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Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 <under Japanese GAAP>

May 11, 2021

Company name: ORGANO CORPORATION
 Listing: Tokyo Stock Exchange
 Securities code: 6368
 URL: <https://www.organo.co.jp/english/>
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 Scheduled date of ordinary general meeting of shareholders: June 29, 2021
 Scheduled date to commence dividend payments: June 30, 2021
 Scheduled date to file annual securities report: June 29, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2021	100,638	4.3	9,579	(3.3)	9,900	(0.3)	7,074	(1.2)
March 31, 2020	96,515	4.6	9,908	51.1	9,929	51.9	7,162	60.9

Note: Comprehensive income: Fiscal year ended March 31, 2021 ¥7,711 million [9.7%]
 Fiscal year ended March 31, 2020 ¥7,029 million [73.3%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Operating profit ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2021	616.72	—	11.1	9.1	9.5
March 31, 2020	626.05	—	12.4	9.8	10.3

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

Fiscal year ended March 31, 2021 ¥153 million
 Fiscal year ended March 31, 2020 ¥170 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	115,011	67,357	58.4	5,856.25
March 31, 2020	101,448	60,857	59.9	5,301.26

(Reference) Equity: As of March 31, 2021 ¥67,214 million
 As of March 31, 2020 ¥60,717 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2021	(4,582)	(1,261)	4,927	12,804
March 31, 2020	8,553	(1,006)	(5,007)	13,772

2. Cash dividends

	Annual dividends per share					Total cash dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2020	–	47.00	–	57.00	104.00	1,196	16.6	2.1
Fiscal year ended March 31, 2021	–	52.00	–	62.00	114.00	1,311	18.5	2.0
Fiscal year ending March 31, 2022 (Forecast)	–	57.00	–	57.00	114.00		20.1	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2021	50,000	10.3	2,600	(18.3)	2,550	(22.2)	1,500	(27.9)	130.69
Fiscal year ending March 31, 2022	103,000	2.3	8,250	(13.9)	8,150	(17.7)	6,500	(8.1)	566.33

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
- b. Changes in accounting policies due to other reasons: None
- c. Changes in accounting estimates: None
- d. Restatement: None
- (3) Number of issued shares (common shares)

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

As of March 31, 2021	11,589,925 shares
As of March 31, 2020	11,589,925 shares

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

As of March 31, 2021	112,618 shares
As of March 31, 2020	136,593 shares

- c. Average number of shares outstanding during the period

For the fiscal year ended March 31, 2021	118,984 shares
For the fiscal year ended March 31, 2020	11,440,300 shares

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

[Reference] Overview of non-consolidated financial results

**1. Non-consolidated financial results for the fiscal year ended March 31, 2021
(from April 1, 2020 to March 31, 2021)**

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

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2021	72,661	2.5	6,311	(7.3)	7,770	(4.7)	5,879	(4.6)
March 31, 2020	70,907	8.1	6,808	94.7	8,151	77.7	6,165	93.8

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2021	512.56	—
March 31, 2020	538.91	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	97,582	56,547	57.9	4,926.90
March 31, 2020	85,650	51,743	60.4	4,517.80

(Reference) Equity: As of March 31, 2021: ¥56,547 million
As of March 31, 2020: ¥51,743 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters
(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. Please refer to “(4) Future outlook” in “1. Overview of operating results, etc.” on page 6 of the attached material for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof.

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1. Overview of operating results, etc.

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

During the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021), the global economy has been in a state of significant turmoil following the global spread of COVID-19 with restrictions on movement of people and economic activity in Japan and overseas. In the electronics field, which is the Company's main market, we maintained high-level production and investment in Japan and overseas, increasing investment for increased production with the growth in semiconductor demand for smartphones and data centers and increasing investment in cutting-edge fields, amid the full-fledged friction over semiconductors between the United States and China. In addition, despite the electric power/water supply and sewage fields trending firmly, difficult conditions continued due to factors such as the ongoing trend to curb and delay capital investment in the general industrial field caused by COVID-19 and the decline in sales of some products with the decline in customer production levels in the Performance Products Business Unit.

Under these conditions, the Organo Group identified "expanding the electronics field," "strengthening the service solutions" and "creating new businesses" as key fields and aimed to enhance the system for implementing remote operations amid the constraints on movements and business activities in Japan and overseas. We introduced various communication tools and promoted the shift to digitalization in our engineering and solutions services as well as various supervisory operations, and balanced preventing the spread of COVID-19 with our business activities.

Consequently, although orders received were below the previous year, when there were large-scale orders, net sales reached a record high of more than ¥100.0 billion due to steady progress in construction of large-scale projects in Japan and overseas. On the profit side, a high level was achieved that was only second to the record high profit recorded in the previous fiscal year because of a decrease in selling, general and administrative expenses focused on operating expenses such as travel expenses and transportation expenses due to COVID-19 and various cost reduction measures on construction projects. In addition, return on equity (ROE) also exceeded the initial plan.

(Millions of yen)

Category	75th term Fiscal year ended March 31, 2020	76th term (Fiscal year under review)		Year-on-year	Actual-to- forecast
		Fiscal year ended March 31, 2021			
		Initial plan	Actual result		
Orders received	104,986	100,000	94,563	(9.9)%	(5.4)%
Carry-over backorder	67,837	67,837	61,871	(8.8)%	(8.8)%
Net sales	96,515	100,000	100,638	4.3%	0.6%
Operating profit	9,908	7,200	9,579	(3.3)%	33.1%
Operating profit ratio (%)	10.3	7.2	9.5	—	—
Ordinary profit	9,929	7,100	9,900	(0.3)%	39.4%
Profit attributable to owners of parent	7,162	4,700	7,074	(1.2)%	50.5%
Return on equity (ROE) (%)	12.4	7.5	11.1	—	—

Results by segment are as follows.

[Water Treatment Engineering Business Unit]

Net sales ratio 81.9%	Orders received	¥76,227 million (Down 11.9% year-on-year)
	Net sales	¥82,424 million (Up 5.8% year-on-year)
	Operating profit	¥8,466 million (Down 5.1% year-on-year)

Major Business

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

■Orders received

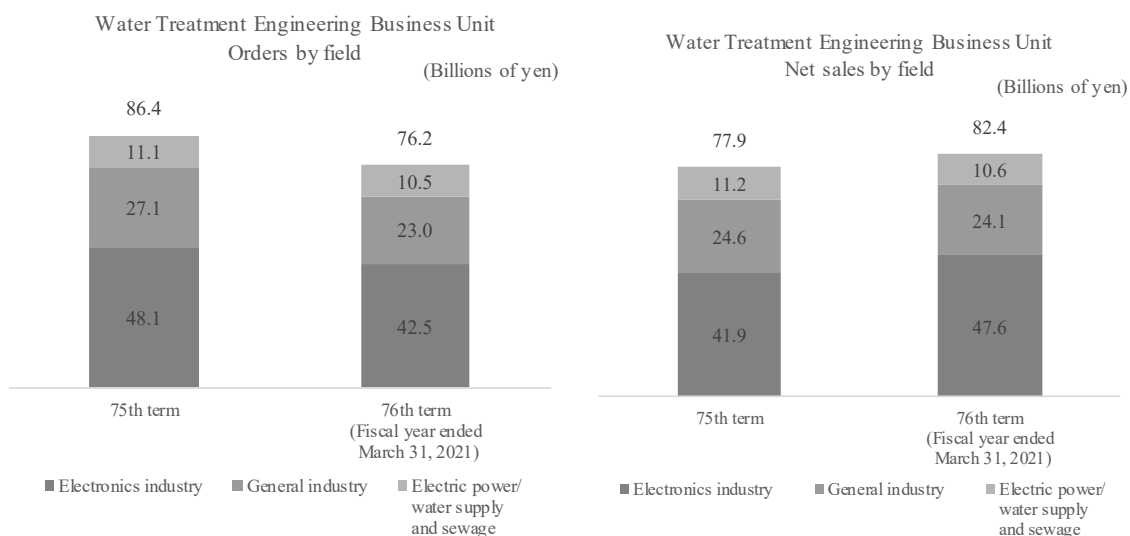
Orders received decreased 11.9% year on year to ¥76,227 million. In the electronics field, trends were favorable in overseas markets with capital investment in Taiwan and China remaining active due to factors such as friction over semiconductors between the United States and China, a global shortage of semiconductors, and competition in the development of cutting-edge semiconductors, but there was a decline in the Japanese market in counter-reaction to the orders for large-scale projects in the previous year. In addition, in the general industrial field, orders decreased because of the ongoing trend to curb or delay capital investment in Japan and overseas due to COVID-19. The electric power/water supply and sewage fields maintained around the same levels as the previous fiscal year.

■Net sales

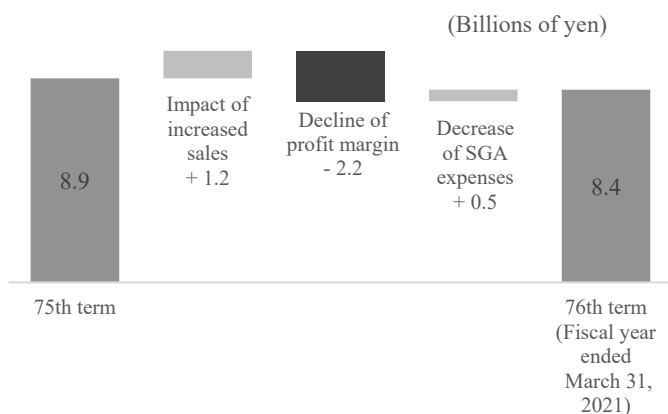
Net sales increased 5.8% year on year to ¥82,424 million. In the electronics field, in addition to growth in sales in the Plant Division due to steady progress in construction of large-scale projects in Japan that were ordered in the previous fiscal year and the continuation of large-scale capital investment in overseas markets such as Taiwan and China, the Service Solutions Division was also firm due to high production levels. In the general industrial field, steady progress was made on construction projects that had been carried-over from the order backlog, but sales also decreased due to the decrease in orders. The electric power/water supply and sewage fields maintained around the same levels as the previous fiscal year, similar to orders.

■Operating profit

Operating profit decreased 5.1% year on year to ¥8,466 million. Although selling, general and administrative expenses such as operating expenses declined while net sales were up, this was largely because the gross profit margin was lower in counter-reaction to the concentration of comparatively profitable projects and projects with prominent cost reduction effects in the previous fiscal year.



Water Treatment Engineering Business Unit
Analysis of causes of changes in operating profit



[Performance Products Business Unit]

Net sales ratio 18.1%	Orders received	¥18,336 million (Down 0.9% year-on-year)
	Net sales	¥18,213 million (Down 2.0% year-on-year)
	Operating profit	¥1,113 million (Up 12.8% year-on-year)

Major Business

●Major Business and Products

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

■Orders received/Net sales

Orders received decreased 0.9% year on year to ¥18,336 million and net sales decreased 2.0% year on year to ¥18,213 million.

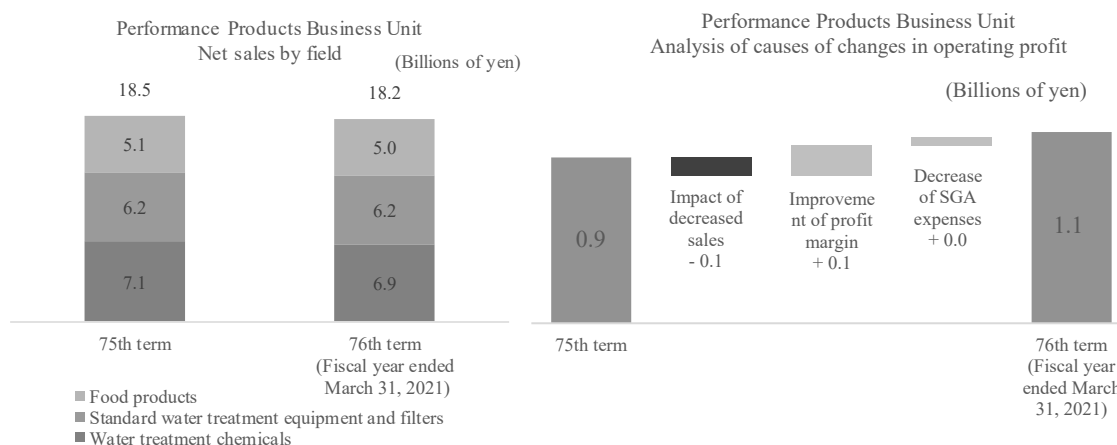
The Water Treatment Chemicals Division was affected by the decrease in sales to general industry such as the automotive industry due to lower production levels and delayed development of overseas markets such as Taiwan and China due to COVID-19, but sales of various agents for the electronics industry and Orplus® slightly acidic electrolyzed water for disinfecting and deodorizing performed favorably, and net sales decreased slightly year on year.

The Standard Water Treatment Equipment and Filters Division saw a decline in sales such as inspection grade pure water equipment for medical institutions and water purification filters for beverage dispensers, but sales of pure and ultrapure water equipment for laboratory use such as in research institutions were firm, securing net sales around the same level as the previous year.

The Food Products Division was affected by the decrease in sales to restaurants, but efforts were made with products for household food products including products catering to stay-at-home consumption, and net sales were only down slightly year on year.

■Operating profit

Operating profit increased 12.8% year on year to ¥1,113 million. Net sales for the Water Treatment Chemicals Division and the Food Products Division declined, but the profit margin improved due to decreases in areas such as indirect expenses in the manufacturing division and operating expenses.



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

Current assets

Current assets as of March 31, 2021 amounted to ¥89,702 million, an increase of ¥13,623 million from the previous fiscal year end. This was mainly due to an increase of ¥12,734 million in notes and accounts receivable – trade and ¥3,476 million in work in process, despite a decline of ¥1,979 million in investments in leases.

Non-current assets

Non-current assets as of March 31, 2021 amounted to ¥25,308 million, a decrease of ¥60 million from the previous fiscal year end. This was mainly due to a decline of ¥364 million in buildings and structures, net, despite an increase of ¥357 million in investment securities.

Current liabilities

Current liabilities as of March 31, 2021 amounted to ¥40,749 million, an increase of ¥8,508 million from the previous fiscal year end. This was mainly due to an increase of ¥3,765 million in trade payables and ¥6,865 million in short-term borrowings, despite a decline of ¥2,057 million in other current liabilities.

Non-current liabilities

Non-current liabilities as of March 31, 2021 amounted to ¥6,905 million, a decline of ¥1,444 million from the previous fiscal year end. This was mainly due to a decline of ¥600 million in long-term borrowings and a decline of ¥833 million in retirement benefit liability.

Net Assets

Net assets as of March 31, 2021 amounted to ¥67,357 million, an increase of ¥6,499 million from the previous fiscal year end. This was mainly due to an increase of ¥5,820 million in retained earnings resulting from the recording of profit attributable to owners of parent.

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

Cash and cash equivalents (hereinafter, “cash”) as of March 31, 2021 decreased by ¥968 million from the previous fiscal year end to ¥12,804 million.

Cash flows from operating activities

Net cash used in operating activities was ¥4,582 million. This was mainly because there was a decline in cash due to an increase of ¥12,728 million in trade receivables, despite an increase of ¥9,695 million in profit before income taxes. (Net cash of ¥8,553 million was provided in the fiscal year ended March 31, 2020.)

Cash flows from investing activities

Net cash used in investing activities was ¥1,261 million. This was mainly because there was a decrease in cash due to purchase of property, plant and equipment of ¥965 million and purchase of intangible assets of ¥289 million. (Net cash of ¥1,006 million was used in the fiscal year ended March 31, 2020.)

Cash flows from financing activities

Net cash provided by financing activities was ¥4,927 million. This was mainly because there was an increase in cash due to an increase of ¥7,075 million in short-term borrowings. (Net cash of ¥5,007 million was used in the fiscal year ended March 31, 2020.)

(4) Future outlook

In terms of the future outlook, we anticipate that periods of disparity between fields with good and bad conditions will continue. In the electronics field, we forecast conditions to remain vibrant with active capital investment expected to continue in Taiwan and China, while there are also plans for large-scale capital investment by major customers in Japan. However, in the general industrial field, which is significantly affected by COVID-19, there are concerns that capital investment will remain stagnant in Japan and overseas given the inability to predict when the spread of infection will be contained. Regarding our financial results outlook for the fiscal year ending March 31, 2022, we are planning for orders received of ¥100,000 million (up 5.7% year on year), net sales of ¥103,000 million (up 2.3%), operating profit of ¥8,250 million (down 13.9%), ordinary profit of ¥8,150 million (down 17.7%), and profit attributable to owners of parent of ¥6,500 million (down 8.1%).

Orders received and net sales are forecast to be at high levels due to the large-scale projects that have been carried over from order backlog in addition to the forecast multiple large-scale capital investments associated with semiconductors in Japan and overseas in the electronics field. On the other hand, on the profit side, although selling, general and administrative expenses significantly decreased from the previous fiscal year due to effects such as restrictions on activities associated with COVID-19, they are forecast to increase with the expansion of investment in research and development, strengthening of overseas engineering structure and acceleration of investment for digitalization, so profit is forecast to decline. However, initiatives aimed at profit levels of around the same as the previous year are being implemented such as plans to improve the profit margin through various cost reduction measures on construction projects that are in progress.

(Millions of yen, %)

Category	Fiscal year ended March 31, 2021	Fiscal year ending March 31, 2022 Initial plan	Year on year
Orders received	94,563	100,000	5.7%
Carry-over backorder	61,871	58,871	(4.8)%
Net sales	100,638	103,000	2.3%
Operating profit	9,579	8,250	(13.9)%
Operating profit ratio (%)	9.5%	8.0%	-
Ordinary profit	9,900	8,150	(17.7)%
Profit attributable to owners of parent	7,074	6,500	(8.1)%
Return on equity (ROE) (%)	11.1	9.3	-

2. Basic policy regarding selection of accounting standards

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

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

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	13,772	12,804
Notes and accounts receivable - trade	36,783	49,517
Electronically recorded monetary claims - operating	1,590	1,598
Investments in leases	11,752	9,773
Merchandise and finished goods	5,710	5,448
Work in process	2,728	6,205
Raw materials and supplies	1,392	1,223
Other	2,448	3,172
Allowance for doubtful accounts	(98)	(39)
Total current assets	76,078	89,702
Non-current assets		
Property, plant and equipment		
Buildings and structures	17,909	17,792
Accumulated depreciation	(12,562)	(12,808)
Buildings and structures, net	5,347	4,983
Machinery, equipment and vehicles	5,697	5,671
Accumulated depreciation	(4,974)	(4,981)
Machinery, equipment and vehicles, net	722	690
Land	12,284	12,279
Construction in progress	98	300
Other	5,088	5,112
Accumulated depreciation	(4,245)	(4,391)
Other, net	842	720
Total property, plant and equipment	19,296	18,974
Intangible assets	1,113	1,105
Investments and other assets		
Investment securities	1,553	1,911
Deferred tax assets	3,037	2,977
Other	780	743
Allowance for doubtful accounts	(411)	(403)
Total investments and other assets	4,959	5,228
Total non-current assets	25,369	25,308
Total assets	101,448	115,011

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,381	13,556
Electronically recorded obligations - operating	–	4,589
Short-term borrowings	7,644	14,510
Income taxes payable	1,959	2,140
Advances received	1,543	1,226
Provision for bonuses	1,339	1,442
Provision for product warranties	324	241
Provision for loss on construction contracts	64	122
Provision for share awards for directors (and other officers)	105	109
Other provisions	10	–
Other	4,866	2,809
Total current liabilities	32,240	40,749
Non-current liabilities		
Long-term borrowings	2,095	1,495
Deferred tax liabilities	9	11
Retirement benefit liability	6,153	5,319
Other	91	79
Total non-current liabilities	8,349	6,905
Total liabilities	40,590	47,654
Net assets		
Shareholders' equity		
Share capital	8,225	8,225
Capital surplus	7,508	7,508
Retained earnings	46,081	51,902
Treasury shares	(537)	(495)
Total shareholders' equity	61,277	67,139
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	143	301
Foreign currency translation adjustment	(178)	(201)
Remeasurements of defined benefit plans	(525)	(25)
Total accumulated other comprehensive income	(560)	74
Non-controlling interests	140	143
Total net assets	60,857	67,357
Total liabilities and net assets	101,448	115,011

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

Consolidated statement of income

	(Millions of yen)	
	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)
Net sales	96,515	100,638
Cost of sales	69,232	74,311
Gross profit	27,282	26,326
Selling, general and administrative expenses	17,374	16,746
Operating profit	9,908	9,579
Non-operating income		
Interest income	44	27
Dividend income	28	27
Foreign exchange gains	-	39
Insurance claim income	81	132
Share of profit of entities accounted for using equity method	170	153
Other	59	74
Total non-operating income	383	454
Non-operating expenses		
Interest expenses	136	117
Foreign exchange losses	41	-
Provision of allowance for doubtful accounts	78	-
Other	105	16
Total non-operating expenses	362	133
Ordinary profit	9,929	9,900
Extraordinary income		
Gain on sale of non-current assets	5	7
Gain on sale of investment securities	4	14
Gain on sales of right to use facilities	0	-
Total extraordinary income	9	22
Extraordinary losses		
Loss on sale of non-current assets	-	0
Loss on abandonment of non-current assets	39	161
Loss on valuation of investment securities	49	59
Loss on sales of right to use facilities	-	4
Loss on valuation of right to use facilities	-	0
Total extraordinary losses	88	227
Profit before income taxes	9,850	9,695
Income taxes - current	3,014	2,839
Income taxes - deferred	(336)	(230)
Total income taxes	2,678	2,608
Profit	7,172	7,086
Profit attributable to non-controlling interests	10	12
Profit attributable to owners of parent	7,162	7,074

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)
Profit	7,172	7,086
Other comprehensive income		
Valuation difference on available-for-sale securities	(129)	155
Deferred gains or losses on hedges	0	–
Foreign currency translation adjustment	20	(34)
Remeasurements of defined benefit plans, net of tax	(32)	500
Share of other comprehensive income of entities accounted for using equity method	(1)	3
Total other comprehensive income	(143)	624
Comprehensive income	7,029	7,711
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,015	7,709
Comprehensive income attributable to non-controlling interests	14	2

(3) Consolidated statement of changes in equity**Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)**

(Millions of yen)

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

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	273	(0)	(193)	(494)	(414)	138	54,795
Changes during period							
Dividends of surplus							(1,047)
Profit attributable to owners of parent							7,162
Purchase of treasury shares							(8)
Disposal of treasury shares							100
Net changes in items other than shareholders' equity	(130)	0	15	(31)	(146)	2	(144)
Total changes during period	(130)	0	15	(31)	(146)	2	6,061
Balance at end of period	143	—	(178)	(525)	(560)	140	60,857

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(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	46,081	(537)	61,277
Changes during period					
Dividends of surplus			(1,254)		(1,254)
Profit attributable to owners of parent			7,074		7,074
Purchase of treasury shares				(65)	(65)
Disposal of treasury shares		0		107	107
Net changes in items other than shareholders' equity					
Total changes during period	-	0	5,820	41	5,861
Balance at end of period	8,225	7,508	51,902	(495)	67,139

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	143	(178)	(525)	(560)	140	60,857
Changes during period						
Dividends of surplus						(1,254)
Profit attributable to owners of parent						7,074
Purchase of treasury shares						(65)
Disposal of treasury shares						107
Net changes in items other than shareholders' equity	158	(23)	499	635	2	637
Total changes during period	158	(23)	499	635	2	6,499
Balance at end of period	301	(201)	(25)	74	143	67,357

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	9,850	9,695
Depreciation	1,189	1,212
Increase (decrease) in provisions	348	105
Increase (decrease) in retirement benefit liability	(107)	(104)
Interest and dividend income	(72)	(54)
Insurance claim income	(81)	(132)
Interest expenses	136	117
Foreign exchange losses (gains)	96	19
Share of loss (profit) of entities accounted for using equity method	(170)	(153)
Loss (gain) on sale of non-current assets	(5)	(6)
Loss on abandonment of non-current assets	39	161
Loss (gain) on sale of investment securities	(4)	(14)
Loss (gain) on valuation of investment securities	49	59
Loss (gain) on sale of right to use facilities	(0)	4
Loss on valuation of right to use facilities	-	0
Decrease (increase) in trade receivables	1,873	(12,728)
Decrease (increase) in investments in leases	1,820	1,979
Decrease (increase) in inventories	(967)	(3,047)
Increase (decrease) in trade payables	(4,165)	3,752
Other, net	1,407	(2,874)
Subtotal	11,236	(2,008)
Interest and dividends received	84	66
Interest paid	(136)	(110)
Proceeds from insurance income	81	132
Compensation for damage paid	(91)	(6)
Income taxes refund (paid)	(2,621)	(2,654)
Net cash provided by (used in) operating activities	8,553	(4,582)
Cash flows from investing activities		
Purchase of property, plant and equipment	(781)	(965)
Proceeds from sale of property, plant and equipment	21	74
Purchase of intangible assets	(187)	(289)
Purchase of investment securities	(13)	(58)
Proceeds from sale of investment securities	5	25
Loan advances	(250)	(250)
Proceeds from collection of loans receivable	200	250
Proceeds from sale of right to use facilities	0	0
Other, net	(1)	(47)
Net cash provided by (used in) investing activities	(1,006)	(1,261)

(Millions of yen)

	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(5,411)	7,075
Proceeds from long-term borrowings	3,000	–
Repayments of long-term borrowings	(1,505)	(800)
Purchase of treasury shares	(8)	(65)
Dividends paid	(1,047)	(1,254)
Dividends paid to non-controlling interests	(11)	–
Other, net	(22)	(27)
Net cash provided by (used in) financing activities	(5,007)	4,927
Effect of exchange rate change on cash and cash equivalents	(43)	(52)
Net increase (decrease) in cash and cash equivalents	2,495	(968)
Cash and cash equivalents at beginning of period	11,276	13,772
Cash and cash equivalents at end of period	13,772	12,804

(5) Notes to consolidated financial statements

Notes on premise of going concern

No items to report

Changes in presentation

Consolidated statement of income

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

Consequently, ¥91 million in “compensation for damage” and ¥13 million in “other” that were presented in the consolidated statement of income for the previous fiscal year have been reclassified as ¥105 million in “other.”

Consolidated statement of cash flows

“Compensation for damage,” which had been presented separately above the subtotal under “cash flows from operating activities” in the previous fiscal year, is to be included in “other” beginning in the fiscal year under review because it is no longer material. The consolidated financial statements for the previous fiscal year have been reclassified to reflect this change in presentation.

Consequently, ¥91 million in “compensation for damage” and ¥1,315 million in “other” that were presented above the subtotal under “cash flows from operating activities” in the consolidated statement of cash flows for the previous fiscal year have been reclassified as ¥1,407 million in “other.”

Additional information

Impact arising due to the proliferation of COVID-19

Looking forward, it appears that some time will be required before the contagious period of COVID-19 ends and the global economy fully recovers from the pandemic. However, reflecting on the current status of investment projects, operating level at customer factories, and the progress forecasts for orders received, the Company is making accounting estimates based on the assumption that the impact of COVID-19 on the Organo Group will remain limited.

However, the assumptions mentioned above contain a high degree of uncertainty, and depending on the level of increase in the number of COVID-19 cases and the impact of that on the economy, COVID-19 may have a material impact on the consolidated financial statements in the next fiscal year and beyond.

Segment information, etc.

[Segment information]

1. Overview of reportable segments

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

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

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

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

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

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

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

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

Moreover, the figures for segment profit are based on operating profit, and there are no discrepancies with the operating profit shown in the consolidated statement of income.

3. Net sales, profit (loss), assets, liabilities, and other items by reportable segment
Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable Segment			Adjustment (Note 1)	Reported in consolidated financial statements
	Water Treatment Engineering Business Unit	Performance Products Business Unit	Total		
Net sales					
Sales to external customers	77,921	18,593	96,515	–	96,515
Intersegment sales or transfers	0	336	336	(336)	–
Total	77,922	18,929	96,852	(336)	96,515
Segment profit	8,921	986	9,908	–	9,908
Segment assets	78,347	18,420	96,767	4,680	101,448
Other items					
Depreciation	888	301	1,189	–	1,189
Amortization of goodwill	–	2	2	–	2
Investment in entities accounted for using equity method	819	–	819	–	819
Increase in property, plant and equipment and intangible assets	913	241	1,154	–	1,154

Notes: 1. The adjustments of ¥4,680 million for segment assets are mainly deferred tax assets and long-term investment funds (investment securities).

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

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable Segment			Adjustment (Note 1)	Reported in consolidated financial statements
	Water Treatment Engineering Business Unit	Performance Products Business Unit	Total		
Net sales					
Sales to external customers	82,424	18,213	100,638	–	100,638
Intersegment sales or transfers	0	342	342	(342)	–
Total	82,425	18,555	100,981	(342)	100,638
Segment profit	8,466	1,113	9,579	–	9,579
Segment assets	91,968	17,415	109,383	5,627	115,011
Other items					
Depreciation	924	287	1,212	–	1,212
Investment in entities accounted for using equity method	964	–	964	–	964
Increase in property, plant and equipment and intangible assets	791	223	1,015	–	1,015

Notes: 1. The adjustments of ¥5,627 million for segment assets are mainly deferred tax assets and long-term investment funds (investment securities).

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

[Related information]

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

1. Information by product and service

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

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Taiwan	China	Southeast Asia	Other	Total
74,992	11,502	4,421	5,112	486	96,515

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

(2) Property, plant and equipment

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

3. Information by major customer

(Millions of yen)

Customer name	Net sales	Related segment
Sony Semiconductor Manufacturing Corporation	11,049	Water Treatment Engineering Business Unit

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

1. Information by product and service

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

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Taiwan	China	Southeast Asia	Other	Total
75,676	16,083	5,251	3,311	316	100,638

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

(2) Property, plant and equipment

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

3. Information by major customer

(Millions of yen)

Customer name	Net sales	Related segment
Sony Semiconductor Manufacturing Corporation	12,371	Water Treatment Engineering Business Unit
Taiwan Semiconductor Manufacturing Company, Ltd.	10,820	Water Treatment Engineering Business Unit

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

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

No items to report

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

No items to report

[Information relating to amortization of goodwill and unamortized balance by each reportable segment]
Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(Millions of yen)

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

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

No items to report

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

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

No items to report

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

No items to report

Per share information

	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)
Net assets per share	¥5,301.26	¥5,856.25
Basic earnings per share	¥626.05	¥616.72

- Notes: 1. Diluted earnings per share is not presented since no potential shares exist.
2. When calculating net assets per share in the fiscal year ended March 31, 2021, 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 ended March 31, 2020; 29 thousand shares at the end of the fiscal year ended March 31, 2021). Moreover, when calculating basic earnings per share, they have been included in treasury shares excluded from the calculation of the average number of shares outstanding during the period (67 thousand shares in the fiscal year ended March 31, 2020; 35 thousand shares in the fiscal year ended March 31, 2021).
3. The basis for calculation of basic earnings per share is as follows.

	Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)	Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)
Profit attributable to owners of parent (millions of yen)	7,162	7,074
Amounts not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent related to common shares (millions of yen)	7,162	7,074
Average number of common shares outstanding during the period (thousands of shares)	11,440	11,470

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

	As of March 31, 2020	As of March 31, 2021
Total net assets (millions of yen)	60,857	67,357
Amount subtracted from total net assets (millions of yen)	140	143
[Of which non-controlling interests (millions of yen)]	[140]	[143]
Net assets at the end of period attributable to common share (millions of yen)	60,717	67,214
Number of common shares at the end of period used to calculate net assets per share (thousands of shares)	11,453	11,477

Significant subsequent events

No items to report