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## Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2022 <under Japanese GAAP>

February 1, 2022

Company name: ORGANO CORPORATION  
 Listing: Tokyo Stock Exchange  
 Securities code: 6368  
 URL: <https://www.organo.co.jp/english/>  
 Representative: Masaki Uchikura, Representative Director and President  
 Inquiries: Shigeru Sonobe, General Manager of Accounting Dept., Corporate Management and Planning  
 TEL: +81-3-5635-5111  
 Scheduled date to file quarterly securities report: February 10, 2022  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results presentation meeting: None

(Millions of yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2022 (from April 1, 2021 to December 31, 2021)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	77,834	13.2	6,141	16.7	6,654	22.7	5,297	47.8
December 31, 2020	68,736	2.1	5,261	(29.6)	5,421	(26.9)	3,584	(30.4)

Note: Comprehensive income: Nine months ended December 31, 2021 ¥5,896 million [62.6%]  
 Nine months ended December 31, 2020 ¥3,626 million [(27.9)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2021	461.43	—
December 31, 2020	312.52	—

### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2021	120,497	71,504	59.2
March 31, 2021	115,011	67,357	58.4

(Reference) Equity: As of December 31, 2021 ¥71,347 million As of March 31, 2021 ¥67,214 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	—	52.00	—	62.00	114.00
Fiscal year ending March 31, 2022	—	72.00	—		
Fiscal year ending March 31, 2022 (Forecast)				72.00	144.00

Note: Revisions to the forecast of cash dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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
Fiscal year ending March 31, 2022	110,000	9.3	10,000	4.4	10,300	4.0	8,200	15.9	714.25

Note: Revisions to the earnings forecasts most recently announced: None

**\* Notes**

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

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: Yes

Note: For more details, please refer to “Application of special accounting for preparing the quarterly consolidated financial statements” on page 8 of the attached material.

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

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: None

d. Restatement: None

Note: For more details, please refer to “Changes in accounting policies” on page 8 of the attached material.

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2021	11,589,925 shares
As of March 31, 2021	11,589,925 shares

b. Number of treasury shares at the end of the period

As of December 31, 2021	135,204 shares
As of March 31, 2021	112,618 shares

c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

For the nine months ended December 31, 2021	11,480,549 shares
For the nine months ended December 31, 2020	11,468,057 shares

The Company has introduced an Officer Share Delivery Trust, and shares of the Company held by the Trust have been included in treasury shares excluded from the calculation of the number of treasury shares at the end of the period and the average number of shares outstanding during the period (cumulative from the beginning of the fiscal year).

\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. Please refer to “(3) Explanation regarding consolidated earnings forecasts and other forward-looking statements” in “1. Qualitative information regarding financial results for the first nine months” on page 3 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

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## 1. Qualitative information regarding financial results for the first nine months

### (1) Explanation regarding operating results

During the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021), the electronic industry, the Organo Group's main market, remained active with successive announcements of investment plans for major semiconductor projects in Japan and overseas against the backdrop of the move to rebuild the global supply chain to respond to the shortage of semiconductor supply. In the general industrial field, some customers were impacted by stagnant manufacturing activity caused by supply chain turmoil from the shortage of supply of raw materials such as semiconductors and delayed deliveries as well as various national restrictions on economic activities and movement due to the spread of COVID-19. However, the overall recovery trend continued, and sales grew compared with the same period of the previous fiscal year centered on the Service Solutions Division, which handles mainly maintenance and equipment modification, and the Performance Products Business Unit, which handles water treatment chemicals and standard equipment. In addition, the electric power/water supply and sewage fields remained strong centered on renewed facilities demand in Japan and solutions projects.

Under these conditions, the Organo Group has been focusing its efforts on gaining and delivering major semiconductor-related orders in its main markets of Japan, Taiwan, and China. It has also succeeded in gaining a new, major semiconductor order in the United States. Furthermore, to strengthen our delivery system to deliver the growing number of projects received, the Group has established a subsidiary in the United States and a global engineering center (GEC) in Vietnam. The Group is also moving forward with initiatives to streamline operations including promoting a shift to the digitalization of engineering operations, largely by developing various tools and databases. As a result, in the Group's financial results for the nine months ended December 31, 2021, orders received increased by 38.9% year on year to ¥100,129 million, net sales increased by 13.2% year on year to ¥77,834 million, and our carry-over balance for order backlog as of December 31, 2021 was up 18.5% to ¥84,238 million. On the profit side, operating profit increased by 16.7% to ¥6,141 million, ordinary profit increased by 22.7% to ¥6,654 million, and profit attributable to owners of parent increased by 47.8% to ¥5,297 million.

Results by segment are as follows.

[Water Treatment Engineering Business Unit]

#### ■Orders received

Orders received increased 46.2% year on year to ¥85,145 million. In the electronics field, which is the Group's main market, orders received were favorable in Japan and overseas, centered on semiconductor-related projects. This included orders received for water treatment facilities for major semiconductor plants in Japan and Taiwan, active investment in China in semiconductors for automotive applications and power semiconductors, and success in gaining new orders for major semiconductor projects in the United States. In addition, in the general industry field and the electric power/water supply and sewage fields, firm levels of orders continued in the Japanese market for equipment modification and renewal and maintenance projects.

#### ■Net sales

Net sales increased 15.0% year on year to ¥63,424 million. Net sales increased centered on the electronics field as a result of steady progress in work on major semiconductor projects in Japan and overseas that have been ordered to date. In addition, in the general industry field, although sales at major plants are on the decline, steady activities continued mainly in the Service Solutions Division in Japan. In the electric power/water supply and sewage fields, net sales increased year on year, mainly due to progress on the construction of major water supply and sewage related projects for which orders were received up until the previous fiscal year.

#### ■Operating profit

Operating profit increased 13.7% year on year to ¥4,962 million. Net sales expanded, driving a year-on-year increase in operating profit. This was due to steady progress in the construction of major semiconductor projects in Japan, Taiwan, and China in the electronics industry field and steady activity mainly for the Service Solutions Business in Japan in the general industry field and the electric power/water supply and sewage fields.

[Performance Products Business Unit]

■Orders received/Net sales

Orders received increased 7.4% year on year to ¥14,848 million and net sales increased 6.2% year on year to ¥14,410 million. In the Water Treatment Chemicals Division, sales of various water treatment chemicals for the electronics industry, which continues to experience vigorous manufacturing and investment, were favorable. The Standard Water Treatment Equipment and Filters Division saw a recovery in sales centered on small-scale pure water production equipment for medical institutions, which had slumped last year. We are also seeing other strong trends including a solid start to sales of the small-scale ultrapure water production equipment “Puric μ (mu).” Meanwhile, in the Food Products Division, sales were about level with the previous fiscal year, as recovery in sales of products for restaurants were offset by lower sales of household food products caused by waning demand from people staying at home.

■Operating profit

Operating profit increased 31.4% year on year to ¥1,179 million. In the Water Treatment Chemicals Division and the Standard Water Treatment Equipment and Filters Division, a recovery in sales led to increased net sales, which exceeded those of the same period in the previous fiscal year.

**(2) Explanation regarding financial position**

Assets, liabilities and net assets

*Assets*

Assets as of December 31, 2021 amounted to ¥120,497 million, an increase of ¥5,486 million from the previous fiscal year end. This was mainly due to an increase of ¥3,191 million in notes and accounts receivable - trade, and contract assets, which was shown as notes and accounts receivable - trade at the previous fiscal year end, and an increase of ¥2,113 million in investments in leases.

*Liabilities*

Liabilities as of December 31, 2021 amounted to ¥48,992 million, an increase of ¥1,338 million from the previous fiscal year end. This was mainly due to an increase of ¥4,205 million in long-term borrowings, despite a decline of ¥3,514 million in short-term borrowings.

*Net Assets*

Net assets as of December 31, 2021 amounted to ¥71,504 million, an increase of ¥4,147 million from the previous fiscal year end. This was mainly due to an increase of ¥3,803 million in retained earnings resulting from the recording of profit attributable to owners of parent.

**(3) Explanation regarding consolidated earnings forecasts and other forward-looking statements**

Turning to the full-year earnings forecast, the rapid spread of COVID-19 including variants and supply chain turmoil in the form of shortages of raw materials such as semiconductors may impact customers' capital investment and construction schedules. However, currently, plans to receive capital investment projects and progress in major construction projects held as carry-over balance for order backlog are progressing mostly according to schedule. There are no changes to our previously announced full-year earnings forecast of orders received of ¥120,000 million (up 26.9% year on year), net sales of ¥110,000 million (up 9.3% year on year), operating profit of ¥10,000 million (up 4.4% year on year), ordinary profit of ¥10,300 million (up 4.0% year on year), and profit attributable to owners of parent of ¥8,200 million (up 15.9% year on year).

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	12,804	13,496
Notes and accounts receivable - trade	49,517	—
Notes and accounts receivable - trade, and contract assets	—	52,709
Electronically recorded monetary claims - operating	1,598	1,768
Investments in leases	9,773	11,887
Merchandise and finished goods	5,448	5,448
Work in process	6,205	3,839
Raw materials and supplies	1,223	1,289
Other	3,172	2,571
Allowance for doubtful accounts	(39)	(6)
Total current assets	89,702	93,003
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,792	18,769
Accumulated depreciation	(12,808)	(12,573)
Buildings and structures, net	4,983	6,196
Machinery, equipment and vehicles	5,671	5,810
Accumulated depreciation	(4,981)	(5,060)
Machinery, equipment and vehicles, net	690	750
Land	12,279	12,254
Construction in progress	300	878
Other	5,112	5,226
Accumulated depreciation	(4,391)	(4,529)
Other, net	720	696
Total property, plant and equipment	18,974	20,776
Intangible assets	1,105	1,084
Investments and other assets		
Investment securities	1,911	1,854
Retirement benefit asset	—	426
Deferred tax assets	2,977	2,843
Other	743	972
Allowance for doubtful accounts	(403)	(463)
Total investments and other assets	5,228	5,633
Total non-current assets	25,308	27,494
Total assets	115,011	120,497

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	13,556	13,671
Electronically recorded obligations - operating	4,589	4,910
Short-term borrowings	14,510	10,995
Income taxes payable	2,140	922
Advances received	1,226	–
Contract liabilities	–	1,493
Provision for bonuses	1,442	718
Provision for product warranties	241	347
Provision for loss on construction contracts	122	62
Provision for share awards for directors (and other officers)	109	90
Other	2,809	4,212
Total current liabilities	40,749	37,424
Non-current liabilities		
Long-term borrowings	1,495	5,700
Deferred tax liabilities	11	37
Retirement benefit liability	5,319	5,650
Other	79	179
Total non-current liabilities	6,905	11,568
Total liabilities	47,654	48,992
<b>Net assets</b>		
Shareholders' equity		
Share capital	8,225	8,225
Capital surplus	7,508	7,508
Retained earnings	51,902	55,705
Treasury shares	(495)	(734)
Total shareholders' equity	67,139	70,705
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	301	342
Deferred gains or losses on hedges	–	(0)
Foreign currency translation adjustment	(201)	277
Remeasurements of defined benefit plans	(25)	23
Total accumulated other comprehensive income	74	642
Non-controlling interests	143	156
Total net assets	67,357	71,504
Total liabilities and net assets	115,011	120,497



## (2) Consolidated statement of income and consolidated statement of comprehensive income

### Consolidated statement of income (cumulative)

	(Millions of yen)	
	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Net sales	68,736	77,834
Cost of sales	51,174	58,732
Gross profit	17,562	19,102
Selling, general and administrative expenses	12,300	12,960
Operating profit	5,261	6,141
Non-operating income		
Interest income	22	22
Dividend income	25	31
Foreign exchange gains	–	455
Insurance claim income	100	7
Share of profit of entities accounted for using equity method	99	92
Other	35	65
Total non-operating income	283	674
Non-operating expenses		
Interest expenses	86	88
Foreign exchange losses	30	–
Loss on valuation of derivatives	–	66
Other	6	7
Total non-operating expenses	123	162
Ordinary profit	5,421	6,654
Extraordinary income		
Gain on sale of non-current assets	4	1,150
Gain on sale of investment securities	14	23
Gain on sale of right to use facilities	–	11
Total extraordinary income	19	1,185
Extraordinary losses		
Loss on abandonment of non-current assets	113	13
Loss on valuation of investment securities	13	–
Loss on sale of right to use facilities	4	13
Loss on valuation of right to use facilities	0	–
Total extraordinary losses	131	27
Profit before income taxes	5,309	7,813
Income taxes	1,721	2,511
Profit	3,587	5,301
Profit attributable to non-controlling interests	3	3
Profit attributable to owners of parent	3,584	5,297

# Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)	Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)
Profit	3,587	5,301
Other comprehensive income		
Valuation difference on available-for-sale securities	55	41
Deferred gains or losses on hedges	–	(0)
Foreign currency translation adjustment	(99)	506
Remeasurements of defined benefit plans, net of tax	82	49
Share of other comprehensive income of entities accounted for using equity method	(0)	(1)
Total other comprehensive income	38	595
Comprehensive income	3,626	5,896
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,637	5,883
Comprehensive income attributable to non-controlling interests	(10)	13

### **(3) Notes to quarterly consolidated financial statements**

#### **Notes on premise of going concern**

No items to report

#### **Notes on substantial changes in the amount of shareholders' equity**

No items to report

#### **Changes in significant subsidiaries during the period**

No items to report

Effective from the first quarter of the fiscal year ending March 31, 2022, Organo (Vietnam) Co., Ltd. has been included in the scope of consolidation due to its increased significance, although the inclusion does not constitute a change in specified subsidiaries. Furthermore, in the third quarter of the fiscal year ending March 31, 2022, the newly established Organo USA, Inc. has been included in the scope of consolidation.

#### **Application of special accounting for preparing the quarterly consolidated financial statements**

##### *Calculation of tax expenses*

The Company and some of its consolidated subsidiaries have reasonably estimated the effective tax rate after the application of tax effect accounting to the profit before income taxes for the fiscal year including the third quarter ended December 31, 2021, and tax expenses are calculated by multiplying profit before income taxes by this estimated effective tax rate. However, in cases where the calculation of tax expenses using such estimated effective tax rate yields a result that is not reasonable to a significant extent, the amount of significant difference other than temporary differences, etc. is added to or deducted from the profit before income taxes, and the result is multiplied by the statutory income tax rate.

#### **Changes in accounting policies**

##### *Application of Accounting Standard for Revenue Recognition, etc.*

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. With respect to construction contracts, the Company previously had applied the percentage-of-completion method to construction work whose outcome from the completed portion was deemed definite, and had applied the completed-contract method to other construction work. As a result of this application, however, the Company has changed the method to recognize revenue over a certain period of time in alignment with its satisfaction of performance obligations to transfer goods or services to customers when control over a good or service is to be transferred to the customer over a certain period of time. In measuring progress made in satisfying a performance obligation, construction costs incurred as of the last day of each reporting period are to be calculated based on the ratio of the total estimated construction costs. In addition, the Company is to recognize revenue using the cost recovery method in cases where it expects to recover costs incurred but is unable to reasonably estimate the extent of progress made toward satisfying performance obligations.

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the current fiscal year was added to or deducted from the opening balance of retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy was applied from such opening balance.

As a result, for the nine months ended December 31, 2021, net sales increased by ¥2,769 million, cost of sales increased by ¥2,520 million, while operating profit increased by ¥249 million, and ordinary profit and profit before income taxes each increased by ¥253 million. In addition, the opening balance of retained earnings increased by ¥11 million.

Due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, "Notes and accounts receivable - trade" under current assets of the consolidated balance

sheet as of March 31, 2021 has been included in “Notes and accounts receivable - trade, and contract assets” under current assets from the quarterly consolidated balance sheet as of June 30, 2021. In addition, “Advances received” under current liabilities has been included in “Contract liabilities” from the quarterly consolidated balance sheet as of June 30, 2021. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation.

*Application of Accounting Standard for Fair Value Measurement, etc.*

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant revised ASBJ regulations effective from the beginning of the first quarter of the fiscal year ending March 31, 2022, and in the future will accordingly apply new accounting policy stipulated by the Accounting Standard for Fair Value Measurement, etc. in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This will not affect the quarterly consolidated financial statements.

**Additional information**

There has been no material change in the assumptions regarding the impact of COVID-19 described in the annual securities report (Additional information) (Impact arising due to the proliferation of COVID-19) for the previous fiscal year.

## Segment information, etc.

[Segment information]

I Nine months ended December 31, 2020 (From April 1, 2020 to December 31, 2020)

1. Information relating to net sales and profit by each reportable segment

(Millions of yen)

	Reportable Segment			Adjustment	Amount recorded in the consolidated statement of income (Note)
	Water Treatment Engineering Business Unit	Performance Products Business Unit	Total		
Net sales					
Sales to external customers	55,169	13,567	68,736	–	68,736
Intersegment sales or transfers	0	247	248	(248)	–
Total	55,169	13,814	68,984	(248)	68,736
Segment profit	4,364	897	5,261	–	5,261

Note: The figures for segment profit are based on operating profit, and there are no discrepancies with the operating profit shown in the consolidated statement of income.

II Nine months ended December 31, 2021 (From April 1, 2021 to December 31, 2021)

1. Information relating to net sales and profit by each reportable segment

(Millions of yen)

	Reportable Segment			Adjustment	Amount recorded in the consolidated statement of income (Note)
	Water Treatment Engineering Business Unit	Performance Products Business Unit	Total		
Net sales					
Sales to external customers	63,424	14,410	77,834	–	77,834
Intersegment sales or transfers	0	242	243	(243)	–
Total	63,424	14,653	78,078	(243)	77,834
Segment profit	4,962	1,179	6,141	–	6,141

Note: The figures for segment profit are based on operating profit, and there are no discrepancies with the operating profit shown in the consolidated statement of income.

2. Disclosure of changes, etc. in reportable segments

As stated under “Changes in accounting policies,” the Company has applied the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations from the beginning of the first quarter, and accordingly changed its method for calculating business segment profit or loss given that it has changed accounting methods for revenue recognition.

In comparison with the previous method, this change increases net sales and segment profit in the Water Treatment Engineering Business Unit by ¥2,839 million and ¥244 million, respectively. Meanwhile, it decreases net sales by ¥69 million and increases segment profit by ¥4 million in the Performance Products Business Unit.