

ORGANO GROUP
REPORT
2021



The Organo Group leverages the technologies it has cultivated through long experience with water treatment to contribute to the industries that create the future, and to the development of societal infrastructure.

Water is a precious asset, shared by all life forms on the planet.

It has been Organo's central theme throughout its history, and the Company continues to pursue a deeper understanding of water and to nurture water-related technologies.

Organo brings the powerful benefits of this life-sustaining resource to the development of societal infrastructure, to leading-edge industry, and to daily life.

As a comprehensive water treatment engineering company, we will contribute to coexisting and living in harmony with the beautiful global environment.

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.



Total Engineering

As a comprehensive water treatment engineering company, we are supporting the development of daily life and industry.

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Editorial policy

The Organo Group has issued the renamed "Organo Group Report" from 2020 as a report that integrates financial data with information such as management strategies, the business environment, and environmental, social, and governance (ESG) issues to provide a better understanding of our efforts to improve corporate value over the medium to long term. We will continue to enhance the Report so that it will be a useful tool for dialogue with our stakeholders. The Organo Group asks for your continued support.

EcoCrysta, MIZUNETSU, PURIC, PURELITE, ORGANO FILTER, ORTORIA, ORTOPIA J Cloud, SUPER DESALINER, ORCHASER, SAN-KAN-OH, ORBRAID, MPU, STRATA, SGX, H-DAF, and ORSMART, which appear in this document, are trademarks or registered trademarks of Organo Corporation.

Reference guidelines

"Guidance for Collaborative Value Creation" by Japan's Ministry of Economy, Trade and Industry

"Environmental Reporting Guidelines" (2018 Edition) by Japan's Ministry of the Environment

ISO 26000:2010 Guidance on Social Responsibility

Global Reporting Initiative (GRI) Sustainability Reporting Standards

Disclaimer regarding forward-looking statements

Forward-looking statements included in this report contain assumptions and expectations and are based on information available at the time of publication, and involve risks and uncertainties. Please note that actual performance may vary materially from forecasts owing to changes in various factors impacting the Company's business.

INTRODUCTION

Strengths of the Organo Group

Comprehensive Water Treatment Engineering Company

Leveraging its separation and purification, analysis, and manufacturing technologies, Organo offers a wide range of products that can reliably provide high-quality treated water in a variety of fields. These products include systems for producing ultrapure water with the extremely high level of purity demanded by the semiconductor industry, systems for supplying industrial process water required across a broad range of industries, and systems for treating various types of wastewater generated by households and at factories.

In addition, as a comprehensive water treatment engineering company, we have built a technology and service structure that can meet almost all customer requests related to water treatment from industrial process water to wastewater. Organo's strength lies in its ability to provide comprehensive proposals which combine long-term stable operation guarantees, efficient running and operational support proposals, and the establishment of a service structure for maintenance and supplying expendable items.



As a comprehensive water treatment engineering company, Organo provides total support for development, planning, designing, construction, maintenance, and analysis from ultrapure water purification to wastewater treatment. Our solutions encompass everything from laboratory use to large-capacity systems for plants, large-scale and small- and medium-sized water treatment systems in various fields, and water treatment chemicals and other products.

Water quality

Support for everything from the purification of pure and ultrapure industrial process water to wastewater, recovery, and recycling

Capacity

From a single drop to large-scale plants

Applications

Support for fields ranging from societal infrastructure, such as power plants and water supply and sewage, to manufacturing and testing and research centers

Comprehensive structure

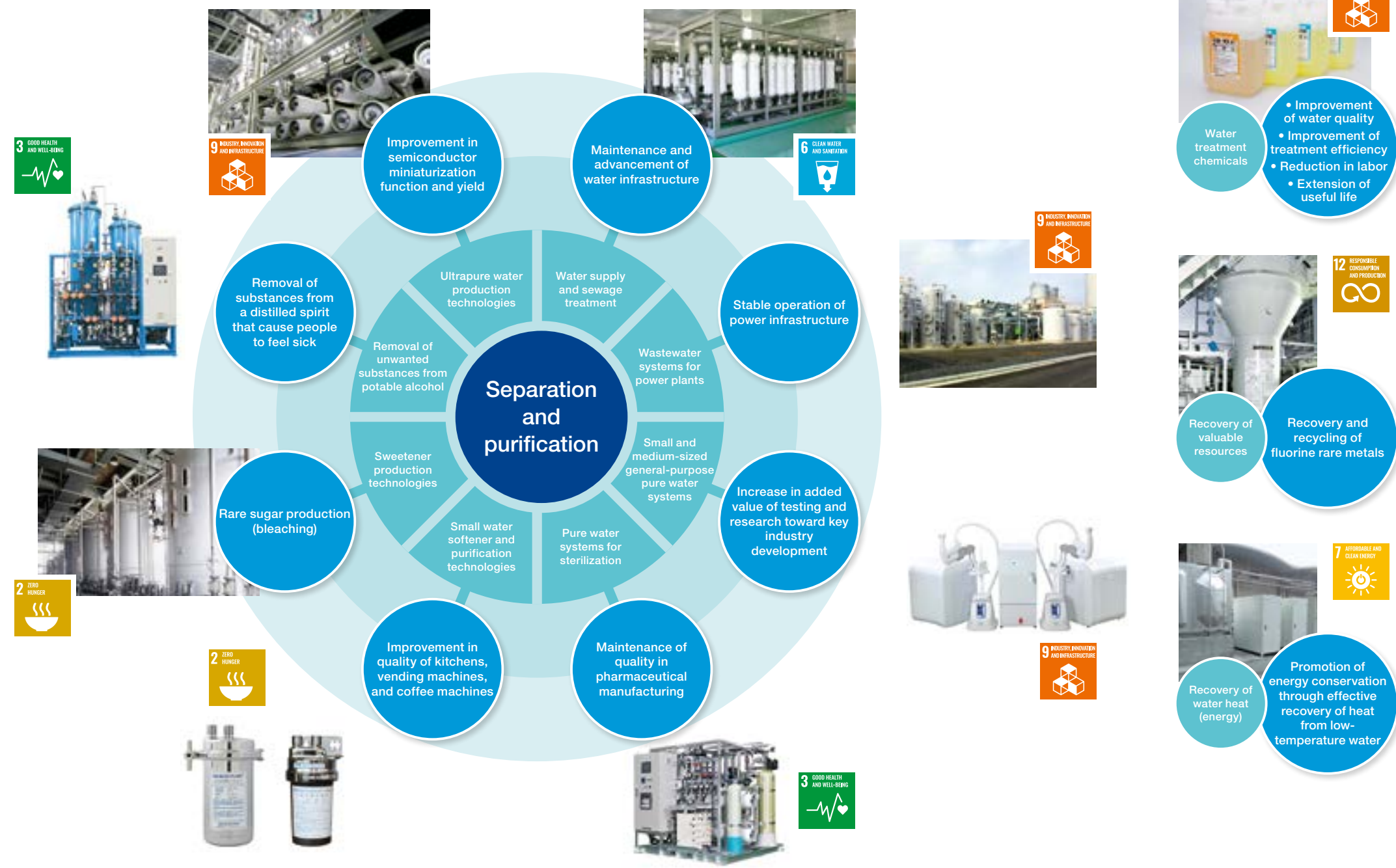
Comprehensive support including development, planning, design, construction, maintenance, and analysis

INTRODUCTION **2** Strengths of the Organo Group

Separation and Purification Systems and Technologies

How separation and purification technologies contribute to society

● = Products and technologies ● = Contribution to resolving social issues (contribution to daily life and industry)



While Organo's technologies are used in a variety of applications, from ultrapure water to wastewater and for various solvents and chemical solutions, they share the ability to separate and remove unwanted substances and to purify useful substances.

The key to accomplishing this efficiently and at a more advanced level is the application of optimal systems that combine the operations necessary for the target substance. Water-related needs have increased together with industrial development, creating the necessity for high-quality water in large volumes. The quality of water required differs by application. Organo incorporates the latest technologies, optimizes them as systems, and designs them individually for each customer. The separation and purification technologies are applied in a wide range of fields, including the production of pure and ultrapure water, various types of water treatment, and the refinement of raw materials for sugar and the Japanese distilled spirit, shochu.

Familiar products such as smartphones, LCD TVs, computers, cameras, metal products, beverages, and medicines cannot be produced without water. From clear, ultrapure water used to clean fine semiconductors and electronic circuits to raw water that is safe and free of impurities, water is indispensable in manufacturing.

Organo's strength lies in its separation and purification technologies, focused on water treatment, that have been handed down from generation to generation for more than 70 years and are expanding beyond existing fields to new applications.

INTRODUCTION 3 Strengths of the Organo Group

Insatiable Quest for Water

Water is a common resource given to the planet earth and shared by all humankind. One whose true potential remains largely unexplored. As a leader in comprehensive water engineering, Organo continues its relentless quest for the “creation of value from water.”

The Organo Group’s R&D Center, with its well-equipped facilities and experienced research staff, is dedicated to cultivating fundamental technologies for a wide variety of water treatment, establishing advanced analytical technologies, and developing high-precision separation and purification technologies. In addition, we are working to solve various problems and create new value to realize a sustainable society through comprehensive engineering research and development while we also consider the needs of industry and the environment.



Developing World’s-First Technologies

As semiconductor product miniaturization advances, the purity of ultrapure water is required to be even higher, and the technology to remove impurities such as fine particles, as well as the analytical technology to check them, needs to be even more sophisticated.

Using our proprietary membrane, we have developed the world’s first technology to measure fine particles as small as 10nm (one hundred millionth of a meter). Using the newly developed membrane and filtration technology and continuous automatic observation technology, we have made possible the analysis of 10nm fine particles, contributing to the improvement of the quality and yield of semiconductor products.



4 History of the Organo Group

Technology Cultivated Over 70-Plus Years

Since its founding in 1946, Organo has been meeting the needs for water required in industry and daily life. The history of the Organo Group is also the history of expanding the value of water and its possibilities. Beginning with the development of a heat-free water distillation system for hospitals, research centers, and other facilities, Organo has been involved in a wide range of water treatment systems and technologies. This includes treatment systems for pure water and wastewater in various industries, water treatment systems for water supply and sewage and power plants, and ultrapure water systems for the manufacturing of semiconductors and other devices in the electronics industry. Organo plays a role in supporting the development of industry and daily life in Japan and overseas.

Founded

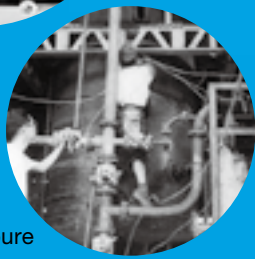
1946

Developed small pure water system (heat-free water distillation system)



1951

Delivered Japan's first large-scale pure water system



1953

Expanded into special sugar liquid refining field



1954

Launched water treatment chemicals business



1957

Delivered Japan's first ultrapure water system for electronics industry



1959

Expanded into water supply and sewage field



1959

Launched food product business



1966

Completed large-scale water treatment facility for power plant

1984

Expanded into pharmaceutical manufacturing field



1986

Completed Central Research Laboratory (Toda)



1986

Established Organo (Malaysia) (currently Organo (Asia) Sdn. Bhd.)

1991

Expanded deliveries for semiconductors



1989

Established Organo (Thailand) Co., Ltd.

2003

Expanded overseas business

Enhanced service solutions

2014

Launched energy-saving service solutions using water heat utilization system



2005

Full-scale launch of comprehensive service solutions



2005

Established R&D Center (Sagamihara)

2018

Formulated new management philosophy and long-term vision

2020

Launched energy-saving service solutions featuring ORBRAID Series cooling water treatment agent



2010

Established Organo (Vietnam) Co., Ltd.

2013

Established joint venture enterprise PT Lautan Organo Water (Indonesia)

2015

Established joint venture enterprise Murugappa Organo Water Solutions Private Limited (India) (Terminated the joint venture in 2021)

2021

Established Organo USA Inc.



Note: The graph indicates the changes in net sales.

Founding of Japan Organo Co., Ltd.

The Company was founded in Suwa, Nagano Prefecture in 1946. Japan Organo was established as the country's first company to sell ion exchange equipment as its main product. In response to requests from industry in the wake of post-war reconstruction and the rebuilding of the Japanese economy, the Company focused on research and development of equipment and forged a track record in fields such as water treatment and sugar refining.

Becoming a Comprehensive Water Treatment Engineering Company

We completed the world's first continuous pure water production system and developed Japan's first pulse bed sugar liquid decolorizing equipment. As awareness of pollution issues continued to heighten, the Company developed water treatment equipment for nuclear power plants, commercialized a full-scale ultrapure water production system, compiled achievements in the areas of public sewage facilities and corporate wastewater treatment, and made great strides toward becoming a comprehensive water treatment engineering company.

Innovation and Creation

In 1988, we established a management policy of "Innovation and Creation" to revamp and revitalize our corporate culture, established overseas subsidiaries, and strengthened our business for the pharmaceutical industry. Moreover, we made steady progress in resolving management issues, such as expanding our business domains, establishing a cooperative structure as a group, and restructuring our organization to bolster technological development.

Further Growth through Expansion of Business Domains and Regions

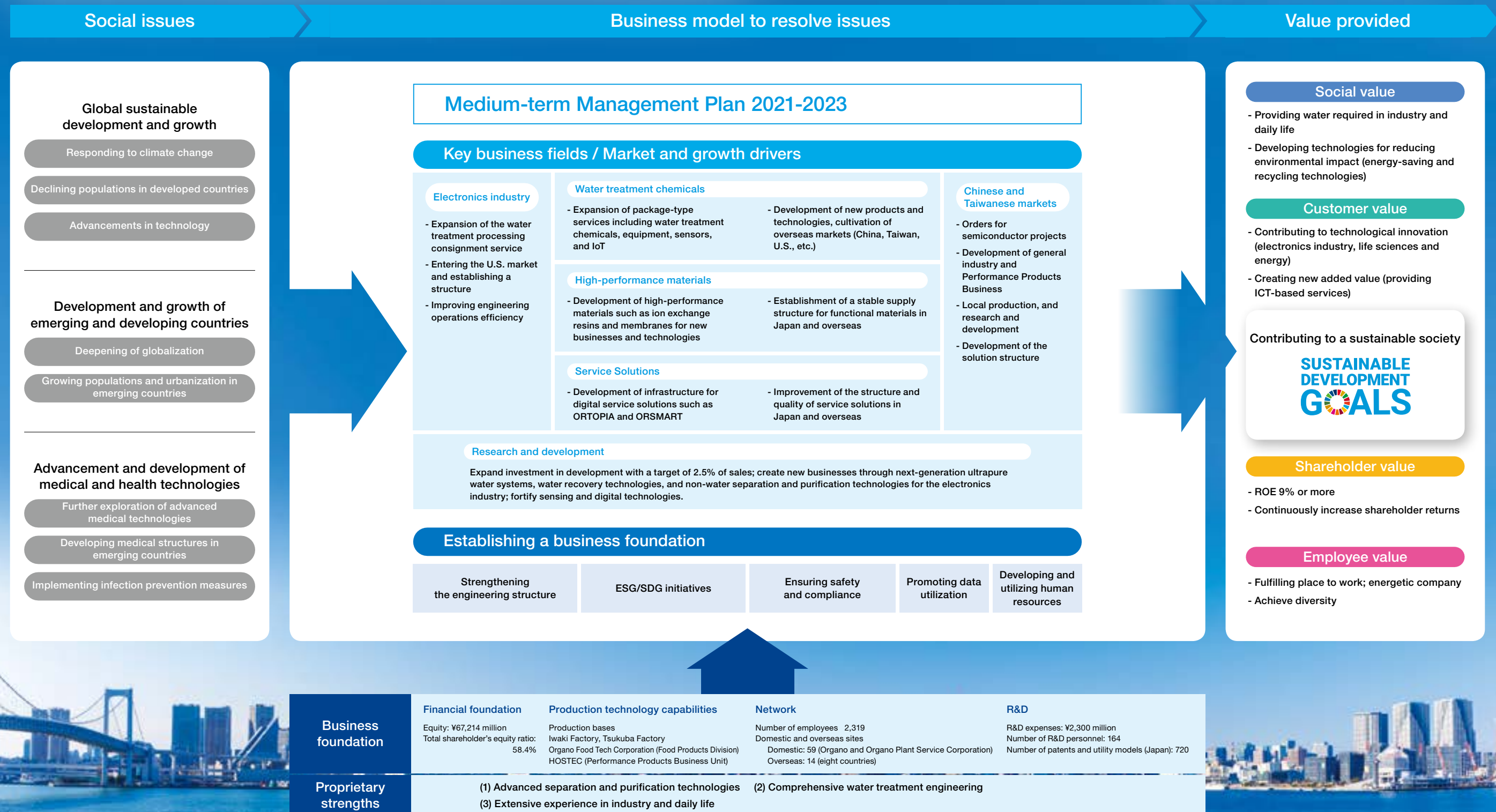
In 2018, we revised our management philosophy. We formulated a long-term management vision that conveys our intent to contribute to the development of industry and the resolution of social issues by expanding the leading-edge technologies cultivated through our experience with water treatment into areas other than water and expanding our operational sphere. We will contribute to the realization of an affluent and sustainable society through the creation of water value.

Value Creation Process

[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.

While keeping the Water Treatment Engineering Business Unit at the core, Organo will further expand its role by leveraging its separation and purification, analysis, and manufacturing technologies. It will also expand the scope and regions of its businesses, including those beyond water, and constantly provide products and services that promote the creation of value and resolve the challenges that confront industry and society.



Business foundation	Financial foundation Equity: ¥67,214 million Total shareholder's equity ratio: 58.4%	Production technology capabilities Production bases: Iwaki Factory, Tsukuba Factory Organo Food Tech Corporation (Food Products Division) HOSTEC (Performance Products Business Unit)	Network Number of employees: 2,319 Domestic and overseas sites: Domestic: 59 (Organo and Organo Plant Service Corporation) Overseas: 14 (eight countries)	R&D R&D expenses: ¥2,300 million Number of R&D personnel: 164 Number of patents and utility models (Japan): 720
Proprietary strengths	(1) Advanced separation and purification technologies (2) Comprehensive water treatment engineering (3) Extensive experience in industry and daily life			

Corporate governance, the foundation of business

Message from the President

We aim to realize our ideal identity in the future, while contributing to our customers and society, through the provision of valuable products and services



Representative Director and President
President and Executive Officer

Masaki Uchikura

Review of FY2020

Throughout fiscal 2020, the Company was affected by the COVID-19 pandemic. In response to the declaration of a state of emergency in April, we kept all employees away from workplaces until the first half of May. However, we had to proceed with construction work on a number of large-scale projects in Japan and overseas, and the backup support for each site, which under normal circumstances were handled by headquarters, became a major issue. In terms of customer market, the electronics industry was the least affected by COVID-19. Rather, the world's shift to telework amidst the pandemic has driven increased demand for personal computers and companies have been eager to invest in cloud computing. In addition, partly backed by the commercialization of 5G, the business environment for the electronics industry was extremely favorable – particularly for semiconductors. And since the electric power (for power plants) and water supply and sewage sectors are necessary industries for our daily lives, the effect of COVID-19 on them was much less significant and our business performance was not negatively impacted. Meanwhile, the pandemic landed a direct blow on general industry. Demand from the restaurant and tourism sectors

cooled down, and the uncertain outlook and reduced willingness to invest also affected our businesses. The Performance Products Business Unit, which handles filters and small devices, and the Food Products Division were also affected by COVID-19. In fiscal 2020, totally overshadowed by COVID-19, results varied: Some units performed well, some performed as usual, and some were hit hard by the pandemic. Each unit, however, had a large order backlog carried forward from the previous fiscal year. This resulted in our surpassing our planned target of ¥100 billion in sales. We believe that the financial results prove the superior resilience of our businesses and our employees and is the result of their enthusiasm and commitment to getting their jobs done in the face of adversity. We also promoted digitalization in a work environment that remained challenging throughout the year, and we gradually adapted to telework, which had been confusing at first, by establishing the proper environment. And we started constructing the workflow system of our operations. One of the results of fiscal 2020 was the steady progress we achieved in reviewing our work styles and methods.

Long-Term Management Plan “ORGANO 2030” and Medium-Term Management Plan

Looking Back at Current Situation from Our Ideal Identity Ten Years into the Future

In times like these when change is rapid and the future is challenging to predict, it is important for the entire group to

be unified in its thinking and direction. Therefore, we formulated a long-term management plan, “ORGANO 2030,” in order to share our vision of our ideal identity and to we are adjusting it as necessary on a regular basis. Though we cannot see what the world will look like 30 or

50 years ahead, we can look 10 years into the future and forecast some major changes with relative accuracy. However, today, we are not in an era when continuous growth is guaranteed; where we could simply multiply the growth rate by the number of years and establish target values as we could in the past. That is why, in lieu of establishing numerical targets, we discussed our vision of Organo Corporation, giving consideration to what is expected to be the prevailing social environment a decade into the future.

Take domestic infrastructure, for instance. Like water supply and sewage, it is an area where we cannot expect much further growth, but will still be indispensable to society and our daily lives even ten years from now. Given this, amidst a decline in the number of new water purification and sewage treatment plants, maintaining existing water treatment facilities will present a challenge. Therefore, if we can propose a solution that allows these facilities, which currently require considerable human effort for operation and management, to be remotely controlled and unmanned by leveraging digital and sensing technologies, it will be of great value to local governments and other organizations that are unable to secure sufficient funds for labor due to a shrinking population and budget restrictions.

This method of first envisioning our desired identity amidst the anticipated social environment 10 years into the future, and then working backwards to consider measures we should implement in the present is quite a departure from our conventional approach. By employing the backcasting method, we are constantly implementing the PDCA* cycle to fill in the gaps between the current situation and our ideal identity, which gradually becomes evident. The results are incorporated into our three-year Medium-Term Management Plan, of which we perform rolling reviews on an annual basis.

*PDCA: Plan-Do-Check-Action

Key Business Fields and Future Growth Drivers

Among the three key business fields set in the Medium-Term Management Plan for FY2021 to FY2023, the electronics industry field is particularly important. Other than Organo, there are only a few companies in the world that have sufficient capabilities in this area - which requires the most advanced ultrapure water technology - and we must take the reins for the next ten years or so. In addition to our existing operations in Japan, Taiwan, and China, we established a subsidiary, Organo USA, Inc., in September 2021 in the United States, where demand for water treatment equipment for semiconductor manufacturing is expected to grow.

The Service Solutions business will be a pillar of the identity we want to achieve in ten years. This is not a business that is completed with the sale and delivery of products and equipment. Rather, it is based on a long-term partnership that continues to support the customer's business through maintenance, such as replacement of parts and pumps, supply of chemicals, and operation management.

Traditionally, the Service Solutions business has simply helped customers operate their businesses, through support such as assisting them in manufacturing semiconductors and electronic components efficiently and at low cost. In recent years, however, customers are increasingly interested in reducing the environmental impact of their production processes as much as possible and becoming carbon neutral, and we naturally want to respond to such requests.

Simply put, this means a smaller workforce, more efficient use, less energy use, and less waste in production. Since the semiconductor industry is now a huge field, its effect and impact on society are extremely large.

Another important issue for the future is to break away from the traditional way of doing things, which requires

considerable human effort, and to develop products and manufacturing and construction processes that have low environmental impact by using ICT and digital and sensing technologies. We have to transform our business model from one in which we get paid for

replacing expendable items only after a problem has occurred, to one in which we deliver maintenance-free solutions that require no effort on the part of the customer - with the ultimate goal of autonomous plant operation. This will also be an important growth driver for Organo.

Sustainability and Digital Promotion

SDGs Are Crucial Objectives for Organo

We identified ESG/SDG initiatives as one of the five business foundations, which we presented as the themes of the new Medium-Term Management Plan. As part of this effort, we established a Sustainability Committee in December 2021. The committee is looking into the role that Organo has to play in society, such as reducing energy consumption, water, and waste at its production sites. Reflecting on this issue, we can say that the SDGs, which are goals for society as a whole, are also important objectives for our company. This is because all of Organo's businesses contribute to the achievement of the 17 SDGs. In addition to "Goal 6: Ensure availability and sustainable management of water and sanitation for all," as we are involved in the food industry, we are also committed to "Goal 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture." And, since we do business related to medical equipment, "Goal 3: Ensure healthy lives and promote well-being for all at all ages" is one where we will contribute. "Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all" is relevant to us as we provide services to maintain power generation for the majority of power plants in Japan. And as we provide optimal water for various industrial sectors, including the electronics industry, our efforts contribute to the realization of "Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation." Looking at the future, our businesses will be closely related to broader social values, embodied in "Goal 13: Take urgent action to combat climate change and its impacts," "Goal 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development," and "Goal 15: Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss."

In light of this, we will need to shift our thinking from the traditional approach of satisfying the needs of individual

customers with individual products to working with customers to provide social value. The scope of what Organo can do on its own is limited. If we work together with our customers, though, we can not only contribute to individual industries, but we can also contribute more effectively on a larger scale, including combatting climate change.

From the beginning, Organo has engaged not in destroying the environment, but in how to prevent such destruction. This is something that all of our employees have long been aware of, and we would like to more actively promote this in the future.

Led by the Sustainability Committee, we are trying to identify material issues to promote sustainability activities across our entire workforce. At the same time, we are working diligently to set greenhouse gas emission reduction targets, monitor the status of reduction, and identify the sources of supply, but these are defensive measures.

On the other hand, we are also strategically addressing the issue of how to provide products and services that contribute to society, as part of our drive toward realizing our ideal identity. Digital technology is essential in these efforts. The Sustainability Committee is responsible for the offensive aspect of our sustainability initiatives, planning new products and services in conjunction with the departments in charge of digital applications.

Digital Promotion Under New Organization

In order to further promote the use of digital technology, we reorganized the Digital Transformation Department in July 2021 and established Sensing and Digital Technologies as a development department. The Digital Transformation Department is responsible for the promotion of new ICT-based products and services, and oversees related departments to meet the new needs of customers, while Sensing and Digital Technologies develops ICTs, including sensors.

The purpose of the Operation Improvement Department is to reform conventional information systems and business

processes. The department is promoting the reform of existing business processes, such as leveraging IT infrastructure to create an environment that allows employees to work smoothly from home and establish workflows to create a cloud environment. In addition, as a result of our efforts over the past several years to streamline engineering operations by converting the processes into data, we are now able to share and manipulate drawings on screens, allowing us to carry out operations smoothly even amid the COVID-19 pandemic. We will continue to promote

To Our Stakeholders

A company is a group of stakeholders, including shareholders, customers, business partners, society, and - most importantly - employees. The fact that we have been able to make steady progress amid this COVID-19 pandemic is solely due to the efforts of each and every employee. That is why upgrading the capabilities of employees for the future is one of the most important themes in corporate management. For this reason, the Long-Term Management Vision formulated in fiscal 2018 incorporates this statement: "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."

The issues that are presently very difficult to predict even on a daily basis include COVID-19, climate change, natural disasters, and geopolitics. What was the norm yesterday is not necessarily the norm today. In these times, the best way to become more resilient should be to develop the ability to change, and always be ready to deal with risk. It

these initiatives as part of our efforts to build a foundation for transforming the way we work.

We are also accelerating human resource development initiatives, and the IT literacy of our employees is improving. In the future, with a view to collaborating with external organizations, we will also focus on training human resources in the field of big data to gain the ability to analyze the vast amount of data collected from our customers' equipment and facilities and to diagnose problems before they occur.

is important for each and every one of us to be energetic and derive fulfillment from our work, and to remember that we must constantly evolve. If the outcome of a change is not favorable, we can immediately change it again. We think that this kind of attitude is more important now than ever.

The Organo Group currently employs around 2,500 people, of which about 1,000 are non-Japanese. In ten years, the proportion of our workforce accounted for by people from abroad is expected to increase further, and utilizing the power of this global diversity throughout the Group is also a major theme for the future. Our goal is to create an Organo Group that is not a hierarchical organization centered in Japan, but rather one in which each member of the Group can play an active role.



New Medium-Term Management Plan

Review of the FY2020-2022 Medium-Term Management Plan

Overview of the Organo Group in FY2020

In the midst of restrictions on activities due to the outbreak of COVID-19, we succeeded in minimizing the impact of the pandemic through the use of various communication tools and ICT. As a result, in fiscal 2020, the Organo Group achieved orders received worth ¥94.5 billion in orders received, ¥100.6 billion in net sales, and ¥9.5 billion in operating income. Net sales reached ¥100 billion for the first time since the Company's founding, and operating income was the second highest ever, next to the previous year's record-high figure. This was attributable to an improvement in profits in general industry and a reduction in selling, general and administrative expenses. ROE, a key management indicator, stood at 11.1%. This surpassed the benchmark of 8.0% or better that we set for the medium term for the third consecutive year.

Performance targets and results

	FY2020 Plan	FY2020 Actual	FY2022 Forecast
Orders	100.0	94.5	105.0 or more
Net sales	100.0	100.6	105.0 or more
Operating income	7.2	9.5	9.0 or more
Profit margin	7.2%	9.5%	8.6%
ROE	7.5%	11.1%	8.2%

(Billions of yen)

Status of key business fields

Electronics industry expansion	Succeeded in harnessing strong demand from Greater China
Enhancing service solutions	Sales increased due to the contribution of large-scale renovation projects
Creating new businesses	A rechargeable battery manufacturing customer started evaluation of our NMP refining and recycling system

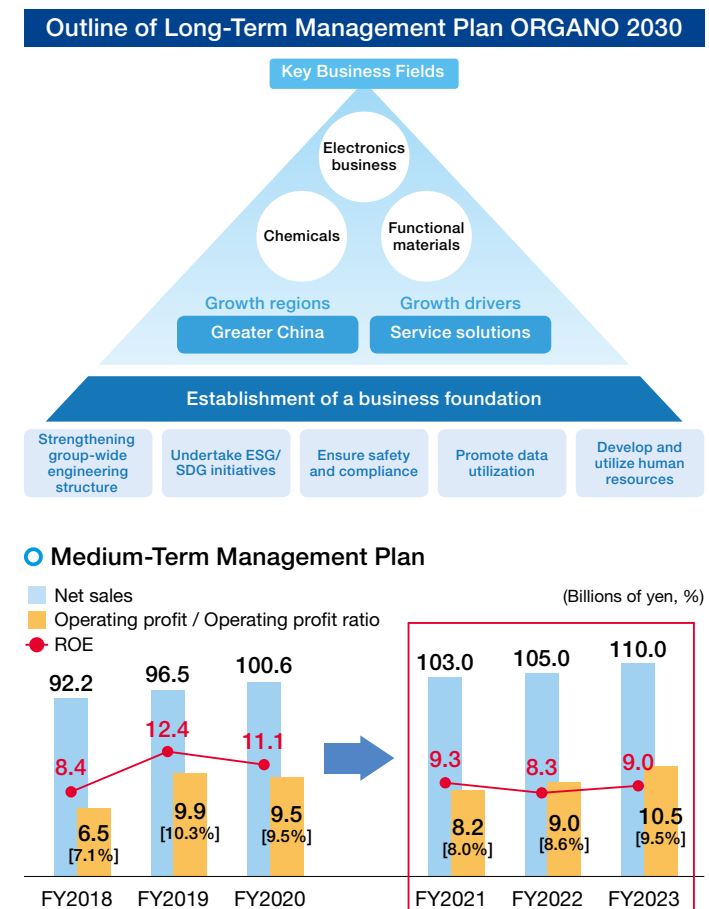
New Medium-Term Management Plan Policy and Targets

Policy

We formulated the previous long-term management plan in the second half of fiscal 2018. However, we have achieved the management indicators of the plan far ahead of the target year, fiscal 2028, and the business environment has changed significantly due to the COVID-19 pandemic. In light of this, we formulated the new long-term management plan ORGANO 2030, which will end in fiscal 2030. In formulating the plan, we changed our conventional approach of starting from the present and building up the future of each business. Instead, we first formulated a vision of our ideal identity, and then defined the process of realizing the vision through backcasting. As a framework for the long-term management plan ORGANO 2030, we defined the direction of management by setting the key businesses, growth regions, and growth drivers toward fiscal 2030 and identified the business foundations that need to be strengthened and established to support the direction. Based on the compiled outline of ORGANO 2030, we formulated the new Medium-term Management Plan.

Goals

We aim for net sales of ¥110 billion or more and operating income of ¥10.5 billion or more in the fiscal year ending March 2024, the final year of the plan.



Medium-Term Management Plan Initiatives

Key Business Fields/Markets

Electronics industry	Expansion of the contract water treatment service	Providing the largest-ever contract water treatment service for a major customer Tackling the challenge of evolving service solutions, in addition to stabilizing earnings
	Expanding into the U.S. and developing a structure	Establishing a structure for business development in North America, where a series of semiconductor plant construction plans are being developed
	Improving engineering operations efficiency	Establishment of Global Engineering Center Promotion of DX in engineering operations
Chinese and Taiwanese markets	Receiving orders for large-scale semiconductor projects	Expanding sales activities to large semiconductor projects, which continue to be actively planned
	Development in general industry/ Performance Products Business Unit	Building a business structure in China for markets other than the electronics industry
	Strengthening local systems	Establishing local production, R&D, and service solution systems

Growth drivers

Water Treatment Chemicals	Expanding package-type services	Expand package-type service lineup combining water treatment chemicals, equipment, sensors, and IoT
	Develop new products and markets	Strengthen new product development by reinforcing marketing and utilizing open innovation Establishing business structures in Taiwan, China, the U.S., and other countries where the electronics industry is expanding
Functional Materials	Develop functional materials and expanding sales for new businesses and technologies	Promote the development of new functional materials such as ion exchange resins and membranes
	Build stable supply structure for functional materials domestically and overseas	Expand refining capacity for high-performance products and develop overseas supply structures in China, Taiwan, and others
Service Solutions	Establish foundation for digital service solutions	Expand service menu and infrastructure development using digital technology, including the ORTOPIA operation monitoring system and the ORSMART package-type service
	Improve service solution structure domestically and overseas	Develop solution structure and improve service quality in China and Taiwan
R&D	Expand investment in development with a target of 2.5% of net sales; create new businesses through next-generation ultrapure water systems, water recovery technologies, and non-aqueous separation and purification technologies for the electronics industry; and strengthen sensing and digital technologies	
	Next-generation ultrapure water and water recovery system	Non-aqueous separation and purification technologies
	Sensing and digital technologies	

Establishment of a business foundation

Strengthening the engineering structure	Establish Global Engineering Center (GEC)	Establish GEC in Vietnam to strengthen the overseas engineering structure and utilize local human resources
	Promote data-driven engineering	Promote the construction and utilization of an engineering database with the objective of automatic design and operation of water treatment plants in the future
ESG and SDG initiatives	"We aim to be a company that meets society's expectations and earns its trust, and to realize a sustainable society as a partner to various stakeholders." Promote initiatives for climate change issues and effective use of water resources, including efficient operation of water treatment plants using ICT and energy conservation using water treatment chemicals	
Ensure safety and compliance	Ensure safety	Thoroughly promote workplace safety by establishing group-wide safety training, certification, and auditing systems
	Ensure compliance	Promote various types of compliance education and bottom-up compliance activities at all workplaces
Promote data utilization	Strengthen promotion capabilities by establishing a specialized department	Establish a specialized department that develops new services using data and promote the automation of facility design and operation for the future
Develop and utilize human resources	Establish a global human resources strategy and renew management system	Establish a medium- to long-term global human resources strategy aimed at developing and activating overseas human resources Review and restructure the management system to foster future management
	Implement workplace reform initiatives	Promote work efficiency by going paperless and using ICT tools

Message from the Director in Charge of Finance and DX Strategy

01 Financial Strategy

Promote Aggressive Investment for Further Growth

Director and Executive Officer
President of Corporate Management and Planning and
General Manager of Corporate Strategy and Planning Dept.



Tetsushi Honda

Assessment of Current Situation

In the fiscal year ended March 31, 2021, amidst active investment in the electronics industry particularly in semiconductors - Organo achieved a record high in net sales, surpassing ¥100 billion. It also reported the second highest profit, next to the record-high result achieved in the previous fiscal year ended March 31, 2020. For the current fiscal year ending March 31, 2022, we expect further growth in net sales and operating income to ¥110 billion and ¥10 billion, respectively, as semiconductor investment continues to be brisk mainly in Japan, Taiwan, and China.

Amidst these circumstances, the Organo Group is aggressively expanding investment for further growth, including the establishment of a subsidiary in the United States, where our customers are scheduled to build new plants. We have also been contracted to provide asset-based water treatment services for one of the largest semiconductor plants in Japan, and are adding new laboratory buildings to the R&D Center to strengthen our development capabilities. In addition, we are working to boost shareholder returns as we plan to pay ¥144 per share for the fiscal year ending March 31, 2022, marking a year-on-year increase in dividend payment for the seventh consecutive fiscal year.

Basic Policy on Financial Strategy

Our business performance is greatly affected by capital investment trends in the electronics industry in Japan and overseas, which is our main market, and by fluctuations in the profitability of ongoing projects. In recent years, we

have maintained a high level of business performance amidst an active market environment. In the past, however, we experienced declines in sales and unit prices of orders due to significant drops in capital investment in the market, as well as decreased profit margins due to incompatibility in construction and equipment.

Our cash flows are affected by progress in construction on large contracted projects and by payment collection schedules. As larger projects generally tend to be subject to longer collection and payment terms, the cash flow may lag six months to one year behind business trends. Meanwhile, as part of our Service Solutions business, we are conducting an asset-based business whereby we construct water treatment facilities at our customers' plants and facilities. In such cases, we temporarily shoulder facility construction expenses.

Analysis of ROE

ROE	Profitability Profit ratio	Efficiency Asset turnover ratio	Leverage Financial leverage
FY2020 11.1%	FY2020 7.0%	FY2020 0.93	FY2020 1.69
FY2019 12.4%	FY2019 7.4%	FY2019 0.95	FY2019 1.76
FY2018 8.4%	FY2018 4.8%	FY2018 0.94	FY2018 1.86

- Improved profitability backed by active semiconductor-related markets and partly due to growth in the Service Solutions and Performance Products businesses, which are stable sources of revenue
- Efficiency and leverage within appropriate range, but will work to further improve efficiency

Therefore, the Organo Group believes it is important to ensure a stable financial foundation through careful management of Plant Division project earnings and expanding the Service Solutions and Performance Products businesses, which are steady sources of revenue. It is equally important to ensure a stable, sound financial foundation that can withstand fluctuations in cash flow, and to achieve the optimal balance between capital efficiency and shareholder returns.

Uses and Sources of Capital

With regard to investment for growth, we will allocate our capital resources to the following key business areas as stated in the Medium-Term Management Plan: the electronics industry, Chinese and Taiwanese markets, water treatment chemicals, functional materials, and service solutions.

As for fund procurement, we will basically use our own funds and borrowings from banks, and will also consider procuring funds from the market as needed, such as through corporate bonds. We will also work to improve capital efficiency and generate funds by disposing of assets, selling real estate and stock holdings and reducing inventories.

Major Developments in Fiscal Year Ending March 31, 2022

Strengthening R&D and engineering functions

- Gradually increase technology research expenses to 2.5% of net sales (2.1% in fiscal 2021)
- Add new laboratory buildings to the R&D Center (approx. ¥3.0 billion in fiscal 2021)
- Accelerate investment in software tools and databases to digitalize engineering

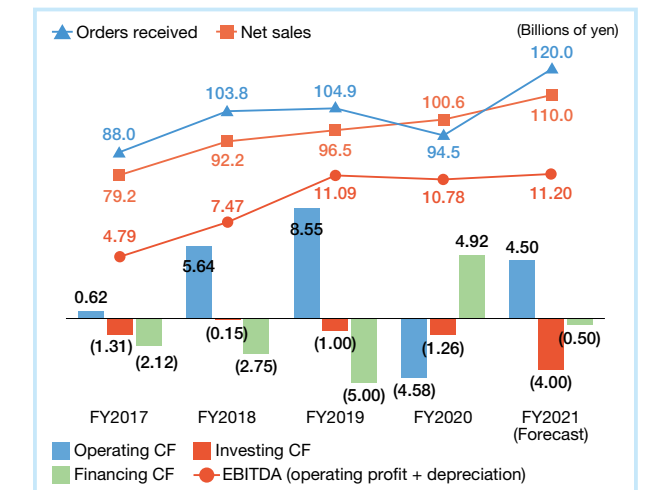
Strengthening overseas structures

- Established Organo USA, Inc. in Phoenix, Arizona as a base of operations in the U.S.
- Established Global Engineering Center (GEC) in Ho Chi Minh City, Vietnam

Expanding asset-based business

- Contracted to provide asset-based water treatment services for one of the largest semiconductor plants in Japan
- Expect to invest in excess of ¥20 billion in stages through fiscal 2024

Performance trends and cash flows

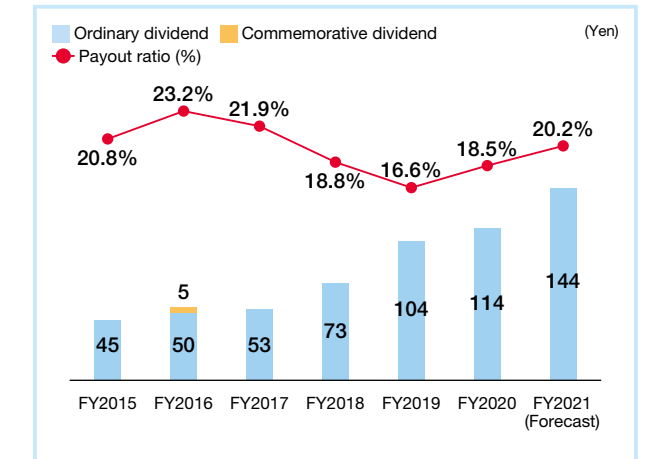


Approach to Shareholder Returns

The Organo Group regards the return of profits to shareholders as one of the Company's most important management issues. The Company's basic policy is to provide stable, continuous dividends, and it strives to distribute profits while taking into account the status of earnings. Meanwhile, we will preferentially allocate internal reserve funds for business and R&D investment for further growth, taking into account the status of funds and the level of the stock price.

Dividends paid by our company will be ¥144 for the fiscal year ending March 31, 2022, marking the seventh consecutive fiscal year of a year-on-year rise (excluding the commemorative dividends for the 70th anniversary of the Company's founding, for the fiscal year ended March 31, 2017). We will continue to increase dividends to the extent possible going forward, and we intend to improve the dividend payout ratio based on financial performance trends.

Dividend trends



Message from the Director in Charge of Finance and DX Strategy

02 DX Strategy

Promoting Digitalization to Take on Challenge of Innovation and Reform

Background Behind DX Promotion

In the Water Treatment Engineering and Service Solutions businesses for the semiconductor industry - key businesses of the Organo Group - many projects are underway due to ongoing large-scale investments. We must continue to provide higher quality solutions by taking the most suitable measures to cope with ever-changing conditions while we naturally have to deliver projects to satisfy quality and schedule requirements. To meet this challenge, we will promote the digital reform of business processes, the digital transformation of empirical knowledge, and the collection and analysis of on-site information to create value that contributes to resolving the problems of society and our customers.

Digital Promotion for Reforms

To realize our management philosophy, "Organo serves as a valuable partner company by leveraging its advanced 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," we recognize the need for the synergistic effects of discovery and inspiration with an awareness of innovation, reforms toward value creation using digital technology, and the motivation of each individual. Based on this recognition, we have started by communicating, sharing, and nurturing the following four points in order to foster the awareness and motivation of every employee.

- We must connect with the world, markets, and customers, and recognize and share challenges
- The organization, people, and management capital within the Company must function in a rational manner
- We must constantly create and provide new value in the form of products, technologies, and services
- The value we create must resolve issues and bring happiness to the world, customers, and employees of the Group

Approach to DX Initiatives

We are highly aware that our DX is a combination of defensive reforms, which are oriented toward making internal operations more efficient and employees more creative and autonomous, and offensive reforms, which are to increase the scope and quality of the value we provide to our customers by utilizing the history of delivered equipment, chemicals, and expendable items, and data on water quality.

Offensive Reforms: Solutions

In particular, with regard to offensive reforms, we have supplied many customers with various types of water treatment equipment, as well as functional materials such as ion exchange resins, membranes, and chemicals. Although we derived considerable experience, information, and data delivering these products and services, it must be said that the collection, organization, and utilization of these data was reliant on the people who handled them. This naturally restricted the Company's ability to provide high-grade solutions to our customers.

The use of digital technology to collect valuable data on the equipment and consumables currently in use by our customers, to use these data to judge or predict better operation methods, repair plans, and the necessity of modifications, will enable us to propose rational, effective solutions. We believe that one of the factors that should be taken into account in making rational decisions is the experience and know-how that we have accumulated with our customers over the years.

Successfully utilizing digital technology as an effective means of creating new value will make it possible for us to provide value-added solutions to society and our customers faster, on a broader scale, and sustainably.

Past Initiatives

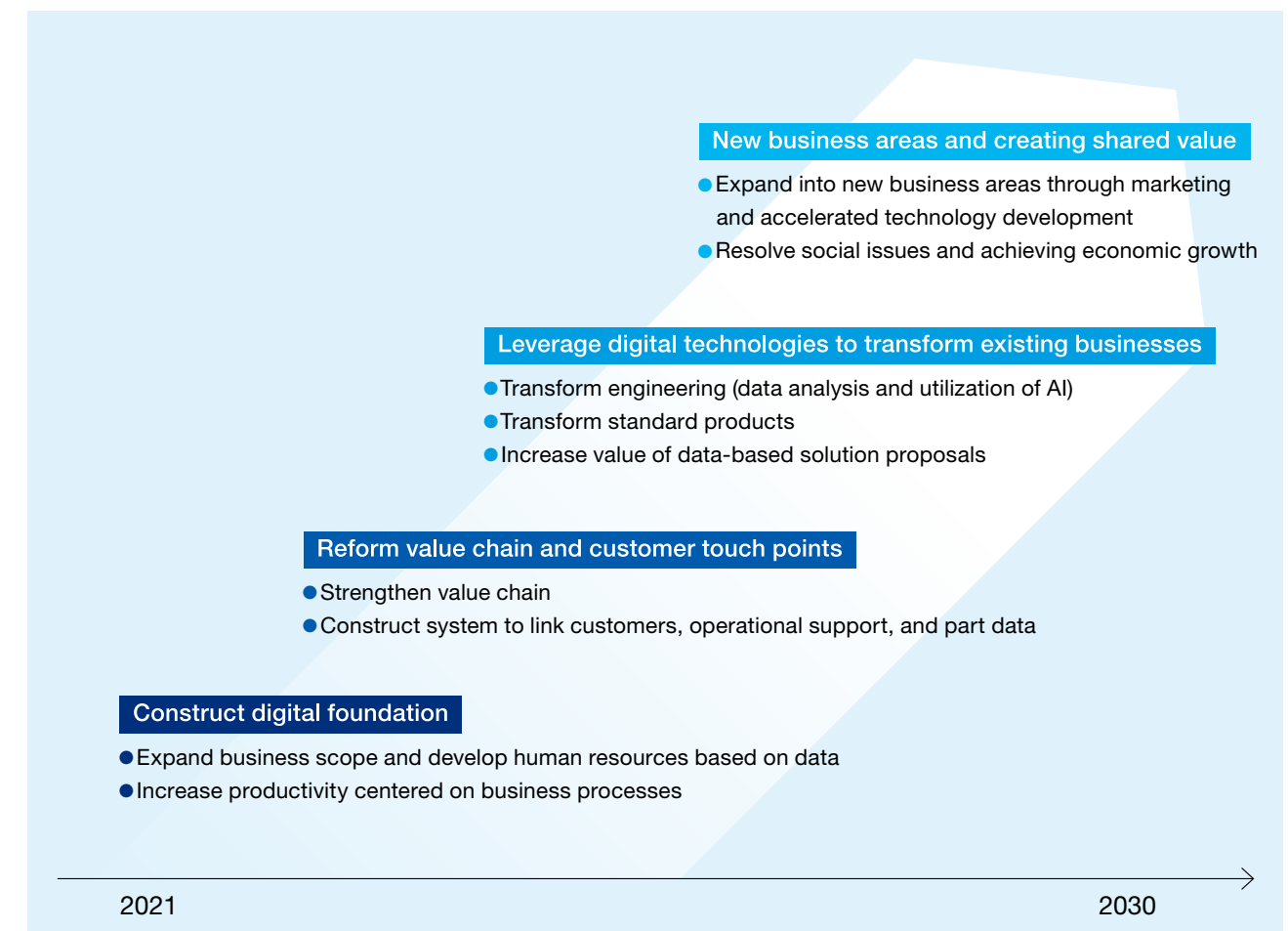
Until now, we have focused on solutions for equipment and consumables based on dialogue with customers through inspection and maintenance of delivered equipment and expendable functional materials. In the future, we hope that, by connecting these experiences and accumulated data, that society, customers, the Company, and our equipment can work together to create value for each other in a significant way. We have commercialized value provision for rational and optimal operation management, based on daily operational data using sensing technology (e.g., ORTOPIA and ORSMART), and we plan to further improve and evolve such value provision methods.

DX Promotion in Future Businesses

We will address the following issues to promote DX.

- 1) Digital human resources: Cultivate personnel who can devise business models from a digital perspective and ideas
- 2) Strengthen the value chain: Leverage data to strengthen our value chain at key points
- 3) Transform the Water Treatment Engineering and Service Solutions businesses
- 4) Expand into new business areas: Expand into new business areas by strengthening the marketing function to meet market needs and technological trends and leveraging digital applications to accelerate technology development

Digital Transformation: Progressive Image of Digital Promotion



Message From the Director in Charge of R&D and Engineering

Introduce New Technologies to Solve Problems and Create Value

Managing Director and Executive Officer
President of R&D and Engineering

Nobuyoshi Suda



Organo's Strategy for R&D and Engineering

In an era when the future of society is uncertain due to the global spread of COVID-19 infections, abnormal weather, global warming, and other factors, the ability to solve future problems through technological innovation is in high demand. The Organo Group is working to solve various problems and create new value by promoting technological development that advances the separation and purification technologies we have accumulated over the 70-plus years since our establishment.

In the electronics industry - a key area of Organo's Medium-Term Management Plan - as chips become finer and more sophisticated, there is a growing need for advanced separation and refinement not only for conventional water treatment technologies, but also for electronic materials, such as chemicals and solvents, used in semiconductor manufacturing. To meet this need, we are investing in new facilities to promote the development of next-generation ultrapure water systems and separation and purification technologies for electronic materials. In addition, we will continue to introduce new technologies in the fields of wastewater treatment and recovery, which are becoming increasingly important to fulfill our social role in combating climate change and achieving the SDGs. Moreover, in the Service Solutions business - which leads to the resolution of customer issues - we are also focusing on the development of water treatment equipment that incorporates IoT, AI, and other digital technologies for efficient facility operation, as well as autonomous control, predictive detection, and demand forecasting. In the area of engineering, within which planning and design of large-scale equipment are conducted, we newly established the Global Engineering Center (GEC) in Vietnam. The objective is to build a structure that can respond to growing overseas demand and cost reductions, as well as to train engineers who will be responsible for this.

In the creation of new businesses, which is essential for growth through the expansion of business domains, we are promoting the practical use of separation and purification technologies in areas other than water treatment. Examples include purification technologies for pharmaceuticals, which are expected to grow significantly with the spread of biopharmaceuticals; material purification facilities for rechargeable lithium-ion batteries, which are also expected to expand in line with the spread of electric vehicles, and advanced purification of electronic materials. At the same time, we are accelerating the enhancement of advanced sensing and digital technologies for the efficient implementation of the aforementioned technologies.

Trends in Technology Development

Development of Differentiated Technologies that Facilitate Expansion of Existing Businesses

It is no exaggeration to say that the driving force behind the Organo Group's growth is the strengthening of technology development. We are currently developing technologies to meet the demands from the semiconductor industry - one of our key customers - for miniaturization and higher purity, and we are constructing two new laboratory buildings at our R&D Center to accelerate and strengthen our research and development of next-generation ultrapure water systems and separation and purification technologies for chemicals and solvents for the electronics industry. Meanwhile, toward the realization of a recycling-oriented society, there is an ever-increasing need from customers, after they use pure water and ultrapure water at their plants, to reuse the pure and ultrapure water they use at their plants by not only treating the wastewater but also recycling the water and recovering valuable resources for reuse. Heightening the sophistication of technologies that can both secure good quality water and protect the water environment, as well as

efficiently reuse valuable resources, is also an important issue. As such, improving functions and performance is one of the strategies the Organo Group is pursuing. For example, our proprietary EcoCrysta system involves unique technologies that facilitate a recycling economy by recovering fluorine in wastewater derived from the semiconductor manufacturing processes and reusing it as a raw material for hydrofluoric acid. It has been commercialized and is in operation at many of our customers' plants.

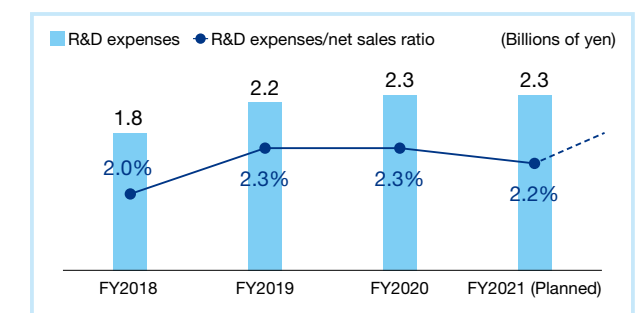
In addition, we are working to differentiate ourselves and strengthen the competitiveness of our service solutions through the use of IoT and AI technologies. To optimize maintenance and save labor, we believe it will be effective to expand functions, such as the optimization of water treatment systems and chemical injection volume and preventive maintenance, through the application of the latest digital technologies. With the aim of creating and expanding such new services and solutions, including remote monitoring and remote management, we have established a new organization in charge of technologies differentiated through the use of digital technologies. We are also working to accelerate development by collaborating with external organizations through open innovation.

Creating New Businesses

In order to create new businesses, Organo is actively promoting businesses that need separation and purification technologies in fields other than water treatment. We are also actively working to expand into purification involving resist used in semiconductor manufacturing and other electronic materials, and also into pharmaceutical manufacturing. Continuous chromatography separation and purification technology, which the Company is attempting to apply to the biopharmaceutical purification process, has been proven to improve the productivity of the purification process. Through collaboration with research institutes overseas, Organo is proceeding with the development of a total system with the aim of commercialization. Furthermore, in the field of rechargeable lithium-ion batteries, which are increasingly used in EVs and hybrid vehicles as the world is faced with energy challenges and the reduction of greenhouse gas emissions, Organo has completed a verification test at a rechargeable battery manufacturing plant on the technology for recovering and purifying the solvent NMP: N-methyl-2-pyrrolidone used in the manufacturing process. The Company is working to commercialize the technology as soon as possible.

The Group continues to strengthen its R&D efforts toward bringing these strategies to fruition by allocating technology research expenses worth a target of 2.5% of consolidated net sales. We will continue to invest in technology research, promote R&D based on a technology development roadmap that addresses future issues, concentrate R&D investment in key business fields, utilize open innovation, and set up investment stage gate models in new business fields to accelerate and strengthen development.

Trends in R&D Expenses



Investment in Technology Development with the Aim of Business Expansion

Construction of New Laboratory Buildings (at the R&D Center)

At our R&D Center in Sagami-hara City, Kanagawa Prefecture, we are constructing two new laboratory buildings that will house next-generation ultrapure water systems for the electronics industry and facilities to conduct R&D into technologies for separating and purifying solvents and chemical solutions, with the aim of accelerating the achievement of the Medium-Term Management Plan. Our investment in the laboratories, which will become operational in April 2022, will total ¥3 billion.



New R&D Center buildings (image)

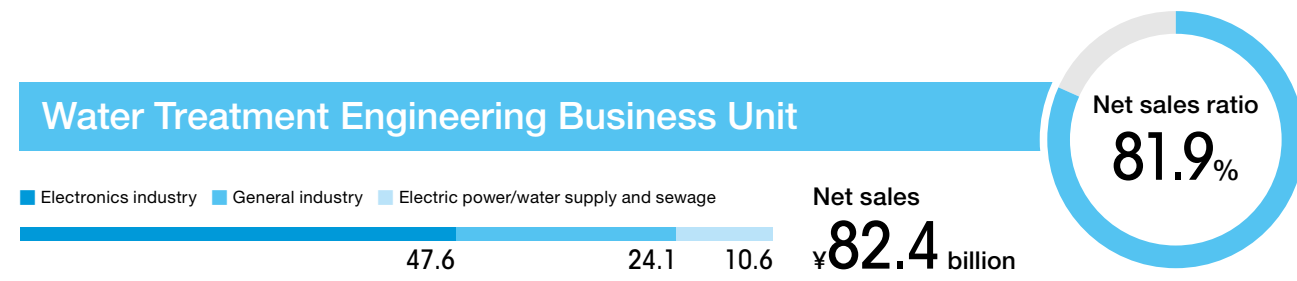
TOPICS Establishment of Global Engineering Center (GEC)

We established the Global Engineering Center in Vietnam in July 2021 as a new base for expanding our overseas water treatment plant production capacity, strengthening our technological capabilities, and reducing costs. We are striving to expand our overseas production and delivery system in order to flexibly respond to changes in the ratio of domestic and overseas businesses and the markets by promoting the digital transformation (DX) of engineering operations, increasing efficiency through outsourcing, and systematically developing human resources in preparation for future changes in the business environment. We will continue to create a technological foundation that can respond globally to problems in terms of technology levels, quality, safety, services, and costs.

Business Overview

Organo possesses a wide variety of water treatment technologies for ultrapure water, pure water, tap water, industrial wastewater and sewage, and is developing its businesses to serve a diverse range of customers. In addition, the Company has built a structure that allows it to provide comprehensive solutions by integrating all functions in-

house, including product development, design, construction, sales, and post-delivery maintenance.



This business unit provides water treatment systems used at various manufacturing plants, power plants, and water supply and sewage facilities. It undertakes business as a comprehensive water treatment engineering company providing solutions ranging from the supply of ultrapure water – which boasts the top level of purity in the world – to water recycling and various wastewater treatment facilities that detoxify harmful wastewater.

Plant Business

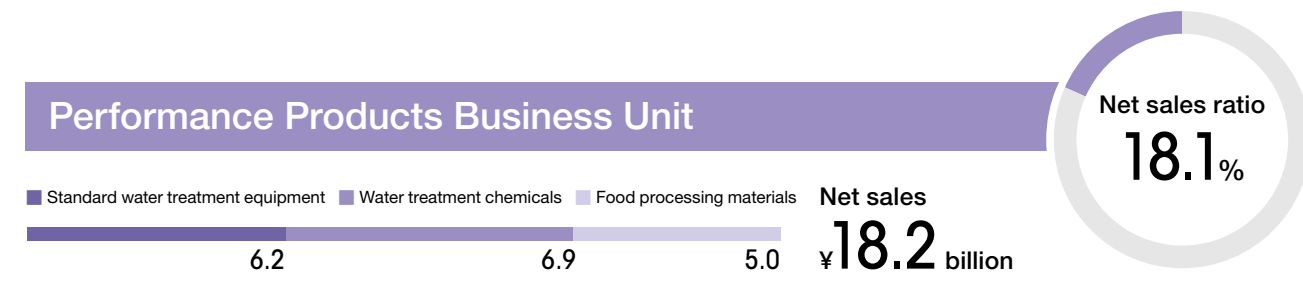


Providing optimal water treatment systems with advanced technology capabilities cultivated in many industries and countries

Service Solutions Business



Providing solutions tailored to meet customer needs for facility operation, management, and improvement



This business unit provides performance products such as standard equipment, filters, water treatment chemicals, and food processing materials, to various manufacturing plants, retail facilities, and medical and research institutions. Although the business has focused primarily on Japan, the Company is working to strengthen business development overseas for Taiwan, China, and other regions with products such as compact pure water systems for medical institutions and water treatment chemicals for the electronics industry.

Standard water treatment equipment



Organo provides compact pure water systems used at medical and research institutions and water purification filters used at factories and in vending machines and coffee machines.

Water treatment chemicals



The Company provides various water treatment chemicals used for cooling water treatment, boiler water treatment, and wastewater treatment at factories and commercial facilities.

Food processing materials



Organo provides food additives used as raw materials for processed foods and beverages, and provides processing technologies for the raw materials used in health food products and food products for nursing care patients.

Main products



ORTORIA UC
The latest ultrapure water system in a compact unit



PURIC FP-α 01 Series
Next-generation tabletop ultrapure water system with a host of options



High-Speed Dissolved Air Flotation System (H-DAF)
Achieves four times the speed of conventional dissolved air flotation systems



PURIC ω
Ultrapure water system that delivers industry-leading water quality



MPU Series
Ultrapure water unit integrating pretreatment, a primary pure water system, and subsystems



EcoCrysta
Promoting recycling by producing synthetic fluorite from used hydrofluoric acid waste



Strata SGX
High-performance water purification system that offers high quality, short regeneration times, and shortened construction periods



SUPER DESALINER SD/XP
Pure water system featuring chemical-free, energy-saving operation and the ability to handle higher-hardness water



Membrane filtration unit
To ensure a stable supply of safe tap water for extended periods



ORTOPIA J Cloud
Remote monitoring system for water supply and sewage, and water treatment plant facilities



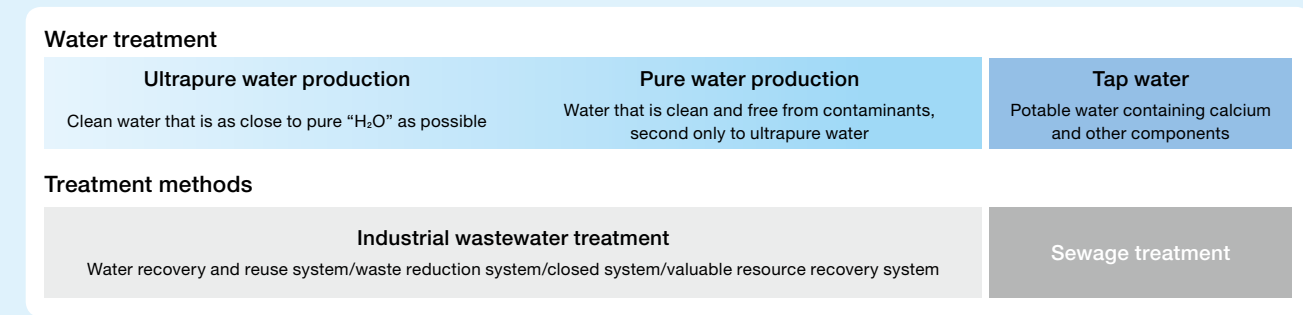
SAN-KAN-OH Series
Supplying functional water for various applications



ORCHASER IV
Real-time monitoring and automatic control of the chemical concentration in cooling water



Water treatment systems for power plants
For a stable supply of energy



Water Treatment Engineering Business Unit



Managing Director and Executive Officer
President of Industrial Plant Business
Senior General Manager of Electronics Division

Yasutoshi Nakayama

In the electronics industry - our primary market - demand for semiconductors has been active, and in the medium to long term, the role of semiconductors and electronic components is expected to expand further due to the growth of businesses utilizing new communication technologies such as 5G, as well as the growth of fields like healthcare, education, and entertainment. Amidst these conditions, water treatment facilities, which affect semiconductor manufacturing plant product yield rates, are complex systems that provide high-purity and mass volume and must operate stably over the long term. It is also necessary to adapt to the advances being made in manufacturing processes year by year. We are also developing our separation and purification technologies for the lithium-ion battery market, which is expected to grow with the expansion of electric vehicles, and for antibody drugs, which are expected to be used as a treatment for COVID-19 infections. To solve problems from the customer's perspective and to promote initiatives for creating shared value with society, we will contribute to climate change, energy conservation, and the development of life science technologies through our business activities. We will continue to propose and supply systems and services required of us as a company that partners with various industries, including infrastructure that is indispensable in people's lives.

Major Business

Major Business and Products

Plant	Service Solutions
Pure and ultrapure water production facilities	Replacement of expendable items
Industrial process water treatment facilities	Maintenance
Wastewater treatment and recovery facilities	Operational support
Valuable material recovery facilities	Renovation and reconditioning
Production processing related facilities	Contract water treatment
	Comprehensive maintenance contracts

Customers and Markets

Electronics industry	Electric power/ water supply and sewage	General industry
Semiconductors	Power plants	Pharmaceuticals/ cosmetics
Flat panel displays	Water purification plants	Foods/beverages
Electronic parts	Sewage treatment plants	Machinery/chemicals

Major Initiatives for FY2020

Plant Business

Despite restrictions on our activities due to the outbreak of COVID-19, we were able to make steady progress in construction work by actively using various communication tools and ICT. In addition, in order to fortify marketing activities for the expansion of the electronics field - a key area of business for us - we have established a new marketing department. This new department has improved our ability to analyze and forecast market and technology trends and enabled strategy development. We have also developed and launched a hydrogen peroxide monitor for semiconductor plants, a coagulation sensor for water treatment, and a new decontamination membrane system for wastewater treatment.

Service Solutions Business

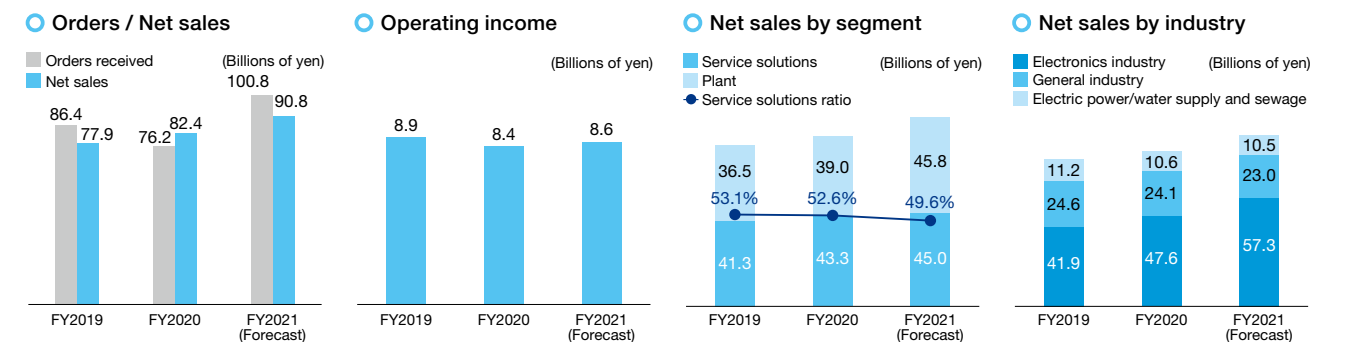
In order to cope with a high concentration of deliveries in the electronics industry, we have taken the first step toward building an optimal solutions system by improving operational efficiency and optimally allocating engineers. We have also decided in our long-term management plan, ORGANO 2030, to strengthen our service solutions initiatives, including new solution technologies, data analysis, and the creation of new business models, as growth drivers.

Financial Results for Fiscal 2020

In fiscal 2020, the Plant business performed favorably. In the electronics industry, we made steady progress in the construction work for the largest-ever semiconductor project in Japan, for which we had received an order in the previous fiscal year. In addition, overseas, large-scale capital investment continued in Taiwan and China. The Service Solutions business, which encompasses proposals for equipment modification and improvement as well as maintenance, also performed well amid high production levels. As a result, we posted a record high in net sales for the third consecutive fiscal year. We incurred a year-on-year decline in profit of 5.1%. Although selling, general and administrative expenses, such as operating expenses, decreased while net sales increased, the gross profit margin fell in reaction to the concentration of sales of relatively profitable projects and those with significant cost reduction effects in the previous fiscal year.

Outlook for Fiscal 2021

Although the outlook is obscured by the COVID-19 pandemic, the electronics industry remains strong. In addition to active investment in semiconductor-related operations in Taiwan and China, U.S. companies are expected to conduct aggressive semiconductor-related capital investment, and various types of semiconductor investment continue at a high level in Japan. In general industry, there are signs of a recovery in capital investment in Japan, and maintenance and other aspects of the Service Solutions business remain robust. Meanwhile, in the public infrastructure sector encompassing electric power and water and sewage, business results are likely to remain steady, mainly in the domestic Service Solutions business. In fiscal 2021, the Company estimates that it will achieve net sales in excess of ¥100 billion for the second consecutive year on the strength of an increase in projects in the electronics industry in Japan and overseas. In terms of profits, although profit margins are expected to decline significantly due to the order environment, Organo will work to improve profit margins by implementing various cost-reducing measures and making proposals to customers.



Business Strategies for Medium-Term Management Plan

We have designated the electronics industry as a key business field in our Medium-Term Management Plan. In addition to stabilizing earnings, initiatives include expanding our water treatment consignment service to take on the challenge of evolving our Service Solutions business, and expanding into the United States, where construction plans for a host of new semiconductor plants are being formulated, and improving our systems in the country. As a way to improve the efficiency of our engineering operations, we have established a Global Engineering Center in Vietnam, promoting DX in our engineering operations. In the Chinese and Taiwanese markets, which we have positioned as key markets, we are expanding our sales activities to large-scale semiconductor projects and winning orders for such projects. We are also reinforcing our local production, R&D, and solutions structures.

TOPICS Established Organo USA Inc.

In the U.S., where new semiconductor factories are expected to be built, we established a subsidiary (in Arizona) to expand the Group's businesses by developing a customer-oriented Service Solutions business and other businesses.

Performance Products Business Unit



Managing Director and Executive Officer
President of Performance Products Business

Hitoshi Hori

The Performance Products Business Unit primarily engages in business involving standard equipment and filters, water treatment chemicals, food processing agents, and functional materials for separation and purification in Japan and overseas. While the prolonged COVID-19 pandemic has had a significant impact on economic activities and market structures on a global scale, there are some areas where continued growth is forecast, such as standard equipment for medical and laboratory use and various water treatment chemicals for the electronics industry. However, some sectors are subject to changes in consumption, production, and investment. To cope with such changes in the business environment, we continue to introduce new products and technologies in each of our areas of business. In standard equipment, we launched a new product for the laboratory market. And, in water treatment chemicals, we garnered the Energy Conservation Grand Prize for fiscal 2020 for our technology to effectively and efficiently manage chemical effects by using sensors and information technology in combination with equipment.

In the Medium-Term Management Plan starting in fiscal 2021, we identified functional materials and chemicals, which supply materials that can meet a wide range of customer needs in the engineering business and service solutions business, as growth drivers. We are working to enhance the appeal and technological capabilities of products like functional materials, water treatment chemicals, and functional food ingredients, as well as the equipment and systems that make use of these products. And we are strengthening our expansion into the domestic and overseas markets. In the medium to long term, we will establish a business structure that is resilient to changes in the external environment, and the Performance Products Business will become a stable source of earnings for the entire Group. This will position Organo as a valuable partner company for customers who are responsible for the maintenance and development of society, by supplying them with products and services.

Major Business

Major Business and Products		
Standard Water Treatment Equipment and Filters	Water Treatment Chemicals	Food Products
Pure and ultrapure water production systems	RO water, wastewater, cooling water, cleaning, and boiler water treatment chemicals	Food ingredients
Water purification filters		Food processing agents
— Customers and markets —	— Customers and markets —	— Customers and markets —
Medical and research institutions	Various manufacturing industries	Food factories, food processing industry
Various manufacturing industries	Buildings and commercial facilities	Beverage manufacturing
Food and beverage, convenience stores		Nursing care food, health food manufacturing

Major Initiatives for FY2020

Standard Water Treatment Equipment and Filters

As part of our efforts to strengthen the Performance Products business, we completed the development of a new desktop ultrapure water system as a measure to strengthen sales expansion for the laboratory market, and launched the compact ultrapure water system PURIC μ in 2021. This new product is a tabletop ultrapure water system with direct connection to tap water, aimed at the laboratory market for analysis and research.

Food processing materials

Organo strengthened fundamental technologies, improved product quality, and developed new products to promote sales and services of food processing agents and processed food ingredients. It also invested in food processing material manufacturing facilities. In addition, we have improved our structure by reforming the sales organization and strengthening the marketing organization to boost our sales capabilities.

Water Treatment Chemicals

Energy-saving solutions using the ORBRAID Series of cooling water treatment agents, which reduce the power consumption of refrigeration equipment to save energy in central air conditioning systems at plants and office buildings, earned The Energy Conservation Center, Japan Chairman's Award of the FY2020 Energy Conservation Grand Prize.

Functional materials

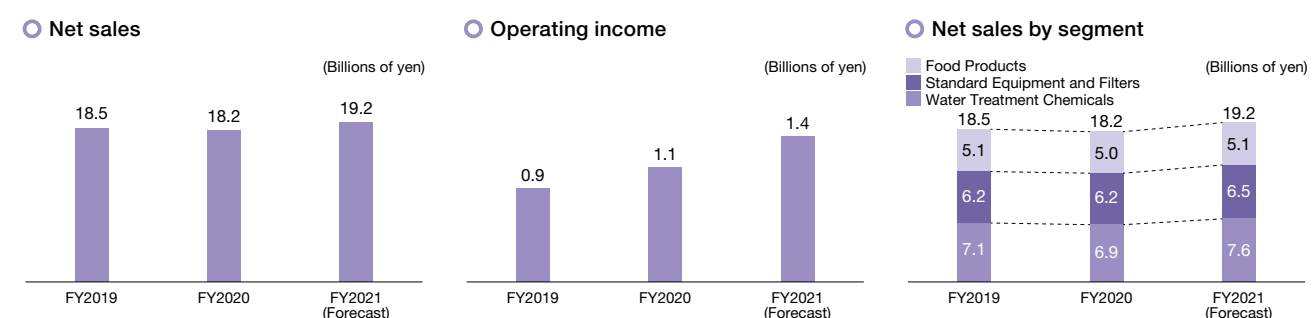
To meet the needs of the electronics industry, where production and investment remain robust, we have increased our manufacturing capacity by adding facilities for the production of electronic material refining resins.

Financial Results for Fiscal 2020

In fiscal 2020, sales for automotive applications, restaurants, and medical institutions were affected by the spread of COVID-19. However, sales of water treatment chemicals for the electronics industry and ORPLUS, a slightly acidic electrolyzed water for sterilization and deodorization, remained strong. Sales of pure water and ultrapure water systems for laboratories at research institutions also performed well. Moreover, sales of food processing materials for household food products remained robust in the wake of stay-at-home consumption and other factors. As a result, overall sales in the Unit were essentially unchanged year on year. Operating income increased 12.8% year on year owing to an improvement in the profit margin resulting from decreases in areas such as indirect expenses in the manufacturing division and operating expenses.

Outlook for Fiscal 2021

Sales to the electronics industry, where production and investment remain robust, have been expanding. We expect a year-on-year rise in overall sales, partly supported by water treatment chemicals since cooling water treatment and wastewater treatment agent sales to the general industry, which were stagnant in the previous fiscal year, have been performing well. Overall sales were also sustained by standard water treatment equipment as we launched new pure water equipment for medical institutions, which have resumed their postponed plans to replace equipment, and ultrapure water equipment for laboratories. Sales of water purification filters for dispensers and other applications have also been faring well. In the Food Products Division, we expect that sales will not change significantly from the previous fiscal year due to a recovery in sales of food products for restaurants.



Business Strategy of the Medium-Term Management Plan

In the Performance Products Business Unit, we have designated the chemicals business and functional materials business as key businesses in the Medium-Term Management Plan. As part of our efforts, in the chemicals business, we will expand our package-type service offering that combines water treatment chemicals, equipment, and sensors and IoT, strengthen new product development by enhancing marketing and utilizing open innovation in order to develop new products and markets, and build business structures in overseas markets such as Taiwan, China, and the U.S. where the electronics industry is expanding. In the functional materials business, we are developing functional materials, such as ion exchange resins and membranes for new businesses and technologies, and building a stable supply structure for functional materials domestically and overseas. In the Chinese and Taiwanese markets, which we have positioned as key markets, we are strengthening our sales structures, continuously introducing products that meet overseas standards, and studying overseas production systems in order to further develop our Performance Products business.

TOPICS

Addition to lineup of standard ultrapure water systems

In this area, our business has been centered on differentiated products, such as the PURIC α and PURIC ω Series ultrapure water systems for laboratories. To strengthen the Performance Products business, we added to our standard ultrapure water system lineup in 2021. The compact ultrapure water system PURIC μ is a desktop ultrapure water system with direct connection to tap water for the laboratory market such as analysis and research. It is designed for easy maintenance, superior cost performance, and intuitive water sampling. In addition, the IoT function enables real-time monitoring of the equipment, and the cloud service facilitates batch management of the equipment. With the addition of the ultrapure water systems to our product lineup, we will focus on further expanding product sales in the laboratory market and expanding our market share overseas.



Sustainability Management

Based on its 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,” the Organo Group has established the Organo Group Company Code of Conduct as a guideline that officers and employees of the entire Group must follow. It is also carrying out group-wide CSR initiatives.

Basic Precepts of the Organo Group Company Code of Conduct

- I. Building trust by meeting the expectations of customers, business partners, and stockholders
- II. Ensuring a comfortable workplace where all employees can realize their full potential
- III. Contributing to the sound development of society

• Basic Concept

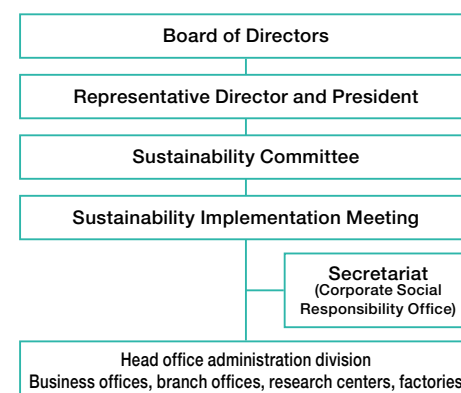
The Company has prescribed the basic code of conduct that officers and employees of the Organo Group should follow to fulfill our corporate social responsibility toward the realization of a sustainable society.

To honor the trust of stakeholders and to promote social and environmental responsibilities and business ethics, it is important not only to comply with the relevant laws of Japan and other countries and internal rules, but also to respect social norms and work to conduct corporate activities in an honest and fair manner.

To create a comfortable workplace where employees can demonstrate their abilities, the Group will strive to put in place measures for safety and hygiene and prepare for times of emergency; prevent work-related accidents and diseases; eliminate various forms of harassment and discrimination, and respect the human rights, diversity and individuality of each individual, thereby maintaining and improving work-friendly environments. Furthermore, to minimize the impact on communities, the environment, and natural resources, the Group works to preserve the environment and reduce energy and waste while ensuring the quality and safety of products and services. While promoting the aforementioned endeavors, the Group aims to co-exist and co-prosper with other members of society.

• Sustainability Promotion System

To ensure that the Group’s corporate activities contribute to the conservation of the natural environment and social systems, and to promote sustainable management activities, we established the Sustainability Committee in 2021. The Committee, which is composed of Executive Directors and Executive Officers, deliberates on the basic sustainability policy, material issues, and key performance indicators (KPIs), and consults with the Board of Directors on these issues. We have also established the Sustainability Implementation Meeting to promote initiatives based on the policies of the Committee. The CSR Group, the department specializing in CSR activities, serves as the secretariat for the operation of the Committee and the Implementation Meeting.



• Identify Material Issues

The Sustainability Committee was established to promote sustainability activities in a more comprehensive and systematic manner as a group-wide initiative. The Sustainability Committee has been working to identify material issues and establish KPIs for these issues in order to materialize initiatives for the management philosophy and long-term vision, which show the Company’s direction as a company, as well as its response to social issues. We are committed to fulfilling our corporate social responsibility to help realize a sustainable society for the future.

• Connection with Stakeholders

The Organo Group fulfills its corporate social responsibility to the five types of stakeholders with whom it is closely connected in order to achieve sustainable growth.

Stakeholders	Organo’s role and mission	Engagement
Shareholders	Appropriate disclosure, stable and appropriate dividends, and sustainable improvement of corporate value	IR activities (financial results presentations, IR meetings), general meeting of shareholders Organo’s website
Customers	Provision of high-quality products that are useful for society at reasonable prices	Communication through sales activities
Suppliers	Fair and impartial transactions	Communication through purchasing activities
Employees	Stable employment, cultivation of human resources, appropriate compensation, sharing of information and issues	Employee meetings, labor-management consultations, various training programs, intranet, intra-group announcements, health consultation office
Community, society, and government	Appropriate payment of taxes, stable and fair employment, dialogue with local communities	Organo’s website, Organo Group Report

• Stakeholder Engagement

Due to the impact of the spread of COVID-19, the Company has livestreamed its financial results presentations since May 2020. We also livestreamed the meetings in 2021, and they were viewed by a variety of stakeholders. We will continue to provide more information, and we ask for your continued support.

The meetings can be viewed from the Investor Relations Information page of Organo’s website (Japanese only).

<https://www.organo.co.jp/ir/briefing/>



Governance

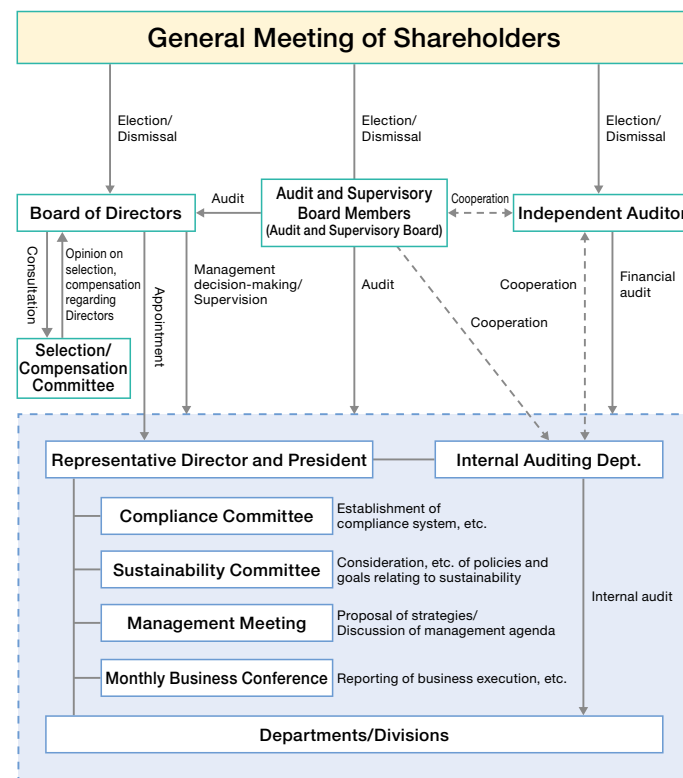
The Company is working to enhance corporate governance in line with the following basic policies in order to realize fair and trustworthy management and improve management efficiency.

Basic Stance on Corporate Governance

- (1) The Company will respect the rights of shareholders and ensure equality.
- (2) 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.
- (3) The Company will disclose the Company's information timely and properly, and ensure transparency.
- (4) The Directors, Audit and Supervisory Board Members, and Executive Officers will recognize their fiduciary responsibilities, and will effectively fulfill their expected roles and duties.
- (5) The Company will hold constructive dialogue with shareholders.

Corporate Governance Structure

Corporate Governance Structure



Board of Directors

To strengthen corporate governance, Independent Outside Directors shall comprise at least one-third of the members of the Board of Directors. The Company's Board of Directors consists of nine Directors, three of whom are Independent Outside Directors.

Audit and Supervisory Board

The Audit and Supervisory Board consists of three members, two of whom are Outside Audit and Supervisory Board members (including one female member). Two Audit and Supervisory Board Members have appropriate knowledge relating to finance and accounting, and two members have appropriate knowledge of legal matters.

Selection/Compensation Committee

The Company established the Selection/Compensation Committee as a non-statutory advisory body to the Board of Directors. The committee reviews matters relating to the selection of officers including the election and dismissal of Directors and executive officers as well as compensation for Directors, and reports the results to the Board of Directors. The committee consists of four Directors, three of whom are Independent Outside Directors, to ensure independence. In addition, one of the Independent Outside Directors chairs the Committee.

Assessment of the Overall Effectiveness of the Board of Directors

The Company conducts a survey for all directors and Audit and Supervisory Board members every April. Based on the results of the survey, the Board of Directors analyzes and assesses its overall effectiveness and discusses measures to maintain and improve the function of the Board.

Method of assessment

Scope: A total of 12 people including all Directors of the Company (nine) and all Audit and Supervisory Board Members of the Company (three)
 Period: FY2020 (April 2020 to March 2021)
 Implementation timing: April 2021
 Implementation method: Signed questionnaire

Overview of Analysis/Assessment

The Company confirmed that the overall effectiveness of the Board of Directors was being ensured in that Directors have the necessary abilities and Independent Outside Directors are fulfilling their expected roles appropriately; that the subjects to be addressed by the Board of Directors is appropriate and the Board is indicating the direction toward achieving goals while appropriately responding to promotion, modification and other activities regarding their implementation; that the Chairman has created an atmosphere where active discussions can take place and maintains an appropriate degree of control; that the incentive function of the remuneration for Directors is appropriate, and that meeting bodies in which non-executive officers can participate are properly functioning.

In addition, it was judged that, in comparison to the previous year, the results of the Selection/Compensation Committee are properly reported to the Board of Directors; that matters to be reported and contents of the Board of Directors' meetings are appropriate and the documents of the Board of Directors are improved; that the support system for Outside Directors and Outside Audit and Supervisory Board members is strengthened, and Outside Directors and Outside Audit and Supervisory Board Members can access appropriate management information, and that the opinions of Outside Directors and Outside Audit and Supervisory Board members are reflected appropriately. On the other hand, the Company has recognized the need to deepen discussions on the creation of corporate value, the fact that the Board of Directors should be more effectively involved in the election of directors and succession planning, and that the matters to be discussed should be narrowed down and more time should be set aside for important discussions in order to enhance discussions at Board of Directors' meetings.

Future Measures

The Board of Directors is promoting and will continue to implement improvement measures going forward for the following matters based on the aforementioned analysis and evaluation.

- **Discussion for creating corporate value**
 In fiscal 2020, the Company reviewed its long-term management plan and formulated a framework of the new long-term management plan ORGANO 2030. At the Long-Term Management Plan Promotion Meeting held in October 2021, the Company confirmed the progress of the long-term management plan, revised the strategy, and discussed the corporate value and capital policy that the Group should prioritize, and will continue to discuss these issues going forward.
- **Selection of Directors and succession plan**
 The Company discussed the skill set necessary for members of the Board of Directors at the Selection/Compensation Committee and identified them based on the direction of the Group's management.
- **Director composition and policy on developing executive management with an awareness of gender and internationality**
 In awareness of ensuring diversity among Directors, one female Outside Audit and Supervisory Board member assumed office in June 2021. In fiscal 2021, using the skill set identified, the Selection/Compensation Committee will discuss the diversity of officers that should be secured in light of the management policy and strategy of the Company. In addition, the Long-Term Management Plan Promotion Meeting also deepened the discussion on the direction relating to ensuring the diversity of executive management.
- **Deepening of discussions in the Board of Directors**
 The Company is working to narrow down the topics at meetings of the Board of Directors to ensure sufficient time for deliberations, and is deepening discussions on corporate value enhancement and particularly important management issues such as ESG and the SDGs.

Status of initiatives for main issues based on effectiveness assessment

Main issues	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
Selection of Directors, succession plan	- Establishment of qualifications required for Directors and the President		- Establishment of criteria for considering dismissal of Directors	- Establishment of Selection/Compensation Committee - Establishment of council between the Company's Selection/Compensation Committee and the parent company's corresponding committee		- Establishment of qualifications required for members of the Board of Directors
Director compensation incentives, transparency of decision-making process	- Increase in proportion of short-term performance-linked compensation - Establishment of Compensation Committee		- Introduction of medium- and long-term performance-linked compensation (stock-based compensation)		- Formulation of a policy for determining compensation, etc. to Directors	
Composition of officers					- At least one-third of the officers are Independent Outside Directors	- One female Outside Audit and Supervisory Board member has been appointed

Governance

• Compensation for Directors and Other Officers

Basic Concept

The compensation system for Executive Directors, in addition to the fixed compensation (monetary), encourages business execution in line with management policies and objectives and establishes a compensation structure and standards which provide strong incentive for the achievement of short-term and medium- to long-term management targets in order to achieve sustainable growth and improve the corporate value of the Group. The compensation system for Non-Executive Directors, including Outside Directors, shall be fixed compensation (cash) only, for the purpose of effectively functioning their supervisory and monitoring functions.

Compensation Structure

○ Executive Directors

Monetary compensation		Stock-based remuneration (stock delivery trust)
Fixed compensation	Performance-linked compensation	
	Short-term incentives	Medium- to long-term incentives
Determined according to rank	Varies from 0% to 170% according to consolidated operating income	Varies from 0% to 200% according to consolidated ROE

Approximately 50% to 60% of total compensation when the Company has achieved the standard performance target, according to rank

○ Outside Directors and Audit and Supervisory Board Members

Fixed compensation according to position

Selected for inclusion in the JPX-Nikkei Mid and Small Cap Index



Organo has been selected as a constituent stock of the JPX-Nikkei Mid and Small Cap Index (for one year from August 1, 2021), a stock price index calculated jointly by Nikkei, Inc. and the Tokyo Stock Exchange.

The index applies the concept of the JPX-Nikkei Index 400, which is an index comprised of highly attractive listed companies, to mid and small cap equities by selecting companies that focus on capital efficiency and investor-oriented management. The top 200 stocks are selected from among companies listed on the Tokyo Stock Exchange with small- to medium-sized market capitalization, based on quantitative factors such as the average return on equity (ROE) and operating income over the past three years, as well as qualitative factors such as the disclosure of financial information in English and the appointment of at least one-third independent outside directors.

This is the first time that we have been selected as a constituent stock of this index. This is evidence that Organo is a highly attractive target for investment, and this can be expected to have effects including improving our name recognition. We will continue to strive to improve profitability and aim to be selected as a constituent stock on an ongoing basis.

• Compliance

Based on the idea that safety and compliance are necessary for the survival of the business, the Company places priority on safety and compliance in its corporate activities, and the President delivers messages periodically, such as during meetings for all employees. In addition, the Company has established the Organo Group Company Code of Conduct as the basic action guidelines to be observed by the Group's officers and employees. In addition to Japanese and English versions, it has prepared local language translations and shared them with officers and employees of the Group in Japan and overseas, including those in China, Taiwan, Thailand, and Vietnam. The Company also conducts a biennial survey for its officers and employees to confirm the degree of implementation and observance of the Company Code of Conduct. The results are reported to the Board of Directors and employees in an effort to foster compliance awareness. The Compliance Committee, which was established as an organization for promoting compliance, formulates and implements a compliance education plan for Group employees, investigates compliance issues and considers corrective measures. The Company established a whistleblowing system to ensure the effectiveness of compliance through the early detection and correction of improper acts. And, in addition to the Company's internal contact point, it has established contact points with Audit and Supervisory Board members and external lawyers to receive reports and requests for consultations. In addition, the Company is promoting the development of local whistleblowing hotlines overseas.

• Risk Management

Determining risk and the PDCA cycle

In executing management plans and strategies, the Board of Directors identifies major risks based on two evaluation criteria: "possibility of occurrence" and "level of impact" extracted from various departments and divisions and Group companies. For those major risks, the Company determines the responsible department or division, formulates a risk management plan, and carries out risk mitigation measures based on the plan. The Internal Auditing Office evaluates the status of implementing the risk management plan while the Board of Directors monitors the progress and provides instructions to the responsible department or division regarding improvements to the plan. By continuously repeating the PDCA cycle in this way, we increase the effectiveness of risk management.

Action

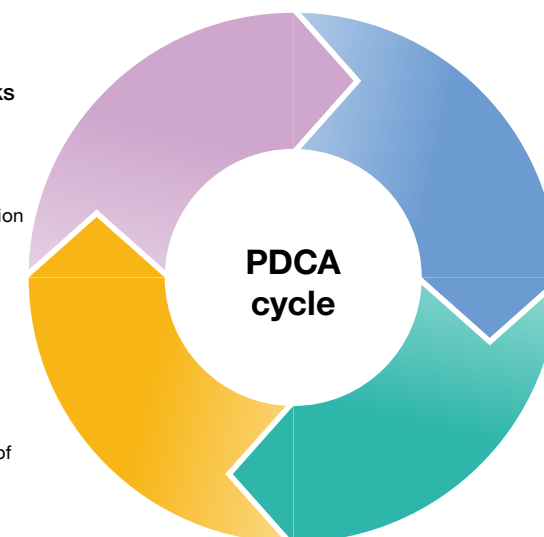
Identification and evaluation of improvement activities and risks

- Formulation and execution of improvement measures by the supervising department/division
- Identification, review and quantification of risks by various departments/divisions and group companies

Check

Verification and monitoring of the risk evaluations

- Evaluation of the operational status of the risk management process by the Internal Auditing Office
- Monitoring by the Board of Directors



Plan

Risk identification and formulation of measures

- Risk identification by the Board of Directors
- Formulation of the risk management plan by the supervising department/division

Do

Execution of the risk management plan

- Implementation of measures and activities by the supervising department/division

Governance

Officers (as of December 31, 2021)

Directors



President
Representative Director
President and Executive Officer
Masaki Uchikura

Apr. 1982 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)
June 2017 Senior Managing Director and Executive Officer, President of Performance Products Business of the Company
Chairman of the Board (Representative Director) of Organo Food Tech Corporation
Chairman of the Board (Representative Director) of HOSTEC
June 2019 Director and President (Representative Director) President and Executive Officer of the Company (current position)



Senior Managing Director and Executive Officer
Masayuki Yamada

Apr. 1985 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)
June 2019 Director and 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
June 2021 Senior Managing Director and Executive Officer (current position)



Managing Director and Executive Officer
President of Performance Products Business
Hitoshi Hori

Apr. 1984 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)
Mar. 2012 President (Representative Director) of Eco-Techno Corporation
June 2014 Managing Director and Executive Officer of the Company
June 2019 Managing Director and Executive Officer, President of Performance Products Business (current position)
Chairman of the Board (Representative Director) of Organo Food Tech Corporation (current position)



Managing Director and Executive Officer
President of Industrial Plant Business
Senior General Manager of Electronics Division
Yasutoshi Nakayama

Apr. 1984 Joined the Company
Jan. 2014 Managing Director of Organo (Asia) Sdn. Bhd.
June 2021 Managing Director and Executive Officer, President of Industrial Plant Business and General Manager of Electronics Division of the Company (current position)



Managing Director and Executive Officer
President of R&D and Engineering
Senior General Manager of R&D Center
Nobuyoshi Suda

Apr. 1984 Joined the Company
Jan. 2013 Representative Director and General Manager of Organo (Suzhou) Water Treatment Co., Ltd.
June 2021 Managing Director and Executive Officer, President of R&D and Engineering and Senior General Manager of R&D Center of the Company (current position)



Director and Executive Officer
President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept.
Tetsushi Honda

Apr. 1986 Joined the Company
Apr. 2012 Managing Director of Organo (Asia) Sdn. Bhd.
June 2021 Director and Executive Officer of the Company
President of Corporate Management and Planning and General Manager of Corporate Strategy and Planning Dept. (current position)



Outside Director
Motoo Nagai

Apr. 1977 Joined The Industrial Bank of Japan, Limited
Apr. 2005 Executive Officer of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)
Apr. 2007 Managing Executive Officer
Apr. 2011 Deputy President and Executive Officer of Mizuho Trust & Banking Co., Ltd.
June 2011 Director and Deputy President (Representative Director), Deputy President and Executive Officer
Apr. 2014 Administrative Officer
June 2014 Outside Statutory Auditor (Full-time) of Nissan Motor Co., Ltd.
Outside Audit and Supervisory Board Member of the Company
June 2015 Outside Audit & Supervisory Board Member of Nisshin Seifun Group Inc.
Outside Director of the Company (current position)
June 2019 Outside Director of Nissan Motor Co., Ltd.
Outside Director of Nisshin Seifun Group Inc. (current position)



Outside Director
Keikou Terui

Apr. 1979 Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)
July 2008 Deputy Minister for Technical Affairs, Minister's Secretariat
Jan. 2011 Director-General of Kanto Bureau of Economy, Trade and Industry
Apr. 2012 Director-General of Regional Economic and Industrial Policy
Aug. 2013 President of Japan Utility Telemetering Association (current position)
Oct. 2013 Senior Research Associate of Chemicals Evaluation and Research Institute, Japan
June 2014 Director of Union of Japanese Scientists and Engineers (current position)
Outside Director of Ube Industries, Ltd. (current position)
Mar. 2016 Outside Director of Bridgestone Corporation (current position)
June 2016 Director of Chemicals Evaluation and Research Institute, Japan
Outside Director of the Company (current position)
June 2020 Executive Director of Japan Chemical Innovation and Inspection Institute (current position)



Outside Director
Kenji Hirai

Apr. 1981 Joined Sagami Chemical Research Center (currently Sagami Chemical Research Institute)
Apr. 1990 Senior Research Fellow
Apr. 1998 Senior Fellow
Jan. 2002 Vice President
Apr. 2004 Vice Chairman of the Board, President
Dec. 2018 Vice Chairman of the Board (Representative Director), President
Apr. 2019 Vice Chairman of the Board (Representative Director), Research Advisor
June 2019 Outside Director of the Company (current position)
June 2021 Research Advisor of Sagami Chemical Research Institute (current position)

Audit and Supervisory Board Members



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

Apr. 1978 Joined Toyo Soda Manufacturing Co., Ltd. (currently Tosoh Corporation)
May 2005 Chairman and Managing Director of Tosoh Hellas A.I.C.
May 2012 Associate Director of Polymers Division of Tosoh Corporation
General Manager of Functional Polymers
June 2012 Managing Director and Executive Officer, General Manager of Performance Products Business of the Company
Nov. 2013 Chairman of the Board (Representative Director) of HOSTEC
June 2015 Outside Auditor of Plas-Tech Corporation (current position)
Audit and Supervisory Board Member (Full-time) of the Company (current position)
June 2016 Outside Auditor of Taihei Chemicals Limited (current position)



Outside Audit and Supervisory Board Member
Lawyer
Certified Public Accountant
Wataru Higuchi

Oct. 1993 Joined Deloitte Touche Tohmatsu (currently Deloitte Touche Tohmatsu LLC)
Apr. 1997 Registered as Certified Public Accountant
Oct. 2002 Registered as Lawyer (Dai-ichi Tokyo Bar Association)
Joined SEIWA KYODO LAW OFFICE (SEIWA MEITETSU LAW OFFICE)
Oct. 2007 Partner
June 2016 Outside Director (Serving as Audit and Supervisory Committee Member) of Marubeni Construction Material Lease Co., Ltd. (current position)
Oct. 2018 Representative Partner of OOTEMON LAW AND ACCOUNTING (current position)
June 2019 Outside Audit and Supervisory Board Member of the Company (current position)
Oct. 2019 Executive Officer of Advance Residence Investment Corporation (current position)



Outside Audit and Supervisory Board Member
Lawyer
Nobuko Hanano

Apr. 1991 Joined Nomura Research Institute, Ltd.
Oct. 2000 Registered as Lawyer (Dai-ichi Tokyo Bar Association)
Joined KOHWA SOHGOH LAW OFFICES
Oct. 2004 Partner (current position)
Mar. 2019 Outside Audit and Supervisory Board Member, Kanro Inc. (current position)
Apr. 2020 Auditor, Drone Service Promotion Association (current position)
June 2021 Outside Audit and Supervisory Board Member of the Company (current position)

Message from Outside Director

Aiming for sustainable growth and enhancement of corporate value

I have been serving as Outside Director since 2016. Organo's sales have been expanding since 2018, mainly in the electronics industry, and it has achieved its highest-ever level of performance. In addition, with the target year of 2030, the Company has formulated the framework of the long-term management plan, aiming for further growth. As an Outside Director, I am conscious of the need to strengthen governance by looking at management from three perspectives in order to realize the plan: first, from the perspective of minority shareholders; second, from an external perspective; and third, from the perspective of overseeing execution. Organo has steadily strengthened its governance system by establishing the Selection/Compensation Committee and increasing the number of Outside Directors to at least one-third of the members of the Board of Directors. In addition, our Board of Directors fosters an atmosphere where the members can speak freely and openly. In the future, I will also help the Company to strengthen its perspective on sustainability and strive to achieve sustainable growth while increasing its corporate value over the medium to long term.



Outside Director
Keikou Terui

Environment

• Environmental Philosophy

Recognizing that the preservation of the earth's environment is of the greatest importance for every human being, Organo contributes to human coexistence and symbiosis with Earth's beautiful environment in every facet of its business operations.

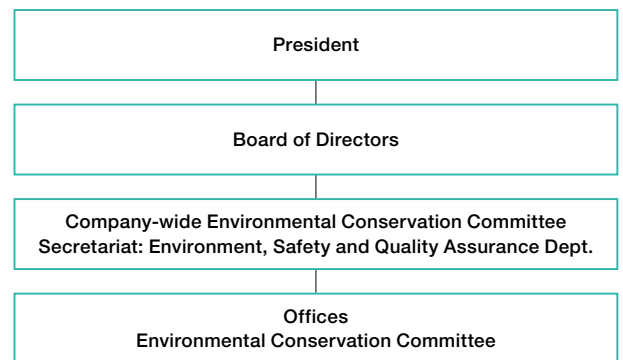
• Basic Environmental Policy

Continuous improvement	We will be aware of the environment surrounding all industrial activities and continue to preserve and improve the environment through all technical and economic means possible.	Product environment	We will develop product manufacturing technologies that will reduce the burden on the environment.
Observance of laws and establishment of our own standards	We will observe laws, regulations, and agreements concerning the environment. We will also establish our own standards and do our best to preserve the environment in accordance with these standards.	Environmental monitoring	We will inspect the environment within our company and work to improve our environmental preservation activities.
Production environment	We will strive to conserve resources and energy, to minimize waste and to recycle the waste produced in every aspect of our business activities.	Comprehensive involvement	We will educate our staff and encourage in-house publicity concerning environmental issues to promote understanding and awareness of the environment and of our own basic environmental policy.

Environmental Management Structure

• Environmental Conservation Promotional Structure

The Company's policies, targets, and measures for environmental preservation are discussed and decided by the company-wide Environmental Conservation Committee. At each business site in Japan, the Environmental Conservation Committee establishes policies, targets, and measures for the office based on the Company's targets and measures, as well as specific issues, and carries out its activities accordingly.



• Environmental Management System

Our environmental management system is based on the international standard ISO 14001. Our Tsukuba Factory, where ion exchange resins are purified, has acquired ISO 14001 certification.

Environmental Education

• Promotion of Internal Education

As part of the curriculum for new employee training and engineering technology training, the Company offers courses on pollution prevention laws and regulations. It also encourages employees to obtain national Pollution Control Manager certification, and provides support by offering correspondence courses and covering examination fees.

Number of qualified Pollution Control Managers in FY2020* Cumulative: 188

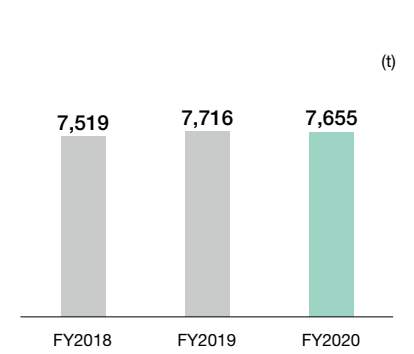
* Total of water quality-related Classes 1 to 4, air quality-related Classes 1 to 4, and dioxin-related

The Organo Group's Approach to Climate Change Issues

• Basic Concept

Climate change is a threat to the stability of society and the environment on a global scale. As an organization heavily involved in water resources, Organo considers it a risk it should pay close attention to. The Company has established the Organo Group Company Code of Conduct, which states that "We will develop environment-friendly products and technologies as well as products and services that will help solve environmental problems." Organo is also striving to reduce energy consumption in the water treatment process by improving the efficiency of water transfer, increasing the efficiency of plant operation through the use of ICT, preventing the deterioration of heat transfer efficiency through the use of water treatment chemicals, and recovering and reusing the heat energy contained in wastewater. The Company is also working to curb greenhouse gas emissions generated by its business activities through the introduction of solar power generation systems in some of its equipment and offices.

Changes in amount of CO₂ emissions



TOPICS

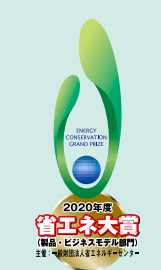
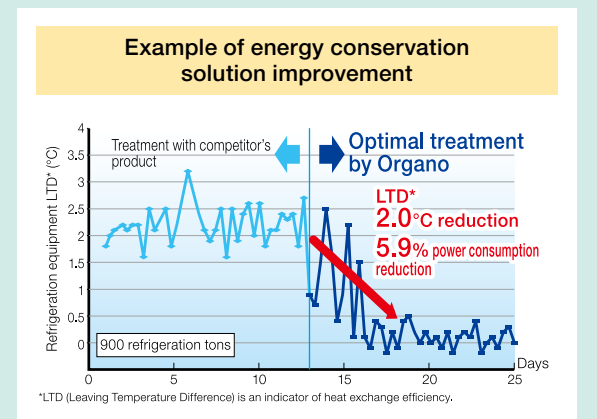
Energy-saving solution using ORBRAID Series cooling water treatment agents

This solution will provide optimal treatment for heat transfer deterioration in various water quality conditions of cooling water of refrigeration equipment, thereby reducing energy consumption of the equipment, and by selecting and combining proper cooling water treatment agents from among the ORBRAID Series, which consists of 17 products, including the world's first combined cooling water treatment agent containing our unique new chlorine-free inorganic disinfectant as well as other specialized treatment agents.

Three key effects of the ORBRAID Series

- Bactericidal and algicidal effect:** Shows water becoming clearer after treatment with ORBRAID compared to a conventional agent.
- Dispersion effect:** Shows ORBRAID dispersing more effectively than a conventional agent.
- Anticorrosive effect:** Shows ORBRAID preventing corrosion on equipment surfaces compared to a conventional agent.

Optimal control of refrigeration equipment LTD*
Contributes to energy savings for refrigeration equipment



Awards

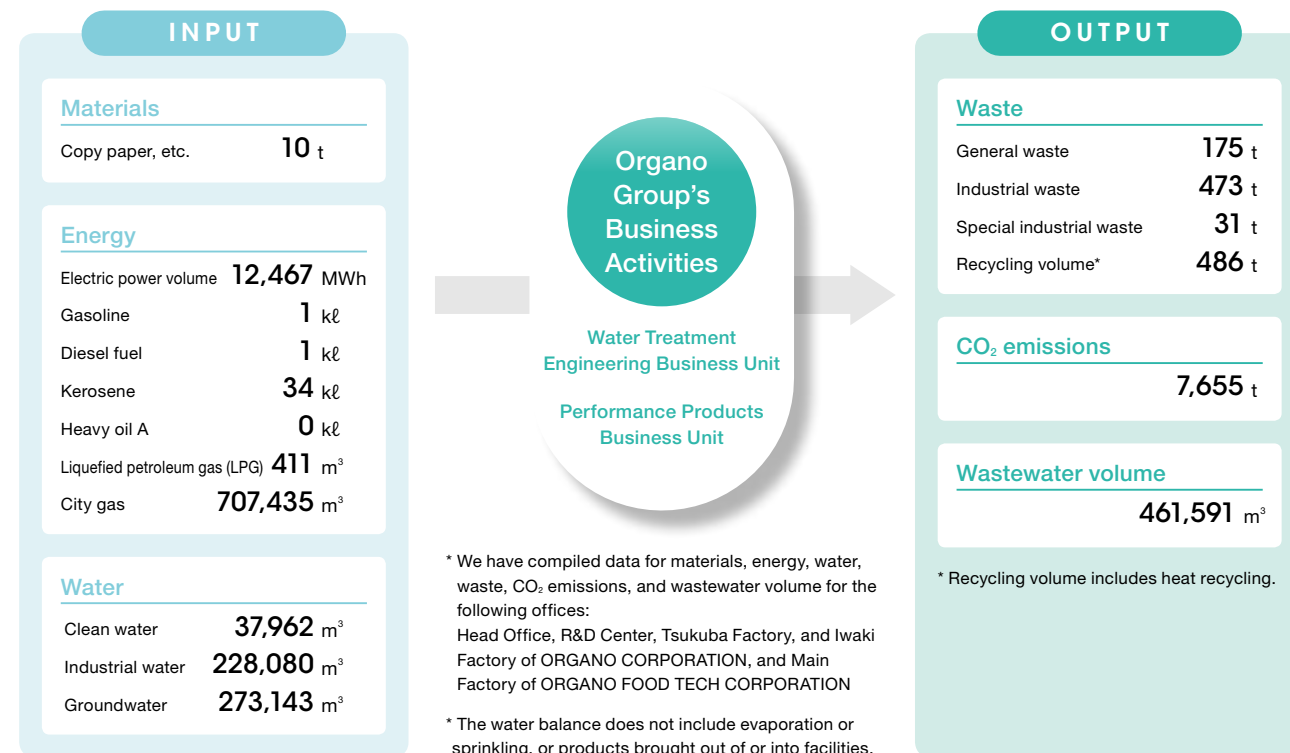
Our energy-saving solution using the ORBRAID Series of cooling water treatment agents won the ECCJ (Energy Conservation Center, Japan) Chairman's Award in the product and business model category of the FY2020 Energy Conservation Grand Prize (sponsored by the ECCJ and supported by the Ministry of Economy, Trade and Industry).

Environment

Energy and Waste

The main environmental impacts of the Group's business activities include energy use and waste discharge. Organo will continue its efforts to reduce the degree of environmental impact.

Input and output of the Organo Group's environmental impact in FY2020



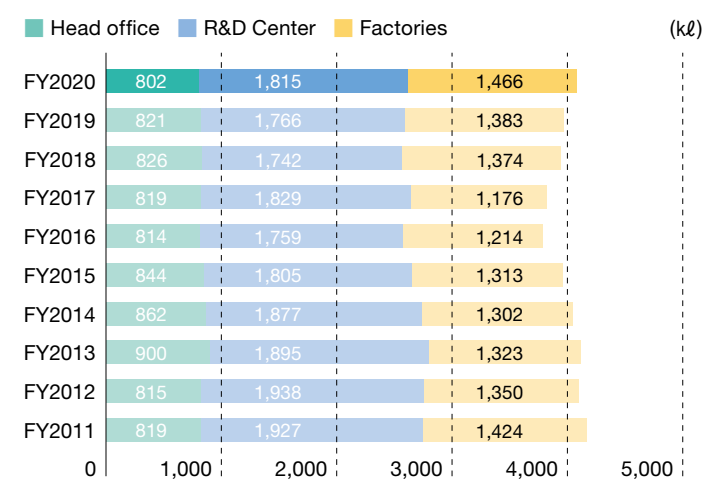
Energy Consumption (crude oil equivalent)

The energy consumption of Organo's major offices for FY2020 was 4,083 kiloliters.

The Company falls under the category of a Specified Business Operator under the Act on the Rational Use of Energy, and the R&D Center falls under the category of Type 2 Designated Energy Management Factory.

Organo will continue to undertake energy conservation activities at all of its offices.

Energy consumption



Note: The figures for factories are the totals of the Tsukuba Factory, Iwaki Factory, and Main Factory of Organo Food Tech Corporation.

Volume of Waste Generated

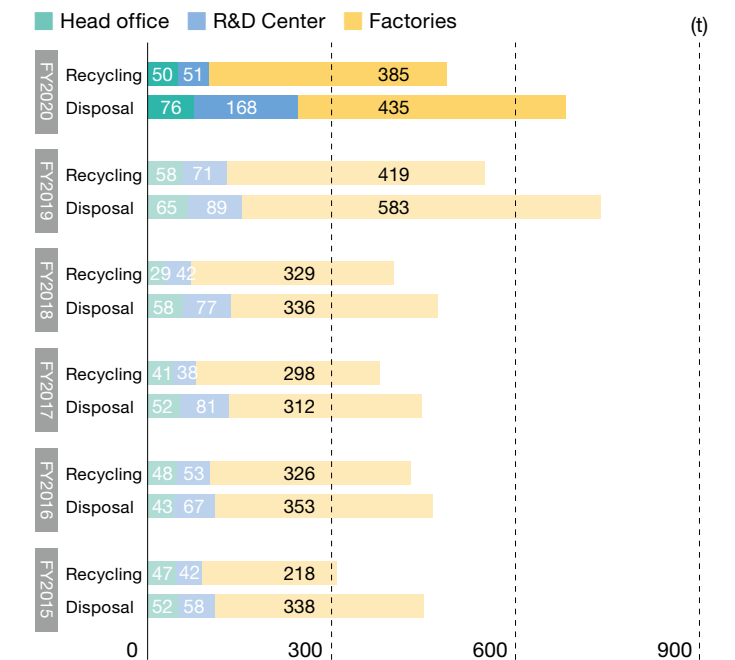
The volume of waste generated at our major offices for FY2020 was 679 tons. This is a slight decrease of 58 tons year on year, while the recycling rate remains as high as the previous year.

The Company will continue to work to further reduce the volume of waste generated and improve the recycling rate at each of the Group's offices.



Waste sorting at the R&D Center

Volume of waste generated and recycling volume



Notes:

- The figures for factories are the totals of the Tsukuba Factory, Iwaki Factory, and Main Factory of Organo Food Tech Corporation.
- The disposal amounts are the totals of non-recycled general waste, industrial waste, and special industrial waste.

Introduction of Electronic Manifests

The Company has introduced electronic manifests to manage its waste.

Conventional printed manifests are disadvantageous in that there is a time lag between filling out and confirming the information at each stage of the process, such as transportation and disposal of waste, and that confirmation is not immediate. The introduction of electronic processing enables the acceleration of the processing status checks and tabulation and results in labor savings, contributing to improved operational efficiency.

Conservation and Effective Use of Water Resources

For the Organo Group, water is not only a source of business, but also an important resource. The Organo Group is working to conserve water resources by making effective use of water intake and maintaining and improving the quality of wastewater around its business sites to ensure the sustainable use of water resources.

1. Contribution to a healthy water environment and water cycle

<Wastewater treatment system>

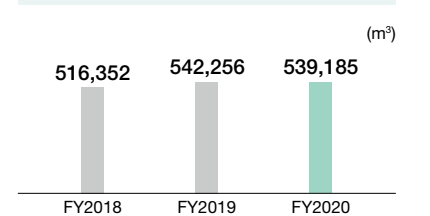
We provide systems and services that properly treat wastewater generated from production activities at factories and other facilities and return it to the environment as safe and appropriate water.

2. Effective use of water resources

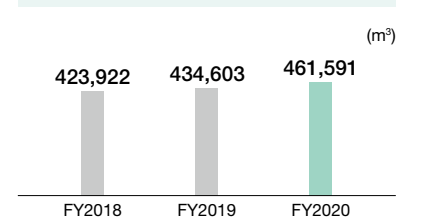
<Wastewater recovery and reuse systems, water-saving water treatment equipment>

We contribute to the effective use of water resources through systems and services that recover and reuse factory wastewater, and through the sale of water-saving water treatment equipment.

Changes in water usage volume



Changes in wastewater volume



Society |

• Basic Stance on Human Rights

The Organo Group declares that it shall respect human rights and prohibit discrimination, and accordingly aims to act as a company that respects individuals and diversity, without discrimination based on nationality, gender, creed, physical condition, or social status. Based on this foundation and as stated in Organo's Long-term Management Vision, the Company is working to "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."

• Initiatives Related to Human Rights Issues

RBA Initiatives

The Organo Group Company Code of Conduct, sets forth clear guidelines on respecting human rights, prohibiting discrimination, and forbidding harassment. Going forward, the Company will promote human rights initiatives while fortifying its CSR activities in adherence with the Sustainable Development Goals (SDGs) and the Responsible Business Alliance (RBA) Code of Conduct.

What is RBA?

Consisting of more than 150 companies mainly in the electronics industry from Japan and overseas, the Responsible Business Alliance (RBA) aims to ensure that companies serve in a socially, ethically, and environmentally responsible manner across global supply chains. It accordingly sets standards to ensure that working conditions are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.

Initiatives to Address Human Rights Issues Across the Supply Chain

In 2015, the Company formulated the Organo Group Supply Chain CSR Promotion Guidebook (Japanese only) to promote CSR initiatives throughout the supply chain and work with suppliers to make the notion of a sustainable society a reality. Having accordingly stipulated seven categories in that regard, including respect for human rights, ensuring safety and hygiene, legal compliance, and environmental awareness, the Company has been taking steps to instill these concepts across the supply chain.

• Policy on the Conflict Minerals Issue

The Organo Group appropriately addresses the issue of conflict minerals which stands as an international concern. In so doing, it promotes initiatives to eliminate the use of conflict minerals mined in the Democratic Republic of the Congo and surrounding nations and associated with human rights violations and environmental destruction. These minerals include coltan, cassiterite, gold, and wolframite along with their respective derivatives tantalum, tin, and tungsten.

• Personal Information Protection Policy

The Organo Group may obtain personal information necessary for the Company's business operations, such as names, addresses and telephone numbers. Organo will properly handle personal information in accordance with the basic policy described below.

1. Organo will comply with the Act on Protection of Personal Information and other relevant laws and regulations.
2. Organo will institute internal regulations on personal information to build and continuously maintain and improve its management system for the protection of personal information.
3. Organo will handle personal information solely for the purposes specified.
4. Organo will not disclose or offer personal information to third parties without the consent of the individual or any other justifiable reason.

• Occupational Safety and Health

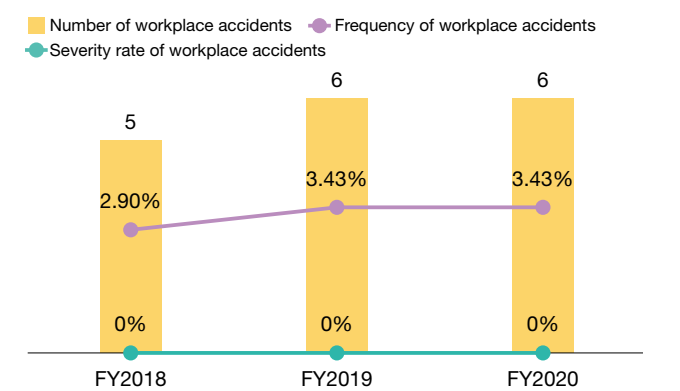
The Organo Group regards the notion of ensuring occupational safety and health as a matter of utmost importance. It continuously promotes initiatives that enable our group companies and business partners to work with peace of mind. For plant installation work and handling of chemicals, Organo prepares documented instructions, performs verification using checklists, and conducts scheduled safety patrols at construction sites and factories. The Company's safety patrols involve providing guidance on immediately taking corrective action with respect to safety concerns, and ensuring that safety education is properly conducted. Organo further strengthens safety management practices by providing guidance on voluntary safety activities including hazard prediction prior to performing tasks, and risk assessments. The Company also strives to create safe workplaces by posting safety newsletters to the intranet, disseminating reports on the occurrence of disasters and remedial measures, and conveying the message that safety is its highest priority by means such as an awards program for its suppliers.

Creating Safe Workplaces

In order to ensure the safety and health of its employees and to promote the creation of a comfortable work environment, Organo has established a structure for safety and health management and its role pursuant to company regulations on safety and health management. The Company is committed to properly maintaining workplace environments, preventing occupational accidents and taking emergency measures, and conducting relevant education and training.

Organo employees undergo screening for lifestyle-related diseases every five years in conjunction with periodic health checkups. The Company also provides for regular consultations performed by occupational health physicians on an elective basis. Female spouses of employees are also eligible for health checkups.

Number, frequency, and severity rate of workplace accidents



Calculation methods:
 • Frequency: Number of incidents ÷ Total number of hours worked × 1 million
 • Severity rate: Number of workdays lost ÷ Total number of hours worked × 1,000

Mental Health Care

All employees are eligible for annual stress level checkups and mental health training via an e-learning platform. Organo employees have access to counseling provided by specialists and registered nurses through the Company's in-house consultation center for when they have concerns about themselves, their colleagues, or their subordinates.

Creating Comfortable Workplace Environments

Creating Workplaces Where Human Rights are Respected

Organo provides e-learning education on corporate ethics, compliance, and harassment prevention for all employees in order to ensure that all employees have a correct understanding of human rights and to promote workplaces where human rights are respected.

Safety Confirmation System

Confirming the safety of employees and their family members is of the utmost importance in terms of the initial response when disaster strikes. The Company has introduced a system for sending safety confirmation emails to employees following seismic events above a certain level of seismic intensity or natural disaster information in order to quickly confirm their safety.

Engagement with Labor Unions

The Company enters into collective bargaining agreements with Organo's labor union and maintains harmonious labor-management relations. Through regularly scheduled labor-management meetings with the participation of top management, Organo strives to disseminate its management policies and ensure that opinions of union members are reflected in the Company's management strategies and policies.

Society |

• Diversity Initiatives

Given that Organo's workforce consists of a diverse range of employees possessing a variety of personalities and backgrounds, the Company aims to develop an environment where all employees are able to fulfill their potential and realize growth.

<p>Employment of people with disabilities Organo is working to expand its employment of people with disabilities who, as of March 2021, accounted for 2.34% of the Company's workforce.</p> <p>Utilizing global human resources As Organo expands its operations overseas, it is promoting the employment and training of global human resources to take advantage of diverse values and experiences in different cultures.</p> <p>Employing senior citizens The Company has introduced a reemployment program whereby it is possible to rehire employees up to the age of 65 so they can continue to work by leveraging the skills and expertise they cultivated even after reaching the mandatory retirement age of 60.</p>	<p>Childcare support and reduced working hours for employees with childcare responsibilities The Company has introduced leave accessible to male and female employees alike aligned with their stages in life, and a reduced working hour system for childcare that covers children up through the third grade of elementary school.</p> <p>Encouraging employees to take annual paid leave In order for employees to achieve proper work-life balance, Organo encourages them to take their paid leave combined with summer vacation and special paid leave offered after 15 and 25 years of service.</p> <p>Workstyle reforms (flexible employment practices) Organo has introduced flextime options, half-day paid leave systems and telework systems to enable flexible and efficient work styles, and is promoting the use of web conferencing systems to improve work efficiency.</p>
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Acquisition of Eruboshi Three-star Rating

Japan's Minister of Health, Labour and Welfare has granted the Company certification as a leading enterprise in recognition of its efforts to promote women's participation and advancement in the workplace. The Eruboshi certification is a certification system related to Japan's Act on Promotion of Women's Participation and Advancement in the Workplace. It aims to realize a society in which women are able to fully draw on their distinctive qualities and capabilities. Evaluation is conducted based on five criteria: 1) competitive rate at time of hiring, 2) years of service, 3) working hours, 4) ratio of women in managerial positions, and 5) diversity of career options.

The Company was granted the certification upon having met every requirement stipulated under the five categories.

To help enable employees to balance childcare and their careers, the Company has introduced support systems that exceed statutory requirements and implementing a scheme that enables employees to change career paths geared toward career advancement. Organo has also formulated a general business action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace. It will further promote the creation of an environment that enables our female workforce to demonstrate their capabilities actively in the workplace, taking into account the need for work-life balance.



• Work-Life Balance

To enhance the work-life balance of its employees, Organo has holiday and leave systems, leave for childbirth and childcare, and other such systems. Organo has established a childcare leave system that exceeds legal requirements. Employees are guaranteed full salary during their terms of prenatal and postnatal leave (six weeks before and eight weeks after childbirth), and during periods of childcare leave. The rate of female employees with children who take childcare leave is 100%, and most employees opt to keep working by utilizing reduced working hours for childcare. Some of Organo's female employees have even taken on managerial positions after having taken childcare leave, evidence of the fact that the Company offers a stable environment conducive to women building their careers.

Types of systems	Overview
Childcare leave	An employee may take childcare leave any time until the day prior to a child's first birthday in order to achieve a balance between professional and family life. The Company has also introduced a system for reduced working hours for childcare, which covers children up through the third grade of elementary school.
Maternity leave	In addition to prenatal and postnatal leave, employees may take 15 days off in increments or consecutively if they suffer from morning sickness or other pregnancy-related illness.
Family care leave	Employees may take a total of 365 days' leave when necessary for them to care for a spouse, parent, or other family member.

• Promotion of Human Resource Development

Organo implements rank-specific training and function-specific training to enable employees to improve their skills and advance their careers. Moreover, the Company has introduced a system to support employees' self-development, such as a qualification acquisition support system and Organo University, a system under which correspondence courses are subsidized.

○ Main Training Programs

Types of Programs	Overview
Group training for new employees	Over the course of roughly one month of group-based training, employees learn general knowledge as a member of society and about Organo's technologies. They then gain knowledge necessary for them to perform practical tasks through training at construction sites and in factories.
Follow-up training	Follow-up training is implemented in the autumn of the first year of employment. In this training program, participants gain a deeper understanding of corporate accounting as well as an overall understanding of corporate management.
Engineering Seminar Basic Course (ESB)	The ESB course involves technology field-specific training concerning Organo's basic technologies. Participants are able to equip themselves for future career opportunities by gaining extensive knowledge on technologies that are not directly related to their work.
Third-year training	Participants cultivate the ability to independently plan their professional growth by learning to take an autonomous approach to career development.

Multiple Courses for Management Positions

ORGANO 2030 states that our objective is to become "a company in which a diverse range of people can work comfortably, feel motivated and grow, and achieve results." As one of the concrete measures to achieve this, we introduced the "Multiple courses for management positions: 'Supervisory positions,' 'Division supervisory positions,' and 'Expert positions'" in 2021. We will continue to build a system allowing us to utilize human resources that can be expected to generate more results.

Qualification Acquisition Support System

The Company subsidizes a portion of the cost employees incur when acquiring one of approximately 300 different formal qualifications. This encompasses popular qualifications across a wide range of subject areas such as technology, linguistics, and information processing, with certifications that include professional engineer, assistant professional engineer, pollution control manager, health supervisor, chief electrical engineer, the Test of English for International Communication (TOEIC), and the Japan Chamber of Commerce and Industry (JCCI) bookkeeping exam.

Organo University (correspondence course subsidy system)

The Organo University correspondence course platform features 182 courses across 10 fields of study including technology and sales courses necessary for business, as well as management skills required at different levels of the corporate hierarchy. Employees enrolled in courses are eligible for incentive remuneration to cover a portion of their course fees upon having met certain criteria.

• Support Activities Related to Developing Water Environment Conservation Technology

The Organo Group actively engages in support activities related to water environment technologies and education while also contributing to environmental conservation through its water treatment business.

Organo Awards to Support Young Researchers in China

In recent years, people in China have become increasingly aware of the environment as the nation's industry develops. In line with this, the Chinese government has been promoting policy on water environment conservation. Since fiscal 2007, the Company has been conducting a scholarship program in China known as the Organo Awards for recognizing and supporting graduate students who have achieved outstanding research results in the field of water quality and water environment conservation in China. The Organo Awards are implemented in partnership with the Research Center for Eco-Environmental Sciences of the Chinese Academy of Sciences and Suzhou Industrial Park. Organo held the event online in fiscal 2020 due to the spread of COVID-19 infections, having solicited research topics from graduate students based in China, and subsequently in July selected and recognized outstanding researchers in Beijing, China.

Support for Studies of Young Researchers in Water Environment Field Japan Society on Water Environment (JSWE)

-ORGANO Doctoral Research Awards-
The JSWE-ORGANO Doctoral Research Awards were established with the aim of widely introducing outstanding research results of graduate students in doctoral programs and other young researchers and supporting their development of further research in the field of water environment. The Company provides assistance in the form of contributions that support the objectives of the JSWE-ORGANO Doctoral Research Awards. In fiscal 2020, its 14th year, research presentations, selection, and an awards ceremony were held at the JSWE symposium, which was held online in September due to the spread of the COVID-19 infections, and three students received awards.

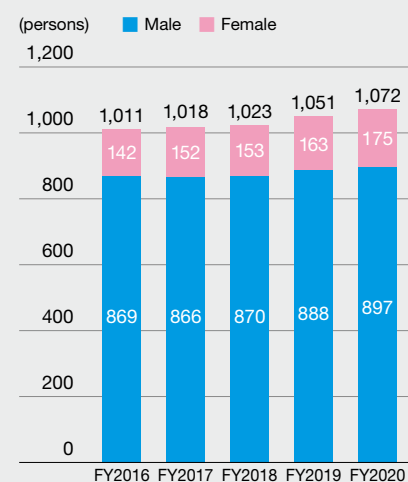
Financial Information

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Orders (millions of yen)	66,074	68,041	60,238	65,501	77,873	76,485	74,041	88,049	103,838	104,986	94,563
Net sales (millions of yen)	61,097	68,502	66,718	62,096	68,741	78,719	81,114	79,226	92,273	96,515	100,638
Operating income (millions of yen)	3,532	4,849	3,498	833	2,398	3,947	4,114	3,821	6,558	9,908	9,579
Operating income ratio (%)	5.8	6.9	5.2	1.3	3.5	5.0	5.1	4.8	7.1	10.3	9.5
Ordinary income (millions of yen)	3,378	4,782	3,909	1,170	2,465	3,871	4,162	3,933	6,538	9,929	9,900
Profit attributable to owners of parent* (millions of yen)	1,857	2,683	2,564	664	1,085	2,485	2,731	2,780	4,452	7,162	7,074
Capital expenditures (millions of yen)	1,235	763	720	358	334	603	903	644	635	965	1,015
R&D expenses (millions of yen)	1,774	1,902	1,655	1,490	1,392	1,407	1,495	1,776	1,823	2,178	2,300
Depreciation (millions of yen)	1,210	1,190	1,159	1,065	999	950	950	972	920	1,189	1,212
Net assets (millions of yen)	41,116	43,015	45,207	44,252	45,308	46,567	49,034	51,681	54,795	60,857	67,357
Total assets (millions of yen)	78,590	84,709	85,309	76,852	83,609	94,795	95,405	96,036	101,257	101,448	115,011
Liabilities with interest (millions of yen)	11,388	13,888	14,901	10,230	12,717	17,412	16,910	15,484	13,659	9,740	16,005
Annual dividend (yen per share)	10	12	12	8	8	9	11	53	73	104	114
Book-value per share (BPS) (yen)	707.12	740.57	777.05	768.24	786.72	806.89	4,247.27	4,477.64	4,784.81	5,301.26	5,856.25
Earnings per share (EPS) (yen)	32.24	46.57	44.52	11.53	18.85	43.17	237.18	241.50	388.48	626.05	616.72
Equity ratio (%)	51.8	50.4	52.5	57.6	54.2	49.0	51.3	53.7	54.0	59.9	58.4
Return on equity (ROE) (%)	4.6	6.4	5.9	1.5	2.4	5.4	5.7	5.5	8.4	12.4	11.1
Return on assets (ROA) (%)	4.5	5.9	4.6	1.4	3.1	4.3	4.4	4.1	6.6	9.8	9.1
Consolidated payout ratio (%)	31.0	25.8	27.0	69.4	42.4	20.8	23.2	21.9	18.8	16.6	18.5

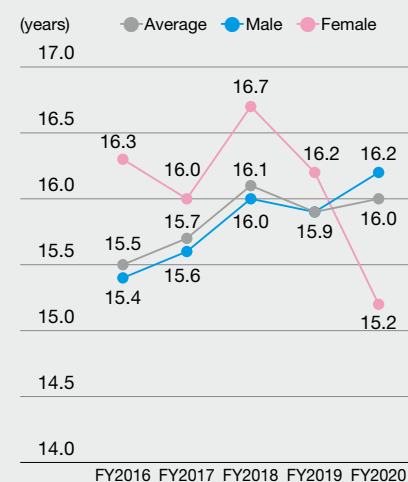
* The Company implemented a reverse stock split on October 1, 2017, consolidating five shares into one.

Nonfinancial Information

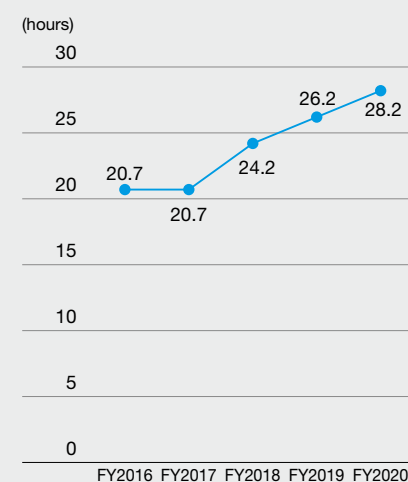
Number of employees



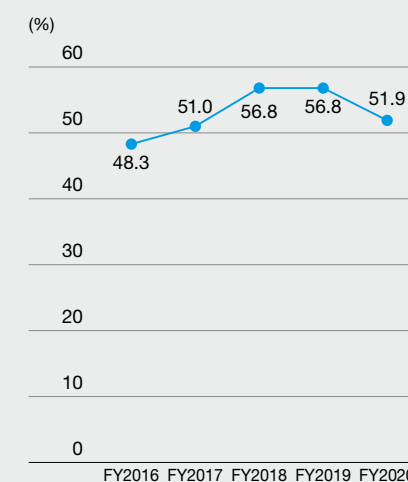
Average years of service



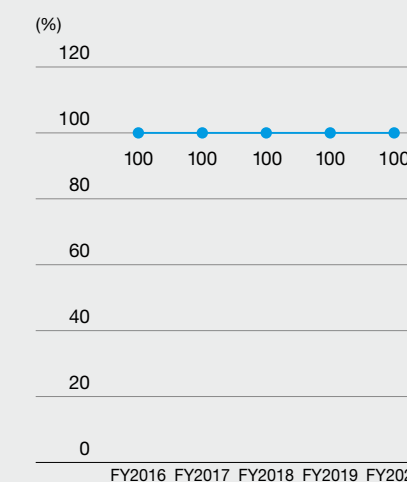
Average monthly hours of overtime



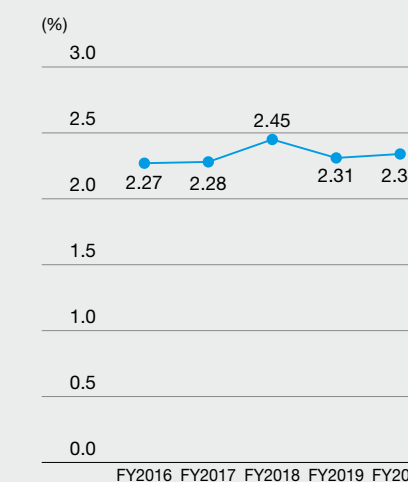
Rate of use of paid leave*



Childcare leave return rate



Employment rate of people with disabilities



* Aggregated values from January 1 of the previous fiscal year to December 31 of the current fiscal year. Ex.: FY2020 → Period from January 1, 2020 to December 31, 2020

Consolidated Balance Sheet

(millions of yen)			(millions of yen)		
	Previous fiscal year as of (March 31, 2020)	Fiscal year under review (fiscal year ended) March 31, 2021	Previous fiscal year as of (March 31, 2020)	Fiscal year under review (fiscal year ended) 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			
Lease investment assets	11,752	9,773			
Merchandise and finished goods	5,710	5,448			
Work in progress	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			
Fixed assets					
Tangible fixed assets					
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 tangible fixed assets	19,296	18,974			
Intangible fixed 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 fixed assets	25,369	25,308			
Total assets	101,448	115,011			
Liabilities					
Current liabilities					
Trade notes and accounts payable	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 stock-based compensation for directors (and other officers)	105	109			
Other provisions	10	–			
Other	4,866	2,809			
Total current liabilities	32,240	40,749			
Fixed liabilities					
Long-term borrowings	2,095	1,495			
Deferred tax liabilities	9	11			
Retirement benefit liabilities	6,153	5,319			
Other	91	79			
Total fixed liabilities	8,349	6,905			
Total liabilities	40,590	47,654			
Net assets					
Shareholders' equity					
Capital stock	8,225	8,225			
Capital surplus	7,508	7,508			
Retained earnings	46,081	51,902			
Treasury stock	(537)	(495)			
Total shareholders' equity	61,277	67,139			
Accumulated other comprehensive income					
Valuation difference on available-for-sale securities	143	301			
Foreign exchange translation adjustment	(178)	(201)			
Accumulated adjustment for retirement benefits	(525)	(25)			
Total accumulated other comprehensive income	(560)	74			
Minority interests	140	143			
Total net assets	60,857	67,357			
Total liabilities and net assets	101,448	115,011			

Consolidated Statement of Income

(millions of yen)		
	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Fiscal year under review (from April 1, 2020 to March 31, 2021)
Net sales	96,515	100,638
Cost of sales	69,232	74,311
Gross income	27,282	26,326
Selling, general and administrative expenses	17,374	16,746
Operating income	9,908	9,579
Non-operating income		
Interest income	44	27
Dividend income	28	27
Exchange gains	–	39
Insurance claim income	81	132
Equity method investment income	170	153
Other	59	74
Total non-operating income	383	454
Non-operating expenses		
Interest expenses	136	117
Exchange losses	41	–
Provision of allowance for doubtful accounts	78	–
Other	105	16
Total non-operating expenses	362	133
Ordinary income	9,929	9,900
Extraordinary income		
Income from sales of fixed assets	5	7
Income from sales of investment securities	4	14
Income from sales of right to use facilities	0	–
Total extraordinary income	9	22
Extraordinary losses		
Loss on sales of fixed assets	–	0
Loss on abandonment of fixed 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
Income before income taxes	9,850	9,695
Corporate, inhabitant, and business taxes	3,014	2,839
Income taxes - deferred	(336)	(230)
Total income taxes	2,678	2,608
Profit	7,172	7,086
Profit attributable to minority interests	10	12
Profit attributable to owners of parent	7,162	7,074

Consolidated Statement of Comprehensive Income

(millions of yen)		
	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Fiscal year under review (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 exchange translation adjustment	20	(34)
Adjustment amount for defined benefit plans	(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
Items		
Comprehensive income attributable to owners of parent	7,015	7,709
Comprehensive income attributable to minority interests	14	2

Consolidated Statement of Shareholders' Equity

(millions of yen)

Previous fiscal year (from April 1, 2019 to March 31, 2020)	Shareholders' equity					Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity		
Balance at beginning of current period	8,225	7,508	39,967	(629)	55,071		
Changes during current period							
Dividends of surplus			(1,047)		(1,047)		
Profit attributable to owners of parent			7,162		7,162		
Acquisition of treasury stock				(8)	(8)		
Disposal of treasury stock			(0)	100	100		
Changes in items other than shareholders' equity (net)							
Total changes during current period	-	-	6,114	91	6,206		
Balance at end of current period	8,225	7,508	46,081	(537)	61,277		
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign exchange translation adjustment	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income		
Balance at beginning of current period	273	(0)	(193)	(494)	(414)	138	54,795
Changes during current period							
Dividends of surplus							(1,047)
Profit attributable to owners of parent							7,162
Acquisition of treasury stock							(8)
Disposal of treasury stock							100
Changes in items other than shareholders' equity (net)	(130)	0	15	(31)	(146)	2	(144)
Total changes during current period	(130)	0	15	(31)	(146)	2	6,061
Balance at end of current period	143	-	(178)	(525)	(560)	140	60,857

Fiscal year under review (from April 1, 2020 to March 31, 2021)	Shareholders' equity					Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity		
Balance at beginning of current period	8,225	7,508	46,081	(537)	61,277		
Changes during current period							
Dividends of surplus			(1,254)		(1,254)		
Profit attributable to owners of parent			7,074		7,074		
Acquisition of treasury stock				(65)	(65)		
Disposal of treasury stock		0		107	107		
Changes in items other than shareholders' equity (net)							
Total changes during current period	-	0	5,820	41	5,861		
Balance at end of current period	8,225	7,508	51,902	(495)	67,139		
	Accumulated other comprehensive income						
	Valuation difference on available-for-sale securities	Foreign exchange translation adjustment	Accumulated adjustment for retirement benefits	Total accumulated other comprehensive income			
Balance at beginning of current period	143	(178)	(525)	(560)	140	60,857	
Changes during current period							
Dividends of surplus							(1,254)
Profit attributable to owners of parent							7,074
Acquisition of treasury stock							(65)
Disposal of treasury stock							107
Changes in items other than shareholders' equity (net)	158	(23)	499	635	2	637	
Total changes during current period	158	(23)	499	635	2	6,499	
Balance at end of current period	301	(201)	(25)	74	143	67,357	

Consolidated Statement of Cash Flows

(millions of yen)

	Previous fiscal year (from April 1, 2019 to March 31, 2020)	Fiscal year under review (from April 1, 2020 to March 31, 2021)
Cash flow from operating activities		
Income before income taxes	9,850	9,695
Depreciation	1,189	1,212
Increase (decrease) in provisions	348	105
Increase (decrease) in retirement benefit liabilities	(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 sales of fixed assets	(5)	(6)
Loss on abandonment of fixed assets	39	161
Loss (gain) on sales of investment securities	(4)	(14)
Loss (gain) on valuation of investment securities	49	59
Loss (gain) on sales 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 lease investments	1,820	1,979
Decrease (increase) in inventories	(967)	(3,047)
Increase (decrease) in trade payables	(4,165)	3,752
Other	1,407	(2,874)
Subtotal	11,236	(2,008)
Interest and dividends received	84	66
Interest paid	(136)	(110)
Insurance income received	81	132
Damages paid	(91)	(6)
Income taxes paid or refunded	(2,621)	(2,654)
Cash flow from operating activities	8,553	(4,582)
Cash flow from investing activities		
Expenditures on acquisitions of tangible fixed assets	(781)	(965)
Income from sales of tangible fixed assets	21	74
Expenditures on acquisitions of intangible fixed asset	(187)	(289)
Expenditures on acquisitions of investment securities	(13)	(58)
Income from sales of investment securities	5	25
Loan expenditures	(250)	(250)
Income from loan collection	200	250
Income from sales of right to use facilities	0	0
Other	(1)	(47)
Cash flow from investing activities	(1,006)	(1,261)
Cash flow from financing activities		
Net increase (decrease) in short-term borrowings	(5,411)	7,075
Income from long-term borrowings	3,000	-
Repayments of long-term borrowings	(1,505)	(800)
Acquisition of treasury stock	(8)	(65)
Dividends paid	(1,047)	(1,254)
Dividends paid to minority interests	(11)	-
Other	(22)	(27)
Cash flow from financing activities	(5,007)	4,927
Foreign exchange translation adjustments on cash and cash equivalents	(43)	(52)
Increase (decrease) in cash and cash equivalents	2,495	(968)
Cash and cash equivalents at beginning of current period	11,276	13,772
Cash and cash equivalents at end of current period	13,772	12,804

Company Information

Company profile (as of March 31, 2021)

Company name ORGANO CORPORATION
 Foundation May 1, 1946
 Capital 8,225,499,312 yen

Representative
 Masaki Uchikura,
 Representative Director and President

Number of employees 1,072

Major businesses

As a comprehensive water treatment engineering company, the Company is mainly engaged in the manufacture, sale and maintenance of various types of industrial process water and wastewater treatment systems using ion exchange resin, separation membranes, activated charcoal, etc., the provision of water treatment outsourcing services, and the sale of various chemicals and food processing materials.

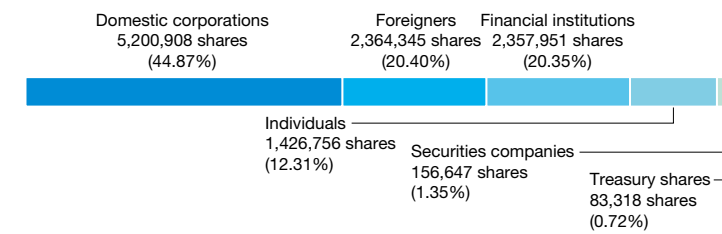
Shares (as of March 31, 2021)

Total number of authorized shares: 25,392,000 shares
 Total number of issued shares: 11,589,925 shares
 Number of shareholders: 4,574

Major shareholders (top ten)

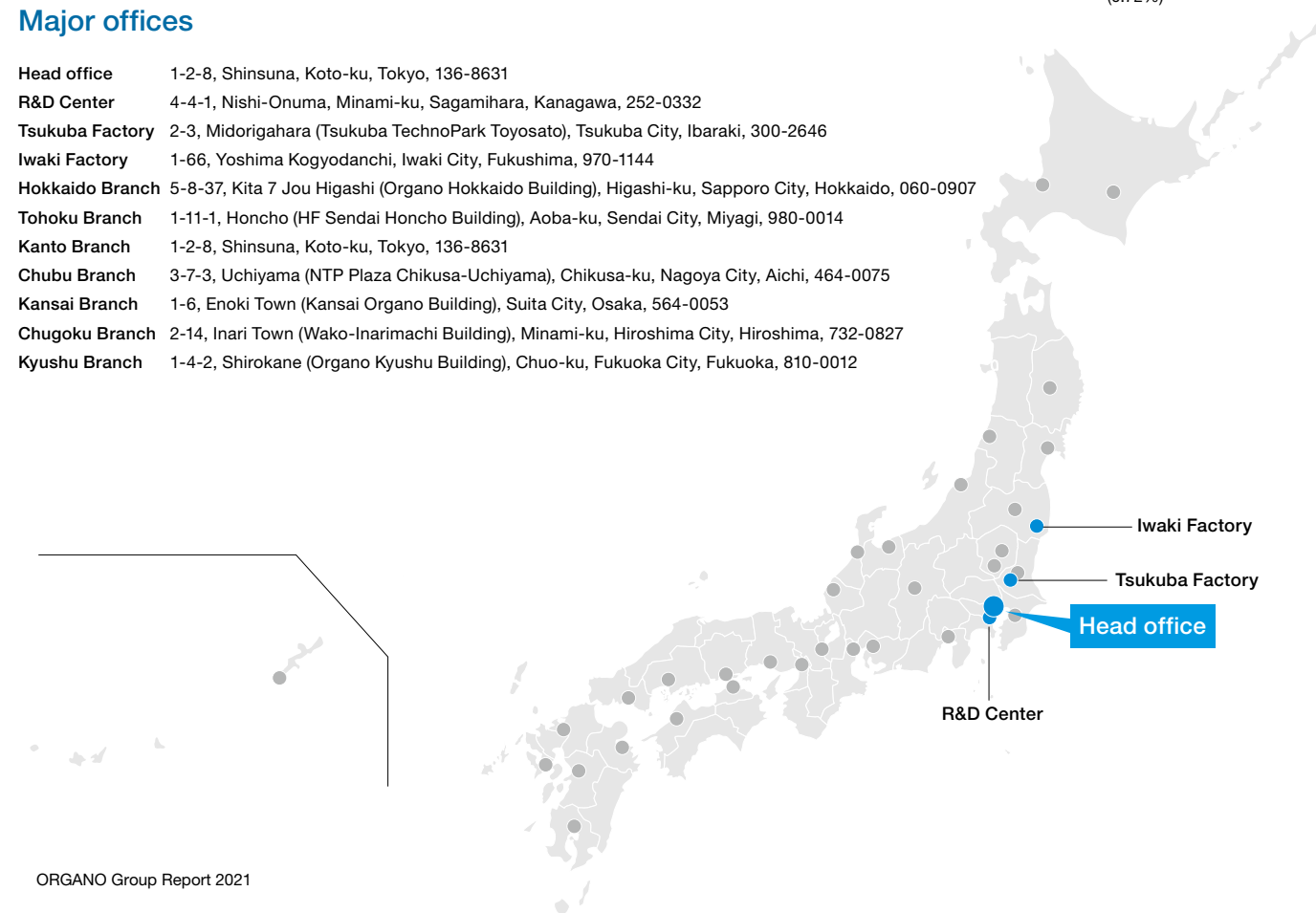
Name of shareholder	Number of shares held (Thousands of shares)	Holding ratio (%)
Tosoh Corporation	4,925	42.80
Custody Bank of Japan, Ltd. (Trust account)	694	6.03
The Master Trust Bank of Japan, Ltd. (Trust account)	643	5.59
Banque et Caisse d'Epargne de l'Etat, Luxembourg 46985807	202	1.76
Mizuho Bank, Ltd.	200	1.74
BBH The Advisors' Inner Circle Fund II Kopernik Global All-Cap Fund	165	1.43
KBC BANK NV - UCITS CLIENTS NON TREATY	134	1.17
BBH BOSTON CUSTODIAN FOR BBHTSIA HEPTAGON FUND PLC COPEL 620357	118	1.03
Custody Bank of Japan, Ltd. (Securities investment trust account)	105	0.92
Custody Bank of Japan, Ltd. (Trust account 5)	99	0.86

Note: The treasury shares (83,318 shares) are excluded in the calculation of the holding ratio shown above.



Major offices

- Head office 1-2-8, Shinsuna, Koto-ku, Tokyo, 136-8631
- R&D Center 4-4-1, Nishi-Onuma, Minami-ku, Sagami-hara, Kanagawa, 252-0332
- Tsukuba Factory 2-3, Midorigahara (Tsukuba TechnoPark Toyosato), Tsukuba City, Ibaraki, 300-2646
- Iwaki Factory 1-66, Yoshima Kogyodanchi, Iwaki City, Fukushima, 970-1144
- Hokkaido Branch 5-8-37, Kita 7 Jou Higashi (Organo Hokkaido Building), Higashi-ku, Sapporo City, Hokkaido, 060-0907
- Tohoku Branch 1-11-1, Honcho (HF Sendai Honcho Building), Aoba-ku, Sendai City, Miyagi, 980-0014
- Kanto Branch 1-2-8, Shinsuna, Koto-ku, Tokyo, 136-8631
- Chubu Branch 3-7-3, Uchiyama (NTP Plaza Chikusa-Uchiyama), Chikusa-ku, Nagoya City, Aichi, 464-0075
- Kansai Branch 1-6, Enoki Town (Kansai Organo Building), Suita City, Osaka, 564-0053
- Chugoku Branch 2-14, Inari Town (Wako-Inarimachi Building), Minami-ku, Hiroshima City, Hiroshima, 732-0827
- Kyushu Branch 1-4-2, Shirokane (Organo Kyushu Building), Chuo-ku, Fukuoka City, Fukuoka, 810-0012



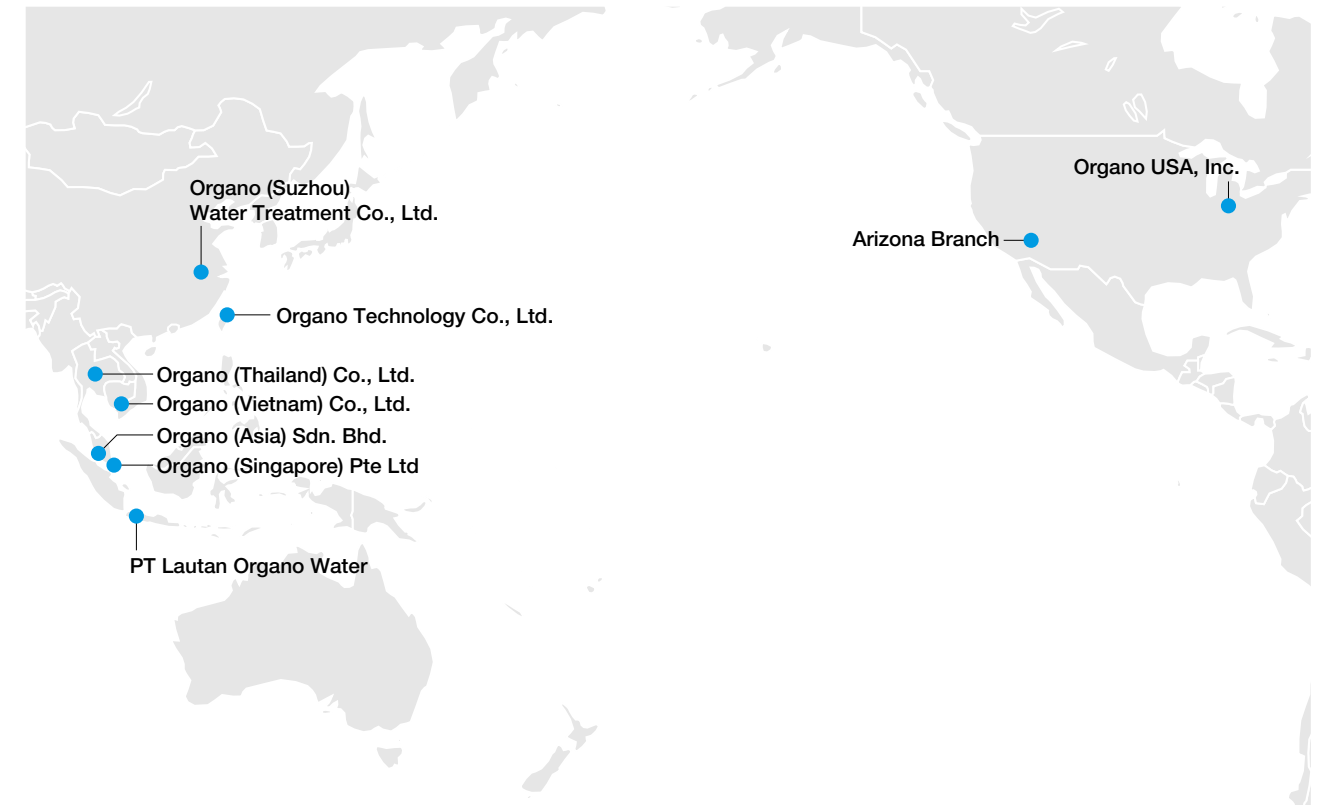
Network (Japan/Overseas)

Group Companies in Japan

- ORGANO PLANT SERVICE CORPORATION (Maintenance and management of water treatment systems)
- ORGANO FOOD TECH CORPORATION (Manufacturing and sales of food processing materials)
- ORGANO ECO TECH CORPORATION (Manufacturing and sales of small and medium-sized wastewater treatment systems)
- ORGANO ACTY CORPORATION (Printing, agency business for insurance and management outsourcing)
- HOSTEC (Manufacturing of water treatment systems)
- Tohoku Denki Tekko Co., Ltd. (Construction of chemical plants)

Overseas Group Companies

- Organo (Asia) Sdn. Bhd., Organo (Suzhou) Water Treatment Co., Ltd.,
- Organo Technology Co., Ltd., Organo (Thailand) Co., Ltd.,
- Organo (Singapore) Pte Ltd, Organo (Vietnam) Co., Ltd., PT Lautan Organo Water,
- Organo USA, Inc.



Our website

For more information, please refer to our website below:
<https://www.organo.co.jp/english/>





ORGANO CORPORATION

1-2-8, Shinsuna, Koto-ku, Tokyo 136-8631
<https://www.organo.co.jp/english/>