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## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2024 <under Japanese GAAP>

August 1, 2023

Company name: ORGANO CORPORATION  
 Listing: Tokyo Stock Exchange  
 Securities code: 6368  
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 Scheduled date to file quarterly securities report: August 8, 2023  
 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 three months of the fiscal year ending March 31, 2024 (from April 1, 2023 to June 30, 2023)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2023	29,612	6.4	2,861	28.9	3,103	17.9	1,597	6.8
June 30, 2022	27,835	24.8	2,219	65.8	2,633	61.5	1,495	82.7

Note: Comprehensive income: Three months ended June 30, 2023 ¥2,019 million [10.3%]  
 Three months ended June 30, 2022 ¥1,831 million [47.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended		
June 30, 2023	34.81	–
June 30, 2022	32.64	–

The Company conducted a 4-for-1 common share split effective as of October 1, 2022. Basic earnings per share are calculated on the assumption that said share split was conducted at the beginning of the previous fiscal year.

### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of			
June 30, 2023	160,656	86,871	53.9
March 31, 2023	164,854	86,371	52.3

(Reference) Equity: As of June 30, 2023 ¥86,657 million As of March 31, 2023 ¥86,170 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, 2023	–	116.00	–	33.00	–
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		33.00	–	33.00	66.00

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

The Company conducted a 4-for-1 common share split effective as of October 1, 2022. The second quarter-end dividend per share for the fiscal year ended March 31, 2023 was stated before taking into account the effect of this share split, and the total annual dividend for the year was stated as “–.” The annual dividend per share for the fiscal year ended March 31, 2023 that has been calculated based on post-share split figures is ¥62.

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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
Six months ending September 30, 2023	70,000	12.7	6,600	1.4	6,600	(11.4)	4,600	(8.5)	100.24
Fiscal year ending March 31, 2024	150,000	13.3	16,000	5.2	16,000	(0.1)	11,200	(4.5)	244.07

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: None

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

c. Changes in accounting estimates: None

d. Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2023	46,359,700 shares
As of March 31, 2023	46,359,700 shares

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

As of June 30, 2023	470,999 shares
As of March 31, 2023	470,795 shares

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

For the three months ended June 30, 2023	45,888,815 shares
For the three months ended June 30, 2022	45,818,204 shares

Notes:

1. The Company conducted a 4-for-1 common share split effective as of October 1, 2022. Average number of shares outstanding during the period is calculated on the assumption that said share split was conducted at the beginning of the previous fiscal year.
2. 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 three months” on page 3 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

Index

- 1. Qualitative information regarding financial results for the first three months..... 2
  - (1) Explanation regarding operating results..... 2
  - (2) Explanation regarding financial position ..... 3
  - (3) Explanation regarding consolidated earnings forecasts and other forward-looking statements 3
- 2. Quarterly consolidated financial statements and significant notes thereto ..... 4
  - (1) Consolidated balance sheet..... 4
  - (2) Consolidated statement of income and consolidated statement of comprehensive income..... 6
    - Consolidated statement of income (cumulative) ..... 6
    - Consolidated statement of comprehensive income (cumulative)..... 7
  - (3) Notes to quarterly consolidated financial statements..... 8
    - Notes on premise of going concern..... 8
    - Notes on substantial changes in the amount of shareholders' equity..... 8
    - Application of special accounting for preparing the quarterly consolidated financial statements ..... 8
    - Segment information, etc. .... 9

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

### (1) Explanation regarding operating results

During the three months ended June 30, 2023 (April 1, 2023 to June 30, 2023), the global economy faced continued concerns about downward economic pressures, including a slowdown in the Chinese economy mainly due to a sluggish real estate market, and prolonged monetary tightening in the United States, Europe, and other countries in response to high inflation.

In the electronics industry, the Company's main market, the market environment remained challenging as demand for memory and other semiconductors deteriorated against a backdrop of sluggish smartphone and PC sales, and capital investment and factory utilization rates declined. On the other hand, the general industry field, the social infrastructure field, such as electric power/water supply and sewage, and the Performance Products Business Unit remained strong.

Under these conditions, the Organo Group proceeded to draw in orders and make deliveries for largescale projects in Japan and overseas, while establishing engineering solutions frameworks and strengthening supply chains, etc. to increase our production and delivery capacity and improve the efficiency thereof. We also engaged in initiatives to enhance R&D aimed at the creation of the next-generation technology and new businesses, and worked on initiatives for sustainability and strengthened our governance structure.

As a result, in the Group's financial results for the three months ended June 30, 2023, orders received decreased by 35.3% year on year to ¥33,598 million, net sales increased by 6.4% to ¥29,612 million, operating profit increased by 28.9% to ¥2,861 million, ordinary profit increased by 17.9% to ¥3,103 million, profit attributable to owners of parent increased by 6.8% to ¥1,597 million, and our carry-over balance for order backlog as of June 30, 2023 was up 8.6% to ¥122,725 million.

Results by segment are as follows.

[Water Treatment Engineering Business Unit]

#### ■Orders received

Orders received decreased 40.2% year on year to ¥27,978 million. The electronics field, which is our main market, saw a significant decrease in orders received as a result of delays in investment decisions for large-scale projects against a backdrop of factors including deteriorating conditions in the semiconductor market, and also due to a rebound from the orders we received in the same period of the previous fiscal year for large-scale projects in countries including Japan, China, and Malaysia. On the other hand, the general industry field and the social infrastructure field, such as electric power/water supply and sewage, remained strong mainly in Japan, and so did the Plant Division and the Service Solutions Division.

#### ■Net sales

Net sales increased 5.5% year on year to ¥24,136 million. In the electronics field, we saw mostly steady progress in the construction of carried-over order backlogs from the previous year despite the impact of delays in part of overseas projects. We also saw strong performance in the Service Solutions Division mainly due to commencement of the large-scale facility-owned service operations in Japan. The general industry field and the social infrastructure field, such as electric power/water supply and sewage, remained strong mainly in Japan, and so did the Plant Division and the Service Solutions Division.

#### ■Operating profit

Operating profit increased 36.9% year on year to ¥2,298 million. In addition to the effects of greater revenue resulting from higher sales, the improvement in profitability in some projects and the expansion of relatively profitable Service Solutions Division led to an improvement in gross profit margin, which more than offset rises in expenses, such as personnel expenses and research and development expenses. As a result, operating profit climbed.

[Performance Products Business Unit]

■Orders received/Net sales

Orders received increased 10.1% year on year to ¥5,619 million and net sales increased 10.4% year on year to ¥5,475 million. In the Water Treatment Chemicals field, net sales of various water treatment chemicals to fields such as the electronics industry advanced steadily, and sales in the Standard Equipment/Filters field and the Food Products field were also strong.

■Operating profit

Operating profit increased 4.1% year on year to ¥562 million. Operating profit increased as gross profit grew due to the effect of increased sales, offsetting the impact of higher costs for raw materials and personnel expenses.

**(2) Explanation regarding financial position**

Assets, liabilities and net assets

*Assets*

Assets as of June 30, 2023 amounted to ¥160,656 million, a decrease of ¥4,198 million from the previous fiscal year end. This was mainly due to decreases of ¥15,334 million in work in process and ¥7,977 million in notes and accounts receivable - trade, and contract assets, despite an increase of ¥19,254 million in investments in leases.

*Liabilities*

Liabilities as of June 30, 2023 amounted to ¥73,784 million, a decrease of ¥4,698 million from the previous fiscal year end. This was mainly due to a decrease of ¥4,408 million in notes and accounts payable - trade.

*Net Assets*

Net assets as of June 30, 2023 amounted to ¥86,871 million, an increase of ¥500 million from the previous fiscal year end. This was mainly due to increases of ¥212 million in foreign currency translation adjustment and ¥197 million in valuation difference on available-for-sale securities.

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

In terms of the earnings forecasts, the first half and full year consolidated earnings forecasts for the fiscal year ending March 31, 2024, released on May 12, 2023, remain unchanged.

As for the current situation, despite deteriorating market conditions in the electronics industry, particularly in semiconductors, we expect mostly steady progress in construction work as there are no signs of cancellation of, or significant delays in, plans for the projects of carried-over order backlogs from the previous year. In addition, several major customers in Japan and overseas are planning to make large-scale investments anticipating that semiconductor manufacturing bases will be dispersed and that the market will expand in and beyond 2024. Therefore, at present, we expect to achieve our initial plan in terms of orders received, net sales and profits. The Company will revise its forecasts appropriately according to the situation, based on each business segment and the trends in each country and region.

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

### (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	15,558	13,723
Notes and accounts receivable - trade, and contract assets	72,857	64,879
Electronically recorded monetary claims - operating	2,826	2,943
Investments in leases	9,853	29,108
Merchandise and finished goods	7,165	7,878
Work in process	21,886	6,552
Raw materials and supplies	1,744	1,964
Other	4,891	5,441
Allowance for doubtful accounts	(17)	(21)
Total current assets	136,765	132,470
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,183	19,218
Accumulated depreciation	(13,104)	(13,229)
Buildings and structures, net	6,078	5,988
Machinery, equipment and vehicles	6,582	6,624
Accumulated depreciation	(5,452)	(5,552)
Machinery, equipment and vehicles, net	1,129	1,072
Land	12,296	12,300
Construction in progress	118	101
Other	5,955	6,091
Accumulated depreciation	(4,784)	(4,885)
Other, net	1,171	1,206
Total property, plant and equipment	20,795	20,670
Intangible assets	949	938
Investments and other assets		
Investment securities	2,430	2,712
Retirement benefit asset	815	861
Deferred tax assets	2,673	2,587
Other	596	587
Allowance for doubtful accounts	(171)	(171)
Total investments and other assets	6,343	6,577
Total non-current assets	28,088	28,186
Total assets	164,854	160,656

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	20,904	16,495
Electronically recorded obligations - operating	4,640	4,575
Short-term borrowings	29,124	32,453
Income taxes payable	3,014	1,435
Contract liabilities	3,007	4,493
Provision for bonuses	1,594	725
Provision for product warranties	548	602
Provision for loss on construction contracts	512	377
Provision for share awards for directors (and other officers)	105	130
Other	5,284	3,599
<b>Total current liabilities</b>	<b>68,738</b>	<b>64,888</b>
Non-current liabilities		
Long-term borrowings	3,895	3,000
Deferred tax liabilities	91	79
Retirement benefit liability	5,511	5,549
Other	245	267
<b>Total non-current liabilities</b>	<b>9,744</b>	<b>8,896</b>
<b>Total liabilities</b>	<b>78,483</b>	<b>73,784</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	8,225	8,225
Capital surplus	7,508	7,508
Retained earnings	69,002	69,081
Treasury shares	(613)	(614)
<b>Total shareholders' equity</b>	<b>84,123</b>	<b>84,200</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	539	736
Deferred gains or losses on hedges	(2)	5
Foreign currency translation adjustment	1,191	1,404
Remeasurements of defined benefit plans	317	309
<b>Total accumulated other comprehensive income</b>	<b>2,047</b>	<b>2,456</b>
Non-controlling interests	201	214
<b>Total net assets</b>	<b>86,371</b>	<b>86,871</b>
<b>Total liabilities and net assets</b>	<b>164,854</b>	<b>160,656</b>



**(2) Consolidated statement of income and consolidated statement of comprehensive income****Consolidated statement of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Net sales	27,835	29,612
Cost of sales	21,049	21,509
Gross profit	6,786	8,102
Selling, general and administrative expenses	4,567	5,241
Operating profit	2,219	2,861
Non-operating income		
Interest income	5	15
Dividend income	20	20
Foreign exchange gains	511	232
Share of profit of entities accounted for using equity method	43	8
Other	16	26
Total non-operating income	597	303
Non-operating expenses		
Interest expenses	33	52
Other	150	9
Total non-operating expenses	183	61
Ordinary profit	2,633	3,103
Extraordinary income		
Gain on sale of non-current assets	4	3
Total extraordinary income	4	3
Extraordinary losses		
Loss on abandonment of non-current assets	0	11
Total extraordinary losses	0	11
Profit before income taxes	2,636	3,094
Income taxes	1,134	1,494
Profit	1,502	1,600
Profit attributable to non-controlling interests	6	3
Profit attributable to owners of parent	1,495	1,597

**Consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)	Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)
Profit	1,502	1,600
Other comprehensive income		
Valuation difference on available-for-sale securities	(43)	196
Deferred gains or losses on hedges	0	7
Foreign currency translation adjustment	365	222
Remeasurements of defined benefit plans, net of tax	6	(8)
Share of other comprehensive income of entities accounted for using equity method	(0)	1
Total other comprehensive income	328	419
Comprehensive income	1,831	2,019
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,815	2,006
Comprehensive income attributable to non-controlling interests	15	12

**(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

**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 first quarter ended June 30, 2023, 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.

**Segment information, etc.**

[Segment information]

I Three months ended June 30, 2022 (From April 1, 2022 to June 30, 2022)

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	22,877	4,957	27,835	–	27,835
Intersegment sales or transfers	0	93	93	(93)	–
Total	22,877	5,051	27,929	(93)	27,835
Segment profit	1,679	540	2,219	–	2,219

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 Three months ended June 30, 2023 (From April 1, 2023 to June 30, 2023)

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	24,136	5,475	29,612	–	29,612
Intersegment sales or transfers	0	93	93	(93)	–
Total	24,137	5,568	29,705	(93)	29,612
Segment profit	2,298	562	2,861	–	2,861

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.