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Notice of Convocation
the 75th Ordinary General Meeting of Shareholders

ORGANO CORPORATION

To Shareholders

I would like to express our cordial appreciation for your continuous support and patronage.
You are cordially invited to attend the 75th Ordinary General Meeting of Shareholders of ORGANO CORPORATION to be held on Friday, June 26, 2020.
Please confirm proposals of General Meeting of Shareholders and business outline of the fiscal year 2019 presented in the documents.

June 2020
Representative Director and President
Masaki Uchikura

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.

Notice of Convocation the 75th Ordinary General Meeting of Shareholders Measures for the prevention of new coronavirus infection

The following measures will be implemented at this meeting to prevent infection and spread of the new coronavirus (COVID-19). We appreciate your understanding and cooperation.

Measures by our company

- **There will be no souvenirs or drinks available this year.**
- **We will not hold the shareholder briefing sessions** after the General Meeting of Shareholders this year.
- There will be no waiting rooms or rest areas for shareholders.
- The number of seats available at the meeting will be considerably limited to increase the spaces between shareholders' seats.
- The proceedings of the meeting will be conducted smoothly and efficiently and will be shorter than in previous years.
- In consideration of the safety of shareholders, the use of elevators will be prohibited. Please take the stairs to the meeting place on the second floor.
- Officers and management staff attending the meeting will wear masks.
- The matters to be reported and other materials on the day of the meeting will be posted on the Company's website (<https://www.organo.co.jp/>) at a later date.

Request to shareholders

- From the perspective of preventing the spread of infection, we strongly request that you exercise your voting rights in writing or via the Internet in advance and **refrain from attending the meeting.** Please refer to pages 5 and 6 of this Notice for details on how to exercise your voting rights.
- We ask you to exercise particular caution for shareholders with underlying diseases, elderly shareholders, pregnant shareholders, and shareholders with infants, who may be significantly affected by infection.
- All shareholders attending the meeting are asked to bring and wear masks. Shareholders not wearing masks will not be allowed to enter the meeting venue.
- Please use the disinfectant provided at the meeting venue before attending the meeting.
- Shareholders who have a cough or who appear to be unwell may be denied entry or asked to leave.
- In case the number of visitors exceeds the number of seats available, we may have to restrict admission in order to ensure the safety of shareholders.

The above measures are subject to change depending on the situation of the spread of infection by the day of the General Meeting of Shareholders or the announcements by the government. Any changes will be announced on the Company's website.

The Company's website (<https://www.organo.co.jp/>)

(Securities Code: 6368)

June 10, 2020

To our shareholders:

Masaki Uchikura,
Representative Director and President
ORGANO CORPORATION
1-2-8, Shinsuna, Koto-ku, Tokyo

Notice of the 75th Ordinary General Meeting of Shareholders

We are pleased to announce the 75th Ordinary General Meeting of Shareholders of ORGANO CORPORATION (the “Company”), which will be held as indicated below.

Due to recent developments, such as the declaration of a state of emergency by the Japanese Government, a state of emergency measures by the Tokyo Metropolitan Government, strongly emphasized official requests have been issued by the Japanese Government and the prefectural governors to refrain from unnecessarily outings to prevent the spread of COVID-19. After giving serious consideration to the current state of affairs, the Company has decided to hold this General Meeting of Shareholders with appropriate measures put in place to prevent infection.

In light of the strongly emphasized official requests to refrain from unnecessary outings, we strongly request that you refrain from attending this General Meeting of Shareholders and instead to make all efforts to exercise your voting rights either by writing or via the Internet from the standpoint of preventing the spread of infection. We ask you to exercise particular caution for shareholders with underlying diseases, elderly shareholders, pregnant shareholders, and shareholders with infants, who may be significantly affected by infection. Upon exercising your voting rights in writing or via the Internet, etc., please review the attached Reference Documents for General Meeting of Shareholders, and exercise your voting rights by 5:00 p.m. on Thursday, June 25, 2020 (JST).

1. Date and Time: Friday, June 26, 2020 at 11:00 a.m. (JST) (Reception is scheduled to be open at 10:00 a.m.)

(Please note that the meeting will be held one hour later than usual.)

2. Venue: Conference Room, 2nd floor, Head office building of the Company,
1-2-8, Shinsuna, Koto-ku, Tokyo

3. Purpose of the Meeting

Matters to be reported:

1. The Business Report and the Consolidated Financial Statements for the 75th fiscal year (from April 1, 2019 to March 31, 2020), and the results of audits of the Consolidated Financial Statements by the Independent Auditor and the Audit and Supervisory Board
2. The Non-consolidated Financial Statements for the 75th fiscal year (from April 1, 2019 to March 31, 2020)

Matters to be resolved:

Proposal No. 1 Election of Nine Directors

Proposal No. 2 Election of Two Substitute Audit and Supervisory Board Members

4. Other Matters relating to General Meetings of Shareholders

In the case of duplicate voting done both in writing and via the Internet, etc., the vote placed via the Internet, etc. will be considered valid. Additionally, in the case of voting twice or more times via the Internet, etc., the last vote will be considered valid.

Notice of year-end dividends for the 75th fiscal year

The Company has included provisions in the Articles of Incorporation on the payment of dividends, etc., of surplus by resolution of the Board of Directors. Year-end dividends are in principle a matter for resolution of the Ordinary General Meeting of Shareholders. However, in view of the impact of the spread of COVID-19 infection and other factors, it was decided to pay the year-end dividend for the 75th fiscal year (from April 1, 2019 to March 31, 2020) by resolution of the Board of Directors in order to promptly pay a year-end dividend with a record date of March 31, 2020.

The details of the resolution passed at the meeting of the Board of Directors held on May 12, 2020 regarding the year-end dividend for the 75th fiscal year of the Company.

(1) Type of dividend property	Cash
(2) Allotment of dividend property and their total amount	¥57 per common share of the Company Total dividend amount is ¥655,906,524
(3) Effective date of dividends of surplus	June 11, 2020

Please note that the Company encloses “Year-end Dividend Receipt” (“About the bank account” for those who specify a bank transfer and “How to receive dividends” for those who specify the method of proportional allocation based on the number of shares) and “Dividend Statement.” If you would like to receive your year-end dividend with “Year-end Dividend Receipt,” please receive it at JAPAN POST BANK Co., Ltd. or a post office during the payment period.

Guide to Exercising Voting Rights

Attending the General Meeting of Shareholders

Please submit the enclosed voting form to the receptionist at the meeting.

Date and time of the Meeting: Friday, June 26, 2020, at 11:00 a.m. (Reception starts at 10:00 a.m.)

(Please note that the meeting will be held one hour later than usual.)

Not Attending the General Meeting of Shareholders

Exercising Voting Rights by Mail (in Writing)

Please indicate your approval or disapproval of the proposals in the enclosed voting form, and then return the form by postal mail so that your vote is received by the deadline.

Deadline: To arrive by no later than 5:00 p.m. Thursday, June 25, 2020

Exercising Voting Rights via the Internet, etc.

Please access the designated website for exercise of voting rights, and enter your approval or disapproval by the deadline.

Deadline: Exercised by no later than 5:00 p.m. Thursday, June 25, 2020

Please refer to the page 6 for details.

In the case of duplicate voting done both in writing (by mail) and via the Internet, etc., the vote placed via the Internet, etc. will be considered valid. If you exercise your voting rights more than once via the Internet, etc., the last vote shall be deemed effective.

Disclosure on the Internet

- “Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements, and “Statement of Changes in Equity” and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial Statements that are made available on the Company’s website under laws and regulations and the Company’s Articles of Incorporation are not available in this notice. The Consolidated Statement of Changes in Equity, the Notes to the Consolidated Financial Statements, the Statement of Changes in Equity and the Notes to Non-consolidated Financial Statements posted on the Company’s website are subject to audit by the Independent Auditor and the Audit and Supervisory Board Members and the Audit and Supervisory Board.
- Any corrections in the Reference Documents for General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements will be posted on the Company’s website.

The Company’s website (<https://www.organo.co.jp/>)

Guide to Exercising Voting Rights via the Internet, etc.

By scanning the QR code (“Smart Exercise”)

You can log-in to the website for exercise of voting rights without entering the voting rights exercise code and password.

1. Please scan the QR code printed on the voting form at the bottom right.
*QR code is a registered trademark of DENSO WAVE INCORPORATED.
2. Then please follow the instructions on the screen and indicate your approval or disapproval.

The exercise of voting right by “Smart Exercise” is available only once.

In case if you want to change your vote after exercising your voting right, please access the website for PC and log-in by entering the “voting rights exercise code” and “password” indicated in the voting form, to exercise your voting right again.

*You will be transferred to the website for PC by scanning the QR code again.

By entering the voting rights exercise code and password

Website for exercise of voting rights: <https://www.web54.net>

1. Please access the website for exercise of voting rights.
2. Please enter the “voting rights exercise code” indicated in the voting form.
3. Please enter the “password” indicated in the voting form.
4. Then please follow the instructions on the screen and indicate your approval or disapproval.

If you have any questions on how to exercise your voting rights via the Internet using a personal computer, smartphone, or mobile phone, please contact the department below.

Sumitomo Mitsui Trust Bank, Limited,
Stock Transfer Agency Web Support, Dedicated line
0120-652-031 (toll free)
(Business hours: 9:00 a.m. - 9:00 p.m.)

Institutional investors can exercise their voting rights via the “Electronic Voting Rights Exercise Platform” for institutional investors operated by ICJ, Inc.

Reference Documents for General Meeting of Shareholders

Proposal No. 1 Election of Nine Directors

The terms of office of all ten Directors will expire at the conclusion of this Ordinary General Meeting of Shareholders. Therefore, the Company proposes the election of nine Directors including three Outside Directors, decreasing the number of Internal Directors by one, in order to increase the ratio of Outside Directors to the Board of Directors to at least one-third, for the purpose of further strengthening corporate governance.

The candidates for Directors are determined by the Board of Directors after obtaining opinions based on review by the Nomination and Remuneration Advisory Committee, a voluntary advisory body of the Board of Directors. The candidates for Director are as follows:

Candidate No.	Name	Position in the Company	Attendance at Board of Directors meetings
1	Masaki Uchikura <u>Reelection</u>	Director and President (Representative Director) President and Executive Officer	100% (16/16)
2	Hitoshi Hori <u>Reelection</u>	Managing Director and Executive Officer President of Performance Products Business	100% (16/16)
3	Haruki Myouga <u>Reelection</u>	Managing Director and Executive Officer President of R & D and Engineering	100% (16/16)
4	Yasutoshi Nakayama <u>Reelection</u>	Director and Executive Officer President of Industrial Plant Business and Senior General Manager of Plant Division	100% (16/16)
5	Nobuyoshi Suda <u>Reelection</u>	Director and Executive Officer President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept.	100% (13/13)
6	Masayuki Yamada <u>Reelection</u>	Director	100% (13/13)
7	Motoo Nagai <u>Reelection</u> <u>Outside</u>	Outside Director	100% (16/16)
8	Keikou Terui <u>Reelection</u> <u>Outside</u>	Outside Director	88% (14/16)
9	Kenji Hirai <u>Reelection</u> <u>Outside</u>	Outside Director	100% (13/13)

Note: Directors Nobuyoshi Suda, Masayuki Yamada, and Kenji Hirai were elected at the 74th Ordinary General Meeting of Shareholders, which was held on June 27, 2019, and they assumed office on that day. Accordingly, the attendance figure stated above for the Directors indicates their attendance to the meetings of the Board of Directors that were held on and after June 27, 2019.

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
1	<p style="text-align: center;"><u>Reelection</u></p> <p>Masaki Uchikura (August 6, 1954)</p> <p>Tenure as Director 3 years</p>	<p>Apr. 1982 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)</p> <p>June 2010 Associate Director, General Manager of Legal & Patents</p> <p>June 2011 Director, General Manager of Legal & Patents</p> <p>June 2015 President (Representative Director) of Tosoh Specialty Materials Corporation (retired in June 2017)</p> <p> Chairman of the Board of Tosoh SMD, Inc. (retired in June 2017)</p> <p> Managing Director, President of Specialty Group and Senior General Manager of Advanced Materials Division of Tosoh Corporation</p> <p>Mar. 2016 Chairman of the Board of Tosoh America, Inc. (retired in June 2017)</p> <p>June 2016 Director, Executive Vice President, President of Specialty Group and Senior General Manager of Advanced Materials Division of Tosoh Corporation (retired in June 2017)</p> <p>June 2017 Senior Managing Director and Executive Officer, President of Performance Products Business of the Company</p> <p> Chairman of the Board (Representative Director) of ORGANO FOOD TECH CORPORATION (retired in June 2019)</p> <p> Chairman of the Board (Representative Director) of HOSTEC (retired in June 2019)</p> <p>June 2019 Director and President (Representative Director) President and Executive Office of the Company</p> <p> Current position</p>	7,100
<p>[Significant concurrent positions outside the Company]</p> <p>None</p>			
<p>[Reasons for nomination as candidate for Director]</p> <p>Masaki Uchikura had been engaged in legal and patent fields for many years at Tosoh Corporation. He contributed to enhancement of corporate governance and expanded advanced material business as a Director of Tosoh Corporation, utilizing his expertise in functional material. After being appointed as a Director of the Company, as President of Performance Products Business, he has drawn the growth strategy of the business division. After being appointed as the Director and President of the Company, he has been demonstrating his leadership in promoting long-term management plans and formulating and executing strategies for the overall Group.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company nominates him as a candidate for Director.</p>			
<p>[Special interest between candidate and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
2	<p style="text-align: center;"><u>Reelection</u></p> <p style="text-align: center;">Hitoshi Hori (November 19, 1957)</p> <p style="text-align: center;">Tenure as Director 6 years</p>	<p>Apr. 1984 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)</p> <p>June 2000 Director of Eco-Techno Corporation</p> <p>June 2006 Manager of Planning and Development, Electronic Materials Division and Corporate Planning Division of Tosoh Corporation</p> <p>June 2011 Manager of Planning and Development, Advanced Materials Division and Corporate Production Technology Division</p> <p>Mar. 2012 President (Representative Director), Eco- Techno Corporation (retired in October 2015)</p> <p>June 2012 Associate Director of Tosoh Corporation (retired in June 2014)</p> <p>June 2014 Managing Director and Executive Officer of the Company</p> <p>June 2015 Managing Director and Executive Officer, General Manager of Trade Control Office</p> <p>June 2016 Managing Director and Executive Officer, President of Corporate Management and Planning, and General Manager of Trade Control Office</p> <p>June 2017 Managing Director and Executive Officer, President of Corporate Management and Planning</p> <p>June 2019 Managing Director and Executive Officer, President of Performance Products Business</p> <p style="text-align: center;">Chairman of the Board (Representative Director) of ORGANO FOOD TECH CORPORATION</p> <p style="text-align: center;">Current position</p>	4,200
[Significant concurrent positions outside the Company]			
Chairman of the Board (Representative Director) of ORGANO FOOD TECH CORPORATION			
[Reasons for nomination as candidate for Director]			
<p>Hitoshi Hori had been engaged in company management for many years at the Company's affiliated company that is engaged in the construction industry as Director and President. After being appointed as a Director of the Company, he has promoted development of advanced technologies as a Director in charge of Development Division, utilizing his knowledge and experience relating to life science. After that, he has a track record in the establishment of group-wide management strategy and management and operation planning as a Director in charge of all management divisions. Currently, as the President of Performance Products Business, he has been involved in the search and development of high value-added functional materials and business expansion strategies.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company nominates him as a candidate for Director.</p>			
[Special interest between candidate and the Company]			
There is no special interest between the candidate and the Company.			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
3	<p style="text-align: center;">Reelection</p> <p style="text-align: center;">Haruki Myouga (February 21, 1956)</p> <p style="text-align: center;">Tenure as Director 4 years</p>	<p>Apr. 1978 Joined the Company</p> <p>June 2011 Executive Officer, Senior General Manager of R&D Center and General Manager of Planning and Administration Dept., R&D Center</p> <p>Apr. 2012 Executive Officer, Senior General Manager of R&D Center and General Manager of Development Dept. I, R&D Center</p> <p>Apr. 2013 Executive Officer, Senior General Manager of R&D Center</p> <p>Apr. 2015 Managing Executive Officer, Senior General Manager of R&D Center</p> <p>June 2016 Managing Director and Executive Officer, Senior General Manager of R&D Center</p> <p>June 2017 Managing Director and Executive Officer</p> <p>June 2018 Managing Director and Executive Officer, President of R & D and Engineering</p> <p>Current position</p> <p>(Responsibilities)</p> <p>In charge of Environment, Safety and Quality Assurance Dept. and Purchasing and Logistics Dept.</p>	5,000
<p>[Significant concurrent positions outside the Company]</p> <p>None</p>			
<p>[Reasons for nomination as candidate for Director]</p> <p>Haruki Myouga has been engaged in technology development, especially wastewater treatment, for many years, and led research and development as a Senior General Manager of R&D Center, utilizing his advanced expertise and experience relating to biotechnology. After being appointed as a Director of the Company, he has been in charge of Engineering Technology Division and promoted improvement of technological capabilities and creation of new technology and products. Currently he is in charge of the Environment, Safety and Quality Assurance Department, Purchasing Department, etc., and is contributing to the improvement of company-wide safety and quality, and cost-cutting initiatives.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company nominates him as a candidate for Director.</p>			
<p>[Special interest between candidate and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
4	<p style="text-align: center;"><u>Reelection</u></p> <p style="text-align: center;">Yasutoshi Nakayama (July 30, 1961)</p> <p style="text-align: center;">Tenure as Director 2 years</p>	<p>Apr. 1984 Joined the Company</p> <p>June 2010 General Manager of Electronics Industry Sales Dept., Plant Division, Industrial Plant Business</p> <p>Apr. 2012 Director of Organo Kansai Co., Ltd. (retired in December 2013)</p> <p>Jan. 2014 Managing Director of Organo (Asia) Sdn. Bhd.</p> <p>June 2016 Executive Officer of the Company</p> <p>May 2017 Director of Organo (Asia) Sdn. Bhd.</p> <p>June 2017 Executive Officer, Senior General Manager of Plant Division, Industrial Plant Business of the Company</p> <p>Jan. 2018 Executive Officer, Senior General Manager of Plant Division, Industrial Plant Business, and General Manager of Electronics Industry Sales Dept.</p> <p>Apr. 2018 Executive Officer, Senior General Manager of Plant Division, Industrial Plant Business</p> <p>June 2018 Director and Executive Officer, Deputy President of Industrial Plant Business, and Senior General Manager of Plant Division</p> <p>June 2019 Director and Executive Officer, President of Industrial Plant Business, and Senior General Manager of Plant Division</p> <p style="text-align: center;">Current position</p>	3,400
[Significant concurrent positions outside the Company]			
None			
[Reasons for nomination as candidate for Director]			
<p>Yasutoshi Nakayama, as a top of the Plant Division, one of the Company's core businesses, has been putting effort in business growth and improvement of revenue, after being engaged in company management as the president of the Company's overseas subsidiary. After being appointed as a Director of the Company, as the Senior General Manager of Plant Division and President of Industrial Plant Business, he has been in charge of whole Water Treatment Engineering Business Unit, and working for expansion of the businesses and stable earnings in Japan and overseas.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company nominates him as a candidate for Director.</p>			
[Special interest between candidate and the Company]			
There is no special interest between the candidate and the Company.			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
5	<p style="text-align: center;">Reelection</p> <p style="text-align: center;">Nobuyoshi Suda (November 19, 1963)</p> <p style="text-align: center;">Tenure as Director 1 year</p>	<p>Apr. 1984 Joined the Company</p> <p>June 2010 Deputy General Manager of Plan Design Dept., Technology & Production Center</p> <p>Apr. 2012 General Manager of Electronics Industry Sales Dept., Plant Division, Industrial Plant Business and Project Management Office and Engineering Dept., Engineering</p> <p>Jan. 2013 Representative Director and General Manager of Organo (Suzhou) Water Treatment Co., Ltd. (retired in April 2016)</p> <p>Apr. 2016 General Manager of Corporate Strategy and Planning Dept., Corporate Management and Planning of the Company</p> <p>June 2017 Executive Officer, General Manager of Corporate Strategy and Planning Dept., Corporate Management and Planning</p> <p> Chairman of Organo (Vietnam) Co., Ltd. (retired in June 2018)</p> <p>June 2019 Director and Executive Officer, President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept.</p> <p> Current position</p> <p>(Responsibilities)</p> <p>In charge of Internal Auditing Office, Secretary Office, Global Management and Planning, Legal and Patent Dept., Trade Control Office, and Branches</p>	1,800
<p>[Significant concurrent positions outside the Company]</p> <p>None</p>			
<p>[Reasons for nomination as candidate for Director]</p> <p>Nobuyoshi Suda has been engaged in Plant Technology Division, especially electronics industry, for many years and has been responsible for businesses in electronics industry field. In addition, he has been engaged in company management as the Representative Director and General Manager (President) of the Company's overseas subsidiary. After being appointed as a Director of the Company, as the General Manager of Corporate Strategy and Planning Dept., he not only promotes the planning and execution of company-wide growth strategies, but also improves group-wide internal controls and promotes CSR activities and compliance activities as a Director in charge of all administrative divisions.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company nominates him as a candidate for Director.</p>			
<p>[Special interest between candidate and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
6	<p style="text-align: center;"><u>Reelection</u></p> <p style="text-align: center;">Masayuki Yamada (January 7, 1959)</p> <p style="text-align: center;">Tenure as Director 1 year</p>	<p>Apr. 1985 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)</p> <p>June 2007 President of Tosoh Bioscience, Inc. President of Tosoh Bioscience LLC</p> <p>June 2011 Associate Director, Deputy Senior General Manager of Bioscience Division of Tosoh Corporation</p> <p>June 2012 Associate Director, Senior General Manager of Bioscience Division and Manager of Planning and Development Chairman of the Board of Tosoh Europe, N.V. (retired in June 2019)</p> <p>June 2013 Director, Senior General Manager of Bioscience Division and Manager of Planning and Development of Bioscience Division of Tosoh Corporation</p> <p>June 2015 President (Representative Director) of Tosoh Techno-System, Inc. (retired in June 2019) Director of Tosoh Bioscience, Inc. (retired in June 2019) Director of Tosoh Bioscience LLC (retired in June 2019)</p> <p>June 2016 Senior Vice President, Senior General Manager of Bioscience Division of Tosoh Corporation</p> <p>June 2017 Director, Executive Vice President, President of Specialty Group and Senior General Manager of Bioscience Division Chairman of the Board of Tosoh America, Inc.</p> <p>June 2019 Director, Executive Vice President, General Manager of Research and Development Planning, President of Specialty Group, and President of Engineering Group of Tosoh Corporation Director of the Company Current position</p>	1,100
<p>[Significant concurrent positions outside the Company] Director, Executive Vice President of Tosoh Corporation Chairman of the Board of Tosoh America, Inc.</p>			
<p>[Reasons for nomination as candidate for Director] Masayuki Yamada has been engaged in bioscience field at Tosoh Corporation for many years. After being appointed as a Director, Executive Vice President, he has been leading management and operation of not only Specialty Group but also a wide range of divisions, such as Research and Planning Division and Engineering Group, and contributed to creation and expansion of businesses of the aforesaid company. After being appointed as a Director of the Company, he has been giving useful opinions that deepen the sharing of information and the creation of synergies among the Group, utilizing his wealth of knowledge and experience. In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, the Company nominates him as a candidate for Director.</p>			
<p>[Special interest between candidate and the Company] There is no special interest between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
7	<div style="text-align: center;"> Reelection Outside Independent </div> <p>Motoo Nagai (March 4, 1954)</p> <p>Tenure as Outside Director 5 years</p>	<p>Apr. 1977 Joined The Industrial Bank of Japan, Limited</p> <p>Apr. 2005 Executive Officer of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)</p> <p>Apr. 2007 Managing Executive Officer (retired in April 2011)</p> <p>Apr. 2011 Deputy President and Executive Officer of Mizuho Trust & Banking Co., Ltd.</p> <p>June 2011 Director and Deputy President (Representative Director), Deputy President and Executive Officer</p> <p>Apr. 2014 Administrative Officer (retired in June 2014)</p> <p>June 2014 Outside Statutory Auditor (Full-time) of Nissan Motor Co., Ltd. Outside Audit and Supervisory Board Member of the Company</p> <p>June 2015 Outside Audit & Supervisory Board Member of Nisshin Seifun Group Inc. Outside Director of the Company</p> <p>June 2019 Outside Director of Nissan Motor Co., Ltd. Outside Director of Nisshin Seifun Group Inc. Current position</p>	2,000
[Significant concurrent positions outside the Company] Outside Director of Nissan Motor Co., Ltd. Outside Director of Nisshin Seifun Group Inc.			
[Reasons for nomination as candidate for Outside Director] Motoo Nagai had worked for financial institutions for many years and had been engaged in company management as a Director and Deputy President of Mizuho Trust & Banking Co., Ltd. In addition, he has served as an outside director of other listed companies, deepening his knowledge on multidimensional corporate management. After being appointed as an Outside Audit and Supervisory Board Member and Outside Director of the Company, he has been giving us useful opinions and advices on the management of the Company, especially enhancement of governance, utilizing his abundant and various knowledge. In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, judging him as being capable of appropriately performing his duties as an Outside Director, the Company nominates him as a candidate for Outside Director.			
[Special interest between candidate and the Company] There is no special interest between the candidate and the Company.			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
8	<div style="text-align: center;"> <div style="border: 1px solid black; display: inline-block; padding: 2px;">Reelection</div> <div style="border: 1px solid black; display: inline-block; padding: 2px;">Outside</div> <div style="border: 1px solid black; display: inline-block; padding: 2px;">Independent</div> </div> <p>Keikou Terui (July 27, 1953)</p> <p>Tenure as Outside Director 4 years</p>	<p>Apr. 1979 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p>July 2008 Deputy Minister of Technical Affairs, Minister's Secretariat</p> <p>Jan. 2011 Director-General of Kanto Bureau of Economy, Trade and Industry</p> <p>Apr. 2012 Director-General of Regional Economic and Industrial Policy (retired in June 2013)</p> <p>Aug. 2013 President of Nonprofit Organization Japan Utility Telemetering Association</p> <p>Oct. 2013 Senior Fellow of Chemicals Evaluation and Research Institute, Japan (retired in September 2016)</p> <p>June 2014 Director of Union of Japanese Scientists and Engineers Outside Director of Ube Industries, Ltd.</p> <p>Mar. 2016 Outside Director of Bridgestone Corporation</p> <p>June 2016 Director of Chemicals Evaluation and Research Institute, Japan Outside Director of the Company Current position</p>	3,200
<p>[Significant concurrent positions outside the Company]</p> <p>President of Nonprofit Organization Japan Utility Telemetering Association</p> <p>Outside Director of Ube Industries, Ltd.</p> <p>Outside Director of Bridgestone Corporation</p>			
<p>[Reasons for nomination as candidate for Outside Director]</p> <p>Keikou Terui had held a number of management positions at Ministry of Economy, Trade and Industry. At those positions, he had promoted preparation and implementation of industrial policy and demonstrated his leadership at important positions in management of organization. In addition, he has highly academic knowledge on risk evaluation and management of chemicals, and has served as an outside director of other listed companies, deepening his knowledge on multidimensional corporate management. After being appointed as an Outside Director of the Company, he has been giving us useful opinions and advices on the management of the Company, utilizing his abundant and various piece of knowledge.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, judging him as being capable of appropriately performing his duties as an Outside Director, the Company nominates him as a candidate for Outside Director.</p>			
<p>[Special interest between candidate and the Company]</p> <p>There is no special interest between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, and position and responsibility in the Company	Number of the Company's shares owned
	<div style="text-align: center;"> Reelection Outside Independent </div> <p style="text-align: center;">Kenji Hirai (March 20, 1953)</p> <p style="text-align: center;">Tenure as Outside Director 1 year</p>	<p>Apr. 1981 Joined Sagami Chemical Research Center (currently Sagami Chemical Research Institute)</p> <p>Apr. 1990 Senior Research Fellow</p> <p>Apr. 1998 Senior Fellow</p> <p>Jan. 2002 Vice President</p> <p>Apr. 2004 Vice Chairman of the Board, President</p> <p>Dec. 2018 Vice Chairman of the Board (Representative Director), President (retired in March 2019)</p> <p>Apr. 2019 Vice Chairman of the Board (Representative Director), Research Advisor</p> <p>June 2019 Outside Director of the Company</p> <p style="text-align: center;">Current position</p>	1,200
	[Significant concurrent positions outside the Company]		
	Vice Chairman of the Board (Representative Director) of Sagami Chemical Research Institute		
9	[Reasons for nomination as candidate for Outside Director]		
	<p>Kenji Hirai, while making distinguished achievements in research of cutting-edge functional substances, high performance agrochemicals and environmental preservation substances, and development of biotechnology, has demonstrated his skills on management and operation of an organization, as Vice Chairman of the Board, President of Sagami Chemical Research Institute. After being appointed as an Outside Director of the Company, he has been giving us useful opinions and advices on the management of the Company, especially on research and technological development, utilizing his abundant and various piece of knowledge.</p> <p>In addition to high ethical standards, and abilities to accurately make decisions and understand issues, which are essential for a Director, he also possesses the necessary experience and insight to promote sustainable growth and improvement of corporate value of the Group. Therefore, judging him as being capable of appropriately performing his duties as an Outside Director, the Company nominates him as a candidate for Outside Director.</p>		
	[Special interest between candidate and the Company]		
	<p>Kenji Hirai is the Vice Chairman of the Board (Representative Director) of Sagami Chemical Research Institute. The Company and the aforesaid institute are implementing joint research. The amount of expenditure paid by the Company to the institute in the 75th fiscal year is ¥11 million. In addition, the Company has made donations to the institute. The amount paid in the fiscal year ended March 31, 2020 is ¥300,000, which is insignificant.</p>		

- Notes: 1. The positions and responsibilities held by Masaki Uchikura in the past five years at the Company's parent company Tosoh Corporation and its subsidiaries (Tosoh Speciality Materials Corporation, Tosoh SMD, Inc., and Tosoh America, Inc.) are presented in the above "Career summary, and position and responsibility in the Company".
2. The positions and responsibilities held by Hitoshi Hori presently or in the past five years at the subsidiaries (Eco-Techno Corporation) of the Company's parent company Tosoh Corporation are presented in the above "Career summary, and position and responsibility in the Company".
3. The positions and responsibilities held by Masayuki Yamada presently or in the past five years at the Company's parent company Tosoh Corporation and its subsidiaries (Tosoh Bioscience, Inc., Tosoh Bioscience LLC, Tosoh Techno-System, Inc., Tosoh Europe, N.V., and Tosoh America, Inc.) are presented in the above "Career summary, and position and responsibility in the Company".
4. Motoo Nagai, Keikou Terui and Kenji Hirai are candidates for Outside Director.
5. Motoo Nagai assumed office as an Audit and Supervisory Board Member for a year before assuming office as Outside Director of the Company.
6. Currently, the Company has entered into respective agreements with Masayuki Yamada, Motoo Nagai, Keikou Terui, and Kenji Hirai to set the minimum amount of liability provided by laws and regulations as the amount for liability for damages under Article 423, paragraph 1 of the Companies Act in cases where there is good faith and no gross negligence, in accordance with Article 427, paragraph 1 of the same Act and the Articles of Incorporation of the Company. If they are elected as Directors, the Company plans to enter into the same agreement with each of them.
7. Nissan Motor Co., Ltd., at which Motoo Nagai currently serves as an Outside Director, announced the issue of serious misconduct by management including the chairman of the said company in November 2018. In connection with the case, Nissan Motor Co., Ltd. issued an amendment report to correct the contents of remuneration for directors (and other officers), etc. disclosed in the securities report for each fiscal year from the

fiscal year ended March 31, 2006 to the fiscal year ended March 31, 2018, and submitted it to the Kanto Finance Bureau on May 14, 2019. The Company was ordered by the Financial Services Agency to pay a surcharge on February 27, 2020 in relation to its securities reports and other disclosure documents for the period from the fiscal year ended March 31, 2015 to the fiscal year ended March 31, 2018. In the United States, the Company also entered into an administrative settlement agreement with the United States Securities and Exchange Commission and paid a surcharge with respect to material misstatements regarding remuneration for directors (and other officers) in the Company's securities reports. Motoo Nagai had been unaware of the said issue before such issue is discovered, but he had been providing recommendations from a legal compliance perspective at the said company's board of directors meetings before this issue. In addition, since he has become aware of the issue, Motoo Nagai has appropriately fulfilled his duties by giving directions regarding comprehensive investigations, recurrence prevention measures, etc.

8. Nissan Motor Co., Ltd., at which Motoo Nagai currently serves as an Outside Director, received process improvement orders from the Ministry of Land, Infrastructure, Transport and Tourism in March 2018 related to the said company's non-conformities in the final vehicle inspection processes at plants in Japan. Also, in December 2018, the said company received process improvement directives from the said Ministry related to the same non-conformities discovered by the said company's self-inspection. Motoo Nagai had been unaware of the said issue before the facts that were the cause of the said process improvement orders and directives came to light, but he had been providing recommendations from a legal compliance perspective at the said company's board of directors meetings before this issue. In addition, since he has become aware of the issue, Motoo Nagai has appropriately fulfilled his responsibilities by giving directions regarding comprehensive investigations, recurrence prevention measures, etc.
9. Ube Industries, Ltd., at which Keikou Terui currently serves as Outside Director, announced in February 2018 that it had not carried out product tests in certain low-density polyethylene products that were meant to be carried out as part of an agreement with customers. In addition, the said company announced non-conformity for JIS certification of limestone aggregate for ready-mix concrete in May 2018, and fourteen new cases of improprieties in quality in June 2018. Further the said company announced, in October 2018, two cases of improprieties in quality including an overseas subsidiary, as the result of supplementary investigation. Keikou Terui had been unaware of the said issue before the facts that led to the said company's announcement came to light, but he had been providing recommendations from a legal compliance perspective at the said company's board of directors meetings before this issue. In addition, since he has become aware of the issue, Keikou Terui has appropriately fulfilled his responsibilities by requesting an investigation of the cause of the improprieties and thorough enforcement of compliance structure, etc.
10. The Company has submitted notification to the Tokyo Stock Exchange that Motoo Nagai, Keikou Terui, and Kenji Hirai have been designated as independent officers as provided for by the aforementioned exchange. For the Company's "Criteria for Independence of Outside Officers", please refer to page 20.

Proposal No. 2 Election of Two Substitute Audit and Supervisory Board Members

To prepare for a situation where the number of Audit and Supervisory Board Member does not satisfy the number prescribed by laws and regulations, the Company proposes the election of two Substitute Audit and Supervisory Board Members.

The candidates for Substitute Audit and Supervisory Board Member are as follows. Tomoaki Itou will be a substitute for the Audit and Supervisory Board Member, Masahiko Toyoda, and Kimio Watabe will be a substitute for an Outside Audit and Supervisory Board Member.

The appointment of the Substitute Audit and Supervisory Board Member shall be subject to the number of Audit and Supervisory Board Member not satisfying the number prescribed by laws and regulations, and the term of office thereof shall be the remaining term of office of a predecessor.

In addition, the consent of the Audit and Supervisory Board has been obtained for the submission of this proposal.

Candidate No.	Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned	
1	Tomoaki Itou (March 30, 1953)	Apr. 1976	Joined the Company	956
		June 2005	General Manager of Power Plant Division	
		Apr. 2008	Executive Officer, General Manager of Power Plant Division	
		June 2011	Director and Executive Officer	
		June 2012	Managing Director and Executive Officer	
Apr. 2015	Managing Director and Executive Officer, General Manager of Water Infrastructure and Energy			
		June 2017	Advisor (retired in June 2018)	
	[Significant concurrent positions outside the Company]			
	None			
	[Reasons for nomination as candidate for Substitute Audit and Supervisory Board Member]			
	Tomoaki Itou has contributed to the promotion and development of technology in Power Plant Division, one of the core businesses of the Company. After being appointed as a Director of the Company, he has managed Public Water Treatment Division, and contributed to expansion of the business and stable earnings by preparing and implementing appropriate and well-balanced management measures with his broad perspective and experience.			
	In addition to high ethical standards and ability to make decisions fairly and impartially, which are essential for an Audit and Supervisory Board Member, he also possesses the necessary experience and insight to conduct an appropriate audit to the management of the Company. Therefore, the Company nominates him as a candidate for Substitute Audit and Supervisory Board Member.			
	[Special interest between candidate and the Company]			
	There is no special interest between the candidate and the Company.			

Candidate No.	Name (Date of birth)	Career summary and position in the Company	Number of the Company's shares owned
2	Kimio Watabe (September 5, 1953)	<p>Apr. 1976 Joined Nisso Petrochemical Industries Co., Ltd. (currently Maruzen Petrochemical Co., Ltd.)</p> <p>July 1997 General Manager of Production, Yokkaichi Plant</p> <p>June 2006 General Manager of Yokkaichi Plant</p> <p>June 2007 Executive Officer, General Manager of Yokkaichi Plant</p> <p>June 2010 Executive Officer Director and Vice President of KEIYO POLYETHYLENE CO.,LTD.</p> <p>June 2011 President (Representative Director) (retired in June 2014)</p> <p>June 2014 Advisor of Maruzen Petrochemical Co., Ltd. (retired in July 2014)</p> <p>Aug. 2014 General Manager of Production, MORIN Chemical Industries Co., Ltd.</p> <p>Dec. 2014 Director, General Manager of Production</p> <p>Dec. 2018 Advisor Current position</p>	0
[Significant concurrent positions outside the Company] None			
[Reasons for nomination as candidate for Substitute Outside Audit and Supervisory Board Member] Kimio Watabe has led plant operation as a general manager of the plant of major petrochemical company and been engaged in company management as a president of an associated company of the aforesaid company. In addition to high ethical standards and ability to make decisions fairly and impartially, which are essential for an Audit and Supervisory Board Member, he also possesses the necessary experience and insight to conduct an appropriate audit to the management of the Company. Therefore, judging him as being capable of appropriately performing his duties as an Outside Audit and Supervisory Board Member, the Company nominates him as a new candidate for Substitute Outside Audit and Supervisory Board Member.			
[Special interest between candidate and the Company] There is no special interest between the candidate and the Company.			

- Notes: 1. Kimio Watabe is a candidate for Substitute Outside Audit and Supervisory Board Member.
2. If the number of Audit and Supervisory Board Member does not satisfy the number prescribed by laws and regulations and Tomoaki Itou is appointed, the Company plans to enter into an agreement to set the minimum amount of liability provided by laws and regulations as the amount for liability for damages under Article 423, paragraph 1 of the Companies Act in cases where there is good faith and no gross negligence, in accordance with Article 427, paragraph 1 of the same Act and the Articles of Incorporation of the Company. If the number of Outside Audit and Supervisory Board Member does not satisfy the number prescribed by laws and regulations and Kimio Watabe is appointed, the Company plans to enter into the same agreement with him.

(Reference)

Criteria for Independence of Outside Officers

An outside officer of the Company will be deemed as not satisfying the requirements for independence if any of the following statuses are applicable to him/her.

- (i) A person who is currently, or who has been during the past ten years, an executive of the Company or a subsidiary of the Company.
- (ii) A person who is currently, or who has been during the past ten years, a non-executive director or an accounting advisor of the Company or a subsidiary of the Company (applicable only in the case of Outside Audit and Supervisory Board Members).
- (iii) A person who is currently, or who has been during the past ten years, an executive or a non-executive director of the Company's parent company.
- (iv) A person who is currently, or who has been during the past ten years, an Audit and Supervisory Board Member of the Company's parent company (applicable only in the case of Outside Audit and Supervisory Board Members).
- (v) A person who is currently, or who has been during the past ten years, an executive at a sister company of the Company.
- (vi) A person who is currently, or who has been during the past one year, either a person who has the Company as a major trading counterparty, or an executive of such an entity.
- (vii) A person who is currently, or who has been during the past one year, either a person who is a major trading counterparty of the Company or an executive of such an entity.
- (viii) A person who is currently, or who has been during the past one year receiving a large amount of money or other assets from the Company other than remuneration for directors (and other officers) either as a consultant, an accounting professional, or a legal professional.
- (ix) A person who is currently a major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation).
- (x) A person who is currently an executive at an entity under circumstances where outside officers are mutually appointed between said entity and the Company.
- (xi) A person who is currently an executive at an entity that is receiving significant amount of donations from the Company.
- (xii) A person who is a spouse or a relative within second degree of separation with any persons (i) to (viii) above (limited to material persons).

(Attached Documents)

Business Report

(From April 1, 2019 to March 31, 2020)

1. Status of the corporate group

(1) Business progress and results

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 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 fiscal year under review, 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.” As a result, the comparisons and analysis of the previous fiscal year are based on a comparison against the previous fiscal year prepared using the classification method 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.

Segment \ Item	Orders received			Net sales		
	Amount (millions of yen)	Percentage of total (%)	YoY	Amount (millions of yen)	Percentage of total (%)	YoY
Water Treatment Engineering Business Unit	86,475	82.4	+1.6%	77,921	80.7	+5.5%
Performance Products Business Unit	18,510	17.6	-1.2%	18,593	19.3	+0.9%
Total	104,986	100.0	+1.1%	96,515	100.0	+4.6%

(2) Capital investment

The Organo Group's total outlays for capital investment amounted to ¥965 million during the fiscal year under review.

(3) Financing

During the fiscal year ended March 31, 2020, the Company procured ¥3,000 million as long-term borrowings through financial institutions for use with respect to funding requirements of the Group.

(4) Issues to be addressed

During the fiscal year under review, we focused on three key business fields of the electronics industry, performance products, and new businesses. In particular, in the electronics field, we were successfully involved in capital investment projects for cutting-edge semiconductors in Taiwan and succeeded in receiving the largest-ever order for a semiconductor project in Japan. At the same time, as a result of our efforts to promote cost reduction measures in each project and to build solution systems both in Japan and overseas, we achieved a significant improvement in the scale of sales and profitability. In the field of performance products, we have also made certain progress by developing our business overseas, including in China and Taiwan, and establishing a foundation for overseas sales of standard equipment and water treatment chemicals. In the field of new businesses, our accomplishments in the field of electronic material purification are broadening. Meanwhile, in purifying and recovering facilities for lithium-ion batteries and continuous chromatographic systems for use in biopharmaceuticals, we are making progress through such initiatives as conducting joint trials with customers and external research institutions, but time will be required to transform these efforts into a commercial business.

In the next Medium-term Management plan, we will continue to focus on “expanding the electronics field” and “creating new businesses.” At the same time, we will promote integrated initiatives in the performance products business and solutions business we have been working on in the past years and will also focus our efforts on “strengthening the solutions business” as a new priority area. Currently, there are concerns that the COVID-19 pandemic across the world will lead to a prolonged stagnation in economic activities worldwide, making the outlook for the future extremely difficult. However, in the medium to long term, the development in the electronics industry, such as semiconductors and electronic components, is expected to continue, driven by the expansion of medical and other various businesses as well as automated driving using 5G and other new communication technologies and AI/IoT technologies. We also believe that our direction will not change, as seen in the solutions business aiming to enhance customer value through the combination of ICT/AI technologies and various performance materials and products,

as well as in the new businesses aiming to develop advanced separation and purification technologies used for lithium-ion batteries, biopharmaceuticals, and cutting-edge semiconductors. Furthermore, with respect to our initiatives such as promoting various types of business reform aimed at improving productivity, cutting costs and strengthening overseas business expansion, and establishing a global engineering center, we recognize the need to further strengthen our responses, from a Business Continuity Plan (BCP) perspective.

Management targets for fiscal 2022, the final year of the Medium-term Management Plan, are net sales of ¥105.0 billion or more, and operating profit of ¥9.0 billion or more, and the Oregano Group aims to build a profit structure that can achieve an operating profit ratio and ROE (Return On Equity) of at least 8.0% consistently and continuously. Furthermore, in order to evaluate the status of progress on sustainably enhancing corporate value and improving profitability, the Organo Group positions ROE and consolidated operating profit ratio as key indicators.

An overview of the Medium-term Management Plan is provided is as follows.

Medium-term Management Plan 2020-2022

What We Aim For (Midium-term Management Vision)

- A profitable engineering company that can deliver the optimal quality of water at the most reasonable cost in the most timely manner to the electronics industry and other industries, in key economic areas in Asia.
- A company that is globally expanding solution services utilizing high value-added performance materials and cutting-edge ICT/AI technology on a platform of advanced specialist knowledge and extensive experience.
- A company creating and developing new business by our original Separation and Purification technology for creating new values of future industry.

Management Target

To achieve:	Net sales of ¥105.0 billion or more
	Operating profit of ¥9.0 billion or more
To establish an earnings structure capable of consistently and continuously achieving:	Profit margin of 8.0% or more
	ROE of 8.0% or more

Core Measures

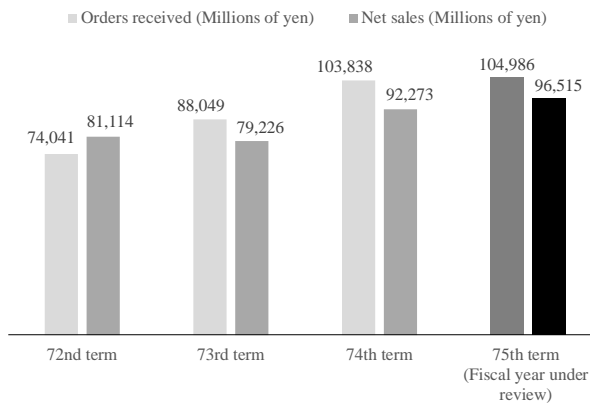
- Expansion of Electronics Field
 - Development of cutting-edge separation and purification technology to meet ever more sophisticated needs
 - Expansion of capacity and profitability through streamlining engineering services and cutting costs
- Strengthening the solutions business
 - Enhancing customer value through the combination of high value added performance materials and products and ICT/AI technologies
 - Enhancement of overseas service solution systems
- Creation of New Businesses
 - Expansion of separation and purification technology to the fields of lithium-ion batteries, biopharmaceuticals and cutting-edge semiconductors

(5) Changes in assets and profit and loss

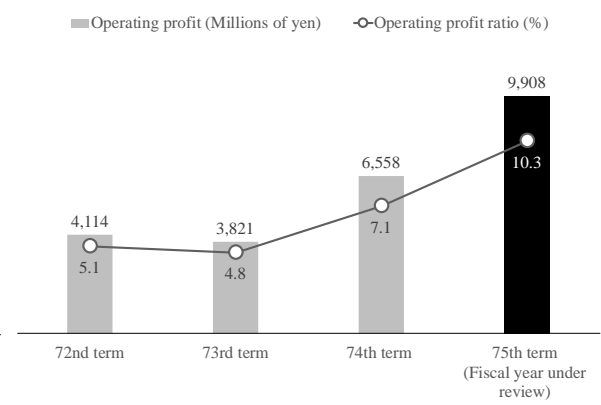
Category	72nd term Fiscal year ended March 31, 2017	73rd term Fiscal year ended March 31, 2018	74th term Fiscal year ended March 31, 2019	75th term (Fiscal year under review) Fiscal year ended March 31, 2020
Orders received (Millions of yen)	74,041	88,049	103,838	104,986
Net sales (Millions of yen)	81,114	79,226	92,273	96,515
Operating profit (Millions of yen)	4,114	3,821	6,558	9,908
Operating profit ratio (%)	5.1	4.8	7.1	10.3
Ordinary profit (Millions of yen)	4,162	3,933	6,538	9,929
Profit attributable to owners of parent (Millions of yen)	2,731	2,780	4,452	7,162
Basic earnings per share (yen)	237.18	241.50	388.48	626.05
Return on equity (ROE) (%)	5.7	5.5	8.4	12.4
Total assets (Millions of yen)	95,405	96,036	101,257	101,448
Net assets (Millions of yen)	49,034	51,681	54,795	60,857
Net assets per share (yen)	4,247.27	4,477.64	4,784.81	5,301.26

- Notes: 1. The Company implemented share consolidation on October 1, 2017, consolidating five common shares into one. Basic earnings per share and net assets per share have been calculated as if the aforementioned share consolidation had been carried out at the beginning of the 72nd fiscal year.
2. The Company has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28; February 16, 2018) from the beginning of the 74th fiscal year, and this accounting standard, etc. has been retrospectively applied to the amount of total assets for the 73rd fiscal year.
3. When calculating basic earnings per share, common shares of the Company held by the Officer Share Delivery Trust have been included in treasury shares excluded from the calculation of the average number of shares during the period for the 74th and 75th fiscal years. Also, when calculating net assets per share, those shares have been included in treasury shares excluded from the total number of issued shares at the end of the period.

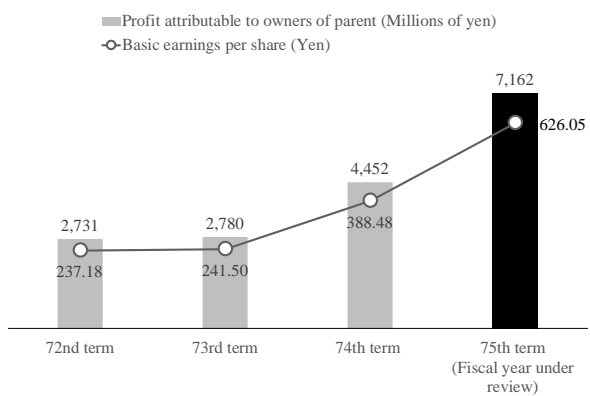
Orders received / Net sales



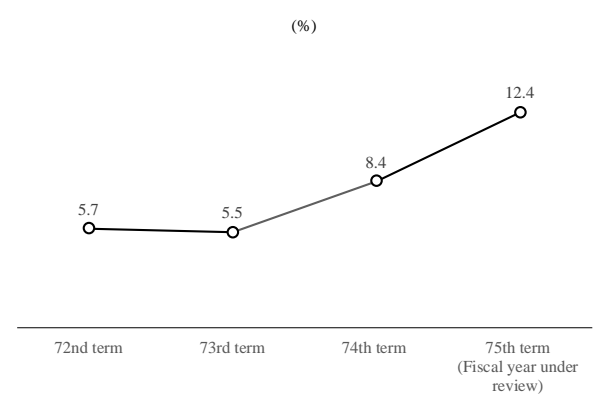
Operating profit / Operating profit ratio



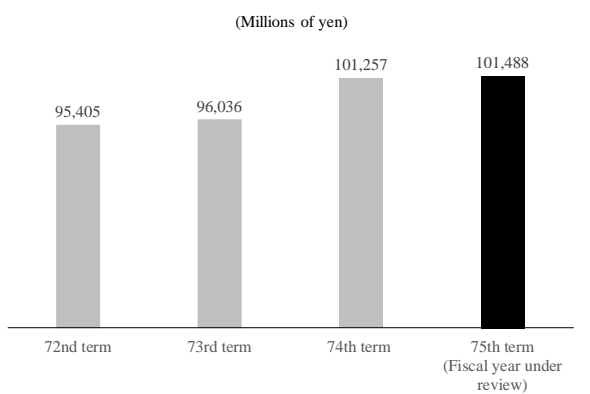
Profit attributable to owners of parent / Basic earnings per share



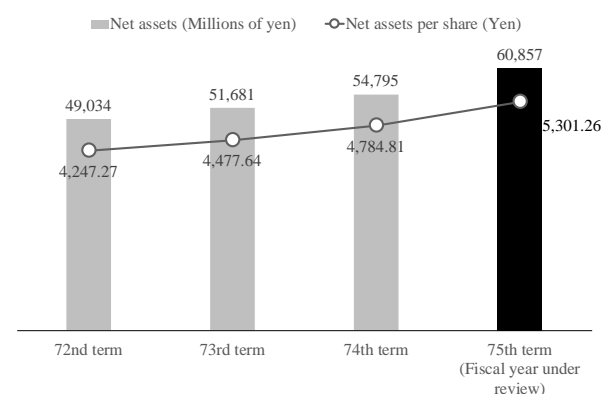
ROE



Total assets



Net assets / Net assets per share



(6) Parent company and major subsidiaries

(i) Relationship with parent company

The Company's parent company is Tosoh Corporation, and it holds 4,887 thousand shares (equity ownership 42.2% includes the portion of indirect ownership) of the Company.

The Company purchases items such as some raw materials for water treatment chemicals from Tosoh Corporation and it also carries out other transactions with Tosoh Corporation such as selling various types of water treatment systems and related chemicals to the said company.

(ii) Major subsidiaries

Company name	Share capital	Ownership of the Company (%)	Major businesses
ORGANO PLANT SERVICE CORPORATION	93 (Millions of yen)	100.0	Installation and supervision of various types of water treatment systems
ORGANO FOOD TECH CORPORATION	50	100.0	Sales and manufacture of food ingredients and food processing agents
ORGANO ECO TECH CORPORATION	50	100.0	Sales and related construction of wastewater treatment systems and related chemicals
ORGANO ACTY CORPORATION	20	100.0	Printing business, agency business involving various forms of insurance and management outsourcing business
Organo (Asia) Sdn. Bhd.	7,000 (Thousands of MYR)	100.0	Sales and related construction of various types of water treatment systems and related chemicals
Organo (Suzhou) Water Treatment Co., Ltd.	5,000 (Thousands of USD)	100.0	Sales and related construction of various types of water treatment systems and related chemicals
Organo Technology Co., Ltd.	30,000 (Thousands of NTD)	100.0	Sales and related construction of various types of water treatment systems and related chemicals
Organo (Thailand) Co., Ltd.	120,100 (Thousands of THB)	*100.0	Sales and related construction of various types of water treatment systems and related chemicals
PT Lautan Organo Water	18,000 (Millions of IDR)	51.0	Sales and related construction of various types of water treatment systems and related chemicals

- Notes:
1. Equity ownership with (*) mark includes the portion of indirect ownership held by the Company's subsidiaries.
 2. There is no subsidiary that falls under the category of specified wholly-owned subsidiary.
 3. The nine major subsidiaries above are consolidated subsidiaries of the Company, and one affiliated company was accounted for by the equity method.

(7) Major businesses (As of March 31, 2020)

Business 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

(8) Major business offices and factories (As of March 31, 2020)

The Company	Head Office	Head office	Koto-ku, Tokyo
	Factories	Tsukuba Factory	Tsukuba City, Ibaraki
		Iwaki Factory	Iwaki City, Fukushima
	Research and Development Facility	R&D Center	Sagamihara City, Kanagawa
Branches	Hokkaido Branch	Sapporo City, Hokkaido	
	Tohoku Branch	Sendai City, Miyagi	
	Kanto Branch	Koto-ku, Tokyo	
	Chubu Branch	Nagoya City, Aichi	
	Kansai Branch	Suita City, Osaka	
	Chugoku Branch	Hiroshima City, Hiroshima	
	Kyushu Branch	Fukuoka City, Fukuoka	
	Taiwan Branch	Hsinchu City, Taiwan R.O.C.	
Subsidiaries	In Japan	ORGANO PLANT SERVICE CORPORATION	Bunkyo-ku, Tokyo
		ORGANO FOOD TECH CORPORATION	Satte City, Saitama
		ORGANO ECO TECH CORPORATION	Koto-ku, Tokyo
		ORGANO ACTY CORPORATION	Koto-ku, Tokyo
	Oversea	Organo (Asia) Sdn. Bhd.	Selangor, Malaysia
		Organo (Suzhou) Water Treatment Co., Ltd.	Jiangsu, China
		Organo Technology Co., Ltd.	Hsinchu City, Taiwan, R.O.C.
		Organo (Thailand) Co., Ltd.	Bangkok, Thailand
	PT Lautan Organo Water	Jakarta, Indonesia	

(9) Employees (As of March 31, 2020)

(i) Employees of the Organo Group

Business Segment	Number of employees	Change from previous fiscal year-end
Water Treatment Engineering Business Unit	1,749	Increase by 41
Performance Products Business Unit	359	Increase by 20
Company-wide (common)	141	Increase by 2
Total	2,249	Increase by 63

Note: Due to a change in the reportable segment classification method from the fiscal year under review, changes from the previous fiscal year-end are based on the new classification method.

(ii) Employees of the Company

Number of employees	Change from previous fiscal year-end	Average age	Average years of service
1,051	Increase by 28	43.5 years old	15.9 years

(10) Major lenders (As of March 31, 2020)

Lenders	Amount of Borrowings (Millions of yen)
Mizuho Bank, Ltd.	3,900
Sumitomo Mitsui Banking Corporation	1,020
MUFG Bank, Ltd.	1,020
The Hachijuni Bank, Ltd.	860
Mizuho Trust & Banking Co., Ltd.	760

2. Shares of the Company (As of March 31, 2020)

- (1) **Total number of authorized shares:** 25,392,000 shares
- (2) **Total number of issued shares:** 11,589,925 shares (including treasury shares of 82,793 shares)
- (3) **Number of shareholders:** 4,641 shareholders
- (4) **Major shareholders**

Name of shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
Tosoh Corporation	4,875	42.37
The Master Trust Bank of Japan, Ltd. (Trust account)	538	4.68
Japan Trustee Services Bank, Ltd. (Trust account)	514	4.47
Mizuho Bank, Ltd.	200	1.74
Mizuho Trust & Banking Co., Ltd.	155	1.35
Japan Trustee Services Bank, Ltd. (Trust account 5)	145	1.27
GOVERNMENT OF NORWAY	138	1.20
JPMorgan Chase Bank 385151	132	1.15
Japan Trustee Services Bank, Ltd. (Trust account 9)	124	1.08
BBH The Advisors' Inner Circle Fund II Kopernik Global All-Cap Fund	116	1.02

- Notes:
1. The treasury shares (82,793 shares) are excluded in the calculation of the holding ratio shown above.
 2. 53,800 shares of the Company held by Japan Trustee Services Bank, Ltd. (Trust account) (shares in the Officer Share Delivery Trust) are not included in treasury shares.

(5) Other significant matters relating to shares

Pursuant to a resolution at the 73rd Ordinary General Meeting of Shareholders held on June 28, 2018, the Company introduced a performance-linked share-based remuneration plan using a trust for Directors (excluding Non-Executive Directors) and Executive Officers (excluding non-residents) of the Company, in order to heighten awareness of contributing to enhancing the Organo Group's medium- to long-term operating results and increasing corporate value. As of March 31, 2020, the trust established by the Company held 53,800 shares of the Company.

3. Officers

(1) Names etc. of Directors and Audit and Supervisory Board Members (As of March 31, 2020)

Position	Name	Responsibility	Significant concurrent positions outside the Company
Director Chairman of the Board of Directors	Yasuyuki Koie		
Director and President (Representative Director) President and Executive Officer	Masaki Uchikura		
Managing Director and Executive Office	Hitoshi Hori	President of Performance Products Business	Chairman of the Board (Representative Director) of ORGANO FOOD TECH CORPORATION
Managing Director and Executive Office	Haruki Myouga	President of R & D and Engineering In charge of Environment, Safety and Quality Assurance Dept. and Purchasing and Logistics Dept.	
Director and Executive Officer	Yasutoshi Nakayama	President of Industrial Plant Business and Senior General Manager of Plant Division	
Director and Executive Officer	Nobuyoshi Suda	President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept. In charge of Internal Auditing Office, Secretary Office, Global Management and Planning, Legal and Patent Dept., Trade Control Office, and Branches	
Director	Masayuki Yamada		Director, Executive Vice President of Tosoh Corporation Chairman of the Board of Tosoh America, Inc.
Director	Motoo Nagai		Outside Director of Nissan Motor Co., Ltd. Outside Director of Nisshin Seifun Group Inc.
Director	Keikou Terui		President of Nonprofit Organization Japan Utility Telemetering Association Outside Director of Ube Industries, Ltd. Outside Director of Bridgestone Corporation
Director	Kenji Hirai		Vice Chairman of the Board (Representative Director) of Sagami Chemical Research Institute
Audit and Supervisory Board Member (Full-time)	Masahiko Toyoda		

Position	Name	Responsibility	Significant concurrent positions outside the Company
Audit and Supervisory Board Member	Masao Wada		Certified Public Accountant Representative of Wada Certified Public Accountant Office Outside Corporate Auditor of Nissin Sugar Co., Ltd.
Audit and Supervisory Board Members;	Wataru Higuchi		Lawyer Certified Public Accountant Representative Partner of OOTEMON LAW AND ACCOUNTING Executive Officer of Advance Residence Investment Corporation Outside Director (Serving as Audit and Supervisory Committee Member) of Marubeni Construction Material Lease Co., Ltd.

- Notes: 1. Directors Motoo Nagai, Keikou Terui, and Kenji Hirai are Outside Directors.
2. Audit and Supervisory Board Members Masao Wada and Wataru Higuchi are Outside Audit and Supervisory Board Members.
3. Changes in Directors and Audit and Supervisory Board Members during the fiscal year under review are as follows:
- (i) Directors Masaki Shiomi and Keiichiro Nishizawa, and Outside Audit and Supervisory Board Member Osamu Hamada retired from their office due to expiration of their terms of office at the conclusion of the 74th Ordinary General Meeting of Shareholders held on June 27, 2019.
- (ii) Nobuyoshi Suda, Masayuki Yamada, and Kenji Hirai were elected as Directors, and Wataru Higuchi was elected as an Audit and Supervisory Board Member at the 74th Ordinary General Meeting of Shareholders held on June 27, 2019, and assumed their office.
4. Audit and Supervisory Board Members Masao Wada and Wataru Higuchi possess extensive financial and accounting knowledge as shown below.
- Audit and Supervisory Board Member Masahiko Toyoda has past experience of supervising finance and accounting divisions at other companies.
 - Audit and Supervisory Board Members Masao Wada and Wataru Higuchi are qualified as Certified Public Accountants.
5. The Company has submitted notification to the Tokyo Stock Exchange that Outside Directors Motoo Nagai, Keikou Terui and Kenji Hirai, and Outside Audit and Supervisory Board Members Masao Wada and Wataru Higuchi have been designated as independent officers as provided for by the aforementioned exchange.

(2) Overview of limited liability agreements

Pursuant to the provisions of Article 427, paragraph 1 of the Companies Act and the Company's Articles of Incorporation, the Company has entered into limited liability agreements with Directors Yasuyuki Koie, Masayuki Yamada, Motoo Nagai, Keikou Terui and Kenji Hirai, and Audit and Supervisory Board Members Masahiko Toyoda, Masao Wada, and Wataru Higuchi, which limit the amount of liability for damages as defined under Article 423, paragraph 1 of the Companies Act to the minimum liability amount as stipulated in laws and regulations, presuming they perform their respective duties in good faith and without gross negligence.

(3) Remuneration, etc. to Directors and Audit and Supervisory Board Members

(i) Policies and procedure of determining remuneration to Directors and Audit and Supervisory Board Members

- Basic policy on remuneration

The remuneration system for Executive Directors encourages business execution in line with management policies and management targets and establishes a remuneration framework and remuneration standards which provide strong incentive for the achievement of short-term and mid- to long-term management targets in order to achieve sustainable growth and improve the corporate value of the Group.

- Remuneration framework

Remuneration to Executive Directors consists of fixed remuneration and performance-linked remuneration, and performance-linked remuneration consists of short-term performance-linked remuneration (cash) and mid- and long-term performance-linked remuneration (stock). Short-term performance-linked remuneration is decided based on the consolidated operating profit for each fiscal year. Mid- and long-term performance-linked remuneration is decided according to consolidated ROE (Return On Equity), and shares of the Company are issued on a fixed date every year. The ratio of the total amount of performance-linked remuneration is intended to be approximately 50% to 60% when the standard performance target set in advance is achieved, and this ratio is higher for Directors of higher ranks.

Remuneration to Non-Executive Directors and Audit and Supervisory Board Members is a fixed amount according to their respective positions in the Company.

- Process of determining remuneration

The Company has established the Nomination and Remuneration Advisory Committee as a non-statutory advisory body to the Board of Directors in order to ensure objectivity and transparency in the process of determining remuneration to Directors and provide an appropriate amount of remuneration. The amount of remuneration to each Director is determined by resolution of the Board of Directors based on the opinion of the Nomination and Remuneration Advisory Committee and within the scope of the remuneration limit determined by resolution of the General Meeting of Shareholders. The amount of remuneration to each Audit and Supervisory Board Member is determined through discussion by the Audit and Supervisory Board Members within the scope of the remuneration limit determined by resolution of the General Meeting of Shareholders.

(ii) Total amount of remuneration, etc. to Directors and Audit and Supervisory Board Members for the fiscal year under review

Category	Total amount of remuneration, etc. (Millions of yen)	Total amount of remuneration, etc. and Number of persons covered classified by type				
		Fixed remuneration		Performance-linked remuneration		
		Total amount (Millions of yen)	Number of persons covered	Short-term (Cash)	Mid- and long-term (Stocks)	Number of persons covered
Directors (excluding Outside Directors)	238	99	9	81	56	7
Audit and Supervisory Board Members (excluding Outside Audit and Supervisory Board Members)	17	17	1	—	—	—
Outside Directors	29	29	3	—	—	—
Outside Audit and Supervisory Board Members	19	19	3	—	—	—
Total	305	166	16	81	56	7

Notes: 1. The above figures include two Directors and one Outside Audit and Supervisory Board Member who retired upon the conclusion of the 74th Ordinary General Meeting of Shareholders held on June 27, 2019.

2. Remuneration of Directors does not include salaries as employees paid to directors who are also employees.
3. The amount of remuneration for Directors was set at not more than ¥340 million per year (of which not more than ¥40 million is for Outside Directors) by resolution of the 69th Ordinary General Meeting of Shareholders held on June 27, 2014. In addition to this limited amount of remuneration, the Company introduced a performance-linked share-based remuneration plan for Directors (excluding Non-Executive Directors) by resolution of the 73rd Ordinary General Meeting of Shareholders held on June 28, 2018 in which the amount of cash the Company may contribute shall be limited to ¥300 million for the three fiscal years in the initial applicable period, and the total number of Company's shares that may be issued for Directors (excluding Non-Executive Directors) shall be limited to 54,000 shares per fiscal year (162,000 shares for the three fiscal years in the initial application period).
4. The amount of remuneration for Audit and Supervisory Board Members was set at not more than ¥60 million per year by resolution of the 61st Ordinary General Meeting of Shareholders held on June 29, 2006.
5. Two Non-Executive Directors who are not eligible for performance-linked remuneration have been included under Directors (excluding Outside Directors). Although Director Yasuyuki Koie is included in the number of persons covered for performance linked remuneration, he is excluded from performance linked remuneration from June 27, 2019, due to him changing his status from executive Director to non-executive Director at the Board of Directors meeting held after the 74th Ordinary General Meeting of Shareholders held on the aforementioned date.
6. The amount of mid- and long-term performance-linked remuneration (stock) includes provision for share-based remuneration for directors (and other officers) (¥49 million) in the fiscal year under review.

(4) Outside Directors and Outside Audit and Supervisory Board Members

- (i) Significant concurrent positions outside the Company and relation between the Company and such other corporations

Significant concurrent positions outside the Company are as described in “(1) Names etc. of Directors and Audit and Supervisory Board Members (As of March 31, 2020).” Director Kenji Hirai is Vice Chairman of the Board (Representative Director) of Sagami Chemical Research Institute. In addition to the Company participating in joint research with said institute (in fiscal year ended March 31, 2020, payments of research costs to said institute was ¥11 million) the Company also donates money to said institute (in fiscal year ended March 31, 2020, payment amount was ¥300 thousand), the amounts of both of those payments are immaterial. For the other outside Directors, the Company does not have any important dealing or other special relationship with the said each organizations where the officers hold significant concurrent positions.

(ii) Principal activities during the fiscal year under review

		Board of Directors meetings	Audit and Supervisory Board meetings	Status of Expression of Opinions
		Status of attendance	Status of attendance	
Director	Motoo Nagai	16/16 (100%)	-	He mainly provided opinions as he saw fit concerning such issues as management planning, corporate governance, internal control systems, compliance, business strategies, financial planning, export management, and security management, based on his extensive knowledge and experience relating to company management as a top-level manager of a financial institution.
	Keikou Terui	14/16 (88%)	-	He mainly provided opinions as he saw fit concerning such issues as management planning, technology strategies, research and development, internal control systems, group governance, business strategies, and risk management, based on his extensive knowledge relating to industrial policy and industrial technology as well as his experience gained from holding key positions in the Ministry of Economy, Trade and Industry.
	Kenji Hirai	13/13 (100%)	-	He mainly provided opinions as he saw fit concerning such issues as research and technology development, new businesses, risk management, and security management, based on his extensive knowledge and experience as the head of a research institution.
Audit and Supervisory Board Members	Masao Wada	15/16 (94%)	15/15 (100%)	He mainly provided opinions as he saw fit concerning such issues as accounting policy, changes in accounting and auditing standards, internal control systems, compliance, and risk management, based on his extensive knowledge and experience related to accounting and auditing operations as a certified public accountant.
	Wataru Higuchi	13/13 (100%)	12/12 (100%)	He mainly provided opinions as he saw fit concerning such issues as group governance, internal audit, internal control systems, compliance, risk management and shareholder return policies, based on his extensive knowledge and experience related to legal, finance and accounting operations as a lawyer and certified public accountant.

- Notes: 1. Director Kenji Hirai was elected at the 74th Ordinary General Meeting of Shareholders, which was held on June 27, 2019, and he assumed office on that day. Accordingly, the attendance figure stated above for the Director indicates his attendance to the meetings of the Board of Directors that were held on and after June 27, 2019.
2. Audit and Supervisory Board Member Wataru Higuchi was elected at the 74th Ordinary General Meeting of Shareholders, which was held on June 27, 2019, and he assumed office on that day. Accordingly, the attendance figure stated above for the Director indicates his attendance to the meetings of the Board of Directors and Audit and Supervisory Board that were held on and after June 27, 2019.

4. Independent Auditor

(1) Name of Independent Auditor

KPMG AZSA LLC

Note: The term of office of ARK MEIJI AUDIT & Co. (currently ARK LLC), the Company's Independent Auditor, expired at the conclusion of the 74th Ordinary General Meeting of Shareholders held on June 27, 2019.

(2) Amount of remuneration, etc. for Independent Auditor for the fiscal year under review

	ARK MEIJI AUDIT & Co. (currently ARK LLC)	KPMG AZSA LLC
Amount of remuneration, etc. for Independent Auditor for the fiscal year under review	–	¥58 million
Total amount of money and other financial profits to be paid by the Company and its subsidiaries	¥1 million	¥58 million

Notes: 1. The audit agreement between the Company and KPMG AZSA LLC, the Independent Auditor, does not clearly distinguish remuneration, etc. paid for audit work performed in conformity with the Companies Act and remuneration, etc. paid for audit work performed in conformity with the Financial Instruments and Exchange Act, and it is effectively impossible to do so. Therefore, the figure presented in the amount of remuneration, etc. for the fiscal year under review above shows the total amount.

2. The Audit and Supervisory Board has checked and comprehensively reviewed the content of audit plan, the status of the performance of duties of the Independent Auditor and the grounds for calculation of remuneration estimates. As a result of this review, the Audit and Supervisory Board consents to the remuneration, etc. for the Independent Auditor in accordance with Article 399, paragraph 1 of the Companies Act.

(3) Audit of consolidated subsidiaries

Among the Company's consolidated subsidiaries, overseas subsidiaries are audited by other certified public accountants or audit firms (including those who have equivalent certificates in foreign countries) other than the Company's Independent Auditor.

(4) Description of non-auditing services

After replacing the Independent Auditor, the Company continues to assign duties, which are not statutory auditing duties as stipulated in Article 2, paragraph 1 of the Certified Public Accountants Act (non-auditing services), to ARK MEIJI AUDIT & Co. (currently ARK LLC), the Company's former Independent Auditor.

(5) Policy for decisions on dismissal or non-reappointment of the Independent Auditor

When the matters prescribed in the items in Article 340, paragraph 1 of the Companies Act are applicable to the Independent Auditor, the Audit and Supervisory Board of the Company will dismiss the Independent Auditor by the unanimous consent of the Audit and Supervisory Board Members. In such case, an Audit and Supervisory Board Member appointed by the Audit and Supervisory Board will report on the decision of dismissal and its reasons at the first General Meeting of Shareholders convened after the dismissal.

Furthermore, the Audit and Supervisory Board shall determine the details of a proposal with regards to dismissal or non-reappointment of the Independent Auditor if such a proposal is deemed necessary to be submitted to General Meeting of Shareholders, such as in cases where the Independent Auditor falls under any of items described in Article 340, paragraph 1 of the Companies Act or where the Independent Auditor has difficulty in performing audit operation properly.

5. Company systems and policies

(1) Corporate governance

(i) Basic views on corporate governance

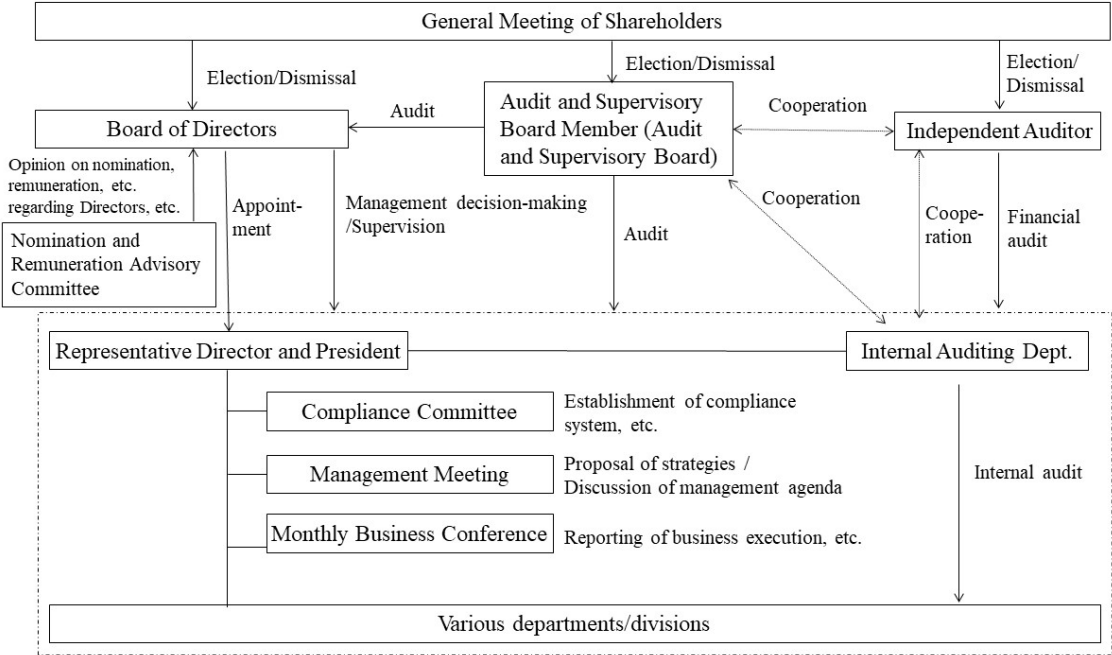
The Company has been engaging in efforts to enhance corporate governance that conforms to the following basic views in order to realize fair and trustworthy management and improve management efficiency.

- a. The Company will respect the rights of shareholders and ensure equality.
- b. The Company will take into account the benefits for a wide range of stakeholders including shareholders/investors, consumers/customers, business partners, employees and local communities, and cooperate with these stakeholders appropriately.
- c. The Company will disclose the Company’s information timely and properly, and ensure transparency.
- d. The Directors, Audit and Supervisory Board Members, and Executive Officers will recognize their fiduciary responsibilities, and will effectively fulfill their expected roles and duties.
- e. The Company will hold constructive dialogue with shareholders.

The Company’s basic views and basic policy on corporate governance are provided in the “Organo Corporate Governance Guidelines” available on the Company’s website (in Japanese only).

(<https://www.organo.co.jp/company/governance/guidance/>)

(ii) Schematic view of corporate governance structure



(iii) Organization Structure

a. Board of Directors

The Board of Directors consists of ten Directors (including three Independent Outside Directors), and provides decision-making for the execution of important business and supervises the status of business execution.

b. Audit and Supervisory Board

The Audit and Supervisory Board consists of three Audit and Supervisory Board Members (including two Outside Audit and Supervisory Board Members), all three of whom have appropriate knowledge relating to finance and accounting, and one of whom has appropriate knowledge of legal matters.

c. Executive Officer System

The Company has introduced an Executive Officer System and appointed 15 members (including five members who serve concurrently as Directors) in order to differentiate the “management decision-making and supervision function” of Directors and the “business execution function” for Executive Officers, thereby clarifying responsibilities and accelerating decision-making.

d. Management Meeting

The Management Meeting consists of Executive Directors and Executive Officers with titles, and proposes medium- and long-term strategies, etc., and discusses important management agendas.

Non-Executive Directors and Audit and Supervisory Board Members are able to participate in the Management Meeting and express opinions, etc., as necessary, and in this way the Company strives to ensure the effectiveness of supervision by Directors and audits by the Audit and Supervisory Board Members.

e. Monthly Business Conference

The Monthly Business Conference consists of Executive Directors, Executive Officers, General Managers, etc., and they inform matters already approved at the Management Meeting, and confirm the progress made on each business, the Medium-term Management Plan, and the profit plan for each fiscal year.

In addition, once every quarter the Monthly Business Conference is held as the Group Liaison Conference, which includes Presidents of group companies, General Managers of overseas divisions, General Managers of administrative divisions, and Branch General Managers, and the same progress confirmation, etc., is made for the overall Group including the group companies.

Non-Executive Directors and Audit and Supervisory Board Members are able to participate in the Monthly Business Conference and express opinions, etc., as necessary, and in this way the Company strives to ensure the effectiveness of supervision by Directors and audits by the Audit and Supervisory Board Members.

f. Compliance Committee

The Compliance Committee consists of nine Internal Officers (including five Directors), and engages in efforts to establish the compliance system and formulate compliance education plans.

g. Nomination and Remuneration Advisory Committee

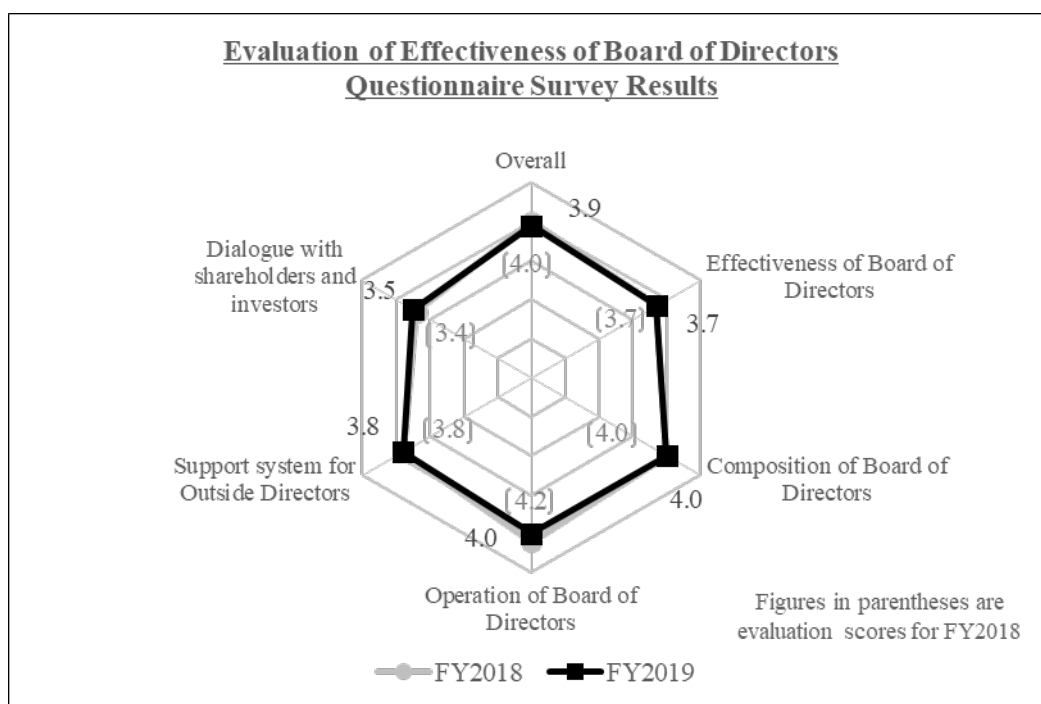
The Nomination and Remuneration Advisory Committee consists of five Directors (of which three are Independent Outside Directors). It reviews matters relating to nomination of officers including the election and dismissal of Directors and Executive Officers as well as remuneration for Directors, and reports the results to the Board of Directors.

(iv) Assessment of the overall effectiveness of the Board of Directors

Every year, an analysis/assessment is performed on the overall effectiveness of the Board of Directors, and a summary of the results is released. In the fiscal year under review, a signed questionnaire for all Directors and Audit and Supervisory Board Members (target period: April 2018 to March 2019) was conducted in April 2019, and based on the results of that questionnaire, an analysis/assessment was performed at the Board of Directors meetings in May and June 2019, and future efforts in which to engage were discussed.

As a result of this assessment, the Company confirmed that the overall effectiveness of the Board of Directors was ensured in that the Board of Directors clarified the corporate philosophy and management vision and responded appropriately to the planning and execution of management strategies; the chairman created an atmosphere where active discussions took place while still maintaining an appropriate amount of control; the incentive function of directors' remuneration was appropriate based on clear calculation criteria and decision-making process; and Independent Outside Directors fulfilled their expected roles appropriately. In addition, it can be said that a further progress was made as compared with the previous fiscal year in sharing the opinions among the Board members that were obtained through dialogue with shareholders and investors. At the same time, the Company recognized needs to enhance discussions on improvement of shareholder value and election of directors; to take measures to ensure sufficient time for discussions; and to promote dialogue with investors and shareholders.

Regarding efforts made in the current fiscal year, the Board of Directors deepened discussions on the creation of long-term corporate value for the Company. In addition, the Company added a nominating function, including the election and dismissal of directors, to the existing Remuneration Advisory Committee in June 2019, and renamed it as the Nomination and Remuneration Advisory Committee. To promote dialogue with investors and shareholders, the Company started translating into English the convocation notice of ordinary general meeting of shareholders and the financial results reports. The Company will continue to strengthen information disclosure to investors and shareholders, such as translating more disclosure materials into English and issuing an integrated report.



Notes: FY2018 (Evaluation period of questionnaire: April 2017 to March 2018)

FY2019 (Evaluation period of questionnaire: April 2018 to March 2019)

(2) Development of systems to ensure the appropriateness of business operations

The Company, in its Board of Directors meetings, made a resolution regarding the basic policy on systems to ensure the appropriateness of business operations (internal control system) as follows:

- (i) System to ensure that Directors and employees perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation
 - The Company has established the Compliance Committee to enact company-wide initiatives such as the Organo Group Company Code of Conduct and spreading awareness of declarations on compliance.
 - The Company has established the Whistleblowing Regulations in order to ensure the effectiveness of compliance, and the system allows the Company's officers and employees to directly report to or consult with the Company's Legal Division, the Audit and Supervisory Board Members, or external lawyers about systematic or personal legal violations, etc.
 - The Company will seek to raise awareness of compliance by providing compliance training to the Company's officers and employees as necessary.
 - The Internal Auditing Dept. will perform periodic audits concerning the performance of duties and compliance practices.
 - In order to carry out appropriate financial reporting for the Group, the Internal Control Division, the division which establishes control systems, serves as a center in promoting maintenance activities, and the Internal Auditing Dept., the assessment division, performs independent assessments in accordance with "Internal Controls over Financial Reports" stipulated in the Financial Instruments and Exchange Act.

- (ii) System for retaining and managing information pertaining to the performance of duties by Directors
 - The Company will appropriately retain and manage documents and other information concerning the performance of duties by Directors in accordance with internal rules such as the Documents and Information Management Regulations, the Corporate Information Basic Management Regulations, etc.
 - The Directors and the Audit and Supervisory Board Members may inspect such documents and other information as necessary.

- (iii) Rules and other systems for management of risk of loss
 - The Company will establish various rules, including the Crisis Management Basic Regulations, and establish and operate a risk management system in order to respond to the various risks in business activities.
 - Each division will independently manage the risks of daily business activities, such as economic risks and financial risks relating to regular transactions, under the guidance of the supervising Director.

- (iv) Systems to ensure efficiency of the performance of duties by Directors
 - The Company will ensure to establish the system that enables appropriate and efficient performance of duties. Specifically, among others, the Board of Directors makes decisions on important business execution and supervises the status of business execution at the meetings (held at least once per month in principle), whereas Executive Directors and Executive Officers with title formulate medium- to long-term strategies, etc. and discuss important management issues at the Management Meetings (held twice per month in principle).

- The Company has introduced an Executive Officer System in seeking to differentiate the “management decision-making and supervision function” of Directors and the “business execution function” for Executive Officers, thereby clarifying responsibilities and accelerating decision-making.
 - In business management, the Company sets company-wide goals based on the Medium-term Management Plan approved by the Board of Directors and the profit plan for each fiscal year, and at the Monthly Business Conference (in principle, held once per month, and once per quarter as the Group Liaison Conference including Presidents of group companies, etc.) consisting of Executive Directors, Executive Officers, and General Managers, etc., ensures the appropriate execution of all projects through evaluating progress reports by the General Managers on the business of each division.
- (v) System to ensure properness of operations of the corporate group consisting of the Company, its parent company and subsidiaries
- a. Systems for the reporting of items related to the performance of the duties of directors, etc. of subsidiaries to the Company

The Company will provide Group Companies Management Regulations, and require reports from the group companies on management policies/management plans, human resources/organization, accounting/financial affairs, audits, disasters/accidents, and other important matters. These reports will be made at the Group Liaison Conference (in principle, held once per quarter).
 - b. Rules and other systems for management of risk of loss at subsidiaries

At the Company, each supervising Director and the Corporate Strategy and Planning Dept. provide comprehensive advice and guidance on business management and risk management systems for group companies.
 - c. System to ensure efficiency of the performance of duties by directors, etc. of subsidiaries
 - The Company will set company-wide goals based on the Organo Group’s Medium-term Management Plan approved by the Board of Directors and the profit plan for each fiscal year, and at the Group Liaison Conference will ensure the appropriate execution of all projects through evaluating business progress reports by the Presidents of each group company.
 - The Company will establish a system to make the business operations of group companies more efficient by providing and sharing indirect business operations and optimizing funding and management.
 - d. System to ensure that directors, etc. and employees of subsidiaries perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation
 - The Company will prescribe the Organo Group Company Code of Conduct as a basic code of conduct with which all officers and employees of group companies must comply, and seek to spread awareness.
 - The Company will provide compliance training to the group companies’ officers and employees as necessary.
 - The Company’s Internal Auditing Dept. will perform audits concerning the performance of duties and compliance practices of group companies.

- The officers and employees of group companies are also able to use the Company's whistleblowing system.
- e. Other system to ensure properness of operations of the corporate group consisting of the Company, its parent company and subsidiaries
- From the perspective of internal controls pertaining to consolidated financial statements, the Company's Internal Control Division and Accounting Division will cooperate in the development and operation of the accounting and financial reporting processes of the group companies.
 - The Company will ensure a certain degree of independence in business activities and management decisions from the Company's parent company, Tosoh Corporation, and promotes appropriate coordination of activities through regular meetings, etc., with the company.
- (vi) Matters relating to employees that assist the Audit and Supervisory Board Members upon the request of such Audit and Supervisory Board Members for assistance, matters relating to independence of the relevant employees from Directors and matters relating to effectiveness of directions given to such employees to be ensured
- The Company will establish employees in Internal Auditing Dept. that assist in the duties of the Audit and Supervisory Board Members upon consulting with the Audit and Supervisory Board.
 - The Company will determine proper procedures for handling matters related to human resources for employees that assist in the duties of the Audit and Supervisory Board Members upon consulting with the Audit and Supervisory Board.
 - Employees that assist in the duties of the Audit and Supervisory Board Members will not receive instructions or orders from executives regarding directions given to them by Audit and Supervisory Board Members, and will be independent in their assistance in the duties of the Audit and Supervisory Board Members.
- (vii) System for directors, etc., and employees of the Company and its subsidiaries to report to Audit and Supervisory Board Members of the Company, and system for ensuring that these parties will not be treated adversely due to making reports
- If Audit and Supervisory Board Members of the Company request reports from Directors and employees of the Company and group companies or audit and supervisory board members of group companies, they will provide an appropriate report without delay.
 - Directors and employees of the Company and group companies or audit and supervisory board members of group companies will immediately report to the Audit and Supervisory Board Members of the Company if they discover facts that could cause significant damage on the Company or the group companies.
 - Audit and Supervisory Board Members participate in important meetings such as the Board of Directors, the Group Liaison Conference, etc., and will request explanations from the Directors and employees of the Company and group companies as necessary.
 - The Legal Division and external lawyers who serve as contact points for the whistleblowing system will report to the Audit and Supervisory Board Members of the Company on the whistleblowing information received from the Directors and employees of the Company and group companies in accordance with the Whistleblowing Regulations.
 - The Company's Audit and Supervisory Board Members also serves as a contact point for the whistleblowing system.

- The Company will ensure that Directors and employees of the Company and group companies who make reports to the Audit and Supervisory Board Members of the Company, or otherwise make a report in accordance with the Whistleblowing Regulations, will not be treated adversely due to the report or the act of making the report.

(viii) Other systems to ensure that Audit and Supervisory Board Members perform audits effectively

- The Representative Director will regularly exchange opinions with the Audit and Supervisory Board Members on matters related to overall management.
- The Audit and Supervisory Board Members will receive reports from the Independent Auditor, Internal Auditing Dept., and Audit and Supervisory Board Members of group companies, seeking mutual cooperation and consulting with lawyers as necessary.
- The Company will bear any expenses incurred by Audit and Supervisory Board Members in the performance of duties, provided that these expenses have not been deemed unnecessary in the performance of duties by Audit and Supervisory Board Members.

The above describes the structure for the fiscal year under review. With the aim of strengthening the legal compliance system and further fostering awareness of compliance, the Company also enacted the Compliance Regulations as of March 31, 2020 and strengthened the functions of the Compliance Committee. Accordingly, as of April 1, 2020, the Company has amended a part of the above “(i) System to ensure that Directors and employees perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation” as follows (underlines indicate amended sections).

- (i) System to ensure that Directors and employees perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation
 - The Company will establish the Organo Group Company Code of Conduct and the Compliance Regulations and will ensure that all officers and employees of the Company are aware of them.
 - To promote compliance, the Company will establish the Compliance Committee to formulate a compliance education plan, establish a compliance system, and enact other company-wide initiatives.

(Omission)

(3) Overview of operational status of system for ensuring properness of operations

The Company has established the internal control systems listed above, and engaged in the following specific initiatives based on that basic policy.

As efforts to spread legal compliance, the Company amended its internal reporting rules in January 2020 to enhance the effectiveness of its internal reporting system and established the Compliance Regulations in March 2020 to promote and thoroughly enforce compliance. The Company also conducted compliance education for new employees in April 2019 and harassment education for all employees from April to June 2019 to raise awareness of compliance.

In addition, the Company provided Directors and Audit and Supervisory Board Members with executive training provided by external instructors and training provided by external organizations, and the Directors and Audit and Supervisory Board Members attended as appropriate.

The Company has established a BCP (Business Continuity Plan) to minimize loss or disadvantage suffered by the Company and group companies. As part of that, in November 2019, the Company conducted crisis response training based on the premise of a fire at the head office.

In the fiscal year under review, the Company held 16 meetings of the Board of Directors, 25 Management Meetings to discuss important management agendas, and continued to strive to ensure the appropriateness and efficiency of business execution by Directors. In addition, the Monthly Business Conference was held 12 times (including four Group Liaison Conferences), and progress on goal developed based on the Medium-term Management Plan and the profit plan for the fiscal year under review was confirmed through the reception of status reports on business by the General Managers of each division, etc.

The Company's Audit and Supervisory Board Members participated in meetings of the Board of Directors, the Management Meeting, the Monthly Business Conference and other important meetings, established internal controls for the Company, and confirmed the status of operations through regular reports from the Legal and Patent Dept., Corporate Strategy and Planning Dept., Accounting Dept., Internal Auditing Office and other departments pertaining to internal control while making efforts to improve the efficiency and effectiveness of its audits by exchanging information and opinions with Independent Auditors as necessary. In addition, in May and October 2019, the Representative Director and the Audit and Supervisory Board Members held opinion exchanges on overall management and endeavored to ensure the effectiveness of audits.

(4) Basic policy on control of the Company

We currently have no plans to introduce anti-takeover measures.

(5) Policy on determination of dividends of surplus and others

The Company treats the return of profits to shareholders as one of the Company's most important management agendas, and it strives to provide distribution of profits taking into account the Company's revenue status while adhering to a basic policy of providing stable and continuous dividends.

The Company will utilize internal reserve funds in business investments and R&D investments, etc., to achieve sustainable growth.

The Company has included provisions in the Articles of Incorporation on the payment of dividends, etc., of surplus by resolution of the Board of Directors. Dividend payments are made twice a year in interim dividends and year-end dividends, and year-end dividends are in principle a matter for resolution of the Ordinary General Meeting of Shareholders. However, in the 75th fiscal year, if the Ordinary General Meeting of Shareholders cannot be held in June as stipulated in the Company's Articles of Incorporation due to the COVID-19 pandemic and other factors, the Company will not be able to pay a year-end dividend with a record date of March 31, 2020. Therefore, the year-end dividend for the current fiscal year will be paid by resolution of the Board of Directors.

In accordance with the above policy, the Company proposes to pay a year-end dividend of ¥57 per share for the 75th fiscal year. As a result, the annual dividend for the fiscal year under review including the interim dividend of ¥47 will amount to ¥104 per share.

Monetary amounts in this Business Report are rounded down to the nearest unit.

Consolidated Balance Sheet
(As of March 31, 2020)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	76,078	Current liabilities	32,240
Cash and deposits	13,772	Notes and accounts payable - trade	14,381
Notes and accounts receivable - trade	36,783	Short-term borrowings	7,644
Electronically recorded monetary claims - operating	1,590	Income taxes payable	1,959
Investments in leases	11,752	Advances received	1,543
Merchandise and finished goods	5,710	Provision for bonuses	1,339
Work in process	2,728	Provision for product warranties	324
Raw materials and supplies	1,392	Provision for loss on construction contracts	64
Other	2,448	Provision for share-based remuneration for directors (and other officers)	105
Allowance for doubtful accounts	(98)	Other provisions	10
Non-current assets	25,369	Other	4,866
Property, plant and equipment	19,296	Non-current liabilities	8,349
Buildings and structures	5,347	Long-term borrowings	2,095
Machinery, equipment and vehicles	722	Deferred tax liabilities	9
Land	12,284	Retirement benefit liability	6,153
Construction in progress	98	Other	91
Other	842	Total liabilities	40,590
Intangible assets	1,113	Net assets	
Investments and other assets	4,959	Shareholders' equity	61,277
Investment securities	1,553	Share capital	8,225
Deferred tax assets	3,037	Capital surplus	7,508
Other	780	Retained earnings	46,081
Allowance for doubtful accounts	(411)	Treasury shares	(537)
		Accumulated other comprehensive income	(560)
		Valuation difference on available-for-sale securities	143
		Foreign currency translation adjustment	(178)
		Remeasurements of defined benefit plans	(525)
		Non-controlling interests	140
		Total net assets	60,857
Total assets	101,448	Total liabilities and net assets	101,448

Consolidated Statement of Income

(From April 1, 2019 to March 31, 2020)

(Millions of yen)

Item	Amount	
Net sales		96,515
Cost of sales		69,232
Gross profit		27,282
Selling, general and administrative expenses		17,374
Operating profit		9,908
Non-operating income		
Interest and dividend income	72	
Insurance claim income	81	
Share of profit of entities accounted for using equity method	170	
Other	59	383
Non-operating expenses		
Interest expenses	136	
Foreign exchange losses	41	
Provision of allowance for doubtful accounts	78	
Compensation for damage	91	
Other	13	362
Ordinary profit		9,929
Extraordinary income		
Gain on sales of non-current assets	5	
Gain on sales of investment securities	4	
Gain on sales of right of using facilities	0	9
Extraordinary losses		
Loss on abandonment of non-current assets	39	
Loss on valuation of investment securities	49	88
Profit before income taxes		9,850
Income taxes - current	3,014	
Income taxes - deferred	(336)	2,678
Profit		7,172
Profit attributable to non-controlling interests		10
Profit attributable to owners of parent		7,162

Balance Sheet
(As of March 31, 2020)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
Current assets	60,238	Current liabilities	26,595
Cash and deposits	8,316	Notes payable - trade	4,345
Notes receivable - trade	1,912	Accounts payable - trade	5,980
Electronically recorded monetary claims - operating	1,590	Short-term borrowings	5,900
Accounts receivable - trade	25,687	Current portion of long-term borrowings	800
Investments in leases	11,718	Accounts payable - other	1,203
Merchandise and finished goods	4,909	Income taxes payable	1,613
Work in process	1,291	Advances received	650
Raw materials and supplies	1,028	Deposits received	3,137
Advance payments - trade	474	Provision for bonuses	918
Prepaid expenses	203	Provision for product warranties	168
Short-term loans receivable	1,942	Provision for loss on construction contracts	176
Other	1,168	Provision for share-based remuneration for directors (and other officers)	105
Allowance for doubtful accounts	(4)	Other	1,595
Non-current assets	25,412	Non-current liabilities	7,311
Property, plant and equipment	18,699	Long-term borrowings	2,095
Buildings	4,953	Provision for retirement benefits	5,181
Structures	128	Other	34
Machinery and equipment	572	Total liabilities	33,907
Vehicles	5	Net assets	
Tools, furniture and fixtures	753	Shareholders' equity	51,623
Land	12,191	Share capital	8,225
Construction in progress	94	Capital surplus	7,508
Intangible assets	1,026	Legal capital surplus	7,508
Software	952	Retained earnings	36,427
Other	73	Legal retained earnings	832
Investments and other assets	5,686	Other retained earnings	35,595
Investment securities	503	Reserve for dividends	140
Shares of subsidiaries and associates	2,329	Reserve for research and development	90
Long-term loans receivable	300	Reserve for tax purpose reduction entry of non-current assets	33
Guarantee deposits	85	General reserve	27,065
Deferred tax assets	2,562	Retained earnings brought forward	8,266
Other	315	Treasury shares	(537)
Allowance for doubtful accounts	(411)	Valuation and translation adjustments	120
		Valuation difference on available-for-sale securities	120
		Total net assets	51,743
Total assets	85,650	Total liabilities and net assets	85,650

Statement of Income
(From April 1, 2019 to March 31, 2020)

(Millions of yen)

Item	Amount	
Net sales		70,907
Cost of sales		49,442
Gross profit		21,464
Selling, general and administrative expenses		14,656
Operating profit		6,808
Non-operating income		
Interest and dividend income	1,269	
Rental income from non-current assets	327	
Other	95	1,693
Non-operating expenses		
Interest expenses	61	
Provision of allowance for doubtful accounts	78	
Depreciation	112	
Property tax	37	
Compensation for damage	39	
Other	21	349
Ordinary profit		8,151
Extraordinary income		
Gain on sales of non-current assets	0	
Gain on sales of investment securities	4	
Gain on sales of right of using facilities	0	4
Extraordinary losses		
Loss on abandonment of non-current assets	39	
Loss on valuation of investment securities	8	
Loss on valuation of shares of subsidiaries and associates	41	88
Profit before income taxes		8,067
Income taxes - current	2,172	
Income taxes - deferred	(270)	1,902
Profit		6,165

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Figures are rounded down to the nearest unit.

(English translation)

**Certified copy of Independent Auditor’s audit report on the Consolidated Financial Statements**

**Independent Auditor’s Report**

May 7, 2020

The Board of Directors  
ORGANO CORPORATION

KPMG AZSA LLC  
Tokyo Office, Japan

Designated  
Limited Liability Certified  
Partner Public Masahiko [Seal]  
Engagement Accountant  
Partner Kobayashi

Designated  
Limited Liability Certified  
Partner Public Yoshitaka [Seal]  
Engagement Accountant  
Partner Kuwamoto

**Opinion**

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of ORGANO CORPORATION (“the Company”) and its consolidated subsidiaries (collectively referred to as “the Group”), as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Corporate auditors and the board of corporate auditors for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern in

accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

**Notes to the Reader of Independent Auditor's Report:**

The Independent Auditor's Report herein is the English translation of the Independent Auditor's Report as required by the Companies Act for the conveniences of the reader.

(English translation)

**Certified copy of Independent Auditor's audit report**

**Independent Auditor's Report**

May 7, 2020

To the Board of Directors of  
ORGANO CORPORATION

KPMG AZSA LLC  
Tokyo Office, Japan

Designated  
Limited Liability  
Partner  
Engagement  
Partner  
Certified  
Public  
Accountant  
Masahiko  
Kobayashi [Seal]

Designated  
Limited Liability  
Partner  
Engagement  
Partner  
Certified  
Public  
Accountant  
Yoshitaka  
Kuwamoto [Seal]

**Opinion**

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the supplementary schedules of ORGANO CORPORATION ("the Company") as at March 31, 2020 and for the year from April 1, 2019 to March 31, 2020 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and Others* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Corporate Auditors and the Board of Corporate Auditors for the Financial Statements and Others**

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Corporate auditors and the board of corporate auditors are responsible for overseeing the directors' performance of their duties including the design, implementation and maintenance of the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements and Others**

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with corporate auditors and the board of corporate auditors regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide corporate auditors and the board of corporate auditors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

### **Notes to the Reader of Independent Auditor's Report:**

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

(English translation)

## **Certifies Copy of Audit Report by Audit and Supervisory Board Member**

### **Audit Report**

With respect to the Directors' performance of their duties during the 75th fiscal year from April 1, 2019 to March 31, 2020, the Audit and Supervisory Board has prepared this Audit Report after deliberations based on the audit reports prepared by each Audit and Supervisory Board Member. We hereby report as follows:

1. Method and Content of Audits by Audit and Supervisory Board Members and the Audit and Supervisory Board
  - (1) The Audit and Supervisory Board specified audit policies, assigned duties to each Audit and Supervisory Board Member and received reports from each Audit and Supervisory Board Member on the status of implementation and results of audit, and received reports from Directors, etc. and Independent Auditor on the status of the performance of their duties and asked them for explanations as necessary.
  - (2) In conformity with the auditing standards stipulated by the Audit and Supervisory Board, and in accordance with auditing policies and the assignment of duties, all Audit and Supervisory Board Members strived to achieve effective communication with Directors, the Internal Auditing Dept. and other employees, collected information and improved the audit environment. In addition, all Audit & Supervisory Board Members conducted an audit in the following methods.
    - (i) Audit and Supervisory Board Members attended the Board of Directors meetings and other important meetings, received reports from Directors and employees about the status of the performance of their duties, obtained explanations as necessary, reviewed important approval documents, and conducted investigations on the status of the business operations and assets of the Company at its head office and other major offices. Furthermore, Audit and Supervisory Board Members also worked to facilitate communication and information exchange with the Directors, Audit and Supervisory Board Members and others of the subsidiaries of the Company, and received reports on the business conditions of subsidiaries as necessary.
    - (ii) Audit and Supervisory Board Members received reports periodically from Directors and employees on the content of the resolution made by the Board of Directors concerning the development of a system for ensuring that the performance of duties by Directors conforms with laws and regulations and the Company's Articles of Incorporation, as described in the Company's business report, and other systems prescribed in Article 100, paragraphs 1 and 3 of the Regulation for Enforcement of the Companies Act as systems necessary for ensuring proper business conduct by a corporate group formed by a stock company and its subsidiaries (internal control system), as well as the construction and status of operation of the internal control system developed based on said resolution. As necessary, Audit and Supervisory Board Members also asked for explanations from Directors and employees and expressed opinions.
    - (iii) Audit and Supervisory Board Members monitored and verified whether the Independent Auditor maintained its independence and properly conducted its audit, received a report from the Independent Auditor on the status of their performance of duties, and asked for explanations as necessary. The Independent Auditor reported to us that the "Systems for Ensuring Proper Performance of Duties" (listed in each item of Article 131 of Regulation on Corporate Accounting) have been developed in accordance with the "Quality Control Standards concerning Audit" (Business Accounting Council, October 28, 2005) and other applicable regulations, and we asked the Independent Auditor for explanations as necessary.

Based on the methods mentioned above, we have reviewed the business report, and their supplementary schedule, non-consolidated financial statements (balance sheet, statement of income, statement of changes in equity, and notes to non-consolidated financial statements), and their supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the fiscal year under review.

2. Result of Audit

(1) Results of Audit of Business Report, etc.

- (i) We confirm that the business report and its supplementary schedules present fairly the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.
- (ii) With respect to the Directors' performance of their duties, we confirm that there has been no improper act committed or important violation of applicable laws and regulations or of the Articles of Incorporation.
- (iii) The resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional comment regarding the contents of the business report on such internal control system and the performance of duties by Directors.

(2) Result of Audit of non-consolidated financial statements and supplementary schedules thereof  
We confirm that the auditing methods and results of KPMG AZSA LLC the Independent Auditor, are proper.

(3) Results of audit of consolidated financial statements

We confirm that the auditing methods and results of KPMG AZSA LLC the Independent Auditor, are proper.

May 8, 2020

Audit and Supervisory Board of ORGANO  
CORPORATION

Audit and Supervisory Board Member (Full-time)  
Masahiko Toyoda [Seal]

Outside Audit and Supervisory Board Member  
Masao Wada [Seal]

Outside Audit and Supervisory Board Member  
Wataru Higuchi [Seal]



## **Items Disclosed on the Internet Concerning Notice of the 75th Ordinary General Meeting of Shareholders**

75th fiscal year  
(From April 1, 2019 to March 31, 2020)

- (i). Consolidated Financial Statements  
Consolidated Statement of Changes in Equity  
Notes to Consolidated Financial Statements
- (ii). Non-consolidated Financial Statements  
Statement of Changes in Equity  
Notes to Non-consolidated Financial Statements

### **ORGANO CORPORATION**

“Consolidated Statement of Changes in Equity” and “Notes to Consolidated Financial Statements” in the Consolidated Financial Statements and “Statement of Changes in Equity” and “Notes to Non-consolidated Financial Statements” in the Non-consolidated Financial and Statements are provided to shareholders by posting them on the Company’s website (<https://www.organo.co.jp/>) pursuant to the provisions of laws and regulations and Article 16 of the Company’s Articles of Incorporation.

## Consolidated Statement of Changes in Equity

(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           |

## Notes to Consolidated Financial Statements

### 1. Notes on significant matters for the basis of the preparation of consolidated financial statements

#### (1) Scope of consolidation

##### (i) Status of consolidated subsidiaries

- Number of consolidated subsidiaries:  
9 companies
- Names of principal consolidated subsidiaries:  
ORGANO PLANT SERVICE CORPORATION  
ORGANO FOOD TECH CORPORATION  
Organo Technology Co., Ltd.

##### (ii) Status of non-consolidated subsidiaries

- Number of non-consolidated subsidiaries:  
3 companies
- Names of principal non-consolidated subsidiaries:  
Organo (Vietnam) Co., Ltd.
- Reason for exclusion from scope of consolidation:  
The three non-consolidated subsidiaries are small in size and the aggregate total assets, net sales, profit or loss (based on the Company's ownership percentage), retained earnings (based on the Company's ownership percentage), and other indicators do not have a material effect on the consolidated financial statements and have therefore been excluded from the scope of consolidation.

#### (2) Application of the equity method

##### (i) Status of affiliates accounted for by the equity method

- Number of affiliates accounted for by the equity method:  
1 company
- Name of the affiliate accounted for by the equity method:  
TOHOKU DENKI TEKKO Co., Ltd.

##### (ii) Status of non-consolidated subsidiaries and affiliates not accounted for by the equity method

- Number of non-consolidated subsidiaries and affiliates not accounted for by the equity method  
4 companies
- Names of principal non-consolidated subsidiaries or affiliates not accounted for by the equity method:  
Organo (Vietnam) Co., Ltd.
- Reason for not applying equity method:  
Since the three non-consolidated subsidiaries and one affiliate to which the equity method was not applied would give only a minimal impact on the consolidated financial statements when removed, judging from profit or loss (based on the Company's ownership percentage), retained earnings (based on the Company's ownership percentage) and the like, and they are not material as a whole, they are removed from the scope to which the equity method is applied.

#### (3) Fiscal year-end of consolidated subsidiaries

The following consolidated subsidiaries have their fiscal year-end on December 31: Organo (Asia) Sdn. Bhd., Organo (Suzhou) Water Treatment Co., Ltd., Organo Technology Co., Ltd., Organo (Thailand) Co., Ltd., and PT Lautan Organo Water.

In the preparation of the consolidated financial statements, their financial statements as of this date have been used, with adjustments made as necessary upon consolidation for material transactions that occur between their fiscal year-end and that of the Company.

- (4) Accounting policies
- (i) Valuation standards and methods for significant assets
- a. Securities
- Other securities
- Securities with fair value
- Stated at fair value based on the market price or the like on the fiscal year-end.  
(Valuation differences are included in a separate component of net assets, and cost of sales is determined by the moving-average method.)
- Securities without fair value
- Stated at cost using the moving-average method
- b. Derivatives
- Stated at fair value
- c. Inventories
- Inventories held for sale in the ordinary course of business
- Stated at cost (based on the method of writing down the book value in accordance with the declining in profitability).
- Merchandise, finished goods and raw materials
- Stated using the moving-average method principally
- Work in process
- Stated using the identified cost method
- (ii) Depreciation and amortization method for significant depreciable assets
- a. Property, plant and equipment (excluding leased assets)
- Depreciated mainly using the declining balance method.
- Buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.
- The estimated useful lives of major items are as follows.
- Buildings and structures: 3 to 50 years
- Machinery, equipment and vehicles: 4 to 17 years
- b. Intangible assets (excluding leased assets)
- Depreciated using the straight-line method.
- Software for internal use is amortized using the straight-line method over the internally expected useful life (mainly five years).
- c. Leased assets:
- Leased assets under finance lease transactions that do not transfer ownership
- Depreciated by the straight-line method assuming the lease periods as useful lives without residual value.
- (iii) Standards for recognition of principal allowances and provisions
- a. Allowance for doubtful accounts
- To prepare for losses from bad debt, an estimated uncollectible amount is recorded at the amount estimated by using the historical rate of credit loss for ordinary receivables, and based on individual consideration of collectability for specific receivables such as highly doubtful receivables.
- b. Provision for bonuses
- To prepare for payment of employee bonuses, of the estimated future bonus payment, an amount to be borne during the fiscal year under review is recorded.
- c. Provision for product warranties
- To prepare for warranties against defects in completed construction contracts, an amount is recorded by giving consideration to the expected amount of future guarantees based mainly

on the past two years' performance. For items that can be estimated individually, the estimated amount is recorded.

- d. Provision for loss on construction contracts  
To prepare for any losses on undelivered construction projects, the estimated amount of losses in or after the following fiscal years is recorded for some of the construction projects as of the end of the fiscal year under review, which are highly probable to incur losses and for which the amounts thereof can be reasonably estimated.
  - e. Provision for share-based remuneration for directors (and other officers)  
To prepare for the delivery of the Company's shares, etc. to Directors and Executive Officers, pursuant to the Share Delivery Regulations, the Company recorded a provision for share-based remuneration for directors (and other officers) based on estimated share benefit obligations at the end of the fiscal year under review.
- (iv) Standards for recognition of revenues and expenses
- a. Standard for recognition of completed construction contracts and cost of sales of completed construction contracts  
Construction activities whose outcome from the completed portion as of the fiscal year-end are deemed to be definite  
    Percentage-of-completion method (the cost-to-cost method is used to estimate the percentage of completion)  
    Other construction activities  
    Completed-contract method
  - b. Standard for recognition of revenue related to finance lease transactions  
Revenue related to finance lease transactions mainly follows a method of accounting net sales and cost of sales at the time of receiving lease fees.
- (v) Method of significant hedge accounting
- a. Method of hedge accounting  
Principally, accounted for with deferred hedge accounting. The designated hedge accounting (the "Furiate-shori") is applied to forward exchange contracts that satisfy requirements for such accounting, and the exceptional treatment (the "Tokurei-shori") is applied to interest rate swaps that satisfy the requirements for such treatment.
  - b. Hedging instruments and hedged items  
Hedging instruments: Forward exchange contracts and interest rate swaps  
Hedged items: Foreign currency-denominated monetary claims and obligations and borrowings
  - c. Hedging policy  
Foreign exchange rate fluctuation risk and market interest rate fluctuation risk are hedged within a certain range based on transaction management regulations that stipulate authorization relating to derivatives and other matters.
  - d. Method of assessing hedge effectiveness  
The Company assesses hedge effectiveness by comparing cumulative cash flow or fair value fluctuations of hedged items with those of hedging instruments quarterly and based on those fluctuation amounts.  
However, assessment of effectiveness is omitted for interest rate swaps which are accounted for applying the exceptional treatment.
- (vi) Method and period for amortization of goodwill  
Goodwill is amortized by the straight-line method over the reasonably estimated period that its effect will continue to be realized.

(vii) Other significant matters for the basis of the preparation of consolidated financial statements

a. Standard for recognition of retirement benefit liability

To prepare for the payment of employees' retirement benefits, the amount of retirement benefit obligations minus plan assets is recorded as retirement benefit liability, based on the estimated amount at the end of the fiscal year under review.

Past service costs are recognized as expenses at the time they are incurred.

Actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized by the straight-line method in equally allocated amounts over a certain number of years (principally ten years) which are within the average remaining years of service of the eligible employees at the time of occurrence.

Unrecognized actuarial gains and losses are recorded in the remeasurements of defined benefit plans in the accumulated other comprehensive income of the net assets after adjusting for tax effects. In the calculation of retirement benefit obligations, the method used to attribute expected retirement benefits to periods up to the fiscal year under review is benefit formula basis.

b. Accounting treatment of consumption taxes

Accounting treatment of consumption tax and local consumption tax is based on the tax-excluded method. Non-deductible consumption tax and local consumption tax are recognized as an expense for the fiscal year under review.

## 2. Notes to changes in the manner of presentation

(Consolidated balance sheet)

"Electronically recorded monetary claims - operating," which was included in "Notes and accounts receivable - trade" in the previous fiscal year, is presented separately in the fiscal year under review as it has become significant in terms of quantitative materiality.

"Electronically recorded monetary claims - operating" in the previous fiscal year is ¥1,060 million.

(Consolidated statement of income)

"Insurance claim income," which was included in "Other" in non-operating income in the previous fiscal year, is presented separately in the fiscal year under review as it has become significant in terms of quantitative materiality.

"Insurance claim income" in the previous fiscal year is ¥5 million.

"Compensation for damage," which was included in "Other" in non-operating expenses in the previous fiscal year, is presented separately in the fiscal year under review as it has become significant in terms of quantitative materiality.

"Compensation for damage" in the previous fiscal year is ¥15 million.

## 3. Notes to the consolidated balance sheet

|                                                                |                 |
|----------------------------------------------------------------|-----------------|
| (1) Accumulated depreciation for property, plant and equipment | ¥21,782 million |
| (2) Contingent liabilities                                     |                 |
| Guarantee obligation for bank loans of employees               | ¥2 million      |
| Performance bonds                                              |                 |
| Organo (Vietnam) Co., Ltd.                                     | ¥23 million     |

## 4. Notes to the consolidated statement of changes in equity

(1) Total number of shares issued

| Class of shares | Number of shares at beginning of period<br>(Thousands of shares) | Increase in number of shares during the period<br>(Thousands of shares) | Decrease in number of shares during the period<br>(Thousands of shares) | Number of shares at end of period<br>(Thousands of shares) |
|-----------------|------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------|
| Common shares   | 11,589                                                           | -                                                                       | -                                                                       | 11,589                                                     |

## (2) Number of treasury shares

| Class of shares | Number of shares at beginning of period<br>(Thousands of shares) | Increase in number of shares during the period<br>(Thousands of shares) | Decrease in number of shares during the period<br>(Thousands of shares) | Number of shares at end of period<br>(Thousands of shares) |
|-----------------|------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------|
| Common shares   | 166                                                              | 1                                                                       | 31                                                                      | 136                                                        |

- Notes:
1. The increase of 1 thousand shares in the number of treasury shares reflects the increase of 1 thousand shares due to the purchase of shares less than one unit.
  2. The decrease of 31 thousand shares in the number of treasury shares reflects the decrease of 31 thousand shares due to the delivery of the Company's share held by the Officer Share Delivery Trust and the decrease of 0 thousand shares due to the sale of shares less than one unit.
  3. The number of treasury shares at the end of the fiscal year under review includes 53 thousand shares of the Company held by the Officer Share Delivery Trust.

## (3) Dividends of surplus

### (i) Dividends paid, etc.

#### a. Dividends resolved at the 74th Ordinary General Meeting of Shareholders held on June 27, 2019

- Total dividends: ¥506 million
- Dividend per share: ¥44
- Record date: March 31, 2019
- Effective date: June 28, 2019

Note: Total dividends resolved at the Ordinary General Meeting of Shareholders held on June 27, 2019 include ¥3 million in dividends for shares of the Company held by the Officer Share Delivery Trust.

#### b. Dividends resolved at the meeting of the Board of Directors held on November 5, 2019

- - Total dividends: ¥540 million
- - Dividend per share: ¥47
- - Record date: September 30, 2019
- - Effective date: December 9, 2019

Note: Total dividends resolved at the meeting of the Board of Directors held on November 5, 2019 include ¥2 million in dividends for shares of the Company held by the Officer Share Delivery Trust.

### (ii) Dividends whose record date falls in the fiscal year under review and which have an effective date in the next fiscal year

The following dividends are proposed for the meeting of the Board of Directors to be held on May 12, 2020.

- Total dividends: ¥655 million
- Source of dividends: Retained earnings
- Dividend per share: ¥57
- Record date: March 31, 2020
- Effective date: June 11, 2020

Note: Total dividends include ¥3 million in dividends for shares of the Company held by the Officer Share Delivery Trust.

## 5. Notes to financial instruments

### (1) Status of financial instruments

#### (i) Policy for handling financial instruments

The Organo Group procures long-term capital and short-term operating capital from banks in accordance with its capital investment plan, etc.

Derivatives are used to hedge the various risks as described in detail below, and the Company does not enter into derivatives for trading or speculative purposes.

(ii) Details of financial instruments and associated risks

Notes receivable - trade, electronically recorded monetary claims - operating, accounts receivable - trade and investments in leases, all of which are trade receivables, are exposed to credit risks of customers. Although foreign currency-denominated trade receivables that arise in conducting business in overseas are exposed to foreign exchange rate fluctuation risk, the Company hedges the risk with the use of forward exchange contracts as necessary.

Investment securities are mainly shares held to strengthen relationships with business partners or purely for investment. These are exposed to market price fluctuation risk.

Notes and accounts payable - trade that are trade payables are mainly due within one year. Furthermore, these include foreign currency-denominated payables associated with imports, which are exposed to foreign exchange fluctuation risk. However, these are hedged as necessary using forward exchange contracts.

Borrowings are mainly for the purpose of procuring capital needed for capital investment and short-term operating capital. Although some of them have floating rates and are exposed to interest rate risks, they are hedged through derivatives (interest rate swaps).

Derivatives are forward exchange contracts executed for the purpose of hedging foreign exchange rate fluctuation risk associated with foreign currency-dominated trade receivables and payables, interest rate swaps executed for the purpose of hedging interest rate fluctuation risk associated with borrowings. With respect to hedging instruments and hedged items, hedging policy and method of assessing hedge effectiveness, please refer to “1. Notes on significant matters for the basis of the preparation of consolidated financial statements (4) Accounting policies (v) Method of significant hedge accounting” previously described.

(iii) Management system for risks associated with financial instruments

a. Management of credit risks (risks of contractual defaults by business partners)

For trade receivables, the sales divisions within each business segment conduct regular monitoring of the status of business partners, and manage maturity dates and balances by counterparty in accordance with the internal rules. In addition, they endeavor to quickly identify and mitigate any concerns regarding the collection of receivables due to deteriorated financial conditions of business partners. The consolidated subsidiaries exercise similar management based on the regulations of the Company.

In utilizing derivatives, the Organo Group has transactions only with high-rated financial institutions to mitigate credit risks.

b. Management of market risks (risks of fluctuations in foreign exchange rates and interest rates)

The Organo Group, with respect to foreign currency-denominated trade receivables and payables, hedges foreign exchange fluctuation risk identified by each transaction with the use of forward exchange contracts as necessary.

The Organo Group also utilizes interest rate swaps to limit the risks of fluctuations in interest rates on borrowings.

In terms of investment securities, the Organo Group assesses the market values and financial positions of issuers (business partners) on a regular basis. As for those excluding held-to-maturity debt securities, the Organo Group continuously reviews positions in consideration of the market conditions and relationships with business partners.

Execution and management of derivatives is conducted with the approval of the decision-making person in the responsible department in accordance with transaction management regulations that stipulate authorization relating to derivatives and other matters.

c. Management of liquidity risk associated with procurement of funds (risk of becoming unable to repay on payment date)

The Organo Group in a timely way develops and updates the financing plans through divisions in charge of accounting based on reports from each division, and manages liquidity risks by maintaining cash balances.



(iv) Supplemental remarks on fair values of financial instruments

The fair values of financial instruments are based on market prices or reasonably calculated values if they have no market price. As changeable factors are included in calculating these values, if different assumptions, etc. are used, these values could vary.

(2) Fair value of financial instruments

Amount on the consolidated balance sheet as of March 31, 2020, fair values and the difference are as follows. Financial instruments whose fair values are deemed to be extremely difficult to determine are not included in the following table. (Please refer to item 2. of Notes.)

(Millions of yen)

|                                                           | Amounts on consolidated balance sheet | Fair value | Differences |
|-----------------------------------------------------------|---------------------------------------|------------|-------------|
| (i) Cash and deposits                                     | 13,772                                | 13,772     | -           |
| (ii) Notes and accounts receivable - trade                | 36,783                                | 36,783     | -           |
| (iii) Electronically recorded monetary claims - operating | 1,590                                 | 1,590      | -           |
| (iv) Investments in leases                                | 11,752                                | 11,752     | -           |
| (v) Investment securities                                 | 533                                   | 533        | -           |
| Total assets                                              | 64,431                                | 64,431     | -           |
| (i) Notes and accounts payable - trade                    | 14,381                                | 14,381     | -           |
| (ii) Short-term borrowings                                | 7,644                                 | 7,651      | 7           |
| (iii) Long-term borrowings                                | 2,095                                 | 2,072      | (23)        |
| Total liabilities                                         | 24,121                                | 24,105     | (16)        |
| Derivatives [*]                                           | [2]                                   | [2]        | -           |

[\*] Net claims/obligations that arise from derivatives are indicated as net amounts, and the amounts of items for which net obligations are recognized in total are indicated in parentheses.

Notes: 1. Methods of fair value measurement of financial instruments and matters relating to securities and derivatives

Assets

- (i) Cash and deposits, (ii) Notes and accounts receivable - trade, and (iii) Electronically recorded monetary claims - operating

The book values are used as the fair values of these assets, given that the fair values are almost the same as the book values since they are mainly settled in a short period of time.

- (iv) Investments in leases

The fair value of investments in leases is calculated based on the present value which is obtained by discounting the total of the principal and interest by the interest rate assumed in a case where the same transactions are newly made. Moreover, since the fair value approximates the book value, the book value is presented.

- (v) Investment securities

The fair values of investment securities are based on the prices of shares, etc. traded at the stock exchange.

Liabilities

- (i) Notes and accounts payable - trade

The book values are used as the fair values of these liabilities, given that the fair values are almost the same as the book values since they are settled in a short period of time.

- (ii) Short-term borrowings and (iii) Long-term borrowings

Fair values of short-term borrowings and long-term borrowings are calculated based on the present value which is obtained by discounting the total of the principal and interest by the interest rate assumed in a case where the same borrowings are newly made. The fair value of short-term borrowings and long-term borrowings with floating rates to which exceptional treatment of interest rate swaps is applied is calculated by discounting the sum of principal and interest, which is treated in combination with the said interest rate swap, at a reasonably estimated rate applied to a similar new borrowing.

Derivatives

- (1) Forward exchange contracts

Fair values are measured based on prices presented by financial institutions with which the Company does business.

As forward exchange contracts, which are accounted for applying the *Furiate-shori*, are treated in conjunction with currency-dominated monetary claims and obligations that are deemed as hedged items, fair values of the forward exchange contracts are included in the fair value of the currency-dominated monetary claims and obligations.

(2) Interest rate swaps

Fair values are measured based on prices presented by financial institutions with which the Company does business.

Because interest rate swaps, which are accounted for applying the *Tokurei-shori*, are treated in conjunction with short-term borrowings and long-term borrowings that are deemed as hedged items, fair values of the interest rate swaps are included in the fair values of the short-term borrowings and long-term borrowings.

2. Financial instruments whose fair values are deemed to be extremely difficult to determine

(Millions of yen)

| Category        | Amounts on consolidated balance sheet |
|-----------------|---------------------------------------|
| Unlisted shares | 1,019                                 |

The Company does not include unlisted shares in “(v) Investment securities” because they have no market prices and their fair values are deemed to be extremely difficult to determine.

**6. Notes to per share information**

Net assets per share 5,301.26

Basic earnings per share 626.05

Notes: 1. When calculating net assets per share, 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 (53 thousand shares at the end of the fiscal year under review).

2. When calculating basic earnings per share, common shares of the Company held by the Officer Share Delivery Trust have been included in treasury shares excluded from the calculation of the average number of shares during the period (67 thousand shares in the fiscal year under review).

**7. Significant subsequent events**

Not applicable.

**Statement of Changes in Equity**  
(From April 1, 2019 to March 31, 2020)

(Millions of yen)

|                                                                           | Shareholders' equity |                       |                         |                         |                 |                            |
|---------------------------------------------------------------------------|----------------------|-----------------------|-------------------------|-------------------------|-----------------|----------------------------|
|                                                                           | Share capital        | Capital surplus       | Retained earnings       |                         | Treasury shares | Total shareholders' equity |
|                                                                           |                      | Legal capital surplus | Legal retained earnings | Other retained earnings |                 |                            |
| Balance at beginning of period                                            | 8,225                | 7,508                 | 832                     | 30,477                  | (629)           | 46,413                     |
| Changes during period                                                     |                      |                       |                         |                         |                 |                            |
| Dividends of surplus                                                      | -                    | -                     | -                       | (1,047)                 | -               | (1,047)                    |
| Profit                                                                    | -                    | -                     | -                       | 6,165                   | -               | 6,165                      |
| Reversal of reserve for tax purpose reduction entry of non-current assets | -                    | -                     | -                       | -                       | -               | -                          |
| Provision of general reserve                                              | -                    | -                     | -                       | -                       | -               | -                          |
| 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                                               | -                    | -                     | -                       | 5,117                   | 91              | 5,209                      |
| Balance at end of period                                                  | 8,225                | 7,508                 | 832                     | 35,595                  | (537)           | 51,623                     |

|                                                                           | Valuation and translation adjustments                 |                                    |                                             | Total net assets |
|---------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------|---------------------------------------------|------------------|
|                                                                           | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Total valuation and translation adjustments |                  |
| Balance at beginning of period                                            | 232                                                   | (0)                                | 232                                         | 46,646           |
| Changes during period                                                     |                                                       |                                    |                                             |                  |
| Dividends of surplus                                                      | -                                                     | -                                  | -                                           | (1,047)          |
| Profit                                                                    | -                                                     | -                                  | -                                           | 6,165            |
| Reversal of reserve for tax purpose reduction entry of non-current assets | -                                                     | -                                  | -                                           | -                |
| Provision of general reserve                                              | -                                                     | -                                  | -                                           | -                |
| Purchase of treasury shares                                               | -                                                     | -                                  | -                                           | (8)              |
| Disposal of treasury shares                                               | -                                                     | -                                  | -                                           | 100              |
| Net changes in items other than shareholders' equity                      | (111)                                                 | 0                                  | (111)                                       | (111)            |
| Total changes during period                                               | (111)                                                 | 0                                  | (111)                                       | 5,097            |
| Balance at end of period                                                  | 120                                                   | -                                  | 120                                         | 51,743           |

## (Components of other retained earnings)

(Millions of yen)

|                                                                           | Reserve for dividends | Reserve for research and development | Reserve for tax purpose reduction entry of non-current assets | General reserve | Retained earnings brought forward | Total   |
|---------------------------------------------------------------------------|-----------------------|--------------------------------------|---------------------------------------------------------------|-----------------|-----------------------------------|---------|
| Balance at beginning of period                                            | 140                   | 90                                   | 34                                                            | 25,065          | 5,146                             | 30,477  |
| Changes during period                                                     |                       |                                      |                                                               |                 |                                   |         |
| Dividends of surplus                                                      | -                     | -                                    | -                                                             | -               | (1,047)                           | (1,047) |
| Profit                                                                    | -                     | -                                    | -                                                             | -               | 6,165                             | 6,165   |
| Reversal of reserve for tax purpose reduction entry of non-current assets | -                     | -                                    | (1)                                                           | -               | 1                                 | -       |
| Provision of general reserve                                              | -                     | -                                    | -                                                             | 2,000           | (2,000)                           | -       |
| Purchase of treasury shares                                               | -                     | -                                    | -                                                             | -               | -                                 | -       |
| Disposal of treasury shares                                               | -                     | -                                    | -                                                             | -               | (0)                               | (0)     |
| Net changes in items other than shareholders' equity                      | -                     | -                                    | -                                                             | -               | -                                 | -       |
| Total changes during period                                               | -                     | -                                    | (1)                                                           | 2,000           | 3,119                             | 5,117   |
| Balance at end of period                                                  | 140                   | 90                                   | 33                                                            | 27,065          | 8,266                             | 35,595  |

## Notes to Non-consolidated Financial Statements

### 1. Significant Accounting Policies

- (1) Valuation standards and methods for assets
  - (i) Securities
    - Shares of subsidiaries and associates
      - Stated at cost using the moving-average method
    - Other securities
      - Securities with fair value
        - Stated at fair value based on the market price or the like on the fiscal year-end.  
(Valuation difference are included in a separate component of net assets, and cost of sales is determined by the moving-average method.)
      - Securities without fair value
        - Stated at cost using the moving-average method
  - (ii) Derivatives
    - Stated at fair value
  - (iii) Inventories
    - Inventories held for sale in the ordinary course of business
      - Stated at cost (based on the method of writing down the book value in accordance with the declining in profitability).
    - Merchandise, finished goods and raw materials
      - Stated using the moving-average method
    - Work in process
      - Stated using the identified cost method
    - Supplies
      - Stated using the last purchase cost method
- (2) Depreciation and amortization of non-current assets
  - (i) Property, plant and equipment
    - Depreciated using the declining balance method.
      - Buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.
      - The estimated useful lives of major items are as follows.
        - Buildings and structures: 3 to 50 years
        - Machinery, equipment and vehicles: 4 to 17 years
  - (ii) Intangible assets
    - Depreciated using the straight-line method.
      - Software for internal use is amortized using the straight-line method over the internally expected useful life (five years).
- (3) Standards for recognition of allowances and provisions
  - (i) Allowance for doubtful accounts
    - To prepare for losses from bad debt, an estimated uncollectible amount is recorded at the amount estimated by using the historical rate of credit loss for ordinary receivables, and based on individual consideration of collectability for specific receivables such as highly doubtful receivables.
  - (ii) Provision for bonuses
    - To prepare for payment of employee bonuses, of the estimated future bonus payment, an amount to be borne during the fiscal year under review is recorded.

- (iii) Provision for product warranties
 

To prepare for warranties against defects in completed construction contracts, an amount is recorded based on the past two years' performance and giving consideration to the expected amount of future guarantees. For items that can be estimated individually, the estimated amount is recorded.
- (iv) Provision for loss on construction contracts
 

To prepare for any losses on undelivered construction projects, the estimated amount of losses in or after the following fiscal years is recorded for some of the construction projects as of the end of the fiscal year under review, which are highly probable to incur losses and for which the amounts thereof can be reasonably estimated.
- (v) Provision for share-based remuneration for directors (and other officers)
 

To prepare for the shares of the Company's shares, etc. to Directors and Executive Officers, pursuant to the Share Delivery Regulations, the Company recorded a provision for share-based remuneration for directors (and other officers) based on estimated share benefit obligations at the end of the fiscal year under review.
- (vi) Provision for retirement benefits
 

To prepare for the payment of employees' retirement benefits, the Company recorded a provision for retirement benefits, which was recognized at the end of the fiscal year under review, based on estimated retirement benefit obligations and plan assets at the end of the fiscal year under review.

Past service costs are recognized as expenses at the time they are incurred.

Actuarial gains and losses are amortized in the year following the year in which the gains or losses are recognized by the straight-line method over a certain number of years (ten years) which are within the average remaining years of service of the eligible employees at the time of occurrence.
- (4) Standards for recognition of revenues and expenses
  - (i) Standard for recognition of completed construction contracts and cost of sales of completed construction contracts
 

Construction activities whose outcome from the completed portion as of the fiscal year-end are deemed to be definite

    - Percentage-of-completion method (The cost-to-cost method is used to estimate the percentage of completion.)
    - Other construction activities
      - Completed-contract method
  - (ii) Standard for recognition of revenue related to finance lease transactions
 

Revenue related to finance lease transactions follows a method of accounting net sales and cost of sales at the time of receiving lease fees.
- (5) Method of significant hedge accounting
  - (i) Method of hedge accounting
 

Principally, accounted for with deferred hedge accounting. The designated hedge accounting (the "Furiate-shori") is applied to forward exchange contracts that satisfy requirements for such accounting, and the exceptional treatment (the "Tokurei-shori") is applied to interest rate swaps that satisfy the requirements for such treatment.
  - (ii) Hedging instruments and hedged items
 

Hedging instruments: Forward exchange contracts and interest rate swaps

Hedged items: Foreign currency-denominated monetary claims and obligations, borrowings

- (iii) Hedging policy  
Foreign exchange rate fluctuation risk and market interest rate fluctuation risk are hedged within a certain range based on transaction management regulations that stipulate authorization relating to derivatives and other matters.
- (iv) Method of assessing hedge effectiveness  
The Company assesses hedge effectiveness by comparing cumulative cash flow or fair value fluctuations of hedged items with those of hedging instruments quarterly and based on those fluctuation amounts.  
However, assessment of effectiveness is omitted for interest rate swaps which are accounted for applying the exceptional treatment.
- (6) Other significant matters for the basis of the preparation of non-consolidated financial statements
- (i) Accounting treatment of retirement benefits  
The accounting treatment method for unrecognized actuarial gains or losses related to retirement benefits is different from the treatment for the item in the consolidated financial statements.
- (ii) Accounting treatment of consumption taxes  
Accounting treatment of consumption tax and local consumption tax is based on the tax-excluded method. Non-deductible consumption tax and local consumption tax are recognized as an expense for the fiscal year under review.

## 2. Notes to changes in the manner of presentation

(Balance sheet)

“Electronically recorded monetary claims - operating,” which was included in “Notes receivable - trade” in the previous fiscal year, is presented separately in the fiscal year under review as it has become significant in terms of quantitative materiality.

“Electronically recorded monetary claims - operating” in the previous fiscal year is ¥1,060 million.

(Statement of Income)

“Compensation for damage,” which was included in “Other” in non-operating expenses in the previous fiscal year, is presented separately in the fiscal year under review, as it has become significant in terms of quantitative materiality.

“Compensation for damage” in the previous fiscal year is ¥1 million.

## 3. Notes to the non-consolidated balance sheet

|                                                                    |                 |
|--------------------------------------------------------------------|-----------------|
| (1) Accumulated depreciation for property, plant and equipment     | ¥20,872 million |
| (2) Contingent liabilities                                         |                 |
| Guarantee obligation for bank loans of employees                   | ¥2 million      |
| Joint and several suretyship for bank loans                        |                 |
| Organo (Suzhou) Water Treatment Co., Ltd.                          | ¥847 million    |
| Performance bonds                                                  |                 |
| Organo (Asia) Sdn. Bhd.                                            | ¥95 million     |
| Organo (Suzhou) Water Treatment Co., Ltd.                          | ¥31 million     |
| Organo Technology Co., Ltd.                                        | ¥36 million     |
| Organo (Vietnam) Co., Ltd.                                         | ¥23 million     |
| (3) Monetary claims and obligations to subsidiaries and associates |                 |
| Short-term monetary claims                                         | ¥4,627 million  |
| Long-term monetary claims                                          | ¥300 million    |
| Short-term monetary obligations                                    | ¥4,741 million  |

#### 4. Notes to the non-consolidated statement of income

Total transactions with subsidiaries and associates

|                                                 |                 |
|-------------------------------------------------|-----------------|
| Net sales                                       | ¥3,595 million  |
| Purchase of goods                               | ¥16,850 million |
| Transactions other than operating transactions: | ¥1,597 million  |

#### 5. Notes to the non-consolidated statement of changes in equity

Number of treasury shares

| Class of shares | Number of shares at beginning of period<br>(Thousands of shares) | Increase in number of shares during the period<br>(Thousands of shares) | Decrease in number of shares during the period<br>(Thousands of shares) | Number of shares at end of period<br>(Thousands of shares) |
|-----------------|------------------------------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------|
| Common shares   | 166                                                              | 1                                                                       | 31                                                                      | 136                                                        |

- Notes:
1. The increase of 1 thousand shares in the number of treasury shares reflects the increase of 1 thousand shares due to the purchase of shares less than one unit.
  2. The decrease of 31 thousand shares in the number of treasury shares reflects the decrease of 31 thousand shares due to the delivery of the Company's share held by the Officer Share Delivery Trust and 0 thousand shares due to the sale of shares less than one unit.
  3. The number of treasury shares at the end of the fiscal year under review includes 53 thousand shares of the Company held by the Officer Share Delivery Trust.

#### 6. Note to tax-effect accounting

Breakdown of deferred tax assets and liabilities by main cause

(Millions of yen)

Deferred tax assets

|                                                                           |       |
|---------------------------------------------------------------------------|-------|
| Provision for bonuses                                                     | 281   |
| Enterprise tax payable                                                    | 113   |
| Provision for retirement benefits                                         | 1,585 |
| Provision for product warranties                                          | 51    |
| Provision for loss on construction contracts                              | 53    |
| Provision for share-based remuneration for directors (and other officers) | 32    |
| Testing and research facilities                                           | 80    |
| Allowance for doubtful accounts                                           | 127   |
| Loss on valuation of right to use facilities                              | 73    |
| Loss on valuation of shares of subsidiaries and associates                | 250   |
| Other                                                                     | 453   |

Subtotal deferred tax assets 3,103

Valuation allowance (473)

Total deferred tax assets 2,630

Deferred tax liabilities

Valuation difference on available-for-sale securities (53)

Reserve for tax purpose reduction entry of non-current assets (14)

Total deferred tax liabilities (67)

Net deferred tax assets 2,562



## 7. Note to transactions with related parties

### Subsidiaries

| Name of the company                       | Location                     | Share capital       | Voting rights ownership ratio | Relationship with related parties                                                                                        | Details of transaction                                                                        | Transaction amount (Millions of yen) | Item                        | Balance at end of period (Millions of yen) |
|-------------------------------------------|------------------------------|---------------------|-------------------------------|--------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|--------------------------------------|-----------------------------|--------------------------------------------|
| ORGANO PLANT SERVICE CORPORATION          | Bunkyo-ku, Tokyo             | ¥93 million         | Direct ownership 100.0%       | Installation of various types of water treatment systems and ordering of supervision services<br>Dispatching of officers | Installation of various types of water treatment systems and ordering of supervision services | 7,704                                | Accounts payable - trade    | 1,156                                      |
|                                           |                              |                     |                               |                                                                                                                          | Deposits of funds                                                                             | 1,523                                | Deposits received           | 1,600                                      |
| Organo (Suzhou) Water Treatment Co., Ltd. | Jiangsu, China               | US\$5,000 thousand  | Direct ownership 100.0%       | Sales of various types of water treatment systems and related chemicals<br>Dispatching of officers                       | Debt guarantees                                                                               | 878                                  | -                           | -                                          |
| Organo Technology Co., Ltd.               | Hsinchu City, Taiwan, R.O.C. | NT\$30,000 thousand | Direct ownership 100.0%       | Sales of various types of water treatment systems and related chemicals<br>Dispatching of officers                       | Sales of various types of water treatment systems and related chemicals                       | 1,695                                | Accounts receivable - trade | 2,069                                      |

- Notes:
- The transaction amounts listed above do not include consumption taxes, but the balance at end of period includes consumption taxes.
  - Conditions of transaction and policies for deciding conditions of transaction are determined by referencing general trading conditions in consideration of market prices, etc.
  - Interest rates on deposits of funds are reasonably determined taking interest rates on the market into account. For transaction amounts, the average balance during the fiscal year is indicated.
  - The Company provides debt guarantees on their loans from financial institutions. The Company does not receive guarantee fees.

## 8. Notes to per share information

Net assets per share ¥4,517.80

Basic earnings per share ¥538.91

- Notes
- When calculating net assets per share, 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 (53 thousand shares at the end of the fiscal year under review).
  - When calculating basic earnings per share, common shares of the Company held by the Officer Share Delivery Trust have been included in treasury shares excluded from the calculation of the average number of shares during the period (67 thousand shares in the fiscal year under review).

## 9. Significant subsequent events

Not applicable.

Figures are rounded down to the nearest unit.