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Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 <under Japanese GAAP>

May 13, 2024

Company name: ORGANO CORPORATION
 Listing: Tokyo Stock Exchange
 Securities code: 6368
 URL: <https://www.organo.co.jp/english/>
 Representative: Masayuki Yamada, Representative Director and President
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 TEL: +81-3-5635-5111
 Scheduled date of ordinary general meeting of shareholders: June 27, 2024
 Scheduled date to commence dividend payments: June 28, 2024
 Scheduled date to file annual securities report: June 27, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results (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	%
Fiscal year ended								
March 31, 2024	150,356	13.5	22,544	48.2	23,425	46.2	17,310	47.6
March 31, 2023	132,426	18.2	15,212	40.2	16,020	38.8	11,730	27.4

Note: Comprehensive income: Fiscal year ended March 31, 2024 ¥19,112 million [51.7%]
 Fiscal year ended March 31, 2023 ¥12,602 million [21.1%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Operating profit ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2024	376.92	—	18.4	13.5	15.0
March 31, 2023	255.77	—	14.5	10.8	11.5

(Reference) Share of profit (loss) of entities accounted for using equity method

Fiscal year ended March 31, 2024 ¥203 million

Fiscal year ended March 31, 2023 ¥208 million

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	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	182,703	102,147	55.8	2,218.53
March 31, 2023	164,854	86,371	52.3	1,877.80

(Reference) Equity: As of March 31, 2024 ¥101,928 million

As of March 31, 2023 ¥86,170 million

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

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	3,726	(1,415)	(641)	17,642
March 31, 2023	(18,536)	(1,309)	14,706	15,558

2. Cash dividends

	Annual dividends per share					Total cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	–	116.00	–	33.00	–	2,853	24.2	3.5
Fiscal year ended March 31, 2024	–	41.00	–	61.00	102.00	4,694	27.1	5.0
Fiscal year ending March 31, 2025 (Forecast)	–	53.00	–	53.00	106.00		30.2	

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, 2025 (from April 1, 2024 to March 31, 2025)

(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, 2024 (cumulative)	70,000	6.9	8,500	8.2	8,500	(0.5)	5,500	(0.7)	119.71
Fiscal year ending March 31, 2025	155,000	3.1	23,000	2.0	23,000	(1.8)	16,100	(7.0)	350.43

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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
- (3) Number of issued shares (common shares)

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

As of March 31, 2024	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 March 31, 2024	415,524 shares
As of March 31, 2023	470,795 shares

- c. Average number of shares outstanding during the period

For the fiscal year ended March 31, 2024	45,925,048 shares
For the fiscal year ended March 31, 2023	45,863,749 shares

Notes:

- The Company conducted a 4-for-1 common share split effective as of October 1, 2022. The 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.
- 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.

[Reference] Overview of non-consolidated financial results

**1. Non-consolidated financial results for the fiscal year ended March 31, 2024
(from April 1, 2023 to March 31, 2024)**

- (1) Non-consolidated operating results (Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	92,440	17.9	12,885	45.9	16,102	46.0	12,673	47.5
March 31, 2023	78,387	11.9	8,834	30.4	11,026	27.2	8,593	14.9

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	275.96	–
March 31, 2023	187.36	–

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) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	133,909	78,491	58.6	1,708.41
March 31, 2023	125,235	68,824	55.0	1,499.80

(Reference) Equity: As of March 31, 2024 ¥78,491 million

As of March 31, 2023 ¥68,824 million

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

<Reasons for year-on-year differences in non-consolidated financial results>

Differences between the results for the fiscal year under review and the results for the previous fiscal year occurred for the same reasons stated in “(1) Overview of operating results for the fiscal year under review” in “1. Overview of operating results, etc.” on 2 of the attached material.

* Financial results reports are exempt from audit 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 “(4) Future outlook” in “1. Overview of operating results, etc.” on page 7 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. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

During the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024), the global economy remained firm against the backdrop of the strong U.S. economy, despite the slowdown of the Chinese economy and rising geopolitical risks in the Middle East and other regions. The Japanese economy has also been showing signs of improvement, such as raising interest rates due to the lifting of the negative interest rate policy for the first time in 17 years and the Nikkei Stock Average reaching the highest level in 34 years.

In the electronics industry, the Organo Group's main market, in addition to investment in cutting-edge semiconductors for artificial intelligence (AI) and other applications, capital investment in power semiconductors for electric vehicles (EVs) and automotive semiconductors as well as semiconductor materials such as silicon wafers remained at a high level. In the general industry, capital investment was brisk in pharmaceuticals and cosmetics and in electronics peripherals, while in the electric power/water supply and sewage field, service solutions, etc. for the resumption of operation of nuclear power stations remained robust.

Under these conditions, in order to promote order-taking and delivery activities for large-scale projects in Japan and overseas, the Organo Group has been establishing engineering and service solution frameworks, improving operational efficiency through the use of digital technology, and working on expanding production and delivery capacities by strengthening its global supply chains and through collaboration with partner companies. Moreover, we have strengthened R&D aimed at the creation of next-generation technology and new businesses, worked on securing and developing human resources, and stepped up efforts to enhance sustainability and governance.

As a result, for the fiscal year ended March 31, 2024, orders received decreased by 16.7% year on year to ¥144,468 million, net sales increased by 13.5% year on year to ¥150,356 million, operating profit increased by 48.2% to ¥22,544 million, ordinary profit increased by 46.2% to ¥23,425 million, profit attributable to owners of parent increased by 47.6% to ¥17,310 million, and return on equity (ROE) was 18.4%, compared to 14.5% for the previous fiscal year. Although orders received decreased from the previous fiscal year during which a series of investments for large-scale projects were made, net sales and the respective profit figures surpassed the actual results of the previous fiscal year and the levels of the initial plan across the board and achieved record highs as in the previous fiscal year. The carry-over balance for the order backlog, which will form the basis for sales from the next fiscal year onward, was ¥115,618 million (down 1.7% year on year). Centering on large-scale semiconductor projects, etc., the order backlog remained at a high level.

(Millions of yen)

Category	78th term Fiscal year ended March 31, 2023	79th term (Fiscal year under review)		Year-on-year	Actual-to- forecast
		Fiscal year ended March 31, 2024			
		Initial plan	Actual result		
Orders received	173,491	150,000	144,468	(16.7)%	(3.7)%
Carry-over balance for order backlog	117,659	117,659	115,618	(1.7)%	(1.7)%
Net sales	132,426	150,000	150,356	13.5%	0.2%
Operating profit	15,212	16,000	22,544	48.2%	40.9%
Operating profit ratio (%)	11.5	10.7	15.0	—	—
Ordinary profit	16,020	16,000	23,425	46.2%	46.4%
Profit attributable to owners of parent	11,730	11,200	17,310	47.6%	54.6%
Return on equity (ROE) (%)	14.5	12.6	18.4	—	—

Results by segment are as follows.

[Water Treatment Engineering Business Unit]

Net sales ratio 85.1%	Orders received	¥122,122 million (Down 19.9% year on year)
	Net sales	¥127,995 million (Down 14.7% year on year)
	Operating profit	¥19,582 million (Up 51.0% year on year)

Major Business		● Customers and Markets		
● Major Business and Products		Electronics industry	Electric power/ water supply and sewage	General industry
Plant Division	Service Solutions Division	Semiconductors Flat panel display Electronic parts	Power plants Water purification plants Sewage treatment plants	Pharmaceuticals, cosmetics Food and beverage Machinery and chemicals
Pure and ultrapure water production facilities Industrial process water treatment facilities Wastewater treatment and recovery facilities Valuable material recovery facilities Production processing-related facilities	Replacement of expendable items Maintenance Operational support services Renovation and reconditioning Contract water treatment Comprehensive maintenance			

■ Orders received

Orders received decreased 19.9% year on year to ¥122,122 million. In the electronics industry, although we received orders for large-scale projects in Japan related to silicon wafers and power semiconductors, orders received decreased due to a decline in orders received overseas in the aftermath of a series of large-scale semiconductor projects in China, Taiwan, Malaysia, etc. in the previous fiscal year. On the other hand, orders received increased in the general industry and the social infrastructure field, such as electric power/water supply and sewage. This was mainly attributed to orders received for plant projects in pharmaceuticals and electronic peripherals and projects for solutions for the resumption of operation of nuclear power stations.

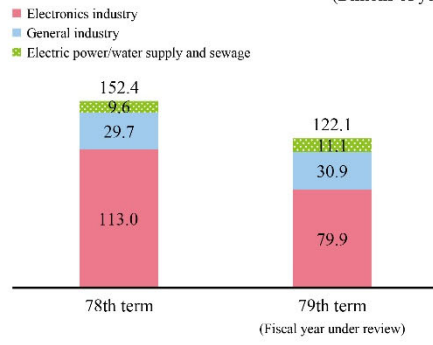
■ Net sales

Net sales increased 14.7% year on year to ¥127,995 million. In the electronics industry, net sales increased due to mostly steady progress in the construction of large-scale projects ordered, such as those related to semiconductors, and strong sales of solution services through the enhancement of facility-owned services for semiconductor plants in Japan and an increase of various maintenance services. In the general industry, net sales increased due to progress in the construction of plant projects ordered and growth in the Service Solutions Division, including maintenance services. On the other hand, in the social infrastructure field, such as electric power/water supply and sewage, net sales decreased slightly due to a decrease in the number of on-hand plant projects, such as those for water purification plants.

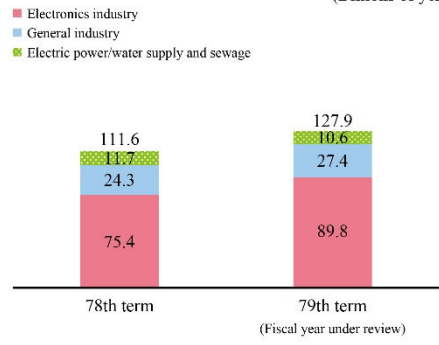
■ Operating profit

Operating profit increased 51.0% year on year to ¥19,582 million. This was attributable to an increase in the number of large-scale plant projects in the electronics and general industries and the expansion of solution services, whose profitability is relatively high, including facility-owned services and various maintenance services. In addition, improved profitability of orders received against the backdrop of active capital investment as well as various cost reduction and profit improvement initiatives resulted in a higher gross profit margin.

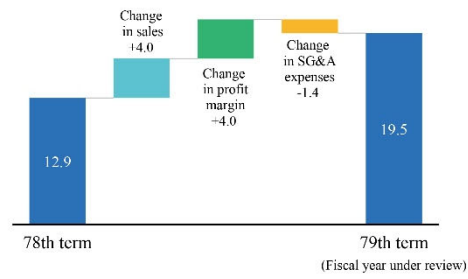
Water Treatment Engineering Business Unit Orders received
(Billions of yen)



Water Treatment Engineering Business Unit Net sales
(Billions of yen)



Water Treatment Engineering Business Unit Causes of changes in operating profit
(Billions of yen)



[Performance Products Business Unit]

Net sales ratio 14.9%	Orders received	¥22,346 million (Up 6.1% year on year)
	Net sales	¥22,360 million (Up 7.4% year on year)
	Operating profit	¥2,961 million (Up 31.8% year on year)

Major Business

● Major Business and Products

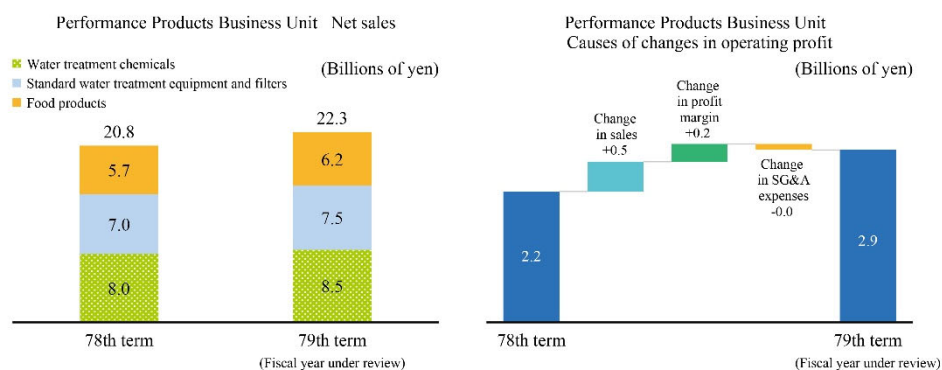
Water Treatment Chemicals Division	Standard Water Treatment Equipment and Filters Division	Food Products Division
RO membrane protection chemicals, Wastewater treatment chemicals, Cooling water treatment chemicals, Cleaning chemicals, Boiler water treatment chemicals	Pure and ultrapure water production systems Water purification filters	Food ingredients Food processing agents
● Customers and Markets Various manufacturing industries Buildings and commercial facilities	● Customers and Markets Medical institutions, research institutions Various manufacturing industries Food and beverage, convenience stores	● Customers and Markets Food factories, food processing industry Beverage manufacturing Nursing care food, health food manufacturing

■ Orders received/Net sales

Orders received increased 6.1% year on year to ¥22,346 million and net sales increased 7.4% year on year to ¥22,360 million. In the water treatment chemicals field, sales of various water treatment chemicals, such as RO membrane protection chemicals and wastewater treatment chemicals, to the electronics industry were brisk. In the standard water treatment equipment and filters field, sales of small-scale pure water production equipment, such as Puric ω (omega) II ultrapure water production equipment for medical and research institutions launched in December 2023, and sales of water purification filters for coffee machines and vending machines were also strong. In the food products field, sales of various food processing agents for processed foods, among others, were brisk.

■ Operating profit

Operating profit increased 31.8% year on year to ¥2,961 million. In addition to strong sales in the water treatment chemicals, standard water treatment equipment and filters, and food products fields, an increase in sales of relatively high-margin products, such as water treatment chemicals, and progress in passing on higher costs in line with increases in raw material prices to selling prices, resulted in higher operating profit.



(2) Overview of financial position for the fiscal year under review

Current assets

Current assets as of March 31, 2024 amounted to ¥153,469 million, an increase of ¥16,703 million from the previous fiscal year end. This was mainly due to an increase of ¥17,960 million in investments in leases, despite a decrease of ¥12,664 million in work in process.

Non-current assets

Non-current assets as of March 31, 2024 amounted to ¥29,233 million, an increase of ¥1,145 million from the previous fiscal year end. This was mainly due to an increase of ¥1,139 million in retirement benefit assets.

Current liabilities

Current liabilities as of March 31, 2024 amounted to ¥72,602 million, an increase of ¥3,863 million from the previous fiscal year end. This was mainly due to an increase of ¥4,940 million in short-term borrowings.

Non-current liabilities

Non-current liabilities as of March 31, 2024 amounted to ¥7,953 million, a decrease of ¥1,790 million from the previous fiscal year end. This was mainly due to a decrease of ¥1,495 million in long-term borrowings.

Net Assets

Net assets as of March 31, 2024 amounted to ¥102,147 million, an increase of ¥15,776 million from the previous fiscal year end. This was mainly due to an increase of ¥13,904 million in retained earnings resulting from the recording of profit attributable to owners of parent.

(3) Overview of cash flows for the fiscal year under review

Cash and cash equivalents (hereinafter, “cash”) as of March 31, 2024 increased by ¥2,084 million from the previous fiscal year end to ¥17,642 million.

Cash flows from operating activities

Net cash provided by operating activities was ¥3,726 million. This was mainly because there was an increase in cash due to profit before income taxes despite a decrease in cash due to the construction of facilities for contract water treatment. (Net cash of ¥18,536 million was used in the fiscal year ended March 31, 2023.)

The increase in investments in leases of ¥17,960 million and the decrease in inventories of ¥9,128 million in the statement of cash flows were mainly due to the transfer from inventories to investments in leases due to the completion of facilities for contract water treatment.

Cash flows from investing activities

Net cash used in investing activities was ¥1,415 million. This was mainly because there was a decrease in cash due to the purchase of property, plant and equipment of ¥1,191 million. (Net cash of ¥1,309 million was used in the fiscal year ended March 31, 2023.)

Cash flows from financing activities

Net cash used in financing activities was ¥641 million. This was mainly because there were decreases in cash due to dividends paid of ¥3,405 million and repayments of long-term borrowings of ¥1,700 million while there was an increase in cash due to an increase in short-term borrowings of ¥4,676 million. (Net cash of ¥14,706 million was provided in the fiscal year ended March 31, 2023.)

(4) Future outlook

With respect to the earnings forecasts for the fiscal year ending March 31, 2025, plans call for orders received of ¥155,000 million (up 7.3% year on year), net sales of ¥155,000 million (up 3.1% year on year), operating profit of ¥23,000 million (up 2.0% year on year), ordinary profit of ¥23,000 million (down 1.8% year on year), profit attributable to owners of parent of ¥16,100 million (down 7.0% year on year), and return on equity (ROE) of 15.0%.

Regarding orders received, we anticipate receiving orders for several large-scale semiconductor-related projects planned in Japan and overseas in the electronics industry and orders in the general industry and the social infrastructure field at a level exceeding that of the previous fiscal year. We forecast an increase in net sales, as we expect generally steady progress in the construction of large-scale projects, which are included in the carry-over balance for order backlog, as well as higher sales in maintenance for facility-

owned services and delivered facilities and in water treatment chemicals, among others. In terms of operating profit, we anticipate an increase in profits due to the effect of increased revenue from the expansion of sales, which will offset increases in costs of human resources-related investment, including the strengthening of systems for capacity expansion in engineering and solutions and human resource development and utilization, outsourcing, investments for digital technology, and R&D. Meanwhile, we forecast a decrease in ordinary profit and profit attributable to owners of parent, because foreign exchange gains reflecting the depreciation of the yen and a gain on sale of securities were recorded in the previous fiscal year, among other factors.

(Millions of yen, %)

Category	Fiscal year ended March 31, 2024	Fiscal year ending March 31, 2025 Initial plan	Change
Orders received	144,468	155,000	7.3%
Carry-over balance for order backlog	115,618	115,618	0.0%
Net sales	150,356	155,000	3.1%
Operating profit	22,544	23,000	2.0%
Operating profit ratio (%)	15.0	14.8	—
Ordinary profit	23,425	23,000	(1.8)%
Profit attributable to owners of parent	17,310	16,100	(7.0)%
Return on equity (ROE) (%)	18.4	15.0	—

2. Basic policy regarding the selection of accounting standards

The Organo Group will prepare its consolidated financial statements in accordance with Japanese GAAP for the time being.

Meanwhile, we will remain attentive to developments in Japan and overseas with respect to the International Financial Reporting Standards (IFRS).

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	15,558	17,642
Notes receivable - trade	1,026	1,144
Accounts receivable - trade	39,470	42,977
Electronically recorded monetary claims - operating	2,826	4,452
Contract assets	32,359	33,651
Investments in leases	9,853	27,814
Merchandise and finished goods	7,165	7,707
Work in process	21,886	9,221
Raw materials and supplies	1,744	4,902
Other	4,891	3,978
Allowance for doubtful accounts	(17)	(23)
Total current assets	136,765	153,469
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,183	19,526
Accumulated depreciation	(13,104)	(13,550)
Buildings and structures, net	6,078	5,976
Machinery, equipment and vehicles	6,582	6,706
Accumulated depreciation	(5,452)	(5,828)
Machinery, equipment and vehicles, net	1,129	877
Land	12,296	12,304
Construction in progress	118	148
Other	5,955	6,557
Accumulated depreciation	(4,784)	(5,229)
Other, net	1,171	1,327
Total property, plant and equipment	20,795	20,634
Intangible assets	949	986
Investments and other assets		
Investment securities	2,430	2,835
Retirement benefit asset	815	1,955
Deferred tax assets	2,673	2,404
Other	596	600
Allowance for doubtful accounts	(171)	(183)
Total investments and other assets	6,343	7,613
Total non-current assets	28,088	29,233
Total assets	164,854	182,703

(Millions of yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	20,904	19,842
Electronically recorded obligations - operating	4,640	2,839
Short-term borrowings	29,124	34,065
Income taxes payable	3,014	3,605
Contract liabilities	3,007	3,920
Provision for bonuses	1,594	1,890
Provision for product warranties	548	1,686
Provision for loss on construction contracts	512	83
Provision for share awards for directors (and other officers)	105	107
Other	5,284	4,561
Total current liabilities	68,738	72,602
Non-current liabilities		
Long-term borrowings	3,895	2,400
Deferred tax liabilities	91	59
Retirement benefit liability	5,511	5,344
Other	245	149
Total non-current liabilities	9,744	7,953
Total liabilities	78,483	80,555
Net assets		
Shareholders' equity		
Share capital	8,225	8,225
Capital surplus	7,508	7,508
Retained earnings	69,002	82,907
Treasury shares	(613)	(518)
Total shareholders' equity	84,123	98,122
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	539	774
Deferred gains or losses on hedges	(2)	—
Foreign currency translation adjustment	1,191	1,923
Remeasurements of defined benefit plans	317	1,108
Total accumulated other comprehensive income	2,047	3,805
Non-controlling interests	201	219
Total net assets	86,371	102,147
Total liabilities and net assets	164,854	182,703

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

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Net sales	132,426	150,356
Cost of sales	97,449	106,514
Gross profit	34,976	43,841
Selling, general and administrative expenses	19,763	21,297
Operating profit	15,212	22,544
Non-operating income		
Interest income	35	138
Dividend income	44	47
Foreign exchange gains	559	546
Share of profit of entities accounted for using equity method	208	203
Other	130	205
Total non-operating income	978	1,142
Non-operating expenses		
Interest expenses	159	240
Other	10	20
Total non-operating expenses	170	261
Ordinary profit	16,020	23,425
Extraordinary income		
Gain on sale of non-current assets	5	13
Gain on sale of investment securities	40	191
Gain on liquidation of subsidiaries	—	57
Total extraordinary income	46	262
Extraordinary losses		
Loss on sale of non-current assets	0	—
Loss on abandonment of non-current assets	28	55
Loss on sale of investment securities	1	—
Total extraordinary losses	31	55
Profit before income taxes	16,035	23,633
Income taxes - current	4,628	6,503
Income taxes - deferred	(357)	(205)
Total income taxes	4,270	6,298
Profit	11,764	17,334
Profit attributable to non-controlling interests	34	24
Profit attributable to owners of parent	11,730	17,310

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Profit	11,764	17,334
Other comprehensive income		
Valuation difference on available-for-sale securities	104	232
Deferred gains or losses on hedges	(2)	2
Foreign currency translation adjustment	625	748
Remeasurements of defined benefit plans, net of tax	110	792
Share of other comprehensive income of entities accounted for using equity method	0	2
Total other comprehensive income	837	1,777
Comprehensive income	12,602	19,112
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,559	19,068
Comprehensive income attributable to non-controlling interests	43	43

(3) Consolidated statement of changes in equity**Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)**

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,225	7,508	59,619	(734)	74,617
Changes during period					
Dividends of surplus			(2,347)		(2,347)
Profit attributable to owners of parent			11,730		11,730
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		0		125	125
Net changes in items other than shareholders' equity					
Total changes during period	–	0	9,383	121	9,505
Balance at end of period	8,225	7,508	69,002	(613)	84,123

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	434	(0)	575	208	1,218	168	76,004
Changes during period							
Dividends of surplus							(2,347)
Profit attributable to owners of parent							11,730
Purchase of treasury shares							(4)
Disposal of treasury shares							125
Net changes in items other than shareholders' equity	104	(2)	616	109	828	32	861
Total changes during period	104	(2)	616	109	828	32	10,366
Balance at end of period	539	(2)	1,191	317	2,047	201	86,371

Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,225	7,508	69,002	(613)	84,123
Changes during period					
Dividends of surplus			(3,405)		(3,405)
Profit attributable to owners of parent			17,310		17,310
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				97	97
Net changes in items other than shareholders' equity					
Total changes during period	—	—	13,904	95	13,999
Balance at end of period	8,225	7,508	82,907	(518)	98,122

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	539	(2)	1,191	317	2,047	201	86,371
Changes during period							
Dividends of surplus							(3,405)
Profit attributable to owners of parent							17,310
Purchase of treasury shares							(2)
Disposal of treasury shares							97
Net changes in items other than shareholders' equity	234	2	731	790	1,758	17	1,776
Total changes during period	234	2	731	790	1,758	17	15,776
Balance at end of period	774	—	1,923	1,108	3,805	219	102,147

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	16,035	23,633
Depreciation	1,824	2,010
Increase (decrease) in provisions	652	1,111
Increase (decrease) in retirement benefit liability	171	64
Decrease (increase) in retirement benefit asset	(211)	(239)
Interest and dividend income	(80)	(186)
Interest expenses	159	240
Foreign exchange losses (gains)	(233)	(43)
Loss (gain) on liquidation of subsidiaries	—	(57)
Share of loss (profit) of entities accounted for using equity method	(208)	(203)
Loss (gain) on sale of non-current assets	(4)	(13)
Loss on abandonment of non-current assets	28	55
Loss (gain) on sale of investment securities	(39)	(191)
Decrease (increase) in trade receivables and contract assets	(19,954)	(4,825)
Decrease (increase) in investments in leases	1,439	(17,960)
Decrease (increase) in inventories	(17,295)	9,128
Increase (decrease) in trade payables	664	(3,721)
Other, net	1,666	814
Subtotal	(15,384)	9,614
Interest and dividends received	93	198
Interest paid	(168)	(238)
Proceeds from insurance income	71	114
Income taxes refund (paid)	(3,147)	(5,965)
Other, net	—	3
Net cash provided by (used in) operating activities	(18,536)	3,726
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,205)	(1,191)
Proceeds from sale of property, plant and equipment	5	14
Purchase of intangible assets	(247)	(456)
Purchase of investment securities	(301)	(2)
Proceeds from sale of investment securities	73	254
Loan advances	—	(30)
Proceeds from collection of loans receivable	300	—
Other, net	64	(5)
Net cash provided by (used in) investing activities	(1,309)	(1,415)

(Millions of yen)

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	19,138	4,676
Repayments of long-term borrowings	(1,900)	(1,700)
Purchase of treasury shares	(4)	(2)
Dividends paid	(2,347)	(3,405)
Dividends paid to non-controlling interests	(10)	(25)
Other, net	(170)	(184)
Net cash provided by (used in) financing activities	14,706	(641)
Effect of exchange rate change on cash and cash equivalents	500	415
Net increase (decrease) in cash and cash equivalents	(4,639)	2,084
Cash and cash equivalents at beginning of period	20,198	15,558
Cash and cash equivalents at end of period	15,558	17,642

(5) Notes to consolidated financial statements

Notes on premise of going concern

No items to report

Changes in presentation

Consolidated statement of cash flows

“Loss (gain) on valuation of derivatives” under “Cash flows from operating activities,” which was separately presented in the previous fiscal year, is included in “Other, net” in the fiscal year under review because it is no longer material. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

Consequently, ¥(5) million in “Loss (gain) on valuation of derivatives” and ¥1,672 million in “Other, net” that were presented under “Cash flows from operating activities” in the consolidated statement of cash flows for the previous fiscal year have been reclassified as ¥1,666 million in “Other, net.”

Segment information, etc.

[Segment information]

1. Overview of reportable segments

The reportable segments of the Company are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic reviews to determine the distribution of management resources and evaluate their business results.

Based on a system of separate business units according to the product and service, the Company formulates comprehensive strategies for Japan and overseas for products and services handled by each business unit, etc., and carries out its business activities.

Therefore, the Company is comprised of product and service segments based on the business units, etc., and the two reportable segments, Water Treatment Engineering Business Unit and Performance Products Business Unit, handle products with similar qualities and economic characteristics and services with similar contents.

Each reportable segment and the major products and businesses in the segments are as follows.

Reportable Segment	Major Products and Business	
Water Treatment Engineering Business Unit	Plant Division	Pure and ultrapure water production facilities, Industrial process water treatment facilities, Wastewater treatment and recovery facilities, Valuable material recovery facilities, Production processing-related facilities
	Service Solutions Division	Replacement of expendable items, Maintenance, Operational support services, Renovation and reconditioning, Contract water treatment, Comprehensive maintenance
Performance Products Business Unit	Water Treatment Chemicals Division	RO membrane protection chemicals, Wastewater treatment chemicals, Cooling water treatment chemicals, Cleaning chemicals, Boiler water treatment chemicals
	Standard Water Treatment Equipment and Filters Division	Pure and ultrapure water production systems, Water purification filters
	Food Products Division	Food ingredients, Food processing agents

2. Calculation of net sales, profit (loss), assets, liabilities, and other items by reportable segment

The accounting methods used for reportable segments are the same as the accounting methods adopted for the preparation of consolidated financial statements.

Intersegment sales or transfers are determined by referencing general trading conditions in consideration of market prices, etc.

Moreover, 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.

3. Net sales, profit (loss), assets, liabilities, and other items by reportable segment

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable Segment			Adjustment (Note 1)	Reported in consolidated financial statements
	Water Treatment Engineering Business Unit	Performance Products Business Unit	Total		
Net sales					
Sales to external customers	111,601	20,824	132,426	—	132,426
Intersegment sales or transfers	0	347	348	(348)	—
Total	111,602	21,172	132,774	(348)	132,426
Segment profit	12,966	2,246	15,212	—	15,212
Segment assets	141,199	18,387	159,587	5,266	164,854
Other items					
Depreciation	1,476	347	1,824	—	1,824
Investment in entities accounted for using equity method	1,305	—	1,305	—	1,305
Increase in property, plant and equipment and intangible assets	1,232	234	1,466	—	1,466

Notes: 1. The adjustments of ¥5,266 million for segment assets are mainly deferred tax assets and long-term investment funds (investment securities).

2. “Depreciation” and “Increase in property, plant and equipment and intangible assets” include amortization of and an increase in long-term prepaid expenses.

Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable Segment			Adjustment (Note 1)	Reported in consolidated financial statements
	Water Treatment Engineering Business Unit	Performance Products Business Unit	Total		
Net sales					
Sales to external customers	127,995	22,360	150,356	—	150,356
Intersegment sales or transfers	0	395	396	(396)	—
Total	127,996	22,756	150,752	(396)	150,356
Segment profit	19,582	2,961	22,544	—	22,544
Segment assets	157,765	17,542	175,308	7,394	182,703
Other items					
Depreciation	1,668	341	2,010	—	2,010
Investment in entities accounted for using equity method	1,500	—	1,500	—	1,500
Increase in property, plant and equipment and intangible assets	1,483	372	1,855	—	1,855

Notes: 1. The adjustments of ¥7,394 million for segment assets are mainly deferred tax assets, retirement benefit asset, and long-term investment funds (investment securities).

2. “Depreciation” and “Increase in property, plant and equipment and intangible assets” include amortization of and an increase in long-term prepaid expenses.

[Related information]

Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)

1. Information by product and service

This information has been omitted, as identical information is disclosed in segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Taiwan	China	Southeast Asia	Other	Total
82,796	23,504	11,691	10,217	4,216	132,426

Note: Net sales are classified into countries or regions based on customers' location.

(2) Property, plant and equipment

This information has been omitted as the amount of property, plant and equipment located in Japan is more than 90% of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

Because there is no external customer for which sales account for 10% or more of net sales recorded on the consolidated statement of income, this information is not presented.

Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)

1. Information by product and service

This information has been omitted, as identical information is disclosed in segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Taiwan	China	Southeast Asia	Other	Total
96,544	18,555	19,996	13,110	2,149	150,356

Note: Net sales are classified into countries or regions based on customers' location.

(2) Property, plant and equipment

This information has been omitted as the amount of property, plant and equipment located in Japan is more than 90% of property, plant and equipment in the consolidated balance sheet.

3. Information by major customer

(Millions of yen)

Customer name	Net sales	Related segment
Taiwan Semiconductor Manufacturing Company, Ltd.	23,198	Water Treatment Engineering Business Unit

Note: Net sales comprise sales to Taiwan Semiconductor Manufacturing Company, Ltd. and to its corporate group.

[Information relating to impairment loss of non-current assets by each reportable segment]

No items to report

[Information relating to amortization of goodwill and unamortized balance by each reportable segment]

No items to report

[Information relating to gain on bargain purchase by each reportable segment]

No items to report

Per share information

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Net assets per share	¥1,877.80	¥2,218.53
Basic earnings per share	¥255.77	¥376.92

Notes: 1. Diluted earnings per share is not presented since no potential shares exist.

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

3. When calculating net assets per share in the fiscal year ended March 31, 2024, common shares of the Company held by the Officer Share Delivery Trust have been included in treasury shares excluded from the total number of issued shares at the end of the period (133 thousand shares at the end of the fiscal year ended March 31, 2023; 77 thousand shares at the end of the fiscal year ended March 31, 2024). Moreover, when calculating basic earnings per share, they have been included in treasury shares excluded from the calculation of the average number of shares outstanding during the period (158 thousand shares in the fiscal year ended March 31, 2023; 96 thousand shares in the fiscal year ended March 31, 2024).

4. The basis for the calculation of basic earnings per share is as follows.

	Fiscal year ended March 31, 2023 (From April 1, 2022 to March 31, 2023)	Fiscal year ended March 31, 2024 (From April 1, 2023 to March 31, 2024)
Profit attributable to owners of parent (millions of yen)	11,730	17,310
Amounts not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common shares (millions of yen)	11,730	17,310
Average number of common shares outstanding during the period (thousands of shares)	45,863	45,925

5. The basis for the calculation of net assets per share is as follows.

	As of March 31, 2023	As of March 31, 2024
Total net assets (millions of yen)	86,371	102,147
Amount subtracted from total net assets (millions of yen)	201	219
[Of which non-controlling interests (millions of yen)]	[201]	[219]
Net assets at the end of period attributable to common share (millions of yen)	86,170	101,928
Number of common shares at the end of period used to calculate net assets per share (thousands of shares)	45,888	45,944

Significant subsequent events

Absorption-type merger with a consolidated subsidiary

At a meeting of the Board of Directors held on October 25, 2023, the Company resolved to conduct an absorption-type merger (hereinafter, the “Merger”), with the Company as the surviving company and its consolidated subsidiary ORGANO ECO TECH CORPORATION as the disappearing company, and entered into a merger agreement on the same date. The Merger was completed on April 1, 2024.

1. Outline of the transaction

- (1) Name of constituent companies and description of their business
(Surviving company in the absorption-type merger)
 - (i) Company name: ORGANO CORPORATION
 - (ii) Description of business: Manufacture, sale, and maintenance of water treatment facilities and systems; sale of water treatment chemicals and food processing agents
(Disappearing company in the absorption-type merger)
 - (i) Company name: ORGANO ECO TECH CORPORATION
 - (ii) Description of business: Manufacture, sale, and maintenance of water treatment facilities and systems; sale of water treatment chemicals
- (2) Date of business combination
April 1, 2024
- (3) Legal form of business combination
Absorption-type merger, with the Company as the surviving company and ORGANO ECO TECH CORPORATION as the disappearing company
- (4) Name of company after combination
ORGANO CORPORATION
- (5) Other matters concerning the outline of the transaction
To strengthen the engineering structure as outlined in the Medium-Term Management Plan, concentrate management resources, and build an efficient delivery system, the Company decided to conduct the absorption-type merger with the consolidated subsidiary.

2. Outline of the implemented accounting processes

The transaction was treated as a common control transaction in accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, January 16, 2019) and the “Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, January 16, 2019).