

ORGANO CORPORATION

Financial Results for First Half of Fiscal Year Ending March 31, 2022

November 9, 2021



Contents

- 1 . First-Half Results for Fiscal Year Ending March 2022
- 2 . Full-Year Forecast for Year Ending March 2022
- 3 . Topics
- 4 . Company Overview

Contents

- 1 . First-Half Results for Fiscal Year Ending March 2022
- 2 . Full-Year Forecast for Year Ending March 2022
- 3 . Topics
- 4 . Company Overview

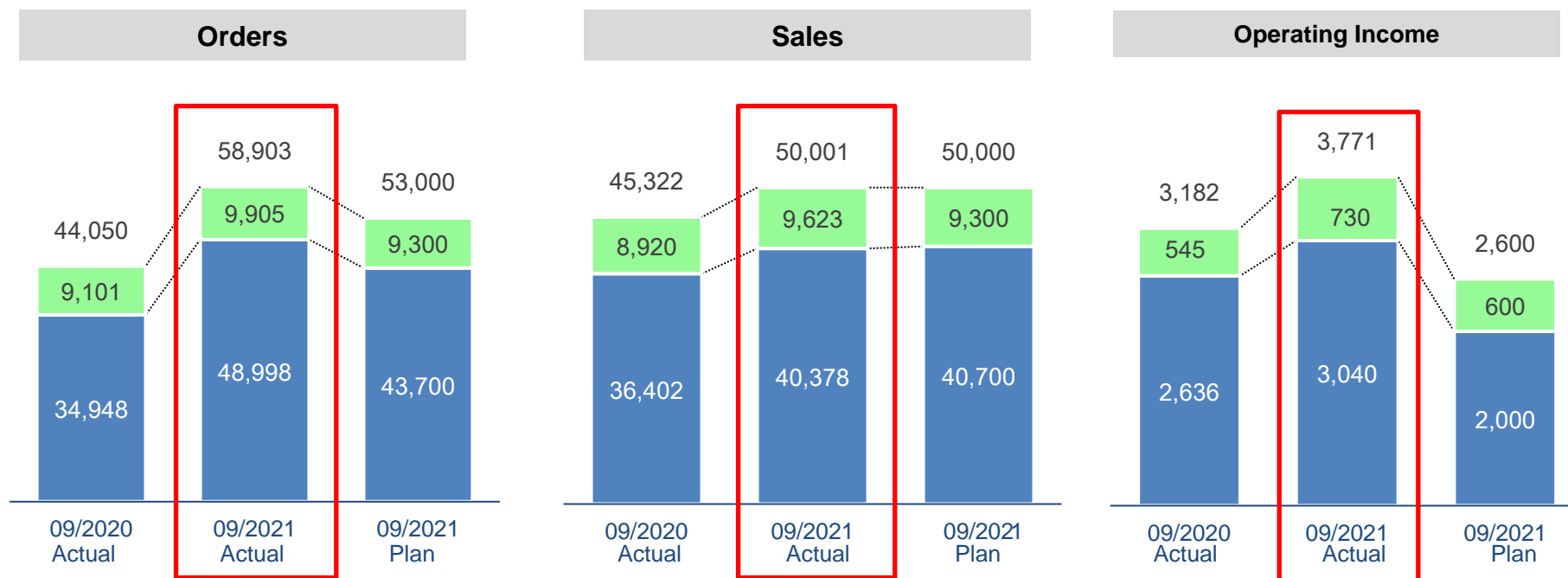
Overview of FY ending 03/2022

Orders: Semiconductor-related capital investment in the domestic and international electronics industry remains robust.

Sales: The advancement of large domestic and international projects has increased over the previous period. Surpassing previous fiscal year due to progress achieved in construction on large-scale projects.

Operating Income: Increased due to increased sales in the electronics industry.

Millions of JPY



■ Water Treatment Engineering

■ Performance Products



Overview of FY ending 03/2022

Electronics Industry	Production and investment continue to be brisk amidst the global supply chain review and semiconductor shortage. Strong performance in Japan, Taiwan, and China.
General Industry	Despite a slowdown in large-scale investments, the Service Solutions business was solid. Sales in the first half of the fiscal year were slightly higher than the corresponding period of the previous fiscal year and the initial forecast.
Power and Water Supply	Steady growth, mainly in the Service Solutions business in Japan.
Performance Products Business	Sales of various water treatment chemicals for the electronics industry were strong. Sales of standard water treatment equipment and filters also recovered, including desktop-type pure water systems for medical institutions. The Food Products business was essentially unchanged from the corresponding period the previous fiscal year.

Results for Year Ending March 2022

Millions of JPY	September	September 2021		Year-on-Year	Actual-to-Forecast
	2020 Actual	Actual	Initial Plan		
Orders	44,050	58,903	53,000	+33.7%	+11.1%
Sales	45,322	50,001	50,000	+10.3%	+0.0%
Gross profit margin (%)	11,359 25.1%	12,404 24.8%	11,400 22.8%	+9.2%	+8.8%
SG&A ¹	8,176	8,632	8,800	+5.6%	-1.9%
Operating income ratio (%)	3,182 7.0%	3,771 7.5%	2,600 5.2%	+18.5%	+45.1%
Ordinary income	3,276	4,193	2,550	+28.0%	+64.5%
Profit attributable to owners of the parent company	2,080	2,696	1,500	+29.6%	+79.8%

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

First-Half Results: Orders by Region

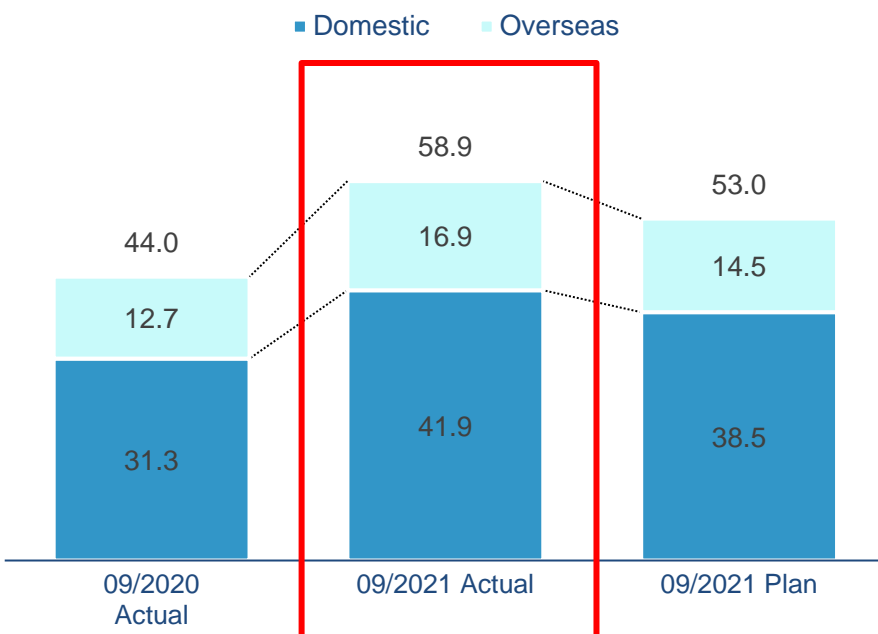
First-half orders increased both in Japan and overseas, mainly in the electronics industry.

Domestic: Orders increased due to the decision to accept orders for large-scale water recovery facilities for semiconductors.

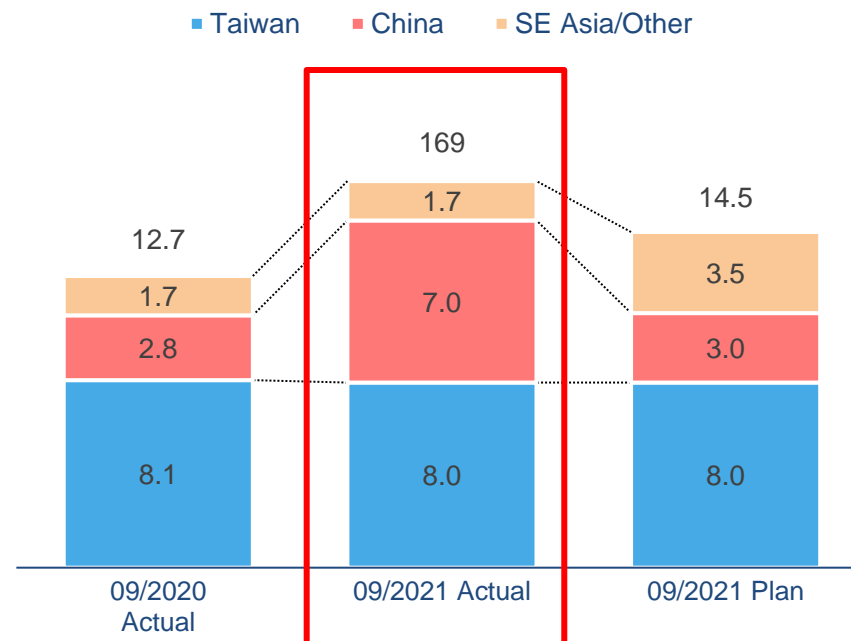
Overseas: Orders for semiconductor-related products increased significantly in China and remained high in Taiwan.

Unit: Billion JPY

Orders (Domestic/Overseas)



Orders Overseas by Region



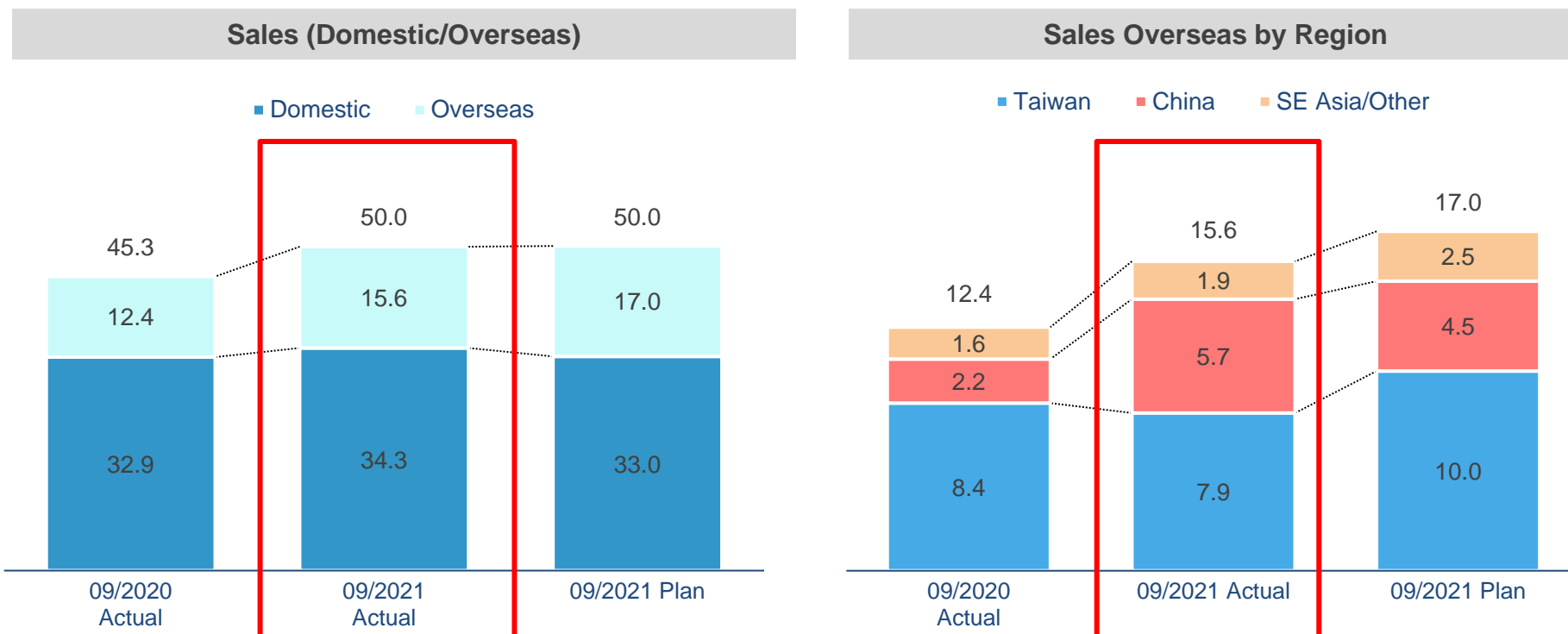
First-Half Results: Sales by Region

First-half sales increased year on year and met the initial plan.

Domestic: In addition to the electronics industry, sales in general industry and performance products increased from the previous year.

Overseas: Progress in Taiwan was lower than initially expected, but sales growth in China contributed to the increase.

Unit: Billion JPY



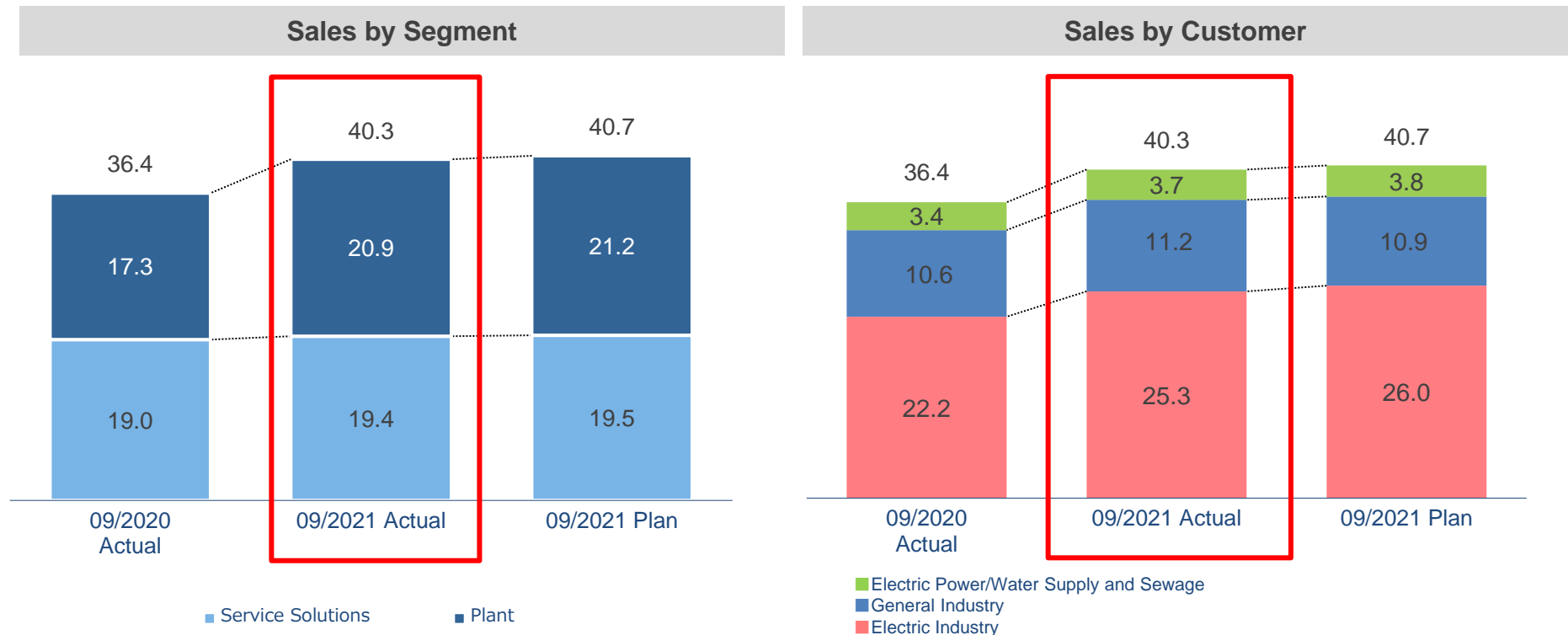
First-Half Results: Water Treatment Engineering Sales

Sales increased year on year, primarily in the electronics industry.

Plant: Sales increased due to progress in construction of semiconductor projects in Japan and overseas.

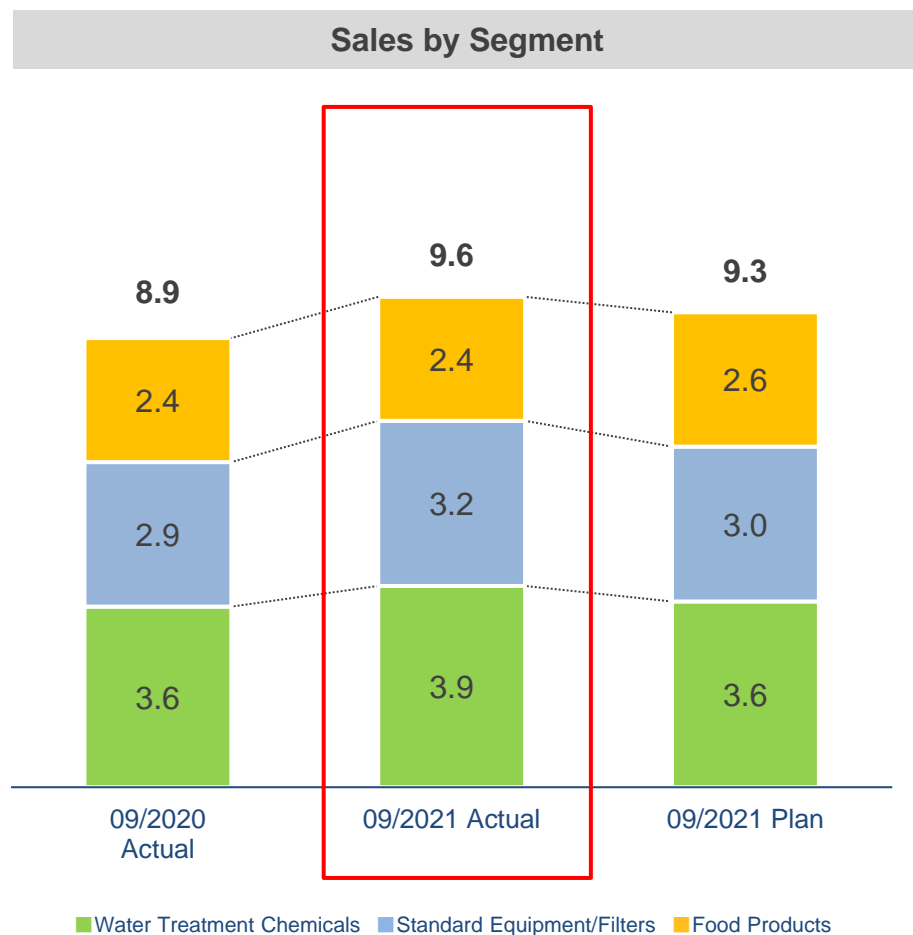
Service Solutions: Sales in the electronics, general, power, water supply, and sewage sectors were strong.

Unit: Billion JPY



First-Half Results: Performance Product Sales

Unit: Billion JPY



Water Treatment Chemicals

Sales of various water treatment chemicals for the electronics industry were strong. Additionally, sales of cooling water treatment chemicals and wastewater treatment chemicals for general industry recovered from the previous year.

Standard Equipment/Filters

Sales of desktop-type pure water systems for medical institutions and filters for beverage dispensers recovered from the decline caused by the COVID-19 pandemic in the previous fiscal year.

Food Products

Sales of products for restaurants recovered, but sales remained essentially unchanged overall from the previous year due to a drop in stay-at-home consumption.

Contents

- 1 . First-Half Results for Fiscal Year Ending March 2022
- 2 . Full-Year Forecast for Year Ending March 2022**
- 3 . Topics
- 4 . Company Overview

Overview of Full-Year Forecast

Orders, sales, and profits are expected to reach record highs for the full year.

Water Treatment Engineering: Active capital investment in the electronics industry in Japan and overseas is expected to contribute.

Performance Products: Performance is expected to recover from the COVID-19 pandemic of the previous year.

Millions of JPY



Projections for Full-Year Forecast (03/2022)

Electronics Industry

Short-Term Outlook

- In Japan, investment in wafers and power semiconductors will be robust.
- Overseas, capital investment in Taiwan will be further accelerated. Projects have also been launched in North America.
- In China, capital investment in memory production will start in earnest in the second half.

Medium- to Long-Term Outlook

- From the perspective of economic security, semiconductor supply chain reconstruction efforts continue. The expansion of virtual business events and entertainment, and the growth in demand for semiconductors due to green promotion such as the development of EVs, will also boost investment.
- Following Taiwan, where investment has expanded significantly over the past few years, Japan and the U.S. are also stepping up capital investment. In China, there is a flurry of investment plans for memory chips following legacy chips.

Projections for Full-Year Forecast (03/2022)

General Industry	<ul style="list-style-type: none">■ Small- and medium-scale capital investment and the Service Solutions business are showing signs of recovery.■ Recovery is expected in large-scale investments in the next fiscal year and beyond, including projects in the pharmaceutical field.■ Sales for the current fiscal year are expected to be down year on year due to a decrease in large projects, but the target should be met.
Power/Water Supply and Sewage	<ul style="list-style-type: none">■ There should be virtually no impact from the COVID-19 pandemic. The power, water supply and sewage sectors are expected to remain strong, especially in the domestic Service Solutions business.
Performance Products Business	<ul style="list-style-type: none">■ Sales are expected to exceed those of the previous year and the initial plan, mainly in the fields of water treatment chemicals and standard water treatment equipment and filters, which performed well in the first half.■ Expecting the effect of the launch of a new desktop-type pure water systems.

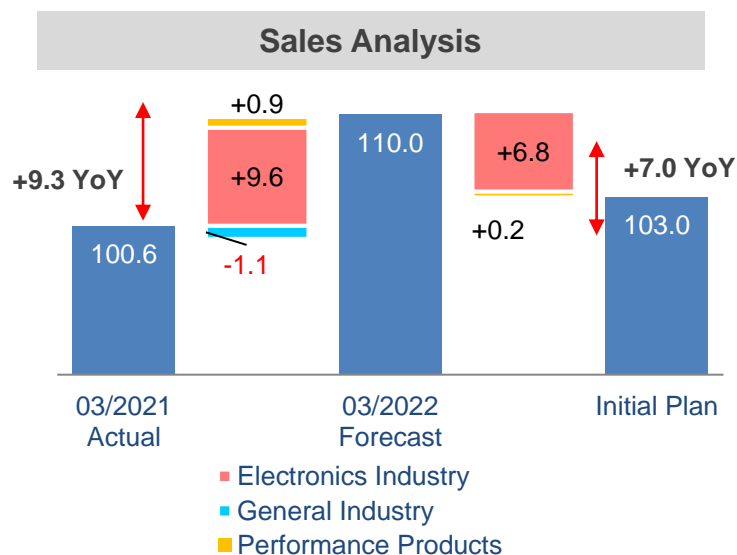
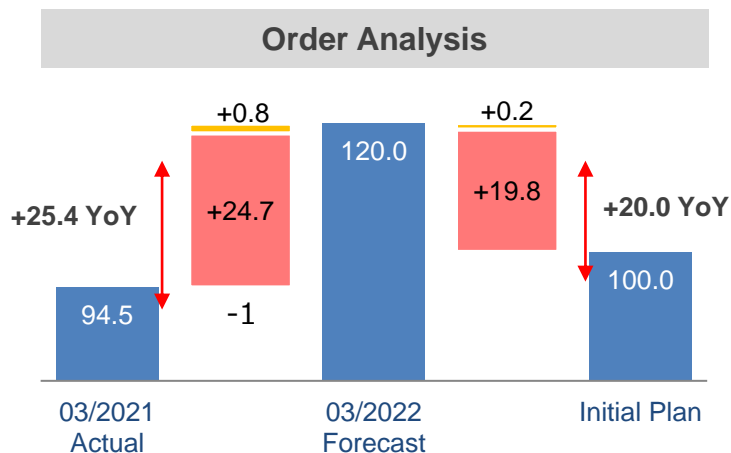
FY ending 03/2022 Plan

Millions of JPY	03/2021	03/2022		Year-on-Year	Actual-to-Forecast
	Actual	Forecast	Initial Plan		
Orders	94,563	120,000	100,000	+26.9%	+20.0%
Sales	100,638	110,000	103,000	+9.3%	+6.8%
Gross profit margin (%)	26,326 26.2%	27,500 25.0%	26,250 25.5%	+4.5%	+4.8%
SG&A ¹	16,746	17,500	18,000	+4.5%	-2.8%
Operating income ratio (%)	9,579 9.5%	10,000 9.1%	8,250 8.0%	+4.4%	+21.2%
Ordinary income	9,900	10,300	8,150	+4.0%	+26.4%
Profit attributable to owners of the parent company	7,074	8,200	6,500	+15.9%	+26.2%
ROE(%)	11.1	11.6	9.3	—	—

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

Analysis of FY ending 03/2022 Orders and Sales

Unit: Billion JPY



Orders

- Orders are expected to reach a record high of ¥120 billion—compared to the previous year and the initial target—due to increased orders in the electronics industry.
- Orders in the general industrial, electric power, water and sewage sectors are expected to remain essentially unchanged from the previous year.
- Orders in the Performance Products business are forecast to increase by ¥0.8 billion year on year.

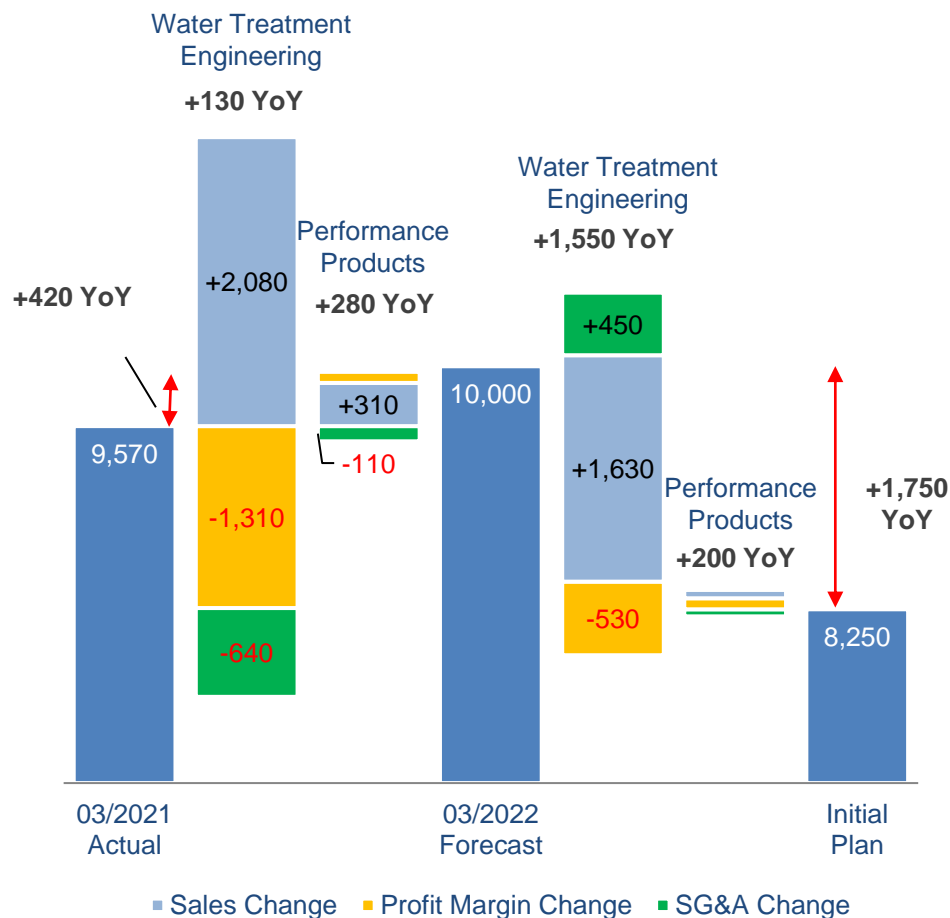
Sales

- Sales are expected to reach ¥110 billion, a record high—compared to the previous year and the initial target—due to increased sales in the electronics industry.
- Sales in general industry are expected to decline year on year, when there were sales of large-scale projects. Sales in the power, water supply, and sewage sectors are expected to remain essentially unchanged from the previous fiscal year.
- Sales of performance products are forecast to increase by ¥0.9 billion year on year.

Analysis of FY ending 03/22 Operating Income

Unit: Million JPY

Operating Income Analysis



Year-on-year change

- Increased sales in the electronics industry offset a decline in profit margin due to an increase in the plant ratio.
- In the Performance Products business, profit increased due to higher sales of water treatment chemicals and standard equipment.
- SG&A expenses increased mainly due to personnel-related costs.

Compared to targets

- Orders for semiconductor-related projects in Japan and overseas exceeded expectations. Profit is expected to increase due to higher sales.
- In the Performance Products business, profit is forecast to increase on the back of higher sales of water treatment chemicals and standard equipment.
- SG&A expenses are expected to be lower than the initial assumption.

Full-Year Forecast: Orders by Region

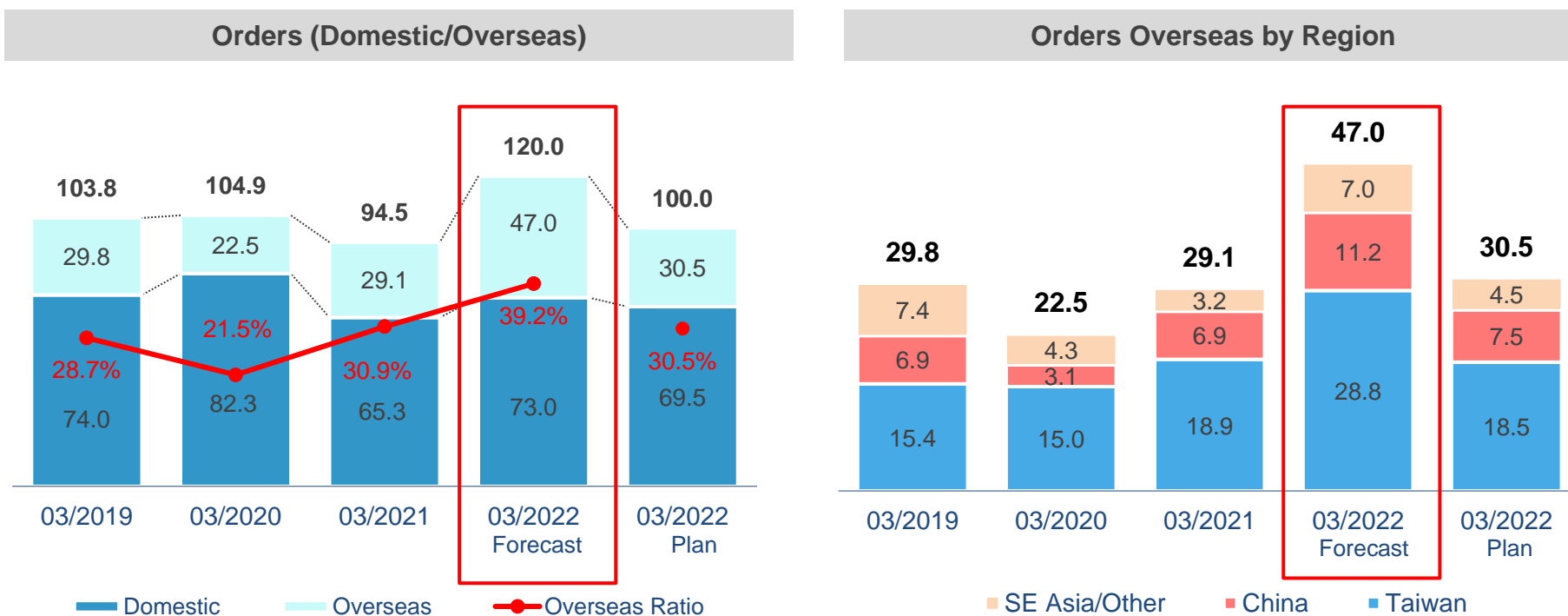
Orders received are expected to increase year on year, reaching a record high.

Domestic: In addition to the large orders received in the first half of the fiscal year, several projects in the electronics industry are expected to contribute.

Overseas: Orders for projects are expected in the U.S. Taiwan* and China are also expected to be strong.

(*Projects in the U.S. are included in Taiwan, which is the contract window)

Unit: Billion JPY



Full-Year Forecast: Sales by Region

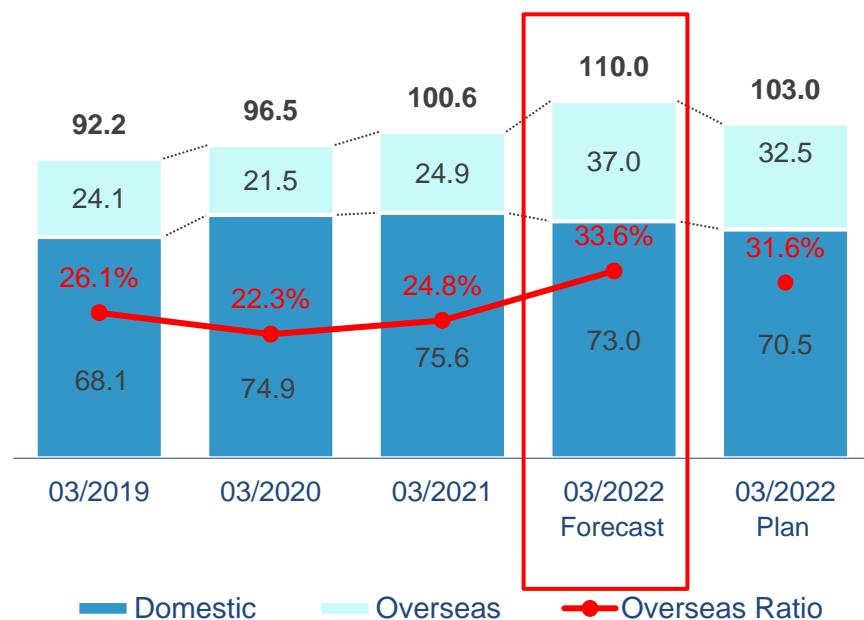
Sales are also expected to exceed the previous year's results and reach a record high.

Domestic: Sales are expected to surpass the plan due to an increase in electronics industry projects.

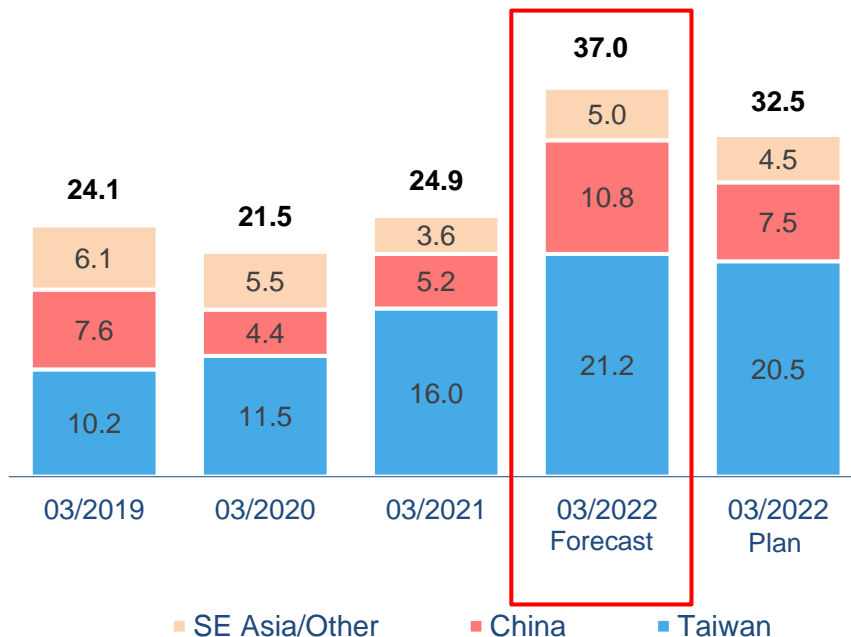
Overseas: Sales growth is forecast in Taiwan, including projects in the U.S. Sales in China are also seen increasing, driven by increased orders.

Unit: Billion JPY

Sales (Domestic/Overseas)



Sales Overseas by Region



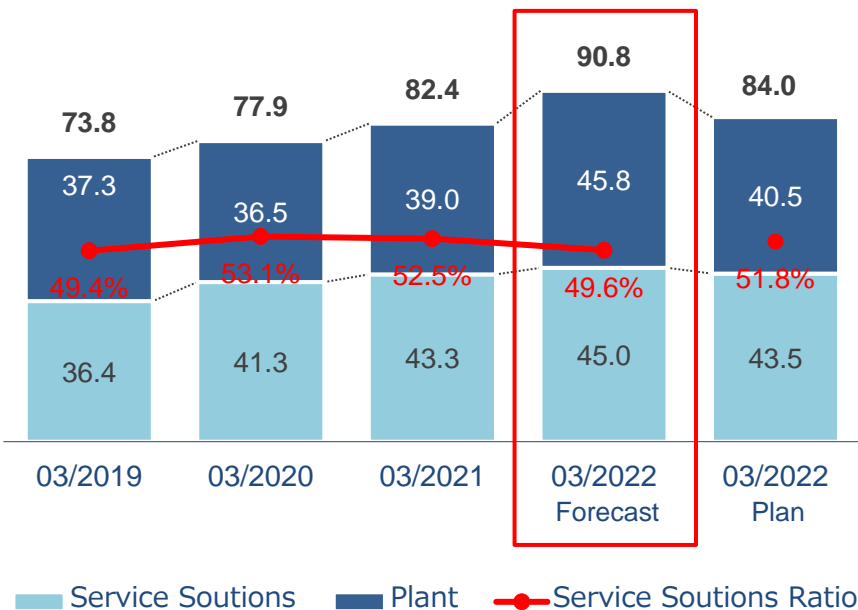
Full-Year Forecast: Water Treatment Engineering

Water treatment engineering sales will rise, primarily for plants in the electronics industry.

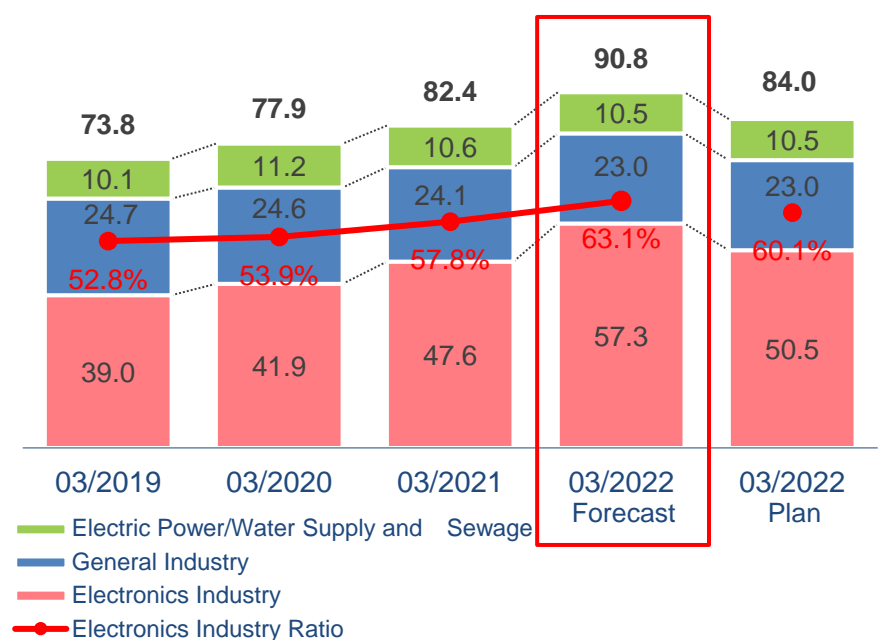
- Electronics industry sales increased in Japan, Taiwan, and China, and service solutions were also strong.
- Sales in general industry and power, water supply, and sewage were solid, mainly in the Service Solutions business.

Unit: Billion JPY

Sales by Segment



Sales by Customer



Full-Year Forecast: Electronics Industry Orders

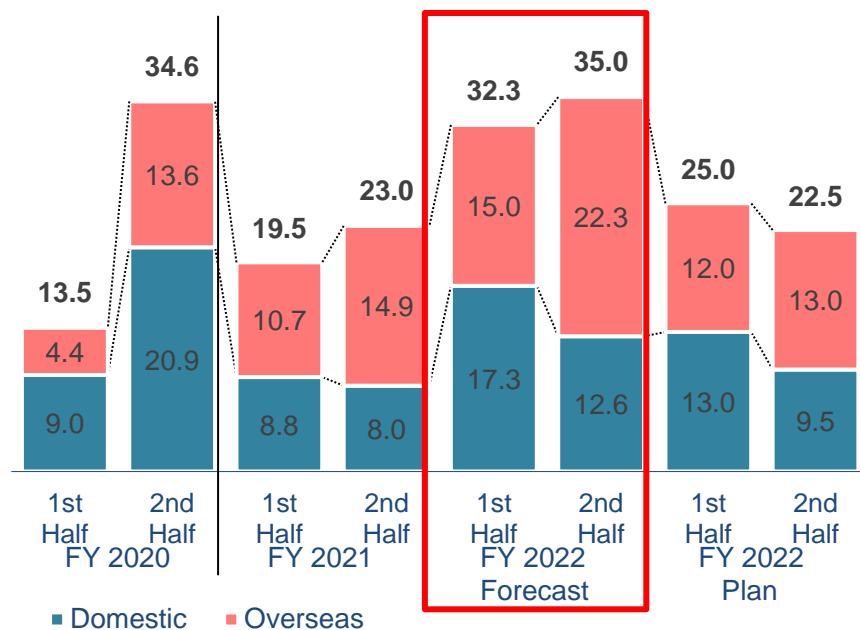
High level forecast in both the first and second halves due to active capital investment in Japan and overseas.

Domestic: In addition to orders for large-scale water recovery facilities in the first half, orders are expected for investment projects in wafers and power semiconductors from the second half.

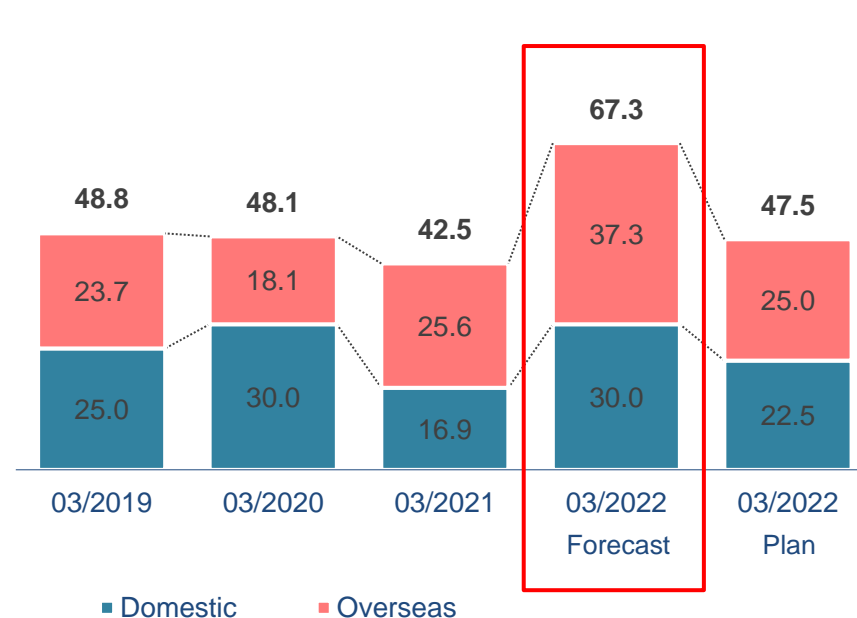
Overseas: In addition to Taiwan and China, orders are expected for semiconductor projects in the U.S.

Unit: Billion JPY

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



Electronics Industry Orders



Full-Year Forecast: Electronics Industry Sales

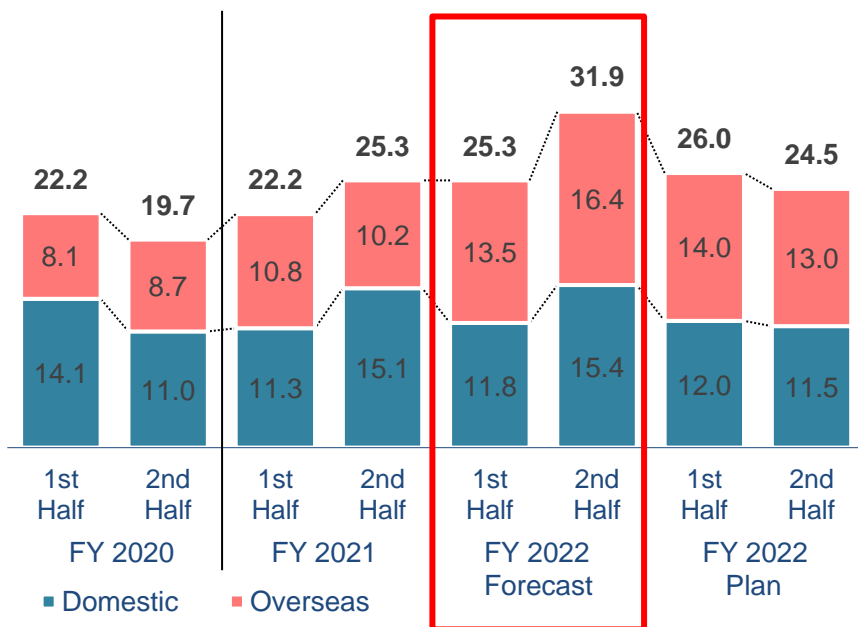
Sales lag behind orders by about six months, but are steady both in Japan and overseas.

Domestic: Progress is anticipated in construction of large semiconductor projects and other orders.

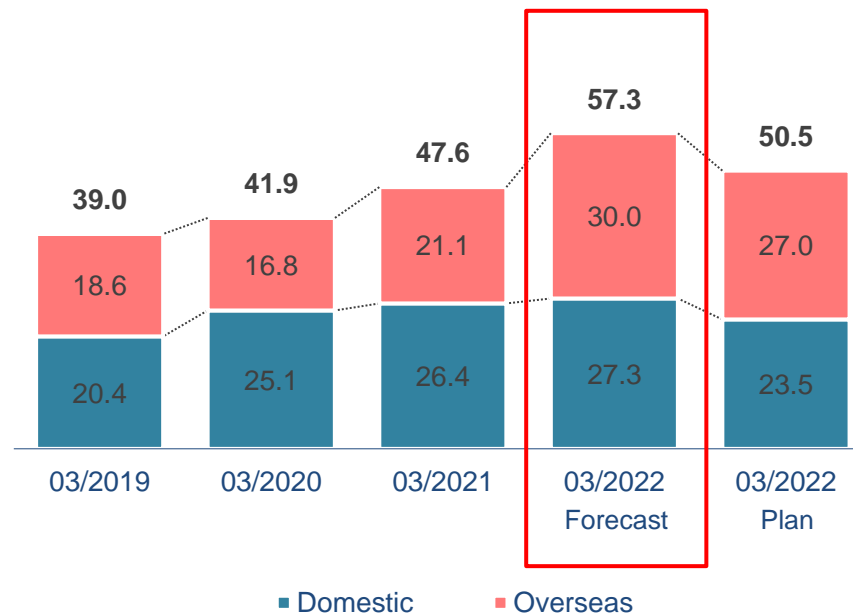
Overseas: Progress is anticipated in construction of large-scale projects in Taiwan, China, and elsewhere.

Unit: Billion JPY

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



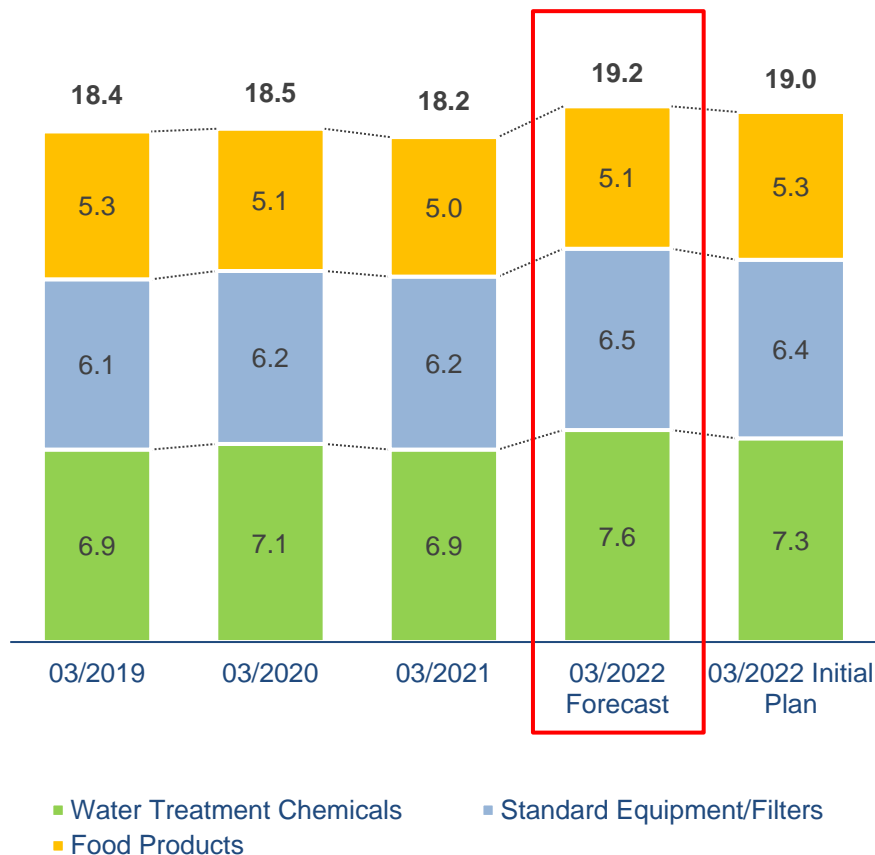
Electronics Industry Sales



FY ending 03/2022 Full-Year Forecast: Sales Performance Products

Unit: Billion JPY

Performance Products Business: Sales



Water Treatment Chemicals

- Sales of various treatment chemicals for the electronics industry and general industry, which were strong in the first half, are expected to increase.

Standard Equipment/Filters

- Sales of desktop-type pure water systems for medical institutions and water purification filters for beverage dispensers are seen increasing.

Food Products

- Sales are expected to remain essentially the same as the previous fiscal year due to recovery in sales of products for restaurants, despite the apparent conclusion of the stay-at-home trend.

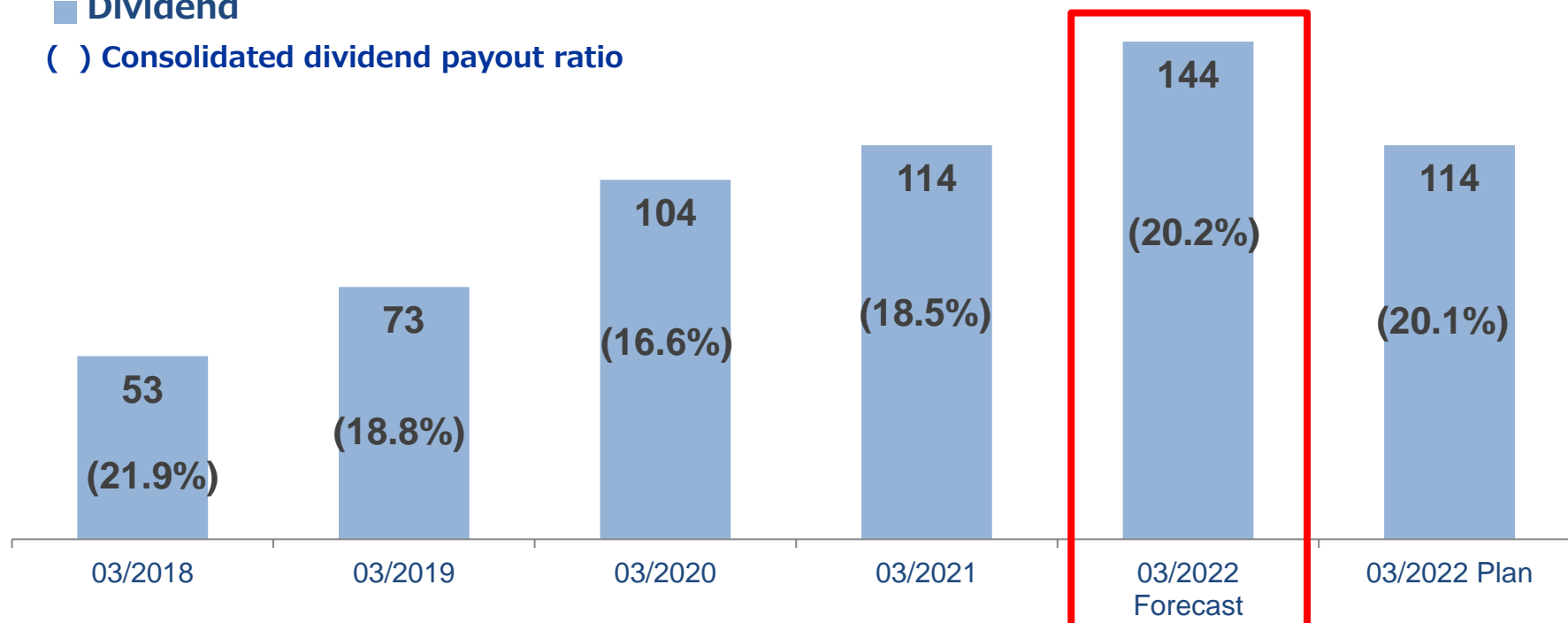
Changes in Dividends

- Both the first half results and full-year forecast for the fiscal year ending 03/2022 have been revised upward from the initial plan. The company plans to pay an annual dividend of ¥144 per share, a year-on-year increase of ¥30.
- While maintaining the basic policy of delivering stable, continuous dividends, Organo will work to distribute profits in accordance with the earnings situation.

■ Dividend

() Consolidated dividend payout ratio

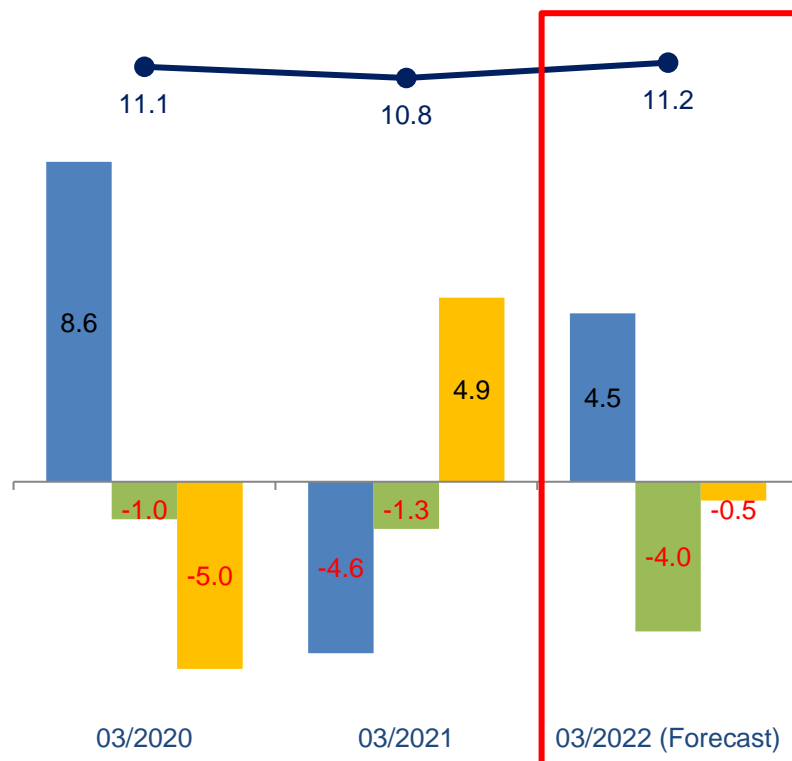
Unit: JPY



Cash Flow

Unit: Billion JPY

Cash Flow Trends



- Cash Flow from Operating Activity
- Cash Flow from Investing Activity
- Cash Flow from Financing Activity
- EBITDA (Operating income + Depreciation and amortization)

- In addition to business performance trends, the progress of construction and collection of payments for major projects will have a significant impact on cash flow.
- Cash flow from operating activity includes investment in contract processing projects; the company expects to invest a total of **more than ¥20 billion in phases from FY03/21 to FY03/24**.
- Cash flow from investing activity for FY03/22 includes investment of **¥3 billion for the construction of a new building at the R&D Center**.
- Total dividends included in cash flow from financing activity will continue to grow; the company forecasts **¥1.54 billion in FY03/22, up 47% from FY03/20**.

Key Indicators

	03/2021 Actual	03/2022 Forecast	03/2021 Plan
Capital expenditures Unit: Million JPY	1,015	4,500	4,500
R&D expenses Unit: Million JPY	2,300	2,300	2,300
Depreciation Unit: Million JPY	1,212	1,200	1,200
Interest-bearing debt Unit: Million JPY	16,005	17,000	17,000
No. of employees	2,319	2,450	2,340

Contents

- 1 . First-Half Results for Fiscal Year Ending March 2022
- 2 . Full-Year Forecast for Year Ending March 2022
- 3 . Topics**
- 4 . Company Overview

TOPICS: Strengthen Performance Products Business

Launch of Desktop-Type Ultrapure Water System Puric μ

- Launched Puric μ , a desktop-type ultrapure water system directly connected to tap water, for the laboratory market for analysis and research.
- Easy maintenance, high cost performance, and intuitive design for water sampling.



- IoT functionality makes possible real-time monitoring
- Cloud service enables integrated equipment management

IoT Remote Monitoring System (optional)

Enables real-time monitoring of equipment and visualization of operational status. This is useful for collective management of equipment or when working from home.



TOPICS: Global Support

Establishment of Organo USA Inc.

Orders were secured in FY03/21 for large-scale semiconductor projects in the U.S. As new semiconductor plants are expected to be developed in the future, the company established Organo USA Inc. in Phoenix, Arizona as the Group's business base in the U.S.

Establishment of Global Engineering Center

The Global Engineering Center was established in Vietnam as a centralized organization to handle engineering operations such as project design for the Organo Group. The aim is to expand capacity and reduce engineering costs in the ever-expanding semiconductor market.

TOPICS: Governance

ESG and SDGs Initiatives

Established the Sustainability Committee and the Sustainability Implementation Council in the second half of FY03/21 to formulate policies and strategies for the Group's sustainability initiatives and to promote activities related to ESG and SDGs, and launched activities.

Prime Market Selection Application

Confirmed compliance with listing criteria for the Prime Market in preparation for TSE market reclassification; resolved to select the Prime Market at the Board of Directors meeting on August 30, 2021.

Selected to JPX-Nikkei Mid and Small Cap Index

Became one of the 200 constituent stocks of the JPX-Nikkei Mid and Small Cap Index in August 2021. Aiming to become a constituent stock on a continuous basis, Organo will further enhance its corporate value and improve information dissemination.

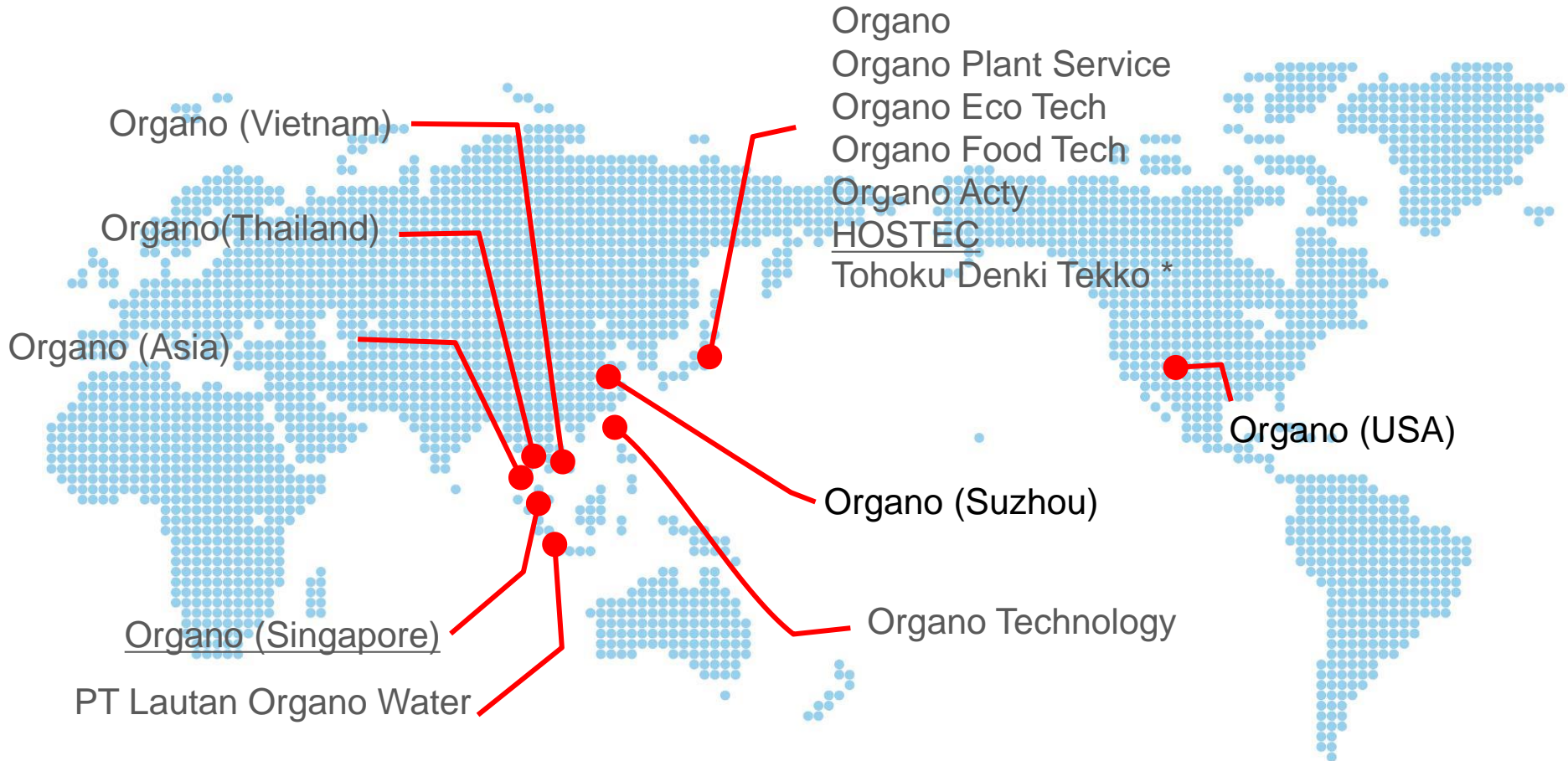
Contents

- 1 . First-Half Results for Fiscal Year Ending March 2022
- 2 . Full-Year Forecast for Year Ending March 2022
- 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	2,458(consolidated) as of September 30, 2021		
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 (USA) is scheduled to be consolidated from October 2021.

Murgappa Organo Water Solutions (India) signs joint venture termination agreement in October 2021

Organo Group History

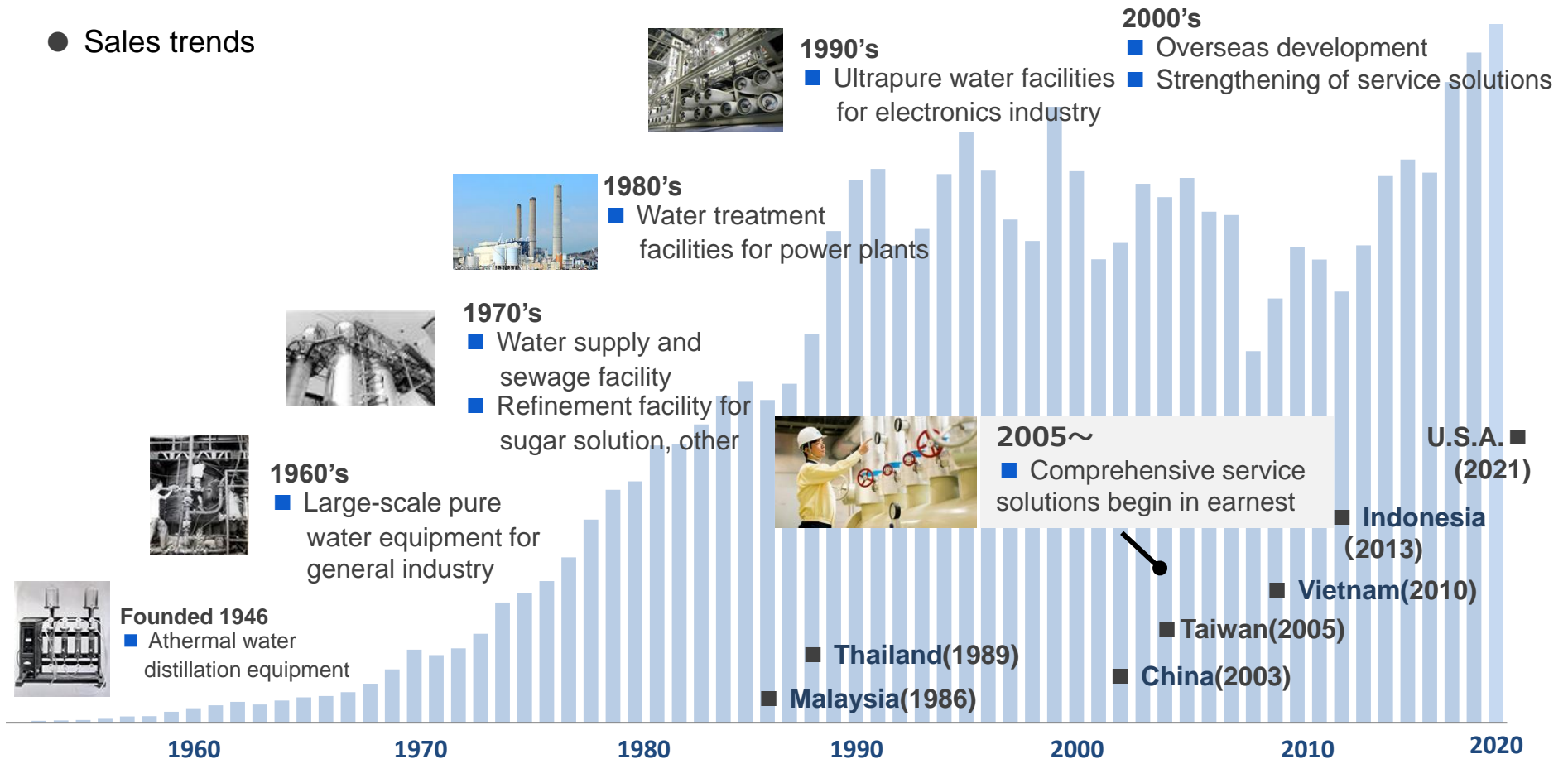
Development

Growth

Evolution

Expansion

● Sales trends



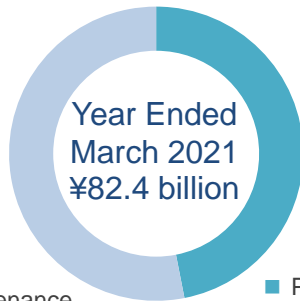
Organo Group Businesses

Water Treatment Engineering

Service Solutions
¥43.3 billion



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



Plant
¥39.0 billion



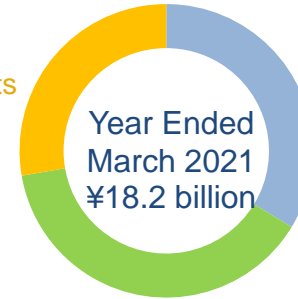
- Pure and ultrapure water facilities
- Wastewater treatment and recovery facilities
- Valuable material recovery facilities
- Production processing-related facilities

Performance Products

Food Processing Agents
¥5.0 billion



- Food processing agents
- Food ingredients



Standard Equipment/Filters
¥6.2 billion



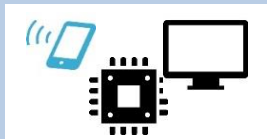
- Pure and ultrapure water equipment
- Water purification filters

Water Treatment Chemicals
¥6.9 billion



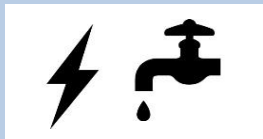
- Treatment chemicals for wastewater, cooling water, cleaning and RO membranes, boilers

Electronics



- Semiconductors
- FPD
- Electronic parts

Electric Power/Water Supply and



- Power plants
- Water purification plants
- Sewage treatment plants

General Industry



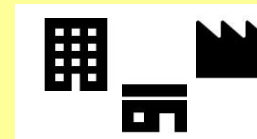
- Pharmaceuticals, cosmetics
- Food and beverage
- Machinery and chemicals

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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<https://www.organo.co.jp/english>

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DISCLAIMER

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.