



**JPX-NIKKEI Mid Small**

# **ORGANO CORPORATION**

## **Financial Results for Fiscal Year Ended March 31, 2023**

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**Securities Code: 6368**

**May 17, 2023**

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1. FY ended 03/2023 Results
2. FY ending 03/2024 Plan
3. Medium- to Long-term Management Plan  
“ORGANO 2030”
4. Company Overview

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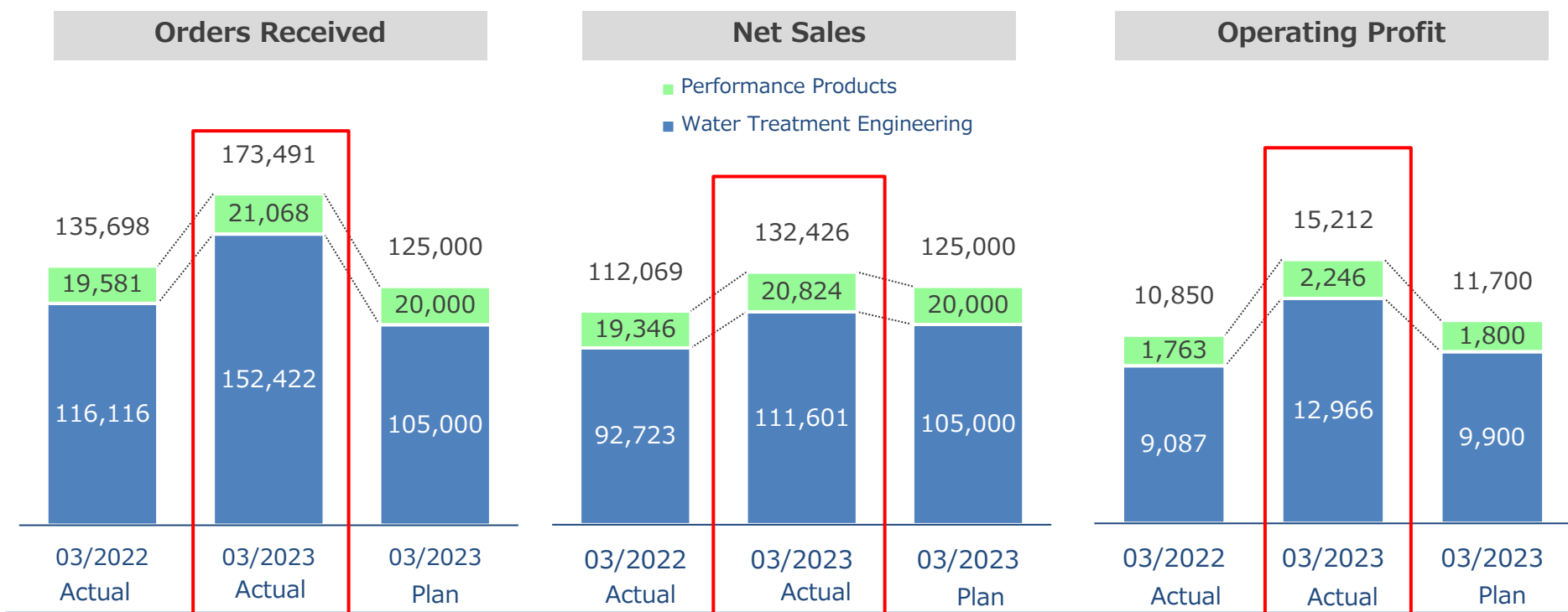
1. FY ended 03/2023 Results
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“ORGANO 2030”
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# Overview of FY ended 03/2023 Results

## ■ Orders, net sales, and operating profit reached record highs for the second consecutive year.

- Water Treatment Engineering Business significantly benefited from expanded investment in the electronics industry in Japan and overseas.
- Sales of water treatment chemicals, standard water treatment equipment, and food products were strong in the Performance Products business.

(Millions of yen)



# Results for Year Ended March 2023

	March 2022	March 2023		Year-on-Year	Actual-to-Initial Plan
(Millions of yen)	Actual	Actual	Initial Plan	(%)	(%)
Orders received	135,698	173,491	125,000	+27.9%	+38.8%
Net sales	112,069	132,426	125,000	+18.2%	+5.9%
Gross profit (%)	28,512 25.4%	34,976 26.4%	30,700 24.6%	+22.7%	+13.9%
SG&A <sup>1</sup>	17,662	19,763	19,000	+11.9%	+4.0%
Operating profit (%)	10,850 9.7%	15,212 11.5%	11,700 9.4%	+40.2%	+30.0%
Ordinary profit	11,545	16,020	11,700	+38.8%	+36.9%
Profit attributable to owners of parent	9,210	11,730	8,200	+27.4%	+43.1%
ROE (%)	12.9%	14.5%	10.6%	–	–

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



**ORGANO CORPORATION**

# FY ended 03/2023: Overview by Business

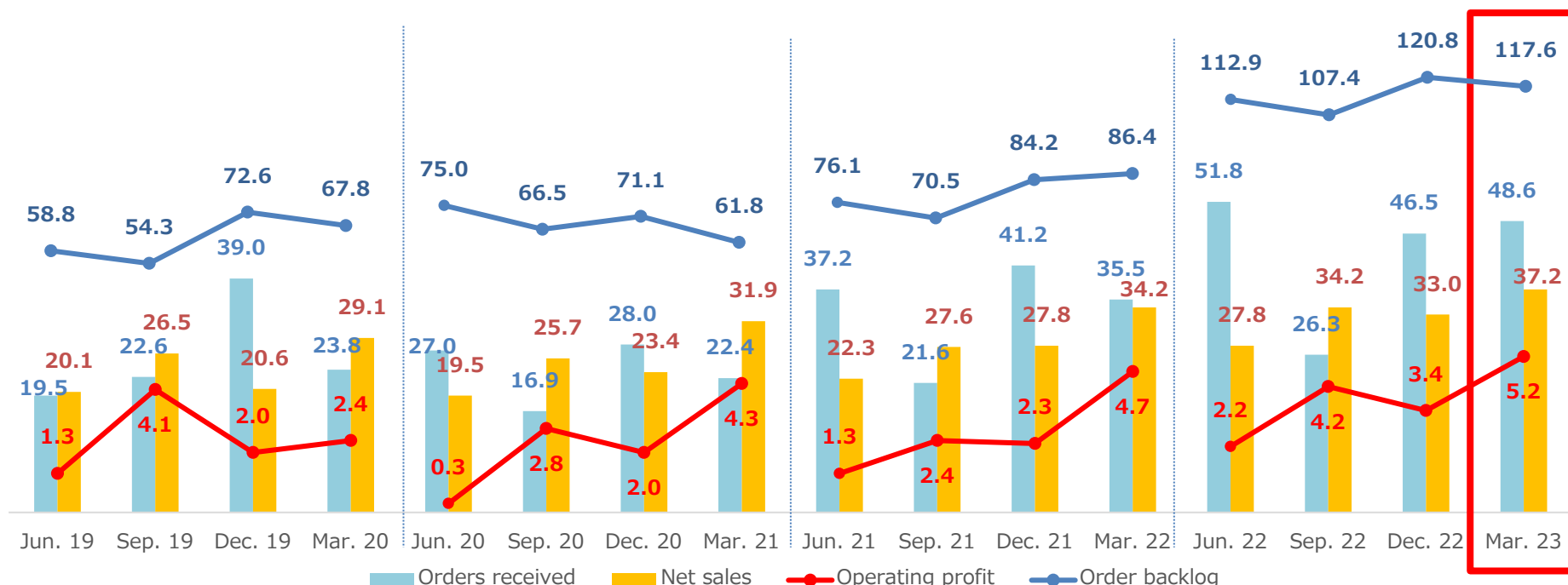
<b>Electronics Industry</b>	<ul style="list-style-type: none"><li>• Large-scale project orders received in China and Malaysia following those in Japan and Taiwan.</li><li>• Although some projects were affected by schedule reviews and delays in procuring raw materials and in construction, etc., overall construction progressed smoothly.</li></ul>
<b>General Industry</b>	<ul style="list-style-type: none"><li>• In Japan, large-scale investments recovered in areas related to the pharmaceutical, food and electronics industries. Service Solutions business also remained strong.</li></ul>
<b>Electric Power/ Water Supply and Sewage</b>	<ul style="list-style-type: none"><li>• Both the electric power/water supply and sewage sectors continued to be strong, mainly due to demand for renewal of facilities, and in the Service Solutions business.</li><li>• In the electric power sector, orders of maintenance and other solutions increased for the restart of nuclear power plants.</li></ul>
<b>Performance Products</b>	<ul style="list-style-type: none"><li>• Water treatment chemicals increased sales of various treatment agents for the electronics industry.</li><li>• In the standard equipment and filters sector, sales of small-scale pure water production equipment, including Puric <math>\mu</math>, performed well.</li><li>• In the food products business, sales of food additives and other food products increased and progress was made in passing on costs.</li></ul>

# FY ended 03/2023: Quarterly (three month) Results

- **Orders fluctuated in line with large-scale project trends. Sales and profits were concentrated in Q2 and Q4.**
- Orders fluctuated widely due to orders for large projects, while sales and profits tended to be concentrated in Q2 and Q4. Nevertheless, orders have leveled off slightly due to the increasingly large-scale projects and longer delivery times.

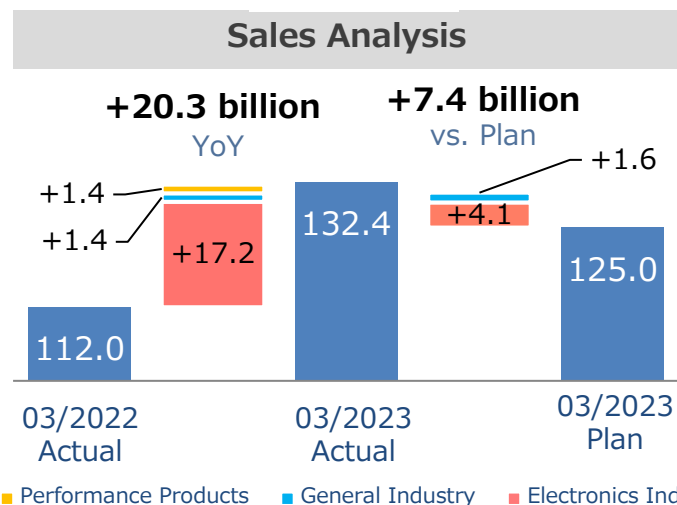
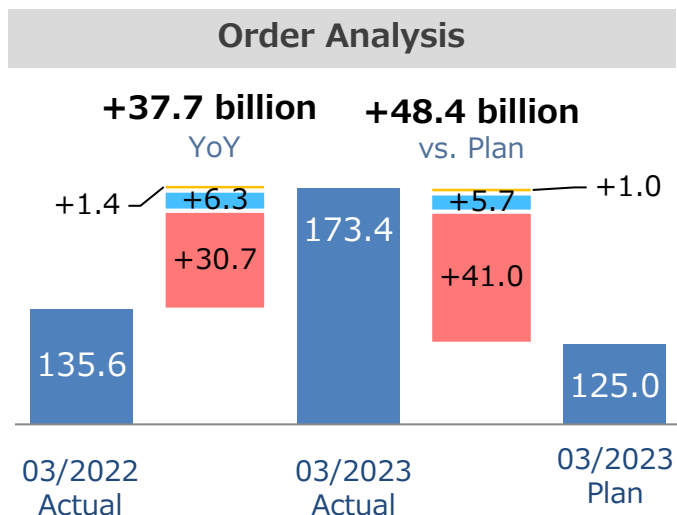
(Billions of yen)

Quarterly (three-month) performance trends (orders received, net sales, order backlog, and operating profit)



# FY ended 03/2023 Results: Analysis of Orders and Sales

(Billions of yen)



## [Orders]

### Up ¥37.7 billion (27.9%) year on year

In the electronics industry, orders for large-scale projects received in China and Malaysia as well.

In the general industry, large-scale investments recovered, and performance products were also strong.

### Surpassed plan by ¥48.4 billion (38.8%)

The electronics industry saw a greater-than-planned increase both in the number and scale of projects.

Also, in the general industry and performance products, orders were stronger than expected at the beginning of the fiscal year.

## [Sales]

### Up ¥20.3 billion (18.2%) year on year

Sales in the electronics industry increased due to progress in the construction of projects ordered.

Also, in the general industry and performance products, orders were strong and sales increased.

### Surpassed plan by ¥7.4 billion (5.9%)

Orders increased more than expected in all areas. Despite the impact of delays and other issues in some projects, overall construction of large-scale projects progressed smoothly.

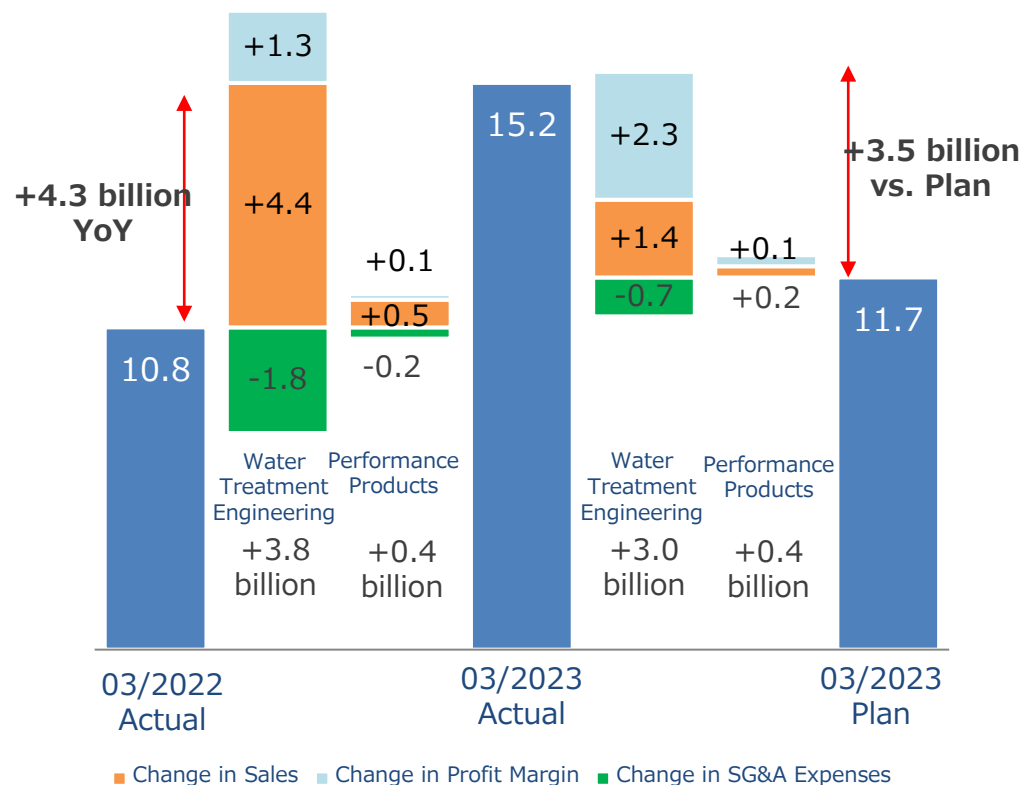
\*The graphs indicate areas with increases/decreases of ¥1 billion or more.



# FY ended 03/2023 Results: Analysis of Operating Profit

(Billions of yen)

## Operating Profit Analysis



**Up ¥4.3 billion (40.2%) year on year**

**Water Treatment Engineering: Up ¥3.8 billion (42.7%)**

- Profit also expanded due to increased sales, mainly in the electronics industry. Profit margins improved in the Plant business, which also contributed to growth. SG&A expenses increased mainly due to labor costs and outsourcing expenses.

**Performance Products: Up ¥0.4 billion (27.4%)**

- The increased profits were attributable to the sales growth in the chemicals, equipment, and food products industry sectors.

**Surpassed plan by ¥3.5 billion (30.0%)**

**Water Treatment Engineering: Up ¥3.0 billion (31.0%)**

- Coupled with the increased revenues, profit margins improved mainly in the Plant business for electronics and general industry sectors.

**Performance Products: Up ¥0.4 billion (24.8%)**

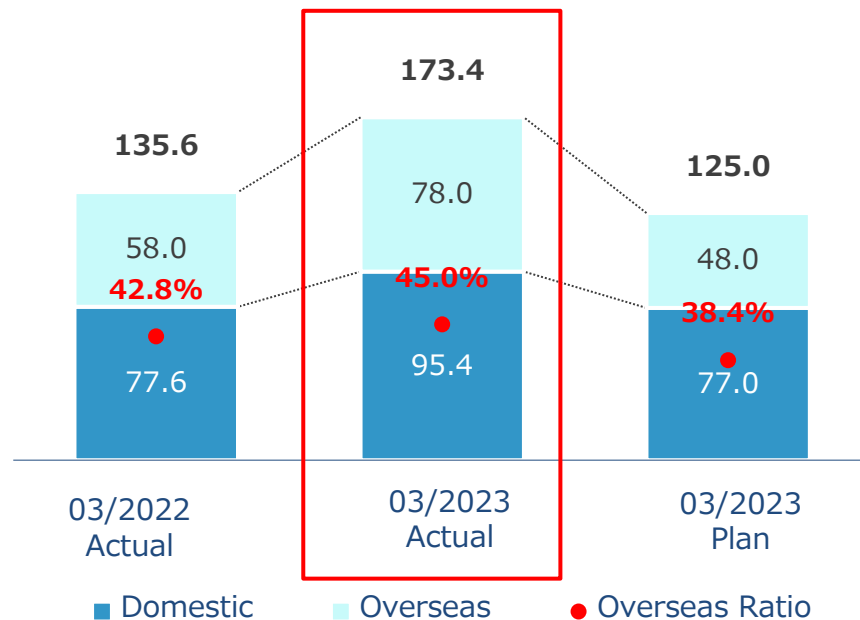
- On top of increases in sales, profit margins improved more than expected.

# FY ended 03/2023 Results: Orders by Region

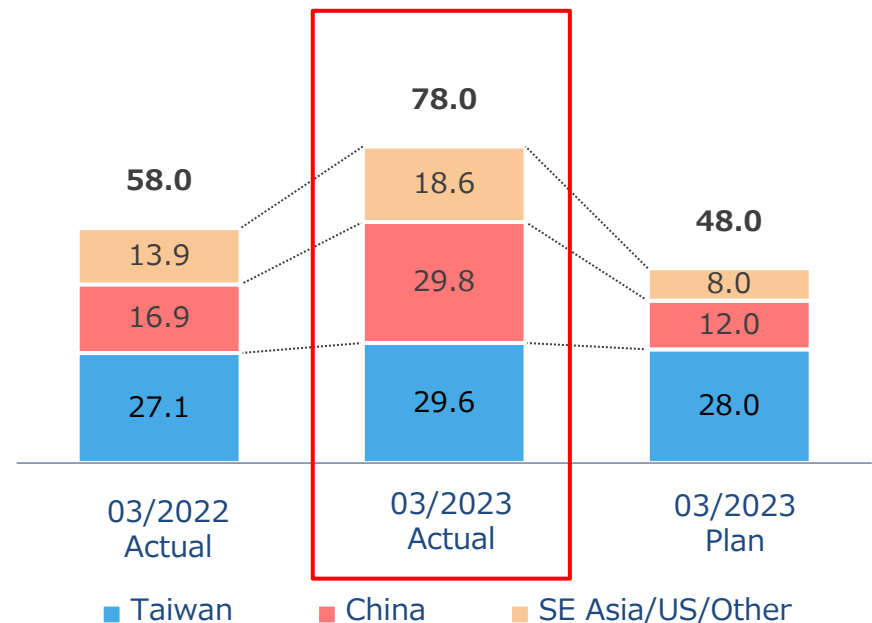
- **Orders in large-scale projects also increased in China and Malaysia following Japan and Taiwan.**
- **Domestic:** Recovered investment in the general industry, in addition to the large-scale investments in the electronics industry.
- **Overseas:** In China and Malaysia, the orders in large-scale projects for the electronics industry contributed to growth.

(Billions of yen)

Orders (Domestic/Overseas)



Orders Overseas by Region

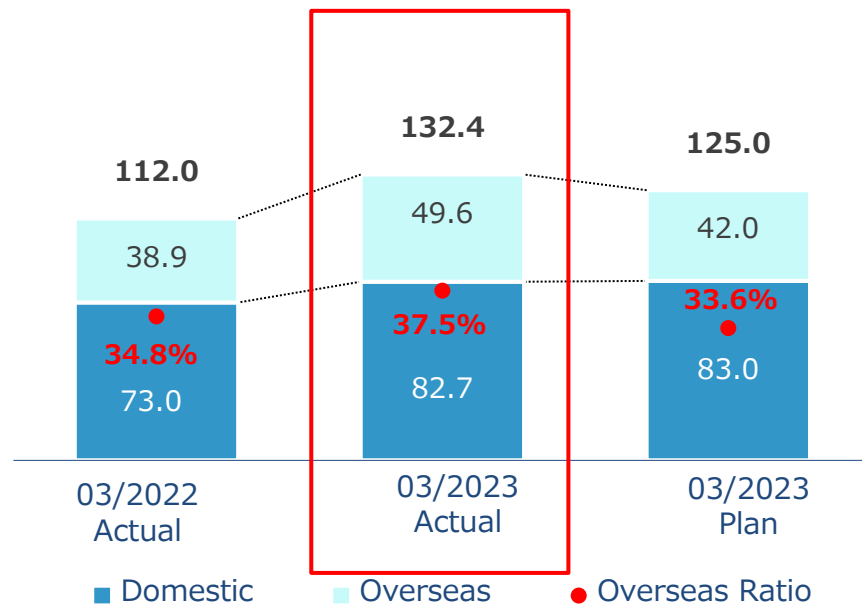


# FY ended 03/2023 Results: Sales by Region

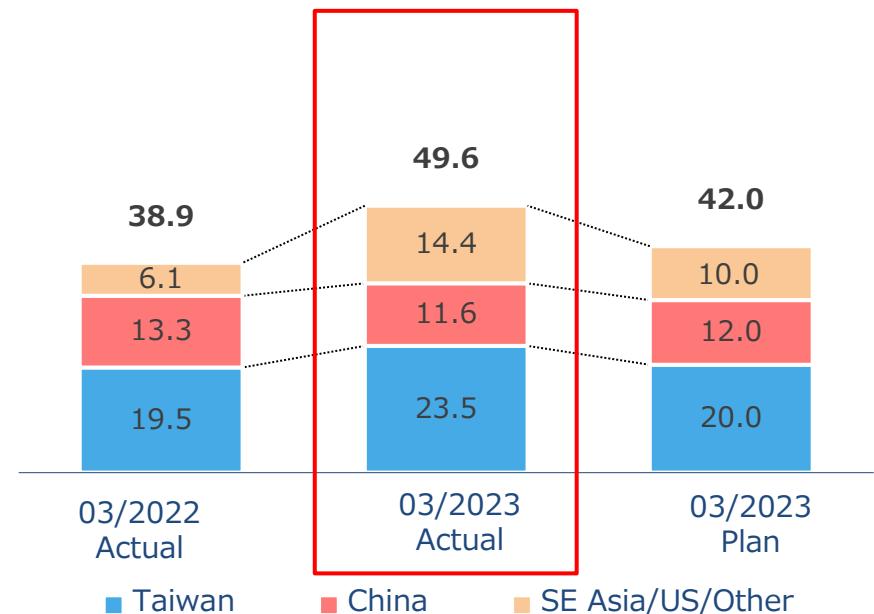
- **Sales grew in large-scale projects in Taiwan, the U.S., and other markets.**
  - **Domestic:** Steady progress in construction of large-scale projects in the electronics and other industry sectors
  - **Overseas:** Sales expanded in Taiwan, the U.S., Malaysia, and other markets. The project sales in China will contribute to the next fiscal year and beyond.

(Billions of yen)

Sales (Domestic/Overseas)



Sales Overseas by Region



# FY ended 03/2023 Results: Sales by Segment and Customer

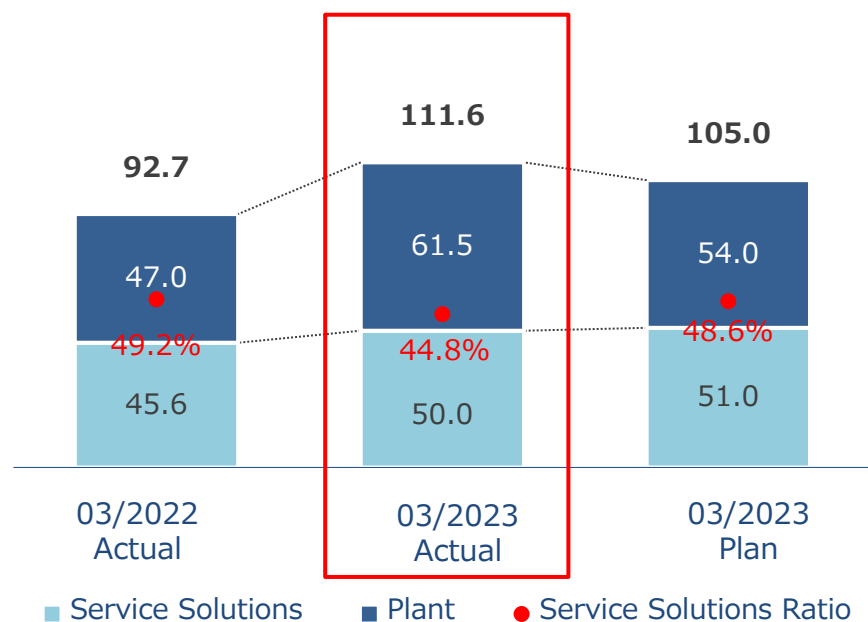
## Water Treatment Engineering Business Unit

### ■ Water Treatment Engineering business significantly benefitted from the growth in the electronics industry.

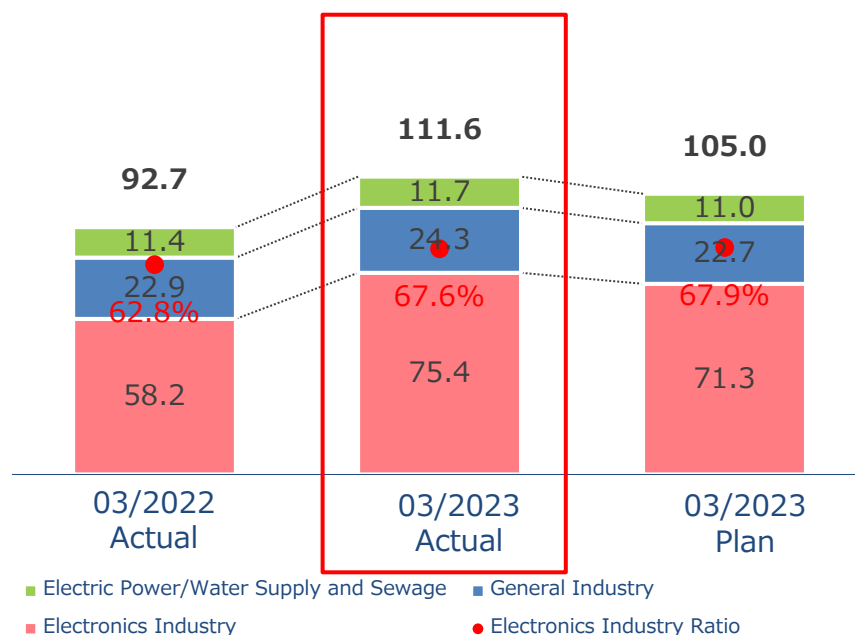
- Plant sales expanded significantly thanks to increased orders in the electronics and general industry sectors.
- In the Service Solutions business, a portion of facility-owned service sales started in the fiscal year under review will be carried over to the next fiscal year. Profit fell short of the plan, but increased year on year thanks to strong sales of the maintenance and other service solutions.

(Billions of yen)

Sales by Segment



Sales by Market



# FY ended 03/2023 Results: Orders by Segment and Customer

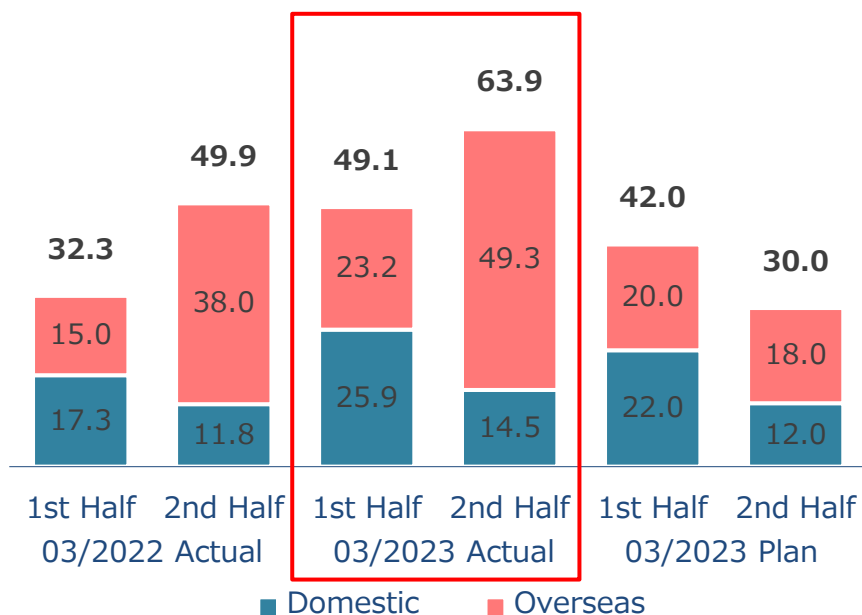
## Electronics Industry Business Unit

### ■ Orders increased in China and Malaysia, as well as Japan and Taiwan, which contributed to growth.

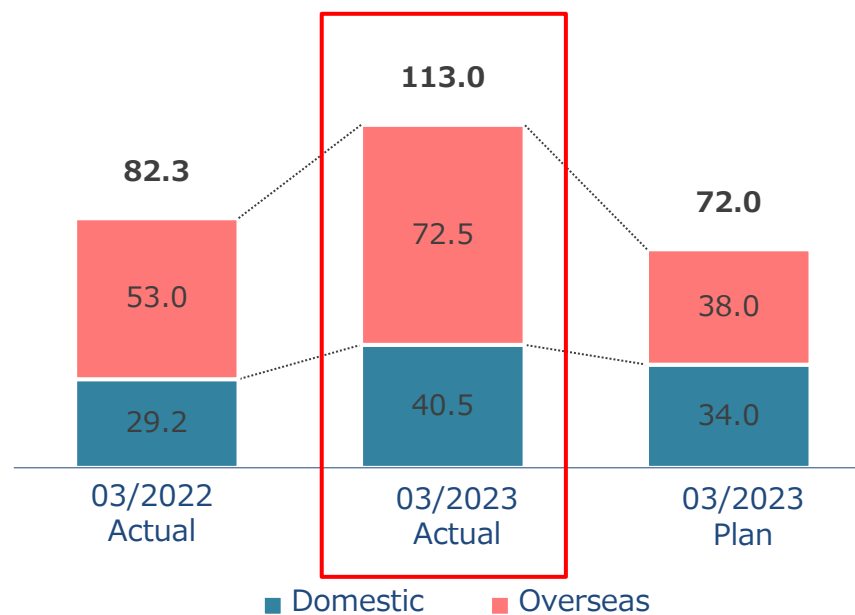
- **Domestic:** The company received large-scale projects for semiconductors, silicon wafers, and other projects.
- **Overseas:** The company invested in cutting-edge semiconductors in Taiwan and large-scale projects in China and Malaysia for legacy nodes such as for automotive and power semiconductors.

(Billions of yen)

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



Electronics Industry Orders



# FY ended 03/2023 Results: Sales by Segment and Customer

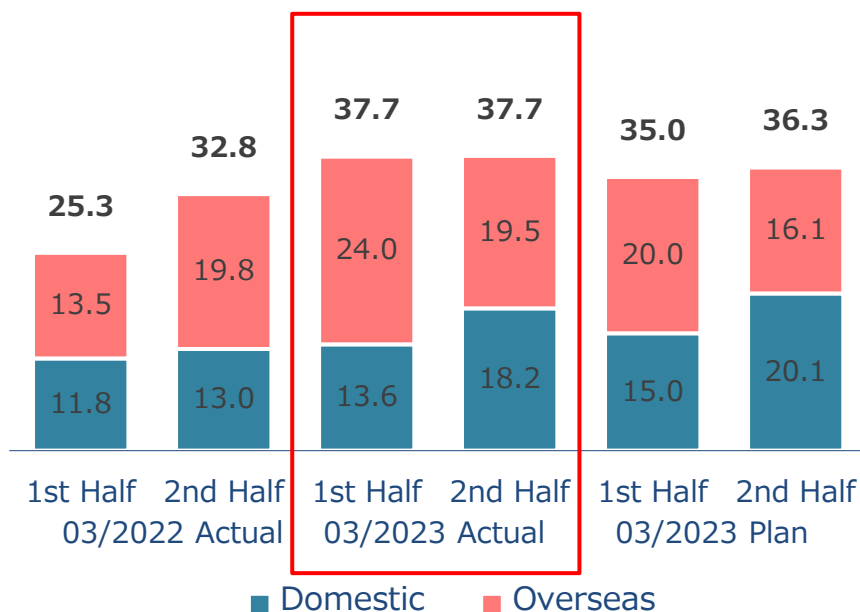
## Electronics Industry Business Unit

### ■ Sales grew in Japan and overseas due to progress in construction of ordered projects.

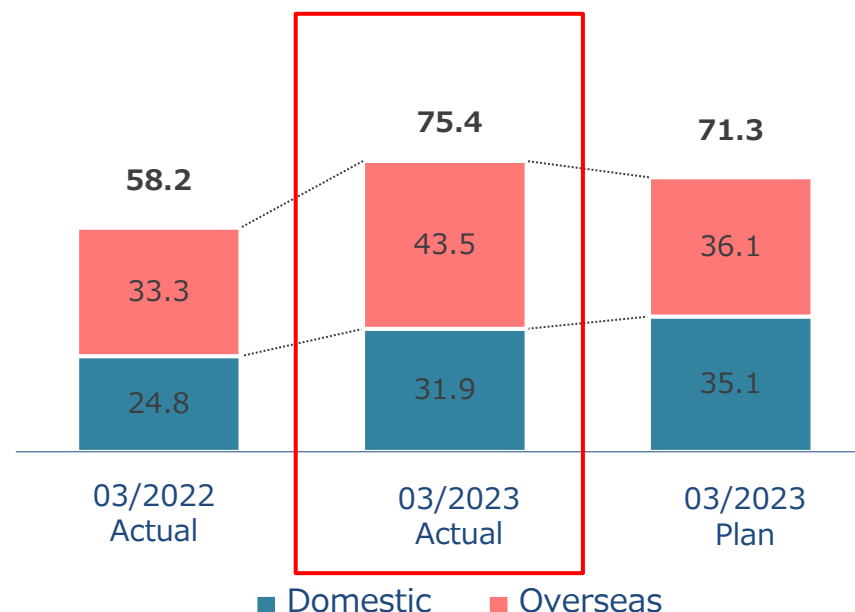
- **Domestic:** Orders rose year on year thanks to increased orders, but fell short of the plan due to process adjustments in some projects.
- **Overseas:** Sales increased in Taiwan and Malaysia, which significantly contributed to growth. In China, the orders for large-scale projects increased but because of being affected by lockdowns and the spread of COVID-19, the sales will contribute to the next fiscal year and beyond.

(Billions of yen)

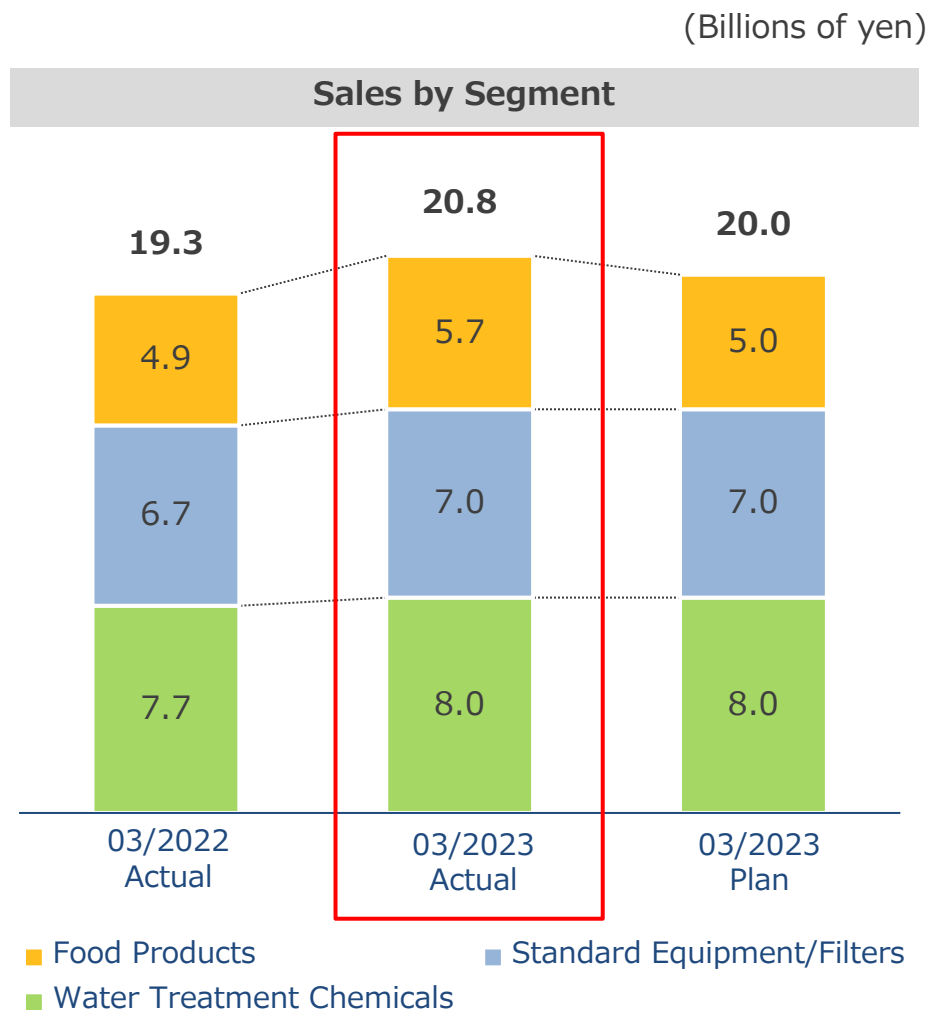
Electronics Industry Sales (1st Half vs. 2nd Half)



Electronics Industry Sales



# FY ended 03/2023 Results: Sales by Segment and Customer Performance Products Business Unit



## Water Treatment Chemicals

Sales of water treatment chemicals for the electronics industry, such as in semiconductor plants, where new water treatment plants continue to be developed, performed well.

## Standard Water Treatment Equipment and Filters

Sales of small-scale pure water production equipment, including Puric  $\mu$  (mu) which was launched in the previous fiscal year, for medical and research institutions, grew.

## Food Products

Sales of various food additives performed well. We have made progress in passing on higher costs such as increases in raw materials prices in the form of sales price increases.

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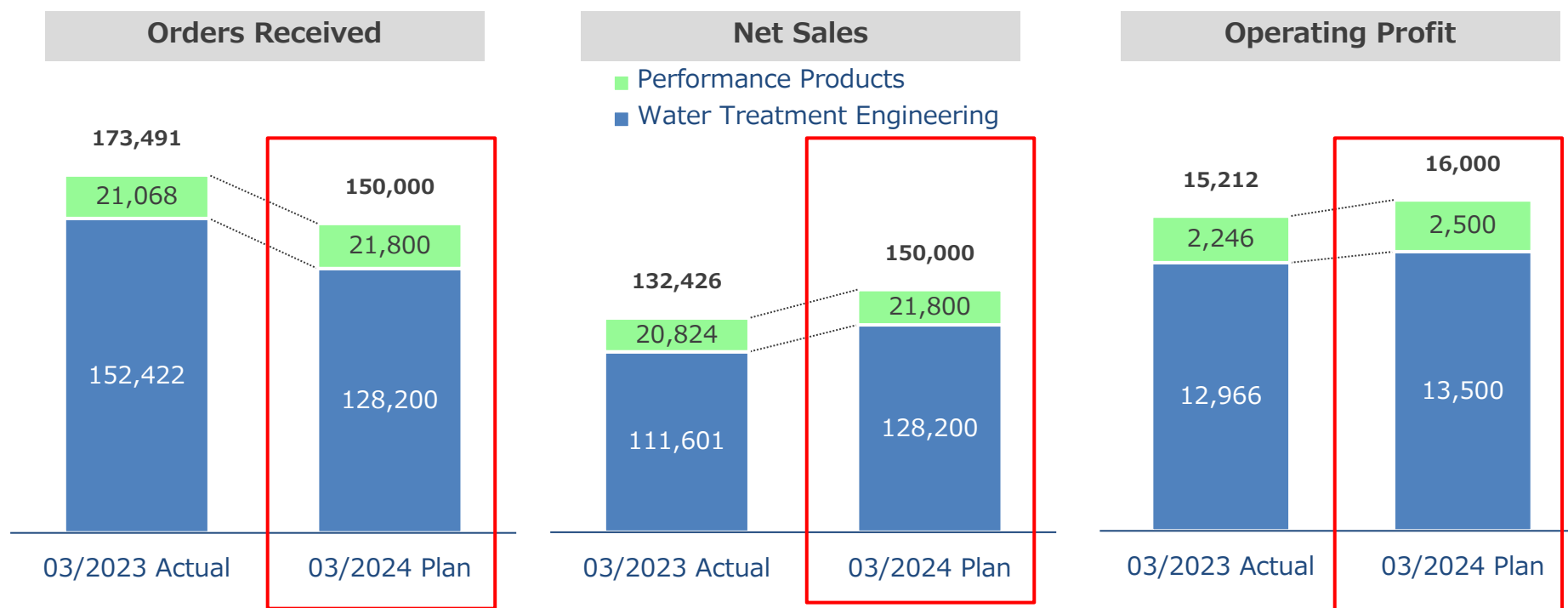


# Overview of FY ending 03/2024 Plan

## ■ Orders are assumed to decline, but remain high; sales and profits are expected to increase.

- Orders are expected to decrease compared to the previous year, when there was a concentration of large-scale projects, but remain high.
- In expectation of progress in construction of projects received up to the previous fiscal year, sales and profits are expected to increase.

(Millions of yen)

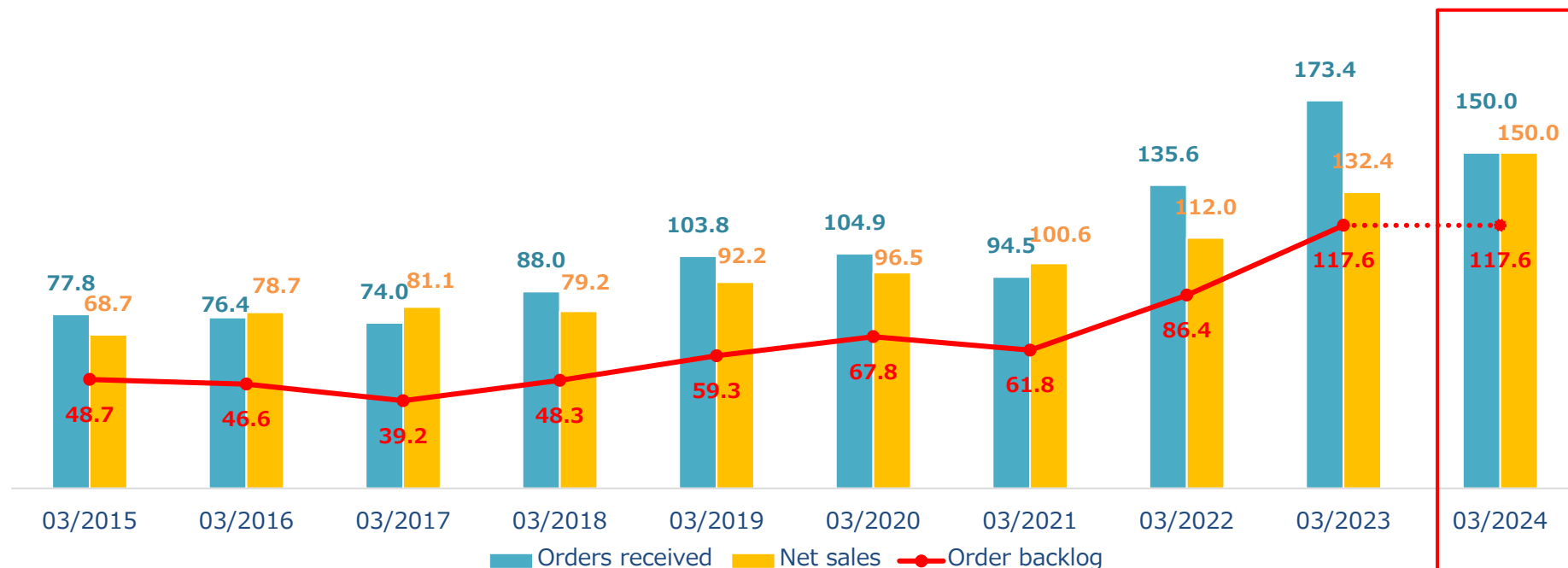


# FY ending 03/2024 Plan: Performance

- **Backlog at a record high, sales growth expected in FY ending 03/2024.**
- Orders continue to expand from 2018 mainly in the electronics industry, and grow in Taiwan, China, and other overseas markets.
- Large-scale projects have a construction period of 12 to 24 months; orders and backlogs are leading indicators of sales.

(Billions of yen)

Orders Received, Net Sales, and Order Backlog



# FY ending 03/2024 Plan: Statement of Income

(Millions of yen)	FY ended 03/2023		FY ending 03/2024		Year-on-Year	
	1 <sup>st</sup> Half Actual	Full-year Actual	1 <sup>st</sup> Half Plan	Full-year Plan	1 <sup>st</sup> Half	Full-year
Orders received	78,230	173,491	70,000	150,000	-10.5%	-13.5%
Net Sales	62,117	132,426	70,000	150,000	+12.7%	+13.3%
Gross profit (%)	16,108 25.9%	34,976 26.4%	17,100 24.4%	37,000 24.7%	+6.2%	+5.8%
SG&A	9,597	19,763	10,500	21,000	+9.4%	+6.3%
Operating profit (%)	6,510 10.5%	15,212 11.5%	6,600 9.4%	16,000 10.7%	+1.4%	+5.2%
Ordinary profit	7,451	16,020	6,600	16,000	-11.4%	-0.1%
Profit attributable to owners of parent	5,027	11,730	4,600	11,200	-8.5%	-4.5%
ROE (%)	–	14.5%	–	12.6%	–	–

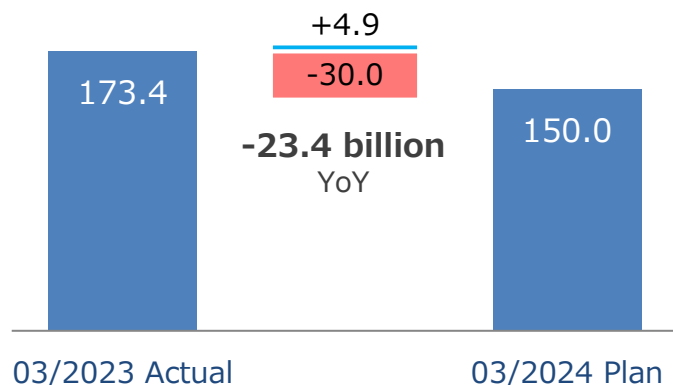
# FY ending 03/2024 Plan: Earnings Forecast

<b>Environment for receiving orders</b>	<p>The electronics industry faces uncertainties in the memory and other markets, as well as U.S. restrictions on semiconductors from China, anticipating a lull in growth trend seen until the previous fiscal year. Meanwhile, a high level of orders is expected along with several large-scale investments planned in Japan and overseas.</p>
<b>Sales and profit assumption</b>	<p>Our sales forecast assumes a high level of carried-over order backlogs, mainly in the electronics industry. Profit is expected to grow. Despite schedule delays in some projects, overall construction is expected to progress smoothly. Profitability can improve due to progress in measures for cost reductions and profit improvements in Plant projects.</p>
<b>Risk factors</b>	<ul style="list-style-type: none"><li>• Worsening environment for receiving orders, such as cancellation or postponement of investment plans due to deteriorating market conditions, geopolitical risks, among other factors.</li><li>• Increases in raw materials and construction costs due in part to changes in inflation and exchange rate trends.</li><li>• Delays in construction progress due to supply chain disruptions, i.e. procurement and logistics delays.</li></ul>

# FY ending 03/2024 Plan: Analysis of Orders and Sales

(Billions of yen)

## Order Analysis

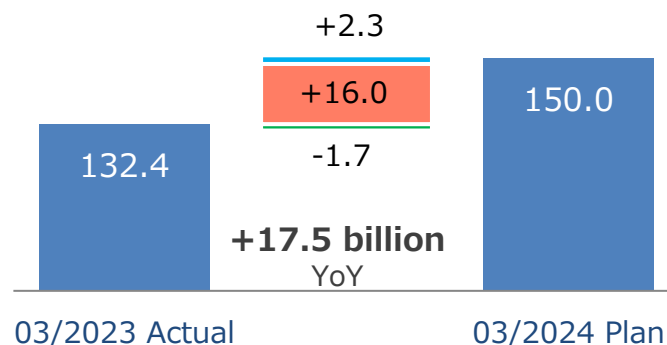


## [Orders]

**Down ¥23.4 billion (13.5%) year on year**

Although the forecast is for a slowdown in the growth trend seen until the previous year, orders are expected to remain high due in part to several large-scale projects planned in Japan and overseas. We will monitor trends closely due to volatile factors such as semiconductor market conditions and geopolitical risks.

## Sales Analysis



## [Sales]

**Up ¥17.5 billion (13.3%) year on year**

Carried-over backorders remain high mainly in the electronics industry, and sales are projected to increase through progress in construction.

In the general industry, sales growth is also expected thanks to an increase in orders.

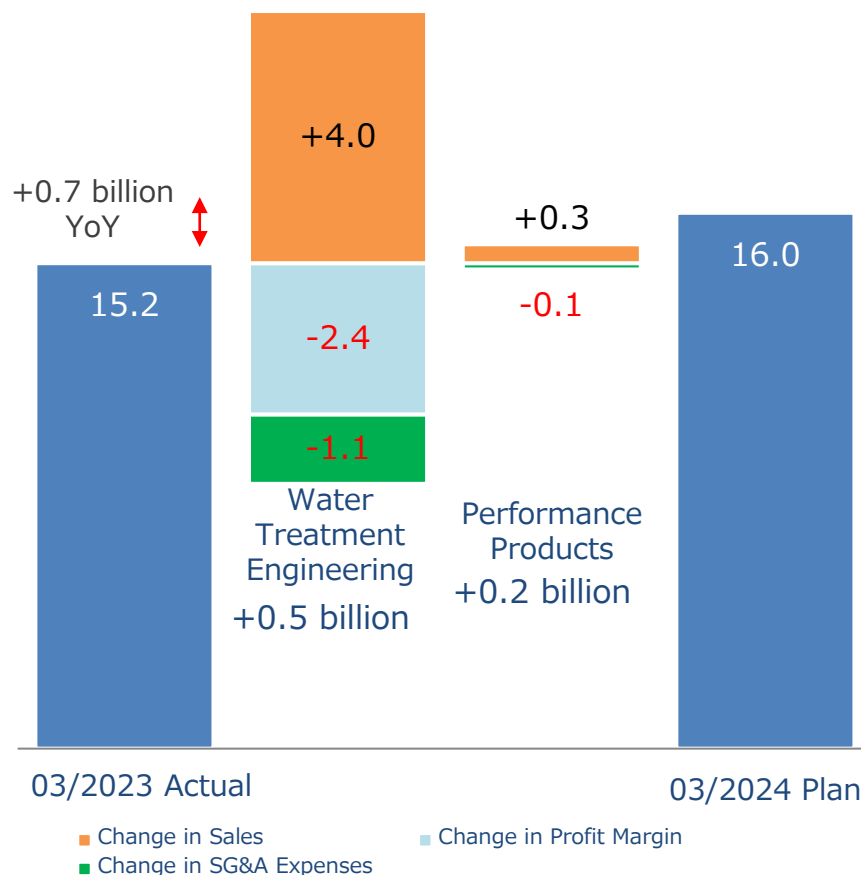
In Electric Power/Water Supply and Sewage, a decline in sales is anticipated due to the off-season for large-scale projects.

\*The graphs indicate areas with increases/decreases of ¥1 billion or more.

# FY ending 03/2024 Plan: Operating Profit

(Billions of yen)

Operating Profit Comparison



**Up ¥0.7 billion (5.2%) year on year**

**Water Treatment Engineering: Up ¥0.5 billion (4.1%)**

- In the Plant and Service Solutions businesses, the company plans to increase sales, and expects profits to expand due to increased revenues. Our profit forecast for the Plant Department reflects risks involving raw materials price hikes, construction, and other factors. Profitability can improve due to progress in cost reductions and profit improvements. The company plans to increase SG&A that include personnel expenses, R&D and digital investments, and outsourcing expenses.

**Performance Products: Up ¥0.2 billion (11.3%)**

- The company plans to expand sales in each field. In Water Treatment Chemicals and Standard Equipment/Filters, business operations will be increased in Taiwan, China, and other overseas markets.

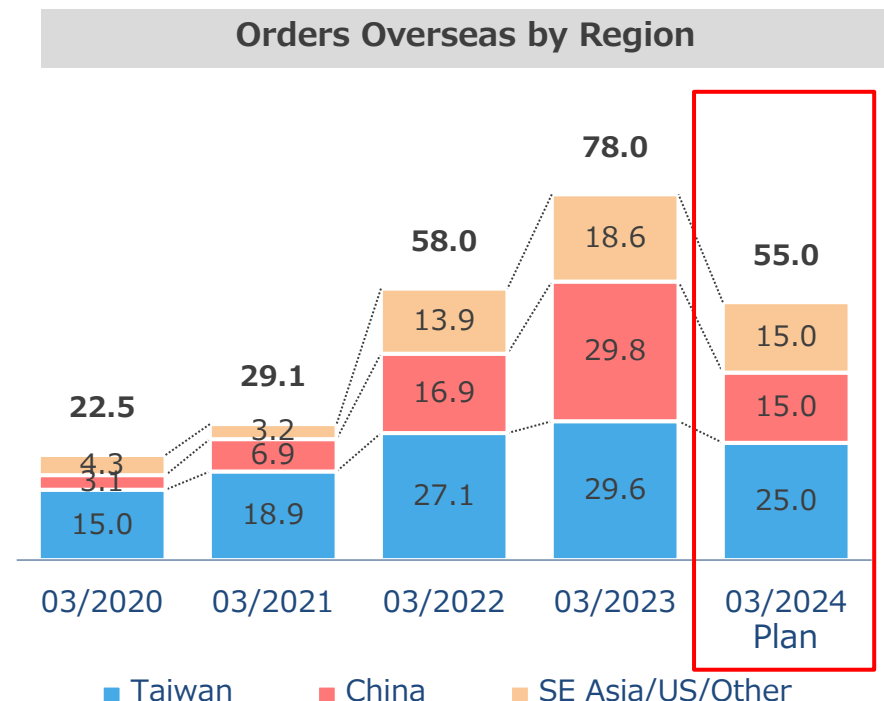
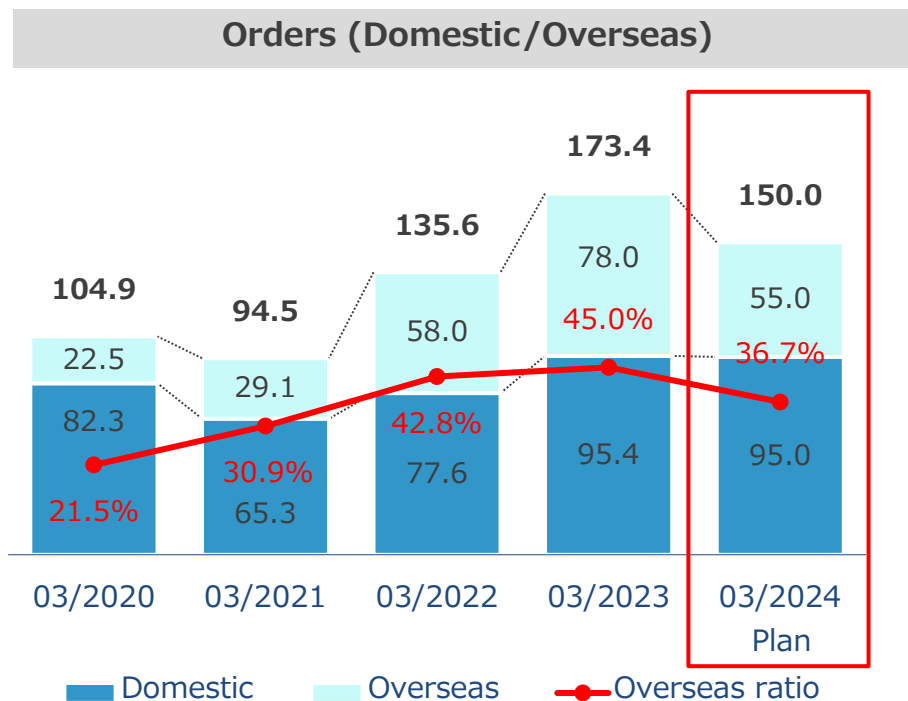
# FY ending 03/2024 Plan: Orders by Region

- Despite a lull in orders overseas, orders are expected to remain high.

**Domestic:** Orders in the general industry are also expected to expand following the growth in the semiconductors and other electronics industries.

**Overseas:** Despite a lull in orders, the company plans large-scale investments in overseas countries, and expects a high level of orders.

(Billions of yen)



# FY ending 03/2024 Plan: Sales by Region

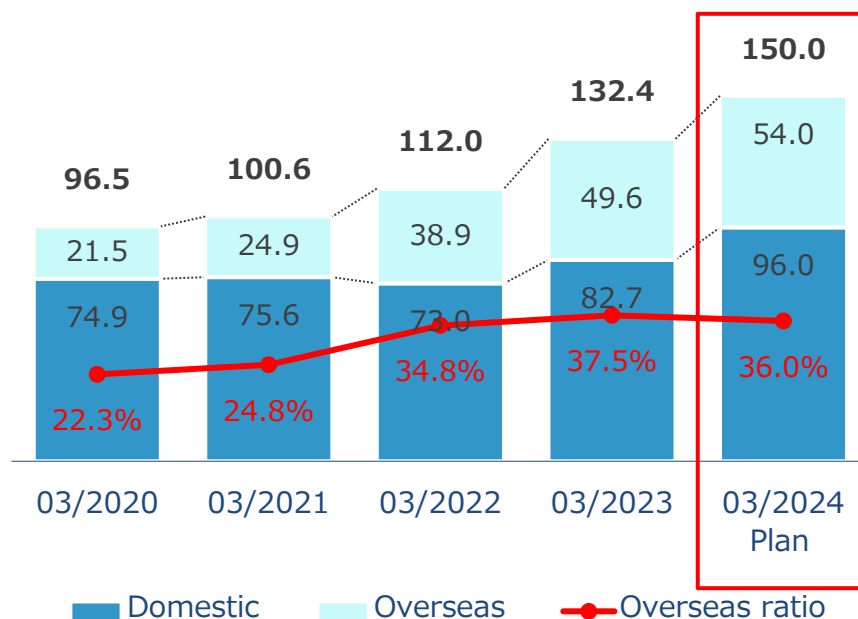
- Sales are expected to expand both in Japan and overseas due to progress in the construction of projects with order backlogs.

**Domestic:** The company plans to record sales of orders received mainly from the electronics industry.

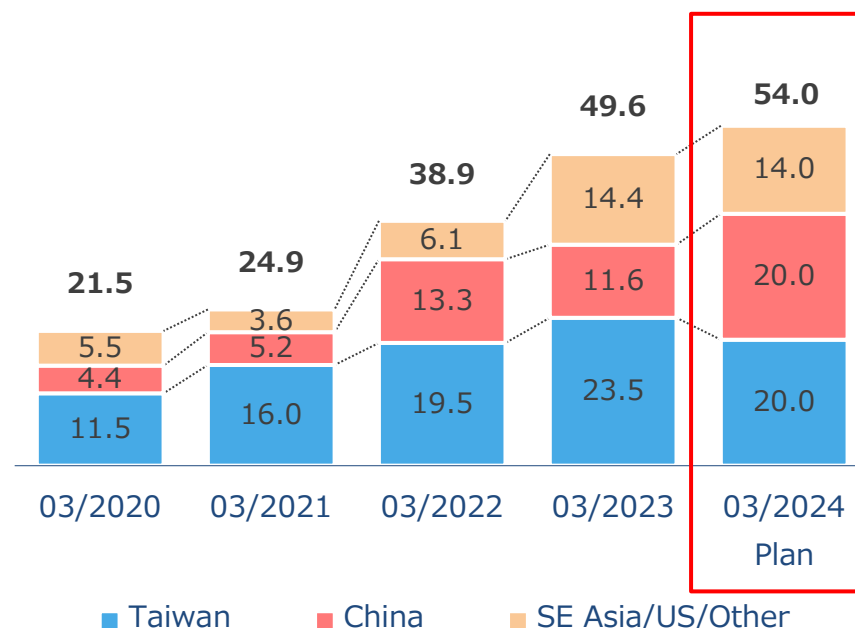
**Overseas:** Despite a lull in Taiwan, sales in China, Malaysia, and other markets are expected to grow.

(Billions of yen)

Sales (Domestic/Overseas)



Sales Overseas by Region





# FY ending 03/2024 Plan: Sales by Segment and Customer

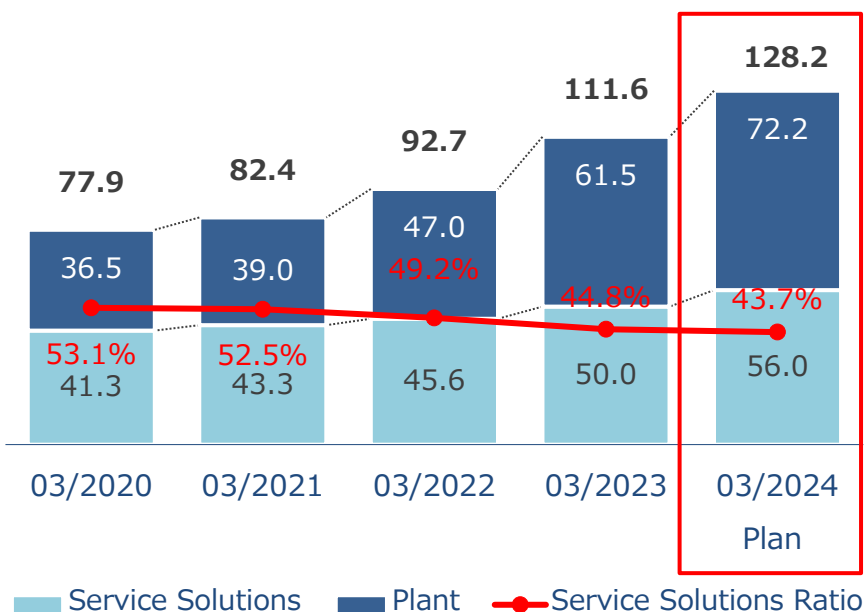
## Water Treatment Engineering Business Unit

### ■ Sales are expected to expand in the Plant and Service Solutions businesses, mainly in the electronics industry.

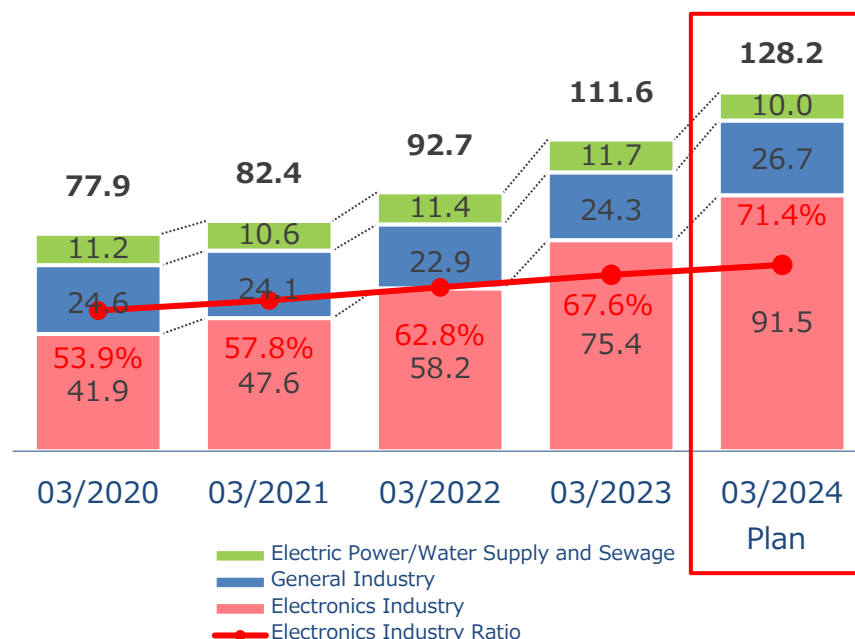
- In the Plant business, sales of large-scale projects for semiconductors are expected to expand as orders continued to grow both in Japan and overseas.
- In the Service Solutions business, the launch of facility-owned services and the maintenance services will contribute to growth.

(Billions of yen)

Sales by Segment



Sales by Market



# FY ending 03/2024 Plan: Orders by Segment and Customer

## Electronics Industry Business Unit

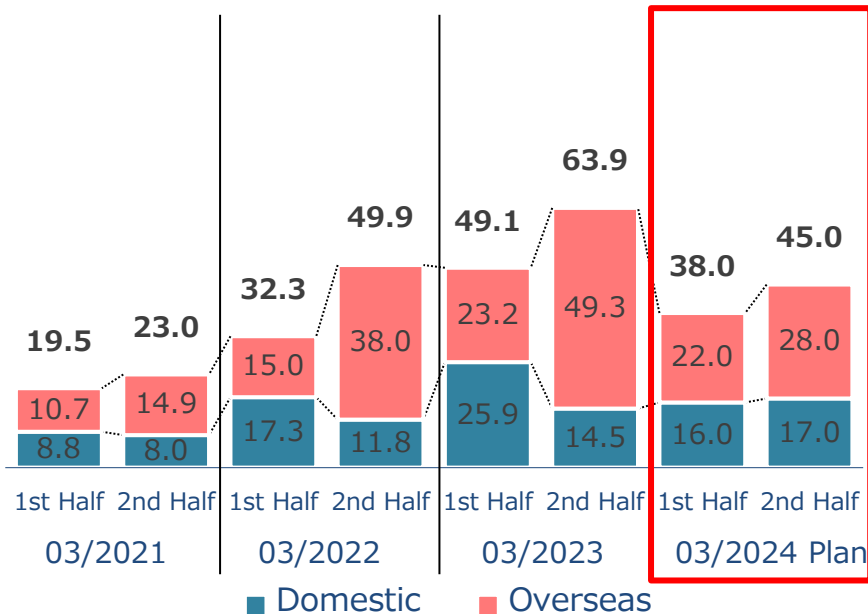
- Despite a lull in the growth trend, investment plans both in Japan and overseas are expected to be high.

**Domestic:** Orders for several large-scale projects involving semiconductors and wafers are expected.

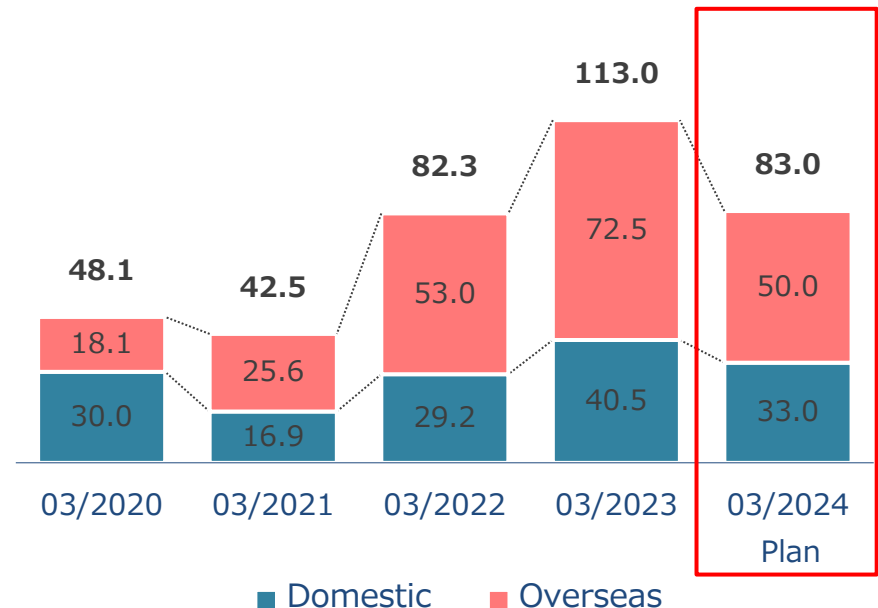
**Overseas:** Orders for large-scale semiconductor projects in Taiwan, China, and other markets are expected.

(Billions of yen)

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



Electronics Industry Orders



# FY ending 03/2024 Plan: Sales by Segment and Customer

## Electronics Industry Business Unit

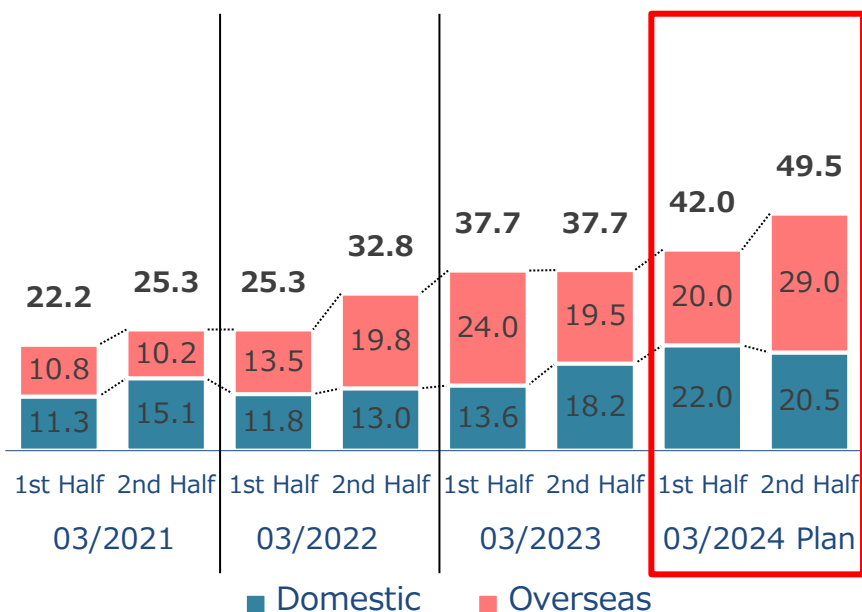
- Sales are projected to expand due to progress in construction of carried-over order backlogs in Japan and overseas.

**Domestic:** Sales of large-scale projects received last year will make a full-fledged contribution to growth.

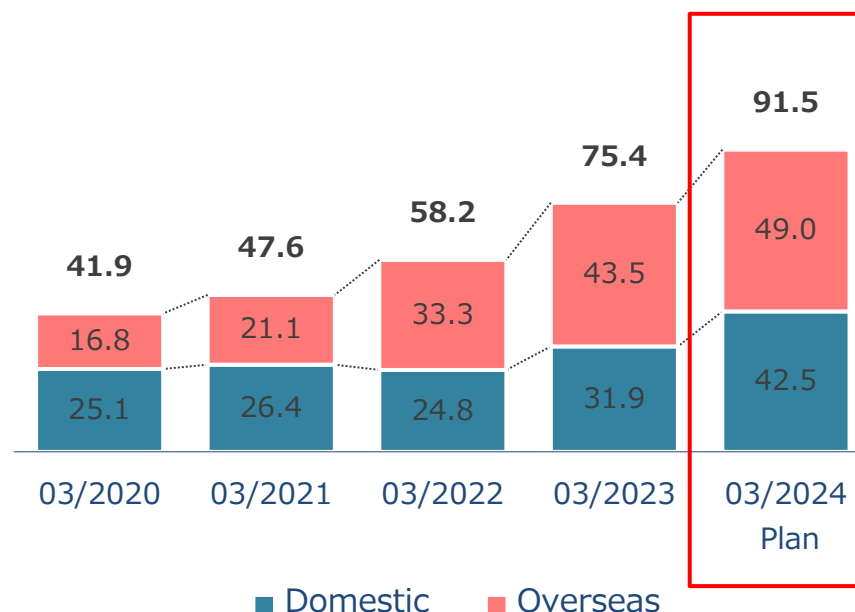
**Overseas:** Sales are projected to expand due to progress in construction of large-scale projects in China, Malaysia, and other markets.

(Billions of yen)

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



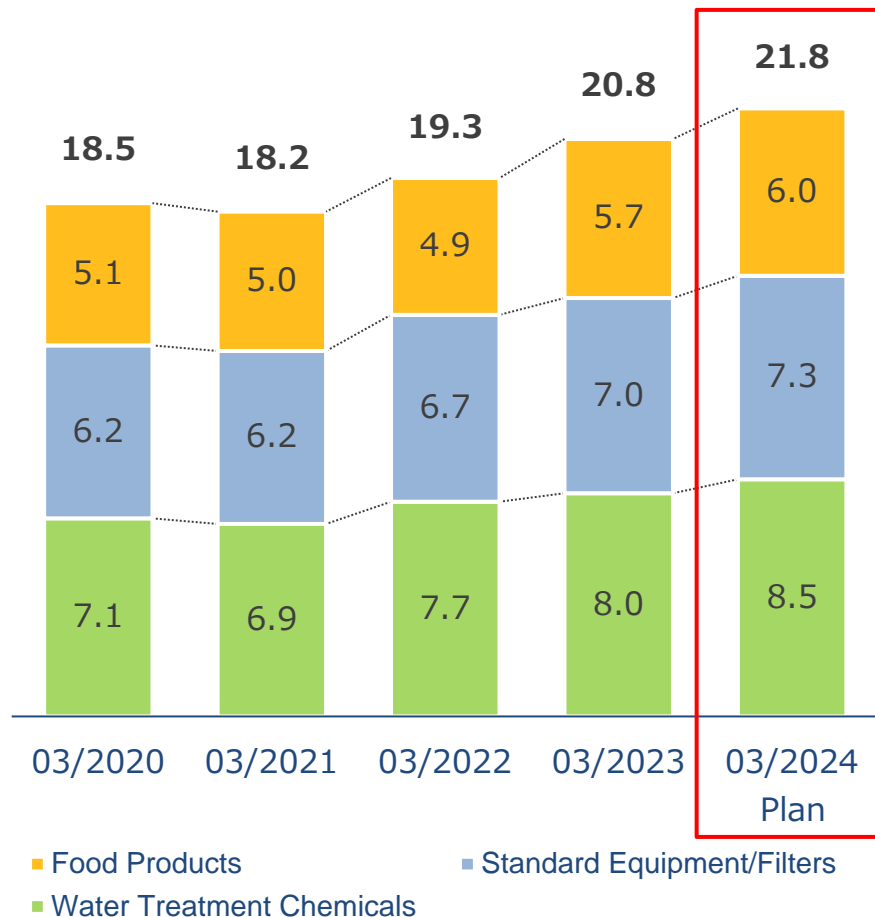
Electronics Industry Sales



# FY ending 03/2024 Plan: Sales by Segment and Customer Performance Products Business Unit

(Billions of yen)

Sales by Segment



## Water Treatment Chemicals

- On top of sales growth in the electronics industry in line with construction of new water treatment plants, overseas operations will be increased in Taiwan, China, and other markets.

## Standard Water Treatment Equipment and Filters

- On top of domestic sales growth in compact equipment for medical institutions and research institutions and water purification filters for convenience stores, food and other markets, overseas operations will be increased in China and other markets.

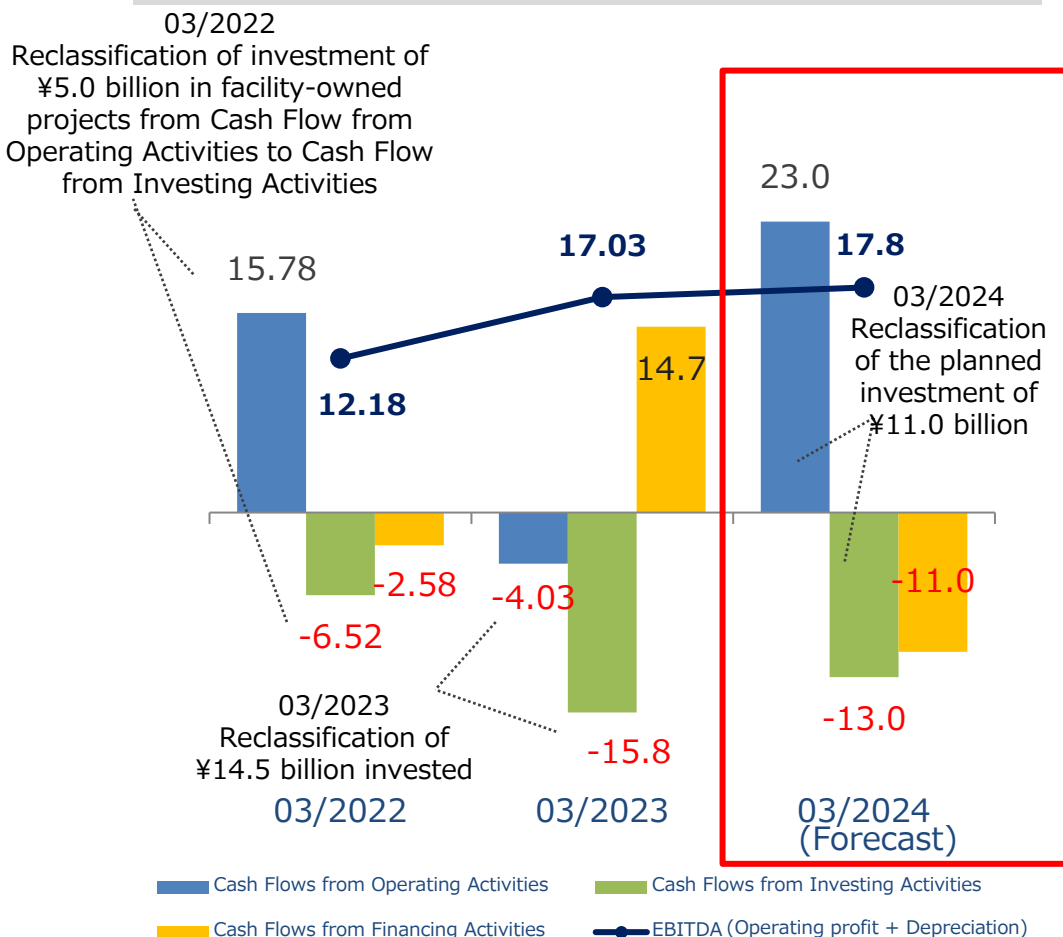
## Food Products

- The company will step up efforts for new customer acquisition and sales promotion for new products, which had been stagnant in the face of the COVID-19 pandemic and responses for passing on costs, aiming to expand sales.

# FY ending 03/2024 Plan: Cash Flows

(Billions of yen)

## Cash Flow Trends after Reclassification



- On top of trends in business performance, our cash flow is significantly impacted by progress on the construction of large-scale projects and the collection of payments for them.
- In FY ended 03/2023, EBITDA improved, but accounts receivable increased due to the collection of funds for large-scale projects for which sales were recorded in the current fiscal year but will be recovered in the following fiscal year, and cash flows from operating activities turned negative. In cash flows from investing activities, investment in facility-owned services is expected to expand, which resulted in an increase in borrowings. In FY ending 03/2024, cash flow is projected to improve with the progress in collection of accounts receivable.

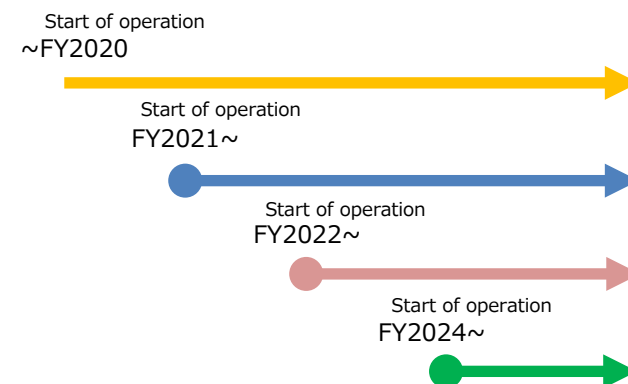
### [Investment in facility-owned services]

- Investments in facility-owned services are recorded in Investments in **leases (work in progress during construction)** in the balance sheet. Amounts of investment are included in current assets, so the statement of cash flow indicates the investment as **Cash Flow from Operating Activities**.
- In the graph on the left, investments in facility-owned services (¥5.0 billion in FY03/2022, ¥14.5 billion in FY03/2023, and ¥11.0 billion in FY03/2024) are reclassified from Cash Flows from Operating Activities to Cash Flows from Investing Activities.

# FY ending 03/2024 Plan: Key Indicators

	FY ended 03/2022 Actual	FY ended 03/2023 Actual	FY ending 03/2024 Plan
Capital expenditures (Millions of yen)	3,387	1,466	2,000
R&D expenses (Millions of yen)	2,146	2,615	3,020
Depreciation (Millions of yen)	1,332	1,824	1,800
Interest-bearing debt (Millions of yen)	15,628	33,019	25,000
No. of employees	2,476	2,506	2,550
Annual dividends (yen)	40	62	66
ROE (%)	12.9	14.5	12.6

## Investments in facility-owned services



- Facility-owned services are contracted for a period of five to ten years. The company provides facilities, maintenance, and operational support services collectively, with sales based on the volume of water supplied and treated.
- Investment in construction: ¥5.0 billion in FY03/2022, ¥14.5 billion in FY03/2023, and ¥11.0 billion in FY03/2024.
- Annual net sales are projected to post approx. ¥5.0 billion or more in FY03/2023, exceeding ¥10.0 billion in FY03/2025, when all invested facilities are scheduled to be in operation.

\*Capital expenditures include investments in intangible assets and exclude investments in facility-owned services.

\*The dividend amounts take into account the stock split on October 1, 2022 (from 1 share to 4 shares).

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“ORGANO 2030”
4. Company Overview

# Medium- to Long-term Management Plan “ORGANO 2030”

## Aspire to be a Global Partner Company

- Become a global leader of the water treatment solutions for semiconductors
- Expand our range of chemicals and functional materials to be the customer's first choice
- Achieve sustainability goals

### Long-term Management Plan (~2030)

Net sales: ¥200.0 billion  
Operating profit: ¥30.0 billion  
(%): 15%  
Maintain a stable ROE of 12% or more

### Medium-term Management Plan (~03/2026)

Net sales: ¥170.0 billion  
Operating profit: ¥18.5 billion  
(%): 10.9%  
ROE: 12.6%

## Expand into new businesses and regions of operation

- Expand business in the U.S. and entry into the South Korean market
- Increase overseas development in Performance Products including chemicals
- Enhance and deploy new service solutions

## Streamline operations and create new business opportunities

- Increase efficiency and capacity in engineering operations
- Enhance development of new water treatment, separation and purification technologies, service solutions, etc.
- Expand the business structure in each country and region

### Next Management Plan (~03/2024)

Net sales: ¥150.0 billion  
Operating profit: ¥16.0 billion  
(%): 10.7%  
ROE: 12.6%



# Medium-term Management Plan and Sustainability Goals and Material Issues

## Medium-term Management Plan

### Focused Areas

#### Electronics Industry

Expand efforts to develop business globally, including the US, Taiwanese and Chinese markets

#### Water Treatment Chemicals

Reinforce value chain and overseas development

#### Functional Materials

Reinforce supply chain and enhance differentiated merchandise

### Establish and Expand Systems

#### Engineering

Promote automation and enhance efficiency  
Expand capacity

#### Service Solutions

Enhance overseas development and service menu

#### R&D

Reinforce development foundation and create new businesses

## Sustainability Goals and Material Issues

### Achieve Continuous Business Growth

Contribute to a sustainable global environment

Provide high-value-added products and services by leveraging technological capabilities

### Build a Business Foundation

Strengthen governance and ensure compliance

Create a workplace where diverse human resources can play an active and rewarding role

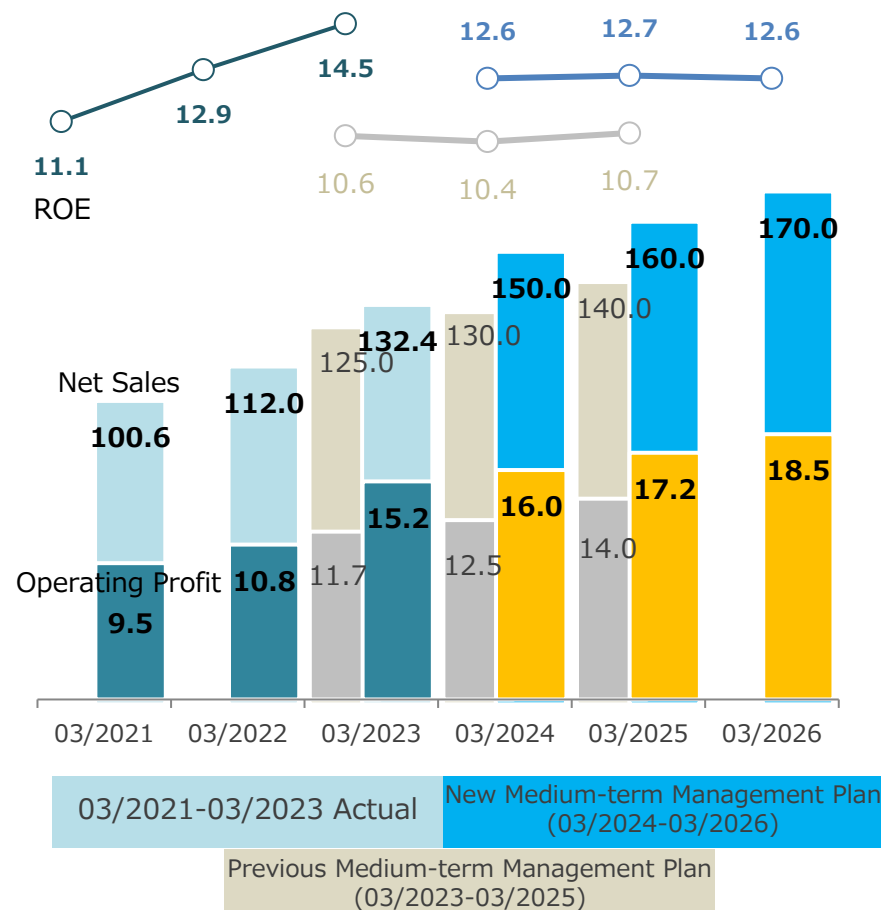
Strengthen supply chain management



# Medium-term Management Plan: Performance Targets

(Billions of yen, %)

## Net Sales, Operating Profit, and ROE Trends



## Expansion of sales scale

- Expand sales to ¥170.0 billion, mainly in the electronics industry, on the back of order backlog at a high level. Strengthen both Service Solutions and Performance Products businesses as stable revenue sources

## Investment for growth and securing stable revenues

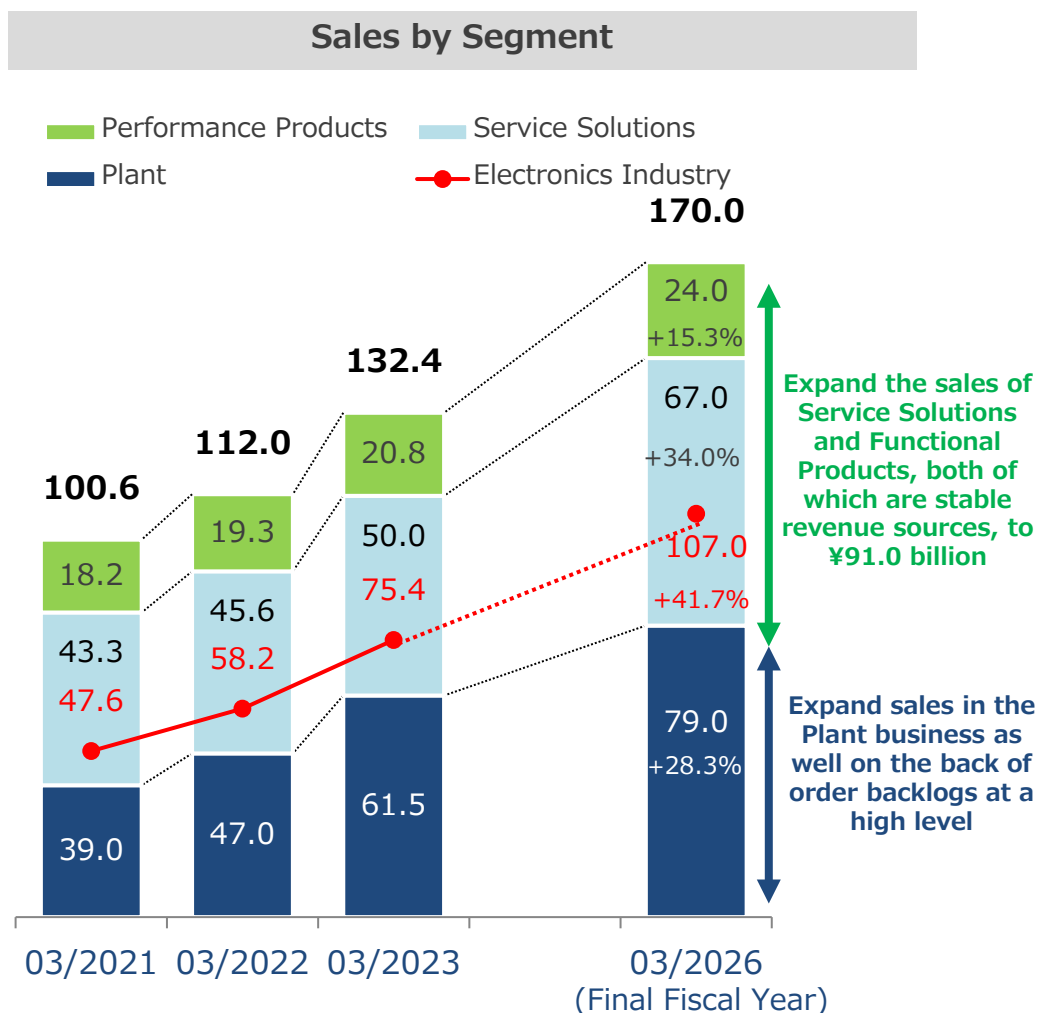
- Balance expanding capacity and investment for growth with securing stable revenues. Record a stable ROE of 12% or more

## Initiatives for Sustainability Goals

- Achieve sustainability goals to continue business growth and build a business foundation

# Medium-term Management Plan: Sales by Segment

(Billions of yen, %)



## Electronics Industry

- Expand both Plant and Service Solutions, mainly in the electronics industry.

## Plant

- Deliver large-scale facilities for semiconductors in Japan, Taiwan, China, the U.S., and other markets.

## Service Solutions

- Expand facility-owned services.
- Strengthen digital Service Solutions that include automatic operation and remote monitoring of facilities.

## Performance Products

- Strengthen overseas sales expansion centered on water treatment chemicals and small equipment.

# Medium- to Long-term Management Plan: Sustainability KPIs

FY2030 targets

## Water

Amount of wastewater treated by delivered Organo systems and discharged outside

**Total 60 million m<sup>3</sup>**

Amount of water collected and reused by delivered Organo systems

**Total 250 million m<sup>3</sup>**

## CO<sub>2</sub>

Rate of reduction of Scope 1 and 2 CO<sub>2</sub> emissions (that of Scope 3 CO<sub>2</sub> emissions currently under review)

**37.8% Reduction**

Volume of CO<sub>2</sub> reduced by applying Organo technology and products

**Total 32,000 t**

## Sludge

Volume of sludge reduced by applying Organo technology and products

**Total 10,000 t**

\*Sludge refers to waste generated in the wastewater treatment processes.

# Organo's Sustainability Technology and Services

## Water and resource recycling technology

### ECOCRYSTA

Recovers hydrofluoric acid used in semiconductor manufacturing from factory wastewater. It is then refined as high-purity pellets and recycled as raw materials for hydrofluoric acid.

### Water recovery and recycling

Offers a closed system for the separate collection and recycling of factory wastewater. Sludge generated from wastewater can be effectively used as a raw material for cement, etc.

### NMP Refining and recycling

Organo developed a system that collects and refines solvent (NMP) used in the manufacture of cathodes for lithium-ion batteries at an on-site location.

### Advanced Sewage Treatment AGSOR

Uses granule technology to highly coagulate microorganisms effective for wastewater treatment, achieving three to four times faster treatment speed, space-saving, and lower cost compared to conventional methods, and is expected to be applied to wastewater treatment in large cities.

## Sustainability Solutions

### Water Heat Utilization System

Uses heat pump technology to convert the heat from water used in factories into energy. It reduces power consumption and CO<sub>2</sub> emissions by more than 50%.

### Cooling Water Treatment Agent ORBRAID

Is a cooling water treatment agent that improves the heat exchange efficiency of refrigeration equipment used in factories, etc., which contributes to a reduction in energy consumption.

### ORSMART

Is an automatic injection and remote monitoring system for water treatment chemicals, intended to save labor and energy for RO membrane treatment facilities and cooling water treatment.

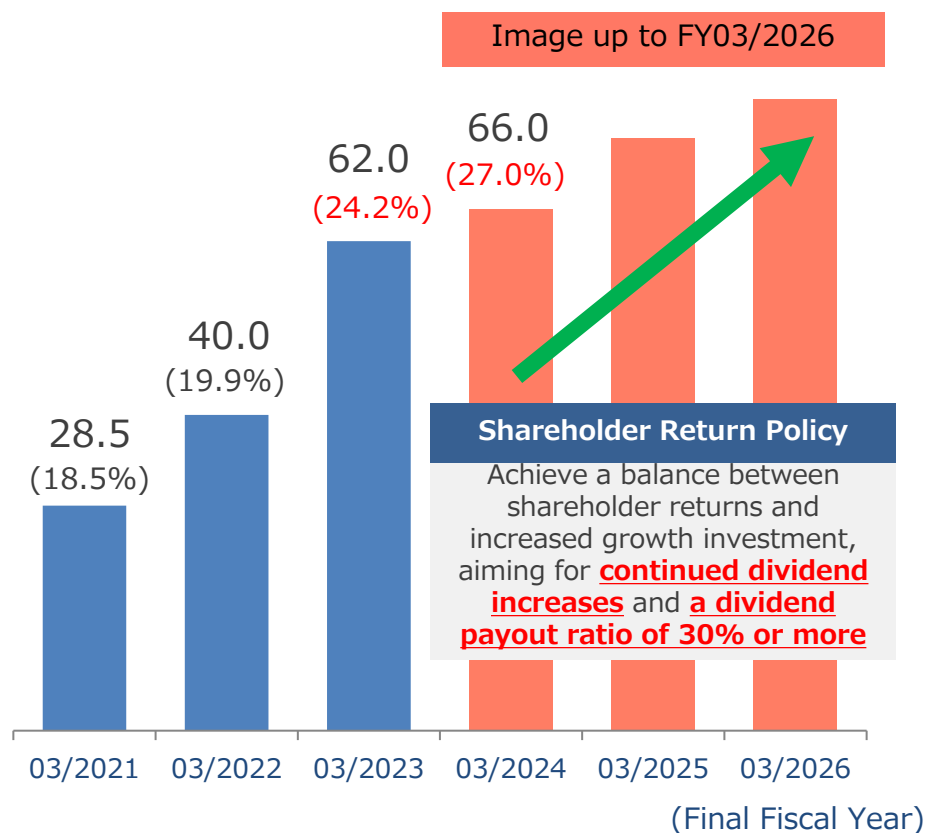
### ORTOPIA J Cloud

Is a remote monitoring system that streamlines maintenance and management of factories and water and sewage facilities. It also improves the efficiency of facility maintenance through the accumulation of operation data.

# Medium-term Management Plan: Shareholder Return Policy

(yen, %)

## Dividend per share and dividend payout ratio



## Dividends increased as a result of improved business performance.

- In FY ended 03/2023, the company upwardly revised the dividends for the first half and the full year as a result of the improved performance. The annual dividend per share will increase 55% year-on-year to ¥62 per share.
- The dividend payout ratio of 25%, the target of the previous Medium-Term Management Plan, is expected to be achieved in the fiscal year ending March 2024.

## Shareholder Return Policy

- At present, shareholder returns are considered to be centered on dividends.
- Achieve a balance between shareholder returns and increased growth investment, aiming for continued dividend increases and a dividend payout ratio of 30% or more.

The dividend amounts in the graph are based on the post-share-split effective October 1, 2022.

# Contents

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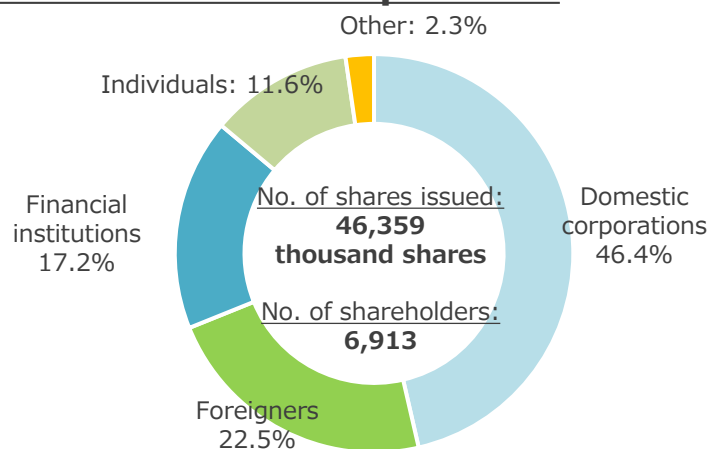
1. FY ended 03/2023 Results
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# Company Overview: Profile and Shareholder Composition

## ■ Company profile

Company name	ORGANO CORPORATION
Head office	1-2-8, Shinsuna, Koto-ku, Tokyo
Established	May 1, 1946
Capital	¥8,225 million
No. of employees	2,506 (consolidated)
Stock exchange listing	Tokyo Stock Exchange Prime Market

## ■ Shareholder composition



## ■ Major shareholders (top ten)

(As of March 31, 2023)

Name of shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
Tosoh Corporation	20,379	44.28
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,190	9.11
Custody Bank of Japan, Ltd. (Trust Account)	2,317	5.03
DZ PRIVATBANK S.A. RE INVESTMENTFONDS	871	1.89
KBC BANK NV – UCITS CLIENTS NON TREATY	870	1.89
STATE STREET BANK AND TRUST COMPANY 505223	506	1.10
Mizuho Bank, Ltd.	464	1.01
VICTORY TRIVALENT INTERNATIONAL SMALL-CAP FUND	395	0.86
BNYMSANV RE BNYMSANVDUBRE LEGAL (AND) GENERAL UCITS ETF PLC	393	0.85
STATE STREET BANK AND TRUST COMPANY 505253	379	0.82

\* The treasury shares (337 thousand shares) are excluded in the calculation of the holding ratio shown above.



# Company Overview: The Organo Group's Business Structure

## Water Treatment Engineering Business Unit

### Plant Division



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

### Service Solution Division

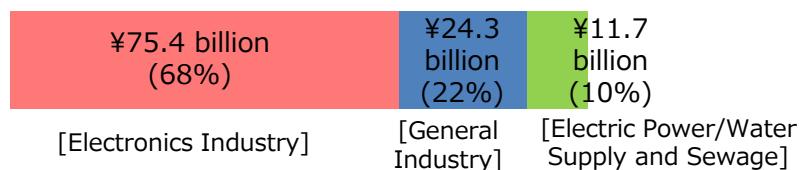


Facilities maintenance  
Operational support services and comprehensive maintenance  
Facility enhancements, renovation and reconditioning  
Contract water treatment

### Sales by Segment



### Sales by Market



## Performance Products Business Unit

### Water Treatment Chemicals Division



Treatment chemicals for wastewater, cooling water, cleaning and RO membranes, boiler waters, etc.

### Standard Water Treatment Equipment and Filters Division



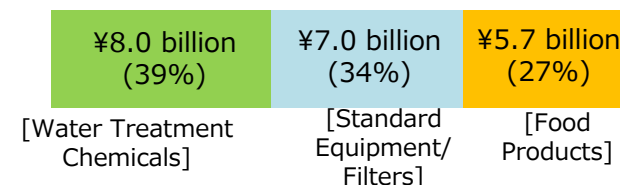
Pure and ultrapure water systems  
Water purification filters

### Food Products Division



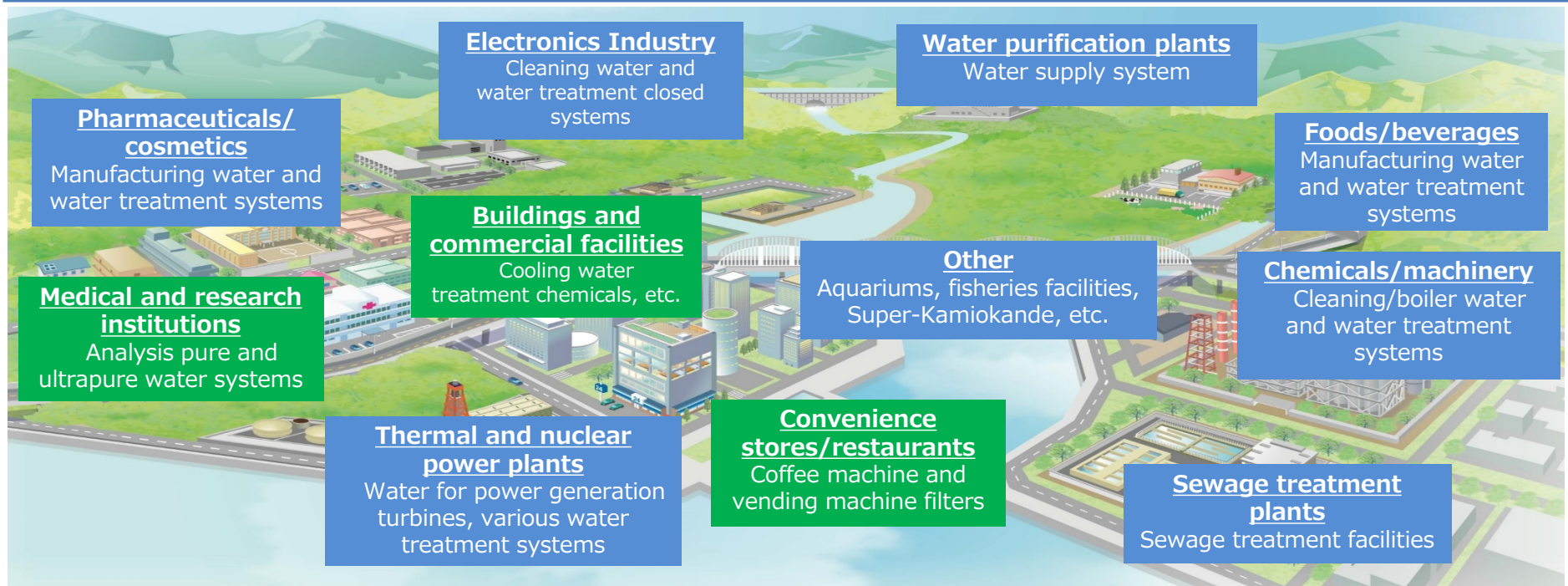
Food additives and processing agents  
Food ingredients

### Sales by Segment



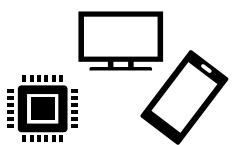
\*Amounts represent sales for FYE March 2023, percentages represent share of total sales.

# Company Overview: Organo's Water Treatment Technologies that Support Industry and Daily Life



## Water Treatment Engineering Unit

### Electronics Industry



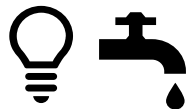
Semiconductors, panels, electronic parts, etc.

### General Industry



Pharmaceuticals and cosmetics, foods and beverages, mechanical and chemical uses, etc.

### Social Infrastructure



Thermal and nuclear power plants, water supply and sewage

## Performance Products Business Unit

### Water Treatment Chemicals



Various manufacturing industries, buildings and commercial facilities

### Standard Equipment and Filters



Medical and research institutions, convenience stores/restaurants

### Food Products



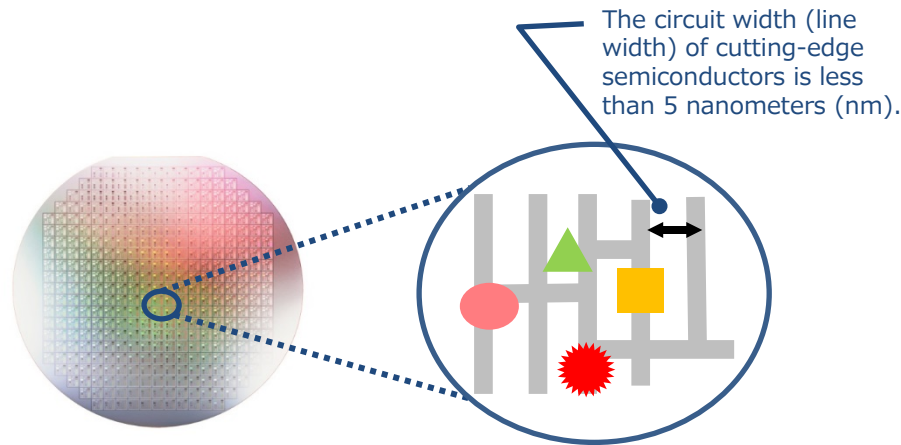
Food/beverages, nursing care, food/health food

# Company Overview: Semiconductors and Water

Of the many processes required in the semiconductor manufacturing operations, the cleaning process is said to account for about 30%.

Ultrapure water is used in the cleaning process, which is repeated before and after wafer fabrication, film deposition, etching, resist, etc.

Ultrapure water contributes to yield improvement.



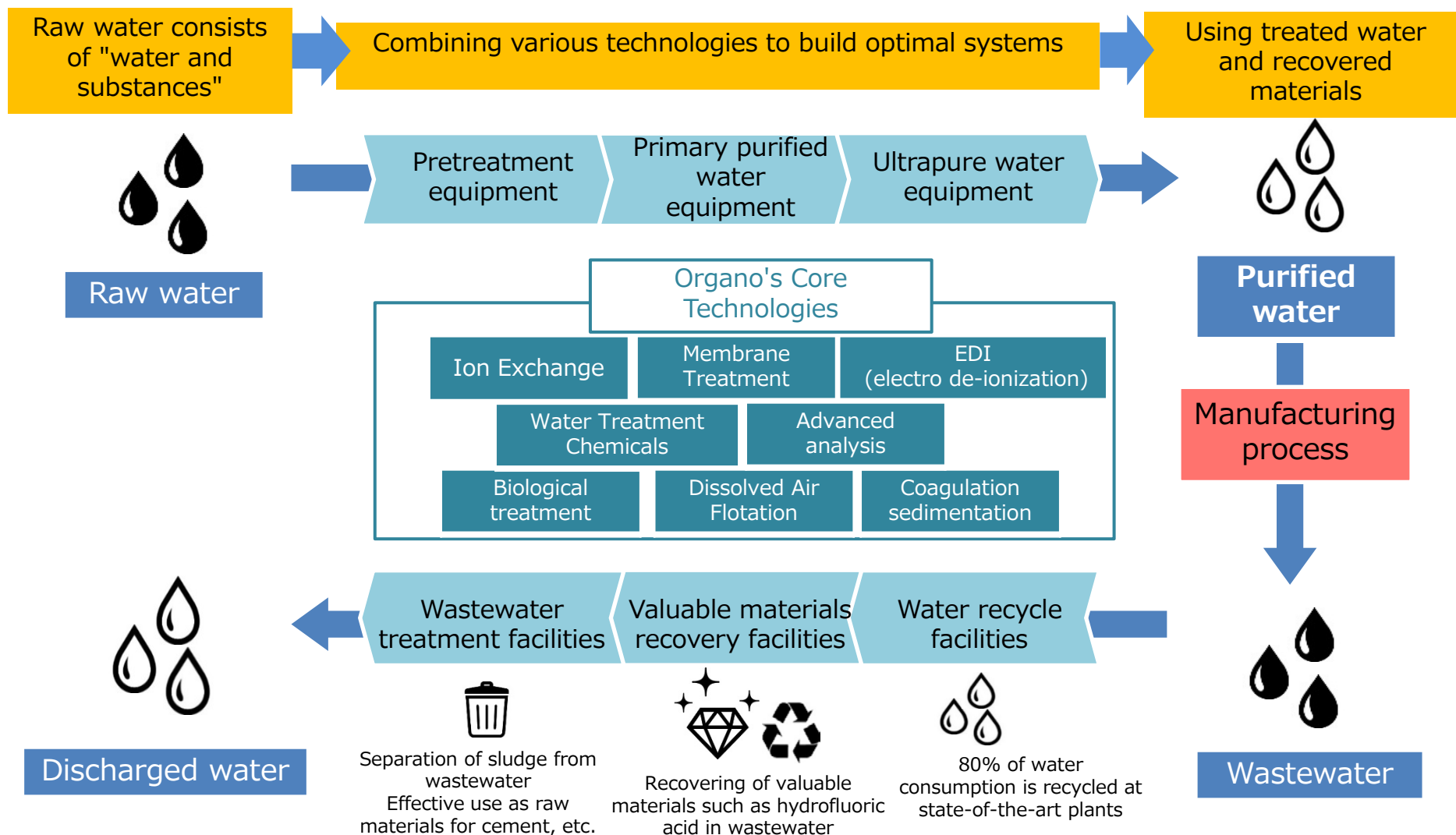
Silicon wafer

Adhesion of fine particles to circuits deteriorates the yield (good product rate).  
=> Ultrapure water is used for cleaning.

What	How much	Excellent technology and value
<b>Impurity Concentration</b>	<b>1 ppt or less</b>	The mass concentration is one trillionth of a trillionth. The amount of impurities dissolved in ultrapure water in an Olympic 50-m swimming pool (2,500 m <sup>3</sup> ) is equivalent to a teaspoon (2.5 mg) of an earpick.
<b>Volume of water produced</b>	<b>1000 ton/hour</b>	Large-capacity high-performance pumps and large-diameter piping are used. Filled an Olympic 50-m swimming pool (2,500m <sup>3</sup> ) in 2.5 hours.
<b>Water recovery rate</b>	<b>80%</b>	Semiconductor plants use a large amount of water for cleaning and other purposes, but at cutting-edge plants, more than 80% of water is recovered and reused, utilizing technology that not only recycles water but also recovers valuables contained in wastewater.

Organo provides ultrapure water supply facilities for cleaning wafers and chips, treatment facilities to render wastewater from cleaning and other manufacturing processes harmless and reduce waste, water recycling systems, and systems to recover and recycle fluorine, rare metals, and other valuable materials from wastewater.

# Company Overview: Water treatment facilities for the electronics industry





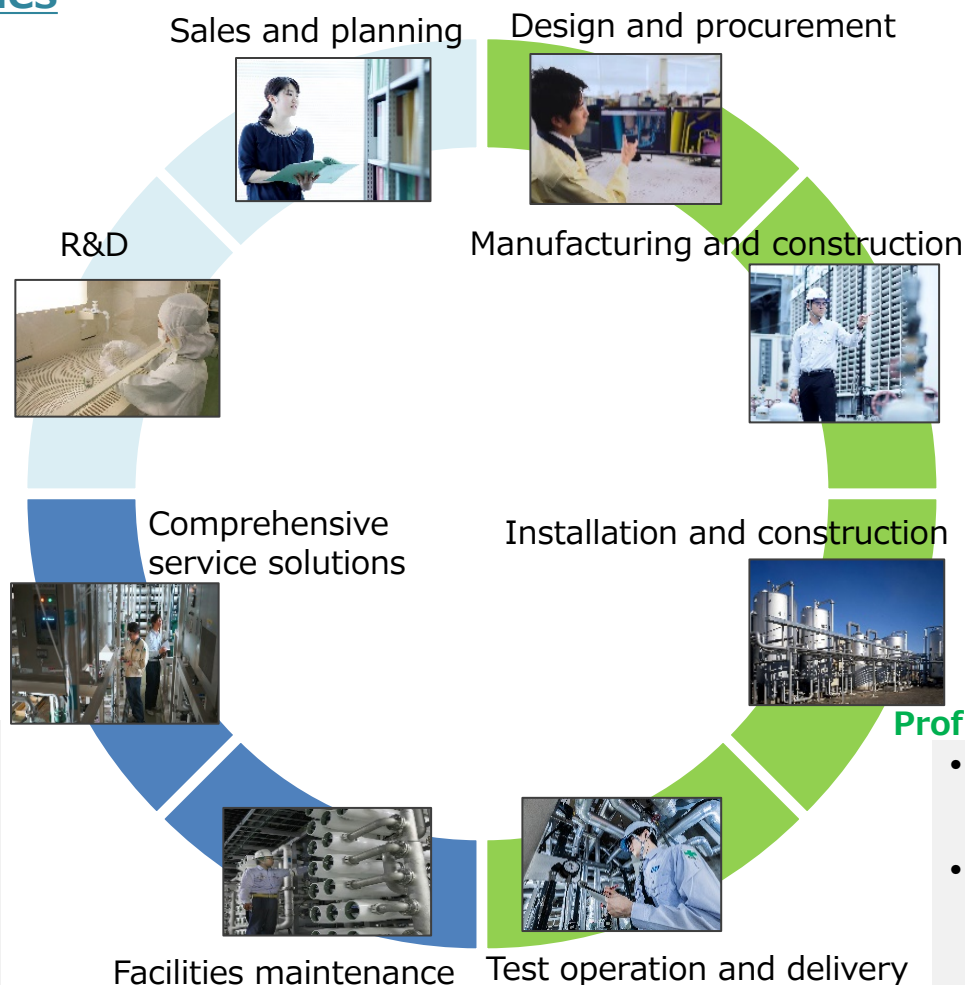
# Company Overview: Water Treatment Engineering and Business Cycle

## R&D and sales activities

- Joint experiments are conducted with customers for projects with cutting-edge technologies or in other cases.
- In some cases, the company presents proposals not only for new projects but also for modification and enhancement of delivered facilities.

## Service Solutions Business

- **Maintenance services** for delivered facilities **have a high repeat rate.**
- Service Solutions include facility-owned services, operational support services, and comprehensive maintenance contracts.



## Plant Business

### Facility scale

- Investment amount per water treatment facility is **scale of tens of millions of yen to over 10 billion yen.**

### Construction period

- Construction period for large facilities ranges **approx. from 12 to 24 months.**

### Recording of orders and sales

- Orders are recorded **at the conclusion of contract.**
- **Sales** are recorded **according to the progress of construction.**

### Profitability management and trends

- Management of risk of certain additional costs by factoring them into construction budgets
- Profitability is also affected by market trends in capital investment. In the past, profit margins have declined due to intensified competition caused by decreased investment.

# Company Overview: Organo Group History

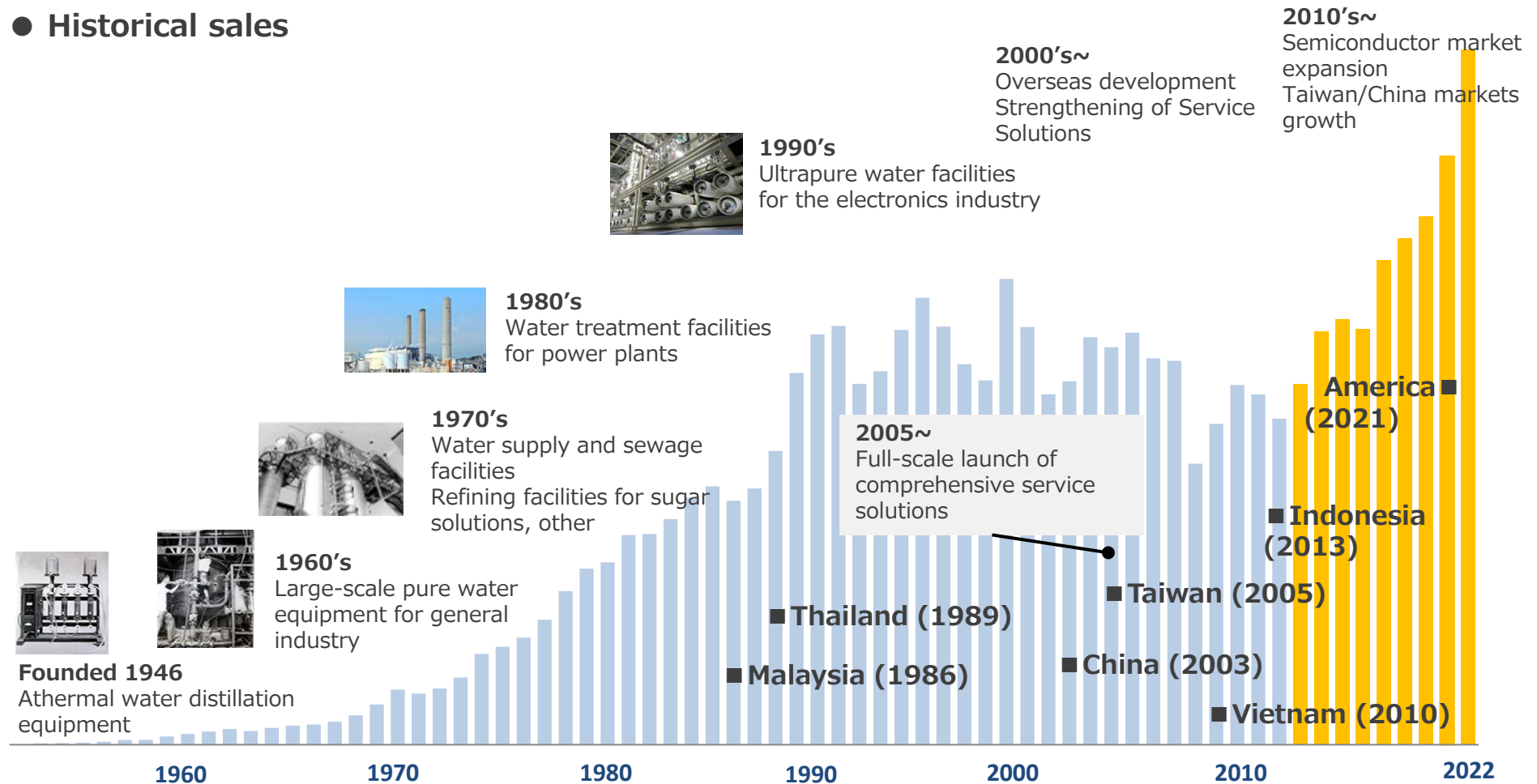
Development

Growth

Evolution

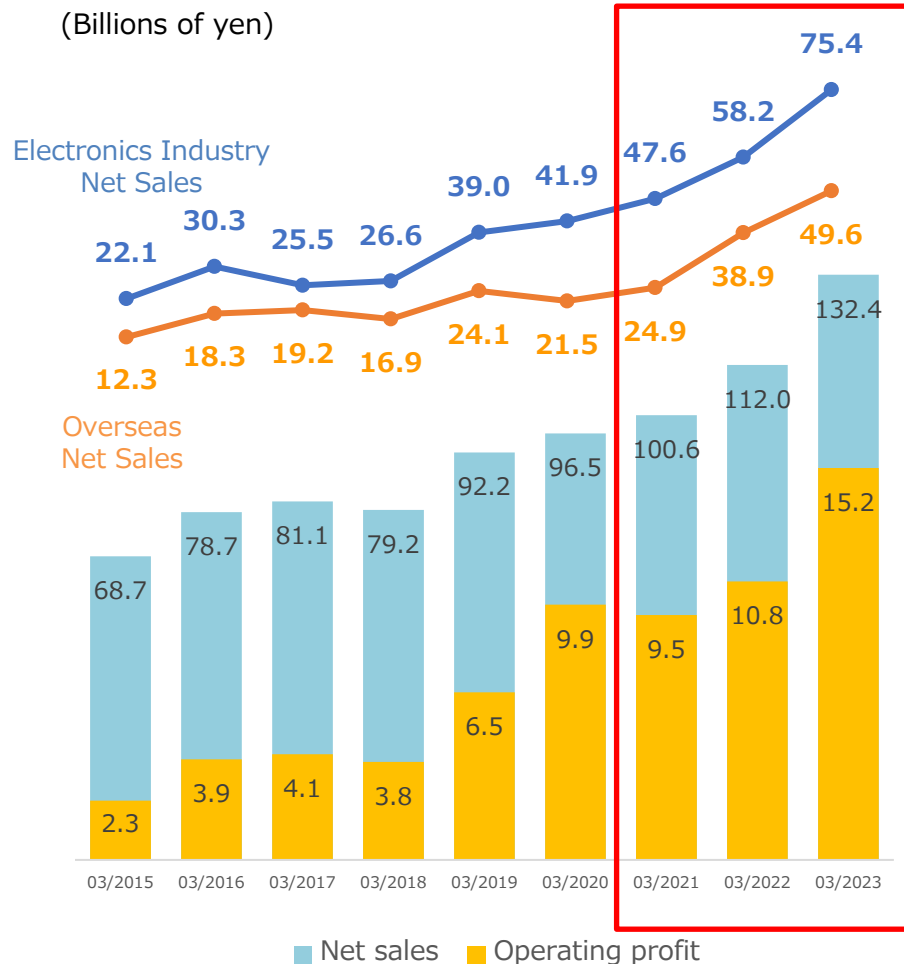
Expansion

## ● Historical sales



# Company Overview: Behind the Recent Performance Growth

## Recent performance trends



## Growth in the electronics industry

Our performance grew on the back of the growth of the semiconductor market from 2018 onward.

The company expects growth to continue, mainly in the electronics industry, in Japan and overseas.

## Expanded into Taiwanese and Chinese markets

By region, the Taiwanese and Chinese markets are growing strongly.

Investment in semiconductor areas, such as foundries and memory, is expanding.

## Profitability improvements

On top of sales growth in Service Solutions and performance products involving relatively high profit margin products, the company succeeded in improving profitability of orders and reducing costs in the Plant Department.

# Company Overview: Organo Group Network

## Domestic Network

### Iwaki Factory



Factory that assembles large-scale water treatment plant units

### Tsukuba Factory



World-leading ion exchange resin refinery



### Domestic Sales and Service Sites



The company has established a nationwide sales and service network.



### R&D Center (Sagamihara)

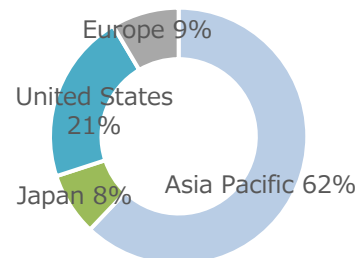


The R&D Center promotes research and development into cutting-edge water treatment and separation and refining technologies.

## Global Network



### Semiconductor production share by region (2021; WSTS survey)



### Established a local subsidiary in the US (Sept. 2021)

To date, the Group has primarily expanded into areas where the electronics industry is prominent, including Japan, China, Taiwan, and Malaysia.

In September 2021, the Group established a US subsidiary based in Arizona in conjunction with customers' factory expansions.



# Company Overview: External Recognition and Index Inclusion

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Organo's stock has been selected as a constituent of the JPX Nikkei Mid and Small Cap Index, a stock price index jointly calculated by Nikkei Inc. and JPX Market Innovation & Research, Inc.



**FTSE Blossom  
Japan Sector  
Relative Index**



We have also been chosen for inclusion in indexes such as Russell/Nomura Prime, S&P/JPX Carbon Efficient Index, Nomura RAFI, and FTSE Blossom Japan Sector Relative. Further, our stock was also evaluated as a benchmark for ESG investing and passive management.

# Contact

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