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Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 <under Japanese GAAP>

May 12, 2020

Company name: ORGANO CORPORATION
 Listing: Tokyo Stock Exchange
 Securities code: 6368
 URL: <https://www.organo.co.jp/english/>
 Representative: Masaki Uchikura, Representative Director and President
 Inquiries: Minoru Ando, General Manager of Accounting Dept., Corporate Management and Planning
 TEL: +81-3-5635-5111
 Scheduled date of ordinary general meeting of shareholders: June 26, 2020
 Scheduled date to commence dividend payments: June 11, 2020
 Scheduled date to file annual securities report: June 26, 2020
 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, 2020 (from April 1, 2019 to March 31, 2020)

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	96,515	4.6	9,908	51.1	9,929	51.9	7,162	60.9
March 31, 2019	92,273	16.5	6,558	71.6	6,538	66.2	4,452	60.2

Note: Comprehensive income: Fiscal year ended March 31, 2020 ¥7,029 million [73.3%]
 Fiscal year ended March 31, 2019 ¥4,057 million [22.8%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Operating profit ratio
	Yen	Yen	%	%	%
March 31, 2020	626.05	–	12.4	9.8	10.3
March 31, 2019	388.48	–	8.4	6.6	7.1

(Reference) Share of profit (loss) of entities accounted for using equity method
 Fiscal year ended March 31, 2020 ¥170 million
 Fiscal year ended March 31, 2019 ¥138 million

(2) Consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2020	101,448	60,857	59.9	5,301.26
March 31, 2019	101,257	54,795	54.0	4,784.81

(Reference) Equity: As of March 31, 2020 ¥60,717 million As of March 31, 2019 ¥54,657 million

(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, 2020	8,553	(1,006)	(5,007)	13,772
March 31, 2019	5,646	(153)	(2,759)	11,276

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, 2019	–	29.00	–	44.00	73.00	840	18.8	1.6
Fiscal year ended March 31, 2020	–	47.00	–	57.00	104.00	1,196	16.6	2.1
Fiscal year ending March 31, 2021 (Forecast)	–	52.00	–	52.00	104.00		25.3	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2020	45,000	(3.6)	2,000	(63.3)	1,950	(63.3)	1,200	(67.0)	104.77
Fiscal year ending March 31, 2021	100,000	3.6	7,200	(27.3)	7,100	(28.5)	4,700	(34.4)	410.36

Any impact amount factored in for the impact arising due to the proliferation of COVID-19 is limited to the amount that can be assumed at this stage. We will accordingly revise our earnings outlook as developments unfold. Please refer to “(4) Future outlook” in “1. Overview of operating results, etc.” on page 3 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

*** 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, 2020	11,589,925 shares
As of March 31, 2019	11,589,925 shares

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

As of March 31, 2020	136,593 shares
As of March 31, 2019	166,788 shares

- c. Average number of shares outstanding during the period

For the fiscal year ended March 31, 2020	11,440,300 shares
For the fiscal year ended March 31, 2019	11,461,635 shares

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

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(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, 2020	70,907	8.1	6,808	94.7	8,151	77.7	6,165	93.8
March 31, 2019	65,617	13.9	3,497	99.5	4,586	60.7	3,181	38.0

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2020	538.91	—
March 31, 2019	277.56	—

(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, 2020	85,650	51,743	60.4	4,517.80
March 31, 2019	84,044	46,646	55.5	4,083.48

(Reference) Equity: As of March 31, 2020: ¥51,743 million

As of March 31, 2019: ¥46,646 million

<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 due to 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 3 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

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1. Overview of operating results, etc.

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

Looking at the global economic situation during the fiscal year under review, the growth rate in 2019 stagnated at the lowest level since directly after the global financial crisis in 2009, against the backdrop of the slowdown of the Chinese and European economies and the decrease in global trade volume triggered by trade friction between the United States and China, while the IMF announced its projection for negative global economic growth in 2020 due to the impact of global spread of the novel coronavirus disease (COVID-19). Such conditions are expected to seriously hurt the economy.

The business environment surrounding the Organo Group continued on a more vibrant trend than expected mainly due to production levels staying high, and the continuation of large-scale semiconductor-related capital investment centered in Japan and Taiwan in the second half of the year, despite an ongoing suppression of memory investment in the electronics field, our key market. In addition, capital investment and production remained firm also in the general industrial field. Since the beginning of 2020, the spread of COVID-19 has led to turmoil in logistics and human movement, particularly that which is overseas related. Nevertheless, its impact on earnings performance in the fiscal year under review was limited.

Consequently, orders received increased by 1.1% year on year to ¥104,986 million and net sales increased by 4.6% to ¥96,515 million, updating the highest ever results for orders received and net sales for the second year in a row. The carry-over balance for order backlog, which will have a major effect on sales for the next fiscal year was ¥67,837 million, exceeding the level of the previous fiscal year (up 14.3%). On the profit side, operating profit increased by 51.1% to a record high of ¥9,908 million, ordinary profit increased by 51.9% to ¥9,929 million, and profit attributable to owners of the parent increased by 60.9% to ¥7,162 million. In addition, return on equity (ROE) was 12.4% in comparison with 8.4% in the previous fiscal year, and the operating profit ratio was 10.3% in comparison with 7.1% in the previous fiscal year.

Results by segment are as follows.

Starting from the beginning of the fiscal year ended March 31, 2020, we have changed the classification method of our reportable segments, etc., and the comparisons and analysis of the fiscal year ended March 31, 2019 are made based on the classifications following the changes.

[Water Treatment Engineering Business Unit]

In this business, despite a slowdown in semiconductor capital investment in the electronics field in China, production levels remained high in Japan and overseas. Moreover, in the second half of the fiscal year, the Plant Division and Service Solutions Division exceeded their expectations, mainly owing to cutting-edge investment by a foundry in Taiwan and an order for a large-scale project that will be the Company's largest ever in Japan. Meanwhile in the general industrial field, business is trending firmly, mainly due to investment for rationalization and labor-saving as a countermeasure to labor shortage, and investment for maintenance and renewals directed at aging facilities. Consequently, orders received increased by 1.6% year on year to ¥86,475 million and net sales increased by 5.5% to ¥77,921 million. On the profit side, in addition to the effect of increased sales mainly in the Plant Division, due to cost-cutting initiatives with respect to projects in Japan and overseas, sales expansion in the Service Solutions Division, which has comparatively high profit margins, led to improvement in the profitability. Consequently, operating profit increased by 72.3% year on year to ¥8,921 million.

[Performance Products Business Unit]

In this business, despite the impact of a decline in plant operating rates, mainly due to reduced exports, the injection of new products in the standard water treatment equipment field and growth in sales of water treatment chemicals for overseas markets led to a roughly flat year-on-year performances, with orders received decreased by 1.2% year on year to ¥18,510 million and net sales increased by 0.9% to ¥18,593 million. Meanwhile on the profit side, gross profit margin was similar to the previous fiscal year, but due to an increase of expenses in line with the strengthening of sales systems with an eye to

the expansion of the overseas business activities and an increase of development investment in new products, operating profit decreased by 28.5% to ¥986 million.

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

Current assets

Current assets as of March 31, 2020 amounted to ¥76,078 million, an increase of ¥41 million from the previous fiscal year end. This was due mainly to an increase of ¥2,495 million in cash and deposits, despite a decline of ¥2,412 million in notes and accounts receivable - trade.

Non-current assets

Non-current assets as of March 31, 2020 amounted to ¥25,369 million, an increase of ¥148 million from the previous fiscal year end. This was due mainly to an increase of ¥408 million in deferred tax assets.

Current liabilities

Current liabilities as of March 31, 2020 amounted to ¥32,240 million, a decrease of ¥7,689 million from the previous fiscal year end. This was due mainly to a decline in notes and accounts payable - trade of ¥4,135 million and a decline in short-term borrowings of ¥5,813 million, despite an increase of ¥1,623 million in other current liabilities.

Non-current liabilities

Non-current liabilities as of March 31, 2020 amounted to ¥8,349 million, an increase of ¥1,818 million from the previous fiscal year end. This was due mainly to an increase of ¥1,894 million in long-term borrowings.

Net Assets

Net assets as of March 31, 2020 amounted to ¥60,857 million, an increase of ¥6,061 million from the previous fiscal year end. This was mainly due to an increase of ¥6,114 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, 2020 increased by ¥2,495 million from the previous fiscal year end to ¥13,772 million.

Cash flows from operating activities

Net cash provided by operating activities was ¥8,553 million. This was mainly because there was an increase in cash due to profit before income taxes of ¥9,850 million and a decrease in trade receivables of ¥1,873 million while there was a decrease in cash due to a decrease in trade payables of ¥4,165 million. (Net cash of ¥5,646 million was provided in the fiscal year ended March 31, 2019.)

Cash flows from investing activities

Net cash used in investing activities was ¥1,006 million. This was mainly because there was a decrease in cash due to purchase of property, plant and equipment of ¥781 million and purchase of intangible assets of ¥187 million. (Net cash of ¥153 million was used in the fiscal year ended March 31, 2019.)

Cash flows from financing activities

Net cash used in financing activities was ¥5,007 million. This was mainly because there was a decrease in cash due to a decrease of ¥5,411 million in short-term borrowings. (Net cash of ¥2,759 million was used in the fiscal year ended March 31, 2019.)

(4) Future outlook

The future outlook is such that proliferation of COVID-19 is expected to weigh heavily on the global economy and that of Japan, and could also substantially affect the Organo Group's financial performance. Looking at the current situation, on the one hand we have been encountering a shift toward resumption in semiconductor-related capital investment in China which endured a substantial slowdown in the previous year, along with no marked trend of cancellations or postponements of construction projects in Japan and Taiwan, which accounts for a majority of our carry-over balance for order backlog. On the other hand, we are finding it extremely difficult to estimate the pandemic's impact in terms of magnitude and duration at this stage, amid the likelihood of companies increasingly suspending domestic construction work due to the impact from the spread of infection and also

substantially curtailing plans for production and investment going forward due to the prolonged stagnation of global economic activity.

Regarding our financial results outlook for the fiscal year ending March 31, 2021, we forecast orders received of ¥100,000 million (down 4.7% year on year), net sales of ¥100,000 million (up 3.6%), operating profit of ¥7,200 million (down 27.3%), ordinary profit of ¥7,100 million (down 28.5%), profit attributable to owners of parent of ¥4,700 million (down 34.4%), ROE of 7.5% (12.4% in the previous fiscal year), and the operating profit ratio of 7.2% (10.3% in the previous fiscal year). These forecasts reflect factors such as increased investment in business reform, R&D, creation of new businesses, in addition to the circumstances involving our customers' capital investment plans and our carry-over balance for order backlog at this point in time. Any impact amount factored in for the impact arising due to the proliferation of COVID-19 is limited to the amount that can be assumed at this stage. We will accordingly revise our earnings outlook as developments unfold.

2. Basic policy regarding 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, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	11,276	13,772
Notes and accounts receivable - trade	39,195	36,783
Electronically recorded monetary claims - operating	1,060	1,590
Investments in leases	13,574	11,752
Merchandise and finished goods	4,717	5,710
Work in process	2,717	2,728
Raw materials and supplies	1,426	1,392
Other	2,206	2,448
Allowance for doubtful accounts	(139)	(98)
Total current assets	76,037	76,078
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,850	17,909
Accumulated depreciation	(12,339)	(12,562)
Buildings and structures, net	5,511	5,347
Machinery, equipment and vehicles	5,576	5,697
Accumulated depreciation	(4,879)	(4,974)
Machinery, equipment and vehicles, net	696	722
Land	12,288	12,284
Construction in progress	45	98
Other	4,968	5,088
Accumulated depreciation	(4,236)	(4,245)
Other, net	731	842
Total property, plant and equipment	19,272	19,296
Intangible assets	1,209	1,113
Investments and other assets		
Investment securities	1,621	1,553
Deferred tax assets	2,628	3,037
Other	767	780
Allowance for doubtful accounts	(278)	(411)
Total investments and other assets	4,739	4,959
Total non-current assets	25,220	25,369
Total assets	101,257	101,448

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,516	14,381
Short-term borrowings	13,458	7,644
Income taxes payable	1,546	1,959
Advances received	1,499	1,543
Provision for bonuses	1,165	1,339
Provision for product warranties	321	324
Provision for loss on construction contracts	84	64
Provision for share-based remuneration for directors (and other officers)	95	105
Other provisions	–	10
Other	3,242	4,866
Total current liabilities	39,930	32,240
Non-current liabilities		
Long-term borrowings	200	2,095
Deferred tax liabilities	8	9
Retirement benefit liability	6,209	6,153
Other	111	91
Total non-current liabilities	6,531	8,349
Total liabilities	46,462	40,590
Net assets		
Shareholders' equity		
Share capital	8,225	8,225
Capital surplus	7,508	7,508
Retained earnings	39,967	46,081
Treasury shares	(629)	(537)
Total shareholders' equity	55,071	61,277
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	273	143
Deferred gains or losses on hedges	(0)	–
Foreign currency translation adjustment	(193)	(178)
Remeasurements of defined benefit plans	(494)	(525)
Total accumulated other comprehensive income	(414)	(560)
Non-controlling interests	138	140
Total net assets	54,795	60,857
Total liabilities and net assets	101,257	101,448

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

(Millions of yen)

	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)
Net sales	92,273	96,515
Cost of sales	69,353	69,232
Gross profit	22,919	27,282
Selling, general and administrative expenses	16,361	17,374
Operating profit	6,558	9,908
Non-operating income		
Interest income	18	44
Dividend income	27	28
Insurance claim income	5	81
Share of profit of entities accounted for using equity method	138	170
Other	68	59
Total non-operating income	259	383
Non-operating expenses		
Interest expenses	85	136
Foreign exchange losses	60	41
Provision of allowance for doubtful accounts	101	78
Compensation for damage	15	91
Other	16	13
Total non-operating expenses	279	362
Ordinary profit	6,538	9,929
Extraordinary income		
Gain on sales of non-current assets	39	5
Gain on sales of investment securities	–	4
Gain on sales of right of using facilities	–	0
Total extraordinary income	39	9
Extraordinary losses		
Loss on sales of non-current assets	0	–
Loss on abandonment of non-current assets	12	39
Loss on valuation of investment securities	172	49
Total extraordinary losses	185	88
Profit before income taxes	6,392	9,850
Income taxes - current	2,045	3,014
Income taxes - deferred	(123)	(336)
Total income taxes	1,921	2,678
Profit	4,470	7,172
Profit attributable to non-controlling interests	17	10
Profit attributable to owners of parent	4,452	7,162

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)
Profit	4,470	7,172
Other comprehensive income		
Valuation difference on available-for-sale securities	(35)	(129)
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(265)	20
Remeasurements of defined benefit plans, net of tax	(109)	(32)
Share of other comprehensive income of entities accounted for using equity method	(2)	(1)
Total other comprehensive income	(413)	(143)
Comprehensive income	4,057	7,029
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,048	7,015
Comprehensive income attributable to non-controlling interests	8	14

(3) Consolidated statement of changes in equity**Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)**

(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	36,170	(355)	51,548
Changes during period					
Dividends of surplus			(656)		(656)
Profit attributable to owners of parent			4,452		4,452
Purchase of treasury shares				(273)	(273)
Net changes in items other than shareholders' equity					
Total changes during period	-	-	3,796	(273)	3,522
Balance at end of period	8,225	7,508	39,967	(629)	55,071

	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	312	(0)	59	(381)	(10)	142	51,681
Changes during period							
Dividends of surplus							(656)
Profit attributable to owners of parent							4,452
Purchase of treasury shares							(273)
Net changes in items other than shareholders' equity	(38)	0	(253)	(112)	(403)	(4)	(407)
Total changes during period	(38)	0	(253)	(112)	(403)	(4)	3,114

Balance at end of period	273	(0)	(193)	(494)	(414)	138	54,795
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Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(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	39,967	(629)	55,071
Changes during period					
Dividends of surplus			(1,047)		(1,047)
Profit attributable to owners of parent			7,162		7,162
Purchase of treasury shares				(8)	(8)
Disposal of treasury shares			(0)	100	100
Net changes in items other than shareholders' equity					
Total changes during period	-	-	6,114	91	6,206
Balance at end of period	8,225	7,508	46,081	(537)	61,277

	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	273	(0)	(193)	(494)	(414)	138	54,795
Changes during period							
Dividends of surplus							(1,047)
Profit attributable to owners of parent							7,162
Purchase of treasury shares							(8)
Disposal of treasury shares							100

Net changes in items other than shareholders' equity	(130)	0	15	(31)	(146)	2	(144)
Total changes during period	(130)	0	15	(31)	(146)	2	6,061
Balance at end of period	143	–	(178)	(525)	(560)	140	60,857

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities		
Profit before income taxes	6,392	9,850
Depreciation	920	1,189
Increase (decrease) in provisions	468	348
Increase (decrease) in retirement benefit liability	267	(107)
Interest and dividend income	(45)	(72)
Insurance claim income	(5)	(81)
Interest expenses	85	136
Foreign exchange losses (gains)	43	96
Compensation for damage	15	91
Share of loss (profit) of entities accounted for using equity method	(138)	(170)
Loss (gain) on sales of non-current assets	(39)	(5)
Loss on abandonment of non-current assets	12	39
Loss (gain) on sales of investment securities	-	(4)
Loss (gain) on valuation of investment securities	172	49
Loss (gain) on sales of right of using facilities	-	(0)
Decrease (increase) in trade receivables	(4,168)	1,873
Decrease (increase) in investments in leases	1,661	1,820
Decrease (increase) in inventories	(1,147)	(967)
Increase (decrease) in trade payables	2,972	(4,165)
Other, net	(458)	1,315
Subtotal	7,008	11,236
Interest and dividends received	45	84
Interest paid	(80)	(136)
Proceeds from insurance income	5	81
Compensation for damage paid	(15)	(91)
Income taxes (paid) refund	(1,317)	(2,621)
Net cash provided by (used in) operating activities	5,646	8,553
Cash flows from investing activities		
Purchase of property, plant and equipment	(473)	(781)
Proceeds from sales of property, plant and equipment	428	21
Purchase of intangible assets	(145)	(187)
Purchase of investment securities	(13)	(13)
Proceeds from sales of investment securities	-	5
Loan advances	(200)	(250)
Collection of loans receivable	250	200
Proceeds from sales of right of using facilities	-	0
Other, net	(0)	(1)
Net cash provided by (used in) investing activities	(153)	(1,006)

(Millions of yen)

	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(596)	(5,411)
Proceeds from long-term borrowings	–	3,000
Repayments of long-term borrowings	(1,200)	(1,505)
Purchase of treasury shares	(273)	(8)
Dividends paid	(656)	(1,047)
Dividends paid to non-controlling interests	(12)	(11)
Other, net	(20)	(22)
Net cash provided by (used in) financing activities	(2,759)	(5,007)
Effect of exchange rate change on cash and cash equivalents	(109)	(43)
Net increase (decrease) in cash and cash equivalents	2,623	2,495
Cash and cash equivalents at beginning of period	8,652	11,276
Cash and cash equivalents at end of period	11,276	13,772

(5) Notes to consolidated financial statements

Notes on premise of going concern

No items to report

Changes in presentation

Consolidated balance sheet

“Electronically recorded monetary claims - operating,” which had been included in “notes and accounts receivable - trade” in the previous fiscal year, is to be presented separately beginning in the fiscal year under review given that it has become more significant in terms of quantitative materiality. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

Consequently, ¥40,256 million presented in “notes and accounts receivable - trade” in the consolidated balance sheet for the previous fiscal year has been reclassified as ¥39,195 million in “notes and accounts receivable - trade” and ¥1,060 million in “electronically recorded monetary claims operating.”

Consolidated statement of income

“Insurance claim income,” which had been included in “other” under “non-operating income” in the previous fiscal year, is to be presented separately beginning in the fiscal year under review given that it now exceeds 10% of total non-operating income. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

Consequently, ¥74 million presented in “other” under “non-operating income” in the consolidated statement of income for the previous fiscal year has been reclassified as ¥5 million in “insurance claim income” and ¥68 million in “other.”

“Compensation for damage,” which had been included in “other” under “non-operating expenses” in the previous fiscal year, is to be presented separately beginning in the fiscal year under review given that it now exceeds 10% of total non-operating expenses. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

Consequently, ¥32 million presented in “other” under “non-operating income” in the consolidated statement of income for the previous fiscal year has been reclassified as ¥15 million in “compensation for damage” and ¥16 million in “other.”

Consolidated statement of cash flows

“Insurance claim income” and “compensation for damage,” which had been included in “other” above the subtotal under “cash flows from operating activities” in the previous fiscal year, are to be presented separately beginning in the fiscal year under review given that they have become more significant. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

Consequently, ¥(448) million presented in “other” above the subtotal under “cash flows from operating activities” in the consolidated statement of cash flows for the previous fiscal year has been reclassified as ¥(5) million in “insurance claim income,” ¥15 million in “compensation for damage” and ¥(458) million in “other.”

“Proceeds from insurance income” and “compensation for damage paid,” which had been included in “other” under the subtotal under “cash flows from operating activities” in the previous fiscal year, are to be presented separately beginning in the fiscal year under review given that they have become more significant. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

Consequently, ¥(9) million presented in “other” under the subtotal under “cash flows from operating activities” in the consolidated statement of cash flows for the previous fiscal year has been reclassified as ¥5 million in “proceeds from insurance income” and ¥(15) million in “compensation for damage paid.”

Because the monetary amount of the “income taxes refund” that was presented as a separate item in “cash flows from operating activities” in the previous fiscal year is no longer material, it has been combined with “income taxes paid” and presented as “income taxes (paid) refund” in the fiscal year under review. The consolidated financial statements for the previous fiscal year was reclassified to reflect these changes in presentation.

As a result of the above, ¥104 million in “income taxes refund” and ¥(1,421) million in “income taxes paid” that were presented under “cash flows from operating activities” in the consolidated statements of cash flows of the previous fiscal year has been reclassified as ¥(1,317) million in “income taxes (paid) refund.”

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 review to determine 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 business in the segments are as follows.

Reportable Segment	Major Products and Business	
Water Treatment Engineering Business Unit	Plant Division	Ultrapure water production facilities, Pure water production facilities, Industrial process water treatment facilities, Wastewater treatment facilities, Wastewater recovery facilities, Valuable material recovery facilities, Production processing-related facilities
	Service Solutions Division	Replacement of expendable items, Maintenance, Operational support services, Renovation/Reconditioning, Build-Own-Operate (BOO), Comprehensive maintenance service
Performance Products Business Unit	Standard water treatment equipment	Ultrapure water production systems, Pure water production systems, Filters, Multi-functional water
	Water treatment chemicals	RO membrane protection chemicals, Wastewater treatment chemicals, Cooling water treatment chemicals, Cleaning chemicals, Boiler water treatment chemicals
	Food processing materials	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 adopted for the preparation of consolidated financial statements.

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, 2019 (From April 1, 2018 to March 31, 2019)

(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	73,843	18,430	92,273	–	92,273
Intersegment sales or transfers	0	320	321	(321)	–
Total	73,843	18,751	92,594	(321)	92,273
Segment profit	5,178	1,380	6,558	–	6,558
Segment assets	79,214	17,598	96,813	4,444	101,257
Other items					
Depreciation	670	249	920	–	920
Amortization of goodwill	–	3	3	–	3
Investment in entities accounted for using equity method	663	–	663	–	663
Increase in property, plant and equipment and intangible assets	581	199	781	–	781

Notes: 1. The adjustments of ¥4,444 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” includes amortization of and an increase in long-term prepaid expenses.

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(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	77,921	18,593	96,515	–	96,515
Intersegment sales or transfers	0	336	336	(336)	–
Total	77,922	18,929	96,852	(336)	96,515
Segment profit	8,921	986	9,908	–	9,908
Segment assets	78,347	18,420	96,767	4,680	101,448
Other items					
Depreciation	888	301	1,189	–	1,189
Amortization of goodwill	–	2	2	–	2
Investment in entities accounted for using equity method	819	–	819	–	819
Increase in property, plant and equipment and intangible assets	913	241	1,154	–	1,154

Notes: 1. The adjustments of ¥4,680 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” includes amortization of and an increase in long-term prepaid expenses.

4. Matters relating to changes, etc. in reportable segments

The Organo Group has positioned the Performance Products Business Unit as one of its key business fields in its Medium-term Management Plan and is carrying out initiatives to develop new products and establish a production and sales system for the overseas market. Starting from the beginning of the fiscal year ended March 31, 2020, we revised our financial results management classifications as part of strengthening the Performance Products Business Unit. As a result of these revisions, we changed the classification of the equipment and chemical business of overseas businesses from inclusion in the “Water Treatment Engineering Business Unit” to inclusion in the “Performance Products Business Unit.” Furthermore, to more appropriately evaluate the financial results of the Performance Products Business Unit, our key business field, on a consolidated basis, we have changed the measurement method of intersegment sales or transfers, etc.

Moreover, segment information for the fiscal year ended March 31, 2019 has been prepared according to the classification method after the changes.

[Related information]

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

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
68,148	10,294	7,667	5,753	409	92,273

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

This information has been omitted as there is no major external customer that accounts for 10% or more of the net sales recorded in the consolidated statement of income.

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

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
74,992	11,502	4,421	5,112	486	96,515

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
Sony Semiconductor Manufacturing Corporation	11,049	Water Treatment Engineering Business Unit

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

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

No items to report

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

No items to report

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

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable Segment			Elimination or corporate	Total
	Water Treatment Engineering Business Unit	Performance Products Business Unit	Total		
Depreciation during the period	–	3	3	–	3
Balance at end of period	–	2	2	–	2

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable Segment			Elimination or corporate	Total
	Water Treatment Engineering Business Unit	Performance Products Business Unit	Total		
Depreciation during the period	–	2	2	–	2
Balance at end of period	–	–	–	–	–

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

Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)

No items to report

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

No items to report

Per share information

	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)
Net assets per share	¥4,784.81	¥5,301.26
Basic earnings per share	¥388.48	¥626.05

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

2. When calculating net assets per share in the fiscal year ended March 31, 2020, 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 (85 thousand shares at the end of the fiscal year ended March 31, 2019; 53 thousand shares at the end of the fiscal year ended March 31, 2020). 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 (47 thousand shares in the fiscal year ended March 31, 2019; 67 thousand shares in the fiscal year ended March 31, 2020).

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

	Fiscal year ended March 31, 2019 (From April 1, 2018 to March 31, 2019)	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)
Profit attributable to owners of parent (millions of yen)	4,452	7,162
Amounts not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent related to common shares (millions of yen)	4,452	7,162
Average number of common shares outstanding during the period (thousands of shares)	11,461	11,440

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

	As of March 31, 2019	As of March 31, 2020
Total net assets (millions of yen)	54,795	60,857
Amount subtracted from total net assets (millions of yen)	138	140
[Of which non-controlling interests (millions of yen)]	[138]	[140]
Net assets at the end of period attributable to common share (millions of yen)	54,657	60,717
Number of common shares at the end of period used to calculate net assets per share (thousands of shares)	11,423	11,453

Significant subsequent events

No items to report