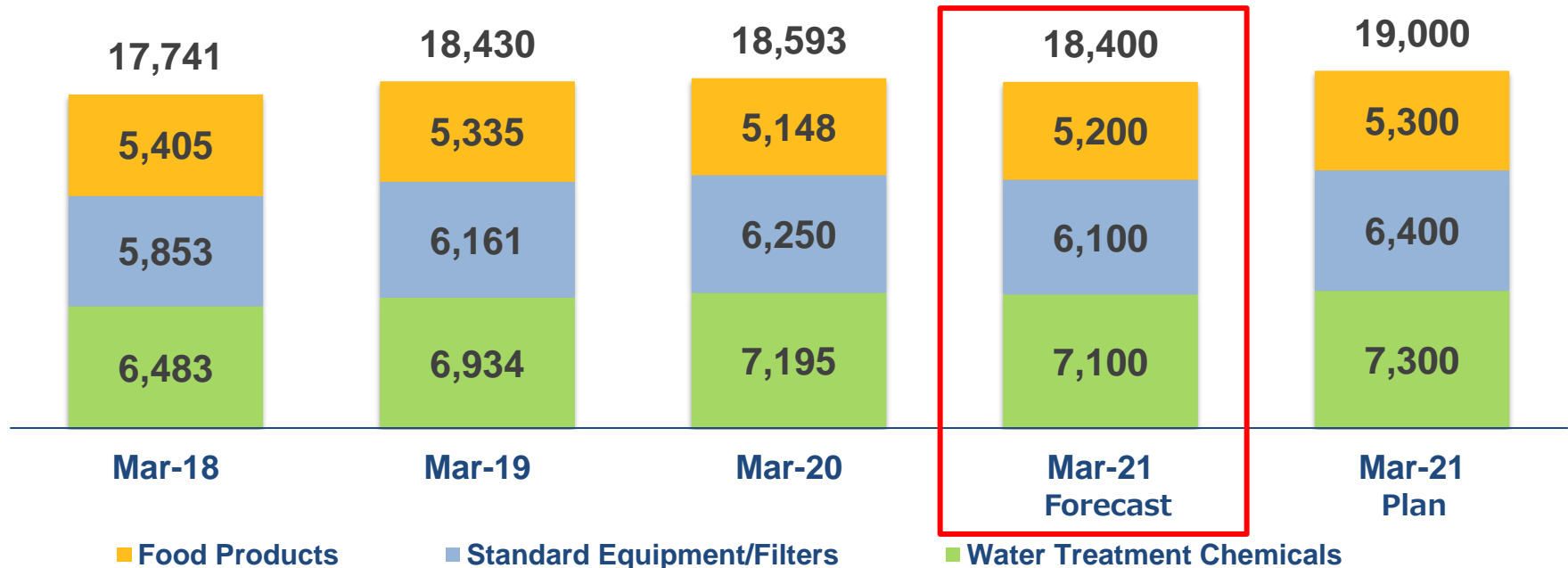
Performance Products

Sales are expected to fall short of initial targets. The aim is to maintain the same level as the preceding year.

Trends in recovery from the novel coronavirus differ by field. The aim is to achieve the same level as in the preceding year by focusing on fields where recovery is expected, such as water treatment chemicals for the electronics industry.

(Millions of JPY)

Sales by Segment



Key Indicators

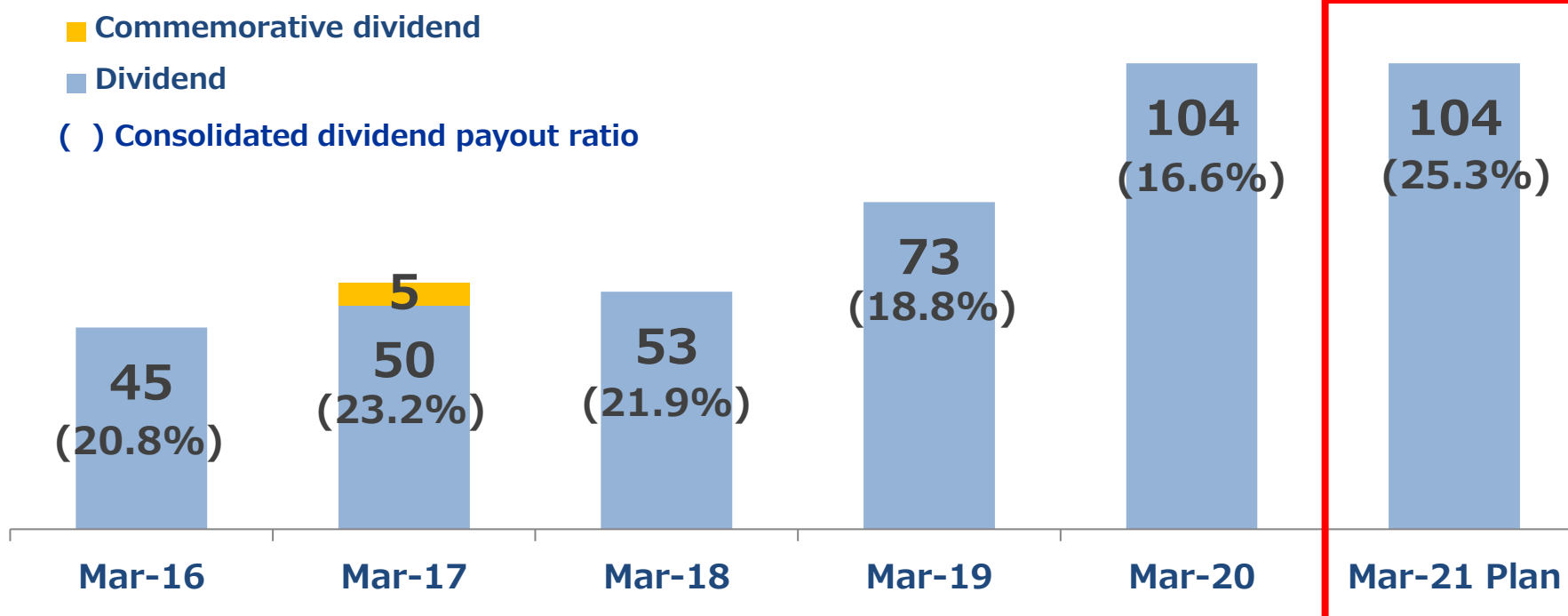
	FY ended 03/2020	March 2021 Forecast	March 2021 Plan
Capital expenditures (million yen)	965	(※) 1,400	1,400
R&D expenses (million yen)	2,178	2,350	2,350
Depreciation (million yen)	1,189	1,200	1,200
Interest-bearing debt (million yen)	9,740	17,000	20,000
No. of employees	2,249	2,275	2,275
Annual dividend (yen)	104	104	104
ROE (%)	12.4	7.5	7.5

(※) Does not include the investment in the development center described on page 28.

Changes in Dividends

- Scheduled to pay dividends in year ending March 2021 as originally planned.
- While maintaining our basic policy of delivering stable, continuous dividends, we will work to distribute profits in accordance with our earnings situation.

(Unit: JPY)



Contents

- 1 . First-Half Results for Fiscal Year Ending March 2021
- 2 . Full-Year Forecast for Year Ending March 2021
- 3 . Topics**
- 4 . Company Overview

Topics

New Laboratory Buildings to be Added to R&D Center

■ Construction of two new laboratory buildings at the R&D Center for research and development of next-generation ultrapure water systems. Separation and purification technologies for solvents and chemical solutions for the electronics industry will also be developed here.



【Image of new laboratory buildings】

■ The objective is to further strengthen and accelerate electronics industry expansion and creation of new businesses as set forth in the medium-term management plan.

■ Total investment is planned to be approximately ¥3 billion, with operations scheduled for launch in April 2022.

Accelerating Digital Transformation (DX)

■ Expansion of DX investment in "offensive" and "defensive" operations

Accelerate the digitization of management, engineering, and Service Solutions by establishing a system to promote digitalization

Invest offensively and defensively to create new added value



Accelerate initiatives through digital investment

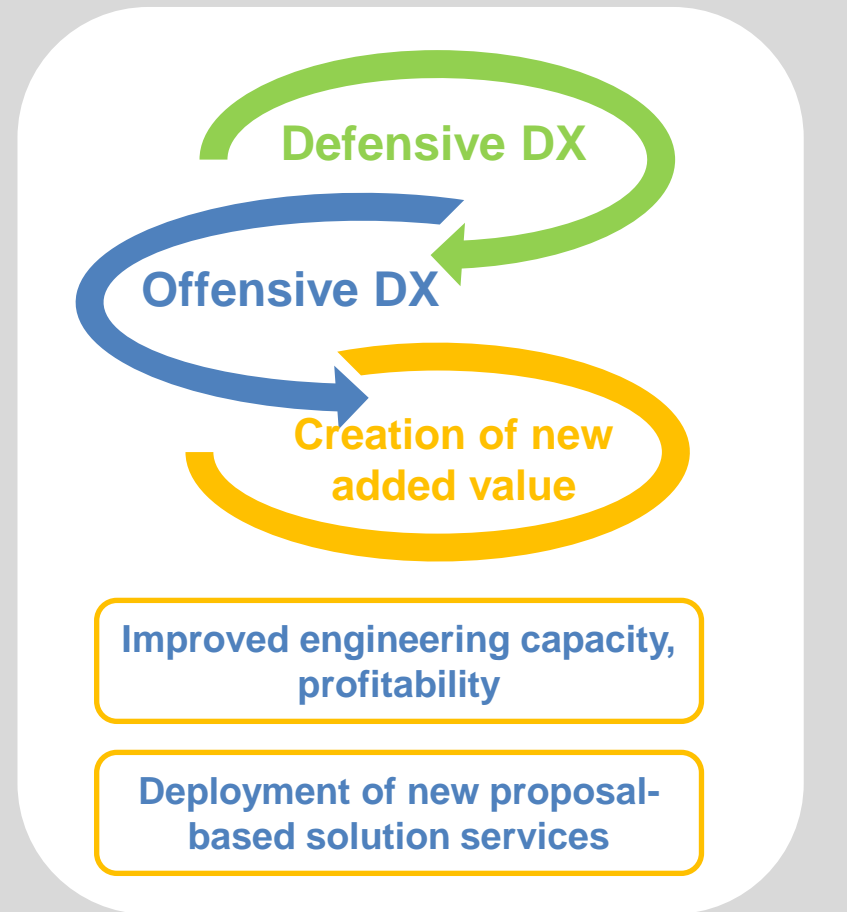
Accelerating Digital Transformation (DX)

■ Defensive DX

- Develop infrastructure for offices and construction sites
- Promote new workstyle by going paperless and introducing information sharing tools
- Integrate financial, HR, marketing, sales, engineering and technical data

■ Offensive DX

- Promote use of ICT in engineering
- Establish a data center to collect, analyze, and utilize facility operation and other data
- Establish a global engineering system



Focus on Orplus as Coronavirus Countermeasure

■ Slightly Acidic Electrolyzed Water is Effective in Fighting Infectious Diseases

Slightly acidic electrolyzed water Orplus is effective against viruses for which alcohol is ineffective.

It is also approved as a food additive and has been used in food factories to eliminate bacteria, molds, and viruses in foods. With the spread of novel coronavirus infection, Orplus is attracting attention as a non-alcoholic disinfectant for a wide range of applications.

*Japan's National Institute of Technology and Evaluation (NITE) has confirmed the effectiveness of novel coronavirus disinfection of using hypochlorous acid water with an effective chlorine concentration of 35 ppm or higher.



【Slightly acidic electrolyzed water Orplus】



【Slightly acidic electrolyte water production system】

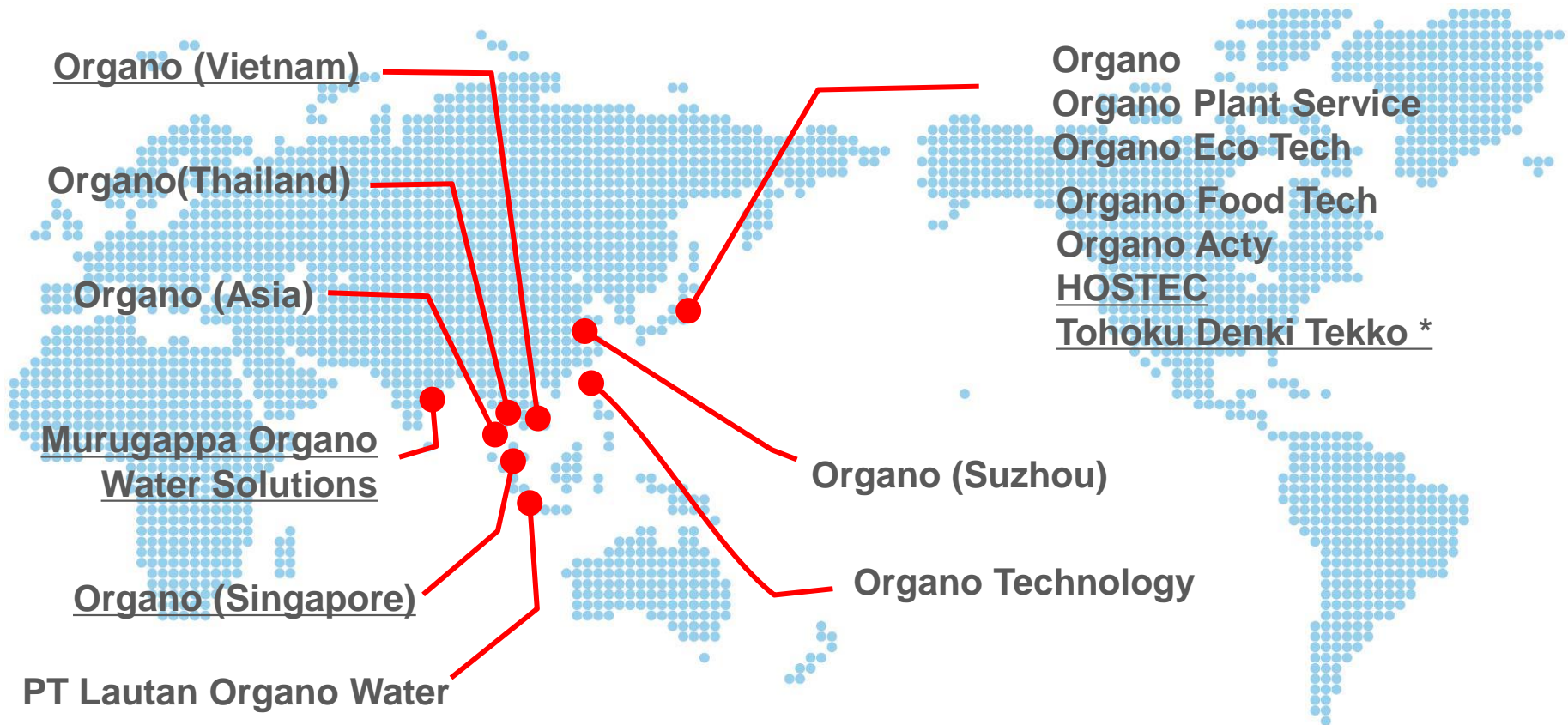
Contents

- 1 . First-Half Results for Fiscal Year Ending March 2021
- 2 . Full-Year Forecast for Year Ending March 2021
- 3 . Topics
- 4 . Company Overview

Company Overview

Corporate name	ORGANO CORPORATION		
Head office	1-2-8 Shinsuna, Koto-ku, Tokyo 136-8631		
Established	May 1, 1946		
Representative	Masaki Uchikura, President		
Capitalization	¥8,225,499,312		
No. of employees	2,296(consolidated) as of September 30, 2020		
Main areas of business	Water treatment engineering	Plant	Manufacturing and sales of large-scale water treatment facilities
		Service solutions	Facility maintenance, operational support services, renovation and reconditioning, etc.
	Performance products		Manufacturing and sales of standard water treatment equipment, water treatment chemicals, food processing agents
Main offices	Head Office (Koto-ku, Tokyo), R&D Center (Sagamihara), Tsukuba Factory (Tsukuba), Iwaki Factory (Iwaki), Hokkaido Branch Sales Office (Sapporo), Tohoku Branch Sales Office (Sendai), Kanto Branch Sales Office (Koto-ku, Tokyo), Chubu Branch Sales Office (Nagoya), Kansai Branch Sales Office (Suita), Chugoku Branch Sales Office (Hiroshima), Kyushu Branch Sales Office (Fukuoka)		

Organo Subsidiaries and Affiliates



* Indicates subsidiaries accounted for using the equity method;
underline indicates non-consolidated subsidiaries or affiliated companies

Organo Group History

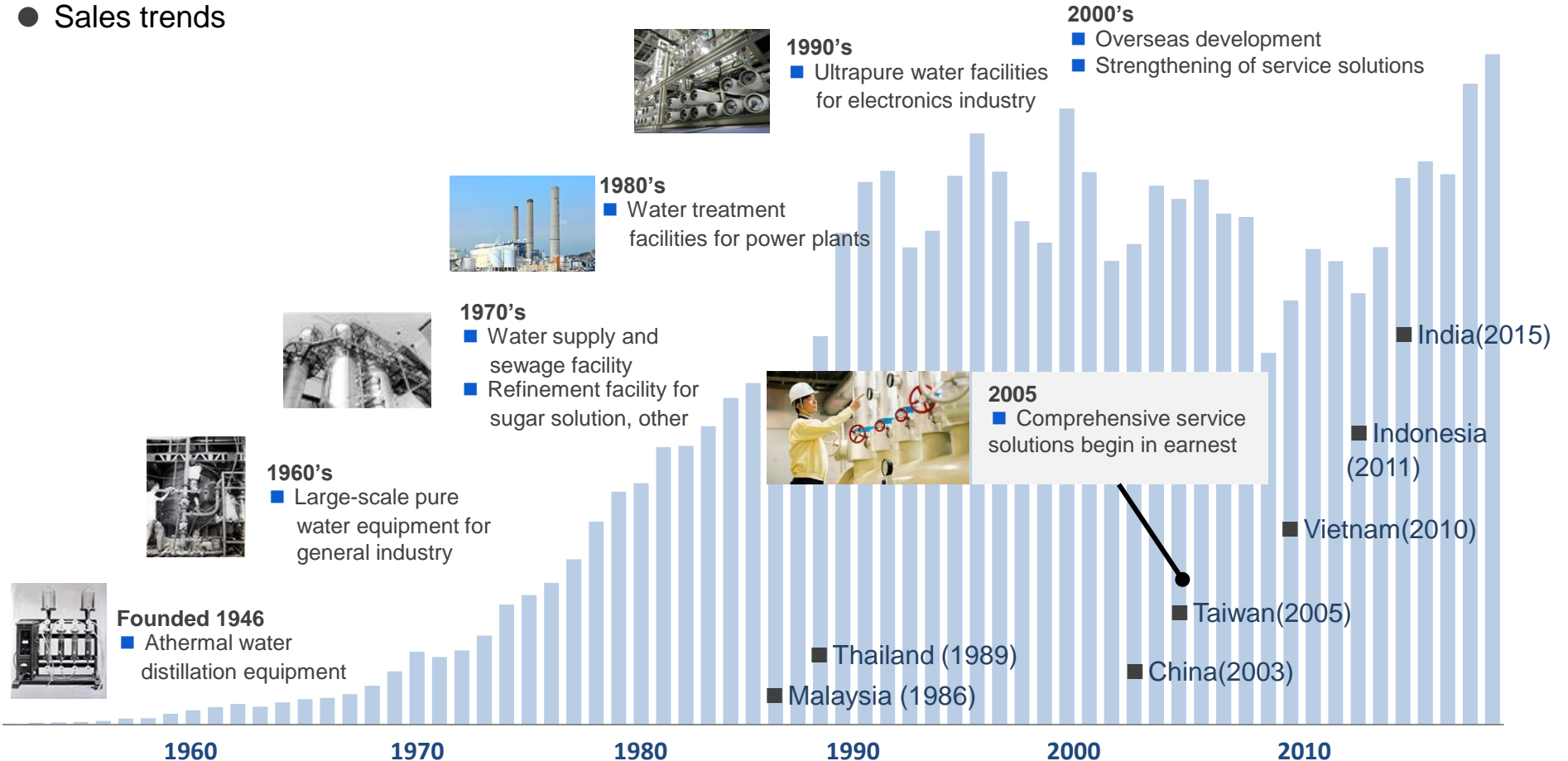
Development

Growth

Evolution

Expansion

● Sales trends



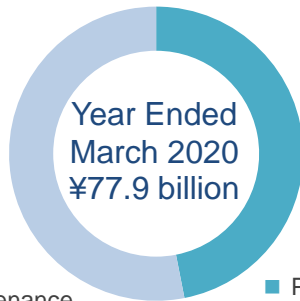
Organo Group Businesses

Water Treatment Engineering

Service Solutions
¥41.3 billion



- Replacement of expendable items and maintenance
- Operational support services and comprehensive maintenance
- Renovation and reconditioning
- Contract water treatment



Plant
¥36.5 billion



- Pure and ultrapure water facilities
- Wastewater treatment and recovery facilities
- Valuable material recovery facilities
- Production processing-related facilities

Performance Products

Food Processing Agents
¥5.1 billion



- Food processing agents
- Food ingredients



Water Treatment Chemicals
¥7.1 billion

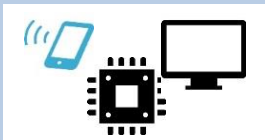
- Treatment chemicals for wastewater, cooling water, cleaning and RO membranes, boilers

Standard Equipment/Filters
¥6.2 billion



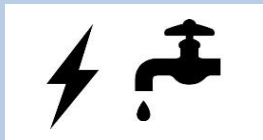
- Pure and ultrapure water equipment
- Water purification filters

Electronics



- Semiconductors
- FPD
- Electronic parts

Electric Power/Water Supply and



- Power plants
- Water purification plants
- Sewage treatment plants

General Industry



- Pharmaceuticals, cosmetics
- Food and beverage
- Machinery and chemicals

Equipment/Filters



- Pharmaceuticals, research
- Various manufacturing industries
- Food and beverage, convenience stores

Water Treatment Chemicals



- Various manufacturing industries
- Buildings and commercial facilities

Food Processing Agents



- Food processing
- Beverage manufacturing
- Nursing care and health food

SUSTAINABLE DEVELOPMENT GOALS

17 GOALS TO TRANSFORM OUR WORLD



ORGANO CORPORATION

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This document includes forecasts of future developments made by management based on their assumptions, forecasts and plans at the time of writing. Actual performance may differ materially from the above projections due to a variety of factors.