

# **ORGANO CORPORATION**

## **Financial Results for Fiscal Year Ended March 31, 2024**

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**Securities Code: 6368**

May 15, 2024

# Contents

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1. FY ended 03/2024 Results and Overview of FY ending 03/2025 Plan
2. Analysis of Results and Plans for Each Division
3. Medium- to Long-term Management Plan
4. Company Overview and Business Profile

\* Figures in these materials are rounded down to the nearest unit of indication. Percentages, comparisons with the previous fiscal year and plan, and other presentations are calculated using the units of indication. Percentages are rounded to one digit past the decimal point.



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# FY ended 03/2024 Results and Overview of FY ending 03/2025 Plan

## Results for Year Ended March 2024

(Millions of yen)	03/2024 Actual	Year-on-Year	Comparison with Previous Forecast (02/02/2024)
Orders Received	144,468	-29,023 (-16.7%)	+968 (+0.7%)
Net Sales	150,356	+17,930 (+13.5%)	+356 (+0.2%)
Operating Profit	22,544	+7,332 (+48.2%)	+544 (+2.5%)
(%)	15.0%	+3.5 pt	+0.3 pt
ROE (%)	18.4%	+3.9 pt	+1.7 pt

- Orders received decreased due to a rebound from the previous fiscal year, when we received a series of large-scale projects, however, the Service Solutions, General Industry, and others performed strongly.
- In terms of sales, good progress was made on construction of projects with order backlog in Japan and overseas. Growth in facility-owned services and other areas of the Service Solutions also contributed.
- For operating profit, the profit margin increased due to the effects of growing sales, as well as improved order profitability, cost reductions, and other initiatives.

## Plan for Year Ending March 2025

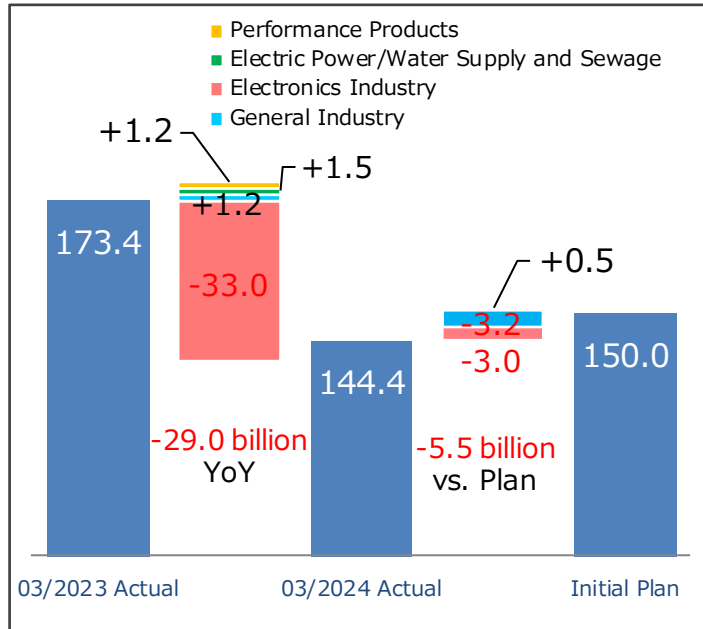
(Millions of yen)	03/2025 Plan	Year-on-Year
Orders Received	155,000	+10,532 (+7.3%)
Net Sales	155,000	+4,644 (+3.1%)
Operating Profit	23,000	+456 (+2.0%)
(%)	14.8%	-0.2 pt
ROE (%)	15.0%	-3.4 pt

- Orders received assume a high level of capital investment both within and outside of Japan, centering on the semiconductor field where investment appetite is strong.
- The sales plan calls for expansion of the Service Solutions and growing sales of water treatment chemicals and other products, in addition to progress on construction for received orders.
- For operating profit, we will maintain a profit margin of around 15%. We will reinforce investment for further growth and expanding delivery capacity.

# FY ended 03/2024: Overview of Full-year Results

(Billions of yen)

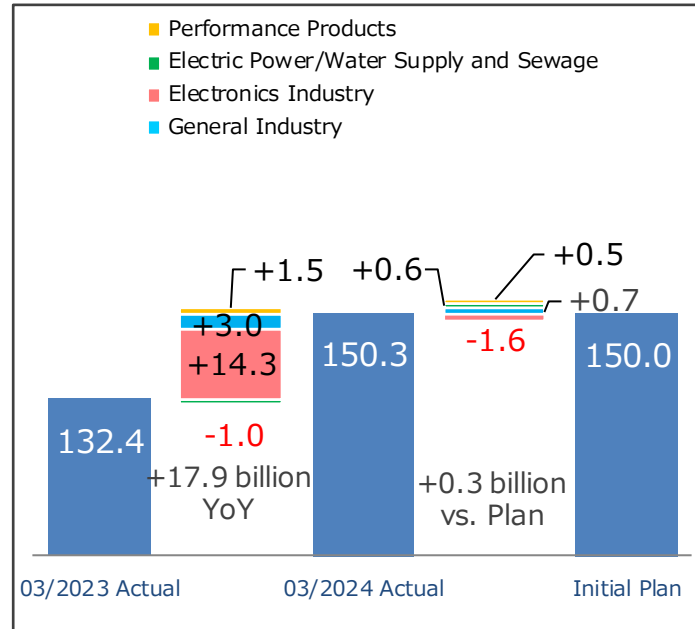
## Order Analysis



### [Orders]

Orders were down due to a rebound decline from the previous fiscal year, when we received a series of large-scale projects. Orders were down in comparison to the plan due to factors including order timing that was later than expected for some projects. However, the level of capital investment centering on semiconductors remained high both in Japan and overseas.

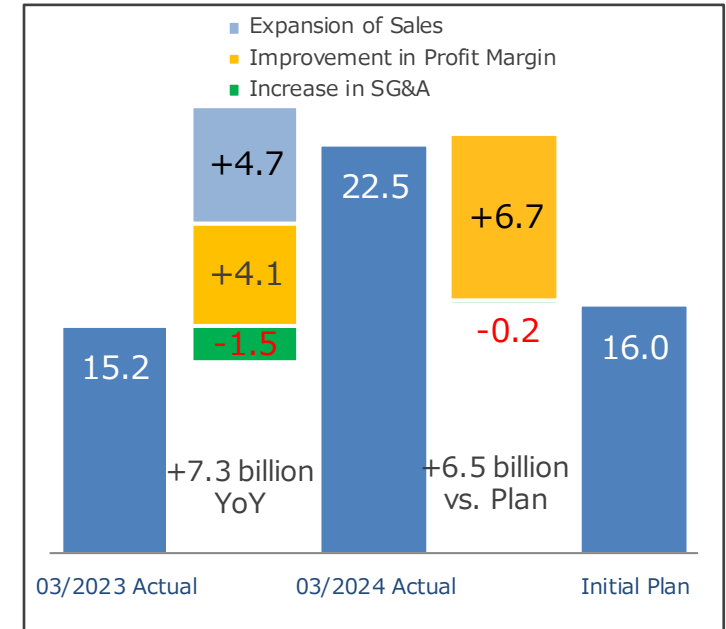
## Sales Analysis



### [Sales]

Sales compared to the previous year were higher due to factors including progress on construction for large-scale projects centering on the electronics industry, and growth of Service Solutions. Compared to the plan, although progress on some projects related to semiconductors was slower than expected, this shortfall was covered by higher sales in each area.

## Operating Profit Analysis



### [Operating Profit]

Compared to the previous fiscal year, in addition to the effects of growing sales, improved Plant Division profitability, growth in Service Solutions, and other factors increased the profit margin and covered our personnel expenses and other SG&A expenses. Compared to the plan, the profit margin increased by more than expected for both Plant and Service Solutions.

# FY ended 03/2024: Consolidated Statement of Income

(Millions of yen)	FY Ended 03/2023 Full-year Actual	FY Ended 03/2024		Full-year Actual	Year-on-Year	Vs. Initial Plan	Vs. Previous Forecast
		Initial Plan	Previous Forecast (02/02/2024)				
Orders Received	173,491	150,000	143,500	144,468	-29,023 (-16.7%)	-5,532 (-3.7%)	+968 (+0.7%)
Net Sales	132,426	150,000	150,000	150,356	+17,930 (+13.5%)	+356 (+0.2%)	+356 (+0.2%)
Gross Profit	34,976	37,000	43,000	43,841	+8,865 (+25.3%)	+6,841 (+18.5%)	+841 (+2.0%)
(%)	26.4%	24.7%	28.7%	29.2%	+2.8 pt	+4.5 pt	+0.5 pt
SG&A	19,763	21,000	21,000	21,297	+1,534 (+7.8%)	+297 (+1.4%)	+297 (+1.4%)
Operating Profit	15,212	16,000	22,000	22,544	+7,332 (+48.2%)	+6,544 (+40.9%)	+544 (+2.5%)
(%)	11.5%	10.7%	14.7%	15.0%	+3.5 pt	+4.3 pt	+0.3 pt
Profit Attributable to Owners of Parent	11,730	11,200	17,000	17,310	+5,580 (+47.6%)	+6,110 (+54.6%)	+310 (+1.8%)
ROE (%)	14.5%	12.6%	18.4%	18.4%	+3.9 pt	+5.8 pt	+0.0 pt

# FY ended 03/2024: Results by Segment

(Millions of yen)		FY Ended 03/2023 Full-year Actual	FY ended 03/2024		Year-on-Year	Vs. Initial Plan	Vs. Previous Forecast	
			Initial Plan	Previous Forecast (02/02/2024)				Full-year Actual
Company	Orders Received	173,491	150,000	143,500	144,468	-29,023 (-16.7%)	-5,532 (-3.7%)	+968 (+0.7%)
	Net Sales	132,426	150,000	150,000	150,356	+17,930 (+13.5%)	+356 (+0.2%)	+356 (+0.2%)
	Operating Profit	15,212	16,000	22,000	22,544	+7,332 (+48.2%)	+6,544 (+40.9%)	+544 (+2.5%)
	(%)	11.5%	10.7%	14.7%	15.0%	+3.5 pt	+4.3 pt	+0.3 pt
Water Treatment Engineering	Orders Received	152,422	128,200	121,500	122,122	-30,300 (-19.9%)	-6,078 (-4.7%)	+622 (+0.5%)
	Net Sales	111,601	128,200	128,000	127,995	+16,394 (+14.7%)	-205 (-0.2%)	-5 (-0.0%)
	Operating Profit	12,966	13,500	19,100	19,582	+6,616 (+51.0%)	+6,082 (+45.1%)	+482 (+2.5%)
	(%)	11.6%	10.5%	14.9%	15.3%	+3.7 pt	+4.8 pt	+0.4 pt
Performance Products	Orders Received	21,068	21,800	22,000	22,346	+1,278 (+6.1%)	+546 (+2.5%)	+346 (+1.6%)
	Net Sales	20,824	21,800	22,000	22,360	+1,536 (+7.4%)	+560 (+2.6%)	+360 (+1.6%)
	Operating Profit	2,246	2,500	2,900	2,961	+715 (+31.8%)	+461 (+18.4%)	+61 (+2.1%)
	(%)	10.8%	11.5%	13.2%	13.2%	+2.5 pt	+1.8 pt	+0.1 pt

# FY ended 03/2024: Consolidated Balance Sheet

(Millions of yen)	FY Ended 03/2023 Full-year Actual	FY Ended 03/2024 Full-year Actual	Year-on-Year
Cash and Deposits	15,558	17,642	+2,084
Accounts Receivable and Contract Assets	75,683	82,226	+6,542
Merchandise, Finished Goods, Raw Materials, Etc.	8,909	12,609	+3,700
Investments in Leases	9,853	27,814	+17,960
Work in Process	21,886	9,221	-12,664
Other	4,873	3,955	-918
<b>Total Current Assets</b>	<b>136,765</b>	<b>153,469</b>	<b>+16,703</b>
<b>Total Non-current Assets</b>	<b>28,088</b>	<b>29,233</b>	<b>+1,145</b>
<b>Total Assets</b>	<b>164,854</b>	<b>182,703</b>	<b>+17,849</b>

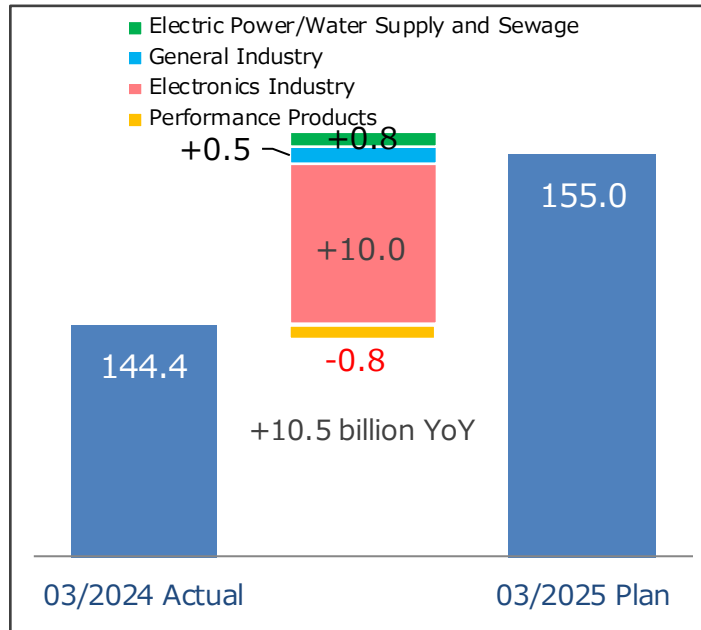
	FY Ended 03/2023 Full-year Actual	FY Ended 03/2024 Full-year Actual	Year-on-Year
Trade Payable	25,545	22,682	-2,863
Short-term Borrowings	29,124	34,065	+4,940
Other	14,068	15,854	+1,785
<b>Total Current Liabilities</b>	<b>68,738</b>	<b>72,602</b>	<b>+3,863</b>
Long-term Borrowings	3,895	2,400	-1,495
Other	5,849	5,553	-295
<b>Total Non-current Liabilities</b>	<b>9,744</b>	<b>7,953</b>	<b>-1,790</b>
<b>Total Liabilities</b>	<b>78,483</b>	<b>80,555</b>	<b>+2,072</b>
<b>Total Net Assets</b>	<b>86,371</b>	<b>102,147</b>	<b>+15,776</b>
<b>Total Liabilities and Net Assets</b>	<b>164,854</b>	<b>182,703</b>	<b>+17,849</b>



# FY ending 03/2025: Overview of Full-year Plan

(Billions of yen)

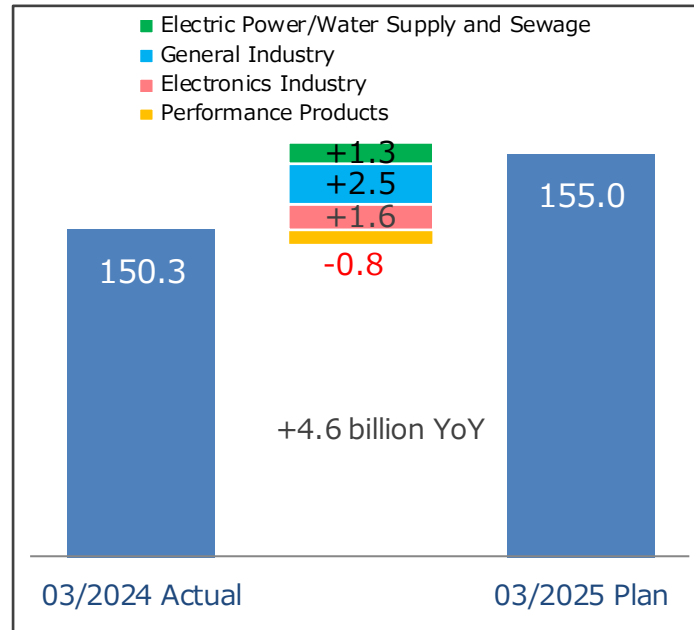
## Order Analysis



### [Orders]

The plan assumes the receipt of orders for large projects in Japan for cutting-edge semiconductors. General Industry and Electric Power/Water Supply and Sewage are expected to maintain a high level of orders. For Performance Products, a review of the business structure will be carried out aimed at improving profitability in the Food Products area, and unprofitable business will be reorganized.

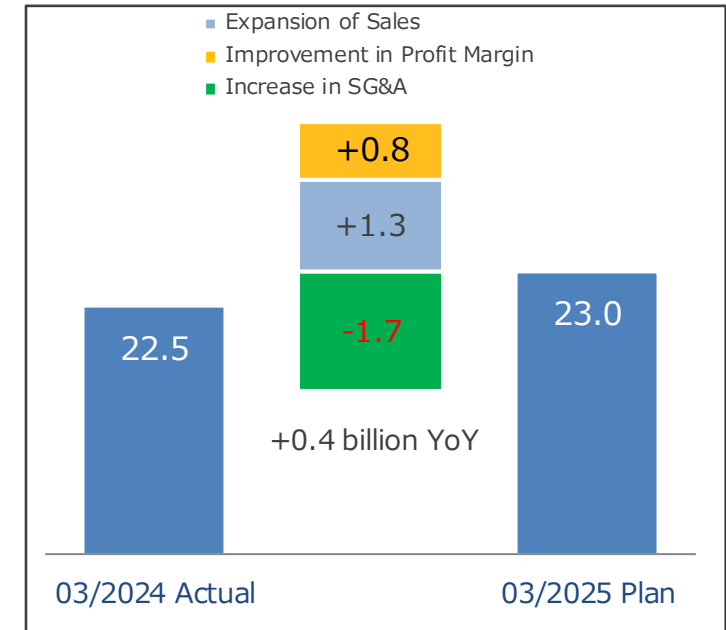
## Sales Analysis



### [Sales]

The plan calls for progress in construction for large-scale projects in the Electronics Industry, General Industry, and Electric Power/Water Supply and Sewage businesses, and for higher sales resulting from factors including expansion of Service Solutions. For Performance Products, a review of the business structure will be carried out aimed at improving profitability in the Food Products area, and unprofitable business will be reorganized.

## Operating Profit Analysis



### [Operating Profit]

The effects of growing sales in the Water Treatment Engineering Unit, including Plant and Service Solutions, will cover rising personnel expenses and other SG&A expenses. Some improvement in the profit margin is expected.

# FY ending 03/2025: Consolidated Statement of Income (Plan)

(Millions of yen)	FY ended 03/2024		FY ending 03/2025		1st Half Comparison	Full-year Comparison
	1st Half Actual	Full-year Actual	1st Half Plan	Full-year Plan		
Orders Received	76,150	144,468	87,000	155,000	+10,850 (+14.2%)	+10,532 (+7.3%)
Net Sales	65,469	150,356	70,000	155,000	+4,531 (+6.9%)	+4,644 (+3.1%)
Gross Profit	18,129	43,841	19,500	46,000	+1,371 (+7.6%)	+2,159 (+4.9%)
(%)	27.7%	29.2%	27.9%	29.7%	+0.2 pt	+0.5 pt
SG&A	10,274	21,297	11,000	23,000	+726 (+7.1%)	+1,703 (+8.0%)
Operating Profit	7,855	22,544	8,500	23,000	+645 (+8.2%)	+456 (+2.0%)
(%)	12.0%	15.0%	12.1%	14.8%	+0.1 pt	-0.2 pt
Profit Attributable to Owners of Parent	5,538	17,310	5,500	16,100	-38 (-0.7%)	-1,210 (-7.0%)
ROE (%)	—	18.4%	—	15.0%	—	-3.4 pt

# FY ending 03/2025: Plan by Segment

		FY Ended 03/2024		FY Ending 03/2025		1st Half Comparison	Full-year Comparison
		1st Half Actual	Full-year Actual	1st Half Plan	Full-year Plan		
Company	Orders Received	76,150	144,468	87,000	155,000	+10,850 (+14.2%)	+10,532 (+7.3%)
	Net Sales	65,469	150,356	70,000	155,000	+4,531 (+6.9%)	+4,644 (+3.1%)
	Operating Profit	7,855	22,544	8,500	23,000	+645 (+8.2%)	+456 (+2.0%)
	(%)	12.0%	15.0%	12.1%	14.8%	+0.1 pt	-0.2 pt
Water Treatment Engineering	Orders Received	65,084	122,122	76,300	133,500	+11,216 (+17.2%)	+11,378 (+9.3%)
	Net Sales	54,419	127,995	59,300	133,500	+4,881 (+9.0%)	+5,505 (+4.3%)
	Operating Profit	6,585	19,582	7,300	20,000	+715 (+10.9%)	+418 (+2.1%)
	(%)	12.1%	15.3%	12.3%	15.0%	+0.2 pt	-0.3 pt
Performance Products	Orders Received	11,065	22,346	10,700	21,500	-365 (-3.3%)	-846 (-3.8%)
	Net Sales	11,050	22,360	10,700	21,500	-350 (-3.2%)	-860 (-3.8%)
	Operating Profit	1,270	2,961	1,200	3,000	-70 (-5.5%)	+39 (+1.3%)
	(%)	11.5%	13.2%	11.2%	14.0%	-0.3 pt	+0.8 pt

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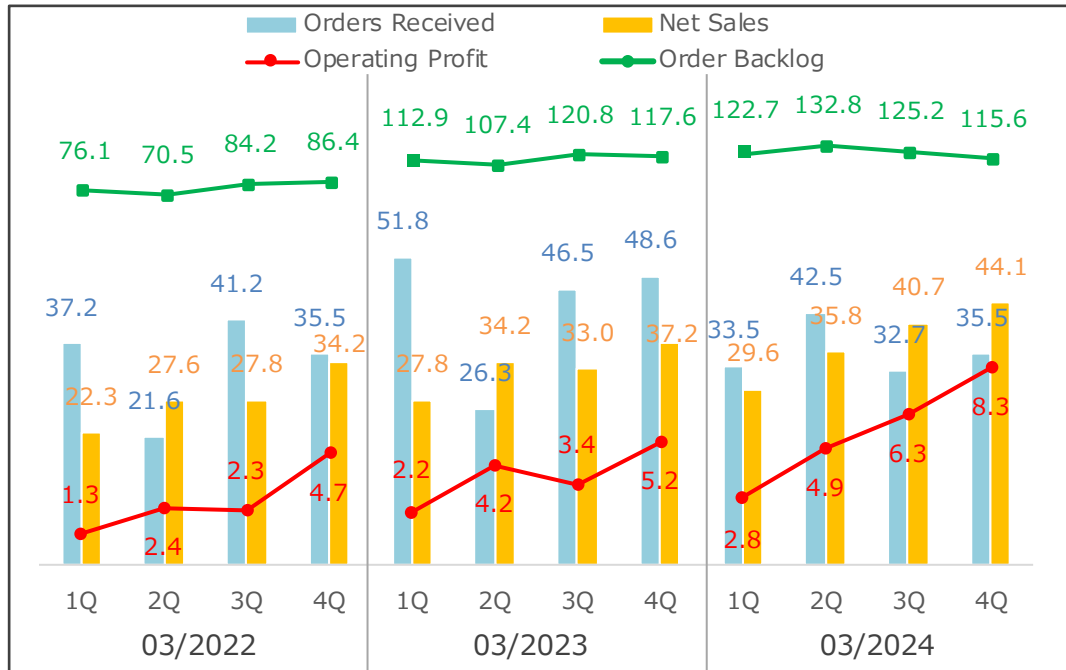
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# Trends in Orders Received, Net Sales, Order Backlog, and Operating Profit

(Billions of yen)

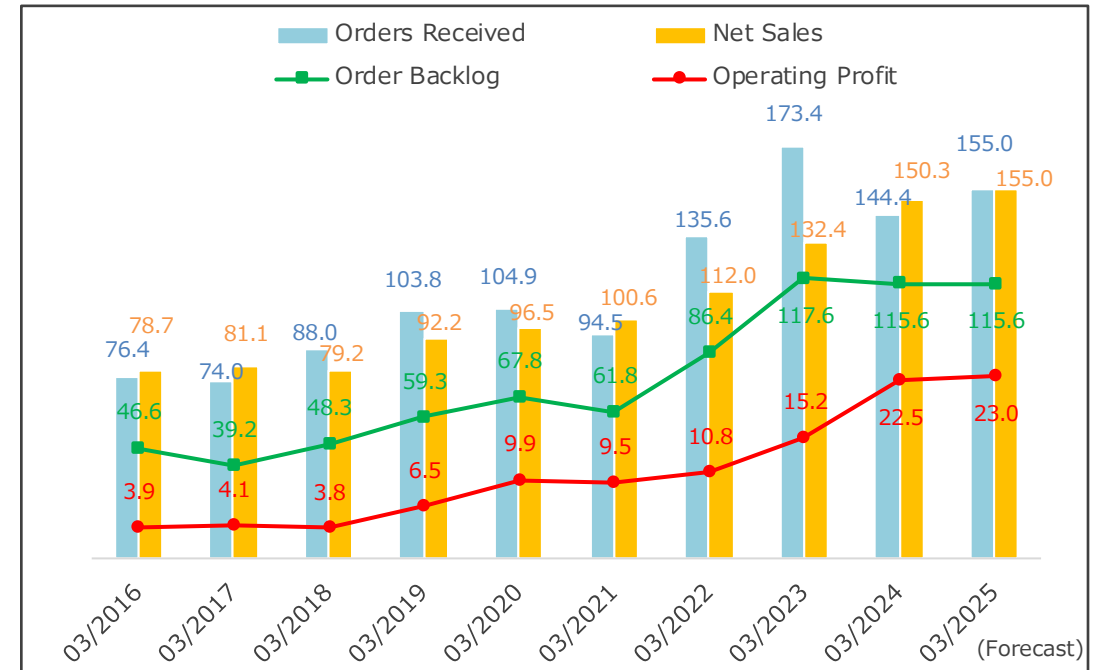
## Trends in Quarterly Results (03/2022–03/2024)



### [Trends in quarterly results]

The orders received are affected by the order timing of large projects. Sales are recorded according to the degree of construction progress, however, there are many projects with deadlines at the end of the fiscal year, and sales tend to gradually increase moving towards the end of March. Operating profit is affected by factors including the status of negotiations concerning additional payments resulting from correction of predicted costs, specification changes, and additional work in a project, however, operating profit tends to increase moving towards the end of the fiscal year.

## Trends in Annual Results



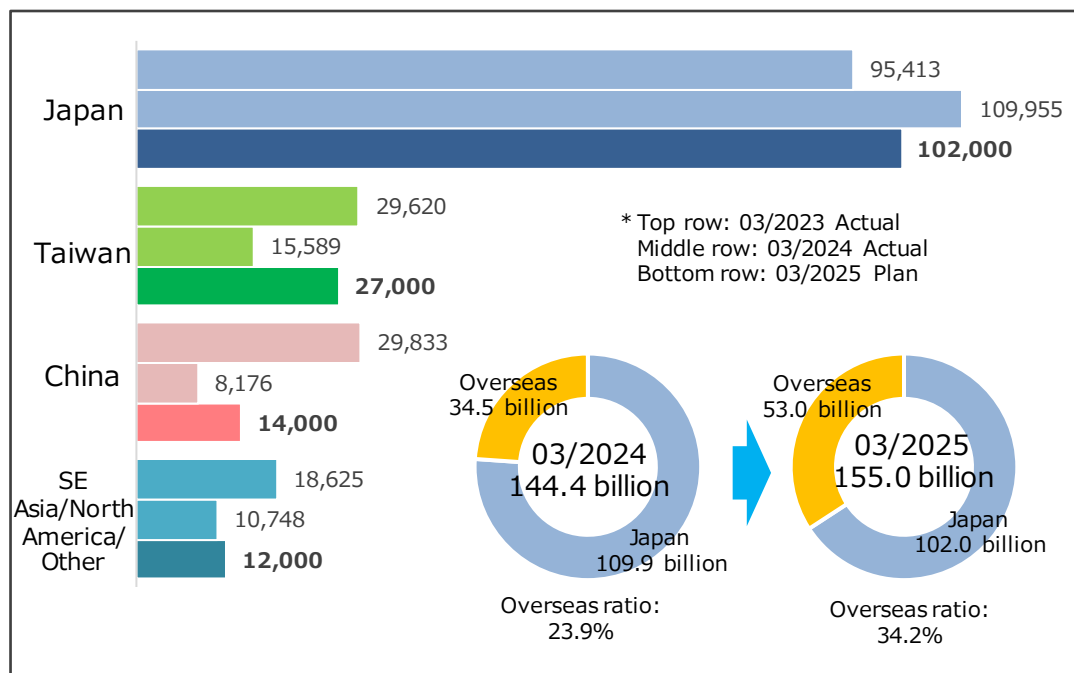
### [Trends in annual results]

Results improved dramatically beginning from 2018, when semiconductor investment became highly active in Taiwan and other places. The strong order environment continued and the order backlog was maintained at a high level. The increased capital investment activity enabled us to select orders, and we were able to focus on high-value projects. In addition, the growing scale of investment and rising prices of raw materials and construction boosted the rise in order prices and improvements to profitability.

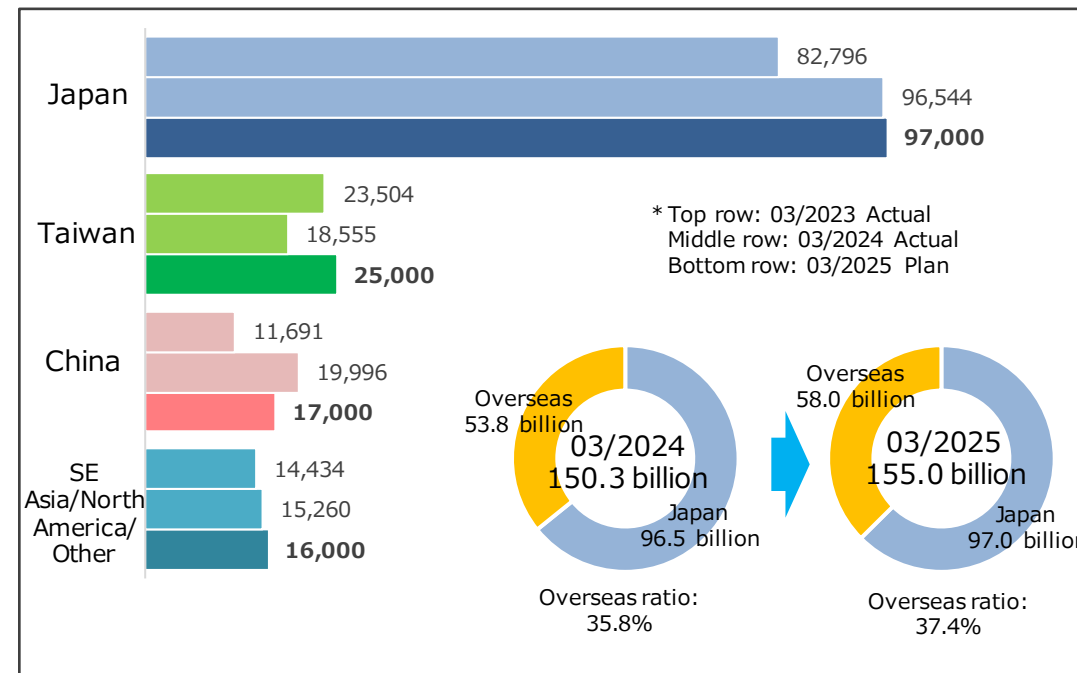
# Trends in Orders and Sales by Region

(Millions of yen)

## Orders Received by Region



## Sales by Region



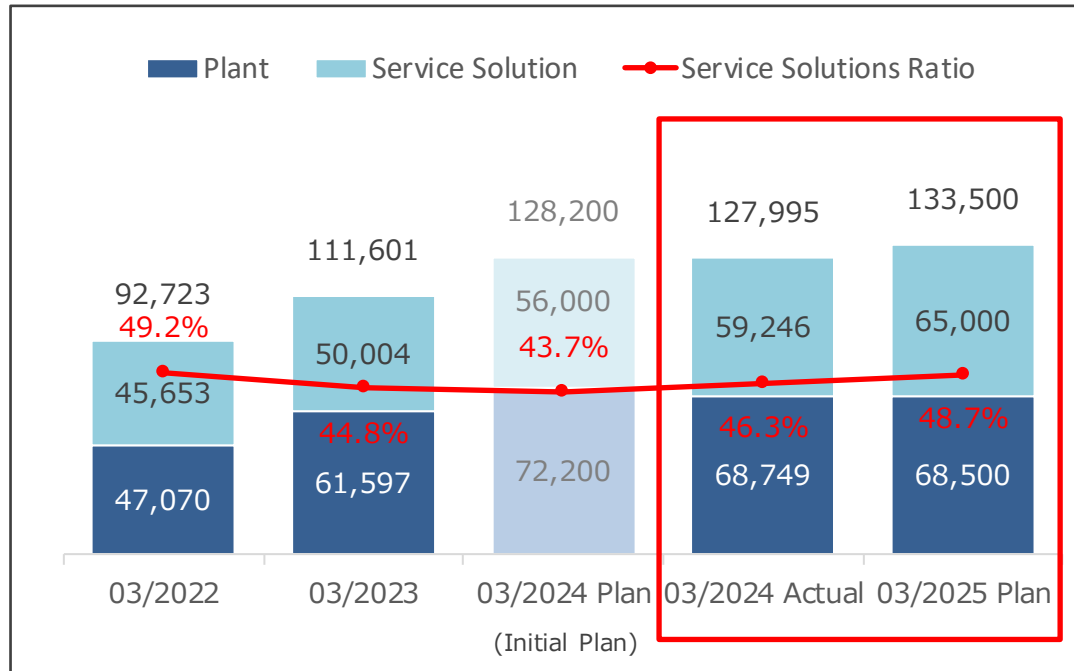
- Orders increased for both the Electronics Industry and General Industry in Japan during the FY ended 03/2024. During the FY ending 03/2025, a continued high level of orders is expected centering on cutting-edge semiconductor investment.
- Overseas, there was a rebound from the previous fiscal year, when there was a series of large investments, and results slowed in the FY ended 03/2024. In the FY ending 03/2025, a recovery in semiconductor investment is expected in Taiwan, China, and other places.

- In Japan, sales are expected to gradually expand, backed by strong orders for the Electronics Industry, General Industry, and others.
- Overseas, although sales in Taiwan have slowed somewhat, they are expected to return to growth in the FY ending 03/2025. Sales on a high level are also expected in China, SE Asia, and other places.

# Trends in Sales by Business Segment and Department

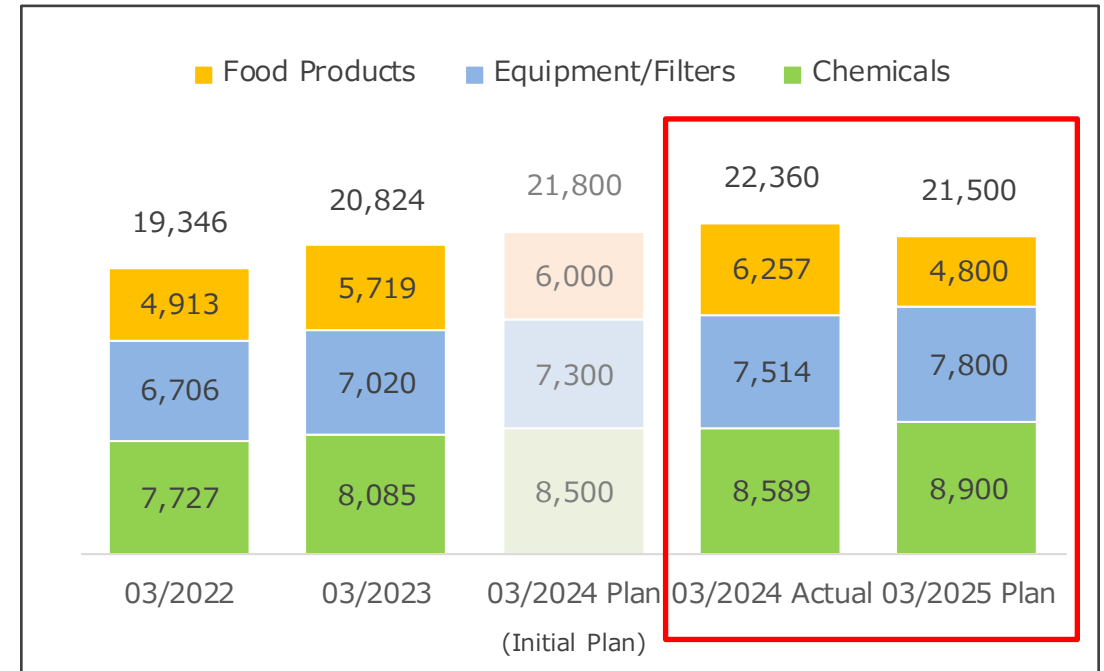
(Millions of yen)

## Water Treatment Engineering Unit: Sales by Department



- Plant will grow centered on semiconductors and other products in the Electronics Industry. A continued high level of sales is expected in the FY ending 03/2025.
- In the Service Solutions, the start of facility-owned service contracts, expansion of maintenance of the growing quantities of delivered facilities, and increase in projects for modifications will contribute to results. The Service Solutions ratio is also expected to increase.

## Performance Products Business Unit: Sales by Department

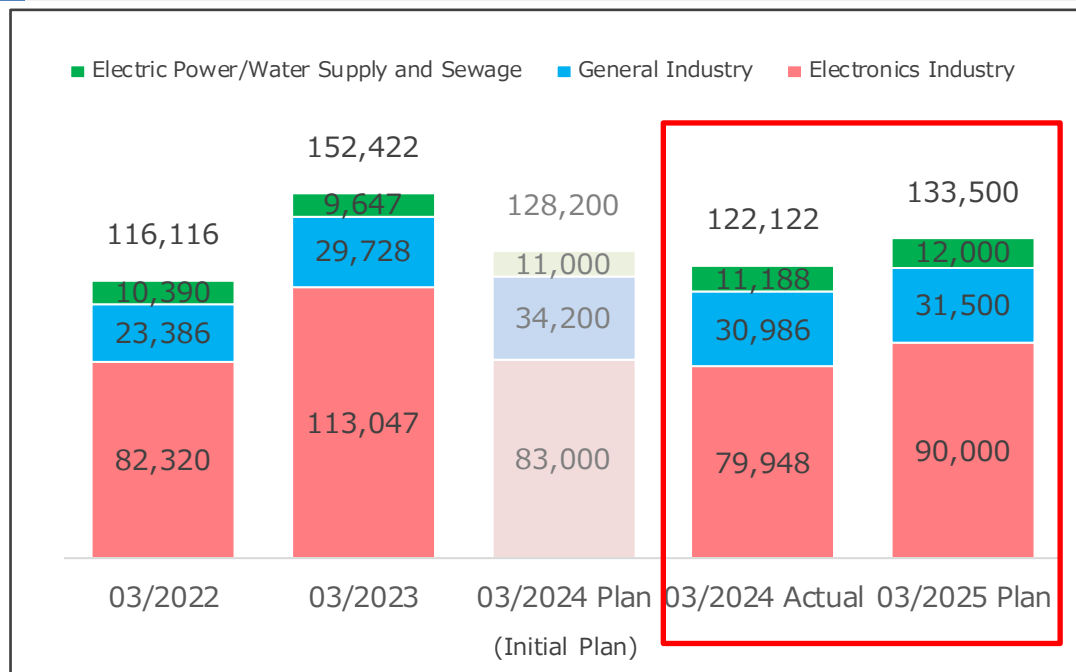


- There was growth in all areas during the FY ended 03/2024. Results for Chemicals were strong as a result of sales of various chemicals to delivered plants, and results for equipment and filters were strong thanks to sales of the Puric series, small-scale pure water production equipment, for laboratories and other products.
- During the FY ending 03/2025, structural reforms including reorganization of unprofitable business will be carried out in the Food Products area, while aiming for growth in chemicals, equipment, and filters, as well as improved profits.

# Water Treatment Engineering Unit: Trends in Orders and Sales by Market

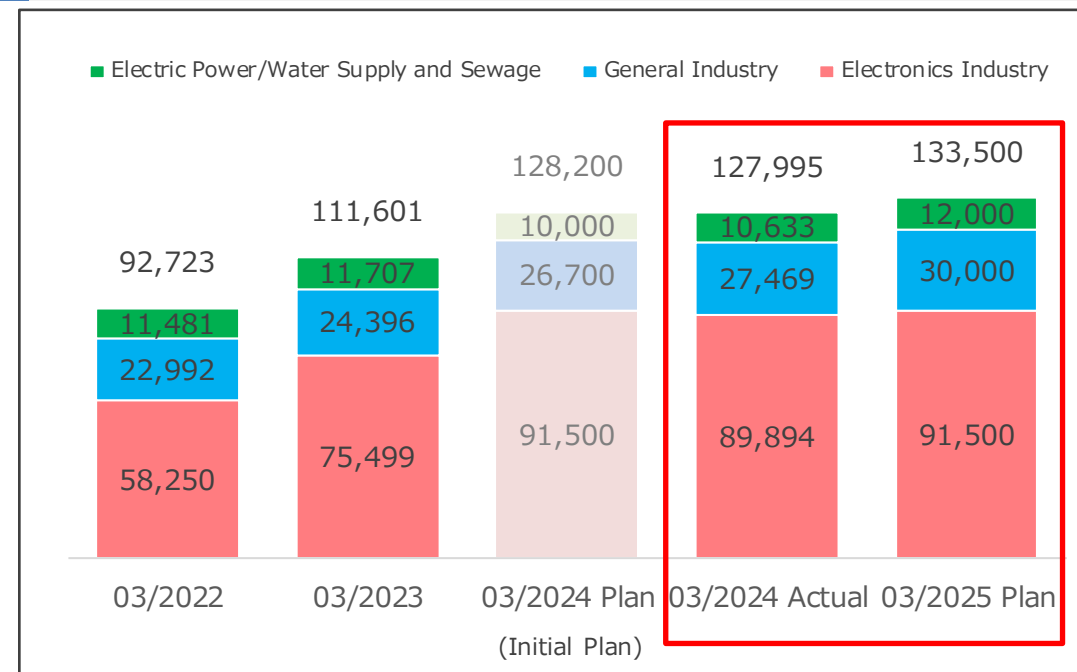
(Millions of yen)

## Orders by Market



- The Electronics Industry was affected by a rebound decline from the previous fiscal year, when we received a series of large-scale projects from Japan and overseas. The plan calls for an increase in large-scale projects for Japan in the FY ending 03/2025.
- General Industry is growing steadily in areas associated with pharmaceuticals and electronics. The Social Infrastructure area will capture demand for maintenance aimed at restarting nuclear power plants.

## Sales by Market



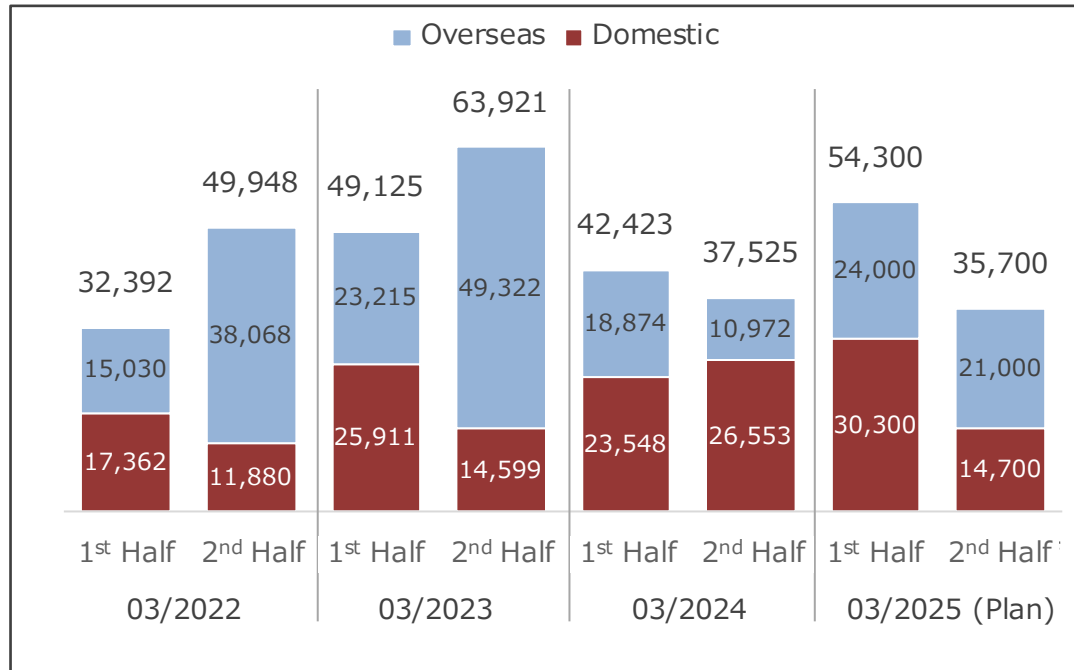
- Sales in the Electronics Industry are growing steadily due to progress in construction for large-scale projects, and to growth in facility-owned services and other Service Solutions.
- General Industry is expected to perform strongly in Plant and Service Solutions associated with pharmaceuticals and electronics, while sales in the Social Infrastructure area are expected to be strong due to maintenance for electrical power and other services.



# Water Treatment Engineering Unit: Trends in Orders and Sales for the Electronics Industry

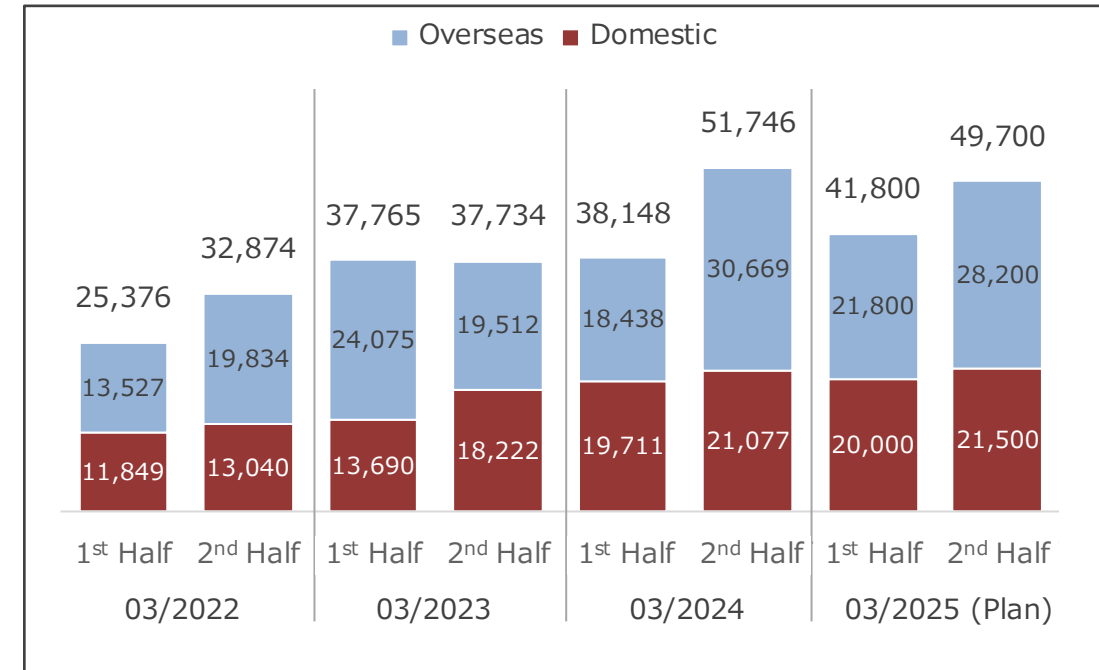
(Millions of yen)

## Electronics Industry: Orders by Region



- In the FY ended 03/2024, while there seemed to be a pause overseas in places such as Taiwan and China, domestic investment in wafers, power semiconductors, and other products was strong.
- In the FY ending 03/2025, we plan to receive large-scale projects for cutting-edge semiconductors in Japan, and also expect a high level of orders overseas in Taiwan, China, and other places.

## Electronics Industry: Sales by Region

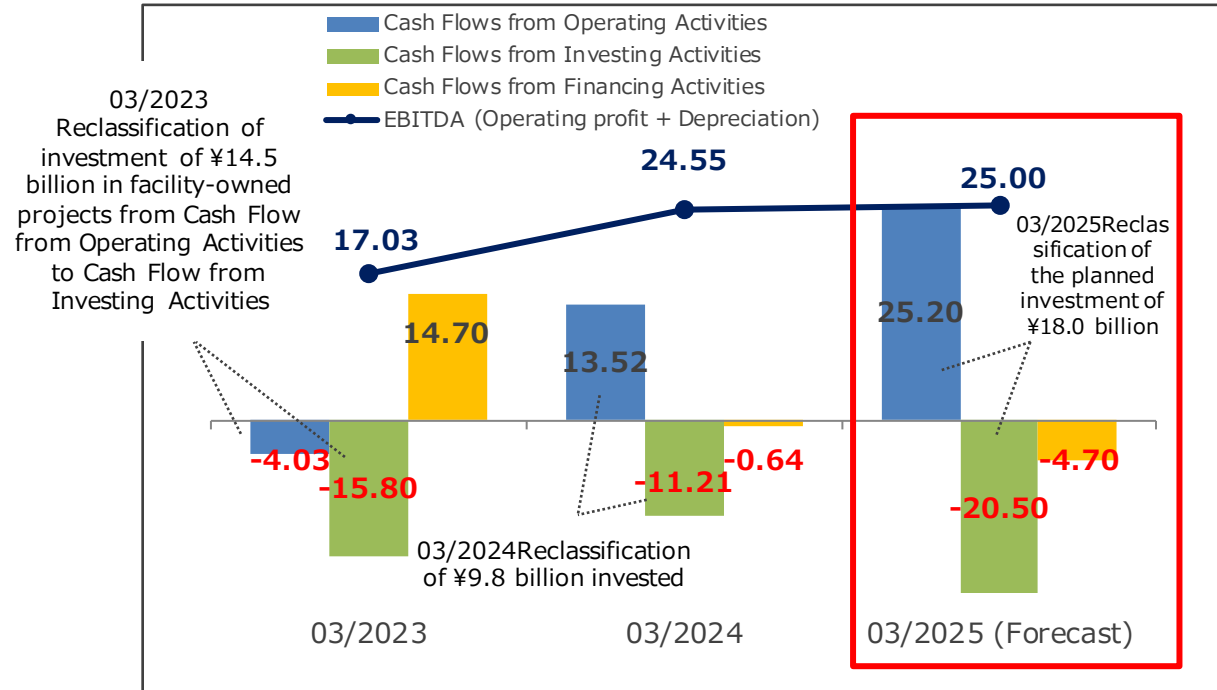


- In the FY ended 03/2024, progress was made on construction for large-scale projects in China and other places, and overseas sales grew. In Japan, sales for Plant and Service Solutions also increased.
- In the FY ending 03/2025, we are planning to make progress on construction for projects with order backlogs, and to increase net sales by increasing Service Solutions and other sales.

# Trends in Cash Flows

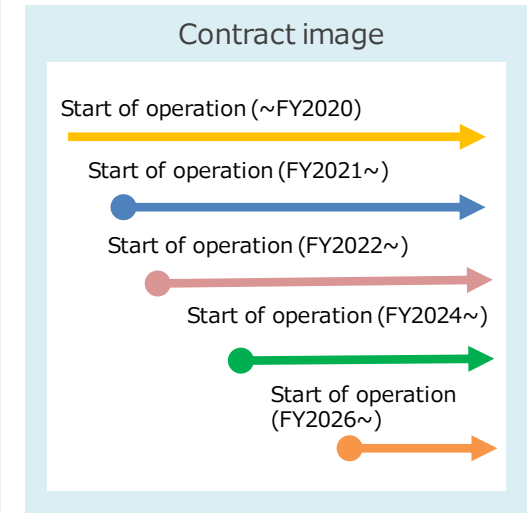
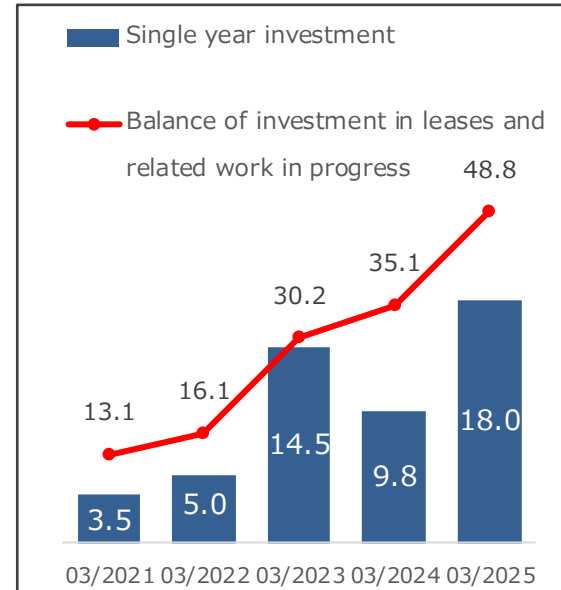
(Billions of yen)

## Trends in Cash Flows (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 the FY ended 03/2024, we proceeded with collection of payments for projects that were recorded as sales in the FY ended 03/2023, and Cash Flows from Operating Activities improved. We expect increases in Cash Flows from Operating Activities and Cash Flows from Investing Activities in the FY ending 03/2025 as well.

## Trends in 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, and depreciation is performed according to the contract period. Amounts of investment are included in current assets, so the statement of cash flow indicates the investment as Cash Flow from Operating Activities.
- The graph of cash flows (after reclassification) at left indicates investments in facility-owned services reclassified as Cash Flows from Investing Activities.

# Key Indicators

(Millions of yen)	FY Ended 03/2023	FY Ended 03/2024		FY Ending 03/2025
	Full-year Actual	Initial Plan	Full-year Actual	Full-year Plan
Capital Expenditures	1,466	2,000	1,855	2,500
R&D Expenses	2,615	3,020	2,829	3,400
Depreciation	1,824	1,800	2,010	2,000
Interest-bearing Debt	33,019	25,000	36,465	37,000
No. of Employees	2,506	2,550	2,512	2,600

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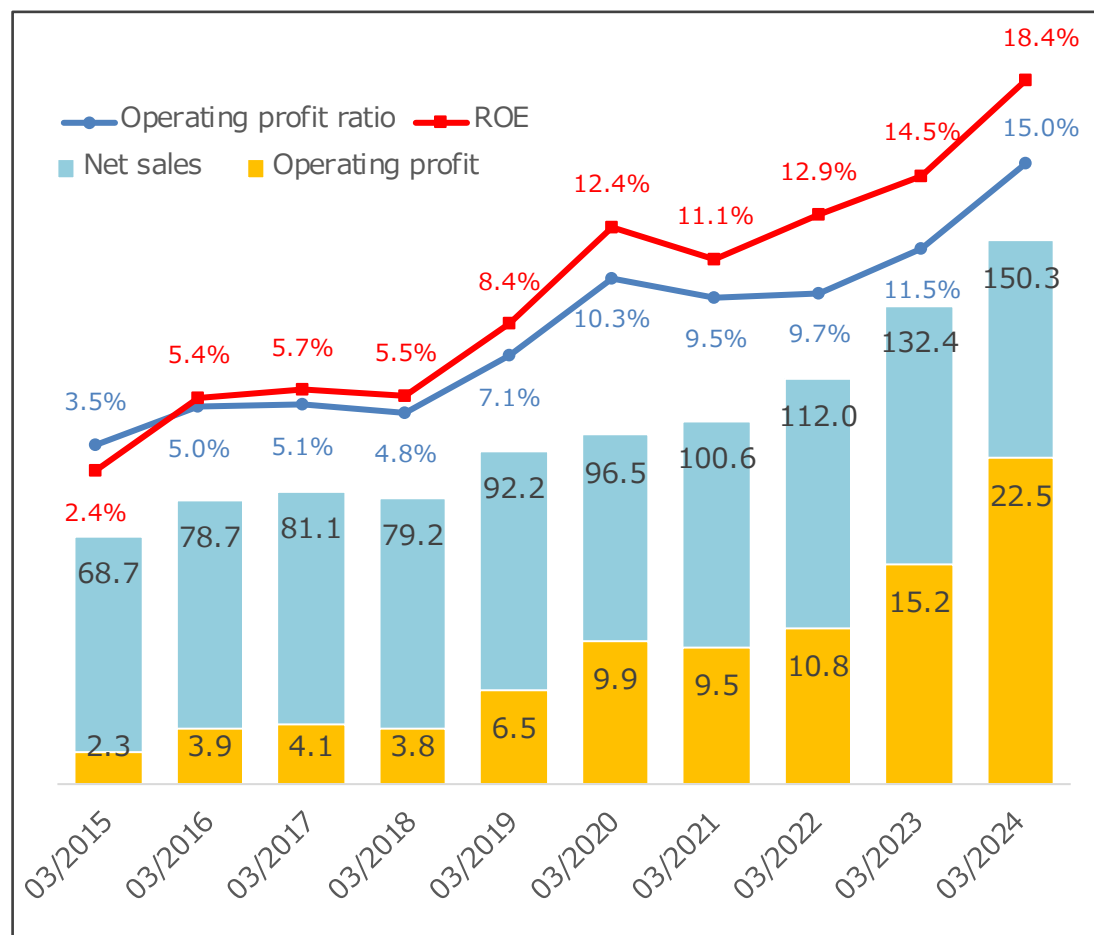
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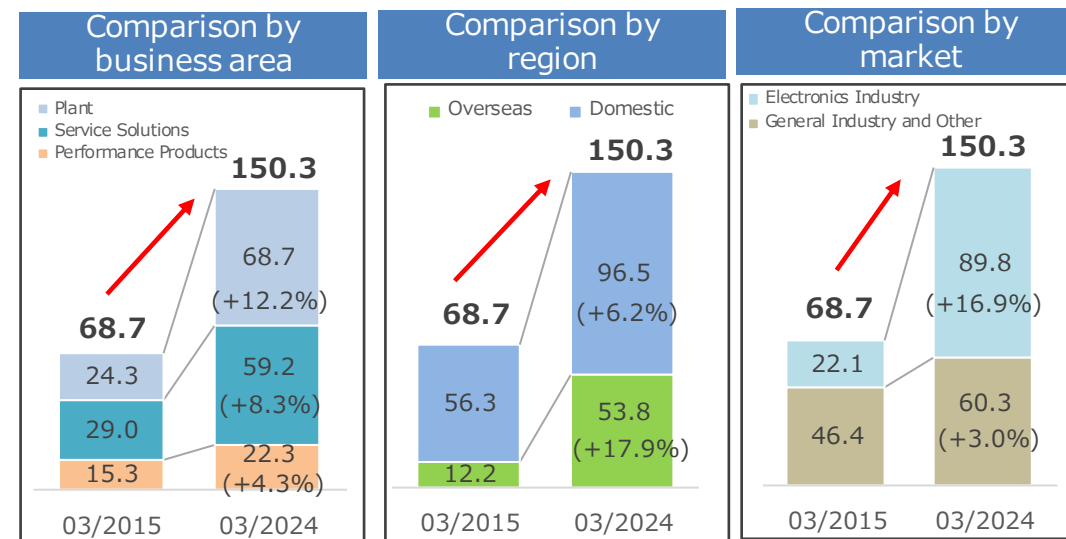
# Medium- to Long-term Management Plan: A Look Back at the Past Ten Years

(Billions of yen)

## Trends in Business Results (03/2015-03/2024)



## Comparison of Sales Structure (figures in parentheses are CAGR)

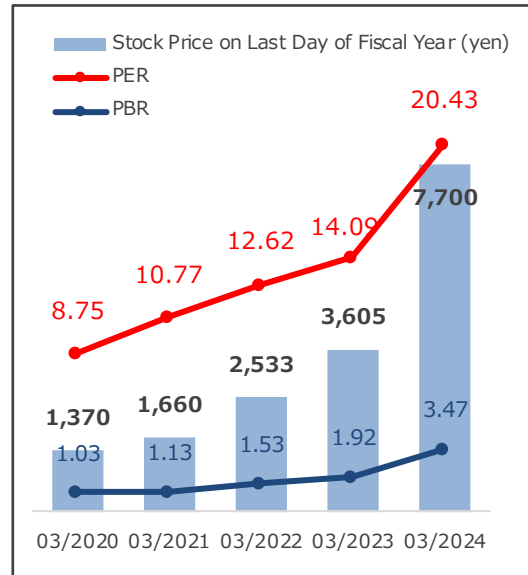
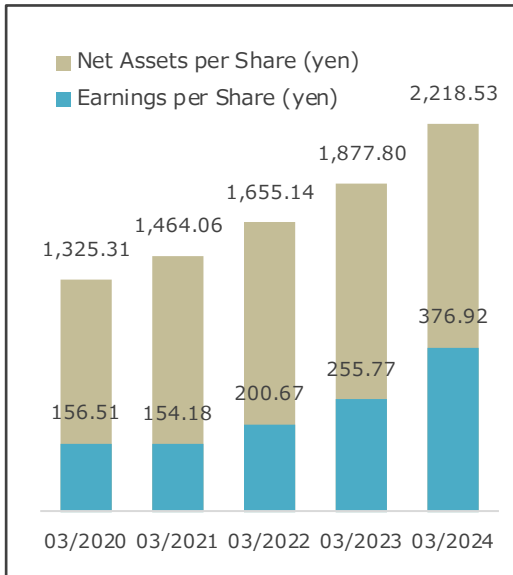


### ● A look back at the last ten years

- As sales increased in the Plant Division, sales of Service Solutions and Performance Products also grew.
- Both in Japan and overseas, sales grew primarily for the Electronics Industry. Overseas, there was growth in Taiwan, China, Malaysia, North America, and other places.
- In addition to growing sales of Service Solutions and Performance Products, improved earning capacity contributed to higher profitability of Plant Division projects.

# Medium- to Long-term Management Plan: Initiatives for Increasing Corporate Value

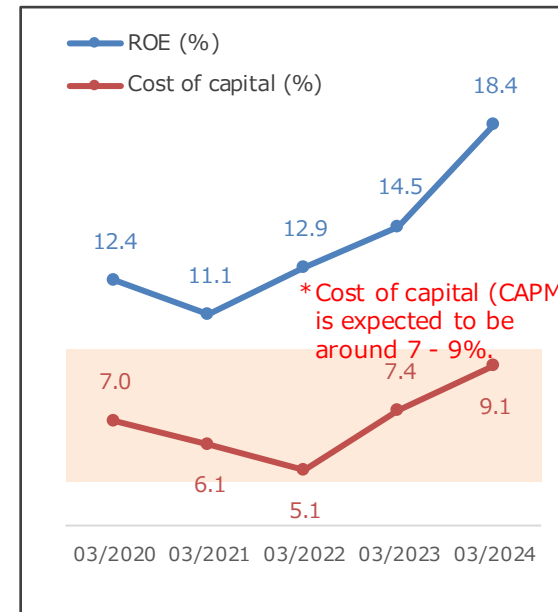
## Trends in Per-share Indexes, Stock Price, PER, and PBR



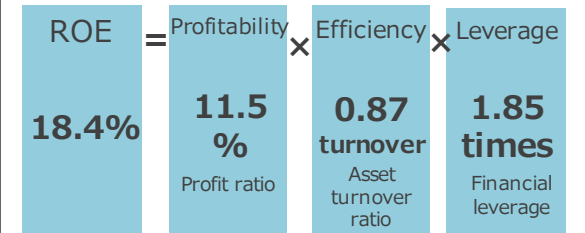
- In addition to improving performance including growing sales and profits, we are also focusing on continuing to boost dividends and other measures for shareholder return, and on strengthening IR activities. Stock prices is also rising, and PER and PBR have improved largely.

\* PBR is calculated as "Stock price on last day of fiscal year ÷ Net assets per share." PER is calculated as "Stock price on last day of fiscal year ÷ Net profit per share."

## Cost of Capital and ROE



### ● Breakdown of ROE (03/2024)



### [Policy for improving ROE]

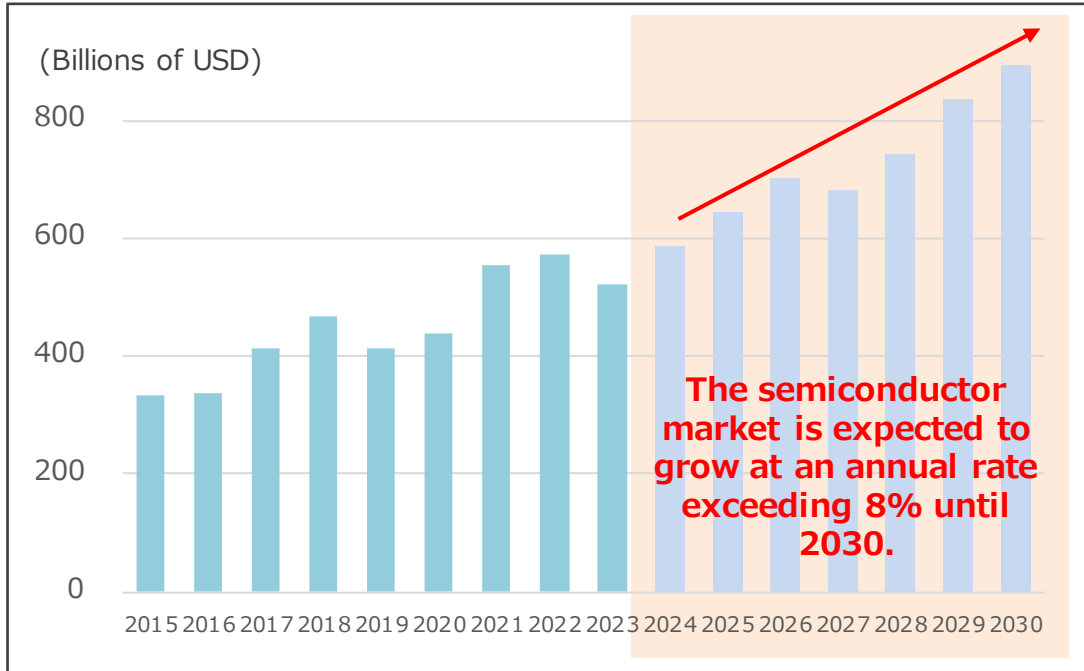
- Expand sales and improve the profit margin.
- Reduce accounts receivable - trade and inventory, and take other steps to improve capital efficiency.
- Expand returns to shareholders, utilize borrowings for growth investment, and take other steps to optimize the capital structure.

- Even as cost of capital has risen to around 9% backed by stock price and interest rate trends, ROE of the Company has continually exceeded this figure. In the Medium- to Long-term Management Plan, a **mandatory target is ROE of 12% or higher**, exceeding the cost of capital, and we are aiming for further improvements.

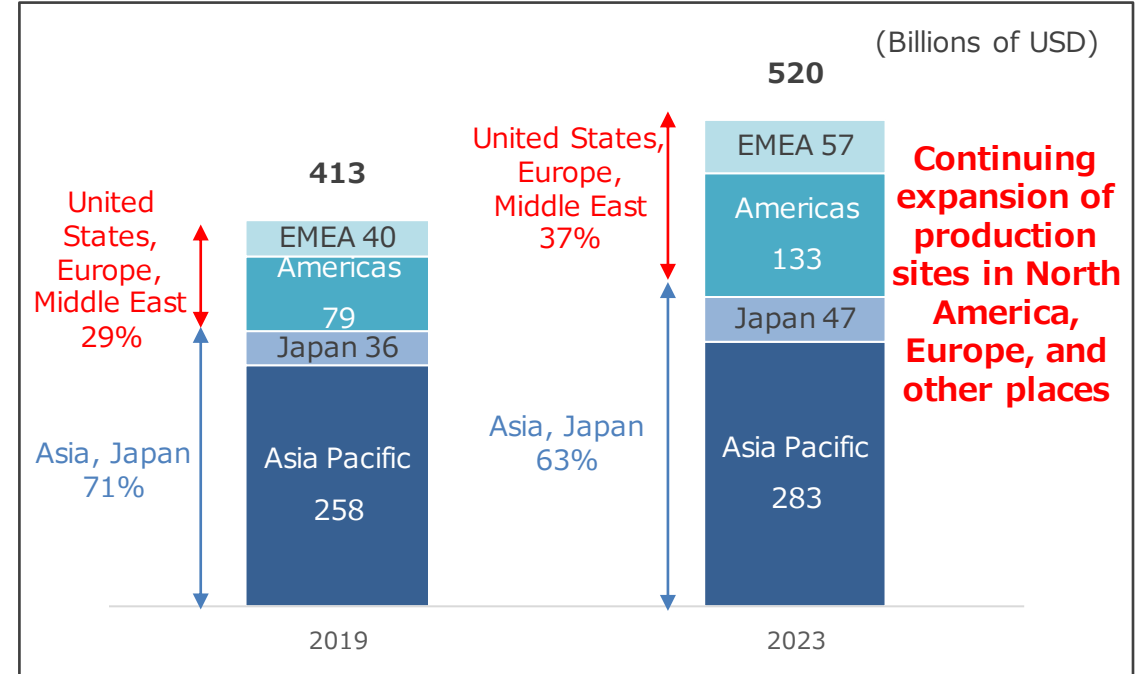
\* Cost of capital is calculated based on CAPM ( $R_f + \beta(R_m - R_f)$ ).  
 $R_f$  (risk free rate): Yield on long-term government bonds (10-year): Around 0.8%  
 $\beta$  ( $\beta$  value): Stock price volatility (3-year estimate): Around 1.6  
 $R_m$  (market risk premium): Expected stock yield: Around 6%

# Medium- to Long-term Management Plan: Forecast for the Semiconductor Market

Forecast for the Semiconductor Market  
(Organo prediction based on WSTS forecast)



Semiconductor Market in Each Region  
(WSTS investigation)



## ■ Forecast for growth in the semiconductor market

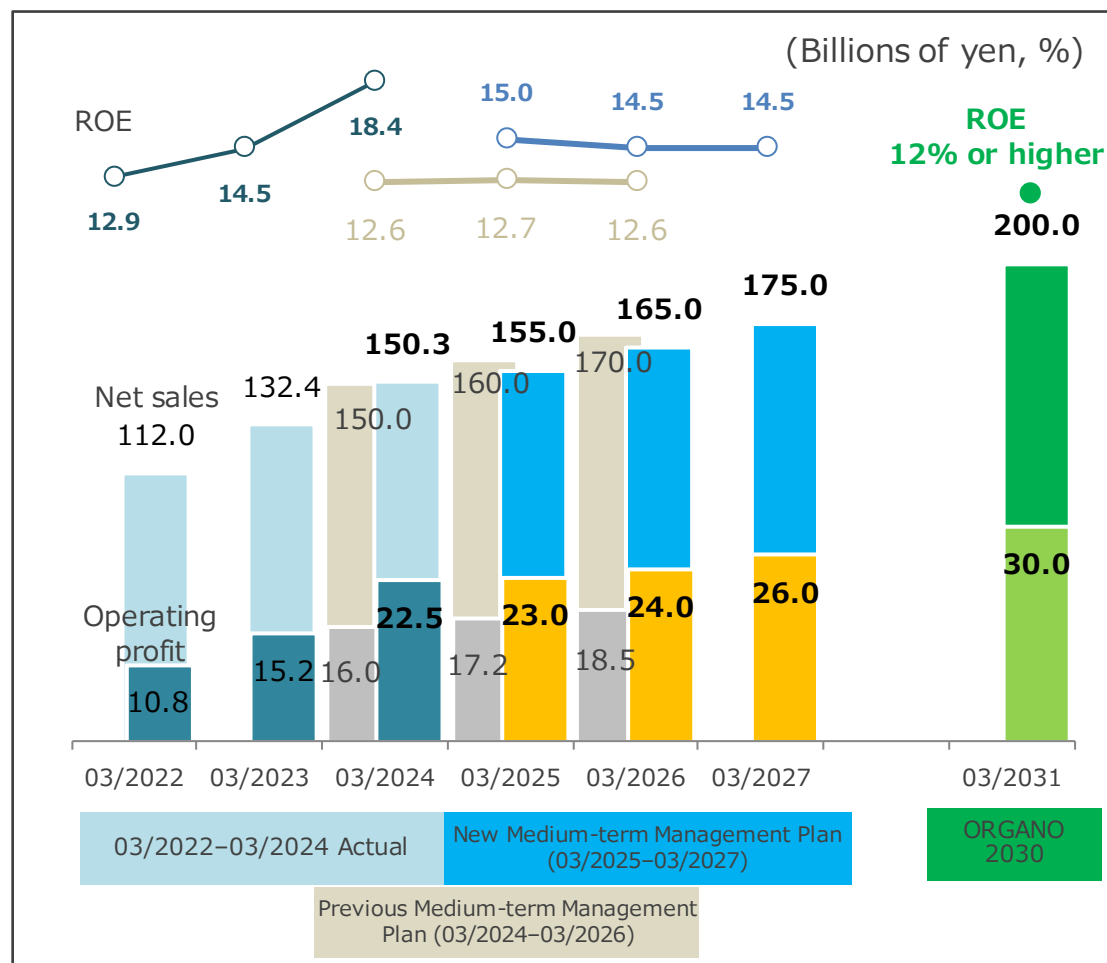
The expansion of AI and EVs is expected to produce a growth rate in the semiconductor market through 2030 that exceeds the growth rate from 2015 to 2023. As a result, demand for semiconductor materials, electronic components, and related products will also grow.

## ■ Reconstruction of semiconductor supply chains

With the background of geopolitical risks including tensions between the US and China and the issue of Taiwan, a global reconstruction of semiconductor supply chains is underway. Companies are moving to shift product sites from Asia to places such as the United States and Europe.

# Medium- to Long-term Management Plan: Plan Overview

## Targets of the Medium- to Long-term Management Plan



### ■ Overview of the Medium- to Long-term Management Plan

- Based on the long-term plan “ORGANO2030,” we formulate a three-year plan on a rolling basis each year.
- The long-term plan aims for sales of ¥200 billion or more, operating profit of 15% or higher, and ROE of 12% or higher by FY2030.
- The three-year plan aims for net sales of ¥175 billion and operating profit of ¥26 billion by FY2026.

### ■ Next three-year Plan

- We expect multiple large-scale projects related to semiconductors that are planned in Japan and overseas, and plan to continue on an extension of our present course.
- Expand engineering capacity.
- Also work to expand facility-owned service contracts, various maintenance, chemicals, and other Service Solutions and Performance Products.

### ■ Long-term Plan “ORGANO2030”

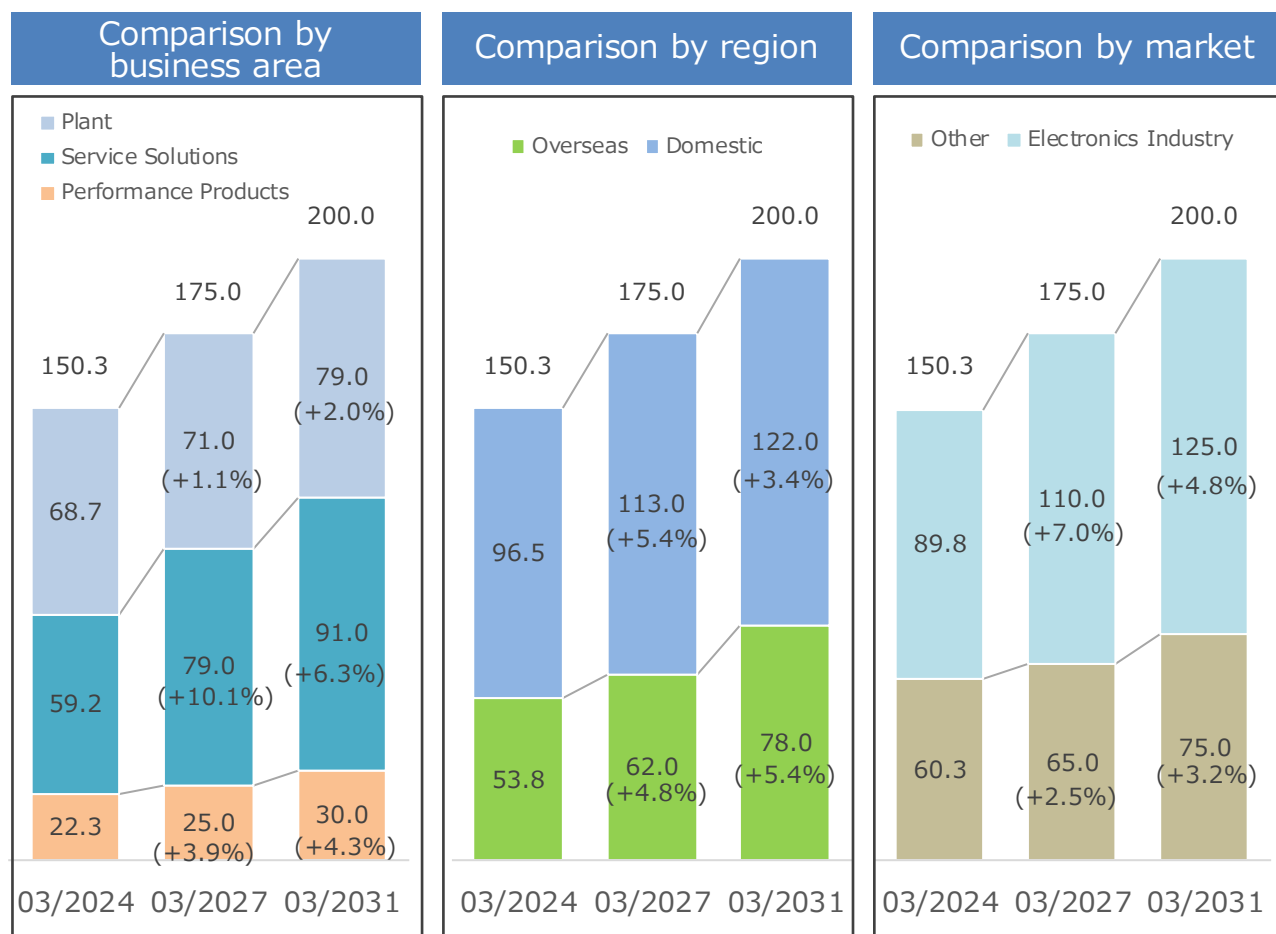
- Strengthen the global strategy including expanding operations in the United States.
- Expand new Service Solutions that contribute to sustainability issues such as energy conservation and decarbonization with products for advanced separation and purification, water recovery, and other purposes.
- Also work for M&A and other inorganic growth.



# Medium- to Long-term Management Plan: Plan by Department

(Billions of yen)

## Comparison of Sales Structure (figures in parentheses are CAGR)



### ■ Growth in semiconductors and other areas of the Electronics Industry

We expect orders for large semiconductor investment as plans are carried out in Japan and overseas. Strengthen global personnel investment aimed at expanding engineering capacity, strengthen M&A and partnerships, and expand digital investment.

### ■ Expansion of Service Solutions and Performance Products

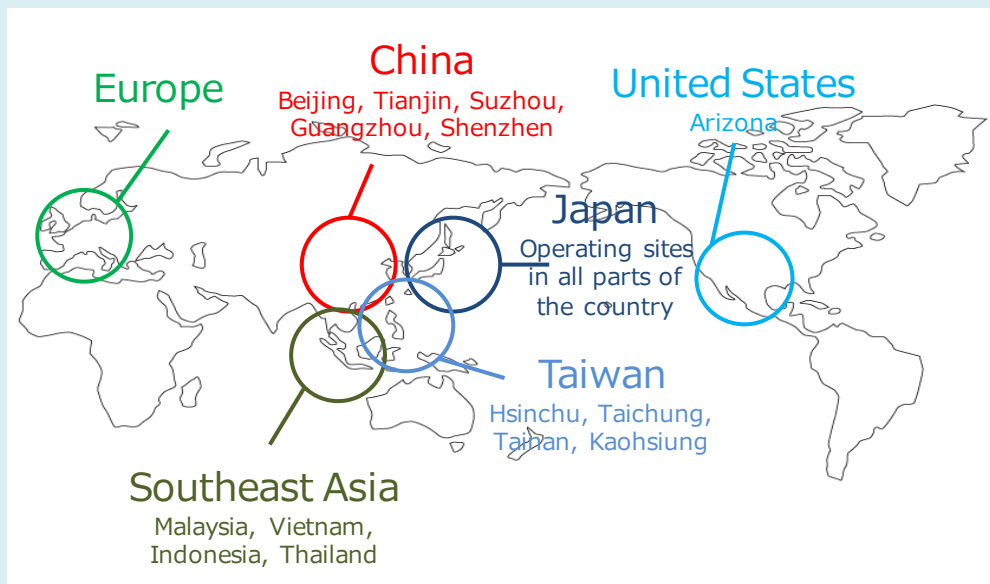
In addition to expanding facility-owned service contracts, maintenance of large-scale plants being delivered in Japan and overseas, and sales of water treatment chemicals, we will strengthen sales of Service Solutions and Performance Products that contribute to sustainability issues such as energy conservation and decarbonization.

### ■ Expansion into new businesses and regions

We plan to expand the advanced separation and purification technologies that will be deployed in areas such as semiconductors and lithium-ion batteries to ¥5 billion by 2030, and expand the semiconductor and other business in North America to ¥10 billion.

# Medium- to Long-term Management Plan: Global Expansion Strategy

## Global Expansion Strategy



### ■ **United States**

The CHIPS for America Act was enacted, and includes 50 billion USD for the semiconductor industry. We will proceed with strengthening our local subsidiary that was established in 2021. In addition to water treatment for the semiconductor industry, we will work to expand the separation and purification and other business.

### ■ **China**

Planning to invest 1 trillion RMB in the semiconductor industry. There is active investment in semiconductors for EVs and other applications. We will strengthen the business system while considering regulatory trends in the United States.

### ■ **Taiwan**

Proceed with development for cutting-edge semiconductor investment, and further strengthen our technical superiority. Support our customers' global operations, and also strengthen the local R&D and marketing systems.

### ■ **Europe**

Planning to provide more than 40 billion euros in support to semiconductor-related industries. At present, we have no specific plans to enter the market, however we will consider whether or not doing so is necessary together with customer investment trends and other factors.

### ■ **Japan**

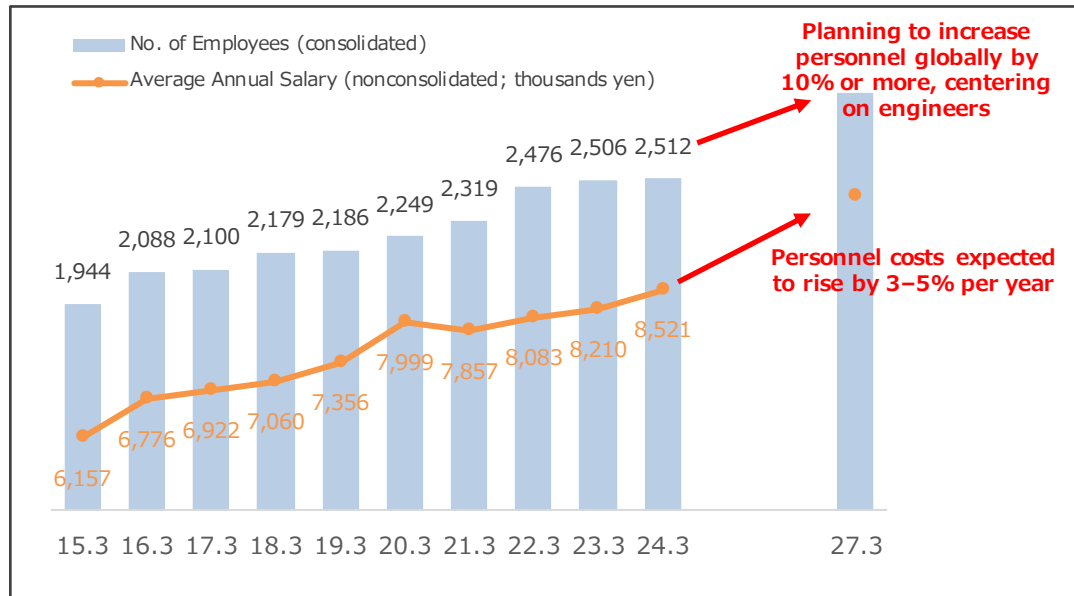
Planning multiple large-scale semiconductor investments. We will strengthen our engineering capacity and reorganize our Service Solutions system.

### ■ **Southeast Asia**

There are plans for large-scale investment related to semiconductors in Malaysia and Singapore. We will reinforce local systems and work to expand our business. We are also working to carry out a program that hires and trains local engineers, and utilizes them as global human resources.

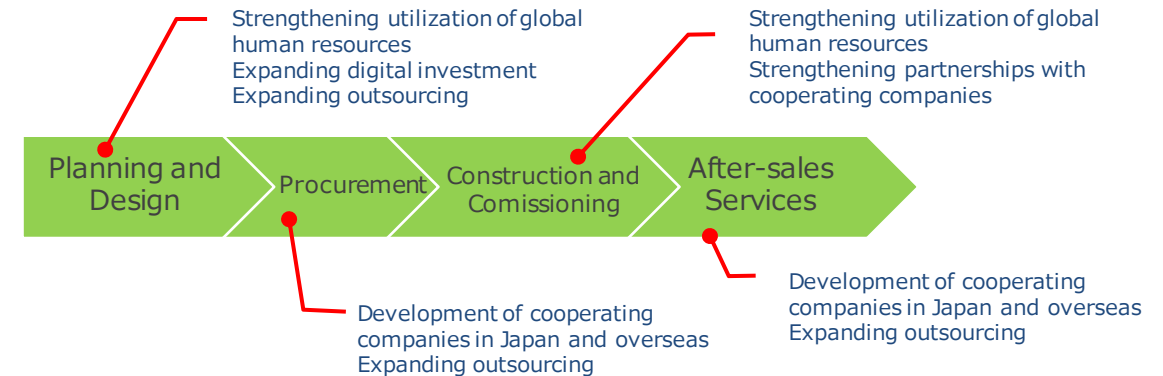
# Medium- to Long-term Management Plan: Reinforcement of Human Capital and Expansion of Engineering Capacity

## Measures for Reinforcement of Human Capital



- Expand hiring of overseas human resources, experienced personnel, and women, and carry out other initiatives for **diversification of human resources**.
- Expand **training and reskilling measures** including creation of skill maps and rotation plans.
- Actively carry out returns to employees through raising wages and other means of **expanding human investment**.

## Expansion of Engineering Capacity



- Carry out a program for global utilization of engineers hired at the Global Engineering Center established in Vietnam or by local subsidiaries.
- Expand digital investment such as engineering systems. Improve the efficiency of design operations and the accuracy of cost management, and utilize operational support service data.
- Develop cooperating companies and expand outsourcing. Strengthen the value chain, including the possibility of M&A.

# Medium- to Long-term Management Plan: Development of New Technologies and Services

## Development of Advanced Separation and Purification Technologies

### ■ Advanced separation and purification of non-aqueous solutions

Development of ion exchange resins that can meet the requirements for high purity of the chemicals, solvents, and other substances that are used in semiconductor cleaning and drying processes

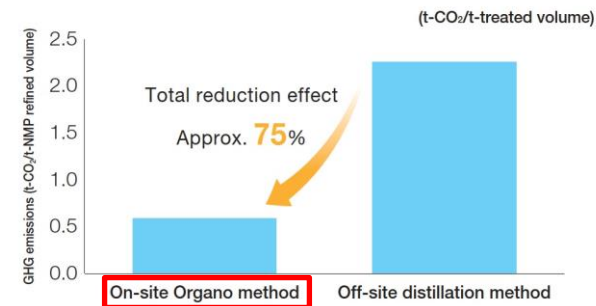


Contribute to improving yield by removing metallic ions and other impurities, and reducing the moisture content, all of which can cause corrosion and other problems.

### ■ Solvent recovery in lithium-ion batteries

Development of recycling facilities for the solvents that are used in manufacturing cathode materials

#### ○ Lifecycle CO<sub>2</sub> emissions



Introducing the first demonstration system for LIB production plants. Efficiently recovering used solvents, and we expect to reduce CO<sub>2</sub> emissions by around 75% from previous levels.

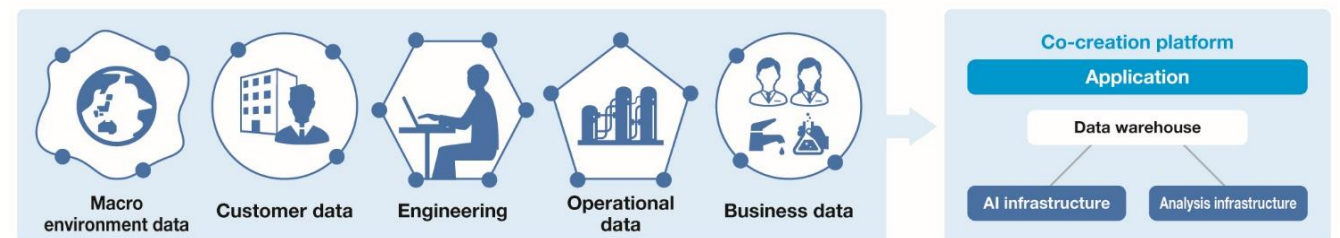
## Creation of Customer Value Using Data and Digital Technologies

### ■ Utilizing AI for energy conservation and labor savings

Utilizing AI for optimizing the amounts of chemicals added and for operational support services of reverse osmosis (RO) membrane facilities

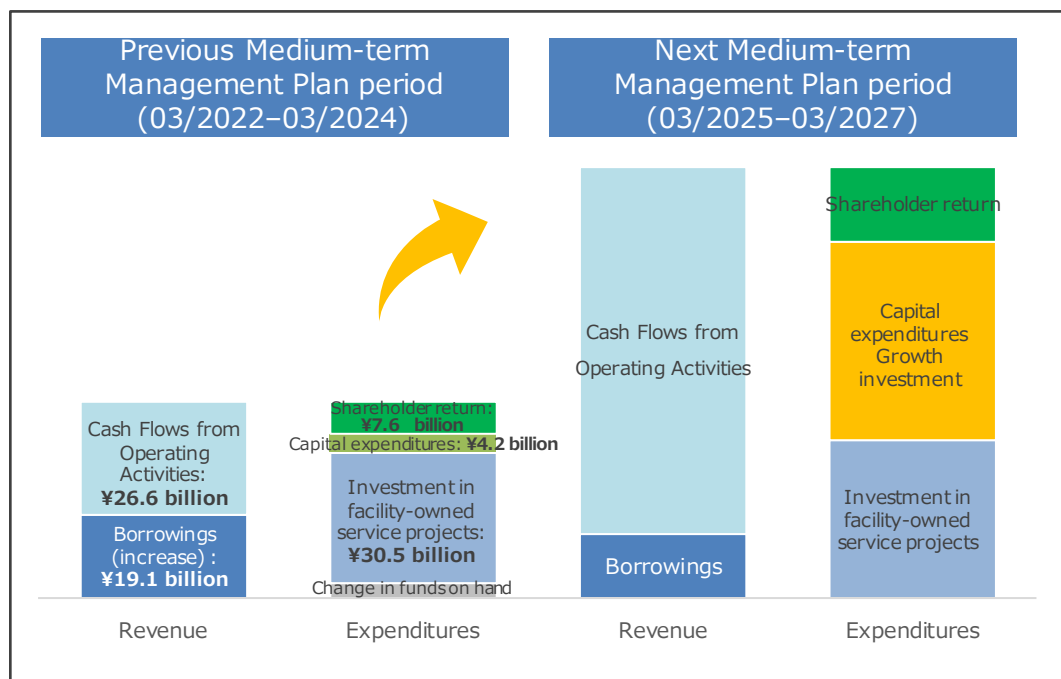
### ■ Implementing more advanced Service Solutions

We are constructing a data warehouse that will provide centralized management of all kinds of data, and are implementing more advanced Service Solutions.



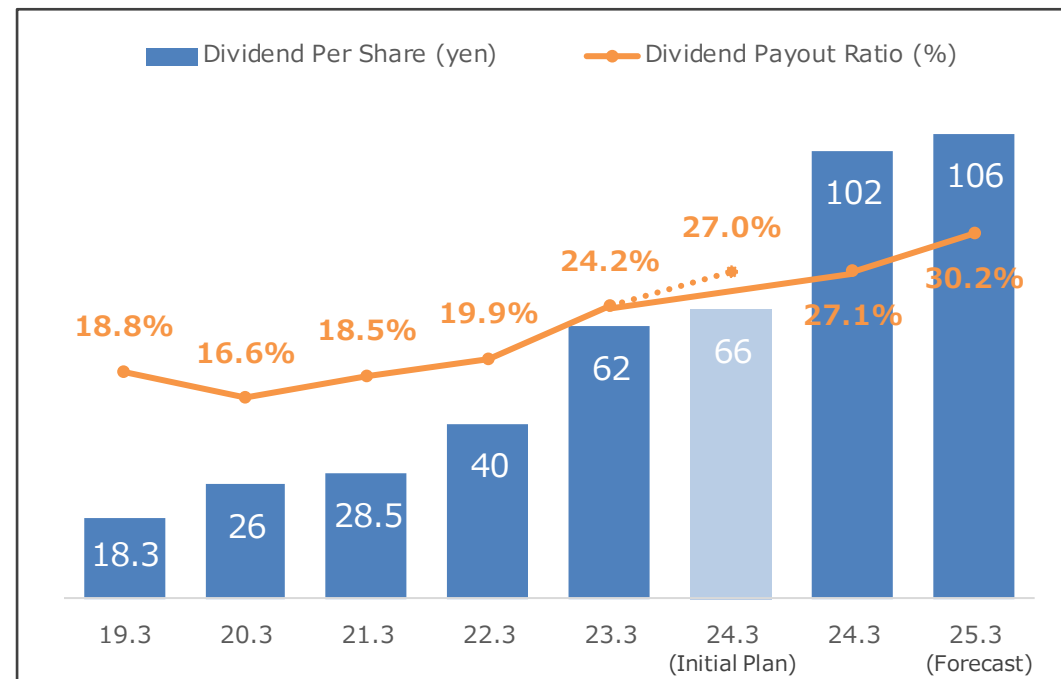
# Medium- to Long-term Management Plan: Capital Allocation and Measures for Shareholder Return

## Capital Allocation



- In addition to investment in human capital, R&D, digital technologies, and other growth investment, we will expand investment aimed at M&A and other inorganic growth. Investment in facility-owned services is expected to be on approximately the same level as the previous Medium-term Management Plan.
- Cash and deposits will be around the current level of 1.5–2.0 times monthly sales. While enhancing shareholder return, we will expand growth investment also utilizing borrowings.

## Measures for Shareholder Return



- The dividend forecast for FY03/2024 has also been revised upward due to the improvement in the earnings forecast. The annual dividend has been increased to ¥102 per share, maintaining the originally planned payout ratio. In the FY ending 03/2025, we are planning an annual dividend of ¥106, for a payout ratio of more than 30%.
- Targeting continued dividend increases and a dividend payout ratio of 30% or more, we aim to balance and expand both shareholder return and growth investment.

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1. FY ended 03/2024 Results and Overview of FY ending 03/2025 Plan
2. Analysis of Results and Plans for Each Division
3. Medium- to Long-term Management Plan
4. **Company Overview and Business Profile**

\* Figures in these materials are rounded down to the nearest unit of indication. Percentages, comparisons with the previous fiscal year and plan, and other presentations are calculated using the units of indication. Percentages are rounded to one digit past the decimal point.



# Company Overview: Management Philosophy and Vision

## ■ Management Philosophy

Organo serves as a valuable partner company by leveraging its leading-edge technologies cultivated through long experience with water treatment, by contributing to the industries that create the future, and by playing a key role in the development of societal infrastructure.

## ■ Long-term Management Vision

At Organo, we seek to expand our business through high value-added separation and purification as well as analysis and manufacturing technologies, and by providing products and services that promote the creation of value and which resolve the challenges that confront industry and society. We proactively contribute to a better tomorrow by cultivating people today who will improve upon the way things were done yesterday, as a company where all employees are energetic and passionate about their work.

## ■ Sustainability Policy

Together with its stakeholders, Organo aims to realize a sustainable society for the future and improve our corporate value.



**E** Leveraging its leading-edge technologies cultivated through long experience with water treatment, Organo provides environmentally-friendly products and services that contribute to water environment conservation and prevention of global warming.\*

**S** We will respect human rights, diverse values, and individuality while promoting the creation of a workplace where each and every employee can grow and flourish.

**G** We will carry out our corporate activities with integrity and fairness, emphasizing dialogue and cooperation with all stakeholders.

\* Leveraging its leading-edge technologies cultivated through long experience with water treatment refers to our pursuit of water treatment-related separation and purification, analysis, and engineering technologies, and our provision of optimal systems and services that meet the needs of society through a combination of these technologies.



Representative Director and President 山田正幸

# Company Overview: Major Shareholders and Shareholder Composition

## Major Shareholders (top ten)

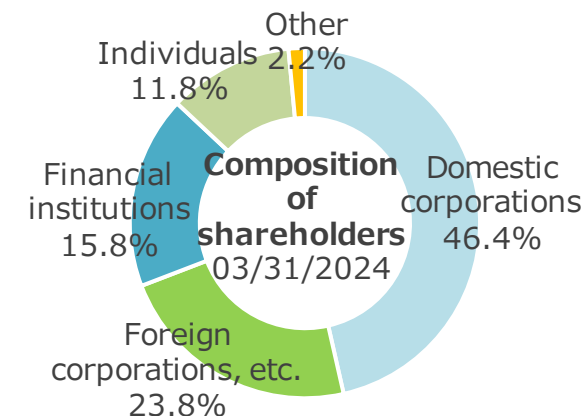
(As of March 31, 2024)

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)	3,528	7.67
Custody Bank of Japan, Ltd. (Trust Account)	1,760	3.83
KBC BANK NV – UCITS CLIENTS NON TREATY	843	1.83
DZ PRIVATBANK S.A. RE INVESTMENTFONDS	646	1.40
The Nomura Trust and Banking Co., Ltd. (Trust Account)	614	1.33
STATE STREET BANK AND TRUST COMPANY 505223	515	1.12
Mizuho Bank, Ltd.	464	1.01
STATE STREET BANK WEST CLIENT – TREATY 505234	398	0.87
JP MORGAN CHASE BANK 385781	361	0.79

\* The treasury shares (338 thousand shares) are excluded in the calculation of the holding ratio shown above.

## Shareholder Composition

- Total number of authorized shares: 101,568 thousand shares
- Total number of issued shares: 46,359 thousand shares (including treasury shares of 338 thousand shares)
- Number of shareholders: 11,499 shareholders



### ● Relationship with parent company

We have maintained a relationship with our parent company Tosoh Corporation since accepting capital participation in 1955. The business relationship between Organo and Tosoh includes the purchase of some raw materials and sale of water treatment facilities, chemicals, and other products. However the level of dependence is negligible, and clear segregation is maintained in terms of the products sold by both companies and their business partners. Therefore Organo recognizes that as a listed company, it has secured a certain degree of management independence in its business activities and management decisions. In addition, in order to monitor and supervise issues regarding conflicts of interest between the parent company group and minority shareholders, Organo has established a Special Committee composed only of Independent Outside Directors. Since the 78th Ordinary General Meeting of Shareholders held in June 2023, Independent Outside Directors have also composed a majority of the Board of Directors.



# Company Overview: The Organo Group's Business Structure

## Water Treatment Engineering Business Unit

## Performance Products Business Unit

### Plant Division



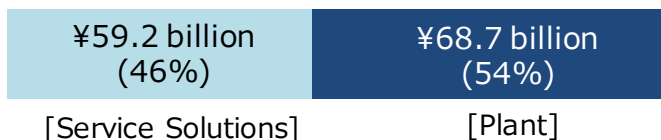
Pure and ultrapure water facilities  
Wastewater treatment and recovery facilities  
Valuable material recovery facilities  
Production processing-related facilities

### Service Solution Division

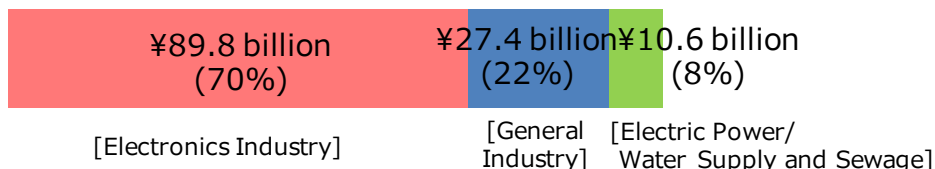


Facilities maintenance  
Operational support services and comprehensive maintenance  
Facility enhancements, renovation and reconditioning  
Contract water treatment

### Sales by Segment

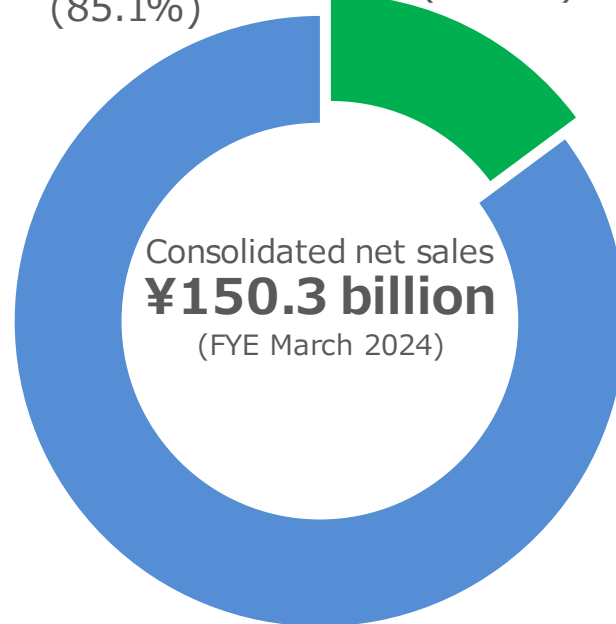


### Sales by Market



¥127.9 billion  
(85.1%)

¥22.3 billion  
(14.9%)



### Water Treatment Chemicals Division



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

### Standard Water Treatment Equipment and Filters Division



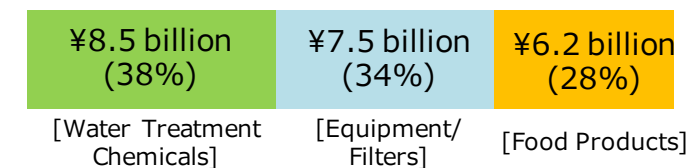
Pure and ultrapure water systems  
Water purification filters

### Food Products Division



Food additives and processing agents  
Food ingredients

### Sales by Segment



\* Amounts represent sales for FYE March 2024, percentages represent share of total sales.

# Company Overview: Overview of the Plant and Service Solutions Divisions

## | Plant Construction

## | Service Solutions

Design and Procurement



### Recording of Orders and Sales

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

### Facility Scale

- The scale of a single water treatment facility is **from tens of millions of yen to over 10 billion yen.**

Manufacturing and Fabrication



### Construction Period

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

### Profitability Management and Trends

- A certain risk of additional costs (contingency costs) is incorporated into the construction budget and managed.
- Profitability is also affected by the level of capital expenditures, and changes in the prices of raw materials, construction, and other supplies.

Installation and Construction



Commissioning and Handover



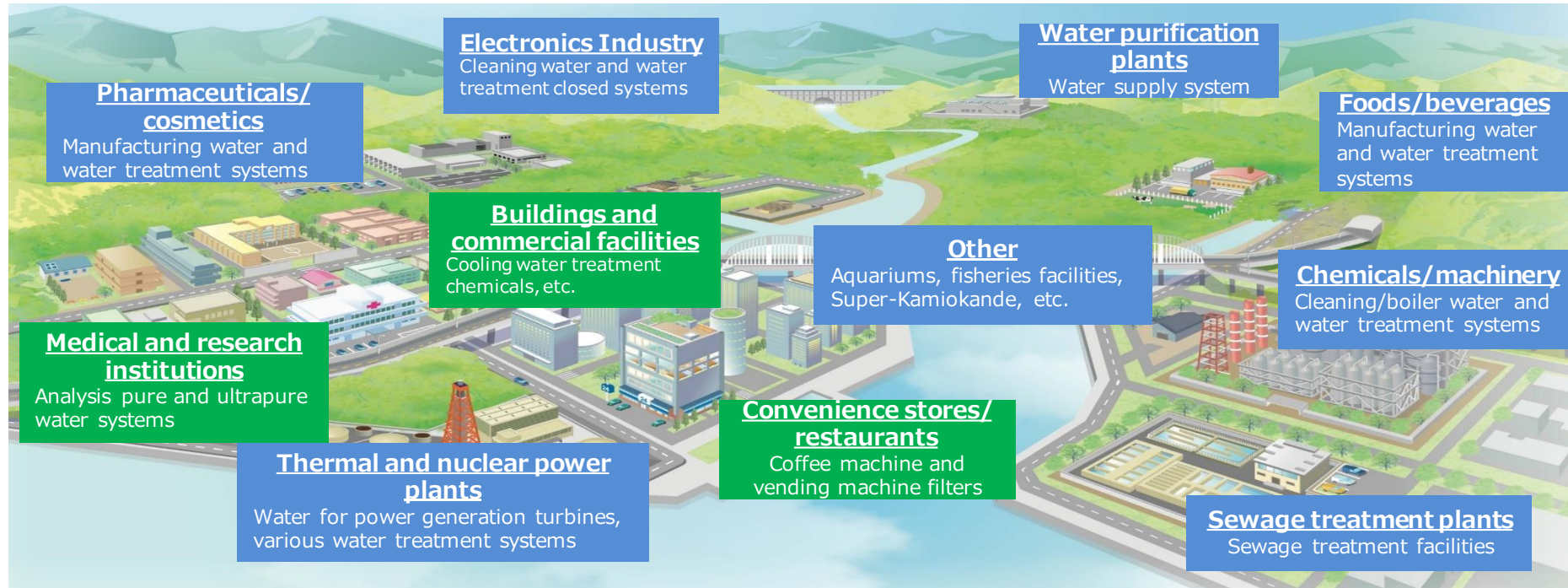
- Comprehensive service solutions
- Various maintenance, provision of consumables, etc.



### Facilities Maintenance

- **Maintenance services** for delivered facilities **have a high repeat rate.**
- Service Solutions include facility-owned services, operational support services, and comprehensive maintenance contracts.
- We also sell water treatment chemicals and other Performance Products.

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

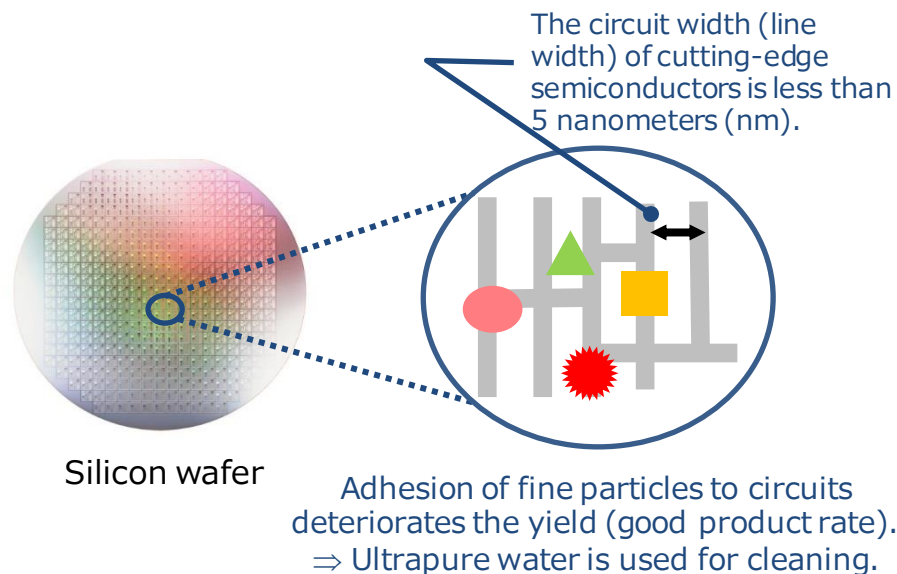


Water Treatment Engineering Unit			Performance Products Business Unit		
<p><u>Electronics Industry</u></p> <p>Semiconductors, panels, electronic parts, etc.</p>	<p><u>General Industry</u></p> <p>Pharmaceuticals and cosmetics, foods and beverages, mechanical and chemical uses, etc.</p>	<p><u>Social Infrastructure</u></p> <p>Thermal and nuclear power plants, water supply and sewage</p>	<p><u>Water Treatment Chemicals</u></p> <p>Various manufacturing industries, buildings and commercial facilities</p>	<p><u>Standard Equipment and Filters</u></p> <p>Medical and research institutions, convenience stores/restaurants</p>	<p><u>Food Products</u></p> <p>Food/beverages, nursing care, food/health food</p>

# 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.

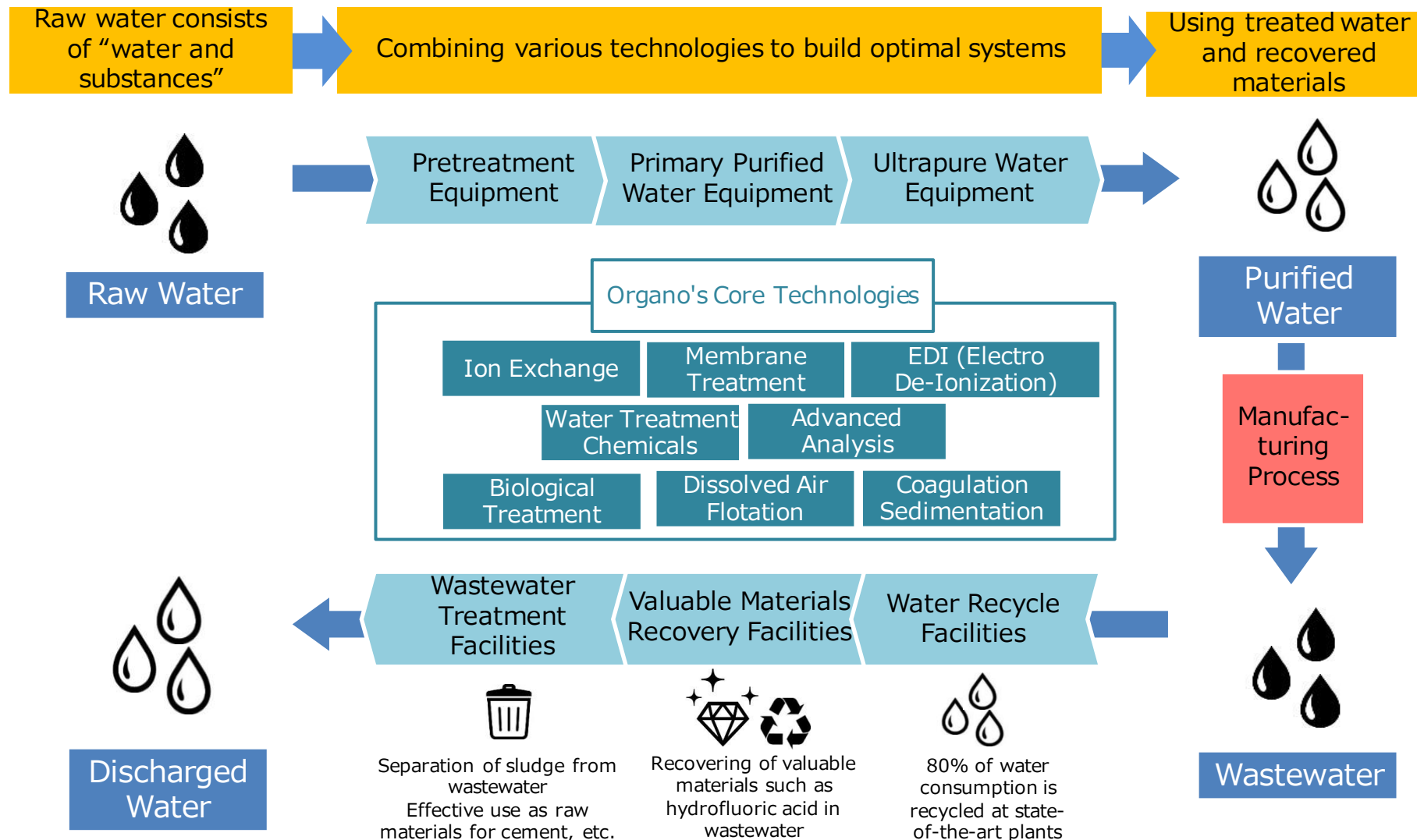
Ultrapure water contributes to yield improvement.



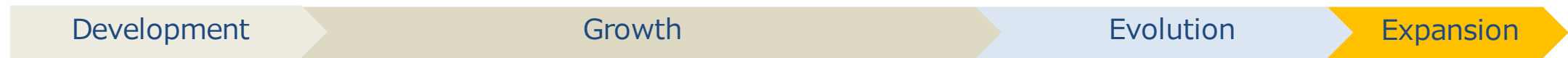
What	How Much	Excellent Technology and Value
<b>Impurity Concentration</b>	<b>1 ppt or less</b>	The mass concentration is one trillionth of a trillionth. The amount of impurities dissolved in ultrapure water in an Olympic 50-m swimming pool (2,500 m <sup>3</sup> ) is equivalent to a teaspoon (2.5 mg) 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 (2,500 m <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.

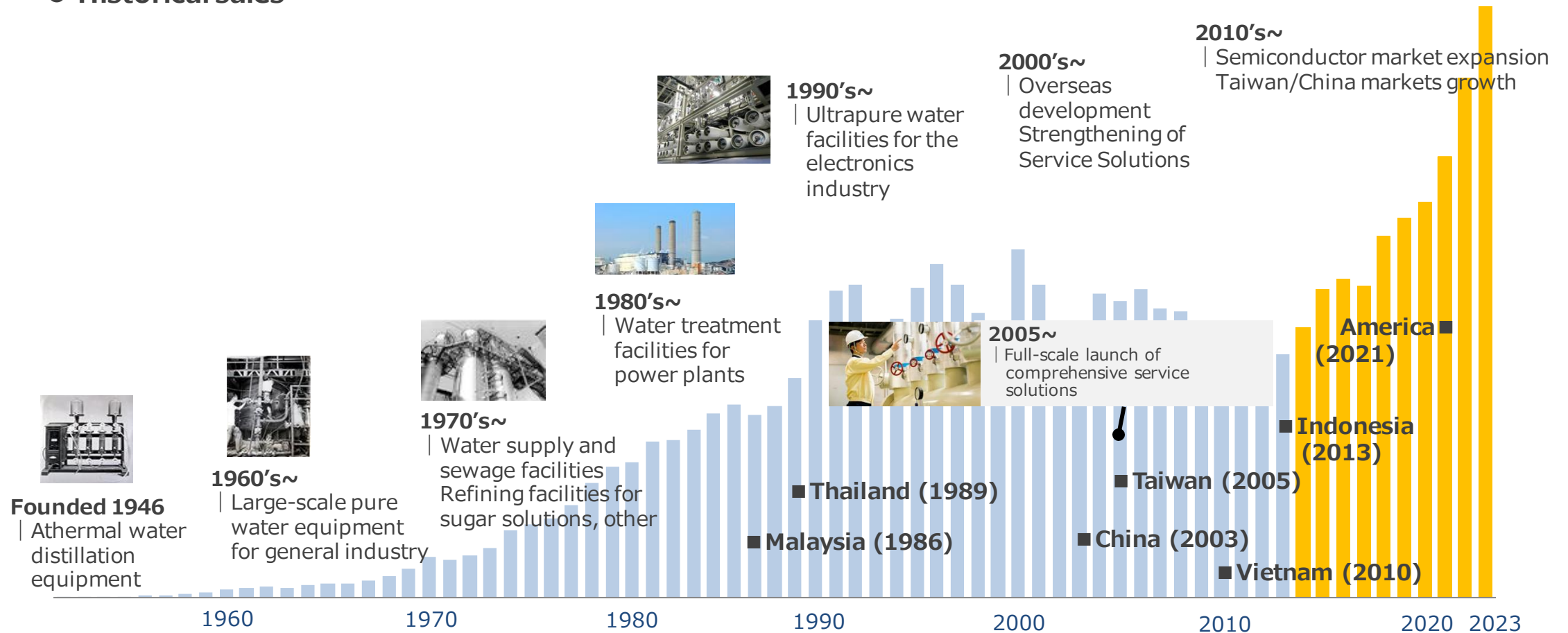
# Company Overview: Water Treatment Facilities for the Electronics Industry



# Company Overview: Organo's History (Changes in Sales)



## ● Historical sales



# Contact

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Corporate Management and Planning**

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

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